

# Child-care costs will land either on parents or taxpayers: Pick one <sup>[1]</sup>

OPINION: The costs of child care are going nowhere but up. Liberal, NDP, or Conservative — everyone has to accept that and figure out what comes next

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Access online <sup>[2]</sup>

## EXCERPTS

If Erin O'Toole ends up being the next prime minister, one of the first casualties in the change in government would very likely be the child-care agreements already signed with eight provinces across Canada — albeit not Ontario. (The Liberals have said they're close to finalizing an agreement with the Doug Ford government, but they apparently weren't able to land one before Justin Trudeau's decision to call an election.) The Conservatives would replace the Liberal child-care agreements with a refundable tax credit.

Critics such as economist Armine Yalnizyan have pointed out that O'Toole's plan looks suspiciously like Ford's own child tax credit, and she argues that Conservatives are wildly overstating the value of tax credits to parents. On the right, people who are skeptical of the Liberal plan — and make some pessimistic assumptions about child-care cost growth — warn that, as early as 2025, provinces could end up on the hook for bills much larger than they were anticipating.

There's a difference between "cost growth" and what we usually discuss around affordability when it comes to child care — the out-of-pocket cost to parents is usually (and understandably) the primary focus. But the sum of money someone has to hand over to their child-care provider is only the final result in an equation that includes labour costs, real-estate prices, utilities, and administrative burdens.

If there's a reason the federal parties have all settled on shovelling money out to provincial governments or to parents themselves, that's because basically all these variables are out of the federal government's direct control: child-care regulations (including worker qualifications, how many children are allowed per adult minder, etc.) are all set provincially, and nobody actually seems to have a handle on spiralling real-estate prices.

But the fact that the feds don't have an easy dial they can turn to reduce child-care costs doesn't mean this isn't an issue they need to think hard about. We're talking about billions of federal dollars here, and that number could very plausibly grow even larger.

To boil down the problem to its simplest elements: either the government (federal or provincial; for our purposes it doesn't matter) can do something to slow cost growth in child care or it can't. Potential ways to reduce costs could include free rent in publicly owned places (such as schools and libraries) or reduced regulation (allowing more children per adult, for example). But whether these measures would be acceptable to parents and workers or would even work at a scale large enough to reduce the costs for most is debatable. Sometimes it's just extremely difficult to keep costs from growing over the long-term — look at education or health care in Ontario.

That cost control is challenging, though, doesn't end the debate over what to do. Conservatives might, for example, say that getting the government into a whole new line of business where costs are guaranteed to rise for the foreseeable future would just create a bottomless hole for tax dollars. But trying to keep the costs off the public accounts doesn't make them disappear; it just leaves parents on the hook for an ever-growing share of their household income, whatever's left after paying ever-growing mortgage payments to live in one of the handful of city-regions where jobs growth is concentrated.

Social conservatives propose their own answer for this: parents (mostly women) should stay home and handle child care "in house," so to speak. And many parents do exactly that — by their own choice, with the help of the extended family, or simply because of a lack of better options. But hundreds of thousands of middle- and upper-income millennial families are going to spend the next decade and more having kids. And most of them will neither want to — nor be able to afford to — give up half their household income for years at a time. And these people are voters making more (eventual) voters, so someone, at some level of government, is probably going to need to come up with an answer for them.

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

**Tags:** federal election 2021 <sup>[4]</sup>

tax credits <sup>[5]</sup>

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