

# **POLICY SERIES**



## **Myths about Childcare Subsidies**

---

**A Review of the  
Empirical Literature**

---

**By Ben Eisen**

## About the Author



**Ben Eisen** is a Policy Analyst with the Frontier Centre for Public Policy. His undergraduate degree is from the University of Toronto where he specialized in history and political science. He also holds a Masters Degree in Public Policy from the University of Toronto's School of Public Policy and Governance. Ben completed a public policy internship with the federal government, and he worked as a researcher for the CBC. Ben's policy columns have been published in the *National Post*, the *Winnipeg Free Press*, the *Calgary Herald*, *The Gazette* and the *Toronto Sun*.

The Frontier Centre for Public Policy is an independent, non-profit organization that undertakes research and education in support of economic growth and social outcomes that will enhance the quality of life in our communities. Through a variety of publications and public forums, the Centre explores policy innovations required to make the prairies region a winner in the open economy. It also provides new insights into solving important issues facing our cities, towns and provinces. These include improving the performance of public expenditures in important areas like local government, education, health and social policy. The author of this study has worked independently and the opinions expressed are therefore their own, and do not necessarily reflect the opinions of the board of the Frontier Centre for Public Policy.

Copyright © 2010 by the Frontier Centre for Public Policy.

Date of First Issue: January, 2010.

Reproduced here with permission of the author.

ISSN 1491-78

**FRONTIER CENTRE  
FOR PUBLIC POLICY**

[www.fcpp.org](http://www.fcpp.org)

MB: 203-2727 Portage Avenue,  
Winnipeg, Manitoba Canada R3J 0R2  
Tel: 204 957-1567

SK: 2353 McIntyre Street,  
Regina, Saskatchewan Canada S4P 2S3  
Tel: 306 352-2915

AB: Ste. 1280-300, 5th Avenue SW  
Calgary, Alberta Canada T2P 3C4  
Tel: 403 230-2435

FCPP Policy Series No. 79 • January 2010

# **Myths about Childcare Subsidies**

## **A Review of the Empirical Literature**

---

**By Ben Eisen**

### Table of Contents

---

Executive Summary	4
Introduction: The Push for Universal Childcare Subsidies	5
Critiquing the Claims for Universal Childcare Subsidies	6
The Perry Preschool Project et al. and the Critics: Concentration of Childcare Effects and Fade out Over Time	7
Evidence for a Negative Impact on Social Development Outcomes from Childcare	10
Conclusion	14

---

## Executive Summary

---

Subsidizing childcare has become one of the most controversial items on the Canadian policy agenda in recent years. The increased prominence of childcare as a political issue was brought about by a concerted advocacy campaign by those who believe a dramatic increase in childcare participation has the potential to bring a wide variety of benefits to Canadian society including superior academic performance and long-term increases in productivity.

A close examination of the research literature in this area reveals that these exciting promises of huge returns on childcare spending are built upon a shaky empirical foundation. A growing body of evidence suggests that for most children, the effects of most childcare interventions are extremely short lived and fade out almost entirely in only a few years. Furthermore, there is strong evidence that the long-term benefits of childcare that do exist are concentrated almost entirely among poor children, a fact

that argues in favour of targeted subsidization rather than expensive universal programs. In addition to this ambiguity surrounding the purported long-term benefits of childcare subsidization, a growing body of literature suggests that lengthy periods of exposure to formal childcare may actually have a negative effect on child development, particularly in terms of social development and health outcomes.

In light of these complications, the confident claims of childcare advocates concerning the benefits of large-scale spending on universally subsidized childcare do not square with the ambiguous research literature in this complicated area of social science. This background paper will examine these ambiguities and demonstrate that massive spending on universal childcare subsidization is likely not the long-term social and economic panacea some activists suggest it is.

***A growing body of literature suggests that lengthy periods of exposure to formal childcare may actually have a negative effect on child development, particularly in terms of social development and health outcomes.***

# Introduction

## The Push for Universal Childcare Subsidies

Subsidizing childcare has become one of the most controversial items on the Canadian policy agenda in recent years. The increased prominence of childcare as a political issue came about by a concerted advocacy campaign by those who believe a dramatic increase in childcare participation holds the potential to bring a wide variety of benefits to Canadian society. During the 1970s and 1980s, advocacy for childcare subsidization was closely linked to the feminist movement. Early proponents of subsidization often focused on the “liberating” effect that inexpensive childcare would have for mothers, and they argued subsidization would benefit women by creating greater gender equality in labour market outcomes. They also asserted it would have a positive impact on the national economy by boosting employment rates amongst mothers of small children.

In the 1990s, arguments in favour of childcare subsidization increasingly centered on the idea that participation in formal daycare has direct benefits for children. Specifically, childcare advocates claimed exposure to childcare has beneficial effects on the cognitive development of pre-school children. They argued the cognitive gains enhance “school readiness” and equip children to maximize the benefits of their elementary school opportunities.

Proponents of subsidization argued that this enhanced level of “school readiness” leads to superior academic performance and increased self-confidence at a young age, which, in turn, leads to continued academic success throughout childhood and even to social and economic success in adulthood.<sup>1</sup>

This shift toward child-centered arguments has been accompanied by rhetorical shifts. For example, proponents of subsidization now eschew the terms “childcare” and “daycare” and speak instead of “early childhood education.”<sup>2</sup> Similarly, many childcare advocates now refer to public spending on these programs as an “investment” in society’s human capital.<sup>3</sup> Because the idea that small investments at a young age can bring tremendous long-term benefits is extremely attractive, the presentation of childcare subsidization as a prudent long-term investment has been an effective rhetorical device. The estimates put forward by childcare advocates about the likely long-term returns on this “investment” have often been staggeringly large. Several highly publicized studies attempted to analyze the long-term benefits that would accrue to society by childcare subsidization through fewer students repeating a grade, reduced special-education placement and higher rates of high school graduation. They found that each dollar spent on childcare subsidization would yield savings of 200 to 400 per cent in the long-term.<sup>4</sup>

Childcare advocates have argued that as well as the aforementioned savings, early childhood education will help create a more productive future labour force. For example, the highly respected Canadian economist Daniel Treffer has argued for dramatically increasing childcare subsidization on precisely these grounds, claiming that such spending would create a long-term annual return of 12.2 per cent from increased productivity and other benefits.<sup>5</sup> For these reasons, Toronto-based activist Martha Friendly wrote that public investment in a universal childcare system represents a “key strategy” for “ensuring long-term societal prosperity.”<sup>6</sup>

# Critiquing the Claims for Universal Childcare Subsidies

At first glance, these claims for the long-term benefits of childcare subsidization make public spending in this area appear to be a good idea despite the expensive price tags that accompany the policy proposals of childcare advocates. Even the very costly preferred policy of many childcare activists—a universal government-funded childcare system with extremely low user fees—can initially appear to be a wise investment despite its enormous estimated annual cost of \$15-billion.<sup>7</sup>

However, a closer examination of the research literature in this area reveals that these exciting promises of huge returns on childcare spending are built upon a shaky empirical foundation. Although there is evidence high-quality childcare can bring about measurable benefits for certain children, a growing body of evidence shows that for most children the effects of formal childcare are extremely short lived and fade out almost entirely in just a few years. Furthermore, there is strong evidence that the long-term benefits of childcare are

concentrated almost entirely among poor children, a fact that argues in favour of targeted subsidization rather than for an enormously expensive universal program. In addition to this ambiguity surrounding the purported long-term benefits of childcare subsidization, a growing body of literature suggests lengthy periods of exposure to formal childcare may actually have measurable negative effects on child development, particularly in terms of social development and childhood health.

In light of these complications, the confident claims of childcare advocates concerning the benefits of large-scale spending on universally subsidized childcare do not square with the ambiguous research literature in this complicated area of social science. This paper will examine these ambiguities and demonstrate that massive spending on universal childcare subsidization is likely not the long-term social and economic panacea that some activists suggest.

***A growing body of evidence shows that for most children the effects of formal childcare are extremely short-lived and fade out almost entirely in just a few years.***

# The Perry Preschool Project et al. and the Critics: Concentration of Childcare Effects and Fade out over Time

The claims of childcare advocates are largely built upon a series of projects that began during the 1960s and 1970s that sought to measure the impact of intensive, high-quality, early-learning interventions provided to children from low-income families. The most famous, and most frequently cited, of these experiments is the Perry Preschool Project in Michigan. It began in 1962 as a carefully designed, intensive, half-day pre-kindergarten program for poor African-American children that featured very small classes, advice for parents on how to promote healthy development and even home visits from teachers. The results of this experiment are impressive and have lasted into middle age. The Perry students were 20 per cent more likely to graduate from college, were significantly less likely to be arrested and experienced fewer teenage pregnancies than did members of a control group that received no pre-school.<sup>8</sup> A similarly intensive and small-scale “model” pre-school for poor children was later opened in North Carolina, and this school, known as the Carolina Abecedarian Project, also yielded impressive long-term results.<sup>9</sup>

The Perry and Abecedarian programs, however, were small and very expensive and are, therefore, not a realistic model for a much larger system. Even if sufficient funds were available, it is doubtful that such carefully designed programs could be successfully scaled up to a national level. Still, there exists evidence that larger programs can also produce long-lasting benefits for disadvantaged children. In Chicago, The Child-Parent Centers (CPC)

program, which has operated since 1967, has served relatively large numbers of children from low-income families. The size of the CPC program has allowed for the collection of better, more reliable data than the Perry program did while also being forced to operate within significantly tighter budgetary constraints. Although the effects were predictably more modest than those achieved by the Perry program, attendance at these centres was found to result in meaningful improvements in academic performance that did not fade out entirely over time.<sup>10</sup>

Studies based on these and some similar pre-school programs targeted at low-income families form the empirical foundation upon which childcare advocates have based their more hyperbolic claims about the likely effects of a universal pre-kindergarten program. Since the studies were published, many social scientists have expressed deep skepticism about whether these results can be generalized to the entire pre-school population.<sup>11</sup> These skeptics have identified several reasons why there may be differential effects of childcare participation for poor children as opposed to those from middle-class and affluent families. Of particular importance is the possibility that children from more-affluent families are more likely to have access to enriching educational resources within the home and participation in formal educational programs may be somewhat redundant.<sup>12</sup> Another possibility, suggested by Yale University’s Edward Zigler, is that the benefits of comprehensive boutique pre-school programs such as Perry may be

driven primarily by the medical and social services provided by these programs, which may also be redundant for children from middle-class families.<sup>13</sup>

In recent years, evidence has accumulated in support of the argument that the impressive results from model pre-schools for poor children cannot be replicated by programs for middle-class children. The most compelling evidence of the differential impact of pre-school on child development outcomes was produced by an analysis of the National Institute of Child Health and Human Development (NICHD) data set. The NICHD's study of early childcare is a comprehensive longitudinal study that was designed to help answer long-standing questions about the relationship between childcare experiences and children's developmental outcomes. Bruce Fuller,<sup>14</sup> a sociologist based at Berkley University and a leading expert in child development, described the NICHD as the "most ambitious longitudinal study ever to assess the influence of youngsters' childcare settings on cognitive, social and health development."<sup>15</sup> The NICHD sample included many children from middle-class families, which allowed for observational analysis of the previously understudied question of what effects childcare has on these kids.

The NICHD research team addressed this question in a 2005 study that analyzed the effects of childcare on the children in this data set, who were primarily drawn from middle-class families. The NICHD researchers controlled for a variety of factors including parental education levels, family income and maternal mental health in an effort to isolate and measure the impact of childcare participation. As some social scientists predicted, the study revealed small and extremely short-lived effects on cognitive development. Although the research team did detect superior cognitive performance for middle-class kids

who had some pre-school experience at the time of school entry, those benefits faded away extremely quickly. By the third grade, the estimated effect of spending time in pre-school environments evaporated almost entirely and stood approximately at a minuscule 0.07 standard deviation depending on the dimension of development in question.<sup>16</sup> This study did detect a measurable improvement in short-term memory associated with spending time in centre-based childcare, but the effect was also very small. No statistically significant effects were found for any other measure of cognitive development in the third grade evaluations.<sup>17</sup> The results of this study suggest that exposure to formal childcare provides middle-class children with a slight boost in cognitive performance at the time of school entry, but it has *virtually no impact whatsoever on long-term or even medium-term cognitive development trajectories for them.*

The results of the NICHD study were confirmed by the analysis of another ambitious longitudinal data set that was compiled by researchers in the United States. The Early Childhood Longitudinal Survey data (ECLS) study monitored the pre-school participation and developmental outcomes of a large number of American children from a diverse set of socio-economic backgrounds. This data, like the NICHD's, was analyzed to study the impact of childcare on developmental outcomes for specific groups of children, such as those from middle-class families. Such an analysis was undertaken in 2005 by a team of researchers from the University of Wisconsin, The University of North Carolina and Columbia University whose work was published by the National Bureau of Economic Research (NBER) and the Economics of Education Review. This study independently confirmed the findings of the NICHD research team, showing that

the cognitive benefits of childcare for a representative sample largely comprised of middle-class kids were small and short lived.<sup>18</sup>

In fact, this NBER study revealed an even more rapid fade out of the beneficial effects of childcare than was detected by the NICHD team. The authors, Magnuson, Ruhm and Waldfogel, found that in tests administered during the fall of kindergarten, children who had participated in pre-kindergarten programs performed better on reading and math tests than did those who had experienced parental care only. However, by *the spring of first grade*, these cognitive benefits had faded out almost entirely, to the point that they were no longer statistically significant. In other words, after just one or two years of formal education, children who were exposed to formal pre-school were statistically indistinguishable from children who were not.<sup>19</sup>

Honest child development researchers are careful to stress that it is extremely difficult to prove or disprove the existence of causal relationships between various stimuli such as pre-school exposure and child development outcomes. This is an inherent feature of this field of study. Randomized control experiments, which are the gold standard for demonstrating causality in social science, are very rarely undertaken because of ethical constraints and the entirely appropriate desire of parents to choose their children's environment rather than allowing it to be determined randomly. In this field, some degree of modesty concerning our ability to predict the impact of an extremely complicated set of phenomena on child development is indispensable for sound policy analysis.

Despite these challenges, the findings of carefully designed longitudinal studies such as these, which are performed by

top researchers and make use of large samples, deserve careful attention, particularly when the findings have such important implications for public policy. These data sets independently suggest that childcare participation has extremely limited, if any, long-term cognitive benefits for middle-class children. Despite confident assertions by universal childcare activists that their proposals are grounded in an impressive research base, the best available North American data provide extremely little evidence that an "investment" in childcare programs for middle-class families will produce any "returns" whatsoever in terms of superior cognitive development. In fact, the existing evidence strongly argues against massive spending on the creation of a universal system and in favour of devoting scarce resources to the subsidization of high-quality early-learning interventions for the children who actually benefit from them, those who come from economically disadvantaged families.

Middle-class and affluent parents already have access to early-childhood education through the existing, privately organized system. Rather than devoting scarce public funds to pay for a private good that comfortable individuals are already able to purchase in a free market, government resources should be used where they can help meet needs that the market will not fulfill. Children from low-income families experience the greatest benefit from pre-kindergarten education and they are also, unhappily, the ones whose parents are often unable to obtain high quality care for them. By focusing on how to improve access to high-quality childcare for poor families, government can provide a service for families that require it while also making a prudent long-term investment in developing our society's human capital.

# Evidence for *Negative Impacts* on Social Development Outcomes from Childcare

As discussed in the previous section, recent research in the field of child development casts considerable doubt on the proposition that childcare participation has long-lasting benefits for all children. There is, however, significant evidence to support the assertion that formal childcare experience has a positive impact on children from *specific types of families*. This evidence for the beneficial effects of childcare should be recognized and considered by policymakers in their efforts to determine the appropriate level and form of childcare subsidization.

However, significant evidence has emerged in recent years that childcare participation may also have significant *negative* effects on other important dimensions of child development. A number of carefully performed studies suggested increased time in formal childcare might negatively affect the development of children's social skills and cause them to suffer from poor health. More specifically, in addition to being associated with greater instances of common childhood ailments such as ear and throat infections, large amounts of time spent in childcare was correlated with negative social development including heightened levels of aggression and anxiety. Just as the apparent positive developmental impact of childcare should be considered by policymakers in their efforts to determine the optimal level of subsidization, the evidence of these negative effects should also be recognized and considered.

Of particular importance is a 2005 paper completed by a team of American and Canadian researchers who analyzed the

effects of Quebec's creation of a "universal" childcare program on childcare utilization and child outcomes. The authors of this study, Michael Baker, Jonathan Gruber and Kevin Milligan, took advantage of a dramatic policy change that occurred in Quebec during the late 1990s to create a quasi-experimental study to examine the issue. The policy change was the reorganization of the childcare sector in 1997, which universalized the subsidization of childcare and offered Quebec residents access to heavily subsidized childcare spaces at a cost of \$5 per day, a fee which has since increased to \$7.

This change in childcare policy during the 1990s allowed the researchers to compare "waves" of Quebec children who were of pre-school age under two very different childcare regimes. By comparing the developmental outcomes of the children, the researchers hoped to evaluate the causal impact of the policy change. To ensure they were actually measuring the effect of the new childcare policy rather than other factors that may cause a change in developmental outcomes, Baker et al. employed a "difference and differences" model to compare changes in developmental outcomes in Quebec to those experienced in the rest of Canada around the time of the reform.<sup>20</sup> In other words, this study examined whether children's developmental outcomes took markedly different trajectories in Quebec and the rest of Canada in the years immediately around this major policy change.<sup>21</sup>

Using the large, nationally representative National Longitudinal Survey of Children and Youth (NLSCY) data set, Baker et al. examined the impact of the policy change on childcare utilization, which they found to be very dramatic. Both the number of children in care and the number of hours per week spent in childcare were much higher under the new policy regime.<sup>22</sup>

The authors looked at the effect of this increase in childcare utilization on the developmental outcomes discussed above. The results of this “natural experiment” were remarkable. Large, significant effects were discovered in the area of health outcomes. For example, children in Quebec were significantly less likely to be in “excellent health” according to their mothers and were much more likely to have experienced at least one infection in the years following the policy change compared to the years immediately before. Similarly, large negative effects were found on social development. Instances of hyperactivity, aggression and anxiety all increased measurably amongst Quebec children in the years following the policy change. The authors also found a statistically significant negative effect on the motor and social development of children exposed to the program.<sup>23</sup>

By using low-end estimates of the number of children who were actually affected by the policy, the authors were able to produce a very conservative estimate of the “childcare effect” on social development for children whose level of childcare participation increased because of the policy change. Even the most conservative estimates of childcare effects produced by the authors suggested dramatic results. Most strikingly, Baker et al. estimated that the children were *62.6 per cent more likely to suffer from general anxiety* because of increased childcare participation.<sup>24</sup> Similarly, children who received additional childcare were estimated to be much more likely than

those who had not to exhibit symptoms of hyperactivity.

What is particularly interesting about the results of this study is that the negative impact discovered by the researchers was consistent across several dimensions of social and physical health. One of the authors, MIT Professor Jonathan Gruber, states “Across almost everything we’ve looked at, the policy led to much worse outcomes for kids.”<sup>25</sup> A second striking result of this study is the large size of the effects. In order to provide context for their estimates of childcare-effect sizes, the researchers compared a low-end estimate of the effect of childcare to that of a well-known predictor of child development, maternal education. In the case of hyperactivity, the low-end estimated childcare effect was actually found to be significantly *greater* than the negative effect associated with having a mother who never completed high school. In other words, the data from this quasi-experiment suggest that for hyperactivity the negative effect of childcare was *stronger than the positive effect of increased maternal education*.<sup>26</sup>

These strikingly large estimates of particular negative effects combined with the *consistency* of the negative health and social development effects allow the authors to make a strong case that they have identified a negative impact from participating in Quebec’s childcare system. Considering the enormous amount of public money that is spent on this program—approximately \$1.4-billion annually—this evidence of large negative effects on children is extremely troubling.

Baker et al.’s findings deserve significant attention from policymakers since they come from a quasi-experimental study. As noted in the previous section, controlled experiments are usually impossible to conduct in this area of social science

research; this fact generally forces researchers to rely upon observational studies in which selection bias is a constant danger. Opportunities for quasi-experimental research provided by sudden policy changes and waiting lists for programs provide us with rare opportunities to gather concrete evidence about the causal relationship between childcare and development outcomes.

Two recent, major U.S. longitudinal studies provided substantial evidence that support the findings described above and suggest they can be generalized to childcare as it is practiced throughout North America. A 2002 study that made use of the rich NICHD data set to analyze the effect of childcare participation in locations across the United States also studied the effects of childcare participation on social development. In an effort to address the possibility of selection bias, a number of relevant demographic and economic control variables were included in the model. The inclusion of these variables in the regression analysis “controls” for their impact on social development outcomes. This is a strategy for measuring the impact of one particular variable of interest, in this case, childcare participation. This observational study reached conclusions similar to those reached by Baker et al. The regression analysis performed for this study showed that children who spent more hours per week in childcare exhibited significantly more—rather than fewer—problem behaviours than did those who spent less time in professional care.<sup>27</sup> Troublingly, these negative effects on social development were relatively long lasting and were still evident when follow-up tests were administered to the same children in third grade.<sup>28</sup>

These results were confirmed again by another high-quality longitudinal study performed by researchers at California’s

Berkeley University. This study made use of the extremely large Early Childhood Longitudinal Study data set to examine the impact of long periods of exposure to formal childcare centres on social development. Like the NICHD researchers, the Berkeley team found that, on average, the children who began formal pre-school at very young ages had a slower pace of social development than did those who entered later.<sup>29</sup> Specifically, middle-class children who attended pre-school centres for more than six hours per day tended to have worse results in terms of co-operation, sharing and engagement in classroom tasks than did comparable children who remained at home with a parent prior to starting school.<sup>30</sup> Like Baker et al. and the NICHD research team, the Berkeley researchers’ work strongly suggests that childcare participation, and especially intensive childcare participation at a young age, can have measurable and significant negative effects on the social development of children.

As previously noted, modesty about our ability to understand enormously complex questions concerning what contributes to or hinders healthy childhood development is essential to sound policymaking in the field of public policy for children. The complexity of human behavior and childrearing makes it extremely difficult, if not impossible, to demonstrate conclusively a causal impact of childcare on developmental outcomes through empirical study due to the continued possibility of selection bias. Nonetheless, owing to the excellent data sets employed in these two longitudinal studies, the size of the detected effects and the care with which a large number of control variables were selected, it would be imprudent to minimize the significance of the NICHD’s and Berkeley team’s findings. These are supported by quasi-experimental data from Quebec, which strengthens the

case that intensive childcare participation can have negative social development effects.

Whenever possible, public policy should be determined through a careful weighing of the costs and benefits of different courses of action. The social costs of the negative developmental effects should, therefore, inform policymakers in this area. Certainly, more research is required to assess just how great this cost is. In particular, longer-term research would be useful in learning the extent to which these negative effects fade over time. However, even if there are no long-term negative effects on social

development and health, the short-term harm that this data suggests exists would still represent a negative aspect of increased childcare utilization. During the cost-benefit analyses that should be used to determine the appropriate level and form of childcare subsidization, this “cost”—emotional distress and poor health among children—should be recognized and considered.

Children are also citizens, and if public money is used to subsidize programs that harm them or simply make their lives less pleasant, this harm should be recognized as a cost to be weighed against the social benefits that the programs create.

***The Berkeley team found... children who began formal pre-school at very young ages had a slower pace of social development than did those who entered later. Specifically, middle-class children who attended pre-school centres for more than six hours per day tended to have worse results in terms of co-operation, sharing and engagement in classroom tasks...***



## Conclusion

During the 1960s and 1970s, ambitious studies such as the Perry Preschool Project proved that high-quality pre-school interventions can have dramatic benefits for children from very poor families. These studies showed that the provision of formal education at a young age can be an important mechanism by which we can help ensure that children from disadvantaged families are able to reach their full potential. Some advocates for a universal childcare system, however, have taken this data, which proves only this relatively narrow point, and drawn unjustifiably broad conclusions about the benefits of massive government spending on universal pre-school programs.

By generalizing the results of these studies and ignoring research that contradicts their claims, advocates for pre-school present a universal childcare system as a long-term wonder policy capable of improving educational outcomes, boosting productivity and lowering crime, among other positive outcomes. Unfortunately, these hyperbolic promises rest on a shaky empirical foundation, and are largely contradicted by recent research in the field of child development. While poor children do benefit from high-quality pre-school, there is very little evidence that children from middle-class and affluent families receive any measurable long-term benefits from pre-kindergarten. Government subsidization of childcare for comfortable families is therefore an “investment” in human capital that we have little evidence will produce any “returns” whatsoever. Furthermore, there is a troubling and growing body of evidence that suggests prolonged periods in childcare may negatively affect the social development of small children,

particularly those from middle-class families.

Providing high-quality formal education to small children is very expensive. Quebec spends \$1.4-billion annually on its universal subsidized program, and prominent proponents of a similar national program estimate its cost at a staggering \$15-billion per year. This translates into a new annual tax burden of \$500 for every man, woman and child in the country, about \$2,000 for the typical family. It is important for policy-makers to recognize that government resources in this area, like all others, are finite and should be spent where they are capable of doing the most good. As we have seen, the evidence suggests society derives little or no benefit from publicly providing costly formal education to middle-class children of pre-school age. Furthermore, such expenditures do not satisfy any unmet social need since middle-class families have access to childcare through the existing privately organized system.

In light of these facts, government should simply leave those families to weigh the costs and benefits of their options without subsidizing their choices. While targeted public spending on subsidizing childcare for poor families can be justified based on the current research literature, the claim that a universal childcare program would constitute a prudent investment in human capital is not supported by solid research. Governments should recognize this canard for what it is and dedicate scarce resources to the vast number of priorities that are more worthy and urgent than the subsidization of childcare choices for economically comfortable families.

## Endnotes

1. For example, see: Gordon Cleveland and Michael Krashinsky, *The Benefits and Costs of Good Child Care: The Economic Rationale for Public Investment in Young Children—A Policy Study*, March 1998.
2. Throughout this paper, the terms “early childhood education programs,” “childcare,” “pre-school” and “pre-kindergarten” are used interchangeably. Although different individuals prefer different terms, these terms all refer to professional-care environments outside of the home that generally include some element of educational activity.
3. For example, see: Daniel Trefler, “This Business of Kids Inc.,” *The Globe and Mail*, June 30, 2009, and Martha Friendly and Laurel Rothman, “Child Care—Canada Can’t Work without It,” the *Toronto Star*, January 8, 2009.
4. Robert Lynch, *Enriching Children, Enriching the Nation: Public Investment in High-Quality Prekindergarten*, 2004.
5. Daniel Trefler, “This Business of Kids Inc.,” *The Globe and Mail*, June 30, 2009.
6. Martha Friendly and Laurel Rothman, “Child Care—Canada Can’t Work without It,” the *Toronto Star*, January 8, 2009.
7. Daniel Trefler, “This Business of Kids Inc.,” *The Globe and Mail*, June 30, 2009. Trefler cites the estimate of Fraser Mustard, a well-known proponent of childcare subsidization in Canada.
8. Bruce Fuller, *Standardized Childhood: The Political and Cultural Struggle over Early Education* (California: Stanford University Press, 2007) p. 192.
9. Ibid.
10. Ibid.
11. For example, Edward Zigler of Yale University, an expert on child development, argued as early as 1989 that the educational component of pre-school has few benefits, if any, for middle-class children and that the beneficial results of programs that have helped poor children cannot necessarily be generalized to the entire population of pre-school children. For an overview of Zigler’s opinion and those of other experts who share this viewpoint, see Kate Walsh O’Beirne, “Why America’s Kids Don’t Need Another Federal Preschool Program,” The Heritage Foundation, September 1989. Available online: <http://www.heritage.org/research/education/ib153.cfm>
12. Bruce Fuller, “Focus on Expanding PreK in Poor Communities,” an interview conducted by David McKay Wilson, *Harvard Education Letter*, Volume 24, Number 6. Available online: <http://www.hepg.org/hel/article/182>
13. Kate Walsh O’Beirne, “Why America’s Kids Don’t Need Another Federal Preschool Program,” The Heritage Foundation, September 1989. Available online: <http://www.heritage.org/research/education/ib153.cfm>
14. Chapter six of Bruce Fuller’s 2007 book *Standardized Childhood: The Political and Cultural Struggle over Early Education* (California: Stanford University Press, 2007) provides an outstanding overview of the current state of research surrounding these issues. This book was an extremely valuable resource to which I referred often during the research for this paper.
15. Bruce Fuller, *Standardized Childhood: The Political and Cultural Struggle over Early Education* (California: Stanford University Press, 2007) p. 206.
16. Bruce Fuller, *Standardized Childhood: The Political and Cultural Struggle over Early Education* (California: Stanford University Press, 2007) p. 207.
17. NICHD Early Childhood Care Research Network, “Early Child Care and Children’s Development in the Primary Grades: Follow-up Results from the NICHD Study of Early Child Care,” *American Educational Research Journal*, 2005. Vol. 42, No. 3, pp. 558-9.
18. Katherine Magnuson, Christopher Ruhm and Jane Waldfogel, “Does Prekindergarten improve school preparation and performance?” *Economics of Education Review* 26 (2007) p. 44.
19. Ibid.
20. Michael Baker, Jonathan Gruber and Kevin Milligan, “Universal Childcare, Maternal Labor Supply, and Family Well-Being,” NBER Working Paper No. 11832, 2005. P. 12. Available online: <http://papers.nber.org/papers/w11832>

21. This extraordinary paper does have certain limitations, which the authors recognize. Of particular importance, the paper only studied children who come from two-parent homes. This decision was necessary because there were several other important policy changes around the same time in Quebec that directly affected single-parent families that may exerted an independent effect on children from those families. This does not minimize the importance of the paper's findings; it simply means that the effects of childcare may be different for children from single-parent homes.
22. Michael Baker, Jonathan Gruber and Kevin Milligan, "Universal Childcare, Maternal Labor Supply, and Family Well-Being," NBER Working Paper No. 11832, 2005. P. 3.  
Available online: <http://papers.nber.org/papers/w11832>
23. Ibid., p. 38-49.
24. Michael Baker, Jonathan Gruber and Kevin Milligan, "Universal Childcare, Maternal Labor Supply, and Family Well-Being," NBER Working Paper No. 11832, 2005.
25. David Leonhardt, "The Price of Day Care Can Be High," The New York Times, June 14, 2006.  
Available online: <http://www.nytimes.com/2006/06/14/business/14leonhardt.html>
26. Michael Baker, Jonathan Gruber and Kevin Milligan, "Universal Childcare, Maternal Labor Supply, and Family Well-Being," NBER Working Paper No. 11832, 2005, p. 34.  
Available online: <http://www.econ.ubc.ca/kevinmil/research/childcare.htm>
27. NICHD Early Child Care Research Network, "Early Child Care and Children's Development Prior to School Entry: Results from the NICHD Study of Early Child Care," *American Educational Research Journal*, Volume 39 (2002). Pp. 150-2.
28. Kathleen Maclay, "New report examines effects nationwide of preschool on kids' development," UC Berkeley News press release, November 2005.
29. Susanna Loeb, Margaret Bridges, Daphna Bassok, Bruce Fuller and Russ Rumberger, "How much is Too Much?: The Influence of Preschool Centers on Children's Development Nationwide," *Economics of Education Review*, 2005. The summary of results is available online: <http://www.miaeyc.org/News/HowMuchIsTooMuch.pdf>
30. Kathleen Maclay, "New report examines effects nationwide of preschool on kids' development," UC Berkeley News press release, November 2005.

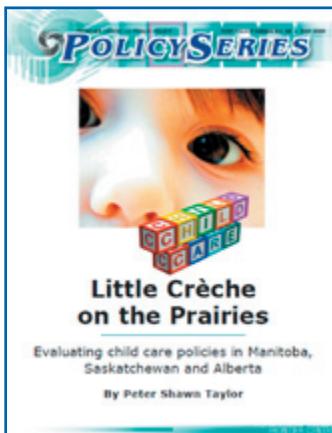
## Further Reading



September 2007

### Prairie Spending Patterns Show No Evidence of Childcare Crisis

<http://www.fcpp.org/publication.php/1874>



May 2009

### Little Crèche on the Prairies

<http://www.fcpp.org/publication.php/2757>

For more see  
[www.fcpp.org](http://www.fcpp.org)