

Child Care Advocacy Forum

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BC Association of
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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

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PROVINCIAL AND FEDERAL 2005 BUDGETS What do they mean for Child Care?

In February, 2005 the BC government and the federal government released their 2005/06 budgets. From these budgets, we should be able to see how much money each level of government plans to spend on child care and their child care policy directions.

If we take the headlines at face value, the budgets should include good news for child care. Both levels of government have surpluses. The province heard in its pre-budget consultations that British Columbians want the surplus reinvested in social programs. And, the federal budget provides Paul Martin with his first opportunity to deliver on his election promises. However, behind the rhetoric and buried numbers – another reality emerges.

The Provincial Budget

The February 15, 2005 provincial budget places a lot of emphasis on anticipated federal child care initiatives. The document reconfirms that BC has agreed on four principles to guide its use of the promised \$5 billion federal investment in a national system of early learning and child care – Quality, Universally Inclusive, Accessible and Developmental. Three additional BC principles that are “consistent with British Columbia's vision for a sustainable child care system in which families can choose from a range of affordable, safe, quality child care options that meet diverse needs” are also named – Choice/Flexibility, Targeted Investment and Integrated Services.

Given that the BC budget was presented before confirmation of the federal budget and BC's share of the new \$5 billion federal investment in a national child care system, these funds were not included in the budget. Rather, the budget says that the BC government will table a supplemental estimate once this amount is known. Fair enough.

But, the budget should tell us how much of its own funds BC will spend on child care and how much of the \$95 million in federal funds already committed to early childhood in BC will be allocated to child care.

Sadly, the budget is still not clear about this and finding the facts takes some work. The starting place is the Ministry for Children and Family Development's (MCFD) Service Plan which combines Early Childhood Development, Child Care and Supports to Children with Special Needs in the same budget line. This makes it impossible to know how much will actually be spent on child care programs and whether or not 2005/06 spending reflects an increase in provincial spending.

Senior MCFD staff have since confirmed that the 2004/05 (this year) child care program spending estimates were revised from \$163 million up to \$171 million. This \$8 million increase reflects BC's share of the Early Learning and Child Care federal transfer fund that was upwardly adjusted by \$10 million mid year. This means there has been **no** increase in provincial child care spending in 2004/05.

The provincial budget for 2005/06 (the coming year) estimates that BC will spend \$183 million on child care, an increase of \$12 million over the 2004/05 revised estimates. \$10 million of this increase will come from the existing Early Learning and Child Care federal transfer, with only an increase of \$2 million in provincial spending.

As the chart below indicates, provincial spending next year will still be \$40 million less than it was in 2001/02 and, even with \$25 million in committed federal funds, **total** child care spending will be \$20 million less than in 2001/02.

	Funding Reported for 2001/02 (millions)	Original Approved Budget 2004/05	Revised Estimates for 2004/05	Proposed Budget for 2005/06
BC's Contribution	198	156	156	158
Allocation of Federal Funds	5	7	15	25
Total BC Child Care Funding	203	163	171	183

What about BC's policy directions? Although BC has expressed commitment to principles as outlined above, the only other indication of government's child care plans can be found in the MCFD Performance Measures. The first performance measure commits MCFD to increasing 'regulated' child care spaces by 1500 in 2005/06. It is important to note the change from measuring 'licensed' spaces to measuring 'regulated' spaces. This is a strong indication of this government's increasing reliance on the unlicensed sector. The second child care performance measure establishes a target for the number of families who will receive child care subsidies. The 2005/06 targets **only equals** the number of families who received provincial child care subsidies in 2001/02.

So, after 4 years, government can only hope that next year access to child care subsidies will be back to where it started before they made significant provincial cuts. Previous performance measures of the number of funded child care services providers, and the percentage of eligible centre and family- based providers receiving provincial funds, will now only be tracked internally with no public accountability.

Good news? Regrettably – not yet!

The Federal Budget

Families, caregivers and child care advocates had high hopes for the federal budget. After all, the minority federal Liberal Government came to power promising that this time, they would deliver a national child care system. In addition to the funds they already transfer to provinces and territories for early childhood development, including child care, they promised to transfer another \$5 billion over 5 years to start building the system and gave Minister Ken Dryden the task of delivering on the promise. Minister Dryden was eager and convened two meetings with his provincial and territorial counterparts prior to the federal budget to reach an agreement on Canada's first new social program in decades. So, what happened?

Well, the February federal budget did include a five year plan for transferring the promised \$5 billion in federal support for what is now called an Early Learning and Child Care (ELCC) Initiative as outlined below.

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	TOTAL
ELCC Initiative (in millions)	200	500	700	1,200	1,200	1,200	5,000

From these funds, \$100 million is allocated for First Nations on-reserve child care and another \$100 million will go to support improved research and the development of common indicators and benchmarks. But does this deliver on the federal government's child care promise?

Again, not yet and here's why:

The first \$700 million (2004-05 and 2005-06) is going into a 'third-party trust' that provinces and territories will be able to draw upon, on a per capita basis, until March 31, 2006. BC's share will be about \$91 million. The federal budget says that this mechanism will be used "while a framework for quality programs and services across the country is developed".

Third party trusts are often used by the federal government to clear funds that it wants to allocate for certain purposes from its books before the end of a fiscal year. While a third party trust may be a way to set funds aside, it is not the way to build a child care system. As a review of BC's child care spending over the last 4 years clearly demonstrates, simply transferring funds for child care to the province without requiring that it be used to build a quality child care system does not work.

That is why thousands of BC families and advocates told Minister Dryden that he had our strong support for reaching an agreement this time that ensured:

- ✓ Federal funds would supplement, rather than replace, provincial spending on child care.
- ✓ Federal funds would enhance access to quality, licensed and regulated child care.
- ✓ The province would be held accountable for building a publicly funded child care system that entitles all of BC's children access to quality child care services.

We supported BC's Minister, Stan Hagen, in calling for a federal commitment beyond \$5 billion over five years so that the province would have sustained federal funds to help build the child care system that BC children and families need and deserve.

On these counts – the federal budget falls fall short of the hope and promise.

What Now?

Both the federal and provincial budgets make it clear that we all still have a lot of work to do.

Here are our priorities:

1. We will continue to advocate for a federal/provincial/territorial agreement that creates a child care system based on principles, entitles all children from birth to 12 years of age access to quality child care services and holds governments accountable for using federal funds to build and sustain quality services for children and families.
2. We will continue to call for full restoration of provincial child care funding to 2001/02 levels and for a long term child care plan that moves us away from the current patchwork of user fee services to an integrated, quality, publicly funded child care system.
3. We will work to ensure that every candidate in the next provincial election to be held on May 17, 2005 understands that "BC works if child care works" and makes a commitment to a clear and accountable plan for building the child care system children and families need.