

Child care dollars: How many spaces does a billion bucks buy? [CA]^[1]

Reality Check

Author: Sheppard, Robert

Source: CBC News

Format: Article

Publication Date: 8 Dec 2005

AVAILABILITY

See text below.

The Promises:

- Liberals

The governing party entered the campaign with a five-year, \$5-billion agreement, signed in principle at least by all 10 provinces. This agreement would set the stage for a national system of regulated community-based programs. As federal-provincial deals go, this one was unusual in that it didn't require matching provincial funding; it also allowed considerable provincial flexibility in how the money might be spent. And to give the provinces more certainty, Martin has now topped it up, by five years and \$6 billion.

- Conservatives

The Harper plan, by contrast, eschews formal agreements with the provinces and would give tax money directly to parents to make the kind of child-care choices that best suit their lifestyles. The Conservative plan resembles a revised "family allowance" in that it would give parents of children five and under \$1,200 a year. As an added incentive, a Harper government would offer businesses or non-profit institutions healthy tax credits of \$10,000 for each child-care space created. The party estimates that money would lead to 125,000 new spaces.

The Analysis:

On their website, the Liberals say they expect their proposal to create 625,000 new spaces over five years, costing these out at roughly \$8,000 a space. The \$8,000 figure seems to be based on the operating costs of Quebec's popular \$7-a-day system, which has captured the national imagination since it was introduced in 1997.

But there are a couple of problems with this assumption. One is that many of the capital costs of setting up and operating Quebec child-care centres are hidden in education budgets. (Schools have been mandated to offer full-day kindergarten as well as after-school care for certain primary grades.) Another is that Quebec's subsidized system reaches less than half the preschool-age population and many are turned away.

By contrast, in early December, when Ontario announced plans to utilize its share—\$1.1 billion in federal funding over three years—the province said it would be creating 25,000 new spaces. That works out to \$44,000 a space.

But provincial officials and child-care advocates both say you cannot just count operating costs, at least 80 per cent of which are salaries, when you are trying to create new spaces. The rule of thumb is that new spaces, whether they have to be built or rented, cost between \$15,000 and \$20,000 each, depending on the city. Operating costs run between \$8,000 and \$9,000 for toddlers, and upwards of \$11,000 for infants who require more caregivers.

Kira Heineck, executive director of the Ontario Coalition for Better Child Care, says Ottawa was talking much more modest numbers—roughly 100,000 new spaces—when the \$5 billion was first put on the table a year or so ago. That's a far cry from the 625,000 the Liberals are now claiming.

The Conservative plan suffers from some of the same fiscal optimism—it's \$10,000-a-space tax credit may not be enough incentive to create the 125,000 new spaces the party is hoping for, especially in the absence of other direct operating subsidies. The \$10,000 is a one-shot, one-space offer; costs in subsequent years, it appears, would have to be carried by the operator.

The plan also seems to have another flaw. The \$1,200-a-year allowance is to go to all families with kids five and under and is estimated to cost a substantial \$10.9 billion over five years. But Statistics Canada reports there are now 2,057,848 children five and under, which suggests the five-year cost of the program would be more like \$12.3 billion. The Conservatives may be thinking that some of this money will be taxed back from higher income families. But by the same token, families in this bracket who do not require child care can simply redirect the new-found money to something like a tax-protected RESP, and perhaps come out even farther ahead.

- reprinted from CBC

Related link: CRRU ISSUE FILE: Early learning and child care in the 2006 federal election [2]

Region: Canada [3]

Tags: election [4]

funding [5]

federalism [6]

Source URL (modified on 27 Jan 2022): <https://childcarecanada.org/documents/child-care-news/05/12/child-care-dollars-how-many-spaces-does-billion-bucks-buy-ca>

Links

[1] <https://childcarecanada.org/documents/child-care-news/05/12/child-care-dollars-how-many-spaces-does-billion-bucks-buy-ca> [2]

<https://childcarecanada.org/res/issues/2006federalelectionintro.htm> [3] <https://childcarecanada.org/taxonomy/term/7864> [4]

<https://childcarecanada.org/category/tags/election> [5] <https://childcarecanada.org/category/tags/funding> [6]

<https://childcarecanada.org/category/tags/federalism>