



Canadian evidence on ten years of universal preschool policies: The good and the bad[☆]



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HIGHLIGHTS

- We provide a comprehensive review of the impact of the Québec universal childcare reform.
- The reform had long lasting positive effects on mothers' labour force participation.
- Childcare participation and hours in care increased and remained at high levels even 10 years after the reform implementation.
- School readiness measured using the PPVT did not improve.

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ABSTRACT

More than ten years ago, to increase mothers' participation in the labour market and to enhance child development, the province of Québec implemented a \$5 per day universal childcare policy. This paper provides a comprehensive review of the impact of the program over more than 10 years after its implementation. A nonexperimental evaluation framework based on multiple pre- and posttreatment periods is used to estimate the policy effects. We find that the reform had important and lasting effects on the number of children aged 1–4 years old attending childcare and the numbers of hours they spend in daycare. For children aged 5 years old, we uncovered strong evidence that implementing full-day kindergarten alone was not enough to increase maternal labour force participation and weeks worked, but when combined with the low-fee daycare program it was, and these effects were also long lasting. Finally, our results on cognitive development suggest the reform did not improve school readiness and may even have had negative impacts on children from low-income families.

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1. Introduction

In recent decades policies geared towards families with preschool children have become a matter of serious public concern in the

developed world. Family oriented policies – such as maternity and parental leaves, and universal and targeted childcare – have appeared under different forms in numerous countries.¹ Each particular public policy assumes that subsidising parental leave and childcare services for children of working parents, and particularly working mothers, is in the public interest. This support for mothers in the labour market is seen by many to be crucial for the protection of children against

[☆] The analysis is based on Statistics Canada's National Longitudinal Survey of Children and Youth (NLSCY) and Survey on Labour and Income Dynamics (SLID) restricted-access Micro Data Files, which contain anonymous data. All computations on these micro-data were prepared by the authors who assume responsibility for the use and interpretation of these data. The authors would like to thank Marie Connolly, Christopher Flinn, the referees and participants at the CEA, ESPE, ACFAS and SCSE conferences for many helpful comments. This research was funded by the Fonds québécois de la recherche sur la société et la culture.

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¹ In Europe, both parental leave and childcare services have been at centre stage. Since the 1990s, the [European Parental Leave Directive \(2009\)](#) sets mandatory minimum thresholds and binding guidelines for both the length and compensation of parental leave across member countries. Since 2002, the European Council sets out targets regarding childcare ('Barcelona targets of 2002'). The aim was that each country should provide childcare to at least 90% of children from age 3 years old up to mandatory school age, and to at least 33% of children younger than 3 years old, by 2010.

poverty, in particular children of single mothers. Protecting children against poverty enhances cognitive development and health, not only during childhood but also in adulthood (e.g., *Del Boca and Wetzels, 2007*). From this perspective, the main policy rationale is not only to enhance the balance between the work place and family life, but also to contribute to child development and socioeconomic integration.

In the past decade, the number of economic studies evaluating the impact of expansions of childcare programs has grown considerably. Recent studies (reviewed below) have essentially evaluated the impact of country-specific daycare reforms on maternal labour force participation. To date, the results on labour force participation are mixed, but this may come as no surprise considering the wide variety of reforms studied and the contextual settings in which they take place. Other objectives of these programs, such as child development and childcare participation, are rarely studied.

In this study, we provide a comprehensive account of the impacts of a universal preschool program in the Canadian province of Québec. This large scale ‘natural’ policy experiment has unique characteristics compared to the diversity of policies studied in other countries. First, it provides universal coverage (regardless of parents’ employment, marital status, or income) for all children aged 0–5 years old. Second, the fee parents pay is fixed (\$5 per day at implementation, \$7 since 2004). Third, it provides year-round services (261 weekdays) for a minimum of 10 hours per day. Several studies of this program were conducted shortly after its implementation in 1997 (e.g., *Baker et al., 2008; Lefebvre and Merrigan, 2008; Lefebvre, Merrigan and Verstraete, 2009*), but few have examined the long-term effects of the program (e.g., *Kottenlenberg and Lehrer, 2013*).

The unique contributions of this paper are that we first investigate the impact of the reform over 11 years compared to 5 or 6 years in previous work. Second, we allow our estimated impacts to vary by year to reflect the progressive increase in number of low-fee spaces. Third, we analyse the impact of the reform on a large number of outcomes within a common framework. Outcomes not yet covered in previous studies include the number of hours children spend in childcare (conditional on attending childcare or not), the number of weeks worked by the mother, and paternal labour force participation and weeks worked. A comprehensive review of this nature is rarely provided, yet it is crucial to understanding the specific and long lasting effects of a program. Fourth, we provide evidence by mothers’ education level to assess the impact of the reform from an equity standpoint. Although the fee is the same for everyone, the postreform after-tax fee was almost identical to the prepolicy fee for low-income households, but was greatly reduced for higher income households. As a result, the incentive to work was larger for mothers having access to better-paid jobs. Fifth, we estimate the impact of the policy by child’s age to account for the phase-in of the policy conditioned on children’s ages. Finally, this paper provides general lessons regarding the Québec program.

We use Statistics Canada’s National Longitudinal Survey of Children and Youth (NLSCY) for the estimation of the impacts of the policy, and we rely on a nonexperimental framework where the evolution of outcomes for Québec children and their parents are compared with those of similar children and parents in the Rest of Canada (RoFC).

The results presented in this paper show that children’s time in daily care that is conditional on attending daycare increased significantly under the program, and so did maternal labour force participation and weeks worked. We find that more educated mothers reacted more rapidly to the policy, and their children gained access to a larger proportion of the new subsidised childcare spaces. On paternal labour force participation and children’s cognitive development, we find no significant effects when looking at the entire sample. Finally, when we break down the results by education level, we find a negative effect on child development in the later years of the program for children of less-educated

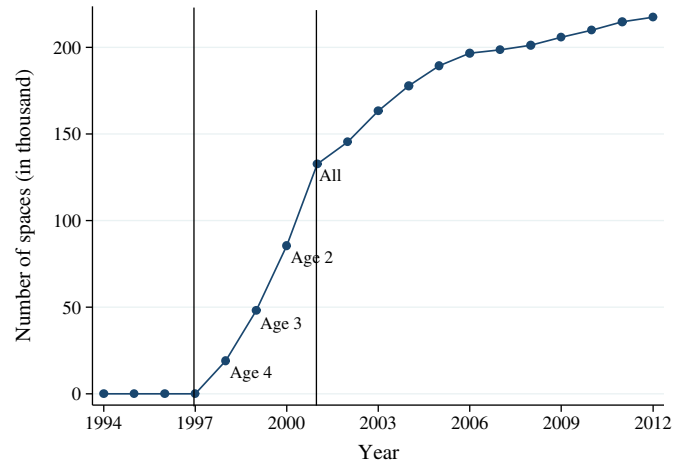


Fig. 1. Number of low-fee spaces. Note: Shows the evolution of the number of low-fee spaces between 1994 and 2012. The number of spaces is measured on March 31 of each year by the Direction générale des services de garde, Ministry of Families and Elders (MFA). The number of spaces between 1998 and 2000 is estimated according to the proportion of children by age group. The data can be accessed at www.mfa.gouv.qc.ca/fr/services-de-garde/portrait/places/Pages/index.aspx.

mothers. This is distressing as one of the main goals of the policy was to increase school readiness, in particular for children from low-income families.

The outline of the paper is as follows. Québec’s early childhood education and care (ECEC) program is presented in *Section 2*, followed by a review of the evidence from prior research in *Section 3*. *Section 4* presents the empirical strategy, while *Section 5* briefly describes the data set. Econometric results on the impact of the daycare policy on hours of formal childcare and parental labour supply are presented in *Section 6*, and on cognitive test scores for children aged 4–5 years old in *Section 7*. *Section 8* concludes by providing, to the extent possible, lessons for policymakers.

2. Québec’s childcare reform

The Québec Early Childhood Education and Care (ECEC) program pursued two explicit objectives: (1) increase mothers’ labour force participation (while balancing the needs of workplace and home), and (2) enhance child development and school readiness. We first discuss the implementation schedule of the policy, and then we describe the pre- and postreform environments.

On September 1, 1997, childcare facilities licensed and regulated² by Québec’s Ministry of the Family and Elders (MFA) started offering spaces at the low fee of \$5 per day per child. Between 1997 and 2000 the program was phased in, conditional on the age of the child. Starting September 30, 1997, children 4 years of age became eligible. They were followed by the 3-year-olds on September 1, 1998 and by the 2-year-olds on September 1, 1999. By September 1, 2000, all children aged 0–5 years old were eligible.³ The number of spaces by age group for this period is not available, but clearly the number of spaces in low-fee daycare gradually increased between 1997 and 2000. As of September 2000, the number of low-fee spaces could accommodate only about 20% of Québec children. *Fig. 1* shows the total number of low-fee spaces over time. Between 2000 and 2012, the number of spaces gradually

² Regulated childcare may take a variety of forms: not-for-profit daycare centres, for-profit daycare centres, and family-based daycare (caring for no more than 6 children).

³ The exception is children age 5 years old (60 months) as of September 30. These children enter public school kindergarten. This is the first year of preprimary school for most children in Canada. Age eligibility is different in the other provinces (age 5 years old on December 31). Kindergarten is not compulsory, but almost all children are enrolled.

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