

AFFORDABILITY

Child Care Affordability in BC — What's Working *(and What's Worrying)*

SINCE COMING TO OFFICE IN JULY 2017, BC's new provincial government has taken bold action to begin delivering on its commitment to implement a universal child care system over a 10 year period to provide affordable, accessible and high-quality child care for every family who wants or needs it. These actions build on the high level of public support for and the government's election commitment to the \$10aDay Child Care Plan as the best way to address the historic child care chaos in BC.

Government has taken three significant steps toward its promise of child care fees no higher than \$10 a day for full time care and \$7 a day for part-time care, with no fees for families earning under \$40,000 annually — as proposed in the \$10aDay Child Care Plan.

BC Budget 2018 committed \$1 billion in new provincial funding over three years, with \$630 million allocated to the first two steps to make child care more affordable: Child Care Fee Reduction Initiative and Affordable Child Care Benefit. The third affordability step, Universal Child Care Prototypes, are funded through an agreement with the federal government.

BC Budget 2018 commits \$630 million to make child care more affordable: the Child Care Fee Reduction Initiative and the Affordable Child Care Benefit. The Universal Child Care Prototypes are funded through an agreement with the federal government.

1. Child Care Fee Reduction Initiative (FRI)

This affordability initiative was launched in spring 2018. Building on the existing Child Care Operating Fund contract between government and licensed child care providers, FRI provides funds directly to licensed providers to lower fees for infant/toddler care by up to \$350 per month and by up to \$100 per month for children aged 3 to 5.

The Fee Reduction Initiative is good public policy. As the vast majority of eligible child care providers are participating in this initiative, families of more than 50,000 children now pay less in child care fees than they did six months ago — the first fee reduction in a generation!

FRI builds on the evidence-based lessons proposed in the \$10aDay Plan including:

- Inviting in existing licensed providers who want to be part of the new system;
- Contracting with participating providers to ensure they use the new funds to lower fees and are accountable for any further fee increases;
- Providing additional operating funds to cover the costs of administering the program; and
- Lowering fees for ALL families as we move towards a universal child care system.

After some initial administrative bumps — this initiative is WORKING.

It has lowered fees AND provides the best way to move from the current patchwork to a SYSTEM.

Participation in FRI is the way to ensure that fees continue to go down, public funds are tied to public goals and providers receiving public funds are partners in building a new system.

However, it is *worrying* to hear from parents that some providers, typically in the for-profit sector, are still raising fees substantially, claiming they face 'unexpected expenses'.

FRI RECOMMENDATIONS

To make FRI work as effectively as possible government should:

- Make participation in FRI a basic eligibility condition for all other child care funding programs;

Participation in Fee Reduction Initiative is the way to ensure that fees continue to go down, public funds are tied to public goals and providers receiving public funds are partners in building a new system.

- Ensure participating providers are accountable for all fee increases, including those attributed to 'unexpected expenses,' and that information about provider fees and increases is transparent and publicly accessible; and
- Increase and expand funding for FRI over the next two years so fees can continue to go down for all families.

2. Affordable Child Care Benefit

This affordability initiative began in Sept. 2018. It replaces the former Child Care Subsidy Program, but remains essentially a subsidy system tied to income testing.

The biggest changes are that the ACCB provides larger subsidies to more families and a streamlined on-line application process, using the previous year's income tax returns to establish eligibility for the year.

Families with annual incomes up to \$111,000 will now receive a portion of the ACCB, scaled according to income. The benefit is intended to lower average parent fees in licensed child care to \$10 per day for families earning between \$60,000 and \$80,000 annually. Families earning less than \$45,000 annually will receive the full ACCB, up to the cost of care. The maximum benefit is increased to \$1,250 per month for licensed infant/toddler care — eliminating most parent fees for lower-income families, consistent with the \$10aDay Plan.

But, as we have said before, income-tested subsidies are NOT the way to build or fund a public system. It's not the way we fund schools, libraries, hospitals or other BC early learning programs like Strong Start. These services are publicly-funded. We all help cover their costs through our taxes, based on our ability to pay, and we all pay the same (minimal or no fees) to access the services.

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- Without a cap on fees, increases to subsidies lead to increases in parent fees.
- While fee increases are capped for the licensed programs participating in FRI, there are no restrictions on fee increases for those licensed services that choose not to opt into the FRI or for unlicensed services. This may create upward pressure on 'average fees.'
- While families in preschools and school aged care can receive the ACCB, these programs are not yet eligible for FRI so there are no restrictions on fee increases for these important services.
- Families making over \$111,000 annually will not receive any benefit through ACCB yet child care affordability remains a challenge for many of them.
- Women returning to the labour force because child care is now affordable stand to lose their subsidy once they are employed.
- A funding system primarily driven by income-tested subsidies, no matter how efficiently it is done, creates division rather than social cohesion.

We will carefully monitor the implementation of the ACCB to ensure that it is WORKING to eliminate fees for lower income families, as called for in the \$10aDay Plan, and providing short term affordability relief to more families.

But, over the longer term, relying on a subsidy system like ACCB to fund child care is *worrying*.

ACCB RECOMMENDATION

The Affordable Child Care Benefit is not the way to build a universal system. Government should:

- Ensure that funding for FRI grows at a more rapid rate so that fees come down across the board, thus reducing the need for the ACCB.

3. Universal Child Care Prototypes

Funded through the Early Learning and Child Care Agreement (ELCC) that BC signed with the federal government, \$60 million will be invested to bring fees down to no more than \$10 per day in approximately 1,800 licensed child care spaces — with a priority on infant and toddler spaces — in a range of existing child care facilities across BC.

Starting in October 2018, the initiative will run for 18 months and is designed to develop funding models to guide the implementation of \$10/day, universal child care in BC over the next 10 years.

The Prototypes will be evaluated by an external contractor, with a budget of \$3 million.

Starting in October 2018, the Prototype initiative will run for 18 months and is designed to develop funding models to guide the implementation of \$10/day, universal child care in BC over the next 10 years.

This initiative explicitly focuses on government's election commitment to implement \$10aDay child care. It is consistent with the Plan's recommendations in a number of ways including:

- Establishing a maximum fee of \$10/day;
- Providing direct operating funding to participating prototypes; and
- Ensuring accountability for the use of these public funds.

However, this initiative, on its own, does not address other key elements in the Plan such as:

- Increased wages and educational levels for Early Childhood Educators
- New quality spaces to support more women's re-entry into the labour force; and
- An integrated public system of community-based child care networks.

Therefore, it will be important not to expect results beyond what this initiative is funding.

We will carefully monitor this initiative to ensure that it is WORKING to provide government and the public with evidence about how best to implement universal \$10aDay child care.

PROTOTYPE RECOMMENDATIONS

To make the Universal Child Care Prototypes work as effectively as possible, government should:

- Adequately fund prototypes to support both affordability AND quality through increased wages and education for participating Early Childhood Educators;
- Support prototypes to learn from and with each other and the broader sector; and
- Ensure the evaluation process is grounded in the evidence about effective child care systems, sensitive to the current child care context and focused on the goal of quality, universal child care.

COALITION OF
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The Coalition of Child Care Advocates of BC and the Early Childhood Educators of BC advance the \$10aDay Plan in ways that are consistent with their respective mandates and applicable regulatory requirements. Both organizations individually and jointly provide public education about the Plan. As a registered charity, ECEBC also engages in a limited amount of permitted non-partisan advocacy which is directly connected to its charitable public education work. As a registered non-profit society, CCCABC advances the Plan through its advocacy campaign, and at www.10aDay.ca.