



## Ending Misperceptions About Child Care

### “It’s bad for kids” and other myths

**T**he current debate over child care policy in Canada is plagued by a number of old myths which get in the way of a reasonable discussion on policy options. Some may be familiar to you: it’s bad for kids; it’s too expensive; it contributes to the breakdown of the traditional family unit (or it’s simply anti-family); it discriminates against women who prefer to stay home; it encourages and rewards parental irresponsibility; and it erodes parental choice. We can now add a new myth to the list: the Conservative government has a universal child care plan (\$100/month) that offers choice to parents.

It is time to put these myths to rest so that we can have a national discussion based upon what the evidence-based research on child care actually says.<sup>1</sup>

#### **Myth #1: Non-parental child care is bad for kids.**

**Fact:** Over 30 years of research in many countries including Canada have determined that good quality child care programs have very positive short- and long-term effects on child development, school readiness and school success. This is even more pronounced with children who are vulnerable or have special needs.

### **Background:**

- A groundbreaking (and ongoing) National Institute for Child Health and Human Development (NICHD) study found that high quality, non-parental care generally has important positive effects on children from all backgrounds up to age three and beyond.
- A comprehensive survey of child development research by the U.S. National Research Council and Institute of Medicine concludes that high quality child care “is associated with outcomes that all parents want to see in their children, ranging from co-operation with adults to the ability to initiate and sustain positive exchanges with peers, to early competence in math and reading.”
- While not a silver bullet that can cure all problems, high quality child care is particularly beneficial for vulnerable children. However, the quality of child care programs is inconsistent and sometimes mediocre. No child deserves the latter. Public policy and funding that supports the improvement to the quality of all child care programs would have strong positive effects on the lives of most children. While most children grow up within a positive family environment that stimulates their development, some family situations are complex and require a number of forms of family support over and above child care (e.g. financial assistance, parenting programs).
- Public policy should be directed at making work and family *more compatible* by increasing the support for families with very young children, by making good quality child care more affordable to families, and by making maternity/parental benefits and leave available to families who are currently ineligible.

### **Myth #2: Non-parental (or “institutionalized” or “government-run”) child care is anti-family.**

**Fact:** Non-parental child care is a family *support* program that *supplements* the care children receive in their families, but does not substitute for the family. In addition to supporting parents to work, study or volunteer in their communities, these supports include programs and information on child health and nutrition; screening for developmental delays and interventions for children with special needs. Good quality child care programs help families learn more about parenting, and become an essential part of the family’s extended community.

**Background:**

- Good child care matters but good parents matter even more; studies show that what parents do is critically important to child outcomes.
- Parents may want to buy high quality care but face income constraints that make this impossible. Thus, good child care may be an economically efficient investment in children but many parents do not have the funds to finance this investment, even when they see that it would be desirable.
- Because most parents with young children are already employed, it is hard to argue that there will be significant inefficiency associated with programs that encourage parents to continue and strengthen their attachment to the labour force. Some parents may not perceive the advantages of continuing attachment to the labour force such as higher incomes and more security to help offset future difficulties
- Given that most Canadians support our public education system, given the significant uptake of child care programs in Québec, and given the broad public acceptance of child care programs in most of Europe — we have every reason to expect that most Canadians will feel comfortable within a well-designed child care system. Nonetheless, child care and early education programs should be voluntary and they should reflect local cultures and values in an inclusive manner.

**Myth #3: We have to choose between “funding the child” and “funding a child care system.” We can’t do both — it’s too expensive.**

**Fact:** Why? In other areas of social policy, Canada *does* do both. We fund “the child”, for example, through such vehicles as the Canada Child Tax Benefit, the National Child Benefit Supplement, and the Child Care Expense Deduction, and at the same time provide free universal health care and education systems. There is no contradiction between offering enhanced family allowances and also funding a system of quality child care services. Like all other industrialized countries, we can and should do both; but unlike other industrialized countries we put much less of our national wealth into our child and family benefits packages.

### **Background:**

- Quality, affordable child care requires significant public resources, but it is an investment rather than a consumption expenditure.<sup>2</sup> The test of any investment is whether the rate of return justifies the expense. Good child care generates two types of returns. The first is the productivity of the parents freed to enter, or strengthen their attachment to, the labour force. The second is the increase in future productivity of children who receive early educational experiences. When benefits and costs are both accounted for, public expenditures on high quality child care generate \$2 in benefits for every \$1 in new spending.
- A country's economic competitiveness is enhanced rather than compromised because good child care would make Canada a better place for companies and their executives to locate; good child care allows mothers to participate in higher education and advance their careers; and good child care provides early educational experiences to young children. These children go on to remain in school longer, and acquire more of the skills that make them effective workers in the future.
- The mere physical presence of a child care facility generates ongoing economic activity in the community. It creates green jobs that don't harm the environment. The majority of child care dollars are spent locally and invested in people, since the sector is labour intensive. Child care workers usually live, work and buy in their communities (CRRU 2008).

### **Myth #4: Families should pay for their own children.**

**Fact:** This argument suggests that parents make the decision to have children so they should bear the cost of that decision — childless taxpayers, or those who have already raised their own children, should not be expected to pay for the raising of other people's children. But research has shown that good quality child care provides social and economic benefits for *all of society*. Despite the prevalent and powerful mythologies, good quality child care is not a welfare service for poor families nor is it government-sponsored baby sitting for tennis-playing moms. Child care contributes to healthy families, and healthy families support our economy. Everyone benefits when families are well-supported.

**Background:**

- The “pay for your own children” argument implicitly assumes that children are essentially a private commodity, of benefit only to their parents. But there is a strong public interest in good child care that justifies public funding. Good child care makes children better citizens and workers in the future. This benefits the children and their families but also benefits other Canadians. Those children contribute to society both through the taxes they will pay and through their citizenship.
- Affordable child care allows more parents to work. This benefits parents through the wages they earn and significant benefits also flow to society through their taxes. This is especially true if parents can move from welfare to work because the reduction in public expenditures when poor parents are employed is significant.
- Quality child care is much more than a private commodity. It is a public good and therefore a shared responsibility. It is in society’s interest for it to be supported by public funding so that both affordability and quality are addressed.

**Myth #5: Most working mothers would prefer to stay at home.**

**Fact:** There is *no* research that demonstrates the readiness of large numbers of working mothers — or working fathers — to abandon their studies, careers and incomes to stay at home, nor are there any demonstrated social policies that reverse the major societal shift of the past 50 years that has seen a significant increase in the number of mothers in the paid labour force.

**Background:**

- The argument that “mothers would rather stay at home” exploits the ambivalence felt by many mothers who enter the labour force. Parents care deeply for their children and may be nervous when others care for them. But despite these concerns, many young women want to remain attached to the labour force even when their children are young. It is primarily the reward from this attachment and not some illusory bias in the tax system that keeps women employed when they have children.
- Over the past 50 years the percentage of mothers in the paid labour force (who also may be working from home) has dou-

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bled to more than 72% without any substantive increase in licensed child care services outside of Québec. Canadian women enter the paid labour force for the same reasons that men do: to earn money, to have a career, to contribute to the public good, to have fulfilling lives, etc.

- Roughly 3/4 of mothers, with husbands and children younger than six, are in the labour force. There is no evidence that this trend can be easily reduced even if we want to do so.
- The tax breaks necessary to induce even small number of mothers to return to the home would be quite large. To get a large number of mothers to return to the home would involve enormous tax breaks, dwarfing the cost of even the best child care program.
- The cost to the Canadian economy of large number of mothers withdrawing from the workforce would be enormous. In 2003, the economic contribution of mothers with preschool children to the Canadian economy was conservatively estimated at about \$27 billion per year. The number becomes even larger when we consider the reduction in investment in a now smaller economy and the losses of productivity that would arise because of the loss of skills. When both these factors are included, the economic loss if all these mothers decided to stay at home was estimated at about \$83 billion per year in 1998. This is not a surprise; the high productivity of employed mothers is why so many of them have chosen employment (Cleveland and Krashinsky).
- Since we would be unable to get mothers to leave the labour force and unable to tolerate the losses of productivity were they to do so, we have only two choices. Either we ensure that the children of these families are well cared for or we tolerate the current inadequate levels of care of the most vulnerable and precious of our citizens. Those are the only real choices facing Canada.

### **Myth #6: Mothers who stay at home are discriminated against by public policy.**

**Fact:** Proponents of this view suggest that a left-leaning feminist bias in government has led to measures that reward families with two employed parents. Their argument usually focuses on tax provisions that allegedly discriminate against families in which the

father is employed and the mother stays at home full-time to care for children. They usually compare two families with the same before-tax income where one has two employed parents, and the second has a working father and a stay-at-home mother and try to show that the two-income family is favoured by taxation policies. It is their view that if public funds were more fairly distributed, more money would flow to traditional families, benefiting their children and encouraging women to stay home and care for their children.

### **Background:**

- The example upon which this argument is based is an inappropriate comparison. For instance, a typical comparison might take two families earning \$50,000 and show that the single-earner family will pay about \$5,000 more in income tax each year than the two-earner family. However, families with two earners who have the same before-tax income as families with single-earners and a stay-at-home parent are not equivalent because each worker in the two-earner families is earning lower wages than the single-earner in the second family. In fact, when the comparison is done properly, the discrimination runs the other way — against families in which both parents are employed.
- Two-earner families face significant child care expenses not incurred by families with a stay-at-home parent which, when taken into consideration, means the two-earner family ends up financially worse off after paying taxes and child care than the single-earner family with the same before-tax income. Public finance economists have long argued that single-earner families with a stay-at-home parent are in fact advantaged by the tax system because household production is untaxed.
- Child care expenses should be (and are currently) deductible as work expenses. In the above example, the two-earner family would be even more financially disadvantaged if child care expenses were not deductible. Thus, deductibility of child care expenses is a component of tax fairness rather than a special child care subsidy.
- A publicly funded child care system should provide early childhood education to families with a stay-at-home parent, as well as to those with employed parents. This kind of provision is

justified in its own right because of the public interest in early education whether parents are in the labour force or not.

### **Myth #7: The federal government issues the Universal Child Care Benefit (UCCB), a taxable \$100 monthly payment to families for each child under six, “to provide Canadians with real choices in child care”.**

**Fact:** As a demand-side stimulus this initiative is a failure. It has not increased child care choices nor impacted affordability in a meaningful way. Since 2006, and the introduction of the UCCB, the development of services has slowed and the cost of child care has continued to escalate. In fact, in one province, fee increases to parents of \$100 per month were directly attributed by the sector to the availability of the UCCB; in another, the UCCB was used as an excuse to reduce provincial child care expenditures.

There is no research evidence that demonstrates that the UCCB or similar small monetary transfers to parents affect their child care choices. In fact, the “success stories” posted to the government website suggest that parents are using this income support for almost anything but child care. The UCCB is an often welcomed family allowance program but it is *not* a child care initiative per se.

#### **Background:**

- The largest net benefit of the UCCB — \$971 — goes to upper-income one-earner couples, while those on welfare get \$20 less. Working poor families get even less than those on welfare, so the UCCB can be credited with raising the welfare wall. While the UCCB provides a windfall subsidy to upper-income families who already enjoy federal and provincial/territorial income tax savings from the Child Care Expense Deduction it does little to ease the often heavy financial burden of child care expenses for the large majority of families with low or middle incomes — families who are often unable to access provincially subsidized child care, unable to find affordable, good quality care and who get little or nothing from the Child Care Expense Deduction (Caledon Institute, 2006).
- The federal government does not require the \$100/month allowance to be spent specifically on child care or for that



matter children. Families may choose to spend it any way they like. Furthermore, the plan does not come without a significant price tag — the \$1,200 taxable allowance cost the federal government an estimated \$2.4 billion in 2007/08 and the price tag will keep going up. At the same time, federal transfers specifically designated for early learning and child care were reduced by almost 37% in 2007/08 (The Harper Record, 2008, CCPA).

- Recent Statistics Canada reports have shown that for most Canadian parents who need child care, the only real choice they have is to place their children in unlicensed, unregulated child care settings, settings that research suggests are more likely to be of lower quality.
- Supply-side mechanisms are needed to stimulate the availability, quality and affordability of child care in Canada. Demand-side payments to parents (vouchers, as they are called elsewhere) do not. As American research which investigated the impact of voucher programs on quality, price and supply of child care concluded “at best, vouchers had no effect on the price, supply, and quality of daycare, and at worst, they worked in the opposite direction”.<sup>3</sup>

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## ENDNOTES

<sup>1</sup> This is an amalgamation of information provided by Hillel Goelman in *Seven Myths about Child Care* (April 2006), and Gordon Cleveland and Michael Krashinsky in *Fact and Fantasy: Eight Myths About Early Childhood Education and Care* (June 2003). Additional references are noted throughout. Special thanks to Lynell Anderson and Mab Oloman for their assistance and expertise.

<sup>2</sup> For more information on the economic returns of child care, see Susan Prentice’s article in this issue of *Our Schools/Our Selves*.

<sup>3</sup> Parker, M.D. (1989). “Vouchers for daycare of children: Evaluating a model program.” *Child Welfare*, LXVIII, (6), 633-642. Washington, D.C. [pg. 641.] (as cited in an undated CRRU publication - <http://www.childcarecanada.org/pubs/fs/fs1.pdf>)