

# Fact and Fantasy: Eight myths about early childhood education and care

## Summary

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### ▼ Abstract

Economists Gordon Cleveland and Michael Krashinsky address the questions that often arise during debate about public funding of early childhood education and care. They put forward what they call “myths” about what is best for children, parents and taxpayers and then counter them in economic terms. They argue that the literature shows that the quality of child care, both parental and non-parental, has important benefits for children’s development and that all children will benefit from high quality experiences outside the home. They further reason that publicly funded child care should not be viewed as a cost but as an investment in the future of Canadian society. This investment will pay off both in the long term, because children will be more productive citizens, and in the short term, because their parents are contributing to the economy. The authors propose that to ensure high quality child care, it must be regulated, because parents have difficulty accurately assessing quality. They show that, contrary to popular belief, current tax provisions favour families with mothers who stay at home, as compared to dual-income families. They also clearly recognize that women are in the labour force to stay and that the Canadian economy would suffer if employed mothers stopped working. Stating that parents are the biggest influence on children’s values, they do not agree that child care erodes family values. They foresee that public child care could accommodate the diversity of values in Canadian society, just as the public school system does. They conclude that the Canadian economy would shrink dramatically if all mothers of preschoolers stayed home to look after their children. Therefore, it makes good economic sense to fund quality early childhood education and care, thus permitting mothers to remain in the labour force, while also promoting child development. The prosperity of the country, both now and in the future, depends on developing good child care policies.

**E**arly childhood education and care is good for children, good for mothers, good for families, and good for society as a whole. If this document is in your hands, you most probably think so too. Yet governments in Canada have still not committed themselves to finding a way to fund good quality early childhood education and care (ECEC) programs to make them universally available for young children [at time of writing, June 2003].

More to the point, there are a significant number of Canadians who have doubts about public funding for child care services. A series of myths that reflect these concerns is frequently heard in public debate. These are heard on open-line radio shows, regularly recycled by cantankerous newspaper columnists, recited by members of federal and provincial parliaments in opposition to child care funding, and used to convince governments to favour inaction over action on early childhood education and care.

These myths are repeated so often that they have acquired a semblance of credibility. Paradoxically, they are so familiar that they are rarely examined carefully.

However, when these are subjected to careful scrutiny, they rapidly shrink in size. Arguments against child care that seem powerful soon become minor concerns easily handled by intelligent and sensitive government policy. The closer we look, the larger the benefits of good quality early childhood education appear; the cost of inaction appears larger as well.

This summary presents what we call the “eight myths” and a brief response to each. As we are economists, most of the responses have an economic flavour. This analysis is an extension of our 1998 study *The Benefits and Costs of Good Child Care: The Economic Rationale for Public Investment in Young Children*. The eight myths are:

1. Young children need full-time maternal care
2. Child care harms children

3. Families should pay for their own children
4. Parents always know best
5. Mothers who stay at home are discriminated against by public policy
6. Mothers would prefer to stay at home to care for their own children
7. Child care erodes family values
8. Early childhood education and care is too expensive; society can't afford it.

### **Myth 1: Young children need full-time maternal care**

There are two forms of this argument.

The attachment argument suggests that when the bonds between mother and the young child are regularly broken by frequent separations, the child becomes “insecurely attached” to the mother with long-term negative consequences for social development.

The more general employment argument focuses on time pressures, especially if a mother works full-time. This argument suggests that when a mother works during the early years, the child will not get enough individualized and caring attention. As a result, cognitive development will be held back compared to children of mothers who stay at home.

#### **Response**

The evidence about attachment generally comes from studies that have no information about the kind of child care children receive outside the home. One comprehensive U.S. study that does have this information—the National Institute for Child Health and Human Development (NICHD) study—found that child care for infants has a negative effect on mother-child attachment when insensitive maternal care of very young children is combined with extensive or poor quality non-parental care. High quality child care plays an important role in insulating the child from family-based risk but poor quality child care does not play this role.

The closer we look, the larger the benefits of good quality early childhood education appear; the cost of inaction appears larger as well.

Research findings in the U.S. have suggested that mother's employment during the first year of life may have a negative impact on later development. Most of this has been based on the National Longitudinal Survey of Youth, which had no information about either the quality of non-parental child care or the sensitivity and general quality of care that children received at home. Thus, the observed negative effects of maternal employment in the U.S. may have been due to poor quality non-parental child care.

The NICHD study has made a major contribution to sorting out this puzzle because it has information on the quality of both child care and parental care in the home. While the NICHD study found some negative effects of mothers' employment before 9 months of age on school-readiness at age 3, these effects are considerably smaller than the negative effect of having an older sibling or of being a male child. The NICHD results show that these effects can be offset by the positive effects of good quality early child care or by sensitive care in the home.

Since Canada now offers a full year of paid maternity/parental leave to eligible employed families, the prevalence of very early child care is considerably lower in Canada than it is in the United States.

Thus, concerns associated with maternal employment for young children are primarily associated with very early child care, poor quality child care and insensitive care for the child at home. This suggests that public policy should be directed at making work and family more compatible by increasing the support for families with very young children, by making good quality child care more affordable to families, and by making maternity/parental benefits and leave available to families who are currently ineligible.

## **Myth 2: Child care harms children**

This argument suggests that children cared for exclusively at home are better prepared for school and life. A variant of Myth 1, it argues that out-of-home child care has negative effects on children's social and cognitive development, and extra money spent on child care is wasted because good quality child care is no better than bad quality child care. Thus, it makes little sense to divert resources to early childhood education and care because such spending is fundamentally unproductive.

## **Response**

We know that a child's early years in school are the most influential. A logical extension of this is that the years before school are as important or more important in establishing the child's course of early development and learning. If spending money on elementary education makes sense, early childhood education spending makes at least as much sense. Currently in Canada, we spend about one dollar of public money on pre-school education and care for every forty dollars of spending on education at other age levels!

Evidence from the U.S. Head Start program (which enrolls more than 800,000 low-income children each year in part-time programs at ages 3 and 4) finds strong positive effects on language and school performance through Grade 5 for white children (a 6% rise in language abilities and a 47% decline in grade retention). These continue for at least 20 years as children grow up, affecting high school completion and enrolment in college/university. There are initial strong positive effects on language for black children too but they disappear by Grade 5 due to the poor quality public schools attended by many African-American children. Despite this, positive social effects of Head Start on the development of African-American children are still evident after 20 years.

The Carolina Abecedarian experiment provided full-day, high-quality child care from infancy through age 5 to children from high-risk, low-income families; the study followed the children until they were 21 years of age. The strong positive effects on children's cognitive abilities, schooling, future earnings, improved health and the increased earnings of their families delivered social and economic benefits up to four times higher than the costs of this intensive program.

The groundbreaking NICHD study found that high-quality, non-parental care generally has important positive effects on children from all backgrounds up to age 3 and beyond in this continuing study. The message is twofold. First, quality of child care matters to virtually all child outcomes and no matter what the child's situation or background. Second, good quality early childhood programs together with parental care at home is better than parental care on its own. As the nature of a parent's care for the child (sensitive and supportive or not) matters more to the

child's development, high-quality child care can only partially offset the negative effects of poor family functioning.

A recent comprehensive survey of child development research by the U.S. National Research Council and Institute of Medicine concludes that high-quality child care “is associated with outcomes that all parents want to see in their children, ranging from co-operation with adults to the ability to initiate and sustain positive exchanges with peers, to early competence in math and reading.”

The overall message is *not* that high-quality ECEC is a silver bullet that can cure all problems. Family factors are more important than child care; a good, caring, supportive family situation will have decisive and positive developmental impacts on a child. However, family situations are complex and difficult to alter with public policy; extra income and parenting programs have only marginal effects. It is however possible to radically improve the typical quality of non-parental child care situations using public policy and the evidence shows that this would have strong positive effects on the lives of most children.

### **Myth 3: Families should pay for their own children**

This argument suggests that parents make the decision to have children so they should bear the cost of that decision. In other words, childless taxpayers, or those who have already raised their own children, should not be expected to pay for the raising of other people's children.

#### **Response**

The argument implicitly assumes that children are essentially a private commodity, of benefit only to their parents. But there is a strong public interest in good child care that justifies public funding.

Good child care makes children better citizens and workers in the future. This benefits the children and their families but also benefits other Canadians. Those children contribute to society both through the taxes they will pay and through their citizenship.

Parents care for their children, but most families cannot afford to purchase child care of high enough quality to create all the benefits that society would like. Public funding improves quality and generates more public benefit.

Good child care allows more parents to work. This benefits parents through the wages they earn, but significant benefits also flow to society through the taxes paid by those parents. This is especially true for parents on welfare because the reduction in public expenditures when poor parents are employed is significant.

The benefits from working parents also occur in the future because sustained absences from the workforce erode future wages.

### **Myth 4: Parents always know best**

It is normally assumed that parents know what is best for their own children and they will try very hard to make the right choices. The implication is that governments should not interfere with parents' decisions. Therefore, if parents choose informal, relatively low-cost arrangements for their children, we should not spend public money that encourages parents to use higher cost, regulated care. If parents choose not to enter the labour force and instead stay at home with their children, we should not make publicly supported ECEC programs available that might change a parent's decisions about work and child care arrangements.

#### **Response**

Parents generally want what is best for their children and we know that parents contribute more than anything else does to the welfare of children. That is—good child care matters but good parents matter even more; studies show that what parents do is critically important to child outcomes. However, even though parents want to do what is best for their children, they may not always be able to make the best choices.

Parents may not always be able to judge quality accurately. For example, the American Cost, Quality and Child Outcomes Study looked at expert rankings and parent rankings of the same classrooms. Experts judged the average quality of child care classrooms as poor to mediocre; 90% of parents ranked their child's classroom as high quality.

Parents may want to buy high-quality care but face income constraints that make this impossible. Thus, good child care may be an economically efficient investment in children, but many parents do not have the funds to finance this investment, even when they see that it would be desirable.

Some parents may not perceive the advantages of continuing attachment to the labour force such as higher incomes in the future and more security if family breakdown occurs.

Because most parents with young children are already employed, it is hard to argue that there will be significant inefficiency associated with programs that encourage parents to continue and strengthen their attachment to the labour force.

### **Myth 5: Mothers who stay at home are discriminated against by public policy**

This suggests that a left-leaning feminist bias in government has led to measures that reward families with two employed parents. The argument usually focuses on unfair tax provisions that are alleged to discriminate against families in which the father is employed and the mother stays at home full time to care for children. This approach usually compares two families with the same before-tax income where one has two employed parents, and the second has a working father and a stay-at-home mother. It tries to show that the two-income family is favoured by taxation policies. In this view, if public funds were more fairly distributed, more money would flow to traditional families, benefiting their children and encouraging women to stay home and care for their children.

#### **Response**

The example upon which this argument is based is an inappropriate comparison. For instance, a typical comparison might take two families earning \$50,000 and show that the single-earner family will pay about \$5,000 more in income tax each year than the two-earner family. However, families with two earners who have the same before-tax income as families with single-earners and a stay-at-home parent are not equivalent because each worker in the two-earner families is earning lower wages than the single-earner in the second family. In fact, when the comparison is done properly, the discrimination runs the other way—against families in which both parents are employed.

Two-earner families face significant child care expenses that are not incurred by families with a stay-at-home parent. Taking these into consideration, the two-earner family ends up financially worse off after paying taxes and child care than the single-earner family with the same before-tax income.

Using the second example above, if child care costs are \$8,000 per year, the two-earner family will be disadvantaged by over \$10,000 annually.

A proper analysis would involve comparing two families in which the two husbands have the same before-tax wage rate, and the two wives could potentially earn the same wages. If the wife is employed in one family but stays home in the other, the two-earner family will always pay much higher taxes than the single-earner family. In a comparison of two families with husbands earning \$50,000 and wives able to earn \$20,000, the two-earner family will pay about \$2,750 more in tax each year than the single-earner family.

Public finance economists have long argued that single-earner families with a stay-at-home parent are in fact advantaged by the tax system because household production is untaxed.

Child care expenses should be (and are currently) deductible as work expenses. In the above example, the two-earner family would be even more financially disadvantaged if child care expenses were not deductible. Thus, deductibility of child care expenses is a component of tax fairness rather than a special child care subsidy.

A publicly funded child care system should provide early childhood education to families with a stay-at-home parent, as well as to those with employed parents. This kind of provision is justified in its own right because of the public interest in early education whether parents are in the labour force or not.

### **Myth 6: Mothers would prefer to stay at home and care for their own children**

This suggests that mothers really want to stay at home full-time with their children and would do so if the tax and transfer system were not discriminatory. The argument has three connected components. First, it is alleged that the current tax and child care subsidy system discriminates against families with a stay-at-home parent. Second, it is argued that most mothers would prefer to stay at home and provide full-time care for their families. And third, it is suggested that if we eliminated discrimination by offering tax breaks to families with a stay-at-home parent, most mothers

would stay at home, families would be better off, and the money saved by not subsidizing child care would pay for the tax breaks. The first component was addressed in response to Myth 5. But the second component is also important because it suggests that most employed mothers are fundamentally unhappy with their situation and would return to their homes and their children if only they could. Survey evidence is often provided showing that working mothers are concerned about the care received by their children and would prefer to care for the children themselves if only family finances did not dictate otherwise.

### Response

The argument that “mothers would rather stay at home” exploits the ambivalence felt by most mothers who enter the labour force. Parents care deeply for their children and may be nervous when others care for them. But despite these concerns, many young women want to remain attached to the labour force even when their children are young. It is primarily the reward from this attachment and not some illusory bias in the tax system that keeps women employed when they have children.

Mothers are in the work force in ever greater numbers. Roughly 3/4 of mothers with husbands and with children less than 6 years old are in the labour force and that number grows every year. There is no evidence that this trend can be easily reduced even if we want to do so.

The tax breaks necessary to induce even a small number of mothers to return to the home would be quite large. To get a large number of mothers to return to the home would involve enormous tax breaks, dwarfing the cost of even the best child care program. We estimate that a tax break of \$2,300 for families with a stay-at-home parent would reduce mothers’ participation in the workforce by less than 5 percentage points. A tax break of \$7,500 would still leave over half of all mothers participating in the labour force (a 15 percentage point reduction from the present). The cost to governments of the \$7,500 tax break would be about \$7.5 billion per year in lost tax revenues, more than the cost of a high quality child care program providing benefits to all 2–5 year old children across Canada (not just those with a mother in the labour force).

The cost to the Canadian economy of large number of mothers withdrawing from the workforce would be enormous. The

current economic contribution of mothers with pre-school children to the Canadian economy can be conservatively estimated at about \$27 billion per year. The number becomes even larger when we consider the reduction in investment in a now smaller economy and the losses of productivity that would arise because of the loss of skills. When both these factors are included, the economic loss if all these mothers decided to stay at home would be about \$83 billion per year. This is not a surprise; the high productivity of employed mothers is why so many of them have chosen employment.

Since we would be unable to get mothers to leave the labour force and unable to tolerate the losses of productivity were they to do so, we have only two choices. Either we ensure that the children of these families are well cared for or we tolerate the current low levels of quality in the care of the most vulnerable and precious of our citizens. Those are the only real choices facing Canada.

### Myth 7: Child care erodes family values

This argument expresses the fear that a system of early childhood services might communicate values that are different from and opposed to the values of families. Part of the resistance to a publicly funded program of early childhood services comes from those who want to safeguard the family’s particular and indispensable role in instilling values into children. Parents who are suspicious of liberal (or secular) humanist values communicated to children by public institutions voice the somewhat more extreme version of these fears. These parents are concerned that any public system will be forced to focus on secular “middle-of-the-road” Canadian values and that these will water down the stricter values they hold.

### Response

We believe that these fears are exaggerated and that most Canadians will be able to feel comfortable within any reasonably designed ECEC system just as they are with the public school system. Parents are—and will remain—the most important influence on their children, even if children are in full-day child care from an early age. Thus, children will continue to derive their primary values from their parents.

Child care centres and early education facilities would have considerable freedom to reflect different cultures and values in an inclusive manner. This freedom would be limited by

certain restrictions against exclusionary practices, but the vast majority of Canadian parents would be able to enrol their children in facilities whose values are compatible with their own.

No parent would be required to have his or her child participate in the system.

### **Myth 8: Child care costs too much for society to afford**

Child care is expensive, and high-quality child care is even more so. Thus, when Canadian policy makers have considered expanding funding for child care, they have usually drawn back in part because of this concern. The argument that “it costs too much” exploits the fear that many Canadians have about the size of the public sector and the potential for a return to deficit spending. There is also a concern that the taxes necessary to support a child care system would hurt Canada’s competitiveness.

#### **Response**

Although good child care is expensive, it would strengthen the Canadian economy rather than weaken it. Spending on child care is an investment rather than a consumption expenditure. The test of any investment is whether the rate of return justifies the expense.

Good child care generates two types of returns. The first is the productivity of the parents freed to enter the labour force. The second is the increase in future productivity of children who receive early educational experiences. When benefits and costs are both accounted for, public expenditures on high-quality child care generate at least a 2-for-1 return, producing \$2 in benefits for every \$1 in new spending.

We have suggested in our 1998 study (*The Benefits and Costs of Good Child Care: The Economic Rationale for Public Investment in Young Children*) that a proposal for good child care reaching children between the ages of 2 and 5 could cost governments about \$6.3 billion annually (not all of which is new money). This expenditure, while certainly significant, is hardly extraordinary. The figure is roughly ½ of 1 percent of Canada’s GDP (and GDP itself would rise as more parents enter the labour force). Many OECD coun-

tries spend more than that on early childhood education and care. In comparison to the alternatives, it might be most appropriate to look on good quality child care as a bargain. The lost productivity if all families decided to have a parent stay home to care for the children would be over 5% of GDP annually.

Competitiveness is enhanced rather than compromised because good child care would make Canada a better place for companies and their executives to locate; good child care allows mothers to enter the labour force and encourages them to participate in higher education and training to prepare for a life in the labour force; and good child care provides early educational experiences to young children. These children go on to remain in school longer, and acquire more of the skills that make them effective workers in the future.

### **In summary**

Women are in the labour force to stay and their children need better child care than they’re getting. Research shows that early childhood education and care benefits *all* children whether their mothers are in the workforce or not. Developing good policy for early childhood education and care will contribute to Canada’s prosperity—now and in the future.

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### **Further Readings**

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