

I Introduction:

During the last decade, the female labour force participation rate has risen from 39.9% to 49.3%.<sup>1</sup> A similar rise of 10% had taken approximately 3 decades to occur.<sup>2</sup> In 1980, the average participation rate for single, separated, divorced or widowed mothers with children under six years of age was just under 52%.<sup>3</sup> The statistics would indicate that a number of Canadian youngsters are cared for outside their own homes on a regular basis. In fact, the most recent figures put that number at 518,000<sup>4</sup> across Canada.

This particular social phenomenon has often been accompanied by heated discussions starting, in the late nineteen-sixties, with debates on whether day care was actually good for children and proceeding to discourses on what kind of day care was best and how best (type of program, costs, results) to provide care. Very little work has been done on the equity or inequity and the equality or inequality inherent in present or proposed systems.

This paper will begin by briefly describing the current situation. It will go on to examine the work of an economist, Michael Krashinsky, that has tried to deal with the provision of day care from an "efficiency" point of view. It will conclude with a short discussion on equality, equity and efficiency as applied to both the current system and Mr. Krashinsky's proposals.

Day Care & Public Policy in Ontario:

In Canada, funding for day care originates at the federal level in Health and Welfare Canada. Under the Canada Assistance Plan, Ottawa provides 50% of the costs of care for families deemed to be "in need".

The Provinces raise the other 50% required in a variety of ways. Ontario extracts 20% of its contribution from either municipalities or the group providing care if it does not go through the municipality for funding.

Assessment of need is also implemented in a different fashion depending on the province. Ontario uses a "needs test" that involves subtracting a largely pre-set group of expenses from a families' net income. The difference (minus 20% for contingencies) goes to day care. The amounts allowed as expenses are equal to those that the family would be allowed if it were on General Welfare Assistance.

In Ontario, there are currently 35,000 day care child spaces in licensed centres or supervised private homes.<sup>5</sup> Of these spaces, 15,000 are subsidized<sup>6</sup>. The available spaces cover only 10 % of the 355,000<sup>7</sup> children in Ontario whose mothers work outside the home.

Clearly, there is not enough supervised or licensed day care available and access to subsidies are limited by a needs test that pre-supposes family expenditures at G.W.A. levels. As Mr. Krashinsky points out in his work, Day Care and Public Policy in Ontario, "the subsidies do

not reach high enough up the income distribution to ensure adequate care for all."<sup>8</sup> The children remaining outside the system are cared for in unsupervised and unsubsidized babysitting arrangements either because the family prefers this arrangement (a minority, according to Laura Johnson of Project Child Care)<sup>9</sup>, because the family cannot find a licensed or supervised space or because it does not qualify for subsidy and does not feel that it can afford the fees in a day care centre or supervised private home.

It has been said that inequality promotes growth and there are inequalities in the system described above. Certainly the day care system has grown in the last decade, albeit, not enough to meet the expanding need. However, there has been little growth in new proposals for solving the inequalities. The controversy around the service has also grown and has been particularly fierce as it involves very young children.

Michael Krashinsky has attempted to take some of the heat out of the day care controversy by posing an economic analysis of day care in its current form. He cites its inefficiencies and poses solutions that attempt to deal with these. The following is a critique of his work, Day Care and Public Policy in Ontario published in 1977 by the Ontario Economic Council.

**II** In his introduction (Chapter 1) Mr. Krashinsky sets the stage for his analysis by stating, "What the economist can do, and what this report attempts to do is to

ask whether a certain set of policies are the best way to achieve a set of goals. In general, this report will argue that the day care subsidies are a poor way to redistribute incomes and that current policies have tended to be inefficient - that is, that other policies would achieve desired goals at far less cost to society."<sup>10</sup>

The author of this paper has a number of questions arising from this statement: What does Mr. Krashinsky mean by "best"? and what are "one desired goals"? Does "best" mean most efficient? Are efficiency and equity each desired goals or are they mutually exclusive?

Chapter 2 describes the whys and hows of day care expansion in Ontario. The chapter aims at providing a background for the theoretical work that follows. The unfortunate factual errors that appear are minor and do not affect the author's thesis.

Chapter 3 deals with the cost of day care. Mr. Kraskinsky quite rightly points out that:

1. The larger part of day care budgets go towards staff salaries.
2. The only way to reduce this budget item is to pay staff less or reduce the number of staff (and possibly thereby reducing quality of care.)
3. Centres with a higher proportions of subsidized children pay higher salaries and hence have higher costs.

One must be careful of attributing the situations described in point 3 as a result of an "absence of market

discipline'."<sup>11</sup> Mr. Krashinsky points out that day care costs, although high by some standards, are not higher yet due to the poor wages paid to day care staff. When most of the children in a centre are fully subsidized, operators do not have to worry about passing salary increases directly to parents and can opt for real rather than discounted costs.

Chapters 4 and 5 contains the kernel of Mr. Krashinsky's work on day care and will be considered in this paper as one unit. Essentially Mr. Krashinsky maintains that day care subsidies are an inefficient way to redistribute income and that this is better accomplished through adjusting taxation. (While his criticisms of the efficiency of the current subsidy system are valid, also promote a number of inequities. His solutions are inequitable and in some cases inefficient, as well.)

Mr. Krashinsky divides both his analysis and his proposals into two sections - Day care to help families and day care to help children. He admits that the division is arbitrary but "allows some strong conclusions".<sup>12</sup> The division is in fact, artificial in this instance. How day care is provided affects family, child and society at large. It involves much more than the redistribution of income and, in many people's minds, the redistributive element is simply a consequence of providing an education and care program. It would be entirely possible, for example, to provide an economically efficient but educationally harmful program. Many would prefer to look at the

educational or "care" component first and judge efficiency later.

The efficiency/equity discussion outlined by Mr. Krashinsky may be summed up as follows:

Efficiency:

"It would be inefficient to induce all women to use day care for their children independent of the woman's productivity and the cost of day care for the woman's children"<sup>13</sup>

"It would be inefficient to structure programs to assist children so that women must work in order that their children might participate."<sup>14</sup>

Equity:

"It would be inequitable to penalize the children of low income families who do not work!"<sup>15</sup>

"It would be inequitable to direct high-quality day care to poor families and leave the children of the near poor in inadequate care."<sup>16</sup>

Efficiency:

"It would be inefficient to transfer all children of currently working parents into high-quality high-cost day care when many of those children are cared for at a much lower cost and with equal care and affection in informal arrangements."<sup>17</sup>

It would, however, be inequitable to limit a woman's ability to work by not providing day care subsidies if the woman desired to enter the workforce. It would be inefficient to structure programs to assist children if their mothers do not work (& therefore do not contribute tax revenue) and the family can afford to assume the cost.

It should be noted that both inequities cited by Mr. Krashinsky and transcribed above occur in the present day care system.

The third inefficiency cited by Mr. Krashinsky contains an assumption that is not only unsubstantiated in his work but, in fact, is disputed by the work done on this topic.<sup>18</sup> That is, one cannot assume that children cared for in more casual arrangements benefit from care and affection equal to that found in high-quality day care.

The analysis and proposals made regarding day care and its benefits to families mainly involve a restructuring of income maintenance programs and the tax system to, theoretically, redistribute income to families with young children. Both day care subsidies and increases in welfare benefits and the deductions under tax system would result in a rise in net income, but Mr. Krashinsky maintains that subsidizing day care allows the following inefficiencies to take place:

1. The subsidy can (and does) apply to families where funded day care is an inefficient form of child care.
2. Subsidizing day care implies that this is the "most desirable" method of caring for the children of working parents,

Mr. Krashinsky, unfortunately, uses the term "most desirable" only as it applies to parent preference. "Most desirable" (as opposed to "most desired") should encompass a whole range of elements, but parent preference as to type of care would be only one of these. Again, he assumes that most parents prefer (rather than are forced into) neighbourhood arrangements. He does not substantiate this assumption, nor does he refer to the major research study that contradicts this assumption.<sup>19</sup>

It is proposed that "the maximum subsidy that can be justified in order to assist the family is the deductibility from earnings of child care expenses."<sup>20</sup> This proposal deals with the inefficiencies cited above. If further assistance is desired, Mr. Krashinsky recommends a reduction in the tax rate (below zero if necessary) as superior to a day care subsidy. If child care expenses exceed earnings, the first inefficiency is taken care of since the parent in this case would not be encouraged to enter the work force unless she could gain sufficient net income after paying child care expenses.

In addition, it is claimed that no incentive would exist to use high-cost arrangements.

This proposal means that, in the absence of day care subsidy, low-income families will have to "front -end" their day care expenses. They would either not work or would choose low-cost arrangements and would not be



deducting day care costs out of proportion to their tax contribution. Higher-income families would have the flexibility to use higher-cost care. This would be justified by their contributions to tax revenue.

The effects of day care are not limited to the family as a total unit. Children are also affected as separate entities. The discussion here revolves around the concept of the "externalities" involved in expenditure on services such as day care and education - i.e. that well-educated (or well-cared for) children benefit their parents and society as a whole.

The possibility of early intervention in the development of children at risk through poverty is another element in the discussion around directing public monies to children through day care subsidies.

Both strategies are aimed at increasing the utility of children. Mr. Krashinsky maintains that the economist cannot make a judgement in this regard, in particular, he cites the debate over the results of the Head Start programs. The early studies showed that the progress made by poor children in pre-school programs was not maintained through the primary grades.

It should be pointed out that later studies done on Head-Start graduates show (among other things) that they fail less often in school than their control-group counterparts and appear less often in special education programs.<sup>21</sup>

These students, in fact, cost the system less.

In addition, when one examines a program involving results, one must be able to make judgements about the value of those results. The results affect the utility of a program and thus affect whether or not it will be worth the investment of public dollars. Mr. Krashinsky does not disprove the contention that good early childhood programs benefit young children, particularly the children of the poor. Yet, he does not examine the documented positive results of such programs, and, in so doing, declines to make a judgement when the information to do so is available.

The actual tactics involved in implementing the strategy of providing optimal subsidies to day care are based on the philosophy that providing "free day care to perfectly competent parents contemplating labour force participation is to promote inefficiency."<sup>22</sup> One can't help but wonder if the same statement would apply to the provision of public education.

The proposals for assisting the family with day care are sub-divided into two sections - single parent and two parent families.

In keeping with this theory that the optimal approach to day care funding for families dictates that the subsidy should not exceed deductibility, Mr. Krashinsky compares two systems for assisting single-parent families.

In the first, the single-parent family is guaranteed a basic allowance of \$6500.00 per year (including rent and OHIP subsidies). There is a tax-back rate of 75% on dollars earned over an income exemption of \$1200.00. Day care (cost: \$2000.00) is provided free of charge until Family Benefits run out (at a floor of \$800.00). At this point .75 of each additional dollar earned goes to day care. In the second system, the family assumes day care fees from the outset. One deduction is raised to \$1867.00 so that the systems will be comparable. The family is allowed to deduct day care costs before calculating benefits and or taxes.

The two systems arrive at the same after-day care family revenue except where a family is at the low end of the earned-income scale. These are precisely the families that Mr. Krashinsky believes should not be subsidized at the front end on the grounds that such subsidy is inefficient. A day care subsidy (as such) "distorts" a low income family's decision to enter the work force by giving a greater immediate financial gain while inflicting a higher cost on the state.

However, if one is to examine this theory in terms of social rather than strict economic policy, one person's "distortion" becomes another person's "encouragement". With the burden (both psychological and financial) of finding money for day care removed and with the slight economic advantage of scheme 1 over scheme 2, low-income single-

parent families may have an incentive to enter and stay in the work force, breaking the cycle of dependence on family benefits.

In truth, the income advantage of the first scheme (maximum of \$400.00) is far outweighed by the disadvantage to the low income family (with a less flexible budget) of the second scheme when the family is faced with the prospect of "front ending" its day care fees. The only true beneficiary of the second scheme is the state, which saves a minimum of \$400.00 to a maximum of \$2,000.00 per child per year.

Assistance with child care costs for two-parent families should be dealt with by allowing them to deduct all child care costs from income before calculating taxes and by giving a preferential tax rate to the second income earner.

Mr. Krashinsky maintains that "many"<sup>23</sup> (although he does not go into detail) two-parent families will qualify for day care subsidy. He bases this statement on a brief examination of the system for providing day care subsidies.

As was noted earlier on, the "needs test" employed in Ontario for the calculation of day care subsidy involves subtracting expenses (largely pre-set, largely based on G.W.A. levels) from the family income (net of taxes). There are ceilings on every budget item, including housing costs and allowable savings. Mr. Krashinsky's examination of the current subsidy system is not adequate. On the one

hand, he seems to imply that current subsidy arrangements are reasonably generous. On the other, he states that "subsidies do not reach high enough up the income scale to ensure adequate care for all."<sup>24</sup> He also maintains that "a detailed critique of needs-testing is beyond the scope of this report."<sup>25</sup> While the author of this paper is no fan of the current needs test, it is important to examine why (in a document that claims to be comprehensive) the current system does not meet day care needs.

Mr. Krashinsky instead maintains only that, currently, subsidies are distributed unevenly and that a more even distribution would lead to a poor use of public funds. He declines to detail empirical reasons for the uneven distribution (i.e. that there are not enough day care "child spaces", that there are not enough subsidized spaces and that low, middle, and middle-middle families are denied assistance due to an assessment procedure based on the assumption that families requiring subsidy maintain only a welfare level of subsistence ) and falls back on conversations with welfare officials to substantiate his claim that parents do not wish (rather than can't afford) to assume the full or near-full cost of day care. He maintains, again, that increased assistance would merely induce many women to work who, for efficiency's sake, should not enter the work force.

Full deductibility plus a preferential tax rate would force parents to make the most efficient decision about

entering the labour force and would give them an incentive to use the most efficient form of child care.

In social policy terms, this means that the lowest-income families would be forced into the lowest-cost arrangements. They would be able to deduct less from their income for tax purposes and would, therefore, cost the government less in foregone taxes. Higher-income families are able to use more expensive forms of child care and deduct all expenses from their income. Government contributes more in real dollars to their child care expenses while lower income families have less choice of care, receive less from government (again in real dollars) and may be forced to decline work because they can't afford the initial outlay for day care fees. In addition foregone taxes are a subsidy only to those who pay taxes. It is entirely conceivable that the low-income family described above does not pay tax even before day care expenses are deducted and thus misses out entirely on any assistance.

The proposals for assisting families in meeting their day care needs are followed by proposals for day care to help children. The first proposals involves the care and education of preschoolers. This consists of offering a half-day "enriched"<sup>26</sup> program of 2-3 hours duration free-of-charge (including free transportation) for all children ages two-to-five years. Parents would use vouchers to cover the costs of this program. Children of working parents

would be cared for in "custodial"<sup>27</sup> situations for the rest of the day and paid for by parents. This is suggested on the basis that if an early childhood education program is good for the disadvantaged child it is good for every child.

Mr. Krashinsky envisions the "enriched" component with ratios of 1 adult to 5 children (above currently legislated standards). The "custodial" section would have ratios reduced by 20% which would leave 1 adult to 6 children. The staff of the "enriched" portion of the program would handle 3 shifts of children a day.

The voucher would be used in a number of ways. A uniform daily rate could be mandated. Mr. Krashinsky, suggests that public centres adhere to that rate but that private centres be able to charge higher fees and accept vouchers as partial payment.

Non-working parents would use the vouchers to pay for nursery school. Working parents with children in group care would use the voucher as partial payment for full day-fees to be applied to "enriched" segments during the day. (Mr. Krashinsky does not appear to be terribly familiar with the modus operandi of day care centres.) If the child of working parents is cared for by a baby-sitter, the vouchers could again be used to pay for a nursery school program. Double vouchers could be issued to children who need extra assistance.

For school-age children, Mr. Krashinsky suggests that flexible hours for working mothers would solve the problem.

This cuts down the hours of care quite substantially. He also suggests using school facilities as the location for programs for the school-age child. Both of these suggestions have been implemented to a great extent and have proved to be quite successful. (Although government still seems unwilling to fund even those low-cost programs). The suggestion that working mothers skip lunch to avoid the need for child care arrangements is, however, somewhat of an imposition.

It is suggested that since an educational program cannot be justified for children under the age of two, mothers should be prepared to leave the work force for a few years and all funds put into programs for older children. This, of course, would apply mainly to lower-income mothers. As Mr. Krashinsky points out, high-income women could pay for care and deduct the cost from their taxes. He also suggests that a mother's allowance to enable women to stay home for two years. It is maintained that this would not be inefficient if all parents received it.

Mr. Krashinsky asserts that his scheme allows for "the least possible distortion from the optimal result." In fact, the least possible distortion is only possible if the government in no way assists families with the cost of child care. A distortion exists even in the tax incentives outlined earlier. The addition of a funded program for 3 hours a day, as Mr. Krashinsky points out, would lower day



care fees. This increases the distortion as it increases the likelihood that "inefficient" families would be lured into the workforce.

The concept of "optimal result" is not explored in any detail. In a proposal that deals with the education of young children, the word "result" is highly charged and should be dealt with meticulously. One really cannot use the term unless one deals with educational as well as financial efficiency. In other words - is there an educational pay-off to the state and is it necessary to provide a program of great magnitude to achieve the same pay-off? These questions are not dealt with to any extent in Mr. Krashinsky's work.

The policy proposed is to redirect resources to families of young children. The strategy is to redistribute income through the tax system. The tactics involve allowing families to deduct all child care expenses before calculating tax and providing a half-day enriched program for children ages 2-4 years. The results would appear to be as follows:

1. Upper-income families would have access to a funded nursery school program regardless of whether the parent(s) were working or whether the family income allowed payment for such a program. They would have the financial flexibility to make further child care arrangements of their choice and deduct all costs from their income before calculating tax. In a two-parent family, the second income would receive a

preferential tax rate. Non-working, upper-income families would receive the benefit of a free program while contributing no taxes for a second income.

2. Lower-income families would have access to a funded nursery school program (an advantage not currently offered most lower-income families). With less financial flexibility, they would have less choice regarding further child care arrangements and, if they failed to find "affordable" care would stay out of the work-force. If they were able to make satisfactory arrangements, they would be able to deduct all costs from their income before calculating taxes and for benefits. In a two-parent family, the second income would receive a preferential tax rate although it is possible that neither of these elements would benefit the families at the lower end of the scale as they likely wouldn't be taxed to any great extent in any case.

3. Infants would have no access to a formal care or education program despite the even-increasing evidence of the need for warm, stable and stimulating (let alone "educational") situations during the early years of life.<sup>29</sup> unless their families could afford to "front-end" the costs and deduct them from their income for tax purposes. This would apply mainly to the infants of upper income working parents.

This scheme (which is of main benefit to the upper-income family) is costed at \$3.65 billion for all of Ontario's children.

For the sake of comparison, four options are detailed below. A represents Mr. Krashinsky's proposal, B is the current

situation and C is a proposal for dealing with the needs of working families only. Option D is a hybrid which would appear to meet the needs of a cross-section of families. The proposals deal with children ages 0-5 years.

A (Proposal -M.Krashinsky)

-All children ages 2 & 3  
-2-3 hours a day.  
-ratio 1:5

} Gov't pays full (set) costs

+

-children of working parents  
-7-8 hours a day  
-ratios of 1:6 or neighbourhood arrangements

} Parents pay but deduct all expenses & receive a preferential tax rate

Cost: 3.65 billion (1977)  
(program only)

B (Status-quo)

-Children of non-working parents  
-ages 2 & 3  
-2-3 hours a day  
-ratios of 1:7-1:12  
(current Ontario Day Nurseries)

} Parents pay costs except in isolated "high risk" instances

+

-children of working parents  
-ages 2-5  
-10 hours a day  
-ratios of 1:6  
(current Ontario Day Nurseries)

} 50% of families pay full cost  
50% subsidy on sliding scale

Cost: 3.7 Million (1977)

C (all working families)

-children of working parents  
-0-5  
-10 hours a day  
-ratios 1:3-1:7  
(current Ontario Day Nurseries)  
-44% preference for private home day care

} Fully government funded.

Cost: (Canada, 1980)<sup>30</sup>  
3.4 billion  
(Ontario, 1980)  
1.58 billion

D

-All children  
-0-5  
-2-3 hours per day  
-1:3-1:12  
(current Ontario Day Nurseries)

} fully government funded

+

-children of working parents  
-7-8 hours a day  
-ratios of 1:3-1:7  
(current Day Nurseries)

} means test plus sliding scale for either group or private home daycare.

Cost: (Ontario, 1980)  
2.125 billion

The problems with A and B have been outlined earlier. Option C does not address the needs of the non-working poor. Option D has the following advantages:

1. It provides all families, poor and non-poor, working and non-working with access to an early childhood education program for all children until they reach statutory school age. (Some of these children already attend junior and senior kindergarten but are included here for simplicity's sake.) The proposal could cover both formal and non-formal (parent drop-ins and the like) programs.

2. Upper-income working families will contribute some amount to the costs of full day care.

3. Lower-income working families will not have to raise the cost of day care at the front end.

4. With healthy enrollment by upper income families, the system will not become ghettoized.<sup>31</sup>

5. The fully-funded half-day program corresponds with a recent community demand for a flat-grant of \$5.00 per day per child towards all day care costs.

The disadvantage is that the proposal is inefficient in the following ways:

1. Government is assuming the cost of an early-childhood education program for upper-income non-working families that may well be able to assume the cost of such a program.

2. The option contains the inefficiency attached to subsidizing day care at the front-end - that is, that low-income wage-earners who should, for efficiency's sake, stay

home, will enter the work force. Mr. Krashinsky's proposal contains the first inefficiency, and the current system contains the second. However, if government wishes to contribute funds to day care (an open question at this time) the advantages of the program from an education and "service" standpoint, outweigh the disadvantages.

### III Conclusion:

In the current language of social policy, equity means "fairness" or social justice. Equality can be taken to mean access to a service or the pattern of distribution of something. Efficiency involves the balancing of cost to as opposed to benefit to the state. Mr. Krashinsky has examined the current day care structure from an efficiency standpoint and has found it sadly lacking. He has made proposals aimed at correcting these flaws.

The current system also falls short of the mark where both equality and equity are concerned. There are not enough day care "child spaces" to meet current need with the result that the children of Ontario do not have equal access to day care. In addition the following inequities occur:

1. Children of the working poor may receive assistance with day care fees while children of the non-working poor, who might have equal need for educational or "head start" purposes receive no such assistance.

2. The particular needs test used to assess the need for subsidy is unrealistic in the costs-of-living allowed and excludes near-poor families from assistance.

3. Many day care centres have a mix of fee-paying and subsidized families. Parent fees reflect staff salaries. In centres with a significant number of fee-paying families, staff are under duress to hold the line on salaries. In centres where most families are subsidized, staff can demand higher salaries in the knowledge that individuals will not be affected. This leads to inequity in wages from centre to centre and may encourage centres to prioritize subsidized children.

Mr. Krashinsky's proposals deal with the problems of inefficiency in the current system (i.e. low-income, low-contributing families are encouraged to enter the work force.) He would make work force participation unattractive for low-income families by insisting that they pay day care fees and deduct the costs from taxable income. Theoretically, families of this nature would choose not to work. In addition, all children would receive a "enriched" half-day nursery school program.

The proposal does not deal with the equity problems in the current system and adds a few of its own.

1. Low-income families unable to afford day care fees at time of use would not have the option of entering the work force.

2. The tax advantages would affect only those families that pay taxes, not those families at the lower end of the income scale.

3. Since parents would still be assuming a great proportion of day care costs, salaries for day care staff

would still remain low compared to employees in similar professions (for example, teachers ).

His proposal is inefficient in that he suggests providing a half-day fully-funded nursery school program for all pre-schoolers regardless of whether the parent is (or both parents are) working and contributing to the program through taxes or whether such a program has any utility for (particularly upper-income) pre-schoolers.

Mr. Krashinsky aims at redistributing income to families with young children. He prefers (for reasons of efficiency) that this be done via the tax system rather than thru day care subsidies. His analysis is valuable in that it sheds light on a aspect of service that is all too often ignored. However, his propals fall seriously short where equity is concerned.

## Footnotes

1. Statistics Canada
2. Connelly, Patricia, Last Hired, First Fired, Women & the Canadian work force, Canadian Women's Educational Press, Toronto, 1981, pg. 89.
3. Statistics Canada
4. Women's Bureau, Department of Manpower & Immigration, 1980.
5. Day Nurseries' Unit, Ministry of Community & Social Services.
6. Day Nurseries' Unit, *what year*
7. Statistics Canada ?
8. Michael Krashinsky, Day Care, Public Policy in Ontario, Ontario Economic Council, Toronto, 1977, pg. 122.
9. Project Child Care, Social Planning Council of Metropolitan Toronto, 1977.
10. Krashinsky, pg. 4.
11. Krashinsky, pg. 45.
12. Krashinsky, pg. 59.
13. Krashinsky, pg. 58.
14. Krashinsky, pg. 58.
15. Krashinsky, pg. 58.
16. Krashinsky, pg. 58.
17. Krashinsky, pgs. 58-59.
18. Dineer, J. & Johnson, L. The Kin Trade, McClelland & Stewart, Toronto, 1981. ABT Associates, Cambridge Mass. (U.S. Dept. of Health & Human Services, Family Day Care in the United States, Final Report of the National Home Day Care Study, Vol. 1., Washington, 1981).
19. Krashinsky, pg. 62.
20. Krashinsky, pg. 63.
21. See Brown B. (Ed.) Found: Long Term Gains for Early Intervention, Westview Press, Boulder Colo., 1978.
22. Krashinsky, pg. 82.



23. Krashinsky, pg. 86.
24. Krashinsky, pg. 122.
25. Krashinsky, pg. 83.
26. Krashinsky, pg. 94.
27. Krashinsky, pg. 95.
28. Krashinsky, pg. 96.
29. See Kagan, Jerome, Caldwell, Bettye et al.
- 30.

Group Day Care - Operating

Private Home Day Care - Operating

Age of Child	# of Children	# of Staff	Staff Costs	Other Costs	Age Child	# of Children	# of Caregivers	Caregiver Costs	Other Costs
Under 2	68,471	17,118	445,550,090	113,887,522	Under 2	160,529	80,269	(.40 of total) 218,561,608	69,027,470
2-5	432,234	61,748	1,639,713,120	410,048,280	2-5	98,766	32,922	324,842,415 (.60 of total)	42,469,380
<b>Total</b>	<b>500,705</b>	<b>78,936</b>	<b>2,095,263,210</b>	<b>423,935,802</b>	<b>Total</b>	<b>259,295</b>	<b>*80,269 Net</b>	<b>541,404,023</b>	<b>111,496,850</b>
					Administrative Overhead - 279,391,497 (48% of total costs less 13%)				
					* based on the assumption that the older children can "double up" with the younger ones.				

Group Day Care - Capital

Private Home Day Care - Capital

# of Sites (58 children per site)	Renovations	Equipment	# of Sites	Renovations	Equipment
13,100	579,850,000	209,600,000	80,264	-	16,052,800

Group Day Care - Total

Private Home Day Care - Total

Operating: 2,529,199,012  
Capital: 789,450,000

Operating: 926,292,370  
Capital: 16,052,100

The chart above gives the cost basis for options C & D. The costs do not correspond with Mr. Krashinsky's presumably due to differences in ratios and a smaller total of 2-5 year olds. The figures in the chart are national in scope and were adjusted to give costs for Ontario.

31. See Krashinsky, pgs. 88 & 99.

*From where*

## INTRODUCTION:

Government and its different groups of citizens are constantly engaged in a process of negotiation. The shifting of tension in relationships between the state and various groups and between one group and another are the result of changes in society at large. These shifts generate change, as well. It is in this context that government policies are formed.

Families constitute a collective within society. At the same time, within the collective, we have such a variety of types of family and such a variety of needs that the same tensions we find between society and families as a group often develop inside the group to which families belong. What is commonly known as family policy attempts to resolve these tensions between the collective and other groups in society and the tensions within the collective itself. Often, this process generates new and further tensions.

*child, related + why?*

## FAMILIES PAST:

So, shifts in the way families "are" both cause and are generated by shifts in society at large. Prior to approximately 1840, most Canadian families experienced little separation between work and home. One of the major effects of industrialization was to send people to work in locations away from their homes. The family ceased to be a unit where all members were productive in the strictest sense of the term.

Industrialization also brought about a dependence on wages - people had to count on someone else, the employer, to provide money so that they could purchase the necessities of life. Both the wages paid and the cost of living were and are largely beyond the control of most citizens.

In the nineteenth century, an economy built on the dependence on wages was even more unstable for many families than it is today. Unemployment insurance did not exist and charity was

*Notion of social capital.*

grudging. Even though much work was highly seasonal, working people were expected to survive the winter on savings from spring and summer work. To fail to do so was proof of idleness. There was no protection in the form of unions. Illness meant loss of employment and the death of a wage earner usually pauperized a family.

Families adapted to this new state of affairs in a variety of ways - ways that we now consider unsuitable or have made illegal. As home and work became separated, the arrival of children meant that one wage earner, the mother, was removed from the work force. This made the family even more vulnerable to the ups and downs of the economy. The lost income could be restored only when one child became old enough either to provide child care for younger siblings or enter the work force. As Bettina Bradbury writes in her article on the use of orphanages in times of family crisis, "only when both parents survived and several children reached working age was a degree of financial security ensured."<sup>1</sup>

The ways in which families resolved the economic effects of the coming of industrialization led to further tensions that centred around the way in which we rear our children. Quite legitimate concerns regarding the treatment of children by employers and the use of child labour to depress wages led to protective legislation. The desire to civilize and regulate society was a major factor in the provision of public education and compulsory attendance laws. Both of these initiatives removed wage earners from low-income families.

#### FAMILIES PRESENT:

The family's adaptation to a world where most people were employed by others rather than self-employed is only one example to be taken from changes over the centuries. Changes in society will continue to impact on the family, and family activity will continue to force changes on society.

Within our lifetime, we have experienced another stage in the continuum that began with industrialization. In the late 1960's and early 1970's, increased numbers of women sought equality in society and it became difficult, if not impossible, for large numbers of families to live a life free of poverty on only one income. These two trends -- the desire for and recognition of a right to equality plus a necessity or desire for an improved standard of living have grown and persisted with the result that over 50% of mothers with children of any age are employed outside the home.<sup>2</sup>

In addition, over the last two decades, our notion of what constitutes a family has broadened both legally and perceptually to the point where most families are likely to count among their acquaintance other families of a variety of types -- extended, mother-led, father-led, two working parents, one working parent/one homemaker, or a group of unrelated individuals who call themselves a family. Some refer to this change as the "breakdown" of the nuclear family -- others see it as a further adaptation of the family to the world around it.

The changes in both family activity and family constitution should lead us to a very broad view of family policy. Such policy must deal with obvious areas like child care and parental leave but also must address employment strategy, employment equity and affirmative action legislation, pay equity, education, income supplementation and ways of dealing with the double day of working parents.

While these elements are not necessarily contradictory, past activity in the social policy field has been divided rather than cohesive. Family policy initiatives in Canada have generally been based on one of two assumptions -- the need of the state to come to the aid of the temporarily distressed or permanently destitute or the right of the citizen to a reasonable standard of living. This ambiguity has resulted in a divided approach with a resulting patchwork of policies. Throw into the mix the

mistaken idea that the state provision of a universally accessible service is either money ill-spent or precludes citizen choice and you have an agenda for decades of debate.

FAMILY POLICY AND THE ECONOMY:

Compounding the debate is the competition for inclusion in the state's priorities between business interests and the interests of social activists plus the myth that we are equal players on the field. The common ideological area on which state and business interests meet is the economy.<sup>3</sup> The notion of what is "good" or "bad" for the economy is actually a notion of what is perceived to benefit or work against business interests. Initiatives like minimum wage and pay equity legislation, paid parental leave and state-financed child care are posed as being "bad" for the economy. In fact, they are only "bad" for business in the sense that business would be contributing more of its resources to citizens, either through increased wages or increased taxes to pay for services. The capital gains exemption which cost the Federal government \$ \_\_\_\_\_ in 1986<sup>4</sup> is seen to be "good" for the economy although we have no data on its effect on stimulating investment and creating jobs. The fact that expenditures on health, education and welfare also create jobs that generate tax revenue is generally ignored. The tensions that are generated by the activities of business groups and those of social activists are rarely resolved in our favour.

The assumption that the interest of business is synonymous with the national interest is so profound that past family policy initiatives have been as much based on the needs of business as the needs of families. Unemployment Insurance and Family Allowances were part of Keynesian economic initiatives to generate spending by providing income. The state provided child care during World War II so that women could keep industry running while men fought overseas.

*Why business  
& ... why  
state acting  
is interests  
of business  
opposes.  
enlarge &  
clarify on*

*didn't see  
1987*

*Unworkable  
because of  
multi-tasking, no  
no choice.*

POLICY PROPOSALS:

Let us take as a foundation the promotion of policies that are aimed at the prevention of poverty, policies that promote equity and equality in the workforce for all adults in the family, and policies that assist parents in balancing work both inside and outside the home, and policies that provide choice in child-rearing.

Prevention of Poverty: *Deal with.*

*Increased to  
\$5 of  
people  
in the family.*

- o The Canadian Day Care Advocacy Association recommends that no family in Canada with resident children under the age of 18 be in receipt of an income of less than \$20,460.00 per year.<sup>5</sup> This income may take the form of wages, government assistance for the unemployed or unemployable or a combination of the two for low-income working families.

Discussion:

This recommendation separates income supplementation from provision of child care. It is based on the need of all families for an income sufficient to provide life's necessities, but also provides choice in child-rearing by ensuring that a parent can leave the workforce without throwing the family into poverty. This recommendation is not, however, intended to pay parents for child-rearing. *Why? Say it one more time.*

There is some debate at the moment regarding the appropriateness of state provision of a guaranteed annual income. Those in favour maintain that there will always be a role for government to provide assistance that will even out the effects of a market-based economy on families. Those opposed argue that such policies relieve business of the obligation of paying employees well and let government ignore a commitment to full employment.

Equity and Equality in the Workforce:

- o The Canadian Day Care Advocacy Association urges the Federal Government to adopt an employment strategy based on the assumption that every Canadian adult has the right to a job.
- o The Canadian Day Care Advocacy Association urges appropriate levels of government to adopt and implement legislation that would ensure pay equity in both the public and private sectors.
- o In order to support equal and equitable access to employment for all Canadian adults, the Canadian Day Care Advocacy Association urges government to adopt and implement affirmative action policies aimed at assisting women, racial minorities and the under-educated in both the public and private sectors. *Non-discrimination leg.*

Discussion:

*Add. ShM - last pg.*

When all is said and done, long-term economic equality is achieved through employment and not through state support.

Balancing Work and Family:

- o The Canadian Day Care Advocacy Association recommends that all provinces include in their employment standards legislation fully-paid sick leave of at least one<sup>1</sup>/<sub>2</sub> day per month for all employees and extra fully-paid child-related sick leave of at least one<sup>1</sup>/<sub>2</sub> day per month for employees who are parents.
- o The Canadian Day Care Advocacy Association recommends that all levels of government urge employers in both the public and private sectors allow employees to adopt flexible work hours to assist in meeting the demands of both work and family life.
- o The Canadian Day Care Advocacy Association recommends that government adopt and enact legislation to ensure

that employees who choose job-shared or part-time work receive at least pro-rated benefits and do not suffer loss of seniority.

Discussion:

The balance between being successful at both work and raising a family is often fine. How "well" parents do depends on many factors -- whether there are one or two parents, the number, ages and health of the children, whether the family is under economic stress, parental job satisfaction and access to friendship and neighbourhood networks, are only a few items on a long list. While parents should have the right to employment, they should also have the right to back off should family circumstances make this necessary. They should be able to do so without incurring loss of a job or loss of seniority. If, in choosing less work-time, family income were to fall below \$20,460.00 the family would be eligible for income supplements as described in the section entitled Prevention of Family Poverty.

The above recommendations are essential if society is serious about making the work/family combination less difficult to achieve. However, it must not be assumed that policies of this nature will relieve government of the need to provide child care. Rather, child care services must be able to accommodate flexible and part-time work schedules.

~~Discriminate against part-time work.~~ However, child care policy cannot be predicated on the assumption that parents should work full-time. All too often, proponents of policy options like flex-time paint pictures of desperate working parents and unhappy children whose lives would be brightened immeasurably if only parents didn't have to work so much and the children didn't have to go to day care. In the same vein, Michael Krashinsky, in his work Day Care and Public Policy in Ontario, suggests that mothers of school-aged children could, by starting work early and forgoing lunch, be home when the children arrive from school and save the state the cost of child care.<sup>6</sup>

*Figures average per. Sick leave.*

*another word? , known?*

*mainly replicates patchwork that we have now. Not good for kids*



It is crucial that we promote the truth -- most families where parents work outside the home are doing fine and good child care is a positive and enriching experience for both parents and children. While work should not interfere with positive family relationships, neither should lack of services to families make it difficult or impossible to work.

Choices in Child-Rearing:

- o The Canadian Day Care Advocacy Association recommends that by the year 1997 the Federal Government have phased in a contributory parental leave plan. The plan would provide families with a parental leave of a maximum of 2 years per child to be taken by either parent at any time until the child's thirteenth birthday. Either parent would be paid 93% of his or her salary or \$20,<sup>500</sup>~~400~~.00, whichever is greater.
- o The Canadian Day Care Advocacy Association recommends that the Federal Government take leadership in developing, with the provinces, a cost-shared child care program that would provide appropriate child care services to families regardless of labour force participation. The service would be:
  1. licensed and/or monitored to help ensure high quality of care and accountability of public funds;
  2. non-profit - to help ensure that parents and the community have a formal decision-making role in the program as well as to help ensure high quality care and accountability of public funds;
  3. flexible - to provide full-time, part time and supplementary services (for example, parent-child drop-ins) in both licensed group settings and supervised private homes for children ages 3 months to 12 years;
  4. directly funded - to build a service, to stabilize

salaries and to ensure affordability. By 1997, all parents should have a choice of type of service and should pay a maximum of 15% of the cost of child care. Additional financial assistance should be available to those families for whom this fee is unaffordable.

Discussion:

While child care is only one part of the edifice that could be called family policy, it is the keystone. Only economic independence gives people choices in life and choices in life are a prerequisite for choices in child-rearing. In our economic structure, independence and the ability to make choices is achieved primarily through waged employment. If parents are going to be able to meet their family's needs, both financial and emotional, by deciding when and how long to work, they must be able to find child care that is accessible in terms of hours, location, suitability of program and cost, and they must have access to paid leave. A stable yet flexible child care service together with paid parental leave and adequate family income provide us with a foundation for choices in life and, therefore, choices in child-rearing.

Advocates of planned implementation of a publically-funded child care service have been portrayed as being opposed to parent choice.

Critics maintain that the best way to give parents choice is to give them money to purchase child care. In the present situation, with regulated child care spaces available to fewer than 10% of the children currently in non-parental care, giving funds to parents either directly or through tax measures is like giving people money to buy food in a country suffering from famine. Public funds spent in this way won't build a child care service or grow or manufacture food in quantities that will meet pressing and immediate need.

In order to have choice of purchase, we need to arrive

at a point where a choice exists. Public funds should be used to give parents choice by creating a service flexible enough to meet the various needs of a wide range of families. But, we are talking about planning and building a service, not simply throwing money at the same old creaky structure or leaving families to sort out their child care in the marketplace. We are talking about sweeping away the barriers that stand in the way of access to quality child care.

Others opposed to universally accessible child care have suggested that the state, through tax measures or grants, pay parents who stay out of the paid labour force while their children are young. This option is posed either as providing choice in child-rearing or as a largely symbolic payment for the provision of child care and household tasks.

Since the Canadian Day Care Advocacy Association does not promote payments to parents who use non-parental care, it would be inconsistent to recommend that government pay parents for child care provided in the home.

Furthermore, ambiguities abound. All parents, whether or not they work outside the home, do child care and housework. Furthermore, Research done for the Task Force on Child Care (Katie Cook Task Force) indicated that, for preschoolers, "the types of care used by parents ... were found to be remarkably similar regardless of the mother's work status."<sup>8</sup> Almost 50% of the homemakers in the study regularly used non-maternal care.<sup>9</sup> Almost 60% of mothers of pre-schoolers used a group situation.<sup>10</sup> The line between mother-care and other care has become somewhat blurred.

It is important to note that government support for paying parents who leave the labour force has not been a response to the legitimate demand that women's work in the home be recognized. Rather, this support has come as a conservative response to the equally legitimate demands for child care and other assistance coming from women working outside the home and, as such, it is profoundly anti-feminist.

*Equity & Equality in the work place.  
Necessity of women's labour in the  
economy - surplus labour force.*

As a society, we should fund child care by funding service -- a fully-accessible service, flexible enough to meet the needs of all families whether in the labour force full-time, part-time, or not at all.

The Canadian Day Care Advocacy Association promotes choice in child-rearing. However, choice will not be achieved by assuming that payments to parents will stimulate the marketplace to generate more child care spaces. Funding of this nature merely assists the growth of unregulated care leaving parents with the same lack of options they've always had. Choice will not be achieved by directing public funds to all parents who leave the labour force. We will have choice in child-rearing when we have policies that provide for the establishment and operation of a user-sensitive child care service, paid parental leave and an adequate income for all Canadian families.

CONCLUSION: *Other modern, industrialized countries.*

Practically speaking, the proposals just outlined would provide all parents of young children with the same benefits and services -- child care available to meet the family's needs, two-year paid parental leave, and, if necessary, provision or supplementation of income. Parents in the paid labour force would have supports like child-related sick leave to help them combine work and family. All employees will benefit from pay equity and affirmative action legislation. Not a bad plan.

While the implementation of such policies could help resolve some of the tensions generated by different groups within the family collective, it will, at least temporarily heighten the tension between business and organizations like the Canadian Day Care Advocacy Association. However, failure to deal seriously with the needs of modern families, in all of their variety, can't help but call into question government's stated commitment to

*to seek out changing priorities. Equity & Equality.  
Discusses - w/o the liberating policies, part-time pro-family stuff will  
become a ghetto. cite Quebec.*

assist parents and their children. Public consciousness regarding child-rearing has shifted dramatically in the last decade. We must keep the momentum going so that, eventually, the issues will be resolved in our favour.

NOTES:

- 1 Bradbury, Bettina. "The Fragmented Family: Family Strategies in the Face of Death, Illness and Poverty", Montreal, 1860-1885, in Childhood and Family in Canadian History, Joy Parr, ed., McClelland and Stewart, 1982, p. 109.
- 2 Status of Women, Canada. Statistical Indicators, 1986.
3. Mahon, Rianne. Canadian Public Policy in The Canadian State: Political Economy - Political Power. University of Toronto Press, 1977, p. 172.
- 4
- 5 93% of Canadian Average Industrial Wage, 1986.
- 6 Krashinsky, Michael. Day Care and Public Policy in Ontario. Ontario Economic Council, 1977.
- 7 National Day Care Information Centre. Status of Day Care in Canada. 1985.