

Dear Members, Supporters and Allies:

The Board of the Coalition of Child Care Advocates of BC has become increasingly concerned about the rapid expansion of commercial child care chains. So on May 3rd 2012 we wrote to the Honourable Mary McNeil, Minister of Children and Family Development to request that she **immediately implement a moratorium** on *new approvals* of Child Care Operating Funds (CCOF) for commercial child care chains operating in our province.

To be clear, the moratorium we propose is *NOT* directed at the private operators who provide child care as a small business. Typically, these operators are Early Childhood Educators who, in the absence of other options, operate and often work in their own child care programs. These privately owned programs may receive CCOF and child care subsidies paid on behalf of eligible families. As small businesses or self-employed individuals, the owners of these programs are also able to claim tax deductions for their business related expenses.

Rather, our proposed moratorium is directed at commercial child care chains. Currently the chains operating in British Columbia demonstrate at least three marketing approaches. These approaches are described below. None effectively address the access and affordability issues faced by BC families seeking child care.

Three Marketing Approaches...

The publicly traded company – its focus - to consolidate the market under its brand

This company is publicly traded on the TSX Venture Exchange and is modeled on the failed Australian company ABC Learning. The majority of its 38 centres are in Alberta, some are in Ontario and 9 are in British Columbia. While the company has a couple of new builds under construction its stated objectives are to consolidate child care centres in Canada by purchasing existing facilities and rebranding them. Their stock was recently promoted by a Dundee Securities analyst who stated “Canada is prime for such a player to consolidate underperforming childcare centres.”

A private company that caters to corporate clients

This company enters into contracts with employers who are typically, but not exclusively, corporate clients who pay an annual membership fee in exchange for a promise of access to full-time, part-time and emergency back-up child care for their employees. According to its website the company has 45 locations across Canada, two of which are currently operating in BC. An article in the Edmonton Journal states that the company plans to expand to 50 centres by year end. The company’s website indicates that 2 – 3 of these new centres will be in BC.

It is unclear how many of this company’s centres have full time spaces open to the general public but the company’s FAQ states that the back-up child care services are specifically for regular full-time and part-time employees of client companies. Also, the company’s services appear to be

financially out of reach of the average family. While prices may vary depending on location and age the company recently announced that their monthly fees for a child under the age of three in their Vancouver facility is \$1915. (Note: This is \$760/per month more than the median monthly fee for this age group in Vancouver in September 2011.)

Franchised services marketed as “Canada’s First Junior Kindergarten School”

While licensed as group child care centres these programs are marketed as 'schools' for children between the ages of 6 months and five years. The company’s website states that its brand focuses on “developing a child's intellect” and a review of its on-line calendars suggests that through the academic year, franchises operate on the public school calendar with closures in December and at spring break. Some of their facilities are also closed for up to 5 professional days a year and close early for parent/teacher conferences on other days. They operate during the summer months when their program is “more relaxed to give the children a clean break from the school curriculum” but they are closed for 1 week at the end of August.

From the affordability perspective this company’s website states that a family must submit a series of 12 post-dated cheques for tuition fees no later than May 31st annually. While it is likely that tuition fees vary by location it is understood that tuition fees for infants and toddlers in their Vancouver facility are \$1487/month/child and for 3 and 4 year olds \$1327/month. (Note: The latter is \$517/month more than the median monthly fee for this age group in Vancouver in September 2011.)

These marketing approaches do not increase access to affordable child care in BC. Specifically, consolidating existing child care centres does not address the acknowledged demand for new child care spaces. It just shifts ownership. Catering to specific clientele does not address the needs of the population at large. Child care services with parent fees as noted above are out of reach of the majority of BC families and definitely out of reach for those with moderate and low income who may be eligible for the child care subsidy. *(To put this into perspective the fees noted above are in one case \$1280/month more than the maximum child care subsidy of \$635/month for toddlers. In the other case fees are \$852/month more than the maximum subsidy for toddlers and are \$777/ month more than the maximum subsidy of \$550/month for children 3 - 5 years.)* Weekday and weeklong service closures do not meet the needs of most parents in the labour force. Nor do these services meet the needs of parents working outside of the traditional Monday-Friday work week.

As with other commercial enterprises, **the prime and legitimate duty of a commercial child care chain is to maximize the return on investment for shareholders, investors and corporate management.** Typically commercial enterprises do this by minimizing operating costs, with potential compromises on quality, and/or by maximizing revenue. This would be a rationale for offering niche services for which parents pay top dollar. **But should the public purse contribute to this private gain?**

The Need for a Moratorium...

Currently all of these chains are eligible to receive Child Care Operating Funds (CCOF) from the Ministry of Children and Family Development. We believe that the time is right for the BC government to pause and reflect on this child care policy and to question the validity of providing public funds in response to new applications from commercial child care chains.

In times of apparently scarce public resources and fiscal restraint we must ensure **our focus is on the best use of public funds so that every penny is spent in ways that put children and families first.**

The 2012-13 Service Plan for the Ministry of Children and Family Development commits the ministry “to explore strategies and policy options to improve access and affordability of child care.” We welcome this commitment. The proposed moratorium is entirely appropriate while the Ministry undertakes this work and we urge them to specifically consider the access and affordability issues related to commercial child care chains.

The evidence suggests that expansion of commercial child care is not a solution to the child care crisis. As First Call: BC Child and Youth Advocacy Coalition noted in a recent letter to the Minister about their commercial child care concerns: “No other young children’s services have such a strong profit motive built in to the service delivery model. Family and parenting support and drop-in programs, StrongStart centres, and the like are all run by non-profit organizations or school districts. Similarly, the K-12 system, even where it is privately run, i.e. independent schools, is in the hands of non-profit societies.”

There is a Solution...

The provincial government is aware of the **Community Plan for a Public System of Integrated Early Care & Learning**. This Plan provides a concrete, innovative and “made-in-BC” solution to the current child care crisis. The Community Plan addresses the needs of children, families, educators, and communities by:

- increasing the numbers of child care spaces
- capping fees at \$10/day for families,
- increasing workers wages to an average of \$25/hour
- enhancing their credentials, and
- building capacity in response to demonstrated community need.

The *Community Plan*, which is supported by thousands of individuals, municipalities, school boards, labour unions, community organizations, businesses and academics, will provide substantial government revenue through the increased numbers of workers contributing income taxes as well as increasing consumption taxes, as documented in Quebec as a result of their affordable child care system.

The Coalition encourages members, supporters and allies to support our call for a moratorium. A copy of our letter to the Minister can be found at

http://www.cccabc.bc.ca/cccabcdocs/pdf/CCCABC_Moratorium_CCOF_May12.pdf.

We also ask that you share the \$10/day Plan widely in your community and encourage others to endorse it. See www.cccabc.bc.ca/plan for more information on how to move the Plan forward or call 604-515-5439 / 1-866-965-8550 to talk with us about a presentation in your community.

Coalition of Child Care Advocates of BC
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