

Public Funding for Child Care in BC June 2004

Various statements about public funding for child care in BC have led to confusion in the community. In spite of significant increases in federal funding for early childhood development (ECD), advocates, researchers and other community members identify almost \$50 million in cuts to provincial funding for child care. However, the Minister currently responsible for child care in BC has publicly stated that his government is spending virtually the same amount on child care as the previous government did¹.

In light of these apparent contradictions, the objectives of this document are to:

1. Summarize public funding for child care in BC for the relevant prior years (2000/01 and 2001/02) and compare this information to the current year's budget (2004/05).
2. Share information about federal funding available for ECD, including child care, and options for consideration about increasing public funding for child care in BC.

Public Funding Summary

While parents pay most of the costs of child care in BC, there are two main sources of public funding for child care:

1. **BC's contribution** – currently, the province's own contribution to child care, other than Supported Child Care², flows through the Ministry of Community, Aboriginal and Women's Services.
2. **Federal funds** – two funding streams for children under age 6³:
 - **ECD Agreement** provides BC with \$419 million for ECD, including child care, over 7 years (2001/02 through 2007/08).
 - **Multilateral Framework on Early Learning and Child Care (MLF)** provides BC with \$137 million specifically to improve access to affordable, quality provincially regulated early learning and child care services over 5 years (2003/04 through 2007/08).

The following Table 1 summarizes, and the subsequent notes highlight, public funding for child care in BC over the relevant years:

Table 1	Note	Baseline 2000/01	Inc (Dec)	Year 1 2001/02	Inc (Dec)	Year 4 2004/05
BC's Contribution	2	166	32	198	-42	156
Share of Federal Funds	4,5	0	5	5	2	7
Total Public Funding		166	37	203	-40	163

Baseline Year – 2000/01

- ECD Agreement signed; federal funds not yet available; BC's ECD community develops consensus that province should allocate 2/3 of new federal funds to child care and 1/3 to other ECD programs and services.
- BC's own contribution to child care, and therefore total budget, is \$166 million

Year 1 - The Transition Year – 2001/02

The previous NDP government transitioned to the current Liberal government in June 2001:

- ECD Agreement provides \$39.4 million to BC³; province allocates \$5 million to child care for young children
- BC's own contribution to child care increases by \$32 million, primarily reflecting the low cost child care program for school age children implemented by the previous government.

Year 2 through Year 4 – Cuts to Child Care – 2002/03 through 2004/05

- In year 2, ECD Agreement provides \$52.5 million to BC³; province allocates none to child care.
- Province begins cuts to its contribution to child care; some cuts provide increased funds for other ECD areas. For example, BC's funding of the child care subsidy program for low income families with children under age 6 is reduced by almost \$23 million. This reduction more than offset the \$5 million increase in child care funding for young children reported in year 1, and the savings generated from cutting child care subsidies helped to fund other ECD programs⁵.
- BC's contribution to child care further reduced because families of school age children also had their subsidies cut and the low-cost school age child care program was phased out.
- By year 4, funds available through both federal funding streams increased to \$94 million (see Table 2), of which BC confirms \$7 million included in the budget for the province's child care Ministry (see Table 1).
- With the cuts to child care now apparently complete, BC's own contribution under the current year's budget is \$156 million, reflecting total provincial funding cuts to date of \$42 million or 21% (not including supported child care).

Clarifying the Contradictions

Ministry staff confirm that Minister Coell is comparing the current year to the baseline year (2000/01) when he states that BC's child care funding is essentially unchanged from the level of the previous government. By including \$7 million in federal funding in this year's budget, Ministry staff point out that the result (\$163 million) is only slightly less than the 2000/01 funding of \$166 million (Table 1).

However, Table 1 also shows that the previous government increased provincial funding for child care during year 1 (2001/02), their last year in office and the year of transition to the current government. By the end of year 1, both governments had shared in overseeing an increase in provincial funding for child care of \$32 million.

In expressing their concern about the cuts to child care, community members are comparing the current year to year 1. When first announced, these cuts totaled over \$50 million, but the announced cuts to Supported Child Care and Child Care Resource and Referral programs were not fully implemented². As a result, the overall reduction in provincial funding for child care is now a minimum of \$42 million, plus the final reductions in the provincial contribution to Supported Child Care. Community members advocate that all of these provincial funding cuts should be restored.

Further, community members expected that the progressive increases in federal ECD funding over the last 4 years would result in corresponding increases in public funding for child care in BC. To date, the federal government has provided almost \$250 million in total to BC through the 2 ECD funding agreements³. Of this \$250 million, the province added \$7 million to the provincial child care Ministry's budget in 2004/05, partially offsetting the \$42 million in provincial cuts to date.⁴

Funding Options for Consideration

In order to increase public funding for child care in BC, one option is to seek further increases in funds from the federal government. This option is being strongly pursued by advocates and other community members across Canada, and in fact was at least partly responsible for a recent increase to the MLF funding.

However, there is widespread community concern about using federal funds to replace provincial cuts, rather than increasing public funding to improve access to quality, affordable child care. As a result, community members are seeking restoration of the cuts to the province's funding for child care as an important first step.

With provincial funding restored, another option is to allocate a larger portion of BC's share of the existing federal funding to child care. As noted previously, the total federal funding available for child care under the two federal agreements in 2004/05 is \$94 million, of which \$7 million has been confirmed in the child care Ministry's budget.

Since child care is considered a cornerstone of early childhood development by governments, academics, and community members, how much of these federal funds should the province allocate to child care? There are a number of options to consider. For example, if we applied the initial community consensus of 2/3 ECD funding to child care, Table 2 shows that federal funding could total \$62 million (Option 1). Or, 2/3 of the ECD Agreement funds plus 100% of the child care-specific MLF funds could be allocated to child care, for total federal funding of \$69 million (Option 2).

Table 2	Note	Total ECD	Option 1	Option 2
ECD Agreement - 2004/05	3	66	44	44
Unspent ECD Agreement funds from 01/02 & 02/03	5	8	5	5
Multilateral Framework (MLF)	3	20	13	20
Total Federal Funding		94	62	69

Given that there are now other ECD programs and services whose budgets rely on funding under the ECD Agreement, there are concerns about damaging these programs in order to address the cuts to and underfunding of child care. As the ECD Roundtable of First Call: BC Child and Youth Advocacy Coalition recently stated “we do not advocate that one service area be enhanced at the expense of another.”⁶ To offset these concerns, the province could consider increasing its own investment in child care, particularly now that we understand the BC economy has improved.

Table 3 shows how BC’s public funding for child care in 2004/05 could look if the provincial contribution was restored to 2001/02 levels and supplemented by an amount equivalent to a substantial allocation of the federal ECD funds:

	Option 1	Option 2
Table 3 – 2004/05		
BC's Contribution to Child Care	156	156
Step1 - Restore the Provincial Cuts	42	42
Step 2 - Supplement with Federal Funds	62	69
Possible Revised 2004/05 Budget	260	267
Current 2004/05 Budget	163	163
Increase in Public Funding	97	104

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Notes:

1. As reported in the Times Colonist, April 30, 2004
2. While Supported Child Care (SCC) is integral to child care, planning and budgeting for SCC is currently in a different Ministry (MCFD). SCC funding history not available, but MCFD staff confirm that the announced cuts were not fully implemented. Unless otherwise noted, all of the figures in this document relate to child care funding within the Ministry of Community, Aboriginal and Women's Services (MCAWS). MCAWS also confirmed that the budget cuts for Child Care Resource and Referral, originally announced at 100% for 2004/05, were not fully implemented. 2000/01 and 2004/05 figures from Ministry staff; 2001/02 from the report “Early childhood education and care in Canada, 2001”, www.childcarecanada.org.
3. Government of Canada, www.fin.gc.ca/fedprov/ecde.html, “Federal Support for Early Childhood Development and Early Learning and Child Care”.
4. The provincial cuts initiated in 2002/03 more than offset the increased funding in 2001/02, and the cuts continued through 2004/05. As a result, it is clear that the ECD Agreement has not provided any funds to BC’s child care Ministry to date. MLF agreement introduced in 2003/04 and all of the funds received in that year (\$3 million) allocated to SCC. Of \$20 million MLF funds for 2004/05 Ministry staff confirm \$3m to SCC and \$7m to child care Ministry budget. No information on plan for remaining \$10m.
5. Government’s annual reporting under the ECD Agreement available at http://www.mcf.gov.bc.ca/early_childhood/annual_reports.htm. Also see “BC’s Annual Reporting on ECD – Analysis of Impacts on Child Care” (http://www.cccabc.bc.ca/forum/pdf/CCAF_ECDanalysis.pdf). This analysis assumes the unspent federal funds from 2001/02 and 2002/03 were not spent in 2003/04. As the ECD spending report for 2003/04 is not yet available, the extent of possible underspending in that year is unknown and has not been included in this analysis.
6. May 21, 2004 letter to Premier Campbell.