

Child care in Canada and the United States

BALANCING WORK AND FAMILY

Parents in Canada and the United States are acutely aware of the continuing difficulties of balancing work and family life, as well as the lack of governmental or employer support for child care and other family programs. Their governments' abysmal records become even starker when the programs and services for parents and children are held up to those available in other countries. Current initiatives at the federal, state/provincial, and local government levels thus must be placed in the context of what other countries already provide in terms of child care and family policies.

EUROPEAN EXAMPLES

Child care coverage in Sweden is nearly universal. Families with very young children are additionally given assistance in balancing work and family responsibilities. Parents are entitled to approximately 15 months' total parental leave, which can be taken until the child is 8 years old, with high wage replacement rates (80-85 percent) for most of the parental leave period.

Similarly in France, government support for children is very generous. Numerous policies for families exist, including family allowances, young children's allowances, school allowances, tax benefits for families with dependent children, an extensive system of child care supported by state revenues, allowances for the hiring of independent childminders, extensive maternity and parental leave programs, and preschool programs for all children from the age of three.

CANADA AND THE UNITED STATES

In contrast, child care and family programs in both Canada and the United States are quite paltry, although, ironically, child care is one area where Canada does not lead the United States

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on all measures. While working families in Canada have access to maternity and parental leave benefits of much longer duration than those in the United States, levels of program development, both federally and provincially, are quite negligible, save for recent developments in Quebec, and levels of government spending are low even relative to the United States. No provincial government in Canada provides early childhood education programs for three year olds. In contrast, more than one-third of the three year olds are enrolled in early childhood education programs in the United States. Enrollment levels for four and five year olds are also higher in the United States than in Canada.

Neither country provides much in the way of direct support for child care, such as to encourage the expansion of child care spaces, even more so in Canada since the federal government eliminated federal cost sharing under the Canada Assistance Plan for day care services. The U.S. federal government, however, has increased funding for

child care subsidies for low-income working families as a result of changes in social assistance legislation (the *Personal Responsibility and Work Opportunity Reconciliation Act*) in 1996.

A large portion of U.S. and Canadian funding for child care services, other than for low-income families, is in the form of tax expenditures. While the maximum deduction is relatively generous in both countries (up to \$7,000 child care expense deduction per child per year, in Canada, and up to \$2,400 dependent care tax credit in the United States), many lower-income working parents are unable to take advantage of the programs because they must be able to pay for the costs of care up front.

COVERAGE GAPS BUT STILL WORLDS APART

Neither country has extensive maternity/parental leave benefits, although Canada's programs do exceed those of the United States. Federal employment insurance legislation in Canada permits up to 17 weeks' maternity leave at a replacement rate of 55 percent of workers' salaries to a maximum of \$413 per week for 15 of those weeks (with a two-week waiting period for benefits). The claimant must have worked 700 hours in the previous 52-week period to be eligible for benefits. In addition, either parent is eligible for up to 10 weeks of parental leave benefits at the same wage replacement rate. The federal government, in its February 2000 budget, announced that, as of January 1, 2001, the parental leave period will be extended to up to 35 weeks, with no two-week loss of salary if the spouse takes the leave. It also is reducing the number of hours needed for eligibility from 700 to 600. Still, with wage replacement rates so low, strict eligibility criteria, and a tax "clawback" for higher-income earners, this maternity/

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parental leave program leaves much to be desired compared with many programs in Europe.

U.S. maternity and parental leave benefits are even more paltry. No federal maternity legislation exists, although maternity benefit programs exist at some state and local levels. The federal government mandates 12 weeks of unpaid job-protected leave for family/medical reasons, including the birth and care of a newborn child. It is only available, however, for employees of companies with more than 50 employees, where the worker has been employed for at least one year, and worked 1,250 hours during that year. It excludes workers in the top 10 percent of the company's pay scale if they are considered essential and their leave would cause "substantial and grievous economic injury" to the employer. Because of these exemptions, it is estimated that the Act covers about half or less of all U.S. workers.

FAMILY ALLOWANCES

Unlike in many European countries, no family allowances exist in either Canada or the United States. Low-income allowances are available in the form of the Canada child tax benefit (CCTB) in Canada and the earned income tax credit (EITC) in the United States. The CCTB, like the EITC, represents the largest single expenditure by the federal government on family benefits, totalling approximately \$7 billion in 2000, with increases of \$2.5 billion over four years announced in the 2000 federal budget. In the United States, the estimated amount of revenue forgone under the EITC program totalled \$27.7 billion in 1998. These tax expenditure programs do not directly support child care, but can be used to help defray the costs of child care.

Recently, though, some interesting developments in child care policies and program delivery have occurred on both sides of the border—in Canada, by province, and in the United States, by group.

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RECENT DEVELOPMENTS IN CANADA

Quebec

Increasing asymmetry in program delivery and levels of public involvement at the provincial level has emerged in Canada over the past five years. The Quebec government has led the other provinces in introducing a comprehensive, low-cost child care program for all preschool age children. Until the mid-1990s, however, Quebec was not a policy leader on the day care front. In 1995, for example, Quebec had a below-average number of child care spaces for children ages 0 to 12 compared with other provinces, and levels of commercial care exceeded those in Ontario, Manitoba, and Saskatchewan.

Quebec, however, distinguished itself in other ways from the rest of Canada with its family policy. The provincial government's emphasis on the preservation of French language and culture meant that the Quebec government has been more concerned about birthrates (among Francophone Canadians) than have governments in the rest of Canada. Thus, in 1988, the provincial Liberal government instituted a baby bonus—monetary incentives for families to have children—that increased based on the number of births. It also provides a parental leave period

more extensive than that provided at the federal level or in other provinces.

In recent years, the Quebec government has worked to implement a more expansive child care and parental leave benefit in response to parents' concerns that a baby bonus was not enough incentive to have children because the costs of care are so high for working parents. As a result, the Quebec government implemented full-day kindergarten for five year olds, and \$5-per-day child care for four year olds in September 1997. It has gradually expanded the program so that by September 2000 the program will be universal for young children. The Quebec government is also in negotiation with the federal government to provide more generous maternity and parental leave benefits than those planned by the federal government.

British Columbia

The British Columbia government also announced in March 2000 that it planned to have the first phase of a universal day care program in place by January 2001, beginning with subsidized before- and after-school care for 6 to 12 year olds, with parents paying about \$7 per day. Low-income parents would receive further subsidies. The B.C. government is proceeding more slowly with its plans to expand the program to all toddlers and preschool children

than has the Quebec government. It argues that it does not want to experience the same problems as occurred in Quebec, where the tremendous popularity of \$5-per-day child care caused huge demand for spaces, shortages, and overcrowding. It also has qualified its promised expansion to only so long “as the budget permits,” leaving room for the government to back away from its pledge of universality if budgetary concerns arise.

The Quebec and British Columbia initiatives stand in sharp contrast to developments in other provinces. Susan Prentice recently documented the decline of the regulated child care system in Manitoba due to funding cuts at both the federal and provincial levels. In Ontario, total provincial child care expenditures have increased only slightly under the Conservative government of Premier Mike Harris. Child care expenditures in the province of Alberta have declined quite significantly over the past five years. This decline in spending in Alberta and the minimal increase in Ontario reflects, to some extent, the social conservative philosophy of those Conservative governments in office, and contrasts sharply with many other provinces, who managed to increase spending during the same period.

RECENT DEVELOPMENTS IN THE UNITED STATES

Surprisingly, the United States leads Canada nationally on child care spending as well as in numbers of children in formal care. One additional area where the United States distinguishes itself is in early childhood education provision, an area where Canada desperately lags. As mentioned above, a larger percentage of children ages three to five attend preschool programs in the United States than in Canada.

A number of U.S. states have recently expanded their early childhood education programs, prompted in great part by “early years” studies that point out the importance of high-quality early childhood education programs on children’s later education and success at

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school. In all, 42 states now offer free or subsidized preschool, some of which are aimed at children from low-income families, and others to all children. These programs are offered in addition to or coordinated with federally funded Head Start programs.

One other area where government involvement in child care provision has expanded is child care for children of military personnel. The federal government greatly increased Defense Department expenditures on military child care over the past decade in response to criticisms of poor quality care, lack of standards, and high staff turnover due to low salaries. Child care advocates hope that the rapid improvements in military child care will provide a model for other state and national programs.

PORTENTS AND PROSPECTS FOR FUTURE DEVELOPMENT OF CHILD CARE PROGRAMS AND SERVICES

It is possible that continued initiatives at the provincial level, combined with federal-provincial cooperation on a national early childhood development (ECD) program, will cause levels of child care funding and numbers of children in formal care in Canada to surpass those in the United States. The federal and provincial governments reached an agreement in September 2000 on a new federal transfer program for early childhood development, with initial transfers of \$300 million in 2001 and total transfers of \$2.2 billion over five years.

There is, however, still reason for pessimism. Further federal-provincial negotiations with regard to new national social programs are constrained by political and strategic concerns on the part of both the federal and provincial governments that prevent coordinated and standardized responses to the issue of child care and early childhood education provision. Indeed, the federal government agreed to provide the new ECD funding with no strings attached, which means, in a worst-case scenario, that provinces could spend the money on programs other than ECD. At best, huge differences in levels of provision and types of support will likely emerge.

Future provincial government child care initiatives continue to be hampered by lack of cash on the part of provincial governments, as well as ideological resistance, both at the governmental level and from social conservative groups, to care outside the home. In the United States, we will likely continue to see increased spending at the state and federal levels on early childhood education initiatives, and child care funding for low-income families under the current welfare program. However, funding to expand the supply of high-quality child care services specifically is likely not to be forthcoming. Parents can only stand by in frustration as they observe these continuing incremental and piecemeal approaches to child care in both countries. 