

Bearing the rising cost of child care in Canada ^[1]

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EXCERPTS

Child-care costs have been dictating the decisions in Erin Filby's life for years – stalling her career, delaying a second child, even limiting what goes in her grocery cart. When her son, Teddy, was born, she had to quit her job at a financial researcher with a consulting company because she couldn't find part-time care, and the full-time fees would have soaked up about two-thirds of her salary. "I would have been working to pay for daycare," the Toronto mom says.

Even today, with Teddy in an after-school program, and her mother sending money from Alberta, she and her husband, a software programmer, skimp on groceries some months to pay for daycare. "It is mortifying," says Filby, who has returned to school to boost her undergraduate credentials. "One of us has a pretty good job, and we're still living hand to mouth."

At 38 years old, she says her window for growing a family is "barely ajar." She can't afford more time out of the work force, falling behind in seniority, missing out on a pension. Besides, she says, "if I had to look for infant care now, it would be more than we pay for rent."

It doesn't help that she lives in the most expensive city in the country, as far as child care is concerned. But across the country, parents are paying more for daycare, as fees rise year over year, outpacing the rate of inflation.

Over the past year, according to a new study published this week by the Canadian Centre for Policy Alternatives (CCPA), child-care fees in Toronto rose by 5 per cent. The study found that a couple with two children under 5 could expect to pay \$28,300 in fees per year – nearly half of Toronto's median family income after taxes. Many other cities – including St. John's, London and Saskatoon – also saw fees increase substantially, while they fell slightly in Edmonton and held steady in Calgary, where the provincial economy has stumbled. In Vancouver, fees have continued their steady climb – for instance, median full-time monthly rates for toddlers in licensed group child care increased by 2.8 per cent from 2014 to 2015 to \$1,290, according to the Westcoast Child Care Resource Centre, which surveys daycare providers annually to track fees. But averages are misleading: Fees vary widely both between and within cities.

Child-care costs are an easy target, with no easy solution – and Prime Minister Justin Trudeau, father of three, knows that probably better than any of his predecessors, especially after last week's controversial revelation that taxpayers would cover the cost of two nannies in his household. During the election, proposed solutions for the country's child-care woes split along clear ideological lines. The NDP vowed to introduce a national \$15-a-day child care program, similar to what the Liberals were on the verge of creating in 2005. The Conservatives, who killed that plan when they trounced Paul Martin's Liberals, had already boosted their cheques to families, arguing that this allowed for parental choice, even though they barely dented actual child-care bills. After all, as the tax credits to families increased, so did the fees they were being charged.

But the federal role for child care is now in the hands of Liberals, whose Throne Speech promised the implementation of a more generous child benefit, a key leg in their campaign platform. The speech made no specific mention of daycare – though both the Minister of Indigenous Affairs and the Minister of Families, Children and Social Development have been tasked with developing a national child care framework.

Families Minister Jean-Yves Duclos said this week, in an interview, that he has already started discussions with the provinces, which will step up in early 2016. "The objective is to be useful," he said, of Ottawa's role, which will include "arranging financial support" in the context of the infrastructure program promised during the election. When asked whether that money will be used primarily to fund more spaces (as opposed to reducing fees), Duclos suggested those decisions will depend on provincial needs and goals. "It will be about resources and the best way to use those resources."

But good child care is expensive. And even if families get bigger cheques from Ottawa, what's to stop fees from rising? The new spaces that may be created with infrastructure spending won't raise the low salaries of child-care workers, who earn an average of \$25,000 for full-time work. Advocates point to this week's study as more evidence that the marketplace can't manage high-quality care and also make it affordable; only governments willing to set fee caps and fund spaces can do this.

"There is room for federal leadership here," says David MacDonald, a senior economist with the CCPA and lead author of the study.

“Whether you can afford child care shouldn’t be an accident of where you are born in Canada” or where you choose to raise your family, he said.

In Quebec, for instance, even with the introduction of a new sliding fee scale based on income, child-care costs are still a fraction of those elsewhere in the country. In Gatineau, it costs \$174 a month for full-time toddler care. Take a bridge across the river to Ottawa and you’ll pay about \$1,194 – one of the highest fees in the country. In Winnipeg, where fees are guided by a provincial cap, the median monthly fee for a preschooler is \$451; in Vancouver, the same family would pay \$905. (The province with the third lowest fees is Prince Edward Island, where the provincial government has also set a cap.) Maximum fee caps – which provide consistency for families across the province and help prevent the gouging of parents with limited options – require taxpayers, however, to make up the difference, or to lower standards and salaries.

Subsidies for low-income families also vary widely across the country, often requiring, says MacDonald, a cumbersome amount of paperwork by parents hoping to qualify. In Ontario, for instance, the subsidized monthly fee of \$87 is the lowest in the country, but there’s a long waiting list. In Saskatchewan, on the other hand, subsidized families pay the most at \$450. There, parents who qualify receive a set amount of money from the province – they have to cover the difference, making them vulnerable to rising costs.

But fees are only one problem in the system: There are also waiting lists and a shortage of regulated care, the kind subject to government inspections. (The CCPA study only costs out regulated, licensed care.) “As a first-time parent, you are essentially fumbling in the dark,” recalls Filby, who avoided home daycares because it was hard to assess their quality. When she decided to pursue a college diploma, it took nine months to secure an after-school spot for Teddy. Until that time, her son was “passed like a parcel” between friends, willing to pick him up in the afternoons. During school holidays, fees double, she says, squeezing the family budget even further.

Canada is long overdue for a national child-care conversation, says Martha Friendly, executive director of the Toronto-based Childcare Resource and Research Unit. The country might start with two questions: How much will a high-quality system cost? And how much should parents be reasonably expected to pay into it? Maybe that’s a sliding scale, maybe it’s a flat fee. But, as Friendly points out, “in housing, there’s a benchmark for what families should pay.” Why isn’t there a similar number for child care?

Getting to that number is tricky, however, given the philosophical differences around who should pay for child care and who should be at home providing it. At the root of this discussion, is the notion of child care as a universal right, an extension of the public education system. And what’s a fair payment plan? Should it be a flat fee, as proposed by the Coalition of Child Care Advocates in British Columbia with its \$10-a-day plan with help for poor families? Should it be a sliding scale based on income, as used by many European countries?

Incidentally, it was Trudeau himself who asked during the campaign why wealthy families should receive the universal child care benefit, prompting an unwieldy debate once he became Prime Minister about whether daycare should come with the PM’s job.

Vancouver mother Sara Langlois doesn’t have a problem with taxpayers covering childcare for the PM – but she does think that policy should extend to regular Canadian families. “Children are not pets or bonsai, they are necessary for society,” says the 31-year-old teacher, who spent hours on the phone adding her name to hopelessly long waiting lists, when she learned she was pregnant. In January, she and her partner start paying \$1,250 a month for a home daycare – the only space that opened up. “Yes, it is my personal decision to have a kid, but the outcome will affect everyone.”

Right now, she argues, child care amounts to a crushing, monthly tax on young families when they can least afford it. To those who argue against sharing the tab for raising the next generation, she quips, “I really hope the younger children turn out well enough, and numerous enough to subsidize your hospitals.”

In all the debate about daycare expenses, one important point is often lost: Child care is already being heavily subsidized – by the mostly female staff receiving wages so low they’d be hard pressed to cover care for their own kids let alone rent. As it happens, this is the career that’s motivated Filby to go back to school – she hopes to get her master’s in early childhood education. “I am really good at it and it is extremely fulfilling,” she says. “But you go into it with the knowledge that we are subsidizing families.”

An essential service that pays qualified staff too little and charges the families who need it too much simply isn’t sustainable, advocates say. Cut too many corners and eventually there’s no room left to provide good care to the most important clients: the country’s children.

By the numbers

Rising costs

The annual percentage change in combined preschool/toddler median monthly fees between 2014 and 2015, and what that means in dollars, in a sample of Canada’s largest cities:

Toronto: up 5 per cent (\$56 more)

London: up 5 per cent (\$43 more)

St John’s: up 4 per cent (\$32 more)

Mississauga: up 3 per cent (\$33 more)

Saskatoon: up 2 per cent (\$15 more)

Where they held steady or fell

Calgary: no change

Edmonton: down 1 per cent (\$6 less)

Kitchener, Ont.: down 3 per cent (\$22 less)

Windsor, Ont.: down 3 per cent (\$22 less)

The most expensive cities for daycare (based on the median monthly fee for full-day regulated child care)

Infants (up to 18 months):

Toronto: \$1,736

Saint John's: \$1,400

Markham: \$1,324

Toddlers (1.5 to 3 years):

Toronto: \$1,325

Ottawa: \$1,194

Vancouver: \$1,180

Preschoolers

Toronto: \$1,033

Markham: \$1,000

Ottawa: \$987

The cheapest is every age group, because of province wide gaps

Quebec City: \$174 all ages

Winnipeg: \$651 for infants, \$451 for toddlers and preschoolers

Charlottetown: \$738 for infants, \$608 for toddlers, \$586 for preschoolers

Average wages of child care workers

\$25,000 – average salary of a child-care worker in a daycare centre

\$18,000 – average salary of a home daycare worker

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