

# Why universal childcare is the best investment Alberta can make

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## AVAILABILITY

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## EXCERPTS

Universal affordable accessible childcare is the fastest shortcut to increased female participation in the workforce, gender parity in wages, and economic security for all Albertan families. Failing to provide quality childcare at affordable costs is economically sabotaging Albertans, particularly mothers.

Rachel Notley, leader of Alberta's New Democratic Party, introduced a pilot program offering \$25/day childcare at accredited early learning and childcare centres during her term in office as the Premier of Alberta from 2015 to 2019. This program was launched at 22 pilot centres in 2017, with 100 additional existing and new centres planned to be added in a rollout to 2023.

In 2019, the province of Alberta elected Jason Kenney of the United Conservative Party who promptly cancelled the \$25/day daycare rollout, and then abolished existing centres by March 2020.

### Alberta's childcare crisis

All of North America, including Alberta, is currently in a childcare crisis. There is a lack of both accessible and affordable childcare in this province, and this is exacerbated in urban centres like Edmonton and Calgary.

Childcare costs range from \$800 to \$1,800 per month per child in Alberta, where daycare waitlists are 6 months to 3 years long.

The average cost for full-time care of one child is \$950 per month in Edmonton and \$1,250 per month in Calgary. Many childcare centres in the core of either city require parents to register when pregnant or sooner in order to secure a spot.

These childcare costs are prohibitively expensive, enough that people make family decisions with massive personal, provincial, and national consequences.

### Expensive childcare fees are anti-family

For all the nonsense Conservatives sing about "family values", they do very little to support Albertan families. Universal childcare is far and away the easiest way to provide economic and employment security to families with children while reducing future economic burdens on the province.

In the short term, excessive childcare fees reduce the participation of mothers in the workforce. They also compromise the financial security of Albertans by reducing the disposable income a family has available for spending and saving.

Families that must pinch pennies to pay for daycare don't go out for dinner at restaurants, attend events, or make purchases in the local economy.

In the longterm, these high costs discourage families from having more children. This will gradually age our workforce to the point that we will not have the young population required to meet our economic and practical needs. Many people cry "don't have children if you can't afford them" without considering the more important question: is \$50,000 in daycare fees before kindergarten a reasonable amount to spend on one child? (The answer is no, it's not.)

Do you like living in a world with doctors, car mechanics, and baristas? Then you like other people's children.

Even if you are childless, you benefit from supporting families with children.

### **Understanding the NDP's \$25/day childcare program**

The \$25/day daycare program piloted by the NDP provided high-quality childcare for a maximum out of pocket cost to parents of \$25 per day per child. This works out to a cost of approximately \$544 per month per child.

The program worked such that a parent would pay \$544 to the childcare centre, and the Government of Alberta would pay the remainder. For example, if a daycare charged \$1,300 per month per child, the parent would pay \$544 (\$25 per day) and the Government would chip in the remaining \$756.

Because childcare costs range from \$800 to \$1,800 per month per child in Alberta, the \$25/day program can save parents \$300 to \$1,300 per child in monthly childcare costs, or \$3,600 to \$15,600 per year in net income.

### **What would you do with an extra \$15,000 each year?**

The \$25/day childcare program is offered to families regardless of income, for which many people expressed concern that families who "don't need it" would receive the benefit.

*Everyone* needs affordable, accessible childcare.

However, low-income families with household incomes below \$62,000 are eligible for the Alberta Childcare Subsidy.

### **How the Alberta Childcare Subsidy works with \$25/day daycare**

The Alberta Childcare Subsidy is available to low-income families to help support childcare costs. The maximum subsidy is \$546 per month for families with a household income of less than \$50,000. Families with household incomes greater than \$50,000 but less than \$62,000 will receive a partial subsidy. The subsidy is paid directly to the daycare, and parents pay any remaining balance owing.

### **Under the NDP's \$25/day program, families receiving the full childcare subsidy would see their childcare costs reduced to \$0 per month.**

In other words, under the \$25/day daycare program, families with household incomes below \$50,000 would receive quality childcare for free. This allows even the poorest families earning minimum wage to return to work.

### **Universal childcare pays for itself, and will likely generate a surplus for the province**

Universal childcare will require an initial investment from the province to establish, but ultimately will not only pay for itself but generate a surplus. We know this because this is true in countries and provinces where universal childcare is already provided.

Quebec currently provides universal childcare to parents at a maximum cost of \$8.25 per day. The program has resulted in Quebec having the highest female (and highest maternal) participation in the workforce and the smallest wage gap in Canada. Quebec has found the universal childcare program generates a surplus.

### **But how does providing childcare for free make money?**

There are a number of different ways providing affordable, accessible childcare will generate increased income for the province.

#### **Income tax revenue from parents who return to the workforce**

Many parents, the majority mothers, cannot return to the workforce due to a lack of affordable accessible childcare. If we provide them with childcare and they rejoin the workforce, the income tax revenue collected on their income will exceed the cost of childcare for the province.

#### **Increased disposable income of families who will spend it in the local economy**

We can expect \$25/day daycare to provide families with an additional \$300 to \$1,300 per month per child in extra disposable income. Most, if not all, of this income will be returned to the local Alberta economy through their spending.

#### **Increased number of childcare workers, who also pay income taxes and spend in the local economy**

In order to be eligible for the NDP's \$25/day daycare program, childcare centres must meet rigorous accreditation standards, including hiring trained and certified staff. Staff employed at childcare centres pay income taxes on their income. They also participate in the local economy by spending money.

#### **Increased demand and participation in early childhood education training programs, which require instructors and staff**

Early childhood education training programs require instructors and administrative staff. These instructors and administrators pay income taxes and participate in the local economy by spending money.

#### **Quality childcare reduces the future financial burden of the legal system, police force, and incarceration rates**

Universal childcare is exceptionally beneficial to low-income families, whose children are most at risk of the extreme negatives associated with poverty such as violence, criminal offenses, and drug or alcohol abuse. Quality childcare is an equalizer, providing children of low-income family access to important resources that can reduce the likelihood of needing expensive intervention later on in terms of police and legal resources, or healthcare treatment for addiction. In fact, every \$1 spent in early childhood education returns \$6 in economic benefits later.

### Final thoughts

Women disproportionately bear the burden of childcare costs because they are more likely than men to withdraw from the workforce to care for children. They are also disproportionately represented in the staff at childcare centres. As a result, failure to provide affordable, accessible childcare is anti-women.

Our provincial childcare crisis is one of the main reasons that Alberta has the lowest rate of female participation in the workforce and the largest gender wage gap in Canada. If universal childcare allowed women to return to the workforce, we would increase gender parity in wages and increased economic security for all Albertan families.

Every Albertan stands to gain from universal affordable accessible childcare, either in terms of relief of personal financial stress or by increased income tax revenue to the province that can be invested to benefit everyone.

**Region:** Alberta <sup>[3]</sup>

**Tags:** affordability <sup>[4]</sup>  
family <sup>[5]</sup>

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

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