



The Canada Wide ELCC Agreements and Affordability

Child Care Policy Symposium 2022

Early Learning and Child Care affordability: who pays, how much, and how?

- How do centres and regulated homes get their funds?
- How much do/should parents pay?
- How do they pay?



Affordability: Who does it affect?

Parents



Staff



Operators



Children



Affordability and equity



Should:

- Child care be equally available for all children, regardless of geography, family circumstances, any special need, or parental activity?
- There should be priority for children of parents who are working or studying?
- There should be priority for
 - children with additional support needs?
 - children in low-income families, newcomers, or children living in conditions of risk?
- All or some of the service be free?
- Child care be available to meet the needs of all forms of employment and hours of work?
 - any limits on the nature and hours of provision?

How is affordability for parents defined?



- Cleveland (2018): less than 10% of after-tax, after-benefit income*
- US Department of Health and Human Services: benchmark of 0-7% for low and median income families
- Scottish Commission for Child Care Reform: no more than 10% of net household income, with reduced costs for lower income families
- Sweden – maximum of 3% of household income for first child, to a maximum fee of about \$195/month
- Norway – maximum of 6% of household income to a maximum of about \$400/month (with some free provision for lower income families)

* Cleveland, G. (2018). *Affordable for all: Making licensed child care affordable in Ontario*.

Free early learning and child care



- England: 570 free hours per year for all 3 and 4 yr olds; 30 hours week for 38 weeks/year for working parents
- New Zealand: All 3, 4 and 5 year olds entitled to up to 20 hours free child care/week
- Malta: Free for parents who are working or attending school, (3 mo. to school entry)
- Parts of Germany: (e.g. Berlin, Hamburg for all children; Rhineland-Palatinate for all children over 2 years; Hesse and Lower Saxony for all children over 3 years)
- Belgium: free from age 2½ years for all children (part of the school system)

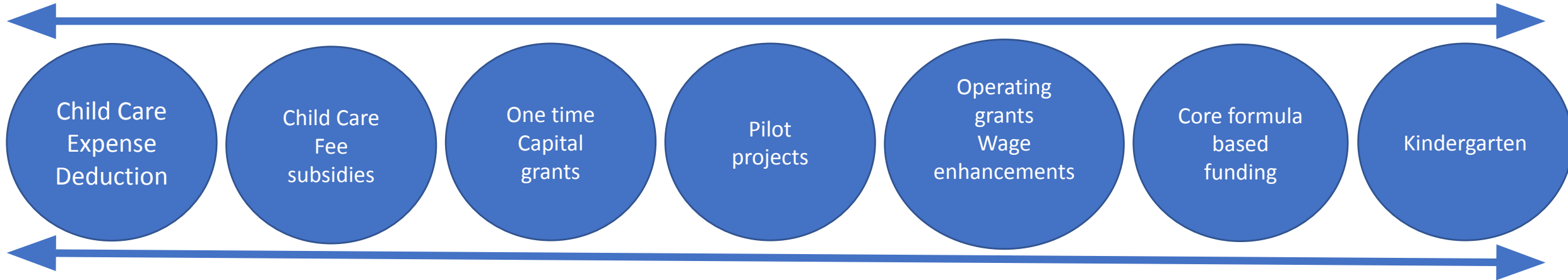
Affordability and funding approaches



Funding directed to individuals
Demand side funding

Funding to individual programs
Supply side funding within a
market approach

Funding for public infrastructure with
coherent set of services
Supply side funding



Child Care
Expense
Deduction

Child Care
Fee
subsidies

One time
Capital
grants

Pilot
projects

Operating
grants
Wage
enhancements

Core formula
based
funding

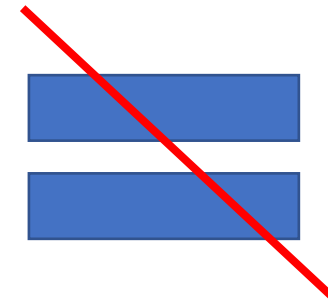
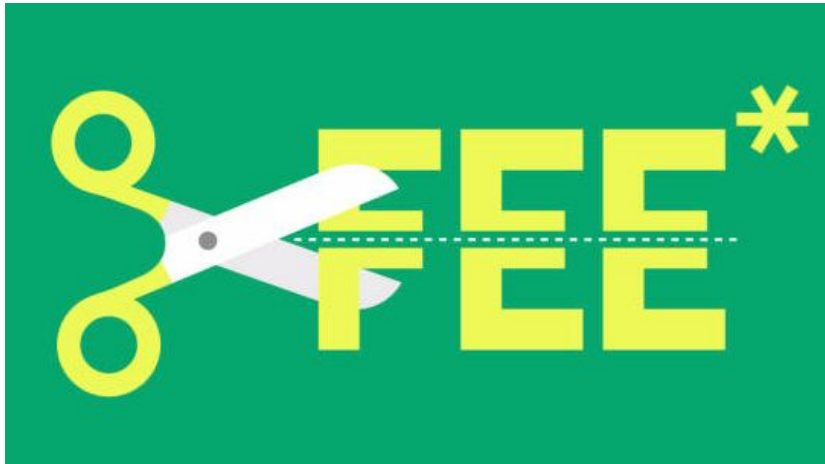
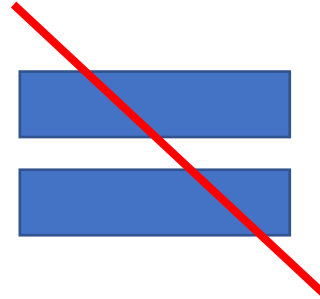
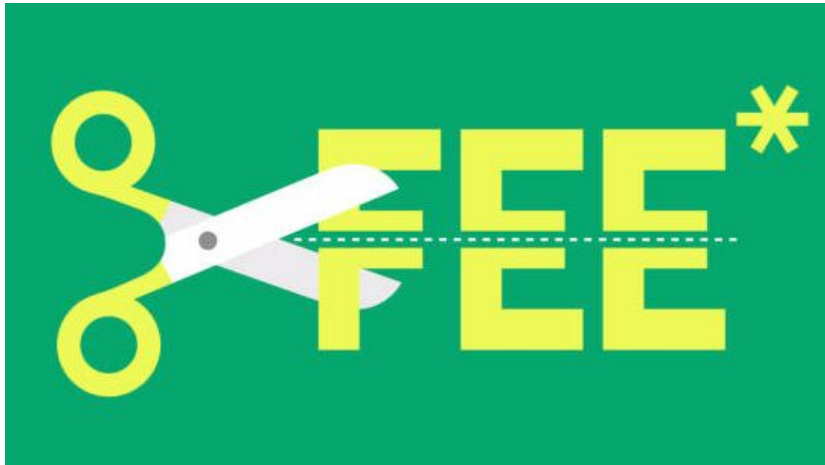
Kindergarten

Fund the parent

Fund the program

Fund the system

Fee reduction vs lower “out of pocket expenses”



Affordability for staff

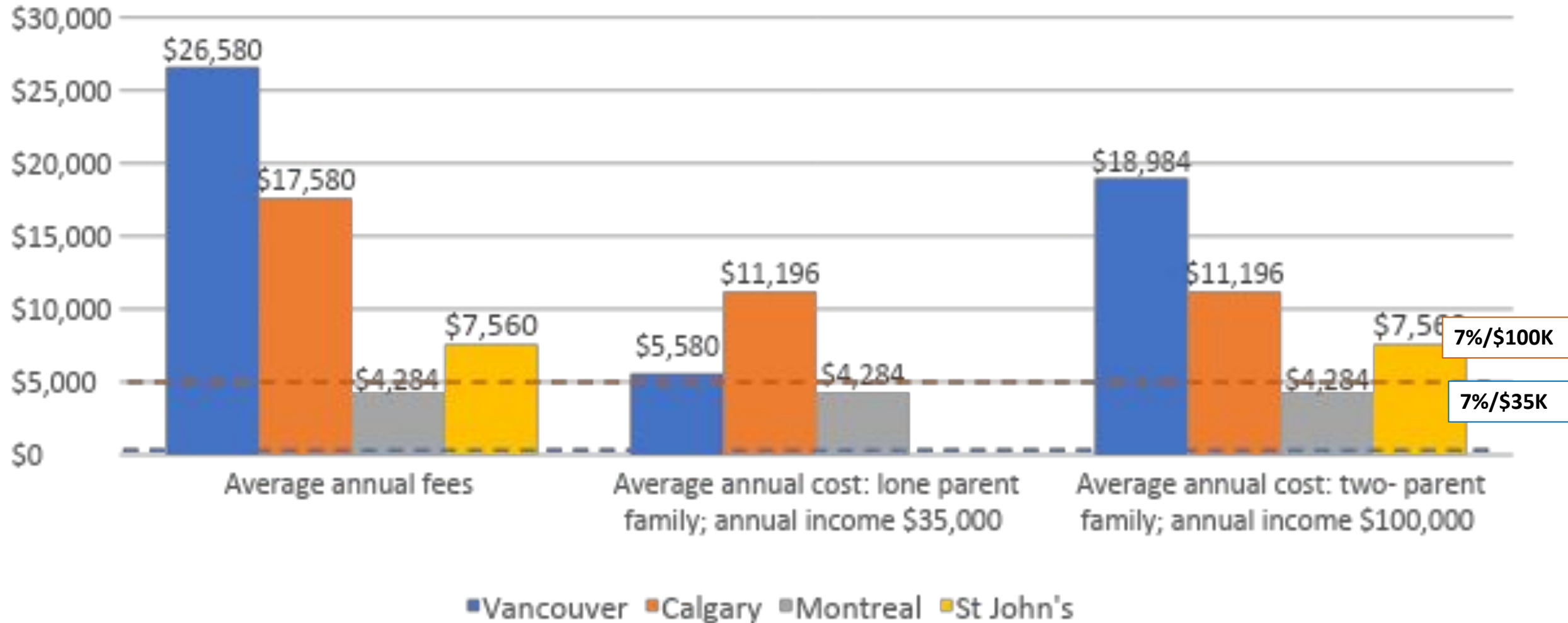
Affordability or sustainability for operators

Affordability and fee subsidies

- Fee subsidies and “red tape reduction”
- Fee subsidies and universality
- Fee subsidies and equity

Applicant: Please answer all questions	Applicant	Net Amount / Frequency
<p>1. Are you in receipt of income Support?</p> <p>Provide a copy of: a. Two current income support pay stubs within last 30 days.</p>	<input type="radio"/> YES <input type="radio"/> NO	<hr/>
<p>2. Are you currently Employed?</p> <p>Provide a copy of: a. Canada Revenue Agency Notice of Assessment – Line 236 and a copy of T2125 (if self-employed). b. All pay stubs for the last 30 days or a letter from your employer showing deductions and net pay. c. A work schedule (if applicable).</p>	<input type="radio"/> YES <input type="radio"/> NO	<hr/> <input type="radio"/> Weekly <input type="radio"/> Bi-Weekly <input type="radio"/> Monthly <input type="radio"/> Commission <input type="radio"/> Semi-monthly
<p>3. Are you receiving compensation from Workplace . ?</p> <p>Provide a copy of: a. All pay stubs for the last 30 days.</p>	<input type="radio"/> YES <input type="radio"/> NO	<hr/> <input type="radio"/> Weekly <input type="radio"/> Bi-Weekly <input type="radio"/> Monthly <input type="radio"/> Semi-monthly
<p>4. Are you receiving Employment Insurance?</p> <p>Provide a copy of: a. All pay stubs for the last 30 days.</p>	<input type="radio"/> YES <input type="radio"/> NO	<hr/> <input type="radio"/> Weekly <input type="radio"/> Bi-Weekly <input type="radio"/> Monthly <input type="radio"/> Semi-monthly
<p>5. Are you receiving a Training Allowance?</p> <p>Provide a copy of: a. Stub or letter of breakdown stating net amount (provide after 1st payment). b. Skills Development agreement. c. Name and phone number of skills development worker.</p>	<input type="radio"/> YES <input type="radio"/> NO	<hr/>
<p>6. Are you receiving Student Aid?</p> <p>Provide a copy of: a. Student Loan Notice of Assessment. b. Program Cost Form.</p>	<input type="radio"/> YES <input type="radio"/> NO	<hr/>
<p>7. Are you receiving/paying spousal support?</p> <p>Provide a copy of: a. Legal documentation of spousal support e.g.; support enforcement agreement with 12 month support enforcement summary, court order (if applicable).</p>	<input type="radio"/> YES <input type="radio"/> NO	<hr/> <input type="radio"/> Weekly <input type="radio"/> Bi-Weekly <input type="radio"/> Monthly <input type="radio"/> Semi-monthly
<p>8. Are you receiving any other income (e.g.; Canada Pension, Widow/Widower Allowance, ELCC Supplement, Federal Assistance Programs)?</p> <p>Provide a copy of: a. Verification of any and all sources.</p>	<input type="radio"/> YES <input type="radio"/> NO	<hr/> <input type="radio"/> Weekly <input type="radio"/> Bi-Weekly <input type="radio"/> Monthly <input type="radio"/> Commission <input type="radio"/> Semi-monthly

Average fees and approximate “out of pocket expenses” for families with a 1 and 3 yr old in selected cities, June 2022



Affordability: policy issues to consider

Who pays and how?

- How is capital funding allocated and managed?
- Demand or supply side funding?
- Should parents pay the provider or in some other way?
- Are any services free?



What is affordable?

- No more than a certain % of household income for median income families?
- Maximum fee ceiling?
- Maximum % of actual costs?
- Should fees be per child/per family?

Affordability for programs: funding...

- that reflects real cost of care
- to attract and retain qualified staff
- for ongoing maintenance and recapitalization
- for infrastructure
- For data collection, research and evaluation

Affordability – what makes it possible?



- ✓ No user fees for families below a certain income
- ✓ A cap on fees/low set fee
- ✓ A simple sliding scale for low-moderate income families
- ✓ A maximum family income spent on child care up to a set fee
- ✓ Wage scale and comprehensive benefits for staff
- ✓ Formula-based, core operating funding for centres and regulated homes
- ✓ **A systems approach** (System: “A set of things working together as parts of a mechanism or interconnecting network; a complex whole”)