

Child Care Advocacy Forum

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Participating Organizations:

BC Association of
Child Care Services

Coalition of Child Care
Advocates of BC

Early Childhood
Educators of BC

School Age Child Care
Association of BC

Westcoast Child Care
Resource Centre

Western Canada Family
Child Care Association
of BC

Funding and Support provided by:

Status of Women Canada
- BC/Yukon Region
through Coalition of Child
Care Advocates of BC



VANCOUVER
FOUNDATION

March 2004

It is with dismay and alarm that the Child Care Advocacy Forum is releasing the attached information package that provides an analysis of the BC government's misuse of the federal funds it has received under the federal/provincial/territorial Early Childhood Development (ECD) Agreement.

For the last two years, the Advocacy Forum has raised concerns about the impact of provincial cuts on quality, affordable child care. Based on the experiences of families and caregivers across BC, we have reported on:

- ✓ the exodus of low and moderate income children from licensed child care because their families are not eligible for provincial child care subsidies;
- ✓ the closure of long standing child care centres and early childhood education training programs across the province;
- ✓ the erosion of caregiver wages and working conditions;
- ✓ the increased reliance on the unregulated sector to care for children.

And, we have repeatedly pointed out that BC is using federal early childhood funding to replace, rather than supplement, provincial spending on child care.

Yet, even we are shocked by the contents of BC's report on its 2002/03 ECD expenditures.

[www.mcf.gov.bc.ca/early_childhood/annual_reports.htm]

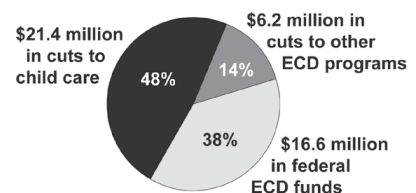
This public report, one of the few accountability measures required of provinces under the ECD Agreement, shows that the damage done to BC's child care system is even worse than we had imagined!

Government's own report shows that, in spite of having received \$50 million from the federal government in 2002/03 for early childhood, BC:

- ✗ **Cut \$23 million from child care subsidies** for low and moderate income families.
- ✗ **Used \$27.6 million taken from child care and other ECD programs** to increase spending on 'priority' programs such as research, community forums and grants to charitable organizations.
- ✗ **Funded 48 cents out of every increased \$1 spent on their priority ECD programs** in 2002/03 over 2001/02 from cuts to child care.

BC increased overall spending on its 'priority' ECD programs by a total of \$44.2 million in 2002/03 over 2001/02. While many programs that benefited from this increased spending are worthwhile – they **cannot be funded** at the expense of child care, which even this government calls a cornerstone of early childhood development.

Where did the \$44.2 million priority ECD funding increase come from between 2001/02 and 2002/03?



Based on the attached analysis, it is clear that the accountability measures contained in the Early Childhood Development Agreement and related Early Learning and Child Care Initiative are inadequate. Regrettably, under the current terms of this Agreement, BC cannot be trusted to manage the federal funds.

The Advocacy Forum is therefore calling for a new federal/provincial/ territorial social framework that provides adequate stable federal funds for child care and holds receiving provinces and territories accountable for using these funds to develop and implement a publicly funded child care program that meets the needs of all children and families.

In the short term, the Advocacy Forum recommends that, as a condition of receiving federal ECD funds, the federal government require provinces and territories to:

- ✓ Maintain or increase their 2000/2001 baseline spending on child care and related early childhood development programs.
- ✓ Use federal funds to supplement rather than replace provincial spending.

Further, the Advocacy Forum calls on the provincial government to immediately:

- ✓ Restore provincial spending on child care to 2000/2001 levels.
- ✓ Use provincial and federal funding to develop and implement a five year plan for a publicly funded child care system in BC.

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VANCOUVER
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BC's Annual Reporting on Early Childhood Development (ECD) – Analysis of Impacts on Child Care

**Prepared for the Child Care Advocacy Forum
by Lynell Anderson, B. Comm., C.G.A.**

March 2004

BC's Annual Reporting on Early Childhood Development (ECD) – Analysis of Impacts on Child Care

INTRODUCTION

In September 2000, the federal government, nine provinces and three territories signed the Early Childhood Development (ECD) Agreement under which they made a joint commitment to improve and expand early childhood development programs and services for children aged birth through six. Over the five years beginning in 2001/2002, the Government of Canada will provide \$291.5 million through this ECD Agreement for BC to invest in four priority action areas:

1. Promoting healthy pregnancy, birth and infancy;
2. Improving parenting and family supports;
3. Strengthening early childhood development, learning and care; and
4. Strengthening community supports.

Participating provincial and territorial governments agreed to prepare “public reports ... on the activities they have selected as priorities for investment”¹ in these action areas. Public reporting began in 2000/2001 with a baseline report detailing provincial expenditures in the four areas covered by the ECD Agreement before federal funds were available. To date, the BC government has released reports for the first two years (2001/2002 and 2002/2003) of expenditures under this agreement. All of these reports are available on the Ministry of Children and Family Development website at www.mcf.gov.bc.ca.

This analysis highlights government's ECD reporting to date specifically as it relates to child care, which is generally considered to be the key component of priority action area 3 (early childhood development, learning and care). Further, given current unprecedented labour force participation rates of mothers of young children, significantly more young children participate in child care than any other early childhood program.

Appendix 1 of this analysis summarizes government's ECD expenditures as reported for the baseline and following two years ending 2002/2003, along with the annual changes in spending. Part 1 of Appendix 1 shows expenditures on all ECD programs other than child care, and part 2 summarizes child care expenditures.

Appendix 2 of this analysis highlights the BC government's ECD expenditures under year 2 (2002/2003) of the ECD Agreement as compared to year 1 (2001/2002). Part 1 of Appendix 2 again shows expenditures on ECD programs other than child care, separating those programs with increased spending in year 2 from those with spending reductions. The 3 funding sources for the programs with spending increases are identified and prorated across individual programs (or group of related programs).

¹ Annual Report on Early Childhood Development Activities – 2002/2003; Page 1.
http://www.mcf.gov.bc.ca/early_childhood/annual_reports.htm

THE ECD REPORTS – BC’S PRIORITIES FOR INVESTMENT

There are two parts to government’s annual reporting:

1. written descriptions of the priority ECD investments, and
2. related spending summaries.

In regards to child care, and specifically in analyzing the BC government’s 2002/2003 report, these two parts tell two different stories.

The written description in BC’s 2002/2003 report describes child care as “a cornerstone of early childhood development”. Further, the report states that “the Government of British Columbia remains committed to achieving its New Era commitments to...target child care funding to help parents who need it most.” Finally, the report states that “new child care programs establish a foundation for the future that is based on sustainable, equitable and predictable funding.”²

The written description is followed by a statement indicating that the child care investment in 2002/2003 has increased by \$5.41 million over the annual baseline amount spent two years earlier.

However, the information contained in the related expenditure summaries on pages 20-22 of the same report stands in stark contrast to these statements.

First, government’s financial information, summarized in the attached Appendix 1, shows that some child care expenditures increased by a total of \$5.4 million in 2002/2003 as compared to the baseline year. However, the written part of government’s report fails to mention that the child care subsidy was reduced by \$23.6 million at the same time.

While federal ECD funds of \$50.2 million were utilized during this time period, the BC government actually reduced their spending on child care programs funded through the Ministry of Community, Aboriginal and Women’s Services (MCAWS) and the Ministry of Human Resources (MHR) by a total of \$18.2 million. Government’s 2002/2003 spending report shows that the funds cut from child care were used to increase spending in other ECD programs and services beyond the funding provided by the federal government.

The child care cuts are even more significant when one compares the ECD expenditures in year 2 (2002/2003) with year 1 (2001/2002), as shown in the attached Appendix 2.

² Annual Report on Early Childhood Development Activities – 2002/2003; Page 7.
http://www.mcf.gov.bc.ca/early_childhood/annual_reports.htm

The current BC government was elected and began to implement its child care policy during year 1 of the ECD Agreement, starting in August 2001 with the repeal of the four year implementation plan for Child Care BC. However, the impacts of most of government's decisions did not start until year 2. Government spent \$33.6 million in federal ECD funds in total in year 1, with \$4.8 million of that amount spent on child care overall. Some year 1 expenditures reflect child care policies and budgets developed before the current government came to power.

Comparing year 2 to year 1 expenditures, government's reports document changes in ECD program spending that indicate their actual ECD priorities. The biggest spending increases between year 1 and year 2 were in autism (\$6.9 million), Aboriginal ECD (\$5.9 million), ECD Funds – United Way and Vancouver Foundation (\$5 million), ECD Research Initiatives – HELP (\$4.7 million), and ECD Community Forums and Initiatives (\$3.8 million).

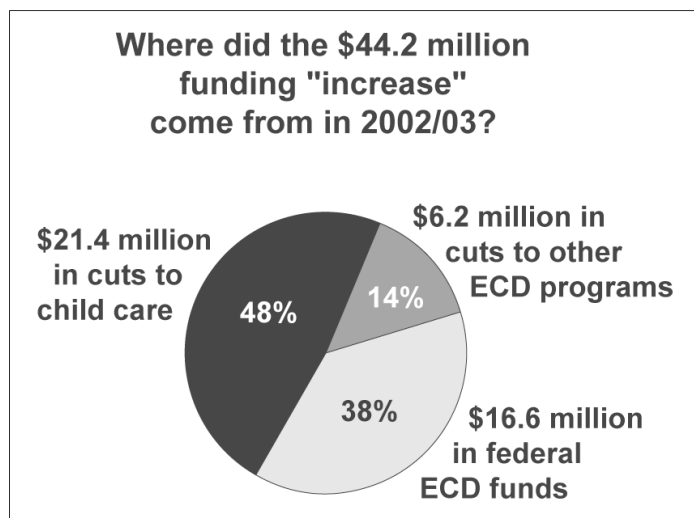
In total, spending on government's priority ECD programs increased by \$44.2 million from year 1 to year 2.

The increase in federal ECD funds utilized during the same time period was only \$16.6 million. How was the balance of ECD spending priorities of \$27.6 million funded?

Government's reports indicate that they funded the majority of their spending priorities through cuts to other ECD programs. Most of the cuts were made to child care programs funded through MCAWS/MHR (\$22.9 million overall), while the remainder came from other ECD programs such as early intervention therapies (\$2.5 million) and a range of family support programs.

As a result, government's own report demonstrates that the single biggest program contribution to government's ECD spending priorities in year 2 as compared to year 1 – bigger even than the increase in federal ECD funds – was the child care subsidy program, which is specifically targeted to low income families, those "parents who need it most".

This program was cut by \$22.3 million, reflecting a policy change introduced on April 1, 2002 whereby low-income families were required to earn lower incomes and to be employed or in training in order to qualify for child care subsidies.



CONCLUSION

Government's description of the value it places on child care is not consistent with the spending priorities outlined in its report. **While government purports to value child care as a cornerstone of early childhood development, 48 cents out of every increased \$1 spent on their priority ECD programs in year 2 as compared to year 1 under the ECD Agreement came from cuts to child care.**

It is also important to note that the ECD Agreement applies only to children under age six. This analysis of BC's ECD spending priorities, and the related cuts to child care, is understated because it does not include the spending reductions in child care subsidy and other child care programs related to school age care for children from 6 – 12 years of age.

THE MULTILATERAL FRAMEWORK – THE NEXT STEPS

In March 2003, federal, provincial and territorial governments agreed on a new initiative within the ECD Agreement called the Multilateral Framework on Early Learning and Child Care. The BC government recently introduced its Baseline Report for 2002/2003 under this framework, which they call the Early Learning and Child Care (ELCC) initiative.

[www.mcaws.gov.bc.ca]

In the introduction to their report, the BC government states that “programs funded through the ELCC initiative are intended to provide direct care and early learning for children under age six, in child care centres, family child care homes and pre-schools. This funding is to be directed to regulated programs, which meet quality standards that are established and monitored by provincial/territorial governments.”

Federal funds through the ELCC will come to BC over a five year period (from 2003/2004 to 2007/2008) and will grow from \$3.3 million in the first year to approximately \$47.6 million in the fifth and final year, for a total of \$117.6 million.

While the first year under this initiative is not yet completed or reported on, the child care community understands that:

1. The \$3.3 million in 2003/2004 was utilized in the Ministry of Children and Family Development's (MCFD) supported child care program. At the same time, government spent much of 2003/2004 redesigning this program away from a sole focus on child care.

2. In 2004/2005, BC expected to receive \$10 million under this initiative. \$3.3 million will continue to be directed to MCFD's supported child care program, with the balance of \$6.7 million retained by MCAWS. Minister Coell confirmed in the budget (estimates) debates on March 11, 2004 that this \$6.7 million will be allocated as follows: \$2.7 million to child care subsidies and \$4.0 million to quality support services (presumably for child care resource and referral programs).
3. The 2004/05 federal budget, released on March 23, 2004, promises to accelerate federal spending under the ELCC. In 2004/05 and 2005/06, the federal government will spend an additional \$75 million per year through this initiative. Now, BC is likely to receive a total of about \$20 million through ELCC from the federal government in 2004/05.

Clearly, even with this additional funding, BC's planned use of the federal Multilateral funds will only partially offset both planned and actual provincial funding cuts to child care.

Analysis of BC's Annual Reporting on Early Childhood Development Activities
Program Expenditure Summary (\$ 000's)

Appendix 1

column #		1	2	3=2-1 Year 1 Increase (Decrease) over Baseline	4	5=4-2 Year 2 Increase (Dec) over Year 1	6=3+5 Year 2 Increase (Dec) over Baseline	7=3+6 Total Change in Spending over 2 years
	Ministry	Baseline 2000/01	Year 1 2001/02	Year 1 Increase (Decrease) over Baseline	Year 2 2002/03	Year 2 Increase (Dec) over Year 1	Year 2 Increase (Dec) over Baseline	Change in Spending over 2 years
Part 1 - ECD Programs other than Child Care								
* ASD/Autism, EISS	MOHS/MCFD	236	9,034	8,798	15,980	6,946	15,744	24,542
Aboriginal - ECD	MCFD	0	944	944	6,873	5,929	6,873	7,817
* ECD Funds (United Way & Vancouver Foundation)	MCFD	0	5,000	5,000	10,000	5,000	10,000	15,000
ECD Research Initiatives (HELP)	MCFD	0	500	500	5,225	4,725	5,225	5,725
* ECD Community Forums & Initiatives	MCFD	0	0	0	3,810	3,810	3,810	3,810
Childhood Immunization	MOHS	5,923	6,502	579	9,886	3,384	3,963	4,542
Learning Initiatives	MCFD	1,112	1,630	518	3,839	2,209	2,727	3,245
Building Blocks	MCFD	2,166	2,531	365	4,298	1,767	2,132	2,497
Infant Development Program	MCFD	6,877	8,296	1,419	9,926	1,630	3,049	4,468
* Nurseline/Health Guide/Parent Info Publications	MOHS	285	285	0	1,881	1,596	1,596	1,596
Midwifery (note 1)	MOHS	3,064	3,064	0	4,595	1,531	1,531	1,531
* Adoption/post adoption services	MCFD	2,157	3,954	1,797	5,317	1,363	3,160	4,957
* PH Nursing/Speech, Audiology, dental, vision check	MOHS	69,019	69,030	11	70,316	1,286	1,297	1,308
Family Resource Programs	MCFD/MAED	0	274	274	1,432	1,158	1,432	1,706
* SN - supports (home, nursing, parent, respite, prof)	MCFD	6,813	7,587	774	8,464	877	1,651	2,425
Fetal Alcohol Spectrum Disorder	MCFD	175	297	122	1,165	868	990	1,112
Consultation for Complex Condition	MOHS	0	0	0	110	110	110	110
Child and Youth Care Workers	MCFD	1,925	2,203	278	2,250	47	325	603
Report error/rounding		0	-1	-1	9	10	9	8
* Pregnancy Outreach/Nobody's Perfect	MOHS	2,866	2,866	0	2,866	0	0	0
Total programs with equal or increased spending in year 2		102,618	123,996	21,378	168,242	44,246	65,624	87,002
Early Intervention Therapies	MCFD	19,161	23,633	4,472	21,145	-2,488	1,984	6,456
* Protective Family Support, Respite, home support	MCFD	13,936	16,425	2,489	14,729	-1,696	793	3,282
Non-protective family support	MCFD	6,142	6,034	-108	4,945	-1,089	-1,197	-1,305
Healthy Kids Dental & Optical	MHR	7,699	8,383	684	7,473	-910	-226	458
At home program	MCFD	1,709	1,549	-160	1,522	-27	-187	-347
Total programs with reduced spending in year 2		48,647	56,024	7,377	49,814	-6,210	1,167	8,544
Total ECD Programs other than Child Care		151,265	180,020	28,755	218,056	38,036	66,791	95,546
Part 2 - Child Care								
Child Care Subsidy-MCAWS/MHR	MCAWS/MHR	101,772	100,486	-1,286	78,209	-22,277	-23,563	-24,849
* Child Care - other MCAWS	MCAWS	24,834	30,890	6,056	30,246	-644	5,412	11,468
Total child care - MCAWS/MHR		126,606	131,376	4,770	108,455	-22,921	-18,151	-13,381
Supported Child Care-MCFD	MCFD	19,877	19,929	52	21,410	1,481	1,533	1,585
Total child care		146,483	151,305	4,822	129,865	-21,440	-16,618	-11,796
Grand total - all ECD Programs		297,748	331,325		347,921			
Total Federal ECD Funds Utilized (note 3)				33,577		16,596	50,173	83,750
% of total spent on child care		49.2%	45.7%		37.3%			
% of total spent on non-child care ECD		50.8%	54.3%		62.7%			
Grand total - all ECD Programs		100.0%	100.0%		100.0%			

* Programs which appear to be related have been grouped together, in order to summarize the information for this analysis

Notes:

1 Year 1 reported expenditures of \$328,261, but in the year 2 report the baseline (00/01) was increased by \$3,064 for midwifery. This analysis assumes yr 1 spending on midwifery was unchanged, therefore \$3,064 is added to the year 1 expenditures.

2 All annual expenditures, other than as noted in 1 above, are summarized from the BC ECD annual reporting available at www.mcf.gov.bc.ca.

3 Under the ECD Agreement, the federal government provided approximately \$39.4 million to BC in 2001/2002 (actual BC expenditures = \$33.6m), and \$52.5 million in 2002/2003 (actual BC expenditures = \$50.2m). In total, BC received \$91.9 million from the federal government in the first 2 years of the ECD Agreement, and utilized \$83.8 million, leaving \$8.1 million unspent.

Analysis of BC's Annual Reporting on Early Childhood Development Activities
Program Expenditure Summary (\$ 000's)

Appendix 2

		ECD Expenditures				Funding Source for ECD Increases			
	Ministry	Year 1 2001/02 000's	Year 2 2002/03 000's	Increase (Decrease) 000's	%	Cuts to Child Care 48%	Federal ECD \$ 38%	Cuts to Other ECD 14%	Total 100%
Part 1 - ECD programs other than child care									
* ASD/Autism, EISS	MOHS/MCFD	9,034	15,980	6,946		3,366	2,605	975	6,946
Aboriginal - ECD	MCFD	944	6,873	5,929		2,873	2,224	832	5,929
* ECD Funds (United Way & Vancouver Foundation)	MCFD	5,000	10,000	5,000		2,423	1,875	702	5,000
ECD Research Initiatives (HELP)	MCFD	500	5,225	4,725		2,290	1,772	663	4,725
* ECD Community Forums & Initiatives	MCFD	0	3,810	3,810		1,846	1,429	535	3,810
Childhood Immunization	MOHS/MCFD	6,502	9,886	3,384		1,640	1,269	475	3,384
Learning Initiatives	MCFD	1,630	3,839	2,209		1,070	829	310	2,209
Building Blocks	MCFD	2,531	4,298	1,767		856	663	248	1,767
Infant Development Program	MCFD	8,296	9,926	1,630		790	611	229	1,630
* Nurseline/Health Guide/Parent Info Publications	MOHS	285	1,881	1,596		773	599	224	1,596
Midwifery (note 1)	MOHS	3,064	4,595	1,531		742	574	215	1,531
* Adoption/post adoption services	MCFD	3,954	5,317	1,363		660	511	191	1,363
* PH Nursing/Speech, Audiology, dental, vision check	MOHS	69,030	70,316	1,286		623	482	181	1,286
Family Resource Programs	MCFD/MAEd	274	1,432	1,158		561	434	163	1,158
* Total programs with increases < \$1million		12,952	14,864	1,912		926	717	268	1,912
Total programs with equal or increased spending in year 2		123,996	168,242	44,246	100%	21,440	16,595	6,211	44,246
Early Intervention Therapies	MCFD	23,633	21,145	-2,489					
* Protective Family Support, Respite, home support	MCFD	16,425	14,729	-1,696					
Non-protective family support	MCFD	6,034	4,945	-1,089					
Healthy Kids Dental & Optical	MHR	8,383	7,473	-910					
At home program	MCFD	1,549	1,522	-27					
Total programs with reduced spending in year 2		56,024	49,814	-6,211	14%				
Total ECD Programs other than Child Care		180,020	218,056	38,035					
Summary of Funding Sources: (\$ Millions)									
						Cuts to child care			21.4
						Cuts to other ECD programs			6.2
						Total Funding Cuts			27.6
						Federal ECD Agreement Funds			16.6
						Total funding for priority ECD			44.2
Part 2 - Child Care									
Child Care Subsidy-MCAWS/MHR	MCAWS/MHR	100,486	78,209	-22,277					
* Child Care - All other MCAWS	MCAWS	30,890	30,246	-644					
Total child care - MCAWS/MHR		131,376	108,455	-22,921					
Supported Child Care-MCFD	MCFD	19,929	21,410	1,481					
Total child care		151,305	129,865	-21,440	48%				
Grand total - all ECD Programs		331,325	347,921						
Total Increase in Federal ECD Funds Utilized				16,595	38%				

Summary of Funding Sources:	<i>(\$ Millions)</i>
Cuts to child care	21.4
Cuts to other ECD programs	6.2
Total Funding Cuts	27.6
Federal ECD Agreement Funds	16.6
Total funding for priority ECD	44.2

* Programs which appear to be related have been grouped together, in order to summarize the information for this analysis

Notes:

- Year 1 reported expenditures of \$328,261, but in the year 2 report the baseline (00/01) was increased by \$3,064 for midwifery. This analysis assumes yr 1 spending on midwifery was unchanged, therefore \$3,064 is added to the year 1 expenditures.
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