

## Fee Subsidies Are Not the Answer

### INCREASING FEE SUBSIDIES FOR FAMILIES WILL NOT SOLVE BC'S CHILD CARE CHAOS

Currently, the BC government provides fee subsidies to a small number of families that meet low-income and other eligibility requirements. Yet, many families who qualify for a subsidy still can't afford quality child care because the subsidies do not cover the full cost of child care and parents must make up the difference.

**Here are seven reasons why increasing fee subsidies is NOT the answer.**

#### **1 FEE SUBSIDIES PROMPT FEE INCREASES.**

When government increases subsidies to families it almost instantly leads to fee increases. As a result, subsidized families are no better off and non-subsidized families are worse off. This is especially true for families with infants and toddlers. Care for this age group is the most expensive to provide. Infant/toddler programs are under constant pressure to raise fees.

#### **2 FEE SUBSIDIES DON'T ADDRESS COST PRESSURES.**

Fee increases happen primarily because child care programs can't respond to cost pressures – especially the high cost of recruiting and retaining qualified staff – without increasing the cost for families.

#### **3 CAPPED FEES ARE MORE EFFECTIVE THAN SUBSIDIES.**

Without a cap on parent fees, child care still won't be affordable for the small minority of families who are eligible for subsidies or for the majority who are not. The evidence is clear – jurisdictions with affordable child care have capped parent fees. In Canada, for

example, child care is much more affordable in Quebec, Manitoba and PEI, where parent fees are capped.

#### **4 DIRECT FUNDING FOR PROGRAMS IS MORE ACCOUNTABLE THAN FEE SUBSIDIES FOR PARENTS.**

Research shows that direct funding of child care programs is more effective and accountable than parent fee subsidies. BC has relied on parent fee subsidies as the primary way of funding child care for decades yet subsidies to parents have failed to make quality, affordable child care broadly accessible in BC, or anywhere else. That's why the \$10aDay Plan recommends new child care funds be used to increase the currently small direct operating grants (CCOF) that government provides to licensed programs on the condition that recipients agree to be accountable for using the funds to lower parent fees, raise staff wages, and meet the Plan's remaining accountability requirements.

In BC you can't drive a car without a license, nor can you run a restaurant without one. And we have licensing and regulations for serving alcohol. So how can we allow people to operate and sell child care services that are unregulated and unlicensed?

**5 INCREASING FEE SUBSIDIES FOR UNLICENSED CARE IS RISKY.** BC is the only province that allows subsidies to be used in unlicensed, unregulated care, with no health or safety standards or monitoring. BC should be encouraging and supporting unlicensed providers to transition to the licensed sector instead of increasing public funding to unlicensed care, with its associated risks.

**6 FEE SUBSIDIES ARE EXPENSIVE TO MANAGE.** The subsidy system is complex, administratively costly and personally stigmatizing for individuals.

**7 FEE SUBSIDIES ARE BACKWARD-THINKING.** Increasing fee subsidies, even in the short term, sends the wrong signal. From now on, every child care policy and funding decision should be evidence-driven and aligned with the system-building steps proposed in the \$10aDay Plan. That's how the child care community will measure progress. Choosing instead to do more of the same old failed approaches suggests that government is not actually committed to solving the child care chaos. Furthermore, increasing fee subsidies in the unlicensed sector sends a particularly worrisome signal, as it effectively rewards the riskiest form of child care provision.



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The Coalition of Child Care Advocates of BC and the Early Childhood Educators of BC advance the \$10aDay Plan in ways that are consistent with their respective mandates and applicable regulatory requirements. Both organizations individually and jointly provide public education about the Plan. As a registered charity, ECEBC also engages

in a limited amount of permitted non-partisan advocacy which is directly connected to its charitable public education work. As a registered non-profit society, CCCABC advances the Plan through its advocacy campaign, and at [www.10aDay.ca](http://www.10aDay.ca).