

# Million-dollar babies <sup>[1]</sup>

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## AVAILABILITY

Full article online <sup>[2]</sup>

### Excerpts:

Exactly how much it costs to raise a child is the subject of much debate. A Fraser Institute study last month pegged it at \$3,000 to \$4,000 a year-or \$72,000 to raise a child to 18. It's a figure that excludes both housing and child care costs, emphasizes scrimping and saving, government child benefits and borrowing from family or friends. Meanwhile, an analysis by MoneySense in 2011 estimated it would cost considerably more: \$243,660, or close to the \$241,080 calculated by the U.S. Department of Agriculture.

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It shouldn't be a shock, then, that young parents are the most financially squeezed of any families in the country. Statistics Canada estimates that couples with children account for 30 per cent of households, but more than half of all of Canada's household debt. Two-parent families with children under the age of 24 averaged \$157,000 in debt, or \$33,000 more than couples without children.

By far the largest sticker shock that new parents face comes from child care costs, which run from Quebec's subsidized \$7-a-day child care centres, equal to around \$140 a month, to as much as \$2,000 a month in major cities. Toronto screenwriter Trevor Finn caused a heated debate last month when he wrote in the *Globe and Mail* that he and his wife earned a combined six-figure income and couldn't afford both the \$1,600 a month in daycare and their small downtown condo.

The Vanier Institute of the Family says that, on average, it costs the typical Canadian family \$1,000 to \$1,200 a month to put a two-year-old in full-time daycare, or the equivalent to paying the principal on a \$360,000 house over the life of a typical 25-year mortgage. "Child care costs are, in some cases, the same as you pay in rent," says Nora Spinks, the institute's CEO. "For many families, it is on the borderline of affordability."

That's if parents can find a daycare spot at all. It's not uncommon for wait lists for licensed child care to stretch more than a year. The Vanier Institute estimates there are regulated child care spaces for just 22 per cent of Canadian children under the age of six. That lack of affordable options has led to a booming market for nannies and babysitters. Between 1998 and 2012, the number of people employed in child care in Canada jumped 65 per cent, from 20,800 to 34,400, compared to overall job growth of just 28 per cent for the entire economy, according to Statistics Canada data. Wages in the sector have nearly doubled, from an average of \$6.87 an hour to \$11.74, growth that has outpaced both inflation and the average wage growth across Canada. According to *CanadianNanny.ca*, the minimum wage for live-in domestic help averages out to \$19,000-\$21,000 a year, not including room and board.

That shortage has fed what Spinks calls the "black market" for child care: from parents paying a network of neighbours under the table to watch their kids, to unlicensed and unregulated daycares. Last month, Evtropova and Vyacheslav Ravikovich filed a \$3.5-million lawsuit against the Ontario government after their two-year-old daughter, Eva, died in an unlicensed daycare north of Toronto in July. Investigators allege there were 35 children registered at the home-based centre. Parents reported paying an average of \$550 a month. It's horror stories like this that keep parents vying for licensed spots, whether they can afford them or not.

The situation is particularly dire in major cities, where even the cost of home-based care can force parents to look at moving somewhere less expensive, says Kristin Harad, a San Francisco financial planner who specializes in helping parents prepare for the cost of a new baby. "The sad fact is that, when someone calls me and tells me they make \$150,000, I'm like: 'Oh goodness, do you have family nearby? How is this going to work?'"

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

**Tags:** subsidy <sup>[4]</sup>

affordability <sup>[5]</sup>

funding <sup>[6]</sup>

federal programs <sup>[7]</sup>

work/life balance <sup>[8]</sup>

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