

Tax credits or set fees? What the parties' child care plans could mean for Alberta families ^[1]

Albertans pay some of the highest fees for child care in the country

Author: von Scheel, Elsie

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EXCERPTS

Parents concerned with paying high child care fees, sometimes more expensive than their mortgages, are being presented with two very different options to address those costs.

The Liberals and Conservatives have each highlighted child care as Canada plunges into a federal election. The governing party favours a fee reduction, while the opposition wants to return money through a tax credit.

Albertans pay some of the highest fees for child care in the country. The median monthly amount in Calgary ranges from \$1,075 to \$1,300, according to a report from the Canadian Centre for Policy Alternatives (CCPA) published last year.

Which party's plan could have the most benefits?

The Liberals have already started rolling out their \$30-billion child care program – which the government has said would reduce nationwide child-minding costs within five years to \$10 a day per child.

Calgary parents could save on average \$7,800 next year and nearly \$13,000 per year by 2026 once that model moves forward, an analysis from the CCPA found. Edmonton parents could save about \$6,300 in 2022 for an infant.

The Conservatives would, if elected, scrap the current strategy and deals already signed with provinces and replace them with a refundable tax credit to cover up to 75 per cent of the cost of child care. This would return the dollars directly to parents. The cost of that pitch has yet to be evaluated by the Parliamentary Budget Officer.

The party projects that a family with an income of \$50,000 would get \$5,200 back.

Parents, providers and economists say the Liberals' \$10-a-day program is likely to save families more money in the long run.

Armine Yalnizyan, an economist and Atkinson Fellow on the Future of Workers, estimates the Liberal plan would save a low-income family in a high-fee city an average of \$4,000 a year more than the Conservative plan.

"The challenge for any plan ... is getting the right balance between bringing down fees alongside expansion," she wrote.

Quebec provides a case study in a comparison between the two approaches. The province runs versions of both a low fee and tax credit program.

"You end up with a lower quality, higher cost system if you go with the [for profit] market system with a tax credit, than if you go with a public system that has a set fee," said David Macdonald, a senior economist with the CCPA.

Tax credits wouldn't stop centres from hiking costs, plus parents would still be struggling to afford the care up front, he added.

"Whether they get a tax credit back three months from now or a year from now is beside the point because they can't float that much money for three months or six months or a year. The fees are just too expensive."

No deal before election call

Alberta was unable to ink a child care deal with the federal government before the election launched, pointing the finger at Ottawa for negotiations left on the table as the election started.

The province has pushed for unconditional funding, while Ottawa has maintained some conditions must be met, like increasing the number of child care spaces.

The province is now waiting for the outcome of the election.

"Access to affordable, high-quality child care is important for Alberta's economic recovery. We would work with any federal government

to make sure funding provided respects the choices Alberta families make and is flexible enough to empower parents to work, live and raise a family here," a statement from the Minister of Children's Services said.

One Calgary parent says having fees reduced would be more helpful to a single-income family than tax refunds.

"Paying money upfront and having to earn the money to get the tax credit back really limits the benefit to working families," said Karen Tham. She took a year off to stay home with her children during the pandemic.

A provider also said when the two plans are lined up next to each other, a fee management structure would have more of a lasting impact on affordability.

"When the cost of child care is lowered for everybody, then it means that everybody has equal access to that quality child care for their children," said Julie Audy, the owner of Expanding Imaginations Childcare.

"When it's a tax credit that goes into people's general bank accounts, it becomes part of that general budget."

Audy added if the fee lowering continues, there needs to be a commitment to using those dollars effectively. If it's a tax credit, it needs to be open for adjustments based on feedback from parents and providers.

Critics of the Liberal plan say it doesn't offer enough flexibility and devalues contributions of parents who stay home with their children instead of putting them in care.

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