

Fact Check: Can the NDP deliver on \$10-a-day child care? ^[1]

Author: Rankin, Eric

Source: CBC News

Format: Article

Publication Date: 11 Apr 2017

AVAILABILITY

Read online ^[2]

EXCERPTS

John Horgan's New Democrats promise to spend up to \$1.5 billion a year on child care over next decade.

Child care — it's a crushing concern for many young B.C. families.

Right now, it costs an average of \$1,300 per month for every pre-schooler in child care. For many families with two or more children, that's the equivalent of another mortgage — if they can even find spaces.

There are huge shortages and long waiting lists.

So, in what is arguably the biggest 2017 election promise made by the New Democrats, party leader John Horgan is pledging \$10-a-day child care if the NDP wins the provincial election — a sixth of the current daily cost.

But can taxpayers afford the price tag, which will climb to an estimated \$1.5 billion a year over the next decade?

The NDP has said it could be funded by reversing provincial government tax cuts to B.C.'s highest earners.

The B.C. Liberal party says the plan is unaffordable.

Strangely, during the last election the B.C. New Democrats seemed to agree.

In the 2013 campaign, then-NDP leader Adrian Dix said the province couldn't afford \$10-a-day child care due to the \$1.5 billion dollar price tag.

So what's changed?

We asked an economist to crunch the NDP numbers — and he says while the NDP plan looks like it adds up, it will need to be watched closely to see how the party plans to implement and pay for it.

"It certainly could present challenges", says University of British Columbia professor of economics Kevin Milligan.

"I think there are a couple of big dangers. One is that the costs may escalate more quickly than (the NDP) may budget for, and that would lead to tax increases."

And then the NDP might find there are other looming costs that could compete for tax dollars, should they take power.

"If we add on extra public programs, we want to make sure that those other demands, whether it's health or education, are also going to be met, so that we don't have to be in a position where we shortchange one part of our society in favour of another."

The other danger, says Milligan, is making sure child care is standardized in the province. Currently, the province allows licensed and unlicensed childcare facilities.

The B.C. New Democrats argue a radical restructuring of child care is needed.

"I think it's incredibly important," says Jodie Wickens, NDP candidate and party spokesperson for early childhood development and childcare.

"We have a system in British Columbia today that's gone from crisis to complete and utter chaos."

As for the promise of \$10-a-day child care, Wickens says the money can be found.

"We've looked at all aspects and it's absolutely affordable," she says. "This is about priorities, this is about what we choose to spend money on."

The NDP is basing its promise on number-crunching done by the Canadian Centre for Policy Alternatives (CCPA) and the early Childhood Educators of B.C.

Analysis by both groups show the \$1.5 billion annual cost would be partially offset by more tax dollars raised from stay-at-home parents who could return to work — and pay more taxes.

"I think the best way to think about it is a tax feedback effect," says Milligan of UBC.

"When you subsidize childcare, more people work. And when more people work, they have more money for their family.

"But they also provide more tax revenues for governments, so that tax revenue will pay in part for the program."

A report by the CCPA estimates the annual increase of tax revenues to the province alone would be \$630 million — or just under half the cost of the program.

The federal government would reap even more tax dollars — an estimated \$668 million, says the CCPA report.

When Horgan first announced the promise of \$10-a-day child care in Oct. 2016, he said he hoped Prime Minister Justin Trudeau's federal government would "partner" with him should the B.C. NDP come to power, helping pay for the program.

On March 22, Trudeau's spring budget pledged \$7 billion over 10 years for early learning and child care in all 10 provinces, starting in 2018-2019.

If B.C. gets one tenth of that every year for the next decade, that would be \$70 million a year

But even without federal help, the CCPA report says B.C. could go it alone — by "small increases that bring B.C.'s tax rates closer to the average for other provinces."

The CCPA says B.C. could follow in the footsteps of Quebec, which started its own subsidized child care program in 1997 at \$5 a day. That has now climbed to between \$7 and \$20 a day, depending on income, due to rising costs.

But the B.C. NDP says it's going with its own model.

"The beautiful thing about this plan is that it's a 'made-in-B.C.' plan." says Wickens. "We can look at the mistakes other jurisdictions have made and can learn from them and we can do different in British Columbia."

Bottom line: would \$10-a-day child care, phased in over 10 years, at a cost of \$1.5 billion, partially paid for by increased taxes on high wage earners, really work?

The final verdict from UBC economist Kevin Milligan: it might.

"Maybe it's worthwhile. It's a choice that all voters get to make for him or herself. But I want that choice to be made in a context of as much clarity as possible about the costs."

-reprinted from CBC News

Related link:

Region: [British Columbia](#) ^[3]

Tags: [economics](#) ^[4]

[funding](#) ^[5]

[access](#) ^[6]

[spaces](#) ^[7]

Source URL (modified on 6 Aug 2020): <https://childcarecanada.org/documents/child-care-news/17/05/fact-check-can-ndp-deliver-10-day-child-care>
Links

[1] <https://childcarecanada.org/documents/child-care-news/17/05/fact-check-can-ndp-deliver-10-day-child-care>

[2] <https://www.cbc.ca/news/canada/british-columbia/can-the-ndp-deliver-on-10-a-day-child-care-1.4068589>

[3] <https://childcarecanada.org/taxonomy/term/7860>

[4] <https://childcarecanada.org/category/tags/economics>

[5] <https://childcarecanada.org/category/tags/funding>

[6] <https://childcarecanada.org/category/tags/access>

[7] <https://childcarecanada.org/category/tags/spaces>