

SOCIAL ISSUES COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

SUBJECT: SENIOR GOVERNMENT FUNDING REDUCTIONS FOR CHILD CARE

RECOMMENDATIONS:

1. THAT the Mayor, on behalf of Council, write to the Premier of British Columbia, the Provincial Minister of Children and Family Development, and the Provincial Minister of State for Child Care urging them to:
 - (a) use British Columbia's current and projected surplus to make an immediate commitment to maintain the total 2006/07 child care budget in 2007/08.
 - (b) develop a B.C. Child Care Action Plan that addresses quality, affordability, accessibility, and expansion in the child care system; and
 - (c) implement a five year funding strategy to support the Action Plan with dedicated operating and capital funds.
2. THAT the Mayor, on behalf of Council, write to the Prime Minister and the Federal Minister of Resources and Development urging them to either reconsider the decision to terminate the ELCC Agreements, or to work with the Provinces to negotiate new child care agreements.
3. THAT copies of this report be forwarded to Burnaby's Members of Parliament and Members of the Legislative Assembly.

COPY – CITY MANAGER DIRECTOR PLANNING & BUILDING DIRECTOR FINANCE DIR. PARKS, REC. & CULTURAL SERV.
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To: His Worship, the Mayor and Councillors
From: Social Issues Committee
Re: Senior Government Funding Reductions for Child
Care
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REPORT

The Social Issues Committee, at its Open meeting held on 2007 March 15, received and adopted the *attached* report providing information on recent changes to funding for child care programs. The Committee advised that major changes to funding allocations and eligibility by both senior levels of government are scheduled to come into effect on 2007 March 31, and will likely have a significant negative impact on Burnaby parents and child care providers. The Committee concluded by noting that both levels of government must continue to be made aware of the negative impacts of their funding decisions.

Respectfully submitted,

Councillor Sav Dhaliwal
Chair

Councillor Dan Johnston
Vice Chair

Councillor Garth Evans
Member

TO: CHAIR AND MEMBERS
SOCIAL ISSUES COMMITTEE

DATE: 2007 March 08

FROM: DIRECTOR PLANNING AND BUILDING

SUBJECT: SENIOR GOVERNMENT FUNDING REDUCTIONS FOR CHILD CARE

PURPOSE: To provide information on recent changes to funding for child care programs.

RECOMMENDATIONS:

1. **THAT** the Social Issues Committee recommend to Council that:
 - a. the Mayor write to the Premier of British Columbia, the Provincial Minister of Children and Family Development, and the Provincial Minister of State for Child Care urging them to:
 - use British Columbia's current and projected surplus to make an immediate commitment to maintain the total 2006/07 child care budget in 2007/08;
 - develop a B.C. Child Care Action Plan that addresses quality, affordability, accessibility, and expansion in the child care system; and
 - implement a five year funding strategy to support the Action Plan with dedicated operating and capital funds.
 - b. the Mayor write to the Prime Minister and the Federal Minister of Resources and Development urging them to either reconsider the decision to terminate the ELCC Agreements, or to work with the Provinces to negotiate new child care agreements.
2. **THAT** copies of this report be forwarded to Burnaby's Members of Parliament and Members of the Legislative Assembly

REPORT**1.0 BACKGROUND**

At its meeting of 2006 May 16, the Social Issues Committee received a delegation from its subcommittee, the Child Care Resources Group, regarding the shortage of quality child care spaces, the high cost of child care to parents, and the scarcity of appropriate sites for developing new group child care centres in Burnaby. The delegation advised that the recent cancellation by the Federal government of the Federal/Provincial Early Learning and Child Care Agreements,

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which were signed in 2005, was likely to exacerbate the already serious child care space supply problem in Burnaby.

Arising from the delegation's presentation, the Social Issues Committee forwarded a report to Council. At its meeting of 2006 May 29, Council considered the report, which urged Burnaby to join a nation-wide "code blue" campaign to convince the new Federal government to honour the funding commitments to child care made by the previous Federal government. The report also requested that the Mayor write to the Premier of British Columbia and all Burnaby Members of the Legislative Assembly (MLAs) urging the Province to call on the Federal government to honour its commitments and, irrespective of the Federal response, to continue to ensure that at least the current levels of funding remain available for child care in B.C. Council adopted the recommendations, and letters reflecting the City's concerns were sent to the Prime Minister, the Premier, and Burnaby's MLAs.

The purpose of this report is to provide the Social Issues Committee and Council with updated information on the consequences of the cancellation of the ELCC Agreement.

2.0 FEDERAL CHILD CARE POLICY

Two Federal/Provincial Agreements aimed at enhancing the early development experience of children under six years of age have been negotiated in the past 7 years.

In autumn 2000, the Federal government signed Early Childhood Development (ECD) Agreements with all the provinces and territories except Quebec in order to improve and expand early childhood development programs and services for children six years of age and under. The agreements, which were extended in 2003, guaranteed the provinces Federal funding over a seven year period (to 2007/08) provided it was used for programs and services focussing on healthy pregnancy, birth and infancy; parenting and family supports; early childhood development, learning and care; or community supports. British Columbia's allocation under the ECD Agreement was \$419 million. The Province has targeted the ECD funds to a wide variety of child development initiatives which, for the most part, have not included child care.

In late 2005, the Federal government signed a five year (to 2009/10) Early Learning and Child Care (ELCC) Agreement with British Columbia, which was to result in \$633 million in Federal transfer payments being targeted to direct child care and early learning initiatives for children under six years of age in B.C. Similar agreements were signed with the other provinces.

In January 2006, the new Federal government announced its intention to cancel the ELCC Agreements, effective March 31, 2007. The cancellation of the Agreement represents a loss to B.C. of \$455 million over the three remaining years of the Agreement. As an alternative, the Federal government implemented a universal Child Care Benefit of \$100 per month per child to be paid to parents with children under 6 years of age. The Federal government also announced plans for a child care spaces initiative targeting the creation of 125,000 spaces across the country over five years. Through the initiative, a business would receive a \$10,000 tax incentive for every child care space it created. Although the Child Care Benefit has been implemented, plans for implementation of the spaces initiative have yet to be fully articulated.

3.0 PROVINCIAL CHILD CARE POLICY AND PROGRAMS

Over the past five years, public funding for child care in B.C. has been in a state of flux. Capital and operating funding programs have been scaled down or replaced, and eligibility criteria for grants and subsidies have been tightened. Child care advocates report that in the past three years, despite an inflow of Federal transfer payments from two Federal/Provincial agreements, child care funding in B.C. has decreased by about \$40 million annually.

The key child care funding programs the Province has supported over the past five years are as follows:

- Child Care Operating Funding Program
- Child Care Capital Funding Program
- Child Care Resource and Referral Programs
- Child Care Subsidy Program
- Supported Child Development Program

In response to the pending loss of Federal ELCC funding, in January 2007, the Province of B.C. announced a \$150 million annual reduction in child care funding beginning in April 2007. Information on the funding reduction is provided below.

3.1 Child Care Operating Funding Program

The Child Care Operating Funding (CCOF) Program provides a monthly grant to eligible child care providers to help offset the costs of providing care. Typically, child care operators use the funding to enhance staff wages, to provide staff with professional development opportunities, and to replace or repair equipment. Grant levels are determined by enrolment. In 2005, with the signing of the ELCC Agreement, grant rates were raised. The January 2007 Provincial announcement advised that grant levels will revert to pre-ELCC levels on July 1, 2007. According to Provincial representatives, the 27% reduction in funding to the program will mean an average monthly reduction per child of about \$40.¹

On March 2, 2007, the Province advised child care providers that \$20 million in one-time-only funding will be distributed among current CCOF recipients to assist with their overall operations. This \$20 million is part of \$100 million in ELCC funding that the Province has already received from the Federal government but not allocated.

The Province has also placed an intake cap on the CCOF Program, effective immediately. This means that any operator currently funded under the program will continue to receive funding in 2007/08, as will new spaces already approved for capital or operating funding. Otherwise, new applicants for Child Care Operating Funding will be processed only

¹ Local child care advocates note that the \$40/child/month figure is an average across age groups, and that the loss for infants and toddlers, which is the type of care most in demand, is actually about \$80/child/month.

when room becomes available within the cap (e.g., when an existing centre reduces its number of spaces or closes.) According to the Province, the cap will remain in effect until there is more clarity about the Federal child care spaces initiative.

3.2 Child Care Capital Funding Program

Through its Major and Minor Capital Funding Programs, the Province provides funding for the creation of new licensed child care spaces and for upgrades to existing spaces. While grants under the Minor Capital Funding Program are being increased from \$4,000 to \$5,000 per project to assist licensed centres to meet health, safety and quality standards, the Major Capital Funding Program has been suspended. This 100% reduction in funding to the Major Capital Program will remain in effect until there is more clarity about the Federal child care spaces initiative.

3.3 Child Care Resource and Referral Programs

Child Care Resource and Referral (CCRR) Programs have been providing support, resources and referral services for child care providers and parents in communities around B.C. for over thirty years. Services to child care providers include the provision of training and information which assists them to offer developmentally appropriate activities for the children in their care; toy and resource lending libraries; information on providing a safe, healthy and nurturing environment for children in their care; child development consultation; drop-in and networking opportunities; and child care referrals. Services to parents include child care referrals; comprehensive written information on child care, parent and child drop-in programs; and assistance with the Child Care Subsidy application process.

Although the programs were slated for termination by the Province in 2004, the signing of the ELCC Agreement resulted in a reprieve for them. In 2006/07, \$5 million in ELCC funding was used to expand and improve the programs, and to create accessible store-front settings to better serve parents and child care providers.

The January 2007 Provincial announcement included a 77% reduction in funding for CCRR programs, from \$14 million to \$3 million. In March 2007, the Province announced the funding reduction would be scaled back to 36% to pre-ELCC Agreement levels, leaving \$9 million annually for CCRR operations for the foreseeable future. Given the funding reduction, a new service mandate for CCRR programs is currently being developed by the Province.

According to the January 2007 Provincial announcement, funding for the Child Care Subsidy Program will be maintained at current levels for the foreseeable future. The Child Care Subsidy Program provides a monthly grant to help low-income parents meet the cost of child care. Eligibility is determined by family income and family size. In 2006/07, B.C. used \$126 million of the Federal ELCC funding to increase the annual income threshold for the subsidy program from \$21,000 to \$38,000, and to increase the subsidy by about 15% per family. The program currently supports about 25,000 families.

The Supported Child Development Program, which assists 5,500 children, will also be maintained at current service levels, with necessary enhancements, for the foreseeable future. This program provides a range of consulting and support services to enable children with extra needs to be served in regular child care settings. In 2006/07, B.C. used \$16.5 million of the Federal ELCC funding to improve access to regulated child care and reduce wait times for children with extra needs.

4.0 RAMIFICATIONS OF PROVINCIAL FUNDING REDUCTIONS FOR BURNABY

Given that the funding reductions will not take place until March 31, 2007, it is difficult to provide precise information on the future impacts for Burnaby parents and child care providers. For this reason, the Child Care Resources Group has proposed conducting a survey of Burnaby child care providers during April 2007. The proposed survey is discussed in a separate update report on the Child Care Resources Group, appearing elsewhere on the Social Issues Committee's agenda.

Possible ramifications of the funding reductions are discussed below.

4.1 Reduced Funding to Child Care Operating Funding Program

Several impacts can be anticipated from the funding reductions to the Child Care Operating Fund Program. The reductions, which will total approximately \$24,000/year for a typical group centre², will need to be offset by increased parent fees³ decreased staff wages, and/or lower standards of upkeep for centres and their equipment.⁴ Burnaby Association for Community Inclusion (BACI) estimates that the CCOF cutbacks will cost the organization about \$200,000 per year. Other local child care providers are facing similar challenges. Parents unable to afford increased fees will be obliged to find other, less formal, types of care, or leave the workforce to care for their children.⁵ Some child care centres may have to close, resulting in a reduction in an already inadequate number of child care spaces, and increased waitlists at remaining centres.

The cap on CCOF will affect child care centres currently in the planning stages, including a centre planned for UniverCity and the two City-owned centres at Lougheed and Beta Avenue, and North Road and Cameron Street. Without operating grants, it may be difficult for the centres to be economically viable.

² Based on group child care centre with 25 3-5 year old children and 12 infants/toddlers.

³ Staff are aware of at least two major Burnaby-based child care societies which are planning to raise fees by more than \$40 per child per month to offset the lost revenue.

⁴ It is estimated that staff wages would need to be reduced by \$250/employee/month. This is simply not feasible in a field with a labour crisis caused, in large part, by instability of funding and policy.

⁵ At a time when B.C. has a skilled labour shortage, a 2006 Statistics Canada report, entitled "*From she to she: Changing Patterns of Women in the Canadian Labour Force*", noted that women's participation in the workforce in B.C. is declining, and that B.C. has the second lowest labour force participation rate in Canada for women with children under 6 years of age. The study cited access to childcare as a key factor in the workforce participation of women.

4.2 Termination of Funding to Child Care Resource and Referral Programs

Burnaby's Child Care Resource and Referral Program, which has served the community for over fifteen years, has announced that it is likely to close its doors on March 31, 2007, depending on the service mandate developed by the Province. If the Burnaby program does cease operations, the YMCA will endeavour to provide services to both Burnaby and New Westminster child care providers and parents from its Tri-Cities CCRR office.

According to child care advocates, a significant portion of B.C.'s \$100 million in unallocated ELCC dollars will be used to buy out leases, provide severance packages, and close CCRR programs.

4.3 Termination of Major Capital Grants

The provision of quality child care is a costly undertaking, both from the capital as well as the operational perspective. It is estimated by child care providers that the creation of a child care space in the Lower Mainland area costs approximately \$40,000. Without access to capital grants, few providers are able to create new spaces. At this time, staff are aware of one Burnaby-based non-profit child care operator which has suspended plans to engage in fundraising to expand a child care centre because of the termination of the Capital Grant Program.

5.0 ADVOCACY EFFORTS

Parents, child care providers, and child care advocates have been quick to respond to the Provincial funding cuts and to mobilize in an attempt to have child care funding re-instated. Several "days of protest" were held around the Province in February 2007, petitions have been circulated and letters written to MLAs and MPs, and public town hall meetings have been organized.

In response to Provincial claims that the Province cannot afford to fund childcare at existing levels with the withdrawal of the Federal ELCC funds, child care advocates are noting:

- B.C. has \$100 million in Federal transfer funds which have not been allocated nor accounted for⁶
- with a Provincial budget surplus of \$2 billion, the Province can easily afford to make up the shortfall caused by the termination of the Federal/Provincial agreement. In fact, the reductions could be restored and accommodated within the Provincial government's contingency funds, without impacting anticipated future surpluses.
- B.C.'s Provincial government is the only Provincial government which has reduced funding to child care programs as a result of the withdrawal of Federal

⁶ As noted above, the Province announced last week that \$20 million of the \$100 million will be distributed to licensed providers on a one-time-only basis through the CCOF program.

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ELCC funds. Other provinces have chosen to carry surplus or unallocated funds over into the next fiscal year to maintain funding levels.

Advocates also charge that B.C. has invested very little of the ELCC funding it did receive on sustained funding for child care. Moreover, the Provincial government did not advocate for the continuation of the ELCC Agreement as other provinces did, and did not develop a Child Care Action Plan as required under the ELCC Agreement, even though communities throughout the province provided strong and consistent advice that child care was the priority.

The Child Care Advocacy Forum, a coalition of six child care-related organizations, is urging the Province, despite the loss of Federal transfer payments, to:

- use B.C.'s current and projected surplus to make an immediate commitment to maintain the total 2006/07 child care budget in 2007/08;
- develop a B.C. Child Care Action Plan that addresses quality, affordability, access and expansion; and
- implement a five year funding strategy to support the Action Plan with dedicated operating and capital funds, which would move child care from a user fee system to a publicly funded system.

6.0 SUMMARY AND CONCLUSIONS

Funding for child care in British Columbia has been in a state of flux and uncertainly for a number of years. However, major changes to funding allocations and eligibility by both senior levels of government, which are scheduled to come into effect on March 31, 2007, are likely to have a significant negative impact on Burnaby parents and child care providers. It is likely that fees for child care will rise considerably, that child care centres will reduce spaces or close, that support services for child care providers and parents will be scaled back, and that the creation of new spaces will be suspended. Without assured access to operating grants, centres currently under construction or in the planning process may not be economically viable.

Public pressure on the Provincial government has yielded results, as is evidenced by the scaling back of the funding reductions to Child Care Resource and Referral programs, and the \$20 million one-time infusion into the Child Care Operating Fund Program. The child care situation remains serious, however, and Provincial representatives must continue to be made aware of the negative impacts of their funding decisions on child care workers and families with young children.

Staff propose that the Social Issues Committee make the following recommendations to Council:

1. that the Mayor write to the Premier of British Columbia, the Minister of Children and Family Development, and the Minister of State for Child Care urging them to:
 - use British Columbia's current and projected surplus to make an immediate commitment to maintain the total 2006/07 child care budget in 2007/08;

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- develop a B.C. Child Care Action Plan that addresses quality, affordability, access, and expansion of the child care system; and
 - implement a five year funding strategy to support the Action Plan with dedicated operating and capital funds.
2. that the Mayor write to the Prime Minister the and the Federal Minister of Resources and Development urging them to either reconsider the decision to terminate the ELCC Agreements, or to work with the Provinces to negotiate new child care agreements.
 3. that copies of this report be forwarded to Burnaby's Members of Parliament and Members of the Legislative Assembly.


B. Luksun, Director
PLANNING & BUILDING

JS:sa/tn

cc: City Manager
Director Parks, Recreation & Cultural Services
Director Finance

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