

A \$10-a-day national child care plan will mean big savings for parents^[1]

If implemented, parent fees would drop by 50 per cent by 2022 and, ultimately, to \$10-a-day by 2026.

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Source: Canadian Centre for Policy Alternatives

Format: Article

Publication Date: 15 Jul 2021

AVAILABILITY

Access online^[2]

EXCERPTS

The April federal budget had some very exciting news about child care: for the first time since 2005, it looks like a national child care plan is a real possibility.

One thing that's different about this child care plan compared to previous plans for a universal child care program is that it's targeting fees instead of spaces.

As we'll see below, this presents both opportunities and pitfalls. The upside for parents, particularly in some provinces, is the potential for huge savings. Parents in some cities could save over \$10,000 annually, per child, by 2022 and almost \$20,000, per child, by 2026.

If implemented, the federal government's national child care plan would result in a 50% reduction in child care fees by 2022, and a national maximum \$10-a-day child care fee by 2026.

There are plenty of issues to be resolved still, like would this apply to fees just for full-day programs or also after-school programs? Would fees include low-income subsidy and sliding fee programs? And so on.

To make the plan a reality, the federal government will have to negotiate agreements with each province, so results may well differ depending on where you live. The first agreement with B.C. was reached on July 8, followed by the announcement of a deal with Nova Scotia on July 13, so it looks like the feds aren't wasting time.

For this exercise, I'm assuming that the intention is to create a "Quebec-style" system by directly reducing up-front fees. I'm assuming the starting point for the 50% reduction would be full-time median child care fees for 2020 (based on our most recent data and what was highlighted in the budget itself).

Under those assumptions, parents with infants (under 18 months) in the Greater Toronto Area (GTA) and, specifically, the City of Toronto would see the biggest savings in child care fees.

In 2020, the median cost for an infant in full-day child care was \$22,400 a year in the City of Toronto proper. It was slightly less in the GTA suburbs—between \$17,400 and \$19,300—but that is still a lot of money for one child.

If we look forward to 2022, the new national child care plan would mean parents with an infant in Toronto proper would save \$11,200 a year. In the GTA suburbs, the average savings would be \$9,100 a year for an infant. By 2026, parents in Toronto proper would save \$19,800 a year for an infant and in the GTA suburbs the savings would be \$15,600.

For any families with one (much less two) children in child care, these types of savings would be substantial.

Across any city where we have data—outside of Quebec, where child care fees are already less than \$10-a-day and don't vary by age group—families with the youngest children would see the largest savings. This is because child care fees for younger children are higher because of the larger number of staff needed to care for them.

In B.C. and Alberta, average savings for families with an infant in the big cities would be \$6,000 by 2022 and \$10,000 by 2026.

Even in provinces like Manitoba and P.E.I., which already have set fees subsidized by those provinces, parents could see those fees further decline since federal money would support the existing system. By 2022, average child care savings in Winnipeg would be \$3,900 per infant, with savings of \$4,400 a year in Charlottetown.

The parents of older toddlers or pre-schoolers in full-time care would see slightly fewer savings, but it would still make a big difference to a young family's budget. Parents with a pre-schooler in Toronto would see savings of \$7,500 in 2022 and \$12,400 in 2026, as fees would drop to \$10-a-day.

In the interactive graphic below, I've calculated the savings in 37 cities in 2022 (50% reduction) and 2026 (\$10-a-day). These calculations

are based on our 2020 child care fee survey.

Just hover over any city to get that city's details. You can also change the age group for the children in care at the top right of the interactive graphic.

There are some areas, like the GTA and Greater Vancouver, where plenty of cities overlap. In those cases, use the provincial zoom drop-down list on the top right to zoom into those areas and move those circles apart

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