

Calgary and Edmonton will miss federal child care fee reduction targets: think tank ^[1]

According to a Canadian Centre of Policy Alternatives (CCPA) report released Tuesday, the monthly median fee for preschool-aged child care in Edmonton is projected to be \$575 this year, a decrease but \$137 more than it would need to be to hit the 50 per cent

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EXCERPTS

Child care providers in Edmonton and Calgary likely won't meet 2022 federal fee reduction targets, according to projections in a new think-tank report.

The federal government's \$3.8-billion child care deal, first announced last year, aims to cut average fees in half by the end of 2022, before hitting the \$10-a-day mark in 2026.

According to a Canadian Centre of Policy Alternatives (CCPA) report released Tuesday, the monthly median fee for preschool-aged child care in Edmonton is projected to be \$575 this year, a decrease but \$137 more than it would need to be to hit the 50 per cent benchmark. In Calgary, it's projected to be \$700 per month, or \$163 above-target.

David Macdonald, co-author and senior economist at the Canadian Centre for Policy Alternatives, said it comes down to Alberta's funding structure and a lower subsidy for parents.

In November, the government announced changes to child care subsidies based on family income, ranging from \$266 a month for the lowest-income families to \$106 for families making under \$180,000.

Operating grants to providers aim to offset fee costs, ranging from \$450 to \$635 per child in licensed facility-based daycares, depending on age.

Macdonald said in several provinces, including Alberta, government rebates in a market-based system may not guarantee the full fee decreases.

"Providers ... can find loopholes, in essence, to increase their fees and capture part of these transfers instead of going entirely to parents," he said, noting it remains to be seen how effective restrictions on that will be.

He said fees aren't coming down because Alberta, along with other provinces like Manitoba and Prince Edward Island, are counting changes in the subsidies towards their 50 per cent fee reductions.

"We're only counting the changes in the fees if those exist," he said.

Surveying providers and collecting fee data for licensed spaces from late 2021, researchers used provincial action plans to project that for preschool-aged child care, only seven of 26 Canadian cities are expected to meet or exceed the federal target, while 15 cities are expected to come close, within \$20 to \$100 of the goal.

The CCPA has collected similar data every year since 2014. In bigger cities like Calgary and Edmonton, a random sampling of centre spaces and all family child care agencies were called, including 56 centres in Edmonton, and 60 centres in Calgary. Macdonald estimated a margin of error is plus or minus 10 per cent, nine times out of 10. In Edmonton, 82 per cent of homes and home agencies were also included, along with 79 per cent in Calgary.

Macdonald said using the median, or measure of the middle rate among varying costs, matches with the methodology the centre has used every year and is relatively similar to the average, give or take \$5 per day.

"This will probably be the only analysis of this kind published in the country," said Macdonald, noting it's an attempt to apply a consistent methodology across the country that is in line as possible with federal targets.

Alberta was the ninth jurisdiction to sign a child-care deal with Ottawa as part of the \$30-billion federally-funded plan, which also promises to create at least 42,500 new not-for-profit child-care and early learning spaces in the province.

Late last year, on average parents paid about \$1,000 a month for child care in Alberta.

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