

Conservatives go back to the future for child care proposals in this federal election

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In a weird way, you've got to hand it to the federal Conservatives for doggedness, in this case, sticking to the same old neo-liberal ideas about child care. This despite the plentiful evidence from similar schemes in Canada and elsewhere showing that demand-side funding to individual families such as tax schemes, vouchers or cheques-through-the-mailbox do not deliver the child care affordability or choice for families it purports to address.

No matter the specific format or details, demand-side child care funding is the wrong policy instrument for making child care affordable for families or creating the choices that diverse families need and want.

Canada entered the 2021 election with a \$34 billion (over five years) federal plan to enable building systems of high quality child care services Canada-wide including Indigenous-led programs for Indigenous families. The plan already has buy-in from most provinces and territories; eight jurisdictions with Liberal, NDP, Conservative and Coalition Avenir Québec provincial/territorial governments had come to agreements with Ottawa before the writ dropped.

But like the Harper Conservatives back in 2006, the O'Toole Conservatives propose to cancel the agreements and negotiated action plans that set out how each province/territory will build its child care system. This is based on the flawed premise that because "every family is unique" and a "top-down, one-size-fits-all approach isn't the answer", the best way to enable parents to decide what's best for their families is through a tax credit scheme rather than by building a comprehensive system of affordable, quality services.

The Conservatives propose to replace system-building and the Child Care Expense Deduction for regulated or unregulated child care costs with a refundable tax credit, which Mr. O'Toole claims will leave families with incomes under \$150,000 better off.

The Conservatives provide few details about their tax credit but already it has been the subject of much commentary by pundits, economists, advocates and the media. So far the analysis shows that the Conservatives have greatly overstated both the cash value of the credit for parents, and the advantage for parents of the tax credit over the existing Child Care Tax Deduction.

In Ontario, for example, the Conservatives' tax rebate would cancel out the existing provincial rebate and eliminate the current federal expense deduction, leaving low income families with less direct assistance—far, far less than is needed to cover child care fees for regulated services averaging \$17,000 a year for an infant and an average of \$12,000 a year for a three year old – for each child.

It is of course not the first time Conservatives have misled voters about the value or benefit of a tax credit. Ontario Premier Doug Ford government campaigned for a refundable child care tax credit as a better alternative to funding child care and introduced it after his election. The Ontario Financial Accountability Office scrutiny of the tax credit concluded it doesn't live up to its billing about what it would actually pay out to families and how many families would benefit. It is also very clear that the Ontario credit has not made a dent in child care affordability since it began in 2019.

Quebec has had a somewhat different child care tax credit since 2009, controversially intended to incentivize for-profit centre growth alongside Quebec's supply-side funded non-profit child care service system. Now even more controversial than ever, this tax credit has consumed substantial public funds. Research consistently shows it to deliver poor quality care while its parent fees are as high as the market fees in high-cost child care provinces.

Not surprisingly, parents are not very eager to use the demand-side funded centres, lining up instead to use the supply-side funded, better quality, much more affordable centre de la petite enfance (CPE) system despite the tax credit reimbursement they receive if they use the demand-side funded for-profit centres.

It's hard not to draw comparisons with the 2006 federal election by which families lost out on a decade of child care system-building when a previous Canada-wide child care plan was summarily wiped out by Stephan Harper's triumphant Conservative Party. The Universal "Child Care" Benefit (UCCB) demand-side "replacement" promised "choice in child care" by sending parents \$100 month for each child under age six.

But although it consumed an estimated \$20 billion between 2007 and 2015, there's no evidence that the UCCB affected child care affordability at all. After the Trudeau Liberals were elected in 2015, the UCCB funds became part of the income-tested Canada Child Benefit intended to support families raising children by boosting family income to reduce poverty, not to fund early learning and child care.

The Conservative platform makes some “modernized” statements about the importance and economic value of child care but the connections between these, the available evidence and the proposed tax credit scheme show distinctly misleading disconnects. For example, linking “allowing women to reach true equality in the workforce is impossible without child care” or “nobody should be prevented from getting back to work because they can’t afford child care” to a tax scheme that would at best leave most families continuing to pay the lion’s share of unaffordable child care fees is at best meaningless, and at worst, intentionally misleading.

Or linking “the Quebec example has shown that increasing child care affordability increases the number of women who choose to work outside the home” to the tax credit is a distortion, as the calculations referred to were based on Quebec’s supply-side funded centres de la petite enfance system. Similarly, the Conservative’s citation of an International Monetary Fund calculation that child care has the potential to “increase Canada’s productivity by 4%” is disingenuous, as it was also based on supply-side funded child care, with Quebec’s supply-side model the exemplar.

Perhaps most important are not only the details of this particular child care tax credit but that most analyses of tax credits and other demand-side child care funding schemes whether Canadian or from other countries conclude that demand-side schemes to individuals – whether tax credits or deductions, vouchers or cheques – don’t produce the affordability, availability and quality results resulting from supply-side funded child care that is planned and directed to create and fund systems of services. This is similar to how public education or health care, public libraries or public transportation for that matter, are put in place.

As the Organisation for Economic Co-operation and Development concluded in a ground-breaking comparative child care study, supply-side funding is much more effective at delivering results for child care than demand-side funding. The OECD observed “the evidence suggests that direct public funding of services brings more effective governmental steering of early childhood services, advantages of scale, better national quality, more effective training for educators and a higher degree of equity in access compared with parent subsidy models”.

Affordability is certainly an important part of making child care accessible for parents but parents also need reliable, safe, quality child care options in which they can have confidence to be available. A cheque, voucher or tax credit is neither not an early childhood education service that can provide the “best start in life” most parents want for their children today nor does it build the comprehensive systems of reliable, safe, quality services that can offer parents the diverse care and education options they need and want so they can be employed. This includes child care designed to operate during non-standard hours or child care in rural communities with low population density, which usually are “child care deserts” in demand-side child care markets.

Additionally, demand-side child care schemes invariably reinforce inequitable access to child care in any number of ways. Although the language of these schemes often talk about helping “those who need help most”, this rarely turns out to be the reality. In practice, lower income, marginalized and newcomer families, who are also more likely to be precariously employed, are most likely to be left out, as are children with disabilities, without solid policy and practice that ensures their inclusion.

Universal, funded systems have been found to be much better at these assurances than demand-side funded market systems.

Any family sociologist, mother of two, early childhood educator or child care advocate can tell you that “every family is unique” and that a “top-down, one-size-fits-all approach isn’t the answer”. But the best evidence and on-the-ground practice shows that the best way to ensure that families in all their uniqueness can get the early learning and child care they and their children need is to build a comprehensive, universal publicly planned, managed and funded system of services that will be available and accessible to meet their varied needs.

Yes, this is complex, costly and time-consuming for governments but many other countries have managed to develop publicly funded child care systems for their families, and – as the research shows – benefit directly.

Canadian families have been through a lot in the last two years. The pandemic drove many women out of the workforce and parents to distraction as they tried to cope without child care, while many worried about their children’s safety. Child care staff lost their jobs and service providers struggled mightily without the regular parent fee revenue that – without a funded child care system in Canada – had historically kept them afloat.

Thus, the child care penny dropped for many, leading to a new, broad, cross-sectoral awareness that reliable, sustainable, publicly funded and managed early learning and child care must become an integral part of Canada’s social and economic infrastructure if Canada is to prosper.

Now is not the time to waste more public dollars on recycled child care schemes based on faulty assumptions that invariably turn out not to deliver. Now is the time to start building a real child care system without losing 15 more years to yet another misleading and ineffective scheme.