

# Making a better choice for child care in Alberta



## Why we need to fight for a national child care system:

A high quality and affordable universal public child care system accessible to everyone provides:

- All children with an equal opportunity for the best start in life. Quality child care leads to better social integration, health, and education outcomes for all children, especially those who come from disadvantaged families.
- More equal opportunity for parents, and especially women to work, study, learn and improve their quality of life, confident that their children are in a secure and creative environment.
- Better wages and conditions for child care workers, most of whom are lower paid women. Better conditions for child care workers also means better conditions for our children.

Studies have shown that for every dollar invested in high quality child care, there is a two dollar benefit to children, parents and society in general<sup>1</sup>. Governments also benefit because more people at work means higher tax revenues – and lower spending on social transfers.

## What the federal child care program would have provided for Alberta:

The federal child care program would have provided an additional \$489 million in child care funding to Alberta over the next five years.

In Alberta, the province was planning to:

- Increase the child care subsidies by an extra \$100 to \$175 per month and increase income thresholds by 25%.

- Provide \$100 per month for eligible stay-at-home parents to pay fees for licensed nursery schools and other eligible programs.
- Increase funding for specialized child care to assist children with disabilities.
- Increase funding for wages and training programs for child care workers: up to an extra \$1.78 per hour for trained staff wages at accredited day care centres and \$750 a year for staff development and training.

Alberta's deregulation of day cares and elimination of operating grants for centres resulted in a severe shortage of quality non-profit care and a surplus of poor quality private care. As a result, child care workers in Alberta have been among the lowest paid in Canada and have the highest rate of turnover.

Positive steps were being made with the federal agreement to increase subsidies, improve wages (and attract qualified staff), and increase access to quality child care in Alberta. This could all be lost with cancellation of the agreements.

## Why Harper's "Choice in Child Care Allowance" does nothing to increase child care spaces and eliminates choices for working families

Harper's so-called *Choice in Child Care Allowance* -- \$100 per month for each child under six -- isn't a child care program at all. It will not directly increase the number of child care spaces. It is simply a child allowance and a badly designed one at that. Instead of providing parents with more choices – such as the choice to work, study and improve their family's quality of life – it *eliminates* choices.

Social Development Minister Diane Finley has suggested that “good parents” should stay home to care for their children instead of going to work. But most parents need to work to afford Alberta’s increasing cost of living and housing. Finley acknowledges that the \$1,200 allowance won’t provide enough for decent child care, but says that it could cover the cost of occasional babysitting.

The proposed child care allowance is deeply flawed in many ways<sup>ii</sup>. Because it will be taxable income, the true value is much lower than \$100 per month after taxes and transfer payments are factored in.

- *Would provide for only a fraction of child care costs.* After taxes and transfers are factored in, the allowance will provide most families with about \$2 a day per child. For Alberta families making around \$30,000, it works out to only \$1.24 to \$1.58 per child per day.
- *Gives much higher net benefits to families with a stay-at-home spouse and actively discourages mothers from working.* Families with a stay-at-home parent will get 25% to 33% more than single parents.
- *Net benefits are inequitable and irrational.* Working families at the poverty line will benefit the least, while those with higher incomes will get more.
- *Federal and provincial treasuries will make windfall gains in the form of higher taxes and lower transfer payments.* Of the \$1.8 billion, almost \$500 million will be taxed back in various forms by federal and provincial governments.

No amount of fiddling will make the child allowance into a real child care program. We need to fight to build the child care system that Canadian families need and deserve.

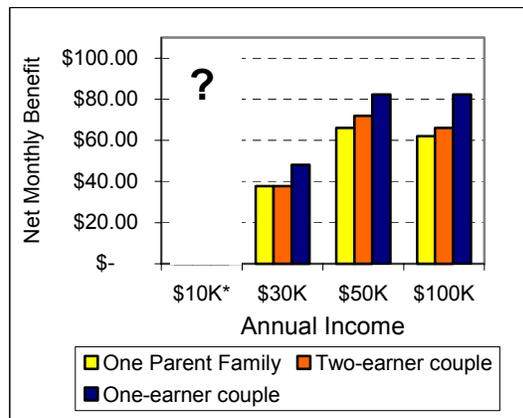
It would be much better if the federal government used the money to increase the National Child Benefit so that low and middle-income parents would get the full value of the benefit.

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### Net Benefit of Proposed Child Care Allowance to Albertan Families



(\* Benefits for low income could be zero with clawbacks)

- *A single parent with employment income of \$30,000 in Alberta will get a net benefit of only \$37.80 per month after taxes and transfers.*
- *A family with an income of \$100,000 and one spouse at home will get a net benefit of \$82.24 per month.*
- *Families on social assistance might get zero benefits – or even be worse off if the province claws back the allowance from Alberta Works social assistance and other benefits.*
- *The benefits for lower income families will be even less if there are claw backs against child care subsidies or other benefits.*

#### How to get involved:

- Sign on to an open letter that tells politicians to honour the child care agreements at: <http://www.buildchildcare.ca/>
- Tell your elected representatives to maintain the positive steps made under the child care agreements.
- Pressure the Alberta government to not claw back the allowance from social assistance and other benefits.

<sup>i</sup> *The Benefits and Costs of Good Child Care*, Gordon Cleveland and Michael Krashinsky. University of Toronto at Scarborough, 1998.

<sup>ii</sup> See also *The Choice in Child Care Allowance: What You See Is Not What You Get*, Ken Battle, Caledon Institute of Social Policy, February 2006.