



September 2015

**Submission to the BC Select Standing Committee
on Finance and Government Services**

“Reducing the child care cost strain for families in B.C. will produce many net benefits to our society, and that belongs to neither the left nor the right, but to the 21st century.”

- Kevin Campbell, investment banker

In its 2014 report, the Provincial Standing Committee on Finance recommended to the Legislative Assembly that the provincial government: *Provide funding and support for the development and implementation of a child care plan* (Recommendation 40).

However, to date the provincial government has not responded in any meaningful way to implement a plan to respond to the current child care crisis, and has in fact made moves that will result in child care being less affordable for families.

Backgrounder on the current child care crisis in BC¹:

BC invests less in early education and care than the Canadian average, which is already one of the lowest among developed nations and far short of the minimum public investment levels recommended by UNICEF and the OECD. The result is a fragmented patchwork of child care programs that fails to meet the needs of many families.

The problems with this patchwork approach include:

- **High costs:** BC has the second highest fees in Canada, with median fees in 2012 ranging from \$760 to \$1,047 per month depending on the child’s age. Subsidies for low-income parents have been frozen for ten years, while fees have risen faster than inflation.
- **Long wait lists:** BC has only enough regulated child care spaces for approximately 20% of children 0-12 years old.
- **Women forced to abandon paid work and career goals:** The lack of affordable child care spaces is a significant barrier for mothers who want to return to work or pursue education; this contributes to gender inequality and weakens the BC economy. It is estimated that work-life conflict among employees costs BC businesses more than \$600 million per year.
- **Reliance on unregulated child care:** Because of high costs and lack of spaces, some working parents turn to unregulated child care, with no training requirements, health and safety standards, monitoring or oversight.

¹ Excerpts from Solving BC’s Affordability Crisis in Child Care: Financing the \$10 a day plan. July, 2015. Iglia Ivanova, BC Office, Canadian Centre for Policy Alternatives. Downloaded September 25, 2015 from https://www.policyalternatives.ca/sites/default/files/uploads/publications/BC%20Office/2015/07/ccpa-bc-solving-childcare-summary_0.pdf

- Low wages for early childhood educators: Their median wage is 19% lower than that of BC workers overall, which leads to high turnover and chronic staff shortages, and contributes to financial insecurity among the families of educators, many of whom are women with children of their own.

It doesn't have to be this way. A universal \$10 a day child care program would solve the affordability crisis and ensure all families could access quality early childhood education and care.

The solution to the Child Care Crisis – the \$10aDay Plan:

Developed by the Coalition of Child Care Advocates of BC (CCCABC) in partnership with the Early Childhood Educators of BC, and supported by municipalities and organizations representing 2 million British Columbians, the \$10aDay Plan (*the Community Plan for a Public System of Integrated Early Care and Learning*) provides for a quality affordable child care system.

To implement the \$10aDay plan, public investments are required in three main areas¹:

- Increased capacity, ensuring access to care for all families who need it (participation would be optional and open to all).
- Improved affordability, with fees set at \$10 a day for full-time and \$7 a day for part-time programs (waived for families with income under \$40,000).
- Higher quality through higher education levels and fair compensation for staff, and better monitoring and accountability mechanisms.

Momentum for \$10aDay Plan continues to build:

Since last presenting to this Committee in 2014 several new developments have occurred that further the momentum of the \$10aDay Plan.

- In October 2014 there were 31 local governments and 22 school districts in BC supporting the \$10aDay Plan. Today, in September 2015, there are 45 local governments and 30 school districts; support for the \$10aDay Plan as the solution to BC's child care crisis just keeps growing.
- In March of 2015 the results of a province-wide Insights West poll were released which clearly show child care is even more popular than LNG in British Columbia! Three-in-four British Columbians (74%) support the \$10aDay proposal, including 83% of those who have had recent experiences with child care. In addition, three-in-five residents would both consider voting for a political party that implemented \$10-a-day (63%) and believe the plan is realistic (61%).
- In July 2015 CCPA-BC economist Iglia Ivanova released a report that provided various options to the BC government for financing the \$10aDay Plan¹ over a ten year implementation period. The report also included an analysis of the returns both federal and provincial governments can expect in the near term from investments into the Plan.

What will implementation of the \$10aDay Plan require¹?

UBC researchers estimate that a fully phased-in \$10 a day child care plan would require \$1.5 billion in additional public funding to cover operating costs, after accounting for parent fees. These upfront costs have been a significant barrier to governments' willingness to implement a child care plan in BC and across Canada, despite the well-documented social and economic benefits. However, phasing in the \$10 a day plan over a period of 10 years would allow governments to provide immediate relief to families while scaling up the full plan (and its associated costs) in stages.

If the economic benefits of the \$10 a day child care program in BC are similar to those in Quebec, BC could expect an almost immediate boost in economic activity. [Ivanova estimates] that the increased workforce participation of mothers of young children would grow BC's economy by \$3.9 billion per year, and would generate approximately \$1.3 billion in revenues to the provincial and federal governments (once fully phased in).

In other words, the women who benefit the most from the program by being able to return to the workforce or transition from part-time to full-time work would cover a large share of the costs through the taxes they pay directly and the economic activity they generate in the local economy (their now higher family incomes become revenues for local businesses that are able to sell more, expand, employ more staff, etc.).

Federal support for child care¹:

A joint federal-provincial investment in child care in BC would almost pay for itself, generating 86 cents in government revenues for every dollar invested in the program, lowering the remaining public cost to only \$200 million per year. This is a very small cost relative to the size of the provincial and federal budgets.

Total new public funding needed (after \$10 a day parent fees)	\$1.5 billion
Estimated increase in revenues to the BC government due to more women working (results in economic growth, more tax revenues, and less use of income-tested benefits)	\$630 million
Estimated increase in revenues to the federal government due to more women working	\$668 million

Net new public investment needed after accounting for higher federal and provincial revenues (assumes federal-provincial co-operation on creation of \$10 a day child care)	\$202 million
Net new public investment required by the BC government in the absence of federal support	\$870 million

\$10aDay Child Care Plan for BC – It is Inevitable:

Support for the \$10aDay Child Care Plan is unprecedented in terms of any new program that British Columbians are calling on government to implement.

The goal of affordable quality child care is now corroborated by the Chief Economist of the TD Bank of Canada and is reflected in the recent unanimous resolution from the Canadian Chamber of Commerce calling on the federal government to examine a national child care plan. A noteworthy article from the Vancouver Sun Editorial Board also supports publicly funded quality affordable child care, with compelling economic arguments. We are very pleased to share that the United Way of the Lower Mainland has also endorsed the \$10aDay Plan.

Support for the Plan includes: 45 municipal and regional governments, 30 Boards of Education, Vancity Credit Union, CCEC Credit Union, all major labour unions in BC, small businesses, hundreds of community organizations, thousands of parents and grandparents, Chambers of Commerce and the Surrey Board of Trade, academics, politicians and senators (list of organizational supporters attached).

In the current federal election, we are pleased to see that the federal NDP, the Liberal Party of Canada and the Green Party of Canada have all announced a collaborative cost-sharing approach to funding affordable child care across Canada. The federal funding associated with these commitments will support BC in implementing the \$10aDay Plan.

However, Ivanova's report clearly illustrates that BC can afford to implement the \$10aDay Plan – with or without federal support.

2015 Recommendations
Coalition of Child Care Advocates of BC
to the
BC Select Standing Committee on Finance and Government Services

- 1. Endorse the \$10aDay Child Care Plan for BC.**
- 2. Put child care at the top of the agenda in discussions with the federal government.**

Federal transfers of dedicated funds to build early care and learning systems will make implementation even more affordable for British Columbia, and all provinces and territories.

- 3. Follow the lead of the majority of provinces and territories by moving the Child Care Branch out of the Ministry for Children and Family Development and into the Ministry of Education.**

This costs government little and ensures that, from the start, the Plan is implemented in a way that ends the false divide between 'early care' and 'early learning'.

- 4. Implement an immediate moratorium on public funds for commercial child care chain expansion.**

Rather, work with the many municipalities and school boards who have endorsed the Plan to expand access through public and community-owned spaces. The latter approach promotes public accountability for public funds.

- 5. Immediately reduce fees to \$10aDay in all licensed infant and toddler programs that embrace accountability requirements.**

This will create immediate relief for families who now pay some of the highest fees in the country and create an economic spin-off when families can spend more in their local economies on goods and services.