



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

February 14, 2019

A Closer Look at Childcare Affordability in Manitoba

First published in the Winnipeg Free Press February 13, 2019



A new report by CCPA National (*Developmental Milestones: Child Care fees in Canada's Big Cities*) on childcare fees contains very mixed reviews of Manitoba and raises important questions about public policy. A closer look complicates the congratulatory confidence that Manitoba's fees are among the lowest in Canada ("City second in daycare affordability," Winnipeg Free Press, February 8).

For families with young children, Manitoba's childcare deficit is of grave concern. The

province has a licensed childcare space for fewer than one in five children, much worse than the national average. Not surprisingly, wait times are long – averaging 15 months, according to recent surveys. Low provincial fees are small comfort to parents who can't find a childcare place when they need one

If parents can find a space in a not-for-profit childcare centre or licensed family home, they usually pay a province-wide flat fee. The median cost for very young

there is an alternative.

CCPA-MB
205-765 Main St.
Winnipeg, MB
R2W 3N5

phone

(204) 927-3200

email

ccpamb@policyalternatives.ca

website

[www.policyalternatives.ca/
manitoba](http://www.policyalternatives.ca/manitoba)

blog

www.policyfix.ca

twitter

@ccpamb

continued..

infants (whose developmental needs are higher, and who therefore require better adult-to-child ratios) averages \$7,812/year per child, while fees for older children are lower.

But the story is complicated. Some Manitoba childcare facilities charge much more than the celebrated flat fee. In fact, in for-profit centres, owners can charge whatever they want. Among profit-making centres, Manitoba is actually the most expensive province in Canada, with median infant fees of \$20,200/year child. This is very far from affordable.

Low-income Manitobans also find themselves priced out of licensed childcare. Family incomes must be well below the poverty line before a parent qualifies for a maximum fee subsidy. Yet even with a maximum subsidy, most parents will pay surcharges of over \$500/year per child. Daycare will cost a subsidized parent with two children over \$1,000/year.

Some Canadian economists have determined that childcare is 'unaffordable' when it eats up any more than ten percent of family income. Other countries are more generous. Sweden, for example, has determined that daycare should cost no more than five percent of a two-child family's net income.

Affordability was a concern for the 2016 Manitoba Commission on Early Learning and Child Care. It recommended a sliding fee scale that maxed out at ten percent of median family income, with lower thresholds for lower-income families. It recommended the daily surcharge for subsidized families should be eliminated.

In Manitoba, subsidy eligibility is brutally severe: a two-parent family with two preschool children must have a net family income under \$22,504/year to qualify for a maximum subsidy. Families must earn exceptionally low incomes to qualify, yet still must pay the daily surcharges. As a result, it's sad but not surprising that barely 7,000 Manitoban children in a provincial system with 36,779 licensed spaces qualifies for any fee subsidy at all.

Prudently, Manitoba regulations currently ensure that commercial childcare centres are generally ineligible for supply-side operating grants or payments for subsidized children. The logic is water-tight: taxpayer dollars should not underwrite ongoing private profits nor help to accumulate personal assets. After all, if a not-for-profit childcare centre closes down, it must divest its assets only to another not-for-profit organization. In contrast, a commercial childcare operator can sell their business to the highest bidder and walk away with the proceeds in their own pocket. For this reason, the Pallister government's recent decision to give away over \$2 million through tax credits to private businesses to start-up workplace childcare centres (which charge higher-than-average parent fees) is irresponsible stewardship of the public purse.

There are big gaps in childcare affordability in Manitoba. Many parents find even the flat fees cost more than ten percent of their net income. Fee-paying parents in for-profit centres pay sky-high bills, and low-income parents are squeezed out by punitively restrictive subsidy eligibility criteria. For-profit centres are benefitting from growing fiscal incentives. There is an absolute shortage of spaces, and facilities are too often unable to recruit and retain early childhood educators, since they can't pay fair wages due to the financing architecture.

Manitoba needs to do much more to ensure meaningful affordability for parents, and to stabilize a quality early learning and care system with trained early childhood educators.

Susan Prentice is a Professor of Sociology at the University of Manitoba and a CCPA-MB Research Associate.

CCPA-MB
205-765 Main St.
Winnipeg, MB
R2W 3N5

phone
(204) 927-3200

email
ccpamb@policyalternatives.ca

website
www.policyalternatives.ca/
manitoba

blog
www.policyfix.ca

twitter
@ccpamb