

Research Article

Child care policy and child care burden: Policy feedback effects and distributive implications of regulatory decisions

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Abstract: The policy feedback literature highlights that the design of public policies can affect recipients' experience of those policies and programs. In this paper, we examine the largely unexplored distributional implications of market-based early childhood education and care (ECEC) services. We present the results of a quasi-behavioral conjoint survey of 606 parents in the City of Toronto. Grouping parent respondents by income and access to public subsidies, we find evidence that access to public subsidies influences the ECEC preferences of lower income parents. We explore these findings with respect to how non-subsidized lower income parents experience the market for ECEC. We find evidence that non-subsidized lower income parents are more cost-conscious; this is likely to result in their using less well-regulated ECEC that is more variable in quality. In turning to less well-regulated care, the burden of performing oversight and quality assessments falls on these parents. However, our study finds that lower income non-subsidized parents report the least engagement with learning about ECEC, suggesting that they are likely to be the least able to effectively monitor their children's care arrangements. We explore the implications of these findings regarding the effects of policy on vulnerable children's access to high quality ECEC services.

Keywords: Policy feedback, Parental preferences, Regulation, Markets, Early childhood education and care, Conjoint design

Supplements: [Open materials](#)

The policy feedback literature reveals that the financing and governance arrangements related to a policy or program can profoundly affect the cost, availability, and overall quality of those policies and programs. These governance arrangements can influence how citizens respond to available options, with implications for the distribution of public resources (Gingrich & Ansell, 2012; Moynihan & Soss, 2014; Pavolini & Van Lancker, 2018; Van Lancker, 2018; Van Lancker & Ghysels, 2016). This is particularly acute when policy delivery is delegated to private or quasi-public entities (Hacker, 2004; Morgan & Campbell, 2011), and can shape the preferences of the users of those services (Moynihan & Soss, 2014, p. 323).

How policies are designed shapes who benefits from and who is burdened by the process of accessing programs and services (Herd & Moynihan, 2019). Those burdens include learning costs, as individuals must search for information about services, compliance costs related to the rules and requirements necessary to access services, and the psychological costs that come from encounters with government administration. Policy burdens are rarely experienced equally by society (Bruch, Ferree, & Soss, 2010). Racialization is the process by

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which groups of people are defined by their race, and in which policies, social structures, and institutional systems create and embed hierarchy and access based on race. Policies often distribute public resources unevenly and inequitably across racial groups, shaping how racialized groups experience the state and its responsiveness to citizen interests (Michener, 2019). Research on school choice, for example, finds that parental information networks – often highly stratified by race and income – play a key role in how parents assess school quality (Schneider, Teske, Roch, & Marschall, 1997). Thus, the distributional implications of the informational deficits generated by regulatory regimes need to be considered in assessments of social provision.

Early childhood education and care (ECEC) services act as an important case study to examine the policy feedback effects of policy design for families trying to balance work and family life. Most market-oriented welfare states (including Canada, the United States, and other liberal welfare states such as Australia and the United Kingdom; White & Friendly, 2012), rely on a model of ECEC as a “market” with little direct government service delivery. Instead, federal and provincial governments intervene through financing in the form of tax relief for working parents and subsidies to cover a portion of the costs for low-income parents, and oversight and regulation of most but not all parts of the sector. In Canada, all provincial governments permit home child care (HCC) providers to operate without a license so long as they adhere to minimal rules around the number and age of children cared for at one time (White, Perlman, Davidson, & Rayment, 2018). Legislation and regulations are premised on the assumption that parents are informed consumers who are capable of exercising quality assurance and “voting with their feet” should they be unhappy with the quality of their child’s care. Meanwhile, lower-income parents are expected to navigate complex financing and regulatory frameworks that influence their ability to access care that is both affordable and high quality.

We argue that ECEC policies that focus on parent choice and access in lieu of robust government oversight ignore embedded distributional inequalities imposed by the regulatory regime. Based on the results of a quasi-behavioral conjoint survey of 606 parents in the City of Toronto, we advance the policy design and policy feedback literature in two ways. First, we examine differences in parental decision making based on income and their eligibility for a government subsidy. We find that lower income families without a government subsidy demonstrate a different set of ECEC preferences relative to higher-income and subsidized lower-income parents, suggesting that access to subsidy influences how parents make decisions about care.

Second, our findings advance the literature on the distributive benefits and burdens of policy design with respect to the regulatory burdens placed on low-income parents in the market for ECEC. Our results suggest that non-subsidized lower income parents are more cost-sensitive, which in turn suggests that they are likely to use less well-regulated HCC that is more variable in quality. With less consistent oversight in HCC, quality-control and monitoring the safety of an ECEC setting is placed on parents themselves. Yet, the results of our survey demonstrate that lower income non-subsidized parents report the lowest levels of familiarity with ECEC options, as well as the least amount of individual engagement to learn about ECEC. Our paper thus finds that the current ECEC system constrains the preferences of lower-income parents while at the same time placing greater expectations on them with respect to ensuring quality and safety.

We begin by investigating how regulatory environments for ECEC present in market-oriented welfare systems such as Canada place information expectations on parents as they make decisions for the care of their children. We then report the results of our conjoint experiment that reveal differences in parental decision making and probe survey results regarding their access and use of information based on income and subsidy status. Our findings reveal that the greater burdens placed on lower income parents to perform their own oversight and regulation are further reinforced by information deficits, such as the availability of subsidies, further undermining their ability to engage fully with the ECEC system. We explore the implications of these findings regarding the effects of policy and regulatory burdens on vulnerable children’s access to high quality ECEC services.

The “Market” for ECEC in Canada

In Canada, as in most market-oriented ECEC systems, very little care is delivered by government, though a variety of federal and provincial programs exist to help finance ECEC.¹ The regulation of ECEC services is overseen by provincial governments; and across all provincial jurisdictions, parents may choose from a range of largely market-based options outside the home, including licensed for-profit or not-for-profit centers and licensed HCC providers.² All jurisdictions in Canada also permit HCC providers to operate legally without a

license.³ These unlicensed providers receive no regulatory oversight by agencies or by the government, except on a complaints-driven basis. The cost of ECEC varies considerably depending on the city/town, the age of the child, and whether parents access center-based care or home care. The median cost of ECEC for infant care in Ontario varies by city, with costs at their highest in the city of Toronto (Macdonald & Friendly, 2017). In Toronto, center-based care that is contracted with the municipal government is nearly double the cost of licensed home based care (\$2,060CAD per month vs. \$1,060CAD per month for infant care; City of Toronto 2020).⁴ Meanwhile parents who secure care in private ECEC centers can see prices extend to up \$2,500-\$2,800CAD per month in extreme cases.

In Ontario, approximately 95% of the licensed ECEC market is composed of center-based care, while the remaining 5% is licensed HCC (Government of Ontario 2019).⁵ Accurate estimates of the size of the unlicensed ECEC market, however, are difficult to obtain. According to data from the 2011 General Social Survey (GSS), approximately six per cent of parents in Canada who use ECEC services report using unlicensed HCC. Yet, recent research from Ontario found that substantially more parents reported their children were in a licensed HCC environment than was possible given the known supply (Varmuza, Perlman, & White, 2019). Thus, parents misreport (or potentially misunderstand) the licensing status of their HCC provider.

Parents' inaccurate reporting on their provider's licensing status has both quality, and health and safety implications. While licensed HCC providers are subject to rigorous safety standards alongside regular oversight and inspection, unlicensed HCC providers are subject to minimal regulations that specify only the number and age of children who can be cared for at one time. Oversight for unlicensed providers is non-existent absent a complaint, and unlicensed or under-regulated care environments have been found to be associated with higher rates of injury and death where they are tracked (Wrigley & Dreby, 2005).

The regulatory framework that allows unlicensed HCC to continue to operate legally expects that parents will engage in comparative assessments across both licensed and unlicensed options and relies on a model of parents-as-comprehensively rational consumers. It assumes that parents can act as a source of quality assurance, capable of monitoring and evaluating the services being delivered (Blank, 2000). Yet, no independently verified information on quality or injury incidence is available to parents to enable assessments of the relative quality or safety of care (White et al., 2018; Macdonald, 2018; Malik & Hamm, 2017). It also assumes that parents have similarly equal access to all forms of ECEC when they make their 'choice'. The literature on child care deserts, however, highlights the weakness of that assumption. According to a 2018 report, licensed spaces (in either HCC or licensed centers) in the City of Toronto would ensure care for only 42% of children under the age of 4 (Macdonald, 2018). Not only does this coverage suggest that there is likely an active unlicensed market for ECEC, the geographic distribution of licensed ECEC spaces within the city shows a market in which licensed care is more readily available in high income neighborhoods, with a dearth of spaces in lower income, racialized communities throughout the middle and outer suburbs of Toronto (Macdonald, 2008; Hulchanski, 2010).

Extant research consistently demonstrates that parents face vastly constrained choices as a result of high costs, scarcity, a lack of information about what constitutes quality, as well as psychological factors that may lead parents to accept suboptimal care arrangements (Perlman, Falenchuk, Fletcher, McMullen, Beyene, & Shah, 2016; Davidson, Burns, Hampton, White, & Perlman, 2020; Monsebraaten, Ballingall, & Oved, 2013). Despite this, little is known about how parents assess ECEC services, how they weight different factors such as cost, quality, or accessibility, or how they experience the regulatory environment. Do parents have access to the kinds of information needed to comprehensively assess a variety of ECEC settings? To what extent do constraints such as lower income or inflexible work schedules impose constraints on parents? Do factors such as cost and availability force parents to discount concerns about child safety or educational quality? And how are these effects felt across income, linguistic, racial, and other forms of social stratification? In other words, what burdens are imposed on parents in ECEC regulatory regimes characterized by loose regulation in some parts of the sector, and how do these burdens shape parent preferences and decisions across socio-economic groups?

Socioeconomic Status and ECEC Decision-Making

In all countries that rely on markets to deliver ECEC services, navigating the market is especially challenging for low-income parents. For lower income parents, the cost of care is an immediate barrier to accessing good quality ECEC – although it is by no means the only one. In Canada, lower income parents are usually eligible for some type of public subsidy to offset the cost of care. However, in order to access these services, lower

income parents must first know about and then apply for a subsidy. Subsidy programs may have long waitlists and are themselves challenging to navigate – often requiring considerable documentation with respect to income, social service utilization, and/or proof of enrollment in higher education or of engagement in the labor market. In Toronto, where the current study took place, once parents have a subsidy, they still have to secure a space from a licensed ECEC provider contracted with the City of Toronto to accept the subsidy (most of which also have waitlists).⁶

Subsidy models differ by jurisdiction. In Ontario, the provincial government uses a graduated subsidy model that places no hard upper limit on family income. Instead, the subsidy is calculated based on percentage of household income (accounting for number of ECEC-age children),⁷ and parents pay a fixed amount per month regardless of the cost of licensed care they secure. Families with a gross taxable income below \$20,000 CAD would have their ECEC fully subsidized. Families with incomes between \$20,000-\$40,000 CAD per year would pay a total of 10% of their income above \$20,000 CAD (e.g. a family making \$35,000 CAD per year would pay a maximum of \$1500 per year, or \$125 per month). The cost of care to parent(s) stays the same regardless of the actual cost of that care or how many children they have in care. The Ontario subsidy system is unlike other provincial models, many of which impose per-family spending caps or upper income thresholds, which mean that parents are expected to make up any differences in the cost of care (subsequently limiting access to subsidies or incentivizing subsidized parents towards less-expensive and potentially lower quality care).

The subsidy model in Ontario has important implications for the expected outcomes of our study. Because there is no upper cap on the subsidy amount, and parents who receive a subsidy pay a fixed fee, we would expect subsidized parents to be particularly insensitive to price changes in this environment. This enables subsidized parents to purchase center-based care, which is the most expensive and regulated form of ECEC. By comparison, lower income parents who do not know about public subsidies (or cannot afford to wait to get one), and moderate-income parents who are not eligible for a subsidy are likely to be more price sensitive and will subsequently show evidence of being constrained. They may gravitate toward less expensive forms of care (in the form of HCC) that in turn require more parental oversight and engagement on quality control.

Study Design

This study aims to examine the distributional implications of ECEC regulations on parents, and the ways in which the regulatory system creates or exacerbates burdens for different groups of parents. To do so, we present the results of a conjoint survey, using a convenience sample of parent participants in the City of Toronto. The quasi-behavioral design of the conjoint survey is particularly useful in this case, as it models decision making behavior when “a decision maker has to deal with options that simultaneously vary across two or more attributes” (Green, Krieger, & Wind, 2001). The City of Toronto, moreover, is a good testing ground to explore these questions: the ECEC market is expensive and subject to scarcity, especially for lower income parents accessing subsidized care (with long waitlists for both subsidies and for spaces).

In order to learn about parent preferences and decisions, we designed a choice-based conjoint (CBC) survey of parents. Under the CBC design, respondents were simultaneously presented with three ECEC options and asked to make a choice from the options provided to them, as if they were choosing ECEC in that moment. Each ECEC option was randomly generated based on five attributes of care from the following eight: 1) type of care (licensing regime); 2) physical space; 3) caregiver training; 4) caregiver interactions; 5) cost; 6) location; 7) flexibility of hours; and 8) full/part-time care.⁸ Due to the conditional nature of cost of care (2) on type of care (1), these attributes were shown in each pairing. Parents were also given the option of choosing ‘none’ if they did not find any of the options presented to them acceptable. Over the course of twelve survey exercises, the conjoint survey captured how parents made trade-offs between the different options and attributes of care (see online Appendix A for a list of ECEC dimensions and associated levels, and Appendix B for an example of the conjoint exercise shown to participants).

The data were collected using Sawtooth Software, an online survey platform specializing in conjoint analysis. Eligible parents (those with at least one child under the age of four) were recruited both online and in-person with the assistance of the City of Toronto Children’s Services division. The City of Toronto’s website hosted the survey link, and Toronto Children’s Services also promoted the survey on its social media (Twitter) account, and recruited parent clients through emails to affiliated ECEC centers. To increase our reach to lower

income parents, we also conducted in-person recruitment at EarlyON parent resource centers in lower income neighborhoods in Toronto.

A total of 811 participants completed at least nine of the twelve conjoint exercises, the minimum criteria for inclusion in the final sample.⁹ After analyzing conjoint responses for issues of data quality,¹⁰ a total of 724 participants were included in the estimation of conjoint utilities. Due to participant drop-off throughout the survey, 118 of the 724 participants did not provide information about their family income and/or subsidy status. We compared participants with complete and incomplete income data on other demographic information and on their ECEC preferences. Participants who did not provide their income were more likely to be racialized, were less likely to have a university education, and had a lower self-reported familiarity with the ECEC system. There were no significant differences with respect to their reported monthly amount spent on ECEC, language spoken at home, number of children, and reported challenges finding ECEC. Furthermore, we found no statistically significant differences in parental preferences between parents who provided income data and those who did not. Given that the focus of this study is on differences between lower and higher income parents as consumers of ECEC services, we adopted a conservative approach and dropped these participants from our study, resulting in a final sample size of 606 parent respondents.

Based on the subsidy and income status of parents in the sample, we generated three parent groups: (1) Lower Income – Subsidy (N=96); (2) Lower Income – No Subsidy (N=106); and (3) Higher Income – No Subsidy (N=404). The income cut-off for lower income and higher income families without a subsidy was a gross family income of \$100,000. This income cut-off was chosen based on the population demographics in the City of Toronto, where the median income for two-parent economic households is just upwards of \$102,000 per year (as reported in the 2016 census); for information on the income distribution of participants, see online Appendix C. Parents categorized under “lower income - subsidy” were not held to a strict income cut-off, although the majority (87%) were also lower income. We conducted a series of chi-squared tests of independence to compare parent demographic characteristics across these groups. Phi and Cramer's V follow-up tests were computed for nominal and ordinal data, respectively. As can be seen in Table 1, parents in our three categories had somewhat different demographic profiles.

Table 1
Participant (Parent) Demographicsⁱ

Demographic Information	Lower Income No Subsidy	Lower Income Subsidy	High Income No Subsidy	N
N	106	96	404	606
Race (Racialized)ⁱⁱ	59.6% ^a	49.4% ^a	27.7% ^b	574
Language at Home (English)	49.0% ^a	62.4% ^a	87.3% ^b	591
Work Schedule (Regular full time)	64.0% ^a	72.0% ^a	88.0% ^b	544
Highest Level of Education				
College or below	43.3% ^a	33.7% ^a	9.9% ^b	
University (BA)	21.2% ^a	27.9% ^{a,b}	38.2% ^b	593
Masters or above	35.6% ^a	38.4% ^a	51.9% ^b	

ⁱNote: superscripts that differ denote column proportions that differ significantly from each other at the 0.5 level (e.g. superscripts that are the same indicate that any difference between groups is not statistically significant)

ⁱⁱNote: this variable was created as binary (white / racialized) based on respondents' self-reported racial background (see online Appendix E)

In our sample, lower income parents with and without a subsidy are more likely to be non-white, speak a language other than English at home, and be less well educated when compared to non-subsidized higher income parents. Subsidized and non-subsidized lower-income parents are also similar with respect to their

income – though a larger proportion of lower-income subsidized parents are slightly less well-off (44% of subsidized parents who reported their income¹¹ fell below \$50,000CAD while 34% of non-subsidized parents fell below that same income threshold - see online Appendix C). Our sample was highly educated across all income categories, relative to the general population.

The Quality Burden: Parent “Choice” in a Constrained Environment

We first examined the impact of subsidy receipt on parental decisions. In conjoint analysis, respondents are asked to make decisions between randomly generated discrete choice sets. Through their choices, participants trade-off different attributes of a good or service. In the market for ECEC, a parent may place more emphasis on how much care costs relative to where care is located, or how well educated the care provider is. Over the course of several conjoint exercises, participants engage in heuristic decision-making, taking ‘short-cuts’ in their decision processes by looking only at the attributes that truly matter to them. Thus, conjoint surveys allow us to analyze trade-off patterns to determine which attributes matter most (and how) for respondents.

Table 2 shows the estimated part-worth utilities for individual levels across five of the eight different attributes of care (for the full table of attributes see online Appendix D, averaged across the three income/subsidy categories).¹² The utility scores have been standardized so that the least desirable option receives a negative value and the most desirable option receives a positive value. Negative utility values indicate that, all else being equal, parents are more likely to favor other available attributes of care. We ran an ANOVA on each attribute level across our three groups. Significant differences between groups are indicated by non-similar symbols (for example, in the first row – Licensed Child Care Center – the part-worth utility for lower income (no subsidy) parents is significantly different from subsidized and higher income participants).

Table 2
Parental Preferences for ECEC by Income and Subsidy Statusⁱ

Average Utilities (Zero-Centered)	Lower Income No Subsidy	Lower Income Subsidy	High Income No Subsidy	<i>P</i>
Type				
Licensed Child Care Center	28.90 ^a	56.68 ^b	56.67 ^b	.000
Licensed Home Child Care	44.87 ^a	34.51 ^b	33.90 ^b	.000
Unlicensed Home Child Care	-73.77	-91.19	-90.57	.045
Cost				
Low	22.39 ^a	15.39 ^{a,b}	13.28 ^b	.000
Medium	6.93 ^a	2.55 ^{a,b}	2.23 ^b	.003
High	-29.33 ^a	-17.94 ^b	-15.51 ^b	.000
Educator Training / Education				
No formal ECEC training/education	-64.74 ^a	-58.62 ^{a,b}	-58.71 ^b	.003
Some formal ECEC training	17.93 ^a	11.44 ^b	10.65 ^b	.000
College/university degree in ECEC	46.82	47.17	48.06	.732
Caregiver Interactions				
Caregiver supervises my child	-46.81 ^a	-52.28	-57.95 ^b	.001
Caregiver plays with my child	0.62	5.40	3.59	.083
Caregiver engages my child (play/learn)	46.19 ^a	46.88 ^a	54.36 ^b	.002
Full or Part Time				
Availability – Full time care only	17.47 ^a	26.24 ^b	33.41 ^c	.000
Availability – Part time or full-time care	23.97 ^a	36.38 ^b	35.93 ^b	.000
Availability – Part time care only	-41.44 ^a	-62.62 ^b	-69.34 ^b	.000

ⁱNote: superscripts that differ denote column proportions that differ significantly from each other at the 0.5 level (e.g. superscripts that are the same indicate that any difference between groups is not statistically significant)

Across almost all ECEC attributes, subsidized (lower income) parents resemble higher income parents in their quasi-behavioral decision making. Non-subsidized lower income parents' first-ranked preference for type of ECEC is licensed home care, likely because it is a lower cost form of care. Subsidized parents, by comparison, appear to be less cost sensitive, in line with a policy design that gives them the purchasing power to decide in favor of high-cost licensed center care. Subsidized parents are also "more like" higher income parents in their stronger preferences for full time care (potentially due to less flexible work schedules), and interestingly, both are relatively less concerned with lower educational attainment on the part of their care providers. Subsidized parents, however, remain more similar to lower income parents with respect to the nature of caregiver interactions, as both groups do not appear to be as closely attuned to the quality of caregiver interactions.¹³

The Learning Burden: Parent Knowledge of ECEC

Parental choices in these quasi-behavioral scenarios only shed partial light on the way in which market-oriented ECEC policy design impacts lower income parents who are wading through the complexities of different ECEC 'choices'. Alongside the conjoint survey, parent respondents completed a questionnaire about their experiences with ECEC services, including their informational engagement and familiarity with the ECEC system.

Based on this questionnaire, lower-income parents without a subsidy consistently rate their familiarity with the ECEC system lower than subsidized or high- income parents. Correspondingly, as we can see in Table 3 below, lower income participants were more likely to report using somewhat fewer resources to learn about available ECEC options. While we do not find significant results related to information deficits (based on the mean number of ECEC features about which respondents reported trouble finding information), the pattern of responses across each of the lower-income groups accords with the general expectations of the study.

Table 3
Learning and Information about the ECEC Systemⁱ

	Lower Income No Subsidy	Lower Income Subsidy	High Income No Subsidy	<i>p</i>
ECEC Familiarity (Self-Reported/10)	6.22 ^a	7.29 ^b	7.10 ^b	.000
Learning (Mean Number of Sources Used)	1.65 ^a	1.88 ^{a,b}	2.19 ^b	.002
Information Deficits (Mean No. of ECEC Features Difficult to Find Information On)	2.23	1.84	2.29	.133
Sources of Information (% Respondents)				
Family or Community	67.1% ^a	74.5% ^{a,b}	78.8% ^b	.104
Government Sources	34.1%	51.0%	42.0%	.154
Other Internet Sources	13.7% ^a	17.1% ^a	29.9% ^b	.010
Subsidy Eligibility (% Don't Know)	44.3% ^a	.	18.8% ^b	.000

ⁱNote: superscripts that differ denote column proportions that differ significantly from each other at the 0.5 level (e.g. superscripts that are the same indicate that any difference between groups is not statistically significant)

As with their ECEC preferences, lower-income parents with a subsidy also appear more like high income parents on questions of understanding of the ECEC landscape. Both subsidized parents and higher income parents have high self-reported familiarity and report relying consistently on governmental and

family/community sources to inform their understanding of the ECEC options. Meanwhile, 44.3% of non-subsidized lower-income parents indicated that they did not know whether they were eligible for a subsidy.

Understanding the Preference Gap: Implications for Experiencing ECEC Burdens

Based on the conjoint analysis results, we observe an important preference gap: lower-income subsidized parents look ‘more like’ higher income parents and ‘less like’ other lower income parents when it comes to their revealed preferences for ECEC. However, given our correlational data we cannot be sure what is driving the differences in preferences between lower income parents who have a subsidy and those who do not. Is it the case that access to subsidy changes parental preferences? Or are the differences in preferences a function of the fact that subsidized parents are different from non-subsidized low-income parents to begin with?

We expect that it is some mix of the two. Subsidized parents clearly have access to more and/or different resources than non-subsidized lower-income parents. Within our sample, subsidized parents are slightly better educated than non-subsidized lower-income parents, potentially making online, government, and community resources less challenging to access. These findings suggest that the current policy design exacerbates an important gap between those lower income parents ‘who know’ about ECEC supports and those who do not. Furthermore, it is likely that engaging in the subsidy system would act to lower informational barriers for lower income parents, enabling individual-level learning; consistent communication with a case worker at the City of Toronto may help them learn what to look for in quality care, and/or provide information about available spaces or well-regarded institutions. Moreover, in accessing public subsidies, recipients are streamed into licensed care (as unlicensed HCC is not eligible to accept public subsidies); we would expect this to enable individual-level learning about the importance of licensing for quality and safety purposes, potentially entrenching preferences for licensed care among subsidized respondents.

In the conjoint analysis, we (paradoxically) see less concern on the part of subsidized and higher income parents about the education level of ECEC providers. This might suggest that these two parent groups believe similarly in their ability to make up for any ECEC provider deficiencies through an enriching home environment. Alternatively, in consistently favoring licensed center care, they may have confidence in the quality of care that they can select for their children. In contrast, lower income and lower educated parents who do not have a subsidy appear to be pushed towards options that are more variable in quality and with less government oversight and as a result may rely more heavily on ECEC training as a proxy for quality.

While differences in individual-level learning between subsidized and non-subsidized lower-income parents may account for some of the preference gap, we can also reasonably expect that if subsidized parents suddenly lost their subsidy, they would respond more bluntly to the market. At a minimum, we would expect that they would become more attuned to the cost of care, which would in turn shape their preferences for ECEC type. Research that disentangles these causal mechanisms through experimental studies, such as randomly distributing subsidies to lower income parents to test effects on parent preferences and decisions, is needed.

Conclusion

Regardless of the mechanisms underlying parent choices, the results of this study highlight several embedded policy burdens faced by lower income parents in market-driven ECEC systems. First, our study suggests that policy design matters in shaping parent preferences for ECEC services. Non-subsidized lower-income parents are considerably more cost-conscious. Given the close relationship between the cost of care and the relative regulatory oversight of care, the children of lower-income parents are more likely to end up in less-regulated environments that are more variable in the quality of care provided. Meanwhile, the preferences of subsidized parents are closer to those of higher-income parents on more than just cost; for example, subsidized parents are similarly attuned to the availability of full time care, suggesting stronger labor force attachments than non-subsidized parents (a finding consistent with subsidy eligibility rules).

Second, our findings reveal that the burden of having to be the ‘comprehensively rational’ consumer of quality care falls on a group of parents who are arguably the least able to deal with those additional burdens. Parents who utilize HCC are the ones who must ‘go the extra mile’ to ensure that the care their child is receiving is of good quality, even though extant research consistently shows that parents struggle to

independently assess quality (Cryer & Phillipsen, 1997; Helburn, 1995; Kamerman, 2007; Peisner-Feinberg, 1999). While the lower income non-subsidized parents in our study preferred licensed HCC (to unlicensed HCC), our results indicate that they are also the least able to ensure that this is the type of care they are accessing in the ECEC market. In our sample, these parents were less likely to have English as their first language, reported lower levels of education and familiarity with the ECEC system, and relied on fewer sources to learn about their options. The fact that unlicensed providers can operate legally is a source of confusion for parents in this part of the market (CBC News, 2013; Monsebraaten, 2017). Moreover, even if lower income parents knowingly choose unlicensed care due to cost considerations, they must still absorb the burden of making up for the regulatory gap. Not only do they need to assess the relative quality of care, they also must monitor basic safety standards such as ensuring all light sockets are covered, checking where chemicals or medications are stored, or whether doors and baby gates are kept latched. In the absence of external regulators conducting regular quality assessments, it is nearly impossible for parents to conduct comparative assessments of different care environments in a way that supports choices towards quality care.

Higher income parents, by contrast, can purchase the most expensive form of care – center-based care – that multiple regulators frequently oversee and monitor. This suggests that the ECEC market entrenches a significant mismatch between the relative burdens placed on high versus lower income parents as ECEC consumers. Given that parents are not able to make choices within a full set of options, with full information, and with no cognitive or psychological biases, the legislation and regulation designed to improve both the quality and safety of ECEC services needs to take into account the boundedly rational nature of parental decision-making. One clear directive that comes from our findings is that it is necessary to relieve the administrative burden on parents. This needs to be done by enacting greater government oversight and monitoring of all ECEC providers ensuring that basic standards (e.g., health and safety) as well as markers of quality (e.g., quality of educator/child interactions) are available for all children.

Notes

1. Funding programs include the federal Canada Child Benefit (CCB), federal tax deductions for working parents (the Child Care Expense Deduction or CCED), provincial subsidies to low-income parents and, in some provinces, provider wage enhancements and grants for operating expenses.
2. In the province of Ontario, the focus of this case study, and in a few other provinces, licensed HCCs are affiliated with agencies, which are overseen by the province. In others, individual licensing is permitted.
3. This contrasts with some jurisdictions in the United States, where religious and other exemptions allow some centers to operate without a license (Lewsader & Elicker, 2013).
4. These calculations are based on a per day rate of \$96.26 for centre and \$49.26 for home, as cited on the City of Toronto website (City of Toronto 2020). Monthly rates were calculated based on an average of 21.5 care days per month.
5. According to data published by the Ontario Ministry of Education, the regulatory framework would currently allow for up to approximately 9.5% of licensed spaces to be composed on HCC. At the moment, only half of the available contracts have been utilized (Government of Ontario 2019).
6. In the Province of Ontario, public subsidies can only be taken up in a licensed care setting.
7. This means that in some cases, some higher-income families (e.g. those making upwards of \$100,000CAD) may be eligible for a subsidy, particularly if they have several young children.
8. These care attributes were identified through a literature review of existing conjoint surveys conducted on ECEC, and informal interviews and focus groups with parents regarding their ECEC decisions. The survey was pilot tested with parents accessing services at the City of Toronto Department of Children’s Services.
9. The conjoint exercise was placed near the beginning of the survey to promote completion – with demographic and survey questions appearing after.
10. Participants were removed if:
 - a. They answered “None” eight (8) or more times over the course of the twelve conjoint exercises
 - b. They were identified as having ‘patterned’ responses (e.g. 111222333)
 - c. They had 5 or 6 positional answers (such that 5-6 answers in a row were the same)
 - d. Their last 4 answers were in the same position, suggesting respondent fatigue

11. 11 respondents had a household income above \$100,000. An additional 13 respondents in the subsidy category did not provide their income data and are not included in this breakdown.
12. Conjoint utilities (also known as part worth utilities) are generated using a Hierarchical Bayesian estimator. Part-worths are scaled to an arbitrary additive constant within each attribute, such that they estimate the responsiveness of a participant to the levels within an attribute of a product (ECEC in this case).
13. Lower income parents (subsidized and non-subsidized) were also similar with respect to geography. Though the only significant results were found in one level of the “Location” attribute (see online Appendix D), results indicate that the lower-income participants were less sensitive to commute times to child care (that is, they were more willing to travel for care). This may suggest an awareness that the type of care they want may not be available locally, or experience with having to travel far for good care.

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