

Public spending on public child care more than pays for itself

Quebec's universal seven dollar a day child care program more than pays for itself, according to a recent study by one of Quebec's top economists.

The study, undertaken by Pierre Fortin and two colleagues from the Université de Sherbrooke, determined that for every dollar Quebec spends on child care programs, \$1.05 is returned in the form of higher tax revenues and lower spending for the provincial government, with an additional 44 cent benefit returned to the federal government.

Mr. Fortin's study joins a growing body of research demonstrating the long-term economic benefits to society of publicly funded child care programs, including a study recently reported on by CUPE, which showed that government investment in quality child care and early learning contributed to significant short-term job creation and economic stimulus.

Another study, done in 2012 by TD Economics, went further by recommending that public spending on child care become a top priority. It concluded that the widespread and long-lasting economic, social, and health benefits for children and society far outweighed the costs. It also noted that Canada is last among its peer countries on public spending on child care.

Benefits to children

These immediate economic benefits are in addition to longer-term benefits from improved educational, health and social outcomes for children in early learning and child care programs. A review of studies done in Canada and the U.S. calculates that every dollar spent by government in quality child care returns more than two dollars in social benefits.

Increased workforce participation by mothers

The study undertaken by Mr. Fortin irrevocably shows that by providing universal, quality and accessible public child care, Canadian governments can save money from the higher tax revenues and lower spending primarily associated with increased workforce participation of mothers. Employment figures for Quebec show an increase of as much as nine per cent in the number of mothers of who found employment in the years following the 1997 introduction of Quebec's publicly funded child care program, a rate of increase far greater than in the rest of Canada for the same period.

The employment benefits of public child care are particularly compelling for those with lower levels of education and for single parents, where the social benefits of increased employment and incomes are significant. More specifically, the median after tax income of single mother families in Quebec shot up by 81 per cent. The relative poverty rate of single mothers dropped by 39 per cent and the number of single mothers on welfare declined by more than 50 per cent.

These positive fiscal results compare to a \$1.6 billion net cost for Quebec's child care program for the study year, after accounting for lower tax credits.

Public spending on quality public child care benefits our society and economy

Extending the results from Quebec to the rest of Canada suggests a \$7 billion fiscal benefit for other provincial governments and a \$3 billion fiscal benefit for the federal government from a universal public child care program.

Given these figures it makes far more sense to provide parents with affordable quality public child care so they can join the workforce themselves. Not only do all generations benefit, but it's a win-win-win solution for all involved, governments included.

These results are all the more relevant today as governments must simultaneously deal with their recession-bloated deficits and the potential headwinds from slower economic growth and future labour shortages. Public child care is a government program that really makes a lot of sense.

Prepared by CUPE.