

Child Care Advocacy Forum

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Early Childhood Educators
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School Age Child
Care Association

Westcoast Child Care
Resource Centre

Western Canada Family
Child Care Association of
BC

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WHY INCREASES TO SUBSIDY WON'T FIX CHILD CARE

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What is the Child Care Subsidy Program?

For close to 30 years, the child care subsidy program has been the mainstay of provincial financial support for child care. Today, the subsidy program accounts for over 60% (\$120 million year) of provincial spending on child care.

The subsidy program is a 'targeted program' that assists low -income families with their basic child care costs. Here's how it works:

The provincial government sets financial and social criteria for eligibility.

- An income test determines if a family is eligible for full or partial subsidy.
- To be eligible, parents must be working, seeking work, attending school or undergoing medical treatment.
- Families who want to enroll their child in a pre-school program may also apply.

The provincial government establishes maximum subsidy rates for all forms of care.

- Eligible families 'authorize' the provincial government to direct their subsidy to the child care program or caregiver they are using.
- If parent fees are higher than the parent's subsidy (which is usually the case), the parent must pay the difference directly to the caregiver.
- Subsidies can be used in family and centre based licensed care and pre-schools; unlicensed family care; or care in the child's own home.

Does the Subsidy Program work?

In the current user-fee system, the subsidy program meets an essential need.

However, there are a number of problems with the subsidy program:

- Subsidy rates have not been increased since 1994 and current rates do not reflect the actual cost of care. Most subsidized parents still have to pay fees, over and above their subsidy. This puts quality care out of their reach.
- Eligibility rules and income testing means that only 10% of B.C. families currently receive a child care subsidy. The vast majority of families, including many working poor, have to pay the full cost on their own.
- Over 60% of subsidies go into unregulated care, where there is no way to ensure basic safety standards and no accountability for public funds.
- The subsidy program is delivered through income assistance offices and processes. For many parents, it carries the stigma associated with 'welfare' and the application and interpretation of the 'rules' are not consistent across communities or regions.
- Because the subsidy program is tied to income assistance its primary focus is labour market attachment – not early childhood development. The intent is mother's entry into the paid labour force. The quality of care their children receive is secondary, and often based on the cheapest care available.

Why won't increases in subsidy fix child care?

At first glance, it may seem that the most efficient way to spend limited public dollars is to increase child care subsidy rates. But, a closer look shows that increasing subsidies will not build the child care system we need. Here's why:

1. Child care subsidies do not create child care spaces. Currently there are licensed child care spaces for less than 25% of the children from birth to 12 years of age in B.C.
2. Child care fees in B.C. are set in relationship to the subsidy rates. Increases in subsidy rates often result in fee increases. Subsidized parents who pay the difference between their subsidy rate and the actual cost of care are no better off and parents who don't receive a subsidy are worse off.
3. Subsidies entrench a two-tiered system. While some families can pay for enriched child care, low and moderate income families are often forced to use lower quality care.
4. Subsidies are only available for low-income parents who are at work or school. "Stay at home" parents; families where both parents attend school and sponsored immigrants and refugees are not eligible.
5. Subsidies used in the unregulated sector are not an accountable way to spend public dollars. We have a right to some assurances that public funds are being spent efficiently on services that support healthy childhood development.
6. Subsidies do not support financial stability for child care programs. Fluctuating attendance leads to reduced revenues, which puts the entire child care program at risk. Think of it this way – if we only funded fire departments on a fire-by-fire basis, fire halls wouldn't have a secure budget to keep them open every day so that they can respond to an alarm when it comes. The same is true for child care.
7. Provincial and international trends show that when regulated care is affordable, parents 'choose' it. Parental choices are dictated by cost and availability. The subsidy system has encouraged the growth of a large unregulated child care sector, not because this is what parents want, but because this is the only 'choice' available to them. Subsidies do nothing to increase real choices.

Remember, if the child care subsidy system was 'the answer', we would already have a quality system that children can access; parents can afford and that provides caregivers with an adequate livelihood.

**But, after 30 years of putting most of our dollars into the subsidy system –
IT HASN'T WORKED!**