

***WHY WE WANT GOOD CHILD CARE***

***A BACKGROUND PAPER  
PRODUCED BY  
ACTION DAY CARE***

## WHY WE WANT GOOD CHILD CARE

*This background paper is a companion to a pamphlet of the same name produced by Action Day Care with the financial assistance of the Trillium Foundation. The specific opinions and recommendations are those of the author; Action Day Care has produced it to stimulate thinking on child care policy issues and to make research results more widely available to those interested in child care. Please use it to start a discussion with your friends, in your trade union, church or community group, in your corporate boardroom, or to lobby your Member of Parliament.*

### INTRODUCTION

*Patterns of family life in Canada have changed more in the last 25 or 30 years than at any comparable time in our history. There have been dramatic changes in women's roles in the labour force<sup>1</sup>. There has been a significant increase in the number of divorces<sup>2</sup>, in mother-led single parent families<sup>3</sup>, in the number of women deciding to remain childless<sup>4</sup>, to have fewer children<sup>5</sup>, or to have children only after their job security has been established.*

*In 1967, fewer than 25% of mothers with children under 14 were in the paid labour force, either part or full time. By 1990, this had much more than doubled to 70.4%, most of it on a full time basis<sup>6</sup>. As Chart 1 shows, in 1961 the overwhelming majority of families relied on a single earner; by 1986 (and even more so today) the large majority of two parent families had two earners.*

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<sup>1</sup>In 1961, only 28% of all labour force participants were women; by 1988, this had risen to 44% (National Council of Welfare, 1990, p.20).

<sup>2</sup>Approximately 40% of all marriages end in divorce; about half of all divorces involve children (Barnhorst and Johnson, 1991, p.14).

<sup>3</sup>Mother-led lone parent families are now 10.4% of all families in Canada (Vanier Institute of the Family, 1991, p.5).

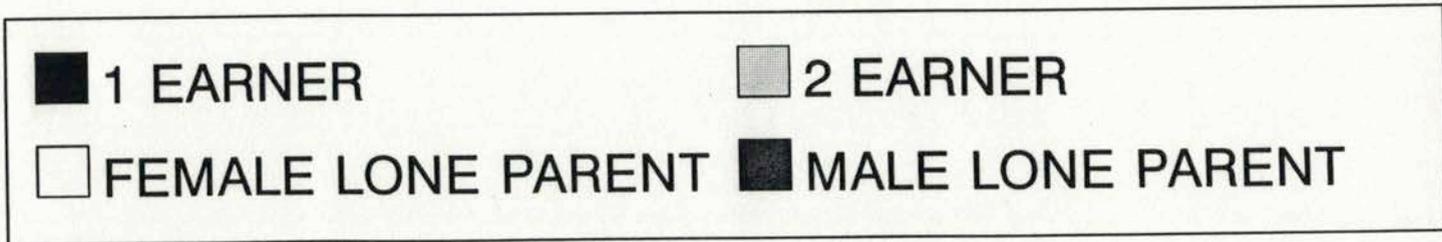
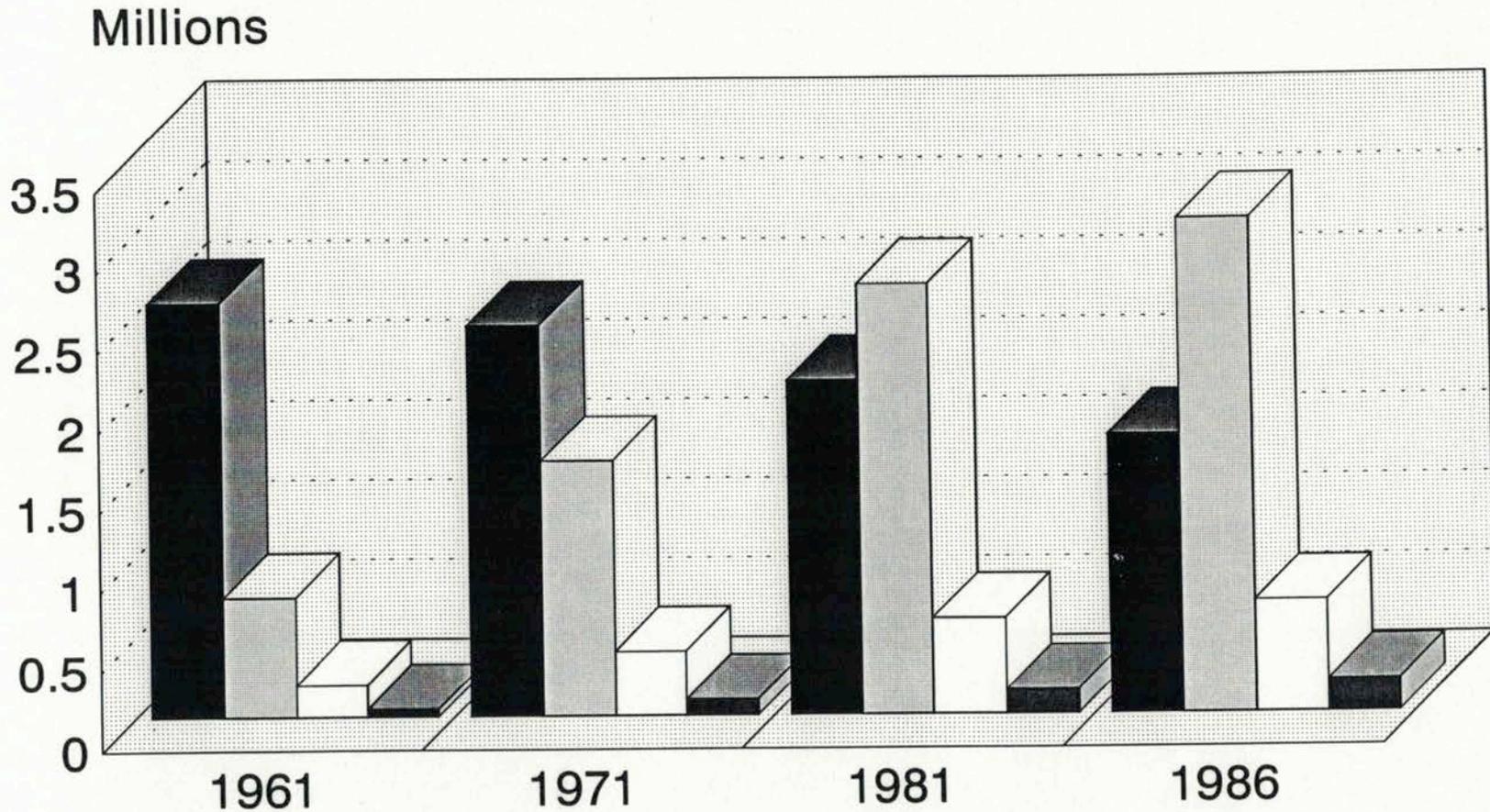
<sup>4</sup>The National Council of Welfare estimates, using American data, that about 11% of women now decide to remain childless (National Council of Welfare, 1990, p.38).

<sup>5</sup>The fertility rate in Canada was 4.4 in 1880, 3.6 in 1925, 2.5 in 1943, and after an upward spurt during the baby boom now stands at 1.7, below the replacement rate of 2.1 (National Council of Welfare, 1990, p.39).

<sup>6</sup>In 1967, 21% of mothers with children less than 14 worked (Women's Bureau, Canada Department of Labour, 1970). The 1990 figure is from Statistics Canada *The Labour Force* Catalogue 71-001, December 1990, and refers to a slightly changed definition of mothers with children (i.e., with at least one child less than 16 years rather than with at least one child less than 14 years). Note, however, that many women who work full-time do not necessarily work full-year (National Council of Welfare, 1990, p.21).

# CHART 1

## ONE AND TWO EARNER FAMILIES, CANADA



*In the 1960's, most children were reared at home by their mothers; child care outside the family was a relative rarity. In the 1990's, most children will be cared for outside the family for a significant portion of their preschool years<sup>7</sup>. Much of this child care is purchased, at significant cost, from neighbourhood women providing sitter services in their houses, or from day care centres and licenced family day care homes.*

*There has been a social revolution in the raising and caring of children in this past quarter century. However, the roles of men, of employers, and of society as a whole in contributing to the care and raising of children have been slow to respond. There is growing concern about the consequences of the changes in the ways we raise our children; a substantial social response is needed and long overdue.*

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*There are currently more than six million families in Canada (Vanier Institute of the Family, 1991). Of the almost 4.5 million families with children, four out of five are two parent families. Nearly 1.5 million of these two parent families currently have children under 6. Almost a quarter of a million lone-parent families also have children under six.*

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*At the federal level in particular, the confusion about appropriate child care policy has been profound. At the time of both the 1984 and 1988 federal elections, major federal contributions to the funding of provincial child care programs were on the agenda; this was apparently to be the major social policy initiative of the Conservative government. Apart from an increase in the eligible spending limits for the Child Care Expense Deduction and a supplement to the Child Tax Credit for those mothers caring for their own preschoolers at home, there has been no federal child care policy. Since 1990, the main mechanism for funding child care assistance to low-income families, the Canada Assistance Plan, has been unilaterally abrogated by the federal government. Three provinces (Alberta, British Columbia, and Ontario), have had federal contributions capped at 105% of the previous year's contribution. Effectively, any child care initiatives taken in these provinces in this period have had no federal 50% cost-sharing. It is rumored that the federal government will radically restrict its cost-sharing under C.A.P. on a permanent basis when the agreement is formally renegotiated in 1995.*

*The care of children is a controversial issue, touching many deeply held beliefs about the nature of society, the appropriate role of women and men, and the ways in which children can best grow and develop. Some Canadians apparently hope that the movement of mothers into the labour force and children into non-parental care will be reversed, and the need for public*

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<sup>7</sup>In 1971, 62% of married mothers with children under 18 were full time homemakers; by 1987, only 27% were full time homemakers (National Council of Welfare, 1990, p.42).

policy will disappear. This seems quite unlikely. Research in future labour market growth suggests that by the mid-1990's roughly 2/3rds of new labour force entrants will be women (Denton and Spencer, 1987). Roughly 80% of these women will have at least one child during their child bearing years<sup>8</sup>. The absence of supportive child care policy seems unlikely to change the direction of the maternal revolution; it will only increase the stress and financial hardship under which it takes place.

The other main reason for some governments' unwillingness to provide supportive child care policy is its potential cost. The cost of free publicly financed child care for every child would undoubtedly be large. The Katie Cooke Task Force (Cooke et. al., 1986) called for a program which would cost \$11 Billion per year. Michael Krashinsky (1989) has suggested the cost of free day care could reach \$40 Billion per year. At the latter cost, child care would rival the annual public expenditures on medicare or primary and secondary education.

There are two points to reflect on here. The potential cost of a full program of child care should not prevent us from providing some assistance to deal with the most urgent problems right away. Consider the idea of providing six hours of preschool education and care for all children in Canada three years of age and older. Or the idea of providing care at 25% of its full cost for all preschool children in families earning less than \$40,000 per year, and free of charge to those unable to pay 25%. Either policy would dramatically improve child care provision in Canada; either could be provided at an incremental annual cost of a few billion dollars per year. Much can be done with the financial resources available. We believe that continuing evaluation of child care programs will show that they give excellent value for money.

Second, the true cost of our current arrangements for caring for young children are already very high. Economists have an expression for the value of the sacrifices individuals make; it is the "opportunity cost". The opportunity cost of the present system of child care in Canada is high. Millions of mothers across Canada have left the paid labour force, worked part time, pursued a lower-skilled and lower-paid career path in order to provide care for their children. Because families cannot afford child care or cut corners on the quality and type of care chosen, society bears additional costs in increased public assistance, poorer academic performance and behaviour in school, early school dropout, etc. Typically, we are blind to these costs borne by mothers and their children. The extra cost of publicly financing adequate child care programs could be relatively small. The true issues are who shall provide this care, will it be of sufficient quality to give children the right start in life, and who will pay. To sort out these issues we need to explore the costs and benefits of child care quality and the costs of inadequate care.

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<sup>8</sup>Duffy, Mandell and Pupo (1989) report that 95% of Canadians marry at least once and about 90% of married couples have at least one child. (p. 18). The implication is that even though child care concerns only affect a minority of the Canadian population at any one time, the conditions under which children are raised affects nearly every adult Canadian directly over the course of his/her adult life. Naturally, any child care policy would affect all domiciled Canadians at the time they were children.

## IS THERE A CHILD CARE CRISIS?

The word "crisis" implies a temporary condition of extreme stress or conflict which must quickly be resolved one way or another. In this sense, there is no child care crisis; the condition is a long term chronic one; it will not pass just by ignoring it. If we were discussing a medical disorder, we would probably call it "chronic child care distress syndrome".

Even chronic conditions have their peaks and valleys, and will cause serious forms of stress or pain from time to time. Rapidly rising female participation rates, stretched family incomes and other family changes have combined to turn the neglect of child care's chronic problems into a festering wound needing some urgent attention.

Three major elements of the current child care "crisis" can be described briefly with the aid of some recent statistics:

(1) There are higher and higher labour force participation rates of women which means the need for child care continues to increase and there are fewer mothers and female relatives at home to provide it.

### INCREASING LABOUR FORCE PARTICIPATION RATES OF WOMEN, PARTICULARLY OF MOTHERS WITH YOUNG CHILDREN

	1976	1981	1986	1991
WITH CHILDREN < 3	31.7	44.3	56.0	61.6
WITH CHILDREN 3-5	40.9	52.4	61.6	68.5
WITH CHILDREN 6-15	50.0	61.1	68.3	76.4
WOMEN AGED 25-44 YEARS	52.1	62.7	70.1	77.8

Sources: Women's Bureau (1990); Statistics Canada Catalogue Number 71-220, The Labour Force: Annual Averages (1992)

(2) Real (i.e., taking out the effect of inflation) incomes of families are stagnant or declining despite the ever greater number of mothers working. Mothers' paid work is more necessary than ever but there is an even greater squeeze on the ability to afford decent quality child care.

**AVERAGE FAMILY INCOMES 1980-1990, IN 1990 DOLLARS**

	1980	1986	1987	1988	1989	1990
<b>ECONOMIC FAMILY, 2 PERSONS OR MORE</b>	\$48,483	\$49,276	\$49,914	\$50,810	\$52,471	\$51,633
<b>TWO PARENTS WITH CHILDREN</b>	53,815	54,408	55,691	56,543	58,361	57,202
<b>LONE PARENT MOTHER-LED FAMILY</b>	22,527	21,085	21,687	21,717	23,687	21,961

**AVERAGE EARNINGS OF FULL-YEAR FULL-TIME WORKERS BY SEX, 1990**

<b>WOMEN</b>	<b>MEN</b>	<b>DIFFERENCE</b>	<b>WOMEN'S EARNINGS AS % OF MEN'S</b>
\$24,923	\$36,863	\$11,940	67.6%

Source: Statistics Canada Catalogue Number 13-217, *Earnings of Men and Women* (1992)

**WOMEN AND MEN 25-44 YEARS OF AGE: FULL AND PART TIME WORK, 1989**

	<b>WOMEN (000's)</b>	<b>MEN (000's)</b>	<b>TOTAL (000's)</b>	<b>WOMEN AS % OF TOTAL</b>
<b>FULL-TIME</b>	2,470	3,664	6,134	40.3%
<b>PART-TIME</b>	590	77	668	88.3%

Source: Women's Bureau (1990)

(3) rising prices of reasonable quality child care (as trained child care workers get increased remuneration) which increases the pressure on parents to choose child care which is custodial rather than developmental. There are no good data over time indicating the rise in child care prices but considerable anecdotal evidence. Data from the U.S. suggest that average families pay 10% or more of family income for annual child care costs, rising to about 25% for single parent families.

## **WHY SHOULD WE CARE ABOUT CHILD CARE?**

*There are many good reasons why the investment of public dollars in an expanded, better quality child care system makes sense; each person will express them somewhat differently. To put it in a framework which may be more familiar to federal, provincial, territorial and municipal policy makers, we use economic terminology -- the language of costs and benefits -- to make the case for public investment in more and better child care services for Canada's children.*

## **THE EFFECTS OF QUALITY IN CHILD CARE**

*There has now been accumulated, over the last ten years or so, a significant body of evidence that the quality of child care used has important and long term effects on the children who use it. The results of this research are carefully reviewed in Phillips and Howes (1987), Zaslow (1988), Doherty (1991), and succinctly but thoroughly in Hayes et al. (1990).*

*Child care programs and arrangements are extremely heterogeneous. They vary from minimally structured and custodial environments to highly structured and enriched environments. The number of children cared for by each caregiver can vary widely. Caregivers may have college degrees in child development or little formal education with no training specific to the care of children. There may be low rates of turnover and good continuity of relationships between particular caregivers and children or high rates of turnover and few continuous relationships. Parents may feel included and involved in the caregiving relationship, or unwelcome and excluded. These variations in quality can have important effects on a child's development.*

*Analyzing the cognitive and language data from a study of centre care in Bermuda, McCartney (1984) concluded that, overall, centre quality "appears to have a profound effect on language development."*

*In the National Day Care Study of centre care in the United States (Ruopp et al., 1979), children's change in scores from fall to spring on a school readiness test and an accepted measure of language skills were related to measures of centre quality such as group size, teacher qualifications, and centre orientation. Children also showed greater gains on test scores in centres where staff cited cognitive development as a goal and where the focus was on individual development rather than group experience. In centres with lower gains in scores on the school readiness tests, caregivers were observed to show less individual attention to children, engaged children in fewer structured activities, and interacted with children more frequently in large groups.*

*In the Victoria, B.C., study by Goelman and Pence (1987), the quality variations in family day care were found to be much wider and have more effect than even the effects in day care centres. They found quality of family day care to be a "much more potent predictor of children's language development than quality in centres."*

*Quality of care in child care settings is also predictive of children's concurrent social development from toddlerhood through the preschool years. These findings are summarized in Hayes et al., 1990, pp.67-69.*

*Perhaps most persuasive are the five longitudinal studies carried out in the United States which followed children from age one through their later development (Carew, 1980; Golden et al., 1978; Howes, 1988; Howes, in press; Vandell et al., 1988). Each of these studies supports the proposition that quality of care has continuing effects. The findings pertain to family day care as well as centre care and to samples of children from differing family backgrounds. In the latter three studies, the effects are shown to persist through kindergarten or later.*

*Howes (1988) assesses the link between children's social and cognitive development in an elementary lab school and the quality and stability of the children's previous child care experiences. With family characteristics controlled, higher quality of earlier child care was predictive of better academic progress and school skills and fewer behaviour problems in boys and of better school skills and fewer behaviour problems in girls.*

*In Howes (in press) lower quality of care was predictive of increased child hostility and less task orientation as rated by their teachers. This study did not show quality as predictive of later cognitive outcomes.*

*Vandell and colleagues (1989) found that quality of centre care that children received at age four affected their social behaviour in peer interactions at age eight. Controlling for social class, higher quality care at age four significantly predicted friendlier peer interactions, more positive affect, greater social competence, and better conflict negotiations.*

*While this research program is continuing, it is consistent in finding that the quality of centre and family child care that children from all backgrounds experience in the preschool years is significantly associated with measures of their later development.*

#### **THE POTENTIAL COST OF INADEQUATE CARE ARRANGEMENTS**

*The long run cost of inadequate care arrangements could be very high. Several studies recently have emphasized the large social costs of current high school dropout rates in Canada. The Conference Board of Canada (1992) estimated that Canadian society would lose more than \$4 Billion over the working lifetimes of those students who dropped out in a single year (1989). Current high school dropout rates are about 34%, meaning that one in three Canadians fails to graduate.*

#### **THE WIDESPREAD USE OF INADEQUATE QUALITY CHILD CARE**

*There is only sketchy research evidence (though there are many personal anecdotes) in both Canada and the U.S. about the prevailing quality of the purchased child care used by most families. However, all of the evidence points in the same direction: the quality of care*

*is heterogeneous and much of it is inadequate to ensure children's preschool development.*

*SPR Associates Inc. (1986) interviewed provincial day care consultants who are responsible for licencing day care centres about the quality of care in day care centres for which they were responsible -- a total random sample of about 1000 licensed centres across the country. About one-sixth were judged to have poor or very poor quality -- in violation of current provincial regulatory standards.*

*Goelman and Pence (1987) conducted a thorough two-year test of quality levels in a sample of day care centres, licensed and unlicensed family day care in Victoria, B.C. According to their rating scheme, "The unlicensed family day care settings, for example, scored as high as 3 (i.e., minimal) on only one subscale and had consistently lower scores than the licensed family day care and centre settings on every subscale as well as for the total" (Goelman and Pence, 1987, p.94).*

*Goelman and Pence's findings suggest that little may have changed in unlicensed sitter care since the Project Child Care study of 1976. This study surveyed 281 private unsupervised caregivers (not living in the child's home), in Metropolitan Toronto. It concluded that the majority of caregivers provided only "adequate custodial-type care". The quality of care provided was described in these terms:*

*In some situations, one caregiver was responsible for up to twenty small children, and in others, children were never taken outside, even in the finest weather. About one-third of the caregivers said they never tell stories or read with the children, sing or listen to records with them. Almost half said they never teach or work with the children on language, numbers or nature studies. And 17.6 percent said they never play with the children at all. The children spend more than two hours a day watching television on the average, which amounts to a quarter of the time they are at the caregivers' homes (Johnson and Dineen, 1981, p. 31).*

*Similar evidence from the U.S. confirms that the Canadian pattern is not accidental. Hayes, Palmer and Zaslow (1990) cite evidence from several sources indicating that care by both day care centres and sitters in the U.S. is inadequate. High rates of staff turnover (42% per year in group programs, 59% per year for unlicensed sitters), legal staff-child ratios well below professionally accepted minimums, full time wages of less than \$10,000 annually, evidence that parents are unwilling to pay a premium for quality, and evidence of the inadequacy of the child care search process that parents engage in: all of these factors strongly suggest that quality problems are widespread in U.S. child care.*

#### **WHAT CAN BE DONE**

*How is it possible that parents continue to use child care of inadequate quality? Free market economic theory says that parents will choose amongst the different quality levels available to them the kind most desirable for their child. Since parents care deeply about*

*their children's futures, this should result in the use of good quality child care. But somehow this does not turn out to be the case.*

*The answer is probably a combination of factors: inadequate family incomes, lack of knowledge about the effects of different kinds of child care on children, the difficulty of judging true quality and the market failures that result from this, and the market failure that comes from what economists call "externalities". Let us take these factors in turn.*

*Family incomes have been squeezed in Canada over the last 10 years, with the entry of married women into the labour force providing the boost that has kept average real incomes approximately level. Families would love to be able to afford the best of everything for their children, but choices have to be made. One of the easiest ways to save money when the mother is entering the labour force is to avoid paying \$4000 to \$8000 a year or more for decent quality day care, and to spend \$2000 to \$4000 instead for an untrained, but convenient, neighbourhood sitter. Or perhaps to avoid child care costs altogether by stitching together various family arrangements. Goelman and Pence (1987) found strong evidence that low income, low resource families are likely to end up with poor quality family day care.*

*Until recently, the information on the effects of quality child care on children has been very sketchy. Many parents may have felt comfortable concluding that children only need custodial care during the day. Canadian research is still sparse, but American evidence is piling up quickly (much of it mentioned above) that good quality early childhood education can have strong and perhaps long-lasting effects. In other words, there is a clear difference between the effects of good quality and poor quality child care. This message has still not reached many, perhaps most, parents making child care decisions in Canada.*

*The third reason why parents choose poor quality care is more insidious. It is difficult to judge good quality care, and therefore there is little of it available -- and there is lots of mediocre child care masquerading as good quality. The argument was put very nicely by University of Wisconsin economist James Walker (1990); we summarize his presentation in the next couple of paragraphs.*

*The factors which are important in making a centre or family day care home a good one rather than a poor one are not always obvious, especially to a parent trying to judge out-of-home child care for the first time. A high ratio of staff to children, well-trained staff, small group sizes, good clean well-equipped facilities, all of these are important indicators of good care in centres. They are at least partially observable, but you will have to probe to find out and know what you are looking for. In family home day care, the training, attitudes, philosophy and facilities of the caregiver will be important. These are difficult things to judge in one or two meetings. Once a child is in a child care arrangement, it is often difficult to monitor the quality of care adequately. Preschool children may not be able to communicate well, and parents are apt to consider problems to be part of a stage of development rather than a result of the caregiving situation.*

Two related problems emerge as a result of the difficulties of judging the quality of child care arrangements. The first is called "adverse selection", the second is known as "hidden action" (or "moral hazard"). Family home caregivers with some relevant training and experience in early childhood education will want to earn a reasonable wage for providing care in their homes. Family home caregivers who have little training or education will be willing to work for less. If parents are uncertain which caregivers are really providing good quality family home care, few will be willing to pay the higher price for care. Good quality caregivers will get driven out of the market, leaving an "adverse selection" of only lower quality family care available.

"Hidden action" compounds the problem. Knowing that parents are anxious to have higher quality care, but that quality is difficult to judge, many caregivers will masquerade as good quality even if they are not. This may particularly be a problem in day care centres, where parents may judge quality by the brightness and cheerfulness of the centre. These characteristics are obvious, and therefore easy to judge, but the fundamental determinants of quality are the number and abilities of the staff, the quality of the programming, etc. which are more difficult to observe and judge. "Hidden action" makes it even more difficult for parents to judge true quality, and makes it more difficult for higher quality child care arrangements to survive in a competitive market.

The fourth reason why parents may choose poor quality child care can be called the problem of "externalities". This is economists' shorthand for a problem that arises when the purchaser of a particular product or service does not get either all the benefits or all the costs of the commodity purchased. We are familiar with the effects of externalities when we look at how a market economy encourages pollution. Pulp and paper mills, to use one example, do not have to pay the cost of cleaning up the water or air that they foul during the production process, so these costs are not passed along to the final purchaser. As a result, pulp and paper mills are notorious for their destructive pollution of the environment. The market economy fails to prevent pollution because the cost of pollution is "external" to the purchaser - does not affect him/her.

A similar problem, in reverse, occurs with child care. High quality child care is good for children, but many of the benefits go, in a diffuse way, to society as a whole, rather than to the parents who pay the shot. One way of thinking about this problem is to compare the role of children fifty or a hundred years ago to today. In those times, parents wanted children because children could perform essential labour on the farm and around the home and also because children were expected to look after their parents when they were old. Parents received benefits directly from anything which made their children more productive in their current or future working lives. So parents had strong incentives to put a lot of family effort into the rearing of children. Early child care, training and education are still important for children. Now, however, parents often do not receive many direct economic benefits from their children; children are a financial drain on their parents rather than an asset. The economic benefits of raising children properly still exist, but these benefits are now more diffuse, spread around society as a whole (e.g., making our economy more productive,

reducing costs of social assistance and delinquency, etc). As a prominent sociologist has written:

*(The) intergenerational reciprocity has been lost at the family level. We must however assume that it is kept at the societal level because the value of children's activities has gained in importance at this level -- an assumption human capital researchers seem to confirm. Materially the losers are families with children, since the pay-off of their investments is shared by the whole community. Consequently, from the parents' point of view, children have not only lost their value, but have also become extremely costly. (Jens Qvortrup et al. "Childhood as a Social Phenomenon -- Implications for Future Social Policy", in Canadian Seminar on Childhood Implications for Child Care Policies p.9, quoted in Powell (1990)).*

*In other words, children are getting more and more expensive and parents are getting less and less out of having children, beyond, of course, the pure joy of having offspring. It's not that investment of time and effort in children bears no fruit; children still develop and learn rapidly when they are well cared for and educated. The point is that a substantial portion of the economic benefits of better quality early childhood education are not received by the parents in any direct way. As a result, parents undervalue good quality child care and are less willing to invest in it than society would like. We, in society, gain more of the benefits of good quality child care than ever before; we should now be willing to pay a larger share of the cost of caring for young children. Some subsidization of quality child care is necessary to encourage parents to buy higher quality child care for their children.*

*All four of these factors act together to lower the quality of child care used by families. Families' incomes are squeezed, making the purchase of higher quality care difficult. In any case, many parents do not understand the value of better quality care. For those who do, quality child care is often unavailable, because adverse selection and hidden action conspire to make the provision of high quality care uneconomic for caregivers. Finally, even for parents who have the income and the knowledge and can find good quality care, they have the incentive to invest less in good quality child care than would be ideal from society's point of view. As a result of these four factors, child care quality is too low. Government action, probably subsidization of better quality forms of care, is necessary to make the private market for child care work in the social interest.*

## **FOR PARENTS AND CHILDREN IN LOWER INCOME FAMILIES**

*In 1987, there were 285,000 two parent families with children in Canada who lived in poverty (i.e., had family incomes below Statistics Canada's Low Income Cut-Offs -- called LICOs). There were another 208,000 female lone parents trying to raise a family on their own*

*in poverty*<sup>9</sup>. Having two parents instead of one helps enormously in keeping a family out of poverty; mother-led single parent families are more than five times as likely as two parent families to be poor<sup>10</sup>. If the mother has steady employment, a family, whether lone parent or two parent, is much less likely to be poor.

*Child care is important to low income families in two ways: (1) child care makes it possible for the mother to get employment and income or to pursue education or training that will result in higher income in the future, and (2) good quality child care can be highly beneficial in maintaining and improving the intellectual and social development and enhancing the performance in school of young children from low income/low resource families.*

### **MOTHERS' EMPLOYMENT**

*Poverty is a complex issue, with no simple solutions. Mother's employment is not a panacea; it is not appropriate in all circumstances. Yet employment is often a crucial part of escaping the poverty trap.*

*Those who are poor tend to have low education and low skill levels. Women are more likely than men to be poor because of their low wage levels, because they are segregated into a narrow range of low wage occupations<sup>11</sup>, and because they reduce their hours and weeks of work for child care reasons. Poverty tends to breed on itself; this is often referred to as the "poverty trap". Those with low skill levels do not have sufficient income to upgrade their skills. Low wage jobs do not provide much opportunity for on-the-job training or other forms of advancement. Irregular spells of employment create a poor job record, mean that skills are not kept current, and tend to make unemployment more likely. Low income mothers with children face an additional formidable barrier to employment -- the cost of providing child care while they work.*

*In every province and territory, child care subsidies are available to low income families who qualify for assistance. Eligibility rules vary widely from one jurisdiction to another; in general only families at very low income levels will qualify, overwhelmingly lone parent*

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<sup>9</sup>National Council of Welfare, 1990, p.7.

<sup>10</sup>Vanier Institute of the Family, 1991, p. 14. The biggest part of the income advantage of two parent families is due to the husband's income, which, on average, is much higher than that of his wife. Calculations by the National Council of Welfare have shown, for instance, that if all husbands living in non-poor two parent families in 1987 (with wife under 45 years of age and children under 7 years of age) were to leave those families and not pay support payments, 67% of those families would fall below Statistics Canada's LICO's into poverty. As the National Council observes, it demonstrates the unfortunate truth of the statement that "most married women are just one man away from welfare" (National Council of Welfare, 1990, p.65).

<sup>11</sup>In 1988, 57.8% of all employed women were in either clerical, sales, or service occupations (Statistics Canada, 1990, p.82).

families. In most jurisdictions, there are significant additional barriers to receiving these child care subsidies, such as annual limitations on the number of subsidies available, significant minimum user charges, maximum subsidy levels well below prevailing costs for care of reasonable quality, etc. As a result, large numbers of poor families are either ineligible or cannot receive subsidies for which they should be eligible.

Wider availability of these subsidies, and removal of the stigma deliberately associated with receipt of child care subsidy in some provinces, could remove a significant barrier to employment or training for mothers in low income families<sup>12</sup>.

Data collected by the Economic Council of Canada, presented in Powell (1990) indicates that while child care costs are a significant disincentive to work for mothers on social assistance and at very low incomes, there are other very powerful disincentives to employment<sup>13</sup>. In fact, the very structure of most assistance and taxation programs makes employment unrewarding for those on the economic margins. In important measure, the programs designed to help the poor have created the poverty trap which maintains poverty. Child care subsidies can act as a powerful counterweight to these disincentives, but changes in these programs are also necessary<sup>14</sup>.

#### CHILDREN'S DEVELOPMENT

In children from disadvantaged families, IQ scores typically decline beginning in the second year of life. Early childhood education intervention programs have been shown to be effective in preventing or slowing this decline (see Bryant and Ramey, 1987, for a recent review of this evidence). These programs are most effective when children attend day care and parents receive some parent training or other services; the success of the programs does not depend on the age of the child when they begin.

The gains on measures of intellectual development are temporary rather than permanent, but they can be sustained if some extra school age support is offered in the child's

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<sup>12</sup>There is little direct evidence about the effect of child care subsidies on the behaviour of low income families in Canada. A recent American econometric study (Connelly, 1990) concludes that if free day care were made available to all lone parent mothers receiving AFDC payments (Assistance to Families with Dependent Children, a form of social assistance), dependence on AFDC would drop from 20% of these mothers down to 11%.

<sup>13</sup>The Ontario Social Assistance Review Committee judges that "Despite the inadequacy of social assistance benefits, most single-parent families are better off financially receiving assistance than they would be working for minimum wages" (Ontario Social Assistance Review Committee, 1988, p.66). Powell's tables, which cannot be quoted directly, indicate that lone parent family heads have little or no incentive to work unless they can earn an annual income above \$20,000 per year. They have even less incentive to work if they have to pay the full cost of child care.

<sup>14</sup>Guaranteed provision of support payments is also necessary, and, in Sweden, highly effective in reducing lone parent poverty (see National Council of Welfare, 1990, pp. 82-3).

elementary school years (Horacek et al., 1987). And longitudinal studies of the effects of preschool programs in the U.S. have shown that they can have long term effects on school-related behaviour (Darlington et al., 1980; Lazar et al., 1982). One of the studies reviewed in these articles showed that 10 to 17 year olds who had attended early intervention programs were less likely to repeat a grade in school and less likely to be referred for special education than those who had not participated.

The ratio of benefits to the costs of such early childhood intervention programs has been calculated for the best known of these experiments -- the Perry Preschool Project. The measurable benefits (there may well be additional unquantifiable benefits) are between three and seven times greater than the costs (Donovan and Watts, 1988, pp.10-23). A Staff Report for the Select Committee on Children, Youth and Families of the U.S. House of Representatives in August 1985 summarized the findings in this way:

- \$1 investment in preschool education returns \$4.75 in savings because of lower special education costs, lower welfare and higher worker productivity
- Researchers estimate that present value of benefits beyond age 19 exceeds seven times the present value of cost for one year of preschool (1981 dollars)

These calculations refer to children from disadvantaged families rather than for all low income families. These findings hold for well-designed and high quality early childhood programs, not for barely-adequate, just-meets-the-regulations day care, and certainly not for informal sitter care provided by untrained personnel.

Recent research by Goelman and Pence (in Deborah A. Phillips, 1987) highlights the importance of guaranteeing a high quality of care if child development for low income children is a key objective. They found that low income, low education single parent families are likely to choose poor quality child care. "It is of note and concern that a significant number of children in these studies appeared to have a 'worst of both worlds' situation:...Children from homes characterized by lower levels of economic and educational resources attend family day care homes run by women with lower levels of training, interest, and commitment. These settings are generally rated as being of minimal quality in terms of the physical environment and the kinds of materials available to the children." (pp. 101-2)

A recent Canadian study of the costs of poverty (Ross and Shillington, 1990) sheds new light on the potential public benefit from better school performance by children. The study examined the potential economic gains over the period 1990 - 2010 from eliminating the effects of poverty on children's high school dropout rate (cutting the dropout rate amongst poor children by about half). Total economic gains would be about \$33 Billion. About 2/3rds of these gains would come from greater economic productivity, and therefore income, for these children as they grow up. One-third of the economic gains come in the form of increased federal and provincial tax revenues and reduced social assistance and unemployment costs. If child care can have long lasting economic effects on children's school performance, as recent research suggests, the Ross and Shillington study implies potentially large economic benefits from public investment in child care.

## **CHILD CARE: THE PRIVATE BURDEN OF WOMEN?**

*Raising children is rewarding; most couples will tell you it is the most intense joy of their lives. Parents are passionate and caring about their children, and, for the most part, bear and raise them willingly. But this is only half the story. Children are also a lifelong burden of responsibility and work for parents and a tremendous drain on income for the average family<sup>15</sup>. The burden of raising children is not shared equally in the vast majority of Canadian families. Children are regarded primarily as "women's work". If there is one single reason why women are systematically disadvantaged in work, education, society, politics, and in their share of society's income and wealth, it is that they bear the lion's share of the responsibility for raising society's children<sup>16</sup>.*

*Evidence of the effects of children on women's labour force situation is all around us. Time budget studies have shown that when a married mother takes on full time employment, her work load increases by about 50%. Her household work falls, naturally, from about 50 hours per week to 28, while her employment hours bring total work hours to about 70. There is only a small corresponding shift towards domestic labour for the average husband, rising to 8 hours per week<sup>17</sup>.*

*This has not kept women out of the labour force. As mentioned earlier, labour force participation rates have soared -- from about 5% of married women in 1941<sup>18</sup> to 55% in 1985<sup>19</sup>. Participation rates are higher yet when only younger women are considered; in 1990, over 70% of mothers with children under 16 were in the labour force. At the same time, just over 60% of mothers with children under three years of age and 68% of mothers with children over three and less than six years of age were in the labour force.*

*Yet women in the labour force are not equal with men. Instead of being spread over the range of possible occupations, women are crowded into a small number of "helping,*

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<sup>15</sup>The average middle income family in Ontario, with both parents employed, spends just under one-quarter of its gross earnings to feed, clothe, house, educate, and provide child care for its children. With one child, such a family would spend about 15% of its earnings; with three children, nearly one-third of total income is consumed (R. Douhitt and J. Fedyk *The Cost of Raising Children in Canada* 1991). At 1991 prices, the income consumed to support two children would be between \$8,400 and \$12,600 per year, presumably depending on the age of the child (calculations by Toronto Star, August 14, 1991, p. A4).

<sup>16</sup>See Fuchs for an eloquent statement of this case with persuasive facts and figures to back up his case. Where Fuchs errs is in believing that women have the choice to care for children or not. He ignores the central role of discrimination (in wages, job and other opportunities, and in the household) against women in creating the conditions where women "choose" to always take responsibility for child rearing (see Cleveland, 1991).

<sup>17</sup>Duffy, Mandell and Pupo, 1989, p.36.

<sup>18</sup>Armstrong and Armstrong, p.163 in Mandell and Duffy (1988).

<sup>19</sup>Boyd, Monica, p.92, in Mandell and Duffy (1988).

caring" occupations<sup>20</sup>. Discrimination in hiring plays an important role here, as does the socialization and education of young women. But these occupations are also chosen by women as being the ones most consistent with their child rearing responsibilities<sup>21</sup>. The occupational segregation pattern has changed only slowly over the years<sup>22</sup>.

Faced with the dual roles of child rearer and worker, a sizeable number of mothers opt to work part-time instead of full-time. In 1988, approximately one-third of women with preschool children and living with a spouse were employed part-time, while the corresponding share for lone mothers was not quite one-fifth<sup>23</sup>.

Other mothers decide to leave the labour force in order to care for their children. Nearly 60% of all women who have ever worked report that they took at least one period of a year or more when they interrupted their work experience<sup>24</sup>. Nearly 70% of the women who reported a first work interruption said they did so for family reasons, most of them because of pregnancy or child care. There is evidence that work interruptions harm a woman's ability to build up job-specific skills and get promoted in the workplace, and there is evidence that women's work interruptions are used as a discriminatory rationale for lowering women's wage levels generally.

As a result of all these factors women's wage levels, hours of work, and attachment to the labour force, while rising, are in the large majority of cases lower than their husbands<sup>25</sup>. Mothers are, as a result, the "secondary earner" in most families, and therefore, it seems "logical" in most families that they should continue to bear the bulk of the child rearing burden. Public support of child care of decent quality forms an important means for women to find their way out of this logical conundrum (a sort of "household poverty

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<sup>20</sup>In 1988, 72.9% of all female employees in Canada worked in one of 5 occupational groups: clerical (30.8% of all female employees), services (17.0%), sales (10.0%), medicine and health (9.0%), teaching (6.1%). Only 30.1% of male employees worked in the same five occupational groups. (Statistics Canada, 1990 p.82).

<sup>21</sup>See Fuchs.

<sup>22</sup>In 1975, 80% of all female employees were crowded into the same five occupations mentioned in footnote 20; by 1988, this had dropped by about 7 percentage points.

<sup>23</sup>Statistics Canada, *Women in Canada: A Statistical Report* 2nd edition (1990), p. 75.

<sup>24</sup>Statistics Canada Catalogue 99-962, *Women's Work Interruptions: Results from the 1984 Family History Survey* by Patricia Robinson (1987), p. 27.

<sup>25</sup>Married women who work part-time contribute, on average, 25% of the family income. Married women who work full-time contribute, on average, 40% (Armstrong and Armstrong, in Mandell and Duffy, 1988, p. 165). In 1987 only 13% of wives in families with children and/or other relatives earned more than their spouse (Statistics Canada, 1990, p.103) This rises to 16% in two earner families (includes only families where the husband was under 65 years).

trap"). And it provides an important means for society to gain access to a hidden reserve of talent and labour force ability which we have, until now, left underutilized and underdeveloped.

University of Toronto economist and labour specialist Morley Gunderson has analyzed the effect of children on the discriminatory gap in wage levels between women and men (women have historically received about 0.60 as much per hour as men -- a gap of 0.40):

...the overall male-female earnings gap of approximately 0.40...is "accounted for" by the following factors: wage discrimination .05; occupational segregation .10-.15; differences in unionization and productivity related characteristics like experience and education .05-.10; and differences in hours worked, about .15. Differential childraising responsibilities is a crucial determinant of each and every one of these components. In fact, it is difficult to think of any other factor that is so important in influencing the various components of the earnings gap. (Gunderson, 1986, p.2, emphasis in original)

In other words, women cannot hope to achieve wages and labour force status equal to men as long as they bear the major burden of child rearing. The solution obviously requires some combination of increased sharing of all regular child rearing chores by husbands, and increased support by employers and by society to take some of the burden from both husbands and wives. Widely available, affordable, good quality child care is necessary to allow both women and men to take a role in the labour force to the full extent of their abilities and desires, with equal wages and conditions for women. This is even more true for the increased number of lone-parent mothers.

## SUMMARY

*In brief, why should we invest substantial public resources in child care ? Three reasons:*

- (1) *Many families, including those in middle and even upper income brackets, do not choose good quality child care for their children. There are many reasons for this. First, good quality child care is more expensive, and in a time of pinched real incomes, choosing cheaper child care seems to be one of the easier ways of making ends meet. Second, it is not easy to accurately judge, in the course of a short discussion or visit, what really happens in any particular child care arrangement, and it is not easy to monitor the quality of child care on an accurate and continuing basis. Therefore a free market acts to squeeze out the better quality (usually higher priced) child care providers. Third, research on the short and long term effects of poor quality child care on children's development has not been a high social priority. There is not enough research, most of it is fairly recent, and very little of it is Canadian. It is not surprising if parents are not fully informed about the possible consequences of their child care choices. Nonetheless, available research strongly implies that we, as a society, are paying an important price in terms of children's development, for the absence of public policy to ensure that decent quality child care services are chosen.*
  
- (2) *Most lower income families, many of them mother-led lone parent families, need paid employment to keep themselves out of poverty, to improve their self-esteem and self-reliance, and to keep and improve the job skills which may allow them to prosper in the future. The alternative is a debilitating and costly permanent dependence on public assistance. Crucial to getting employment is having affordable and dependable child care. Because parents in low income families are frequently lower skilled, less educated, and under significant extra stress, children in these families are more vulnerable to the negative effects of poor quality child care than are other children. Poor quality child care will guarantee them a place on the treadmill of poverty; good quality child care has been shown to have significant effects in helping them to get off. So the lack of adequate and affordable child care services for low income families ensures us of high social costs in both the present and the future.*
  
- (3) *While caring for children is an intense source of pride and joy, the burden of having primary responsibility for child care is simultaneously one of the major barriers to women's social and economic advancement. The role of women has expanded dramatically over the last quarter century to include labour force, educational, social and political endeavours from which they were previously systematically excluded. However, mothers have given up very little if any of their child rearing and child care roles. Men, employers and society at large have not simultaneously taken their additional share of the child care burden; it has been left with women. This shows in*

*the reduced incomes of women, reduced likelihood of being employed, reduced likelihood of promotion, decreased on-the-job experience, increased likelihood of being left as a lone-parent mother, increased likelihood of impoverishment in old age, etc. Placing the burden of child care nearly exclusively on women is a social injustice with nearly incalculable overall social costs. In addition, this burden decreases the likelihood that mothers will be able to fill labour force shortages in the coming decade.*

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