

September 21, 2018

Honourable Katrina Chen  
Minister of State for Child Care  
PO Box 9057 STN PROV GOVT  
Victoria, BC V8V 9E2

Dear Minister of State Chen:

Recently we have been contacted by parents and child care providers expressing concern about:

1. Child care fees that, from their perspective, are increasing substantially – despite their program's participation in the Child Care Fee Reduction Initiative (FRI)
2. Licensed programs that may be closing, for various publicly-stated reasons.

In the past, we alerted you to individual cases of unusual fee increases in Nanaimo that came to our attention. We are now hearing of large fee increases in other communities, typically in for-profit operations, which have resulted in no, or minimal, fee reductions for families.

Ministry staff have advised they are monitoring the situation closely, and find these are isolated situations. We hope that remains true for both unusual fee increases and program closures.

Certainly, we've been hearing lots of concerns about fee increases and program closures for many years. However, unlike the previous government, your government is making significant investments in lowering parent fees and increasing licensed spaces, so it's essential to ensure that your child care priorities are not undermined. In addition to the policies and accountability mechanisms already in place, we recommend that government take proactive steps to reduce the possibility of these situations arising, follow-up on individual concerns, and take action where appropriate and necessary.

#### Parent Fee Increases

As previously discussed, we believe that proactive monitoring of parent fee increases is particularly important now that the Affordable Child Care Benefit (ACCB) has been introduced, due to the potential upward pressure the ACCB will place on parent fees. We have specific recommendations for strengthening public accountability and transparency of government, and of child care providers who receive public funding through the Child Care Fee Reduction Initiative and/or the Affordable Child Care Benefit.

Government should:

1. Publicly report on the fee increase guidelines that providers are required to adhere to in order to maintain their participation in the FRI
2. Publicly report on the facilities granted exemption from the above guidelines
3. Provide a mechanism for parents to share any concerns, ensuring anonymity (to reduce concerns about retribution for their families).

Providers should be required to:

1. Publicly share their fee schedules for the last 12 months, at a minimum. This information should be posted on their web sites and displayed prominently in their physical facilities.
2. Provide a full written explanation to families for any increases in excess of the FRI guidelines.

### Program Closures

While there can be a range of reasons for program closures, the most common reasons provided over the years include:

1. Low enrollment because families can't afford the fees
2. Lack of qualified staff available
3. Ongoing program deficits, particularly for organizations operating a high proportion of infant/toddler spaces
4. Program is leasing space, and the costs rise substantially or the lease is cancelled/not renewed on expiry.

Government's actions to date on affordability will help to address the first concern provided the fee reduction funding flows effectively to families as discussed above. The new Recruitment and Retention Strategy will help to address the second concern, although we recommend an additional wage lift in 2019 will be more effective.

Regarding program deficits, it will be helpful to learn more about the true cost of providing quality programs for each age group through the Universal Child Care Prototype Initiative. In addition, during the implementation of universal child care it will be important to prioritize expanding infant/toddler programs alongside programs for older children, as the deficits for the former are typically offset by small surpluses in the latter. This approach also supports families throughout their children's early years.

Furthermore, government could consider a range of options to retain quality infant/toddler spaces, such as increasing CCOF (Child Care Operating Fund) and/or transitioning the program to public delivery.

The issues around leased space require two significant actions by government:

1. Move towards public ownership of licensed child care spaces (other than family child care)
2. Ensure that child care is a recognized priority for public spaces, through legislation.

As long as licensed child care facilities are privately-owned the cost of those facilities, and their availability overall, will be subject to market forces and private decisions that are beyond government or

community control – despite public investment in those costs via direct operating funding. This is a primary reason why, in our April 12, 2018 letter to you, we strongly recommended public funding only for expansion of publicly-owned facilities.

In that letter, we noted that “many child care providers, particularly for-profit operators, are currently paying market rent or making significant mortgage payments for their centres, whereas many non-profit organizations pay no or minimal rent within public- or community-owned facilities. Higher facility costs are reflected in higher parent fees or lower ECE wages, or both. Our proposal removes the capital cost of new/modified child care spaces from operating budgets, so that new public operating funds can prioritize quality (raising ECE wages) and affordability (lowering parent fees).”

In other words, publicly-owned facilities are funded through capital budgets, which are separate from operating budgets. Building a universal child care system through expansion in publicly-owned facilities means that child care operating budgets, like public education operating budgets, will not have to absorb the capital costs associated with their facilities, only the operating costs – human resources, programming, facility operations and administration.

However, expanding access to child care in publicly-owned facilities will not, on its own, ensure that there are no program closures. To date, public partners (school districts, municipalities) have prioritized their mandated services (education, community services) over child care. No public body is currently mandated to prioritize child care, and that needs to change. The Province has taken the first steps towards effecting that change by highlighting child care as a public priority and providing capital grants to public partners to support the creation of new child care spaces on their property. The next step is to enact legislation that:

- enshrines the right of children and families to access high quality affordable child care that meets their needs, and
- moves child care into the Ministry of Education to ensure early childhood education is an equal partner with K-12 education services, and that a universal approach to access is promoted, prioritized and mandated.

We look forward to your prompt consideration of these concerns and recommendations, and would be pleased to discuss them in more detail.

Yours truly,

The image shows two handwritten signatures in black ink. The first signature on the left is 'Sharon Gregson' and the second signature on the right is 'Lynell Anderson'. Both signatures are written in a cursive, flowing style.

Sharon Gregson and Lynell Anderson CPA, CGA  
Coalition of Child Care Advocates of BC

cc. Honourable Katrine Conroy, Minister of Children and Family Development  
Allison Bond, Deputy Minister, Ministry for Children and Family Development  
Christine Massey, Assistant Deputy Minister, Early Years and Inclusion, MFCD