

CITY OF BURNABY

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SOCIAL ISSUES COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

**RE: ADDITIONAL FUNDING FOR PROVINCIAL CHILD CARE SUBSIDY
PROGRAM**

RECOMMENDATION:

1. **THAT** Council receive this report for information.

R E P O R T

The Social Issues Committee, at its Open meeting held on 2005 January 26, received and adopted the *attached* report providing information on recent increases in funding for the Provincial Child Care Subsidy Program. The Committee advised that the infusion of \$28 million into the Provincial Child Care Program brings income threshold levels and expenditure on the program back to roughly the levels they were at in 2001 before Provincial cutbacks reduced funding to the program. The Committee further advised that child care advocates remain concerned about the Provincial commitment to child care, and particularly about whether Federal funds are simply being used to replace, rather than complement, Provincial funds. As well, the Committee noted that advocates continue to press for a longer-term, five year plan aimed at developing a publicly funded child care system which entitles all B.C. children to quality child care.

Respectfully submitted,

Councillor D. Johnston
Chair

Councillor L. Rankin
Vice Chair

Councillor S. Dhaliwal
Member

COPY - CITY MANAGER
- DIRECTOR PLANNING & BUILDING
- DIRECTOR PARKS, RECREATION & CULTURAL SERVICES

TO: CHAIR AND MEMBERS
SOCIAL ISSUES COMMITTEE

2005 January 18

FROM: DIRECTOR PLANNING AND BUILDING

FILE: 1750 20

SUBJECT: ADDITIONAL FUNDING FOR PROVINCIAL CHILD CARE SUBSIDY PROGRAM

PURPOSE: To provide information on recent increases in funding for the Provincial Child Care Subsidy Program.

RECOMMENDATION:

1. THAT this report be forwarded to Council for information.

REPORT

1.0 BACKGROUND

At its meeting of 2004 November 1, Burnaby Council considered a report from the Social Issues Committee on Public Spending on Child Care. The report outlined changes made to Provincial child care policies over the past three years, and reported on the Province's use of Federal transfer funds for early childhood development and child care. The report recommended that Council urge the Federal government to develop and implement a national child care strategy, and that Council write to the Premier and relevant Provincial ministers regarding the need for increased Provincial expenditure on child care, and the establishment of a universal, publicly-funded child care system in British Columbia.

Council adopted the recommendations. During discussion of the report, late-breaking information on changes to the Provincial Child Care Subsidy was provided by one of the Councillors. As a result, Council requested that the Social Issues Committee review the new information and report back on changes to the Provincial Child Care Subsidy Program.

This report responds to that request.

2.0 PROVINCIAL CHILD CARE SUBSIDY PROGRAM

2.1 *Changes to the Child Care Subsidy Program, 2002 - 2003*

The Child Care Subsidy Program provides a monthly grant, sent directly to child care providers, to help low-income parents meet the cost of child care.¹ Subsidies range from \$73.50 to \$618 per month per child, depending on family income, the type of care accessed, and the age of the child.

¹ The Child Care Subsidy can be used to access a number of types of child care including licensed or license-not-required (LNR) family child care facilities, licensed group child care centres, licensed out-of-school programs, and licensed pre-school programs.

In 2002 April, financial eligibility criteria for the child care subsidy were tightened. The income threshold for eligibility was lowered by \$285 per month, and parents experiencing short-term family crises were disqualified. According to child care advocates, these changes meant that about 10,500 families in B.C. either no longer qualified for child care subsidy, or had their subsidy levels reduced, resulting in a Provincial budget saving of \$26 million.

In 2003 May, the Province announced an infusion of \$10 million into the Child Care Subsidy Program. The \$10 million raised the income threshold for eligibility by \$100 per month. According to the Province, the change meant an additional 3,000 children would be eligible for the subsidy, and 6,000 would be eligible for higher subsidy. Nevertheless, the income threshold for eligibility remained \$185 per month below March 2002 levels, while the Provincial budget for the program was \$16 million below March 2002 levels.

2.2 2005 Changes to the Child Care Subsidy Program

In late October 2004, the Province announced an additional \$33 million in child care funding to be made available for the remainder of the 2004-05 fiscal year, and the next fiscal year (2005-06). Of these additional funds, \$28 million were targeted to the Child Care Subsidy Program, \$4.45 million were aimed at assisting eligible child care providers with the transition to new subsidy rates, and \$500,000 was allocated for professional development for child care providers.

As a result of the \$28 million infusion to the Child Care Subsidy Program, and effective 2005 January 1, the income threshold² at which families become eligible for a full child care subsidy rose by \$200 per month, resulting in the threshold being \$15 per month higher than it was in 2001 before budget reductions were made. The income threshold for families with children with special needs rose by an additional \$100.

According to the Province, the funding will render an additional 10,000 children eligible for the child care subsidy. Funding for the increase to the program was derived, in part, from the \$49 million to be transferred from the Federal government to British Columbia in 2004-05 and 2005-06 as part of the Early Learning and Child Care Agreement.

3.0 SUMMARY AND CONCLUSIONS

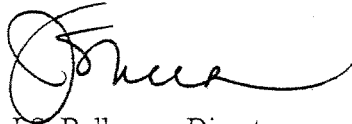
The recently announced infusion of \$28 million into the Provincial Child Care Subsidy Program brings income threshold levels and expenditure on the program back to roughly the levels they were at in 2001 before Provincial cutbacks reduced funding to the program. The additional funding will help many lower-income families access quality child care. However, child care advocates remain

² The income threshold for receiving the full child care subsidy is dependent on a number of variables including family size, age of child, and type of child care accessed. As examples, a parent with one child would be eligible for the full subsidy with a monthly income of \$1,597 or less. The income threshold for a four person family (two parents and two children, or one parent and three children) is now \$1,933 per month.

concerned about the Provincial commitment to child care, and particularly about whether Federal funds are simply being used to replace, rather than complement, Provincial funds. As well, advocates continue to press for a longer-term, five year plan aimed at developing a publicly funded child care system which entitles all B.C. children to quality child care. According to advocates, the need for such a plan is even more critical now that Federal/Provincial/Territorial discussions are underway on a national system of early learning and child care, which will likely result in the transfer of additional Federal funds to the provinces. As mentioned above, Burnaby Council has already urged the Federal government to implement a national child care strategy, and requested the Provincial government to establish a universal, publicly-funded child care system in British Columbia.

Staff will continue to follow relevant developments in the child care field, and report back to the Committee as deemed appropriate.

It is recommended that this report be forwarded to Council for information.



J.S. Belhouse, Director
PLANNING AND BUILDING

JS/sla/sa

cc: City Manager
Director Parks, Recreation & Cultural Services