

### FACT SHEET



## \$10 A Day Child Care A Key to Ending Family Poverty

In 2011, the Coalition of Child Care Advocates and the Early Childhood Educators of BC released a **Community Plan for a Public System of Integrated Early Care and Learning**. The Plan offers a concrete, innovative 'made in BC' solution to the child care crisis facing families with young children.

If and when government puts the Plan in place, child care will cost families \$10 a day for a full-time program, \$7 a day for part-time, and no user fee for families with annual incomes under \$40,000. Every young child will have the right to participate in quality early care and learning programs that meet their needs. It will be up to families to choose what services work for them.

With new investments from the province, locally elected school boards will provide early care and learning programs with the operating funds needed to deliver quality care. Early Childhood Educators will receive the respect and remuneration they deserve. Learn more about the Plan at [www.ecebc.ca/news/integrated\\_project.html](http://www.ecebc.ca/news/integrated_project.html)

This fourth fact sheet in the series highlights the relationship between the early care and learning plan and a poverty reduction strategy for BC.

### POVERTY AFFECTS US ALL<sup>1</sup>

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Despite being one of the wealthiest provinces in the country, 11.5 per cent of the population<sup>2</sup> – that's over half a million British Columbians – live in poverty.<sup>3</sup>

BC's child poverty rate was the highest in Canada for eight years in a row, and is now the second highest at 10.5 per cent.<sup>4</sup> Most poor people are working, and almost half of BC's poor children live in families where at least one parent has a full-time, full-year job.

BC also has one of the highest rates of income inequality in Canada. Inequality negatively impacts physical and mental health, education outcomes, trust and community life, children's health and wellbeing, drug addiction, and more.

Poverty is not just a hardship for those who experience it. It is costly to us as a province.

Poverty reduction is a sound investment for our province, our communities and ourselves. And yet, BC is one of only two provinces left without a poverty reduction plan.

### CHILD CARE KEY TO POVERTY REDUCTION

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Affordable, high quality child care is key to an effective poverty reduction strategy. Along with increased welfare rates, a living wage for all, and affordable housing, the Community Plan for A Public System of Early Care and Learning is the single quickest way government can help BC families and their children move out of poverty.

Experts agree that the \$10/day child care Plan will reduce poverty in a number of ways.

**This fact sheet highlights the relationship between the Plan for early care and learning and a poverty reduction strategy for BC.**



**The Plan will lower fees dramatically. Full-time care will cost \$10 a day, part-time care \$7 a day and families with annual incomes under \$40,000 will pay no fees at all. This fee reduction will move many families out of poverty and keep others from becoming poor. It will be particularly essential to women whose participation in the labour market is often dependent on the availability of safe, affordable, high quality, stable child care.**



**The Plan provides ECEs with an average hourly wage of \$25 plus 20% benefits. This will lift many ECEs and their families out of poverty, stimulate local economies and increase BC's tax base. With the increased education recommended in the Plan, ECEs will begin to move toward parity with teachers and be recognized and respected for the work they do.**

## THE COST OF CHILD CARE

Child care fees for children under six are the second highest family expense after housing.

*The cost of regulated child care services erodes take-home pay for employed parents more than taxes do.*

*Currently, BC has among the highest child care fees in the country. [While] average undergraduate tuition fees at BC's universities are \$5,000 annually...families with a 2 year old child will pay on average \$9,000 annually in child care fees and those with a 4 year old pay \$7,000. Families in large cities such as Vancouver pay an average of \$14,000 for child care for their toddler. Meanwhile, Manitoba families pay only \$4,500 and Quebec families pay \$1,800 for both age groups.<sup>5</sup>*

The high cost of child care makes it inaccessible to many middle income families, and completely out of reach for those struggling financially. Families with incomes low enough to qualify for the provincial low-income subsidy often don't have the funds to make up the huge difference between the subsidy and the actual fees. And, the only way some families can get additional help with child care fees is to have an open 'child protection' file.

## CHILDREN'S DEVELOPMENT

Poverty undermines children's healthy development, increasing their exposure to food insecurity, substandard housing, family stress and social exclusion. It makes them more vulnerable to chronic disease, school failure, and criminal involvement.

International research demonstrates that a high-quality early care and learning system has immense benefits for children's development in all key areas. This is true for all children, but in particular for those from families with lower socio-economic status.<sup>6</sup>

The research is clear that the quality of care children receive in their early years matters. Only quality child care delivers these developmental benefits.

## EARLY CHILDHOOD EDUCATORS

Success of a high quality early care and learning system depends on a well-respected, well-educated and fairly-compensated workforce. Yet BC's college and university trained Early Childhood Educators (ECEs) do not earn wages and benefits that reflect the importance or challenge of the work they do.

In 2009, the average wage for full-time ECEs and assistants in BC was \$16.46 an hour.<sup>7</sup> As a result, many licensed ECE's live in poverty and cannot afford child care for their own children. Often, they have no choice but to leave the field to earn a living wage elsewhere.

New people are hesitant to enter the field for the same reason.

As of July 2012, there were 12,984 licensed ECEs on the BC ECE Registry. All have specialized post-secondary education, yet projections are that only about 50 per cent are currently working in the field.<sup>8</sup>

ECEs provide services that are vital to the health and wellbeing of children, families and communities. To attract and keep qualified ECEs, they need a living wage and respect for their work.

## A LIVING WAGE<sup>9</sup>

*The living wage is the hourly rate at which a family with two full-time earners and two young children can meet its basic needs, once government taxes, credits, deductions and subsidies have been taken into account. It is enough to lift families out of poverty and provide a basic level of economic security, but it's based on a bare-bones budget without the extras that many of us take for granted.<sup>10</sup>*

The living wage is calculated based on actual costs in specific communities. The 2012 living wage rate for Metro Vancouver is \$19.14 per hour. This is a 33-cent increase over the 2011 Metro Vancouver living wage of \$18.81/hour, which is driven, in part, by a \$33 a month increase in child care fees. Estimates are that at least 25% of families in Metro Vancouver do not earn a living wage.

Other communities have also estimated their own living wage (see table). Employers are called upon to provide a combination of wages and benefits that enable families to earn a living wage, but public policy also plays a role in meeting a living wage.

## GOVERNMENT AND BUSINESS BENEFIT TOO

More people in the paid labour force leads to more tax revenue. The long-term cost benefits of providing early learning and child care programs are evident in examples such as the Quebec model. Recent research indicates that their provincial \$7 a day child care system now pays for itself: for every dollar Quebec invests, it recoups \$1.05 while Ottawa receives a 44-cent windfall.<sup>11</sup>

Inaction on child care comes at a price, not only to the families and children themselves but also to the business community. Research from the Human Early Learning Partnership at UBC shows that work-life conflict for parents with young children causes problems for employers, including higher absenteeism, greater turnover, lower productivity, and increased use of extended health benefits. For those employees with pre-school-aged children, this costs the BC business community \$600 million per year. Investing in affordable, publicly funded child care for families will reduce these costs significantly.

## WE CAN AFFORD IT

Despite the positive impact the Plan will have on reducing poverty, politicians still use the tired old response that we can't afford it. Seth Klein, Director of Canadian Centre for Policy Alternatives – BC Office emphasizes how an unfair tax system has eroded our ability to invest in child care:

*Surprisingly, the changes in the provincial tax system between 2000-2010 have left BC with a regressive tax system, which means that the higher your income in BC, the lower your overall tax rate.<sup>12</sup> Amazingly, the provincial treasury now relies more heavily on sales tax income than it does on income tax, and, even more shockingly, collects more from MSP premiums than it does from corporate income taxes.*

*Income tax cuts, which have disproportionately benefited the wealthy, come at a price – foregone government revenues and reduced public services. In short, tax cuts equal services cuts. Between 2000 and 2010, BC's tax*

Living wage	
Sunshine Coast	\$18.80
Greater Victoria	\$18.07
Metro Vancouver	\$19.14
Kamloops	\$17.95
Kelowna (Central Okanagan)	\$17.17
Abbotsford	\$16.42
District 69 (Qualicum)	\$16.94
Williams Lake	\$15.77
Cranbrook	\$14.16

**The Plan will significantly reduce the living wage families require to meet their basic expenses. In Metro Vancouver, the living wage will drop by \$3.23 per hour to \$15.91. Employers would no longer have to cover these costs in the wages and benefits package.**





**Our organizations have endorsed the Plan and are calling on government to implement it as part of a comprehensive poverty reduction strategy.**

**We call on you to do the same.**

**If child care were free for families making less than \$40k per year, this would mean “Open doors, opportunities to expand your education, and employment. It means your children can access early learning opportunities and be school ready. Opportunities to build the capacity of the community and move a community from poverty to an enriched community...”**  
— parent Gina Hawkins

*revenues fell by 1.7 per cent of GDP, or \$3.4 billion a year – money that could be available to spend on needed public services, such as an early care and learning program.*

*It's time for the provincial government to restore fairness to our tax system and provide the public services that are much needed.*

Let's not forget that working mothers with young children already pay taxes, but are not getting the services they need in exchange. It's time to consider the services that we need and reconfigure our tax system to provide them.

## CONCLUSION

The Plan can and will help families and children move out of poverty. It is a wise investment that will pay for itself. A fair tax system will provide the revenue government needs to get started. That is why our organizations have endorsed the Plan and are calling on government to implement it as part of a comprehensive poverty reduction strategy.

We call on you to do the same.

### Notes

- 1 [bcpovertyreduction.ca](http://bcpovertyreduction.ca)
- 2 Statistics Canada, Income in Canada 2010, Table 802, Cat. no. 75-202-X.
- 3 For poverty rate calculation methods see [www.firstcallbc.org/pdfs/economicequality/3-reportcard2011.pdf](http://www.firstcallbc.org/pdfs/economicequality/3-reportcard2011.pdf)
- 4 Statistics Canada SLID (Survey of Labour and Income Dynamics) 2010.
- 5 Surrey Board of Trade and Children's Partnership of Surrey-White Rock, Business and Families Position Paper, March 2012. [www.businessinsurrey.com/storage/advocacy\\_docs/business%20%20families%20position%20paper.pdf%20](http://www.businessinsurrey.com/storage/advocacy_docs/business%20%20families%20position%20paper.pdf%20)
- 6 Hertzman, Clyde. 2004. *Making Childhood Development a Priority: Lessons from Vancouver*. Vancouver: Canadian Centre for Policy Alternatives.
- 7 Shannon Pendergast, BC Wage & Salary Survey, BC Stats (Victoria: Ministry of Advanced Education and Labour Market Development, June 2010), p.8,
- 8 Early Childhood Educator Registry, August 2012.
- 9 [http://livingwageforfamilies.ca/?page\\_id=7](http://livingwageforfamilies.ca/?page_id=7)
- 10 [www.vancouverun.com/business/take+hour+from+both+parents+raise+fami+ly/6528327/story.html](http://www.vancouverun.com/business/take+hour+from+both+parents+raise+fami+ly/6528327/story.html)
- 11 Fortin, Pierre, Luc Godbout and Suzie St-Cerny. 2011. *Economic Consequences of Quebec's Educational Childcare Policy*. Presented at Early Years Economics Forum, Toronto. [www.oise.utoronto.ca/atkinson/UserFiles/File/EarlyLearningEconomicForum\\_Fortin.pdf](http://www.oise.utoronto.ca/atkinson/UserFiles/File/EarlyLearningEconomicForum_Fortin.pdf)
- 12 Klein, Seth, Iglia Ivanova and Marc Lee. 2012. *A decade of Eroding Tax Fairness in BC: Time for progressive tax reform*. Vancouver: Canadian Centre for Policy Alternatives.

**More information: [www.ecebc.ca](http://www.ecebc.ca) | [www.cccabc.bc.ca](http://www.cccabc.bc.ca)**