

Child Care Advocacy Forum

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BC Association of
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Coalition of Child Care
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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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\$4.9 Million for Child Care Encouraging but Far Short of the Need August, 2004

On July 27, Minister Christy Clark, the minister now responsible for child care in BC, announced \$4.9 million in 'increased' child care spending.

Minister Clark says these funds are part of the federal/provincial Multilateral Framework on Early Learning and Child Care and will be spent as follows:

- \$1.7 million to help children of low income parents who are not in the paid labour force attend pre-school.
- \$435,000 in capital funds to support some of the costs of developing 200 new spaces in 8 projects.
- \$1 million in capital funds to assist with the costs of expanding, maintaining and repairing existing child care facilities.
- \$700,000 to be reinstated to enhance funding for Child Care Resource and Referral programs.
- \$1.1 million to supplement operating funds for school age care.

The Advocacy Forum is encouraged that the province is now talking about spending rather than cutting funds for child care. After three years of denial, the province is finally acknowledging that their cuts to child care have limited access to quality care for thousands of children. These children and their families have paid the price for government's "difficult decisions" and have lost their only chance for a community-based quality early childhood experience.

This small reinvestment in child care will be welcome news for some families and child care services. Given the challenges that low and moderate income families face in accessing quality care, every little bit helps.

However, the announced \$4.9 million and related spending priorities do not come close to restoring the provincial cuts to child care or to repairing the damage done to children, families and BC's child care services over the last 3 years.

As the provincial election nears and federal child care funds flow to BC, we expect more child care spending announcements in the coming months.

The Advocacy Forum will continue to call for:

- **adequate provincial financial reinvestments in child care.**
- **spending priorities that move us towards a publicly funded system that entitles all children access to quality child care programs.**

Regrettably, on both of these criteria, the recent announcement falls short of the need. Here's why:

1. Federal funds are still used to offset provincial cuts.

Since 2001/02, the province has cut \$42 million from its annual child care budget¹. Over the same period, BC received close to \$250 million¹ in total from the federal government for early childhood development and child care. Until the latest announcement, only \$6.7 million¹ of these federal funds were committed to child care.

Yet, of this \$4.9 million in child care spending, Ministry staff confirm that \$2.5 million is not new funding. Capital funding of \$435,000 was already in this year's approved child care budget. The additional \$1 million in capital and the \$1.1 million for school age care will both come from reallocations within this approved budget, which we are told has been significantly under spent in each of the last three fiscal years. Given the tremendous unmet needs, this under spending is shocking.

So, of the \$4.9 million announced on July 27th, **only \$2.4 million represents 'new' money for child care** - the \$1.7 million for subsidies for pre-school and the \$700,000 for Child Care Resource and Referral Programs. The province has approximately \$94 million¹ in federal funding this year through the two federal/provincial agreements which could be used for early childhood development, including child care. This recent announcement means that child care's share of these funds will only increase from \$6.7 million to \$9.1 million in BC, as summarized in the following table.

2004/05 Child Care Funding in BC <i>not including Supported Child Care</i>	Original Budget¹ <i>\$ millions</i>	Impact of July 27, 2004 Announcement <i>\$ millions</i>
BC's Funding	156	156
BC's Allocation of Federal Funding	7	9
Total Child Care Funding in BC	163	165

BC is still not reinvesting provincial dollars in child care and is using a small portion of available federal funds to offset some of the worst impacts of the provincial cuts.

2. Subsidies and unlicensed care will not build a quality system.

For the most part, the \$4.9 million will be spent in ways that are not tied to a clear vision or to a plan for a publicly funded, high quality, accessible child care system.

Pre-school subsidies for children of low income parents who are not in the paid labour force are not new. This reverses one of the province's most ill-conceived decisions to eliminate a \$107 monthly subsidy that was available to help these children attend pre-schools. Eliminating this subsidy has meant that thousands of children lost out on a quality, community-based early childhood experience and many pre-schools closed their doors.

While this reversal is long overdue, the fact is that families will only benefit if pre-schools exist in their neighbourhoods and if the pre-school fees match the subsidy a parent receives. If not, even the poorest parents will have to pay the difference between the subsidy and the actual cost of pre-school fees.

This is just one reason why subsidies are not the way to fund a quality child care system.

The subsidy system is based on the premise that government's role is to help low income parents compete with more affluent parents to pay for child care. Child care providers set their own fees. Their operating budgets and financial stability depend on whether there are enough

families in their community who can afford the fees, and trained caregivers willing to work for the wages providers can pay. Programs serving lower income families are particularly vulnerable and struggle to generate enough fee revenue to cover the costs of delivering quality care.

Under these circumstances, affluent families are always at an advantage. Given their ability to pay more than the subsidy rate and the chronic shortage of licensed spaces in BC, their children can access the higher cost spaces, which are more likely to be of higher quality. Low and moderate income families, including those who receive subsidies, are left with little choice but to piece together informal, unlicensed and often unstable care.

The tragic irony is that while the subsidy system purports to target limited public dollars for those most in need, what we really have is a situation where children most likely to benefit from quality care, because of economic or social risks, are least likely to access it. After 30 years, it is crystal clear that a targeted subsidy system cannot fix these fundamental problems

This highlights a second major concern about government's child care spending priorities – the increasing reliance on unlicensed care for the majority of BC's children. The supply of licensed child care spaces in BC accommodates only 12% of the children. As a result, families have to use informal and unlicensed care. This situation has been exacerbated by a policy in BC that provides child care subsidies for unlicensed care. Unlicensed care in BC is cheaper and over half of BC's subsidy budget is spent on this type of care even though there is no public accountability for the quality of care provided.

Yet, the research is clear that quality matters. For all children, quality child care promotes healthy development while poor quality care does not. This is true for all families, whether low, middle or high income. The research is also clear that factors associated with quality include licensing, caregiver training and compensation, and stability of caregiver/child relationships. All of these factors are left to chance in unlicensed care.

This is where the recent announcement about additional funding for Child Care Resource and Referral (CCRR) Programs is relevant. CCRRs developed in the 1990s with a mandate to provide parents with information about child care in their region and to support child care providers in the community. Over time, CCRRs became the face and voice of child care in many communities. In 2001, the province announced that funding for CCRRs would end as of April 1, 2004. Again, after strong community advocacy, the decision was reversed, albeit with a reduced overall budget. While the total CCRR budget is still inadequate, more federal funds will now go to CCRRs.

However, government now expects CCRRs to increasingly focus on recruitment and support of the unlicensed sector with reduced services and support for licensed child care. The government's rationale for this approach is that since most children are in unlicensed care, CCRRs should support "parental choices".

But again, the evidence clearly indicates that when parents can access affordable, licensed family and centre care, they 'choose it'. In the current context, the 'use' of unlicensed care cannot be confused with a real choice. Real parental choice requires a range of affordable, accessible, quality options.

Government's spending priorities for the \$4.9 million continue to rely on strategies that will not build a quality child care system.

3. There is a way to move forward.

To achieve system wide goals, BC needs operating funding provided directly to licensed child care centres and family child care providers. This funding program requires three essential elements:

- Funding levels that substantially cover the actual costs of providing quality care.
- Funding that is stable and not subject to change as a result of normal fluctuations in enrolment.
- Accountability measures to ensure public funds are used to achieve the goals of affordable parent fees, adequate and fair compensation for caregivers and high quality care for all.

A direct operating funding program based on these elements is the way to move forward.

In the recent announcement, only the increased funds for school age care will go into direct operating funds. Unfortunately, the \$1.1 million is woefully inadequate and will only provide an increase of 25 - 50 cents a day per school-aged child. These funds will be delivered through the Child Care Operating Fund (CCOF).

CCOF, the program through which the province provides operating funds to licensed family and group child care programs, is not based on the 3 essential elements above. CCOF payments are based on enrolment. Fully enrolled programs serving families who can afford to pay current fees get more public funding than programs with vacancies where families can't afford to pay the fees. There are no requirements that CCOF dollars be used to limit parent fees, provide adequate wages or promote quality. CCOF is entrenching a two-tiered child care system.

Minster Clark says that her recent announcement is one step of many that her government will take over the next few months to improve early childhood and child care programs.

The Child Care Advocacy Forum therefore continues to urge Minister Clark and her government to take the following actions:

- **Restore provincial funds cut from child care.**
- **Use federal funds to supplement rather than replace provincial cuts.**
- **Implement and adequately fund an accountable direct operating funding program as the first step in developing a five year plan for a publicly funded child care system that entitles all BC children access to quality child care programs.**

NOTES

¹ See www.cccabc.bc.ca/forum/pdf/AdvForum_CCDeficit.pdf for detailed analysis of these figures.