

DaycareDebt: Parents are paying more than they can afford for daycare ^[1]

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EXCERPTS

For most families, debt is part of life. But many are going into the red for more than mortgages and car loans. Many are going into to debt to pay for daycare.

CBC News spoke with dozens of parents about the state of child care in Newfoundland and Labrador. If parents are lucky enough to find spots, they're paying thousands of dollars a month. Some families are struggling to pay for necessities such as heat and food because their daycare bill absorbs most of the family income.

St. John's has the second highest child care fees in the country. Coming in just behind Toronto, parents pay between \$1,000-1,500/month per child. For some families, it's more than the amount of money coming in, and they're forced to borrow to pay the bills or quit work and stay home with the kids.

Sara and Rod Kean have twin infants and a toddler. Their annual daycare bill is more than half the family income and three times their mortgage.

"Each infant is \$70 a day, and Max would be \$42 a day, so we'd be looking at a total of \$182 a day," Kean said.

She said the family can't afford the \$47,000 annual child care bill.

"We make good money, we have great jobs. The cost of daycare blows my mind," she said.

The Kean family cut back on groceries and other expenses, but in the end they had to get help from another family member to pay the bills.

Zarinah Ivany and her husband weren't so lucky. They didn't have family to help. The working couple earns more than \$100,000 a year but with all their expenses, they still couldn't afford childcare for their young daughters.

"My husband and I were paying more than \$24,000 in daycare and at the end of a pay cheque, almost all of it went to daycare," she said.

Ivany decided to take time away from work, but says it's been hard watching her husband go to work while she has to stay at home.

"We went to university at the same time and his career is taking off and mine is exactly where I left it," she said.

It's no easier for low income families who get government help. The provincial government childcare subsidy program hasn't been updated in almost a decade. It's based on a time when minimum wage was \$7/hour. The Child Care Services Subsidy Grid shows that in order to qualify for a full daycare subsidy, two working parents have to take a job that pays less than minimum wage. The more money parents make, the less the province pays. In some cases, the parental contribution is more than low income parents can afford.

Lisa Guest runs an unregistered child care centre from her home in Bay Bulls. She used to work at a daycare making minimum wage. Guest got a discount on care for her own two children and the provincial government paid the rest. She says when she got a better job, things got tough.

"The higher the pay, the less subsidy I get. I'm still only a one income family," she said.

Guest went from making minimum wage to \$13/hour but could afford less. "I would have been better off sticking with the low paying job so I would have been able to afford more things." She couldn't afford to pay the child-care bill. She quit her job and opened her own centre so she wouldn't have to pay someone else to care for her children.

The more money parents make, the harder it gets. Julia Holman-Price was making about \$24,000 a year and got government help with housing, daycare and sports for her two kids. She got a big promotion and her salary increased to a little more than \$50,000. Holman-Price says she lost her subsidies and couldn't afford her family's expenses.

"You think double your income and you'd be okay. No, it's the opposite. I took the job because I didn't want to be on the system, I didn't want my kids growing up in housing, I didn't want to be turning to the government hand over fist looking for help. I wanted to be able to sustain my kids on my own. It backfired," she said.

Holman-Price says now her family is in a bad financial situation.

"Literally to go out and buy groceries is deciding if the heat and light is gonna be paid. With heat, light and daycare, the roof over our head, a car to and from work takes up 100 per cent of my income." She says she can only afford to pay one childcare bill so her 11 year old is often home alone.

Even if parents can afford the high childcare fees, availability is a big problem.

There are 7,850 regulated child care spaces available. It's only enough for 19 per cent of the 29,800 children between the ages of one to five. It means the families of 22,000 children either have to quit their jobs or make alternative childcare arrangements.

Parents say childcare in Newfoundland and Labrador is in a desperate state. It's making some parents poor and others are forced to give up their careers because there's not enough help.

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