

# The Parent Trap

Child Care Fees in Canada's Big Cities

David Macdonald and Martha Friendly





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# The Parent Trap

## Child Care Fees in Canada's Big Cities

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### Executive Summary

While Canada spends less on early childhood education and care than most OECD countries, Canadian parents are among the most likely to be employed. As Canadian parents are working parents, child care fees can play a major role in decision-making and labour force participation, particularly for women.

This study examines, for the first time, median unsubsidized child care fees in Canada's big cities for infants, toddlers and preschoolers. It also develops an affordability index that compares child care fees to women's income.

Infant spaces (<1.5 years) are the hardest to find and the most expensive. Torontonians pay the most for infant child care at \$1,676 a month. Parents in St. Johns pay the second most at \$1,394 a month. The lowest fees are found in the Quebec cities of Gatineau, Laval, Montreal, Longueuil and Quebec City, where infant care costs \$152 a month thanks to Quebec's \$7-a-day child care policy (increased to \$7.30-a-day in October 2014). The second-lowest infant fees are found in Winnipeg (\$651 a month) where a provincial fee cap is also in place.

There are roughly twice as many toddler spaces (1.5–3 years) as infant spaces and fees are lower. Toronto has the highest toddler fees at \$1,324 a month. Vancouver, Burnaby, London, Brampton and Mississauga all have median toddler fees over \$1,000 a month. Again, the least expensive tod-

dler spaces are in the Quebec cities already mentioned, where it is also \$152 a month (\$7 a day), followed by Winnipeg at \$451 a month.

There are many more preschooler spaces (3–5 years) than toddler spaces and fees are the lowest of the three age categories. Toronto again has the highest median preschooler fees at \$998 a month, although Calgary, London, Brampton, Mississauga and Ottawa all have fees above \$900 a month. As in the infant and toddler categories, preschool fees are lowest in Quebec at \$152 a month (or \$7 a day).

Comparing these rates to income, we found that Brampton is the least affordable city in Canada for child care. In Brampton, fees are worth 36% of a woman's income, the equivalent of four months' worth of work. This is largely due to lower overall incomes for women in Brampton. Surrey, Windsor, London and Toronto are not far behind with child care fees that absorb 34% to 35% of a woman's income. The most affordable city for child care in Canada is Gatineau, where child care takes up 4% of a woman's income, which is paid for in only two weeks' worth of work.

Affordable child care is an important issue not only for parents but also for the Canadian economy as it plays a significant role in labour force participation, particularly for women. When parents are given an affordable choice, they choose to work, which increases incomes for all Canadians.

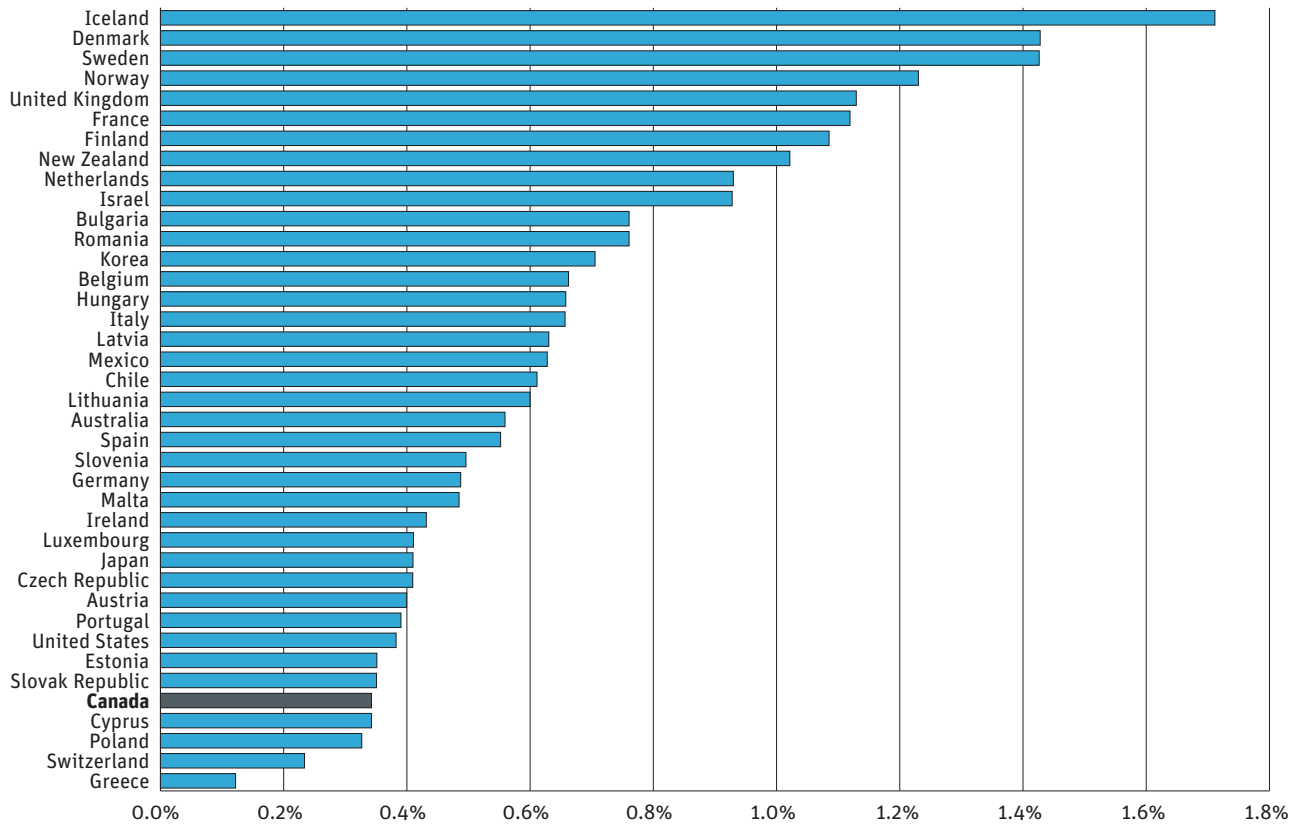
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## Introduction

Canadian parents are working parents. More than three-quarters of mothers with children under the age of six and even more fathers with children are part of the Canadian labour force.<sup>1</sup> While women are more likely to take parental leave in the first year of their child's life, the majority of mothers with young children are employed and they are even more likely to work if their spouse is also employed. The reality is that families rely on child care in order to be able to work. While some families are lucky enough to have child care provided at no cost by a relative or by a spouse, most families must pay for the child care they need.

Despite the high concentration of mothers who work, all reports show that Canada is a very low spender on early childhood education and care (ECEC) compared to other OECD countries. Canada's public spending on ECEC is somewhat between 0.2%<sup>2</sup> and 0.34% of GDP<sup>3</sup>—extremely low even in the best case. At best, Canada spends half the OECD average and one third of the recommended minimum one percent of GDP for children 0–5.

**FIGURE 1** Early Childhood Education and Care Expenditures as a Share of GDP



Source OECD Family Database, Table PF3.1.A (2009)

Note OECD data reports Canada having a ratio of 0.2% of GDP. However, the ratio may be closer to 0.34% of GDP (as represented in the graph).<sup>4</sup>

It should be noted that Quebec’s public spending on child care skews the Canada-wide figures, Quebec’s spending accounts for 60% of Canada-wide spending in 2012.

Women’s labour force participation tends to be fairly closely tied to the availability and affordability of child care. Where child care is readily available and affordable, women’s labour force participation and birth rates often hold steady or increase.<sup>5</sup> Analysis of the impact of \$7-a-day child care in Quebec has concluded that women’s labour force participation in that province is between 8% and 12% higher than it would have been without a relatively large supply of affordable child care.<sup>6</sup>

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## Background

Child care is provincially regulated. While the provincial systems differ across Canada, there is sufficient overlap in general design that they can be compared. However, definitions do change from province to province.

Paid child care falls into two broad categories: licensed and unlicensed child care. Licensed centre-based child care is regulated by the province and is regularly inspected by the province to ensure compliance with provincial standards. Some child care provided in the homes of caregivers is also regulated and monitored. The results of inspections are sometimes made public on government websites to provide parents with information. Generally, the licensed capacity in a given city is relatively easy to access, often through provincial government websites listing child care centres and regulated home care services.

The other category of paid child care is unlicensed (or unregulated) child care. Generally, all centre-based child care must be licensed.<sup>7</sup> Unlicensed home child care is not necessarily illegal; the homes are just not inspected. No regulations apply to unregulated homes besides the maximum number of children, which is capped.<sup>8</sup> But even here there are no routine inspections to ensure compliance. Rather, the inspection of unlicensed care is complaints-based. The lack of public oversight of unlicensed child care means little is known about fees and/or capacity. But given that almost three-quarters of mothers with young children work, and there are regulated spaces to cover only one-quarter of children aged 0–5,<sup>9</sup> unlicensed child care remains an important, if opaque, part of the child care system. Due to the difficulties in surveying unlicensed child care services, this report focuses exclusively on licensed child care centres and licensed family care.

Licensed child care is provided in two settings: regulated centers and regulated family child care (sometimes known as home child care). Regulated centers provide child care in a larger setting, usually with several groups of children and multiple staff or educators. These centres can be public, not-for-profit or for-profit companies and single- or multi-site operations. Depending on the size of the facility, the number of staff and provincial regulations, a center's capacity can be a hundred spaces or even more.

Regulated family child care, on the other hand, is provided in a caregiver's home. The maximum number of children that can be cared for in a home ranges from two to twelve depending on age and provincial regulations. Regulated family child care homes in some provinces are organized in an agency model. That agency acts as the inspector and is responsible for



ensuring compliance with provincial regulations. It also connects parents looking for child care with homes that can provide it, and supplies equipment, training and networking services to caregivers. Almost all cities in this study include both regulated child care centres and regulated family child care. For family child care exclusions see Appendix C.

The capacity that a centre or home is licensed for may be different than the number of children receiving child care on any given day, although this data is anecdotal as most provinces do not keep enrolment data. In this report we use licensed capacity, or the maximum number of children that a center or home could legally care for, since this is much simpler to obtain.

In every province, except Quebec, provincial and/or municipal governments use subsidy schemes to cover all or some of the child care fee. Generally, subsidies are targeted to lower- or modest-income families. As such, subsidies scale down as family incomes rise. Even if a family does qualify for a child care subsidy, wait lists for subsidized child care in Ontario cities mean that lower- or modest-income families can still face the full cost for prolonged periods.<sup>10</sup> The goal of this report is to examine unsubsidised fees, although those fees may be offset to varying degrees depending on the city or province, waiting lists, and the income of the family. (See the section “What determines parent fees” below.)

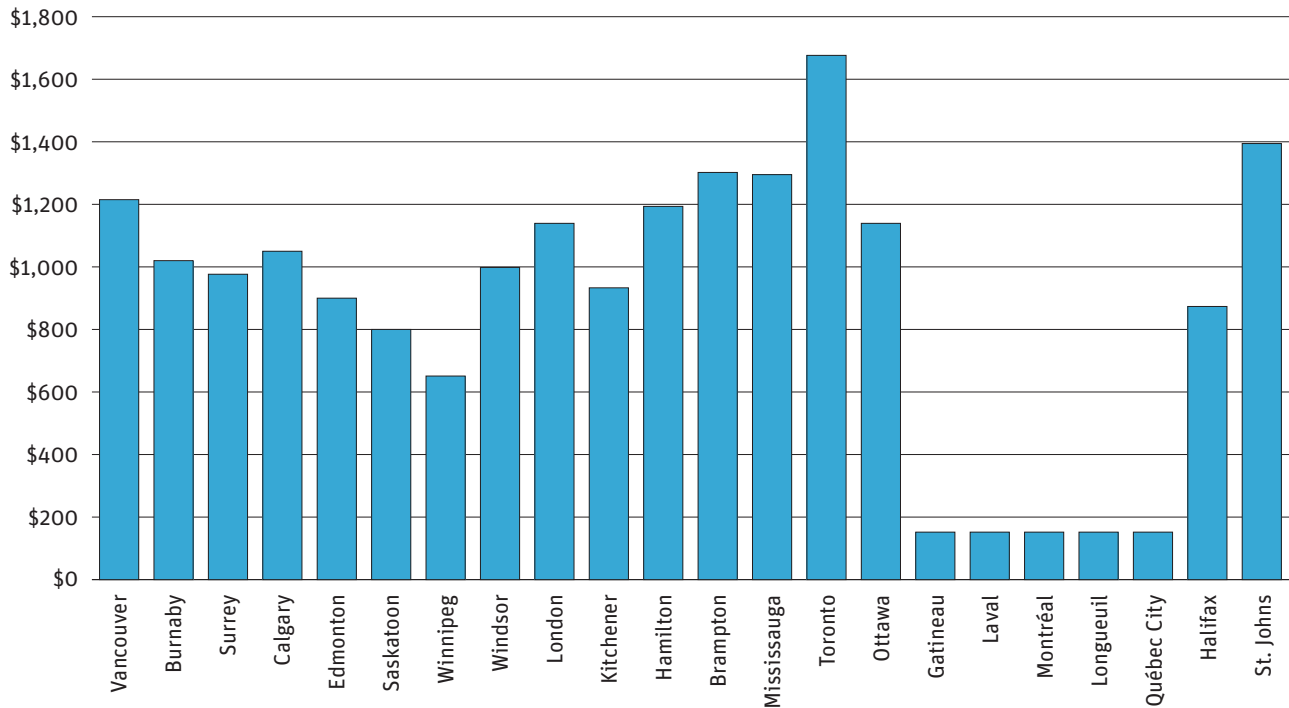
This study provides parents with fee data for full-day licensed child care centres and licensed family child care homes. Previous studies of this kind have aggregated child care fees provincially, not municipally.<sup>11</sup> Unfortunately, Statistics Canada does not conduct a study of licensed child care fees.<sup>12</sup> This report focuses instead on a selection of Canada’s biggest cities and, in some instances, utilizes administrative data compiled by cities and provinces about child care providers in those cities. In some cases, randomized phone surveys of child care centres were conducted. (See Appendix C for data sources by city.)

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## The Results: Infant Full-Day Fees

The following figures examine the median full-day child care fees in Canada’s big cities. The median is a measure of central tendency, like an average; it finds the cost of the middle child care space for which half of all spaces are more expensive and half are less expensive. The median is less affected by extremely high or low values. (See Appendix C for more details.)

**FIGURE 2** Median Infant Fees (Monthly)



**Notes** See Appendix A for a breakdown of all fees.

Infants are the youngest age category and are generally below 1.5 years old, although provincial definitions differ (see Appendix B). As a general rule, when children get older, their child care fees go down. Provincial regulations mandate ratios of children to early childhood educators (ECE) and other (untrained) adults. Those ratios are understandably higher for infants as they require more attention. As children get older, they are more independent and don't require as much physical care, so the ratio of adults to children is lower.

The number licensed spaces for infants is the lowest of the three age categories. Among mothers who were employed before having a child, 90% took parental leave for an average of 44 weeks after the birth of their child.<sup>13</sup> This means the demand for child care for this group will be lower. At the same time, the high cost of providing infant care means that many centres are unable to sustain it while many families cannot afford full infant fees.

Median full-day infant child care fees are highest in Toronto where one can expect to pay \$1,676 a month, as shown in *Figure 2*. The next most expensive city is St. Johns, where child care costs parents \$1,394 a month for

an infant. The lowest fees for infants are in the Quebec cities where parents can expect to pay \$152 a month or 9% of what Torontonians pay for the same service. Quebec's fees are set at \$7 a day by the province, which pays child care centres directly based on a formula to maintain those low fees. Although in October 2014, Quebec has increased fees to \$7.30-a-day. Manitoba also regulates maximum fees, although they are higher than in Quebec and vary by age. Winnipeggers face infant child care fees of \$651 a month.

The next lowest is Saskatoon where parents will pay \$800 a month for infant child care. Haligonians and Edmontonians are paying \$873 and \$900 a month respectively. The remaining cities fall in a range of between \$1,000 and \$1,300 a month for infant care.

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## The Results: Toddler Full-Day Fees

Toddlers are the middle age category for child care, falling roughly between the ages of 1.5 and 3, although provincial definitions differ (see Appendix B). These children don't require the same level of supervision as infants and as such, ratios of adults to children are generally lower. In this age range, parents are more likely to have returned to work compared to when a child is in the infant age range.

There is roughly double the number of licensed spaces for toddlers as for infants in any given city.

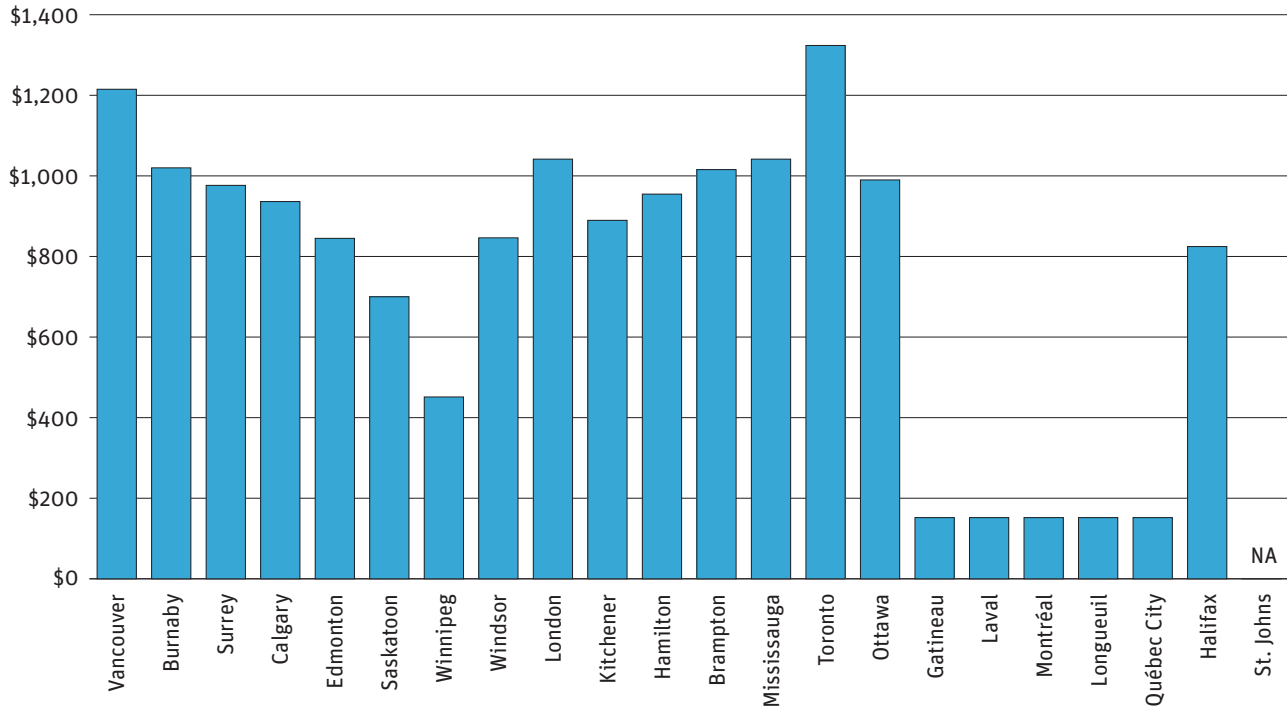
Toronto, again, has the highest median full-day monthly fees for toddlers, amounting to \$1,324 a month. However, the difference between Toronto and the next most expensive city isn't as great as it is for infants. The second most expensive city for toddlers is Vancouver where parents can expect to pay \$1,215 a month.

Again, the cheapest cities for toddler child care are in Quebec. Gatineau, Laval, Montreal, Longueuil and Quebec City parents will all pay \$152 a month for toddler child care. As with infants, this is due to the province's \$7-a-day set fees (increased to \$7.30-a-day in October 2014).

Winnipeggers see the second lowest fees outside of Quebec. Parents in the "gateway to the west" can expect to pay \$451 a month for toddler care. Saskatoon is slightly more expensive at \$700 a month.

Parents in the remaining cities covered by this report can expect to pay between \$800 and \$1,000 a month for full-day toddler child care.

**FIGURE 3** Median Toddler Fees (Monthly)



**Notes** See Appendix A for a breakdown of all fees. St. Johns providers don't generally have differentiated fees for toddlers and preschoolers.

## The Results: Preschooler Full-Day Fees

Preschoolers are the oldest group in full-day child care. The age range for preschoolers is roughly 3 to 5 years old (see Appendix B). After age 5, children usually enter kindergarten and are only in child care part of the day. Of the three age groups, this one has the lowest adult to child ratios.

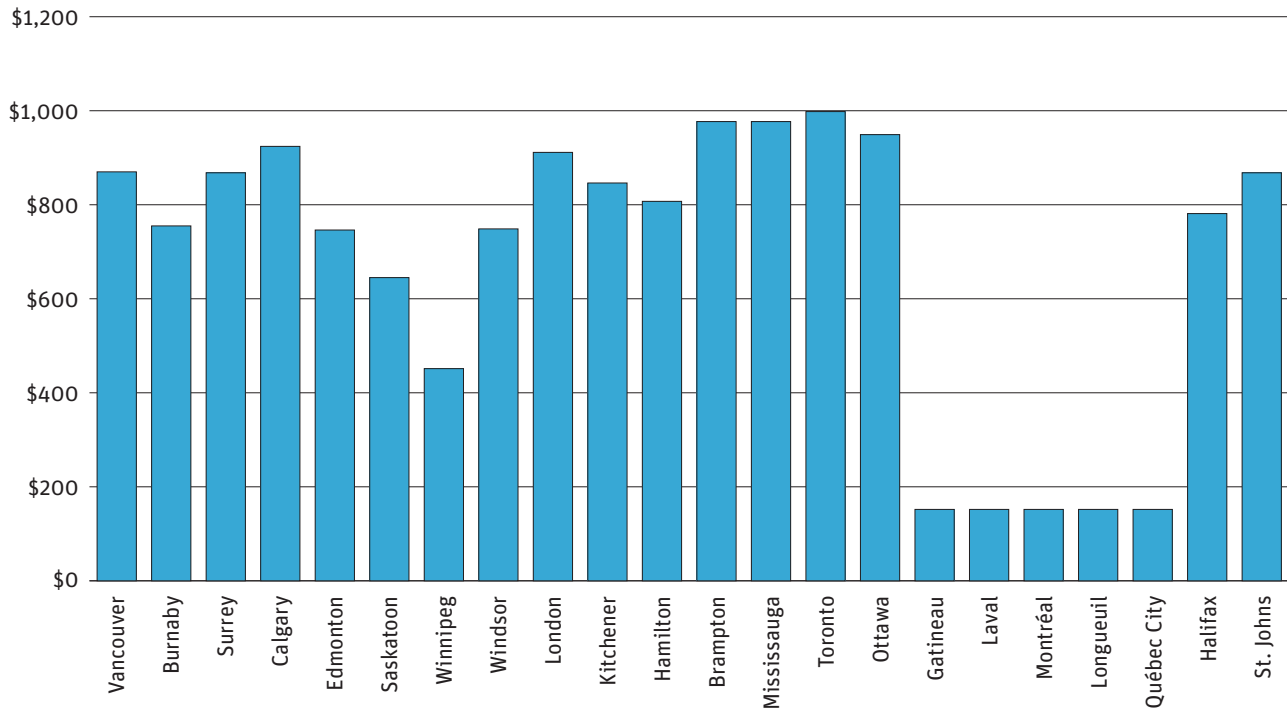
Preschoolers make up the largest full-day group for child care. Depending on the city, there are one to three times as many preschool spaces as toddler spaces.

Toronto is again the most expensive city for preschool child care, costing \$998 a month, but it has company; Brampton, Mississauga, Ottawa and Calgary all have preschooler fees above \$900 a month.

Quebec cities have the lowest preschooler fees at \$152 a month, or about 15% of what Torontonians pay. Both Manitoba and Quebec regulate fees and as such, Winnipeggers pay the second lowest fees after Quebec at \$451 a month.

For most of the other big cities in Canada, parents can expect to pay roughly \$800 a month for preschool child care.

**FIGURE 4** Median Pre-schooler Fees (Monthly)



**Notes** See Appendix A for a breakdown of all fees.

## Ranges of Fees

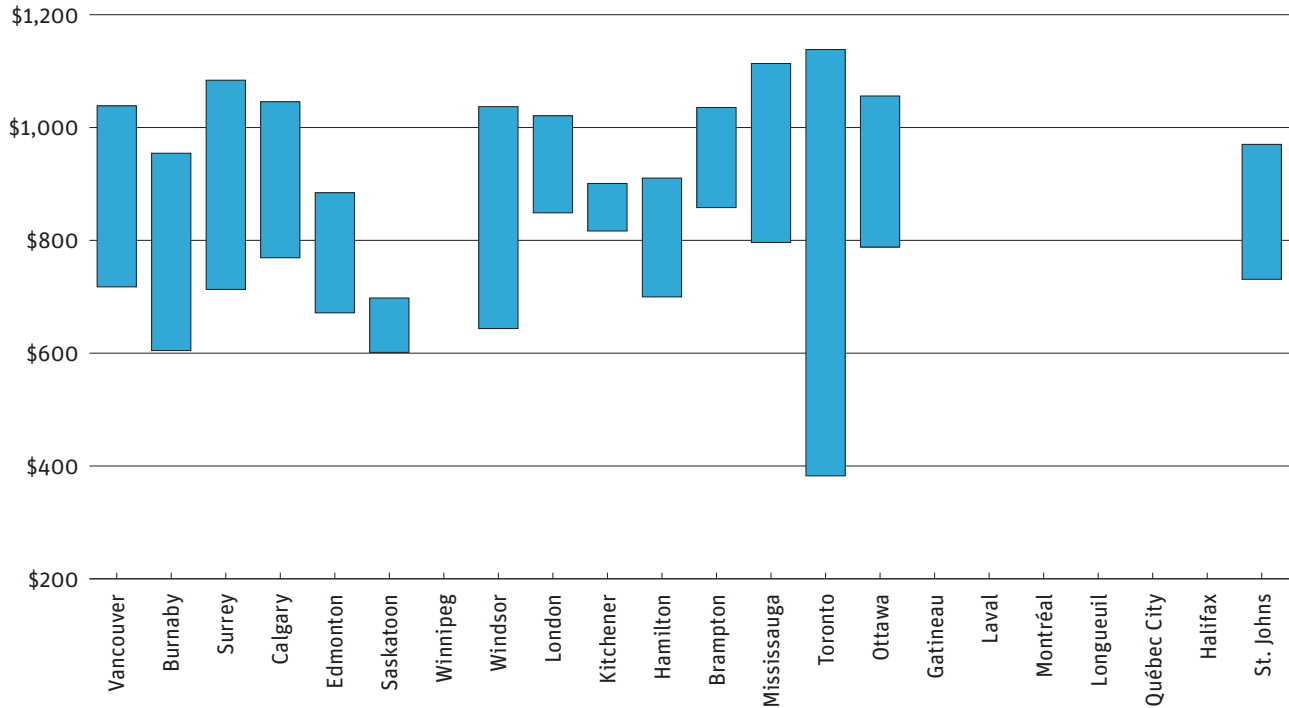
The figures above examine median fees. However, the range of fees that parents can expect to pay is also important. Larger ranges in a city will mean that parents are more likely to encounter either a higher or lower fee than the average.

*Figure 5* shows the range of child care fees for preschoolers — the largest group — broken down by city. Sixty-eight per cent (68%) of child care spaces have fees that fall within this range.<sup>14</sup> While there are a few extremely high and extremely low fees outside of this range, the vast majority of parents will pay fees somewhere within this range for preschoolers.

The fees in the provinces of Quebec and Manitoba are set and therefore no ranges are presented in *Figure 5* for the cities in those provinces. The range for Halifax was not available.

The range of fees for preschoolers is highest in Toronto. While the median fee in Toronto for a preschooler is \$998 a month, most parents are likely to see their preschool fees fall between \$382 and \$1,138 a month.<sup>15</sup>

**FIGURE 5** Preschool Fee Range (Monthly)



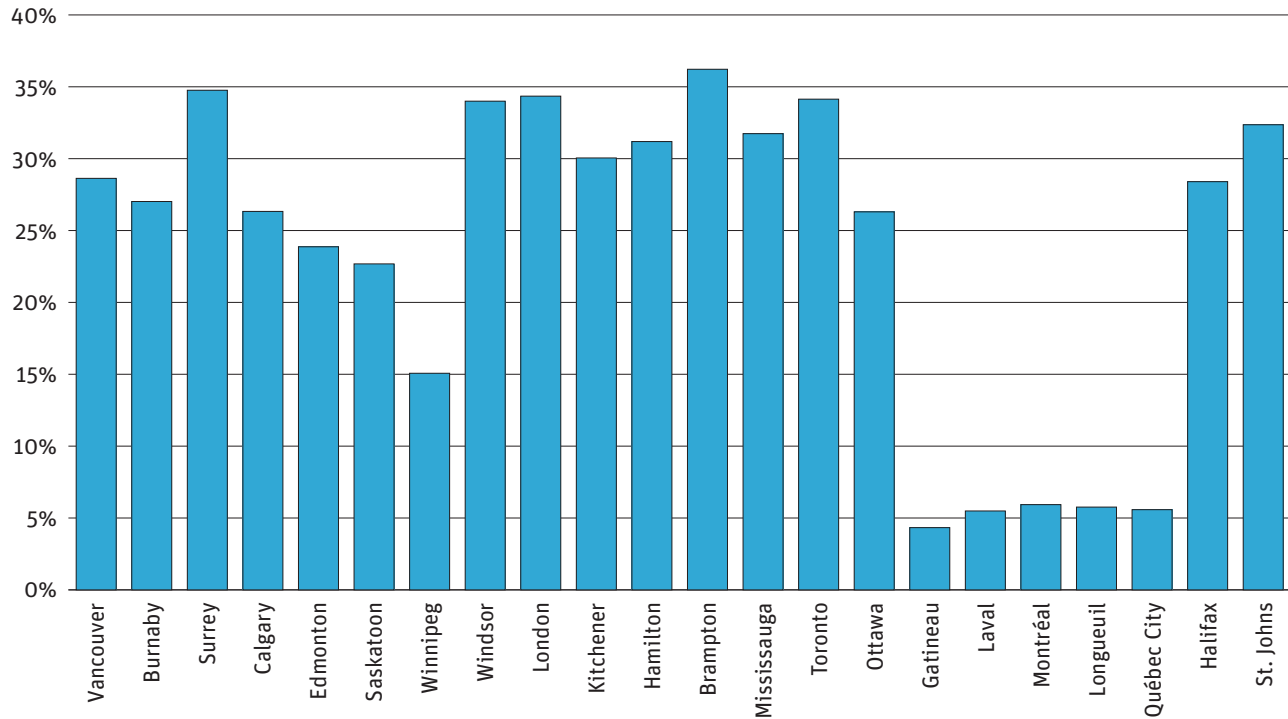
**Notes** See Appendix A for a breakdown of all fee ranges.

The ranges are somewhat larger in Windsor, Surrey and Burnaby, and they are narrowest in cities where fees are set provincially. The range is also relatively narrow for Kitchener and Saskatoon.

## Child Care Affordability Index

The impact of high child care fees varies by city, by family group and by individual. In a city with higher than average earnings, parents may be better able to afford higher than average child care fees. Two-parent households will usually feel the burden of high fees less than single-parent households do. The impact of child care fees is also different for women and men. Women are far more likely to take leave from paid work to care for young children. They are more likely to take days off from work for “family reasons,” and they are far more likely to cite child care as the reason for working part time rather than full time.<sup>16</sup> Notably, the percentage of women who cite child care as the reason for part-time work is lowest in the province with the most af-

**FIGURE 6** Child Care Costs as a Percentage of Women's Income



**Notes** See Appendix A for a breakdown of all fees.

fordable child care fees (Quebec), where 20% of women who work part time do so for that reason. In contrast, nearly half (49%) of all women in Alberta working part time are doing so for this reason.

Perhaps most significantly, women's employment incomes are consistently lower than those of men, with women earning 30% less than what men earn in Canada.<sup>17</sup> Thus, the relative portion of women's incomes consumed by child care fees is greater. The result is that the cost of child care has a much greater impact on the labour force participation of women. Further, the gender wage gap is larger in some of the cities with the highest incomes overall. Women in Edmonton bring home paychecks that are 40% smaller than those of men, while women in Toronto take home 22% less than what men in Toronto earn.<sup>18</sup> This is why average incomes don't tell the whole story of affordability. It is only by looking specifically at female incomes that the economic impact on women and their families can be measured in full.

To examine affordability, a Child Care Affordability Index is created that compares child care fees to the median income of women aged 25 to 34 in

that city. Outside Quebec, 83% of mothers who were working prior to a baby's birth take paid parental leave compared to only 13% of fathers.<sup>19</sup> The situation is more equal in Quebec, which has a short earmarked leave for fathers (paternity leave), and where 97% of women take paid leave while 72% of men do.<sup>20</sup> (See methodology in Appendix D.)

Brampton is the least affordable city with child care consuming 36% of a woman's pre-tax income. Put another way, an average woman in Brampton can expect to work for over four months of the year just to pay for child care that year. This is not due to having the highest fees *per se* (Toronto is the most expensive). Instead, it is a combination of higher than average fees and low incomes for women in Brampton.

However, Toronto, London, Windsor and Surrey are close behind Brampton in being relatively unaffordable. In these cities, women can expect to see 34% or more of their annual income consumed by child care fees. In other words, women will put four months' worth of their annual pay toward their child care bill. London, Windsor and Surrey are less affordable due largely to lower incomes for women in these cities. Toronto has the highest fees of the cities surveyed. This contributes to low affordability, although somewhat lower incomes do not help.

The most affordable city for child care is Gatineau where child care only consumes 4% of a woman's income. In other words, after working for two weeks, a woman's salary in Gatineau will have already paid for a year's worth of child care. High affordability in Gatineau is due primarily to Quebec's \$7-a-day child care policy. However, women's high incomes in Gatineau also help improve affordability.

Women in Laval, Montreal, Longueuil and Quebec City pay between 5% and 6% of their income on child care fees. This equates to working less than a month to pay for a year's worth of child care. High affordability here is again driven by \$7-a-day child care, although salaries are not quite as high in these cities as in Gatineau.

Women in Winnipeg will spend 15% of their pre-tax income on child care. This is roughly equivalent to two months of salary for women living there.

The remaining cities surveyed see child care consume between one-quarter and one-third of a woman's pre-tax income.



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## What Determines Parent Fees?

In Canada's mostly market-based child care model, parent fees for regulated centres are determined by a combination of factors. These include:

- the type and amount of public (usually provincial) funding;
- staffing (staff-child ratios, staff wages and benefits);
- whether parent fees are set by the province;
- the nature of fee subsidies (e.g. do they cover some or all the fee for an individual family);
- other budgetary characteristics (e.g. whether a profit is added, facility costs, whether the centre pays market rent or mortgage, etc);
- what the market will allow; and
- other direct or indirect support (e.g. money from gaming, charitable donations, support from a university or a workplace, etc.).

Most of these factors are policy-related. The tables below identify some of the key policy features that contribute to determining the child care fees Canadian parents pay and their provincial/territorial variations.

### Public Funding

Both the type<sup>21</sup> and amount of public funding for regulated child care vary considerably by province/territory. Although all jurisdictions have some amount of base funding (direct public financing), the amounts are highly variable. All jurisdictions except Quebec use parent fee subsidies. A full analysis of this complex issue is not possible here but three public funding variables are provided in *Table 1*.

### Staffing

As child care is a labour-intensive operation, staffing costs (wages and benefits) are almost always the largest proportion of any child care centre's budget, and thus have a significant impact on parent fees. As a rule of thumb, 80% to 90% of an ordinary non-profit centre's budget can be spent on staffing costs. At the same time, average wages for early childhood edu-

**TABLE 1** Public Spending on Child Care by Province and Territory

Prov/Terr	Public Spending Per Regulated Space (2012) (\$) (calculated)	Public Spending Per Child 0–12 (2012) (\$) (calculated)	Proportion of Total Public Funds spent on Fee Subsidies (2012) (%)
NL	2,948	329	69
PE	3,078	643	29
NS	2,495	377	42
NB	1,613	370	41
QC	5,958	2,231	0
ON	2,952	457	45
MB	4,388	717	21
SK	5,104	389	26
AB	2,283	351	60
BC	2,207	398	44
NT	NA	NA	41
NU	2,742	333	21
YT	5,320	1,445	40

Source The state of early childhood education and care in Canada 2012<sup>23</sup>

**TABLE 2** Staff-to-Child Ratios by Province and Territory

Prov/Terr	Staff/Child Ratio, 12 mths	Staff/Child Ratio, 36 mths	Staff/Child Ratio, 60 mths	Median Gross Hourly Wages (2012) (\$)
NL	1:3	1:5	1:8	14.00
PE	1:3	1:10	1:12	15.00
NS	1:4	1:8	1:8	12.84
NB	1:3	1:7	1:12	13.50
QC	1:5	1:8	1:20	19.13
ON	3:10	1:8	1:12	17.29
MB	1:4	1:8	1:10	16.00
SK	1:3	1:10	1:10	14.92
AB	1:3	1:8	1:10	15.33
BC	1:4	1:8	1:8	17.00
NT	1:3	1:8	1:10	NA
NU	1:3	1:8	1:10	NA
YT	1:4	1:8	1:8	NA

Source Public investments in early childhood education and care in Canada 2010<sup>24</sup>

**TABLE 3** Subsidies and Set Fees by Province and Territory

Prov/Terr	Are there provincially set (maximum) parent fees?	Can fully subsidized parents be surcharged if the subsidy rate does not cover the full fee? Is there a minimum user fee for subsidized families?	Do all eligible families receive a subsidy?
NL	No	No min fee, may be a surcharge	Yes
PE	Yes	No min fee, may be a surcharge if not an Early Years Centre	Yes
NS	No	No min fee, may be a surcharge	No
NB	No	No min fee, may be a surcharge	Yes
QC	Yes	NA (does not use subsidies)	NA (doesn't use subsidies)
ON	No	No prov min fee but municipalities can charge one. Prov does not use capped subsidy rates, so municipalities may pay subsidies equivalent to full fees.	No
MB	Yes	Max surcharge of \$2/day	Yes
SK	No	Min fee must be <i>at least</i> 10% of actual fee	Yes
AB	No	No min fee, may be a surcharge	Yes
BC	No	No min fee, may be a surcharge	Yes
NT	No	No min fee, may be a surcharge	Yes
NU	No	No min fee, may be a surcharge	Yes
YT	No	No min fee, may be a surcharge	Yes

Source Public investments in early childhood education and care in Canada 2010<sup>25</sup>

cators are among the lowest of any occupation, with full-time median incomes of just over \$25,000 per year.<sup>22</sup>

Staff-to-child ratios are another key determining factor of a centre's staffing costs; the higher the ratio (i.e. the more staff there are for every child), the higher the cost. Staff-to-child ratios are higher for infants and toddlers, lower for children between 3 and 5, and lowest for school-age children as seen in *Table 2*.

Note that in a number of provinces/territories, an age may fall into more than one age range.

The ratios in this table represent a choice of the older age range in these cases.

### Fee Subsidies and Set Parent Fees

Although parent fees in most of Canada are determined solely by the child care centre, several provinces (P.E.I., Quebec, Manitoba) have set (or maximum) fees that affect financial access. All Canadian jurisdictions except Quebec subsidize all or some of the child care fee for individual families that

**TABLE 4** For-Profit Concentration by Province and Territory

Prov/Terr	% For-Profit
NL	65
PE	80
NS	53
NB	62
QC	22
ON	25
MB	5
SK	0.1
AB	51
BC	44
NT	0
NU	0
YT	64

Source The state of early childhood education and care in Canada 2012<sup>25</sup>

meet income and social criteria. While the general fee subsidy concept is similar across Canada, a number of elements of the subsidy system vary by jurisdiction, affecting financial access to child care. One element that most provinces/territories with parent subsidies have in common is that all but Ontario set subsidy rates that cap the amount the province/territory will cover. Thus, in some jurisdictions, fully subsidized parents may be surcharged, and surcharges in some parts of Canada may be considerable.

### Proportion of Child Care Spaces That Are For-Profit

As noted earlier, other characteristics of child care centres can have an impact on parent fees including ownership or operation. That is, if a profit is added to a centre's budget, it can increase parent fees (if all other elements are held constant).

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## Conclusion

Parents in Canada's biggest cities pay a vast range of child care fees. Toronto has the highest fees in all three age categories. The cities of Laval, Gati-

neau, Montreal, Longueuil and Quebec City have the lowest fees across all age categories due to the \$7-a-day set fees in Quebec. Brampton, Toronto, London, Windsor and Surrey are the least affordable cities in Canada when fees are compared to a woman's income. Gatineau is the most affordable with the other Quebec cities close behind.

Higher parent fees can be a reflection of higher wages for better-qualified ECES and better staff-to-child ratios. They can also be a reflection of less or poorly directed government support. Lower parent fees can mean more government support, but it can also mean lower pay for less-qualified ECES leading to more staff turnover. The largest determinants of parent fees in a given city are set through provincial policy.

Provincial policies that set fees directly or that define regulations have a significant impact on child care fees. The regulated nature of child care means that provincial policies will generally have a more substantial impact on fees than market forces, although market forces can still play a role.

Quebec's provincial policies, particularly low daily fees, have made it dramatically cheaper for parents to place children in child care within big cities. A woman can expect to pay for a year's worth of child care with between two weeks' and one month's worth of salary. This has led to more women participating in the labour force and seeking full-time work.

Affordable child care isn't just important for parents, it's important to Canada's economy. When parents are given an affordable child care option, as in Quebec, they overwhelmingly choose to work. This is particularly true for women. Thus, there is a clear benefit to the economy of not depressing labour force participation due to high child care costs.

# Appendix A

## City Data in Detail

**TABLE 5** City Data in Detail

City Name	Province	Infant Fee, Median	Toddler Fee, Median	Preschooler Fee, Median	Preschooler Fee, Low	Preschooler Fee, High	% of Woman's Income
Vancouver	British Columbia	\$1,215	\$1,215	\$870	\$718	\$1,038	29%
Burnaby	British Columbia	\$1,020	\$1,020	\$755	\$605	\$954	27%
Surrey	British Columbia	\$977	\$977	\$868	\$713	\$1,084	35%
Calgary	Alberta	\$1,050	\$936	\$924	\$769	\$1,046	26%
Edmonton	Alberta	\$900	\$845	\$746	\$671	\$884	24%
Saskatoon	Saskatchewan	\$800	\$700	\$645	\$601	\$698	23%
Winnipeg	Manitoba	\$651	\$451	\$451	\$451	\$451	15%
Windsor	Ontario	\$998	\$846	\$749	\$644	\$1,037	34%
London	Ontario	\$1,139	\$1,042	\$911	\$849	\$1,021	34%
Kitchener	Ontario	\$933	\$890	\$846	\$817	\$901	30%
Hamilton	Ontario	\$1,194	\$955	\$807	\$700	\$910	31%
Brampton	Ontario	\$1,302	\$1,016	\$977	\$858	\$1,036	36%
Mississauga	Ontario	\$1,295	\$1,042	\$977	\$796	\$1,114	32%
Toronto	Ontario	\$1,676	\$1,324	\$998	\$382	\$1,138	34%
Ottawa	Ontario	\$1,139	\$990	\$949	\$788	\$1,056	26%
Gatineau	Quebec	\$152	\$152	\$152	\$152	\$152	4%
Laval	Quebec	\$152	\$152	\$152	\$152	\$152	5%
Montréal	Quebec	\$152	\$152	\$152	\$152	\$152	6%
Longueuil	Quebec	\$152	\$152	\$152	\$152	\$152	6%
Québec City	Quebec	\$152	\$152	\$152	\$152	\$152	6%
Halifax	Nova Scotia	\$873	\$825	\$781	NA	NA	28%
St. Johns	Newfoundland and Labrador	\$1,394	n/a	\$868	\$731	\$970	32%

# Appendix B

## Provincial Age Ranges

**TABLE 6** Provincial Age Ranges

	<b>Infant</b>	<b>Toddler</b>	<b>Pre-School</b>
B.C.	Up to 18 months	18 to 30 months	30 months to 5 years
Alberta	Up to 19 months	19 to 36 months*	3 yrs to Kindergarten
Saskatchewan	6 weeks to 30 months	18 to 30 months*	30 months to Kindergarten
Manitoba	12 weeks to 2 years	No legislated definition**	2 to 6 years
Ontario	Up to 18 months	18 to 31 months	31 months to 5 years
Quebec	Up to 18 months	No legislated definition**	18 months to 4 years
Nova Scotia	Up to 18 months	18 to 35 months	36 months to 5 years
Newfoundland	Up to 2 years	No legislated definition	2 years to 5 years

\* While there is no legal differentiation in this category, there is price differentiation from providers for this age group.

\*\* The definitions for the toddler group are blended with the infant group and no price differentiation is present between infants and toddlers.

# Appendix C

## Notes on Methodology

FEE DATA WAS obtained largely from pre-existing administrative data sets as shown in *Table 7*. These administrative data sets are compiled with the purpose of determining the correct subsidies to be paid in a given city. The distribution of child care centres where subsidies are paid is likely not random. However, coverage rates in the administrative data are quite high. For some cities, coverage rates, from the administrative data alone, were below 70%. In those cases, a supplementary randomized phone survey was conducted to get coverage rates above 70%. As the data is administrative, the period over which fees were surveyed will not be consistent. However, most fee data came from 2014, with some from 2013.

In some cities, administrative data was not available. In these cases, either a randomized phone survey of child care centres was conducted or, if the number was small, all of the centers in a city were called. Coverage rates are available in *Table 7*.

All measures in this report are weighted by the number of spaces and not the number of centres. A centre with many spaces will have more influence over the measures than one with few spaces.

To the best of the authors' ability, data in this report are for full-day fees. All fees are unsubsidized. Fees were received from providers over a variety of timeframes including daily, weekly, biweekly, monthly and for multiple months. All fees were converted to an equivalent monthly fee assuming 21.7



days in a month, which is the result of dividing 260 working days in a year by 12 months. This approach excludes holidays.

The weight of a child care centre's fees is based on licensed capacity, not operational capacity. That is to say, it is based on how many children a provider could legally care for, not how many spaces are actually filled. Licensed capacity is more common in administrative databases and represents what a city's child care system could provide. This may differ from what it currently does provide in terms of number of spaces.

Three provinces in Canada (P.E.I., Manitoba and Quebec) have set fees for child care. No cities from P.E.I. were included in this report. The cities in Quebec, and the city of Winnipeg, have providers that are not part of the set fee system and therefore charge significantly more. However, in all the cities in this report, at least half of the spaces, and therefore the median, are in the set fee system.

The cities in this report are drawn from those represented by the Big City Mayor's Caucus of the Federation of Canadian Municipalities,<sup>27</sup> and they are bound geographically by political boundaries in each case. Statistics Canada often publishes city data aggregated to the Census metropolitan area (CMA). For this report, care was taken to use the best matching Census subdivision (CSD) to better line-up with the municipal boundaries. Due to resource constraints, Regina, which is part of the Big City Mayors' Caucus, was not included. Both Markham and Vaughan in Ontario are among the biggest cities in Canada. However, they are not part of the Big City Mayor's Caucus and difficulty obtaining their administrative data required their exclusion.

Regulated family child care represented additional challenges. Fee data was obtained largely through surveys of agencies and not administrative data. Agencies keep a count of the number of homes they represent. However, homes are not licensed for specific numbers of children by age groups, as is the case for child care centers. It was assumed that unless actual data was available a home had a licensed capacity of seven children. Those seven children were distributed among the three age groups (infant, toddler, preschooler) based on the distribution of those age groups in the centers of that city. Seven children per home likely over-estimates the actual number of children in those homes. However, the same issue applies to using licensed capacity instead of operational capacity for child care centres.

**TABLE 7** City Data Sources and Notes on Methodology

City Name	Province	Home Care Included?	Data Type	Coverage	Source
Vancouver	British Columbia	yes	Administrative data	% of licensed spaces included: 100%	Westcoast Child Care Resource Centre
Burnaby	British Columbia	yes	Administrative data	% of licensed spaces included: 100%	Surrey Family YMCA Community Care Resource Centre
Surrey	British Columbia	yes	Administrative data	% of licensed spaces included: 71%	Options Community Services
Calgary	Alberta	yes	Administrative data	% of licensed spaces included: 100%	Government of Alberta
Edmonton	Alberta	yes	Administrative data	% of licensed spaces included: 100%	Government of Alberta
Saskatoon	Saskatchewan	no	Phone survey of all centres	% of licensed space unknown. Phone survey yielded results from 79% of centres	
Winnipeg	Manitoba	yes	Fixed fees (Centres: < 2 yrs:\$30/day 2yrs-5 yrs:\$20.80/day, Family Care: < 2 yrs:\$22.20/day 2yrs-5 yrs:\$18.20/day)		
Windsor	Ontario	yes	Administrative data	% of licensed spaces included: 91%	City of Windsor
London	Ontario	yes	Administrative data	% of licensed spaces included: 90%	City of London
Kitchener	Ontario	yes	Administrative data	% of licensed spaces included: 100%	Region of Waterloo
Hamilton	Ontario	yes	Administrative data	% of licensed spaces included: 80%	City of Hamilton
Brampton	Ontario	yes	Administrative data supplemented by phone survey	% of licensed spaces included after supplemental phoning: 91%	Peel Region
Mississauga	Ontario	yes	Administrative data supplemented by phone survey	% of licensed spaces included after supplemental phoning: 79%	Peel Region
Toronto	Ontario	yes	Administrative data supplemented by phone survey	% of licensed spaces included after supplemental phoning: 73%	City of Toronto
Ottawa	Ontario	yes	Phone survey of randomized centres	67 random spaces sampled. Total # of child care spaces in Ottawa: 9199. Estimates are valid at 90% confidence level, with confidence interval of 10%	
Gatineau	Quebec	yes	Fixed fees (\$7/day)		
Laval	Quebec	yes	Fixed fees (\$7/day)		
Montréal	Quebec	yes	Fixed fees (\$7/day)		
Longueuil	Quebec	yes	Fixed fees (\$7/day)		
Québec City	Quebec	yes	Fixed fees (\$7/day)		
Halifax	Nova Scotia	no	Administrative data	% of licensed spaces included: 100%	Government of Nova Scotia
St. Johns	Newfoundland and Labrador	no	Phone survey of all centres	Total number of spaces unknown. Phone survey contacted 67% of centres	

# Appendix D

## Child Care Affordability Index Methodology

THE AFFORDABILITY INDEX divides the median child care fee for toddlers and preschoolers combined by the median pre-tax market income for all women aged 25 to 34. Incomes are obtained from the 2011 National Household Survey (NHS) for the appropriate Census subdivision (CSD) and not the Census metropolitan area (CMA). The CMA aggregation would not have provided adequate differentiation for the cities close to Vancouver and Toronto. Incomes were adjusted for inflation from 2010 to 2014 dollars. The NHS income statistics are drawn from 2010 even though the survey was administered in 2011.

Women aged 25 to 34 are chosen to roughly represent child bearing years.

All preschooler and toddler spaces were combined and a new median was created for this combined group. Such a median will include the vast majority of spaces while excluding the most expensive and least available ones (infant spaces).

Ideally, a comparison could be made directly between child care fees in a given city and what a mother could expect to earn working full time, all year. However, expected earnings are not available. Child care costs are likely already affecting women's incomes as some don't work, or they work part time instead of full time, due to child care costs. Using market income for all women, not just those working full time, all year, attempts to roughly include those factors.

Pre-tax income is used instead of after-tax income since having a child and paying the median child care fees has tax implications. Using the after-tax median fee for women of child-bearing age likely would not properly include those tax implications. Calculating the taxes on the median pre-tax market income is also not possible because the tax implications of programs like the Universal Child Care Benefit (UCCB), the Canada Child Tax Benefit (CCTB), the National Child Benefit Supplement (NCBS) and the child care expense deduction, depend not only on a woman's income but also on family income and which spouse makes less. The tax impacts of child care costs on a woman's after-tax income are varied and depend on individual circumstances that are not easily generalized.

# Notes

**1** Ferns, Carolyn & Martha Friendly (2014). “The state of early childhood education and care in Canada 2012,” The Moving Childcare Forward project: 2.

**2** OECD Family Database 2009. However, a more indepth OECD report estimates the value at 0.25% in 2006 see: Organization for Economic Co-operation and Development, Starting Strong II: Early Childhood Education and Care, 2006.

**3** Paul Kershaw, Does Canada Work for All Generations, Human Early Learning Partnership, University of British Columbia, Fall 2011, Figure 6.

**4** Paul Kershaw, Does Canada Work for All Generations, Human Early Learning Partnership, University of British Columbia, Fall 2011, Figure 6.

**5** Schwarz, Peter (2012). “Tax Disincentives and female employment in Organisation for Economic Co-operation and Development (OECD) countries,” *Journal of European Social Policy*, vol. 22.17; Smith, N. et al. (2003) ‘The Effects of Taxation on Married Women’s Labour Supply Across Four Countries’, *Oxford Economic Papers* 55: 417–39.

**6** See Table 3 in Fortin, Pierre, Luc Godbout & Suzie St-Cerny (2012). “*Impact of Quebec’s Universal Low-Fee Child care Program on Female Labour Force Participation, Domestic Income and Government Budgets*,” *Working Paper*: 9.

**7** In some provinces, some home care agencies are licensed but the individual homes are not.

**8** British Columbia has a category of family care called “registered license not required.” While these homes are technically unlicensed they are inspected twice a year by local child care resource centres to ensure compliance.

**9** Ferns, Carolyn & Martha Friendly (2014). “The state of early childhood education and care in Canada 2012,” The Moving Childcare Forward project: 7.

**10** For instance, Toronto’s waiting list for subsidies contained 16,580 families as of December 2013 (<http://www1.toronto.ca/wps/portal/contentonly?vgnextoid=976c2ea35be3f310VgnVCM10000071d6of89RCRD&vgnextchannel=6d3e8ed34ce9e310VgnVCM10000071d6of89RCRD>) Accessed October 29, 2014.

- 11** Flanagan, Kathleen, Jane Beach & Petr Varmuza (2013). “*You Bet We Still Care! A Survey of Centre-Based Early Childhood Education and Care in Canada: Highlights Report*,” Child Care Human Resources Sector Council; Ferns, Carolyn & Martha Friendly (2014). “The state of early childhood education and care in Canada 2012,” The Moving Childcare Forward project.
- 12** Data on child care expenditures does exist in the Survey of Household Spending. However, there is insufficient data at the municipal level to come to any valid conclusions.
- 13** Findlay, Leanne C. & Dafna E. Kohen (2012). “Leave practices of parents after the birth or adoption of young children,” Statistics Canada: <http://www.statcan.gc.ca/pub/11-008-x/2012002/article/11697-eng.pdf>. Accessed October 29, 2014.
- 14** Specifically the range represented in Figure 5 is +/- one standard deviation of the weighted mean. The mean is weighted by the number of spaces, not the number of centers (as with the median estimates above).
- 15** The lower bound represents one standard deviation below the average, consistent with the methodology. However, the sample that was drawn has the lowest cost as \$477 a month. In other words there is a long tail at the low-cost end in Toronto.
- 16** Statistics Canada. *Table 282-0014—Labour force survey estimates (LFS), part-time employment by reason for part-time work, sex and age group, annual (persons)*, CANSIM (database).
- 17** Statistics Canada. *Table 111-0024—Labour income profile of taxfilers, by sex, annual (dollars unless otherwise noted)*, CANSIM (database).
- 18** Statistics Canada. *Table 111-0024—Labour income profile of taxfilers, by sex, annual (dollars unless otherwise noted)*, CANSIM (database).
- 19** Findlay, Leanne & Dafna Kohen (2012). “*Leave practices of parents after the birth or adoption of young children*,” Canadian Social Trends,” Statistics Canada.
- 20** Ibid
- 21** Examples include capital funding, recurring/base funding and fee subsidies.
- 22** Statistics Canada. *2011 National Household Survey*. Ottawa.
- 23** Ferns, C. and Friendly, M. (2014). The state of early childhood education and care in Canada 2012. Toronto: Childcare Resource and Research Unit. Online, retrieved August 5, 2014. <http://childcarecanada.org/publications/ecec-canada/14/06/state-early-childhood-education-and-care-canada-2012>
- 24** Public investments in early childhood education and care in Canada 2010 for a more thorough explanation of federal contributions. Available online at: [http://www.ecd-elcc.ca/eng/ecd/ececc/early\\_childhood\\_education-eng.pdf](http://www.ecd-elcc.ca/eng/ecd/ececc/early_childhood_education-eng.pdf).
- 25** Public investments in early childhood education and care in Canada 2010 for a more thorough explanation of federal contributions. Available online at: [http://www.ecd-elcc.ca/eng/ecd/ececc/early\\_childhood\\_education-eng.pdf](http://www.ecd-elcc.ca/eng/ecd/ececc/early_childhood_education-eng.pdf).
- 26** Ferns, C. and Friendly, M. (2014). The state of early childhood education and care in Canada 2012. Toronto: Childcare Resource and Research Unit. Online, retrieved August 5, 2014. <http://childcarecanada.org/publications/ecec-canada/14/06/state-early-childhood-education-and-care-canada-2012>
- 27** For a complete list see: <http://www.fcm.ca/home/about-us/big-city-mayors-caucus.htm>





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