

Developmental Milestones

Child care fees in Canada's big cities 2018

David Macdonald and Martha Friendly





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Executive summary

IT HAS BEEN five years now since the Canadian Centre for Policy Alternatives began gathering information on child care fees across Canada. Over four months each year, we conduct approximately 10,000 phone calls with child care centres, regulated family child care homes and child care agencies in 28 big cities to find out how much it costs parents to enrol their infant, toddler or preschooler in full-time, full-day child care.¹ This information allows us to determine a median child care fee in each category for each of the 28 cities surveyed.

By repeating the same survey each year, we create a consistent source of data on child care fees through which we can follow trends over time. The survey will also allow us to assess the impact of child care policy on fees, as we do in this report in light of recent moves in several provinces to begin setting fees for infant, toddler and preschooler care spaces.

Quebec, Prince Edward Island and Manitoba have for some time set child care fees and made up the difference with operational funding to providers. In each of these provinces at least two-thirds of all child care spaces are within the set-fee system while the rest charge market rates, which are generally higher. In the last few years, British Columbia, Alberta and Newfoundland and Labrador, with some financial support from the federal government, have also started to set fees in centres under specified circumstances.

These new set-fee policies were at various stages of implementation when our 2018 phone survey was conducted. Our results show that these

provincial efforts—even in the early stage—are having a measurable effect on fees in the cities we surveyed.

Parent fees, including at centres and regulated home child care, are generally highest in the infant care category (under the age of two, though this varies by province) and there are considerably fewer spaces than there are for toddlers or preschoolers. The highest median infant fees are found in Toronto, ON (\$1,685 a month) and nearby Mississauga (\$1,591 a month) and Kitchener (\$1,495 a month). The lowest fees in this category are in the Quebec cities of Montreal (\$175 a month) and Gatineau, Laval, Longueuil and Quebec City, where the median fee (also the province’s set fee) is \$190 a month. The next lowest fees are found in Winnipeg, MB (\$651 a month) and Charlottetown, PE (\$738 a month), both provinces with provincially set fees.

In the toddler category, which generally encompasses children aged 18 months to three years, the highest median fees are found in Vancouver, BC (\$1,407 a month) followed closely by Toronto (\$1,367 a month) and Mississauga (\$1,269 a month). Again, due to Quebec’s set-fee system the lowest fees are found in Montreal (\$175 a month) and Gatineau, Laval, Longueuil and Quebec City (\$190 a month). Toddler fees in Winnipeg (\$451 a month) and Charlottetown (\$608 a month), where fees are also set, are low compared to most other Canadian cities, but still many times more expensive than in Quebec.

The largest category of child care—comprising half of all regulated spaces in most cities and two-thirds of all centre-based care spaces—is the preschool-age group for children aged about three to school age depending on the province. As the most popular type of child care, parents are most likely to have to pay preschooler fees, which are highest in Toronto (\$1,150 a month) and its suburbs of Brampton (\$1,146 a month) and Mississauga (\$1,127 a month). But fees of about \$1,000 a month are common across Ontario, BC and Alberta. Once again Quebec’s set fees (Montreal at \$175, then Gatineau, Laval, Longueuil and Quebec City at \$190) are at the other end of the fee spectrum, followed by Winnipeg (\$451 a month) and Charlottetown (\$586 a month).

In previous years we have pointed out how common it is for child care fees to go up faster than the rate of inflation. In 2018 this was the case in 17 of the 28 cities surveyed. At the same time, fee-reduction efforts in Newfoundland and Labrador and Alberta appear to be lowering costs for parents. Preschooler fees in St. John’s, NL are down 13% since last year, while Edmonton’s median preschool-age fees dropped 6% and Calgary’s fees rose by less than the rate of inflation. It is too early to tell the impact

that fee-lowering measures are having in BC, as they were not yet fully in effect at the time of the survey.

This year we did our first significant survey of the market-based fees in provinces with set fees. This is important because even in provinces where fees are set, roughly a third of child care spaces are in the market-priced system, although this isn't visible in our "median" approach. In the infant category, the most expensive market fee is found in Winnipeg where parents pay a median of \$1,400 a month for a space. Quebec City has the second most expensive median market fee (\$1,042 a month) followed closely by Gatineau (\$977 a month).

For parents of preschool-aged children, Winnipeg is again the most expensive city (\$982 a month for a space) followed by Quebec City (\$955 a month) and Gatineau (\$911 a month). Indeed, the market fees in set-fee provinces are quite similar to what parents would pay in market-based provinces like Ontario. This is especially important in Quebec, where three-quarters of all new spaces created since 2011, representing an additional 67,200 spaces, have been outside the set-fee system. Even though Quebec's market-priced child care fees are also substantially subsidized through tax credits to parents, market-priced spaces still cost between two and three times more than spaces in the set-fee system.

Finally, as in past years, our 2018 report looks at the prevalence of wait lists and associated fees for child care in Canadian cities. At the high end, more than 40% of centres in Edmonton and Calgary charge parents a fee to put their children on a wait list, while the numbers are lower in BC and Atlantic Canada. Although Ontario banned child care wait list fees in 2017, a few centres continue to charge them under the guise of a first month's fee rebate. Our survey found centres in St. John's, Edmonton and Calgary offering lower set fees but also charging wait list fees, which could well act as a barrier to access.

If there is a main conclusion we can draw from the results of this year's child care survey it is this: provincial set-fee regimes are reducing costs to parents. The effect of these new programs, however, is not the same across the board.

Tracking child care fees over time allows parents and decision-makers to see where child care policy is having an impact and where more needs to be done to bring down costs to parents. Recent federal-provincial efforts to address spiralling increases in child care fees make it more important than ever to understand the successes and pitfalls other jurisdictions have experienced—so that we might build a more effective, equitable framework for delivering affordable child care for all.

Introduction

FOR THE FIFTH year in a row, the Canadian Centre for Policy Alternatives has surveyed child care services in cities across Canada to determine and compare the fees they charge for infant, toddler and pre-school care.² To our knowledge, this annual survey and report is the only consistent, regularly analyzed, cross-Canada source of child care fee data available. In 2018, as in past years, our data confirms that child care fees in most of Canada are out of reach for many parents, especially those with more than one child.

In addition to tracking child care fees, previous reports have examined other issues related to the delivery and funding of child care services. Our 2017 report examined child care fees in rural areas, which we found to be similar to fees in smaller urban settings.³ The 2016 report examined how much low-income families pay for child care after subsidies are taken into account and found that in some cities fees can still remain prohibitively high.⁴

This year's report takes on additional importance as the last of the federal child care agreements with the provinces, territories and Indigenous communities—under the Multilateral Framework on Early Learning and Child Care announced in June 2017—have now been finalized.⁵ The 2017 federal budget allotted \$540 million for these bilateral agreements in 2018-19, which will rise to \$550 million in 2020-21 and \$870 million by 2026-27.⁶ The CCPA's tracking of fees to parents should be useful to governments as they monitor whether the new funding is making child care affordable, as one of the principles of the multilateral framework specifies.⁷

The amount that parents pay up front for child care varies based on levels of government operational funding, which vary considerably by province. This public funding typically goes toward reducing fees, supporting the program globally, and helping augment the generally very low wages of child care workers. Low wages in the child care sector are themselves a de facto subsidy, though rarely recognized as such.

In addition to this operational funding, all provinces and territories except for Quebec offer child care subsidies of some kind to families. The amount of these subsidies will depend on family income, family size, employment status and other factors. These fee subsidies, paid directly to programs on behalf of an individual family, are in lieu of part or all of the parent fees for eligible parents.⁸ However, as we calculated in our 2015 survey of Canadian child care fees, in most provinces these subsidies are inadequately helping the lower-income families to whom they are targeted.⁹

Finally, lack of available child care spaces creates additional stress for parents even where fees can be considered manageable.¹⁰ Thus, government measures that target fees without also increasing the availability of high quality child care are destined to come up short.

Moving toward affordability

LAST YEAR, the governments of Newfoundland and Labrador, Alberta, Ontario and British Columbia either implemented or announced programs intended to reduce child care fees.¹¹ These programs will also have benefited, at least in part, from the federal government's bilateral child care agreements with all three provinces.

In 2018, Alberta added another 100 child care centres (6,000 spaces) to the 22 that were part of the provincial government's \$25/day program in 2017. Although \$25 is more than double what Quebec parents pay (about \$8/day at median incomes), it is far less than the market rates for child care in Alberta or most other provinces.¹²

Though Alberta's full expansion had not been achieved when we were conducting our 2018 fee survey, the program seems to have been large enough to impact median fees in Alberta's big cities.¹³ Our Calgary and Edmonton survey was conducted in late May and early June of 2018. Data provided by Alberta officials showed that not all of the \$25/day spaces were up and running at that point, although the majority were. Additional reductions in median fees may result upon full implementation. More definitive conclusions, however, will have to wait until our 2019 fee survey is completed.

British Columbia also embarked on two child care affordability measures related to parental fees last year. First, all operators currently providing child care to below-school-age children and who receive operating funding

can apply to opt-in to the Fee Reduction Initiative, which aims to reduce fees by \$350/month for infants and toddlers in centres (and \$200/month in home-based infant/toddler care) and by \$100/month for centre-based care for children aged 3–5 (\$60/month in homes).

In addition, the BC government is converting about 2,500 spaces at 53 “universal child care prototype sites” into low-fee spaces where parents will be charged a maximum of \$10 a day. Eligible parents will continue to receive fee subsidies as well. Because this program was rolled out in the fall of 2018, and child care providers were signing up for the Fee Reduction Initiative during our phone survey for this report, we will need to assess the results of both measures in next year’s report.

Newfoundland and Labrador has been implementing a 10-year child care strategy since 2012. In 2014, the government put in place an Operating Grant Program (OGP), which provides operating grants to centres that choose to offer parents the province’s daily set fee rates of \$44 for infants, \$33 for toddlers and \$30 for children aged 3– 12 enrolled in full-day services.¹⁴ In addition to provincial funding, the OGP benefits from federal transfer funds under the province’s bilateral child care action plan.

Almost half the spaces surveyed in St. John’s in 2018 were participating in the OGP (family child care is not part of the program), which is reflected in the more than \$100 drop in median monthly fees since 2017. The set-fee space share is much higher than we found under set-fee programs in Alberta or BC at the time of our survey, though still lower than set-fee space levels in Quebec, Manitoba and PE, where fees are also set by the government.

Although affordability commitments in all three of these provinces (Alberta, BC and NL) predate the recent federal child care transfers, and provincial funding commitments are often much larger,¹⁵ federal assistance has clearly made the initiatives less expensive for provinces to implement. These early collaborations between federal and provincial governments can hopefully create a foundation for improving child care affordability in the future.

Results of the 2018 survey

THE FEE DATA presented here were compiled through a countrywide phone survey of child care centres and regulated/approved child care homes (or regulated home child care agencies in provinces where they operate). The survey was conducted in 28 Canadian cities across all provinces (but excluding the three territories) between May and August 2018. In smaller cities all child care centres, licensed homes or home care agencies were surveyed; in larger cities random samples were called. *Table 1* in the Appendix details the survey methodology for each city and the respective response rates.

As in previous years, only full-day, full-time spaces are included in the survey. The fees reported are the full fees paid by parents not receiving a fee subsidy. The fees for spaces in regulated home child care are included alongside fees in child care centres.¹⁶ Daily fees are converted to monthly values using a standard number of days.

Fees in Quebec's set-fee child care sector increase with family income. For Quebec cities, non-market fees are therefore evaluated based on the median family income in each city for families with at least one child under the age of six.

Unless otherwise stated, all fee data in this report are calculated as the median for each city. In other words, in that city half the spaces are more expensive and half are less expensive than the value listed in each table. Using the median child care fee avoids giving undue influence to very high

or very low fees on the measure of central tendency. The median fee for each city is weighted by number of spaces, not by location. For instance, if one centre has a lot of spaces and another has few, the fees at the centre with a lot of spaces will count for more in our fee calculations.

Unless otherwise state, figures are the median of all fees (i.e., for both market and set-fee spaces). If the city has more set-fee spaces than market spaces then the fee reported will be the set fee, as it is by definition the median.

This year we examined the market fees in several set-fee provinces. These market fees only apply to a minority of spaces in cities surveyed in Quebec, Manitoba and Prince Edward Island, and therefore do not change the medians reported for those cities. However, as market-fee spaces are growing in number in many cities, we spend some time in this year's report considering their impact on median fees and the affordability of child care.

Full-time infant fees

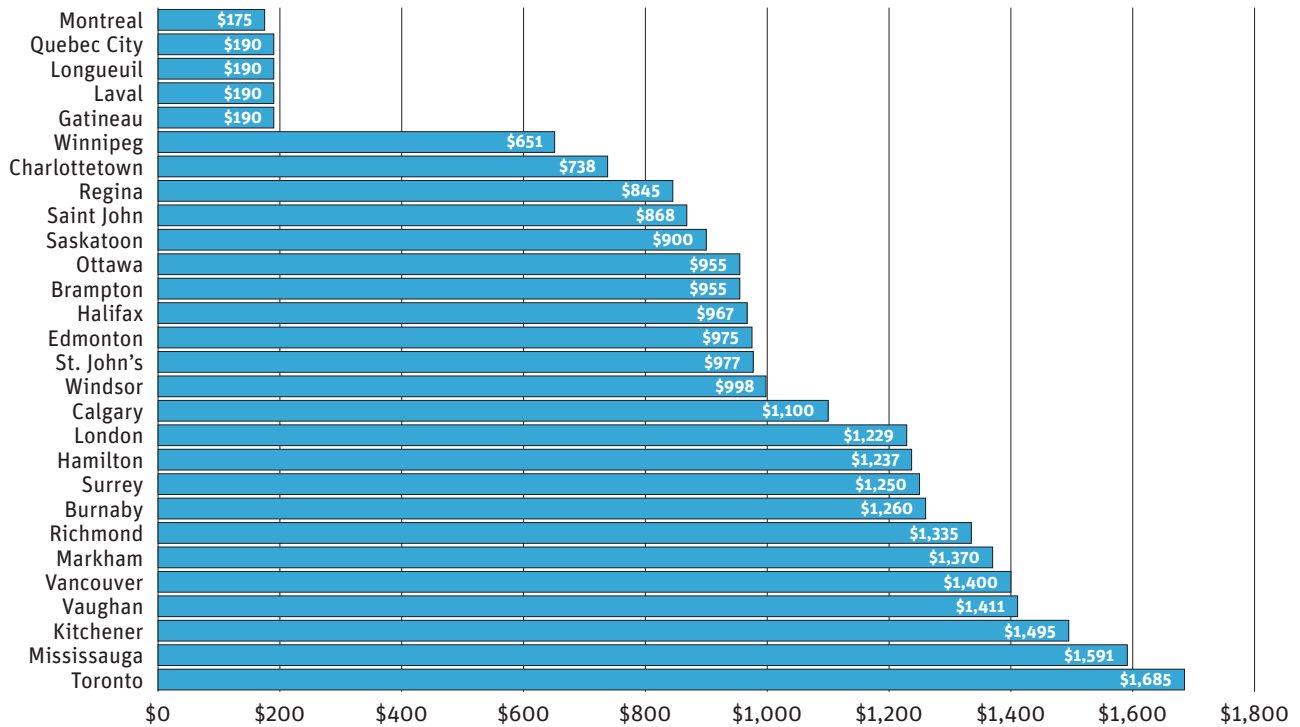
There are considerably fewer spaces in the infant care category (children under the age of two, though this varies by province) than there are for toddlers or preschoolers. Fees for infant care also tend to be considerably higher than for the other categories, particularly in the cities with fees set by the market. This is because the regulated number of children that one adult caregiver is allowed to look after (the child/adult ratio) is lower for infants to ensure safety and appropriate levels of care. As more staff are required per child in infant care, staff costs per space tend to be higher.

Regulated home child care spaces are an especially important contributor to the number of infant spaces in many cities and these spaces are often less expensive than they would be at a centre. As such, in cities with more regulated home child care spaces the median infant fees tend to be lower and provide less variance by age.

Canada's highest infant care fees in 2018 are once again found in Ontario. Toronto easily tops the list of the most expensive cities for infant care, with median fees of \$1,685 per month. This is the equivalent of \$20,220 a year for a single infant, easily the second largest family expense after mortgage or rent payments.

The second most expensive city for infant care is Mississauga, a suburb of Toronto, where the median fee is \$1,591 a month. This is followed by Kitchener and Vaughan, all relatively close to Toronto, where median fees range from \$1,400 to \$1,500 a month. One must look to Vancouver, the sixth

FIGURE 1 Median infant fee in 2018 (monthly)



Source See Table 2 for a breakdown of all fees.

most expensive city for infant spaces, to find a city outside the Toronto area where fees are this high.

The lowest parental fees are found in Montreal (\$175/month) followed by the Quebec cities of Gatineau, Laval, Longueuil and Quebec City, where the median infant care rate is \$190 a month. Until this year, Quebec had been one of three provinces (with PE and Manitoba) where fees for most spaces are set by the province. But in 2018, Newfoundland and Labrador, Alberta and BC also moved toward set fee systems: in all three provinces the government is supplying operational funding to child care providers that maintain centrally set fees.

Not all child care providers participate in these provincial set fee systems. But in Quebec more than half of them do, thus the median fee for Quebec cities will be the set fee. Quebec's basic set fee is fixed, but at higher family income levels it is adjusted up to a cap along a sliding scale. The median income for families with young children in Montreal is substantially lower

than in other Quebec cities. As such, the child care fees families would pay are also lower based on the sliding scale.¹⁷

Unlike in Manitoba or PE, Quebec's child care fees do not decrease as children age but remain constant across age groups. The gap between Quebec's fees and those in other provinces is therefore much wider in the infant category. For instance, Torontonians pay nine times what Montrealers pay in the set-fee system for an infant space but about seven times as much for toddler care and six times as much for a preschool-age space.

Outside Quebec, Winnipeg and Charlottetown (both in provinces that set fees) had the lowest fees at \$651 and \$738 a month respectively. The lowest infant fee in a city where fees are set by the market is Regina, SK, where the median fee is \$845 a month.

St. John's, NL's median fee of \$977 a month is still slightly above its new set fee for infants of \$44 a day (\$955 a month), as more than half of infant spaces are not in the set-fee system (largely due to the exclusion of family child care from the program). Although the median fee in St. John's has dropped since last year, it is on par with cities like Ottawa or Brampton (both in Ontario) where no set fees exist.

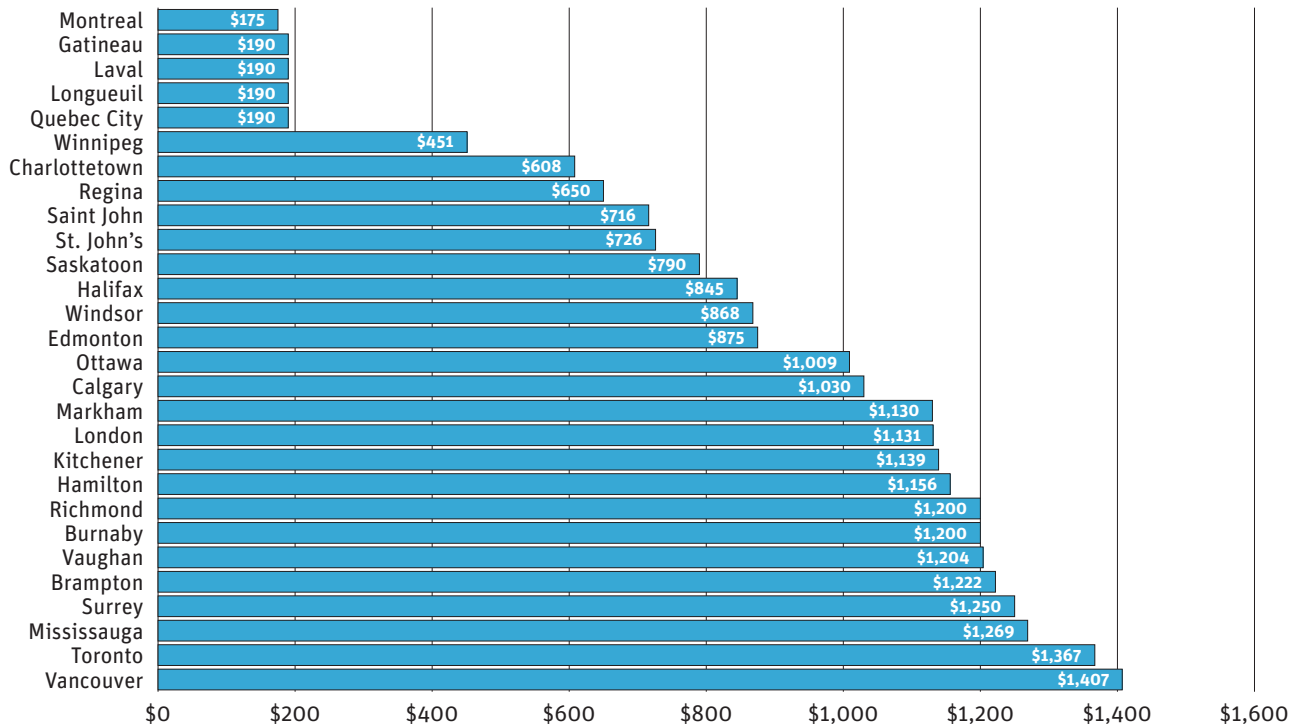
Full-time toddler fees

Toddlers, who range in age from 18 months to three years depending on the province, make up the second largest child care age group after preschoolers. Legislated staff ratios are lower than for infants, making toddler spaces somewhat less costly to provide. Centre-based care becomes more prominent numerically for toddlers. For cities with large licensed home child care sectors, their lower fees can still lower toddler fees in the aggregate.

Vancouver has the highest toddler fees in Canada at \$1,407 a month, with Toronto close behind at \$1,367 a month. In both cities parents pay over \$16,000 a year to put a single toddler into child care. Mississauga is third most expensive city for toddler care at \$1,269 a month, while fees of between \$1,100 and \$1,200 a month are a common price range in Ontario and BC, particularly for Toronto's and Vancouver's bedroom communities.

The lowest parental fees for toddler care are again found in Quebec. As noted above, because set fees in Quebec don't change based on age, the fee gap with other provinces is smaller in the toddler category than for infants, but not by much. For instance, fees in Vancouver and Toronto are seven times higher for toddlers than they are in any Quebec cities.

FIGURE 2 Median toddler fee in 2018 (monthly)

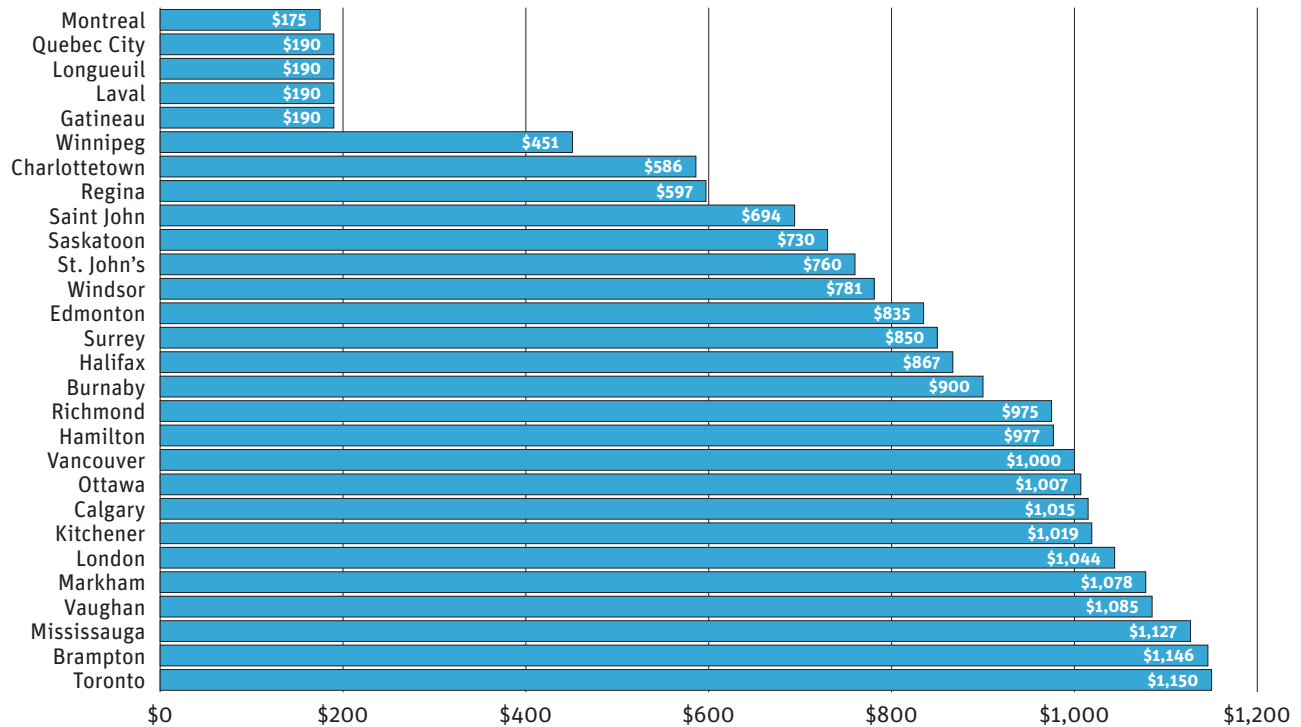


Source See Table 2 for a breakdown of all fees.

The next lowest toddler fees are in Winnipeg and Charlottetown. Despite both provinces setting fees centrally, even these relatively lower rates are two to three times more expensive than in Quebec. St. John's, NL is ninth least expensive city with a monthly toddler fee of \$726 a month, which is slightly above the province's set fee of \$33 a day for this age category.

In the Ontario cities of Ottawa and Brampton, and in Richmond, BC and Vancouver, BC, infant fees are lower than toddler fees, an unusual result. However, each of these cities has large regulated home child care sectors, which are more likely to provide child care for infants than other age groups. Home child care can have lower fees for infants, often due to less differentiation of fees by age. This yields a net result of lower median fees for infants and reveals the influence that home child care can have on child care fees.

FIGURE 3 Median preschool-age fee in 2018 (monthly)



Source See Table 2 for a breakdown of all fees

Full-time preschooler fees

Numerically, preschoolers—age 2.5 to 4 or 5, depending on the province—make up the largest child care age category by far. Centre-based care dominates this category, with home child care being relatively less important. Preschooler fees tend to be lower than fees for infant and toddler care, given the lower staff/child ratios in this category as required by regulations. Generally, half of all spaces in a city, and two-thirds of all centre-based child care spaces, are devoted to preschoolers. Parents are therefore more likely to be familiar with median preschooler fees than the fees charged for younger children.

Ontario's publicly funded school systems include free (for parents) full-school-day kindergarten programs for all four-year-olds, while Nova Scotia and Quebec are following suit by phasing in similar programs.¹⁸ Full school-day kindergarten significantly reduces costs for parents of young children, though without addressing the after-school care needs of many

working parents. The reduced costs resulting from kindergarten programs are not included in the estimates below.

With median child care fees of \$1,150 per month, Toronto is the most expensive city for parents of preschool-age children, although this rate is highest by a smaller margin than in the other age categories. Preschooler rates in Brampton and Mississauga (both suburbs of Toronto) are \$1,146 and \$1,127 per month respectively. But parents can expect to pay \$1,000 a month in many other large cities including Vancouver and Richmond in BC, Calgary, AB and Markham, Vaughan and Hamilton in Ontario.

The lowest preschool-age fees are again found in the Quebec cities of Montreal, Gatineau, Laval, Longueuil and Quebec City. Winnipeg (\$451/month) and Charlottetown (\$586/month) come next, which isn't surprising given that Manitoba and PE set fees provincially. At \$597/month, Regina, SK has the lowest fees of any city where fees are set by the market. In St. John's, NL the median preschool-age fee is higher than the set fee simply because more than half of preschooler spaces are still in market-rate centres.

Rates are still on the rise

As preschool-age fees are the most common, it is helpful to parents and policy-makers to know how those fees are changing over time, which we explore in detail in this section. As in past years, we compare increases or decreases in fee rates to the rate of inflation, which was 3.0% between July 2017 and July 2018 (reflecting the midpoint of our survey).¹⁹ In 17 of the 28 cities surveyed in 2018, preschool-age child care fees rose faster than inflation.

Fee hikes were particularly severe in the Toronto suburbs of Brampton, Mississauga, Markham and Vaughan, where parental child care costs are up between 5% and 9%—two to three times the rate of inflation. The cities of Metro Vancouver, including Burnaby, Surrey and Vancouver proper, also experienced median fee increases that were roughly twice the rate of inflation. This is particularly important as British Columbia's new child care fee plans came into effect after this report's data were collected.

The first part of the BC plan, as discussed above, does not set fees directly but rather reduces them by \$100 for preschooler spaces.²⁰ However, since 2017, median fees in much of Metro Vancouver have increased by \$50 to \$60, potentially swallowing up half the planned reduction for parents. Thus, plans to reduce fees can fall victim to potential front-running behaviour; centres may have raised fees in anticipation of the coming policy. Our 2019

fee survey will reveal how much of the \$100 reduction in preschool-age fees parents actually experienced. However, if BC cities experience any reduction in median fees, that will be a rare event in our tracking of child care fees.

The cities in Quebec also experienced fee increases that were slightly higher than the rate of inflation. In London, ON and Saskatoon, SK fees increased at roughly the rate of inflation, while in seven other cities fees were static compared to last year. This last group notably includes Calgary, AB, where there was a slight 1% increase in fees. In Winnipeg and Charlottetown there were no changes in fees as provincial governments decided to maintain set fees as they were.

St. John's experienced a considerable decline (-13%) in median preschool-age fees over the previous year, which will have saved parents \$109 a month at the median. This is due to the increase in the range of operating grants of the Operating Grant Program (OGP) mentioned above, which is transforming Newfoundland and Labrador into a set-fee province as part of a 10-year child care strategy (2012 to 2022).²¹ The OGP, which does not apply to family child care, has benefitted from federal funding through a recently concluded bilateral agreement on child care.²²

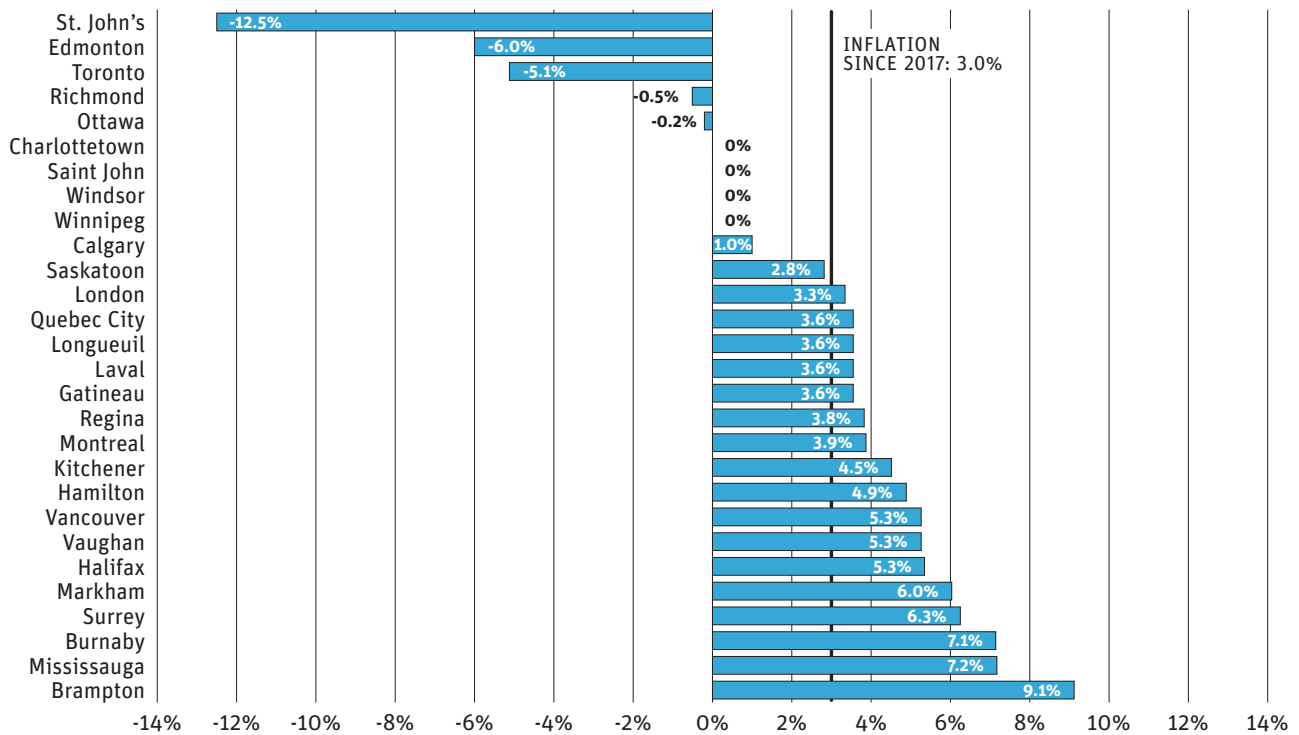
Unlike cities in the other three set-fee provinces of Quebec, Manitoba and PE, more than half of child care spaces in St. John's are still outside the system (where market rates apply). That is why the set fee isn't exactly the same as (only close to) the median fee in St. John's. However, the sizeable number of centres within the OGP's set-rate system has resulted in a median preschool-age fee in St. John's of \$35/day, or \$760 a month, just slightly above the set-fee rate of \$30 a day.

Between 2017 and 2018, fees dropped by 5% in Toronto, the most expensive city in the country for parents of preschoolers, a statistical result that may or may not accurately reflect what is happening. Fees in Toronto and several other larger cities are calculated based on a survey of a randomized sample of child care centres. (A complete list of the cities and their survey methodologies can be found in *Table 1*.) This sample changes from year to year and has a margin of error of +/- 10%, nine times out of 10.

Due to the randomness of the sample, our 2018 list of child care centres in Toronto only occasionally overlaps with our 2017 list. The 5% decline in fees is well within the margin of error of the 2018 and 2017 samples. Thus, only time will tell whether this drop in fees is statistical noise or a new trend in that city.

Fees in Edmonton also dropped in our survey between 2017 and 2018 (by 6%), but here we have evidence it is related to policy. Like the province

FIGURE 4 Change in median preschooler fee between 2017 and 2018



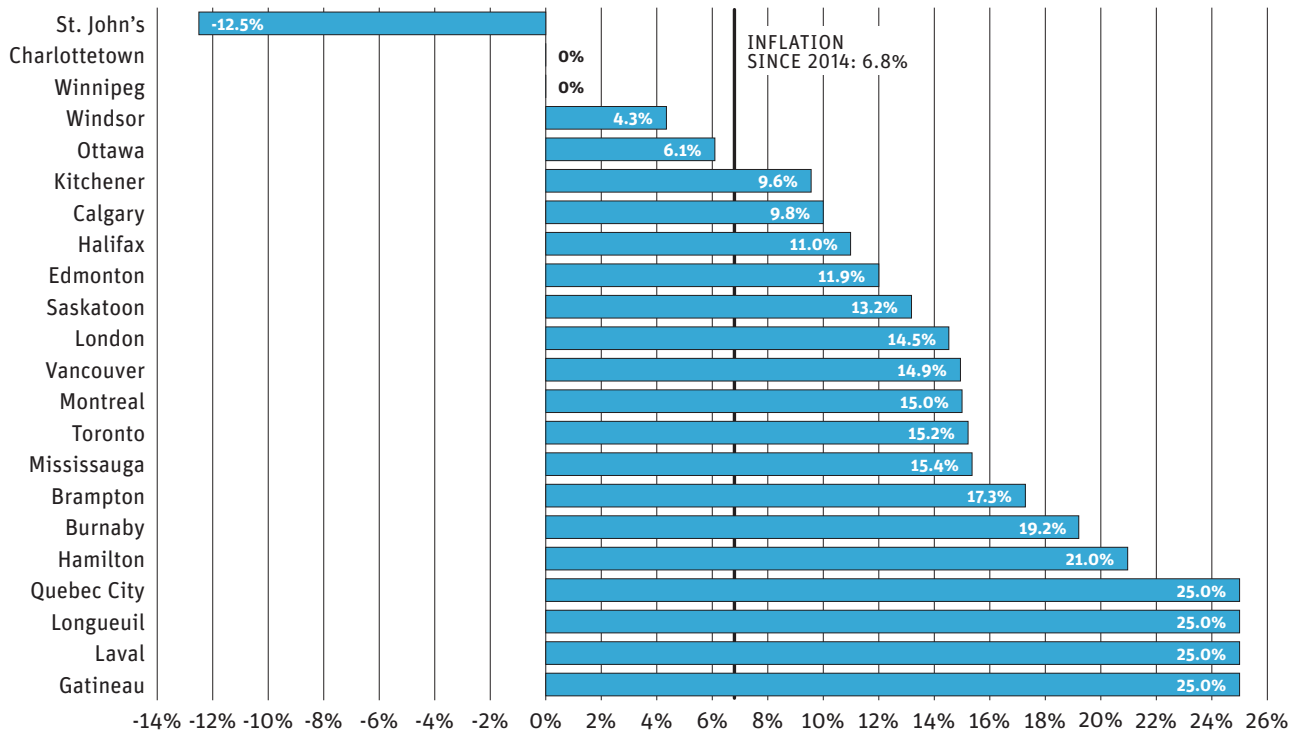
Source: Statistics Canada table 18-10-004-01 July 2017 to July 2018, *Time Out* (2014), Table 2 and author's calculations.

of Newfoundland and Labrador, Alberta has begun to set fees at \$25/a day in participating child care centres that receive transfer payments to make up the difference between that set rate and the market rate. As in Quebec, Alberta's set fees do not vary by the age of children.

Alberta started setting fees in 2017 in a pilot project mentioned in our last survey, but only 22 centres in the province had been enrolled at that point.²³ In April 2018, the \$25-a-day program was expanded to another 100 centres, which may be having a measurable impact on fees.²⁴ In a positive sign of federal-provincial co-operation on child care, the 2017 bilateral agreement with Alberta included support for the pre-existing \$25-a-day spaces.²⁵

At the time of our survey, 10% of child care spaces in Edmonton and 8% of spaces in Calgary were charging the \$25/day set fee, but these proportions are expected to rise as the program is fully implemented.²⁶ The difference between the participation rates may be attributable to reliance on Edmonton's expansion of \$25-a-day spaces in *pre-existing* centres such as within its large YMCA network, whereas in Calgary set fees were to be offered in new

FIGURE 5 Change in preschooler fee since 2014



Source Statistics Canada table 18-10-004-01 July 2014 to July 2018, *The Parent Trap* (2014), Table 2 and authors' calculations.
Note Only includes cities for which there was data in 2014.

centres, which take longer to come on stream. This may explain the decline in Edmonton's median fees since last year while fees grew by 1% in Calgary.

Between the time of our first survey in July 2014 and last year's survey in July 2018, inflation went up 7%.²⁷ Over that same period, child care fees rose by more than the rate of inflation in 17 of the 22 cities (three-quarters) for which we have data. As examined above, median fees came down in St. John's as a direct result of government intervention, while fees were unchanged in Winnipeg and Charlottetown, where they are also set by the province.

In the Ontario cities of Ottawa and Windsor child care fees went up but by less than the rate of inflation, a rarity in places where fees are decided by the market. In Quebec fees have risen by 25% since 2014 because of the government's decision in 2015 to offer the lowest flat fee only to families earning less than \$51,000 a year.²⁸ Still, at the median this bump adds only \$38 a month to child care fees for families earning more than that, and those fees have been rising only slightly faster than inflation.

In the larger Ontario cities of Brampton, Mississauga and Toronto, along with nearby Hamilton, preschool-age fees have climbed between 15% and 21% since 2014—two to three times the rate of inflation. In contrast to Quebec, these fee bumps have added between \$150 and \$170 a month to family child care costs since 2014.

Comparing costs in parallel child care systems

Participation in provincial set fee programs is voluntary for child care providers in all provinces, and provinces may limit which or how many centres can participate.²⁹ In all provinces where fees are set by the government parents can and do pay higher market prices at centres outside the set-fee system. This report delves more deeply into those market-based fees than we have in past editions.

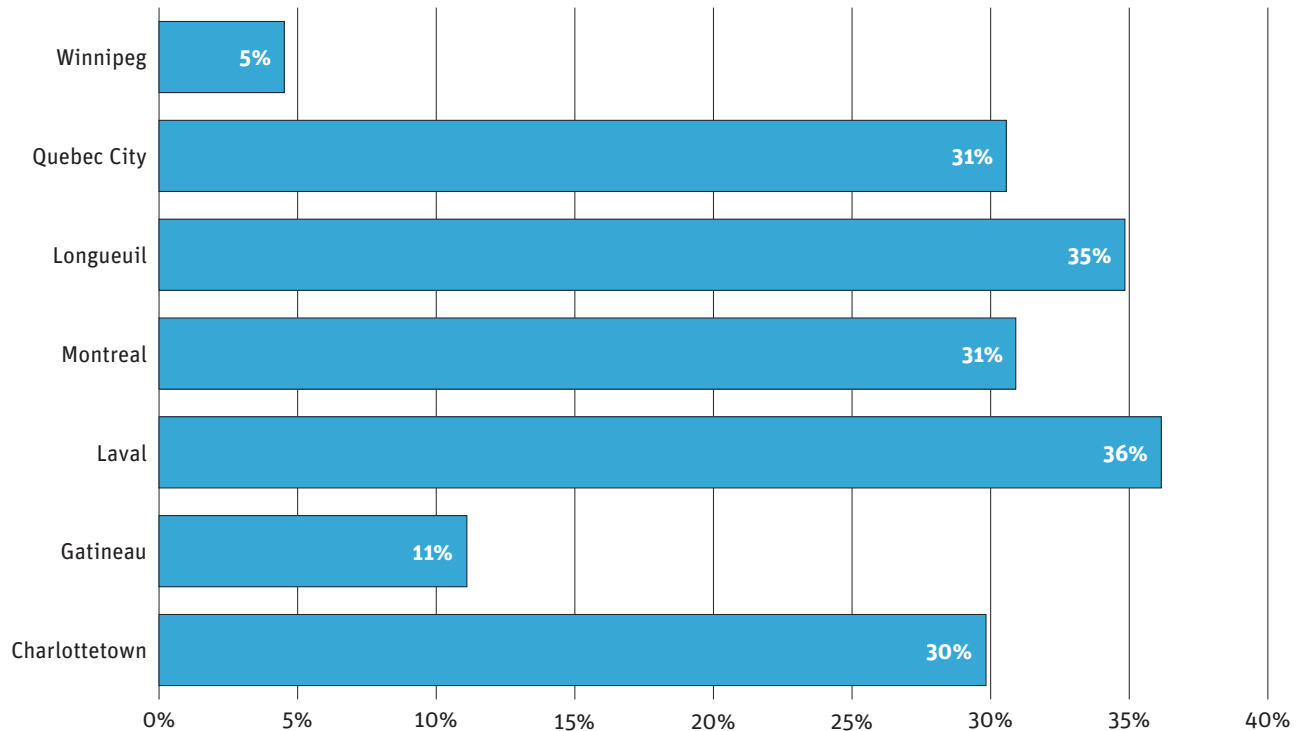
The proportion of child care spaces in centres without set fees varies significantly among the cities we surveyed for this report. Even in Quebec, where in most cities a third of spaces are in centres charging a market rate, that proportion is only 11% in Gatineau (See *Figure 6*). A third of spaces in Charlottetown are outside the province's set-fee system while this proportion is only 5% (26 centres) in Winnipeg.

In all three provinces our median child care fees change when we separate out market rates from set fees. This is most notable in Quebec where, for example, median infant fees in the unfunded for-profit centres outside the set-fee system in Laval, Montreal and Longueuil are about \$900 a month—nearly five times the set fee rate.³⁰ In Gatineau, the market fee for infants is slightly more expensive than the comparable median fee in Ottawa, just across the river in Ontario. The discrepancy is even more significant for Quebec City where 31% of child care spaces fall outside the set-fee program compared to 11% in Gatineau.

We see the most dramatic difference between market and set fees in Winnipeg's centre-based infant care. The median market price for an infant space is \$1,400 a month, nearly what parents pay in Toronto. However, as only 5% of Winnipeg's spaces are outside the set-fee sector, relatively few parents are affected by these fees compared to other cities.

As with infant care, median fees for preschooler child care are substantially higher in market-based spaces than the set fees in all cities except Charlottetown.³¹ In Laval, Montreal and Longueuil, all in Quebec, parents of

FIGURE 6 Proportion of spaces without set fees



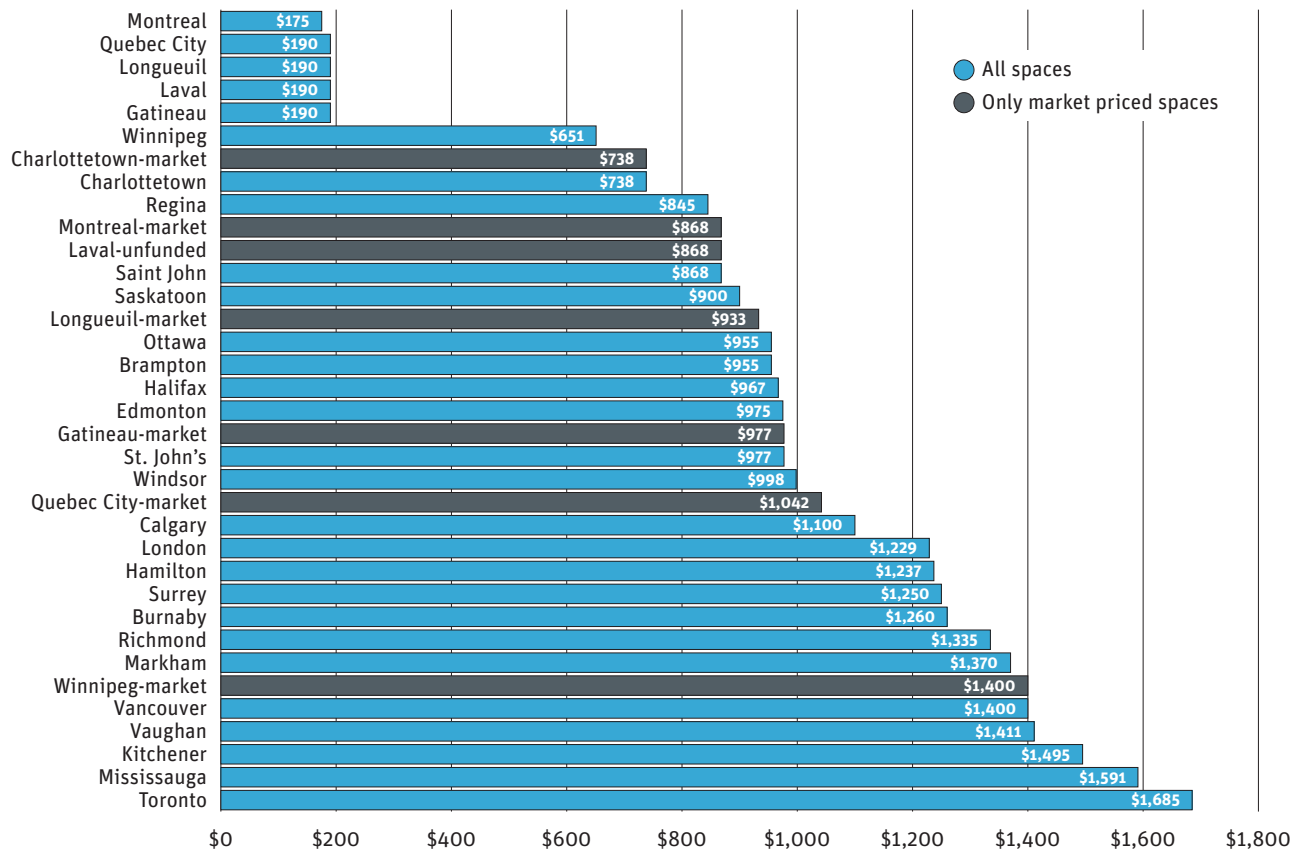
Note Includes licensed family child care spaces in the count of all licensed spaces.

preschool-age children pay about \$800 a month for one of these spaces—just over four times what it costs in the set-fee system.

Market fees in Gatineau and Quebec City are higher still—comparable to what parents pay in Vancouver’s suburbs. But the highest median market fees for preschool-age spaces, at least among cities in provinces where set-fee systems exist, are once again found in Winnipeg (\$982 a month). This places Winnipeg squarely in the \$1,000-a-month range that is common in most larger cities where fees are determined by the market.

The Quebec government offsets market-based fees with tax rebates for parents that cover between 26% and 75% of eligible expenses (up to \$9,000 a year) depending on income. This works out to a maximum rebate of \$6,750 a year.³² Unlike the federal Child Care Expense Deduction, the Quebec child care tax credits can be claimed rapidly, i.e., parents need not wait until tax filing time. As such, market fees in the province do receive government support, although not “at the gate” as in the set-fee system.³³

FIGURE 7 Median monthly infant fee including spaces outside the set-fee system (2018)



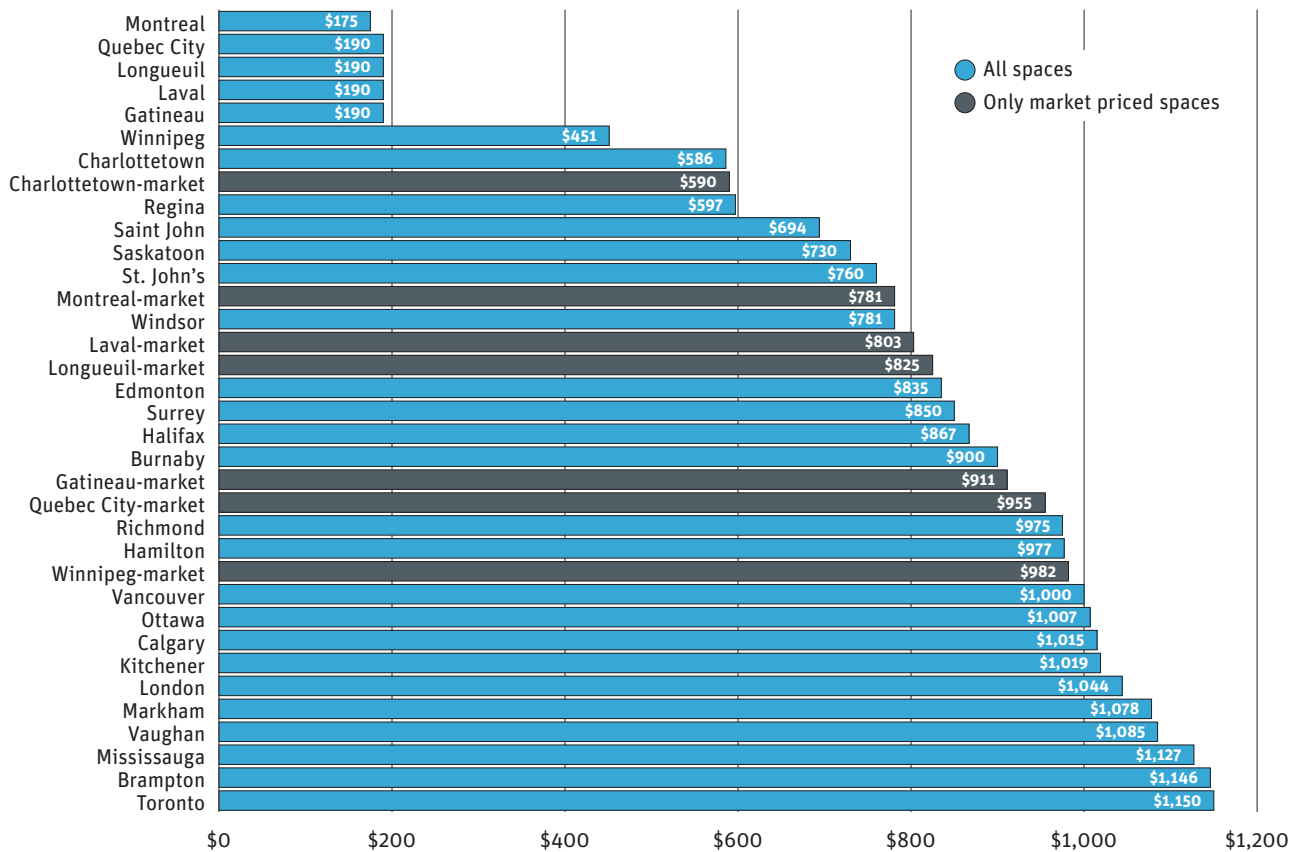
Note Includes licensed family child care spaces in the count of all licensed spaces.

Even after accounting for these rebates, market-based child care spaces in Quebec are still charging parents two to three times set-fee rates. *Figure 9* shows the initial costs for parents and post-rebate net costs for infant spaces in the market (for-profit) alongside the set fees in four Quebec cities.³⁴ We can see the gap is largest for infant care in Quebec City and smallest for infant spaces in Laval.

Unlike in Winnipeg, however, and except for Gatineau, a relatively large proportion of Quebec's child care spaces are outside the set-fee system, meaning that many parents are paying much more than the widely quoted low set-fee rate.

In Quebec it is the for-profit sector charging market fees that accounts for the rapid growth in child care spaces for children under the age of five. While this type of child care began to expand in 2008, it exploded in 2011; market-rate spaces account for approximately three-quarters of all new

FIGURE 8 Median monthly preschool-age fee including spaces outside the set-fee system (2018)

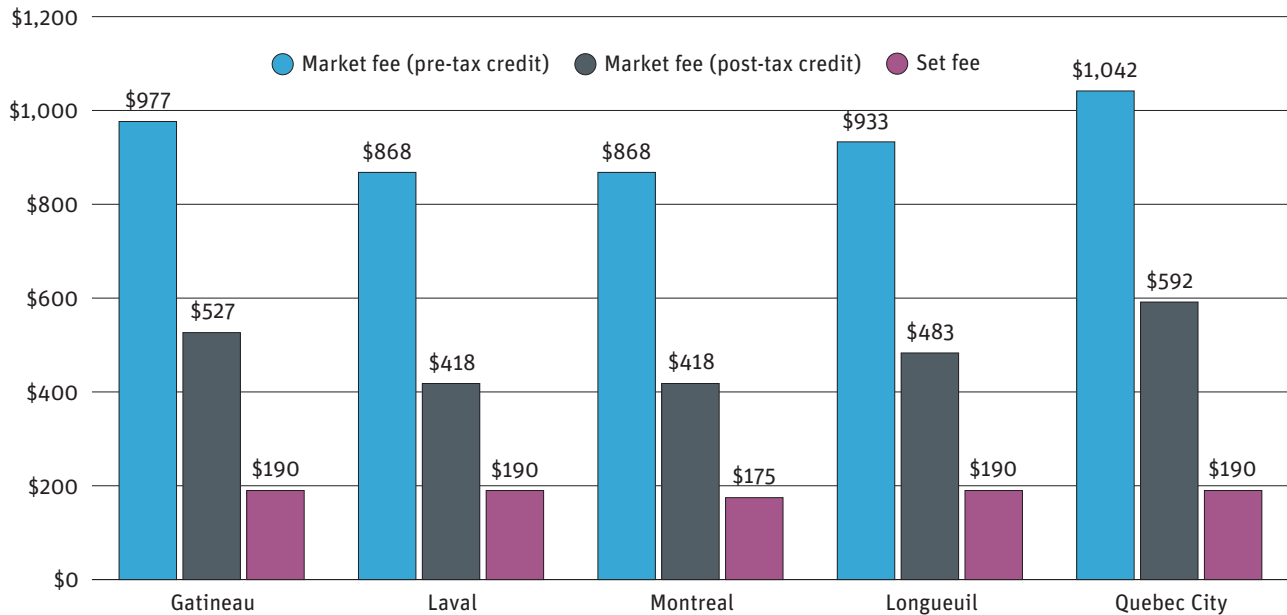


Note Includes licensed family child care spaces in the count of all licensed spaces.

spaces created since then.³⁵ In contrast, the supply of set-fee spaces either in for-profit or non-profit centres grew much more slowly. Family child care spaces hardly expanded at all over this period.

Although Quebec's market-fee sector is often described as unfunded, it would be more correct to describe it as not operationally funded, as the tax credit reimbursement to parents comes at substantial cost to the Quebec government. Tax credits reimbursing families paying market rates increased from \$206 million in 2007 to \$801 million a year in 2017 (in 2018 dollars).³⁶ Quebec research has found that these much more expensive market spaces are generally of lower quality than their non-profit equivalents.³⁷

FIGURE 9 Market fees, tax credit and set fees for infants in Quebec (median monthly 2018)



Note: Quebec's set fees and tax credit refund rates are calculated at the median income in each city for a family with children under the age of six. The value of the tax credit is calculated for a space at each centre using that city's median income and that centre's fees. See Table 3 of the Appendix for full details including corresponding preschool-aged values.

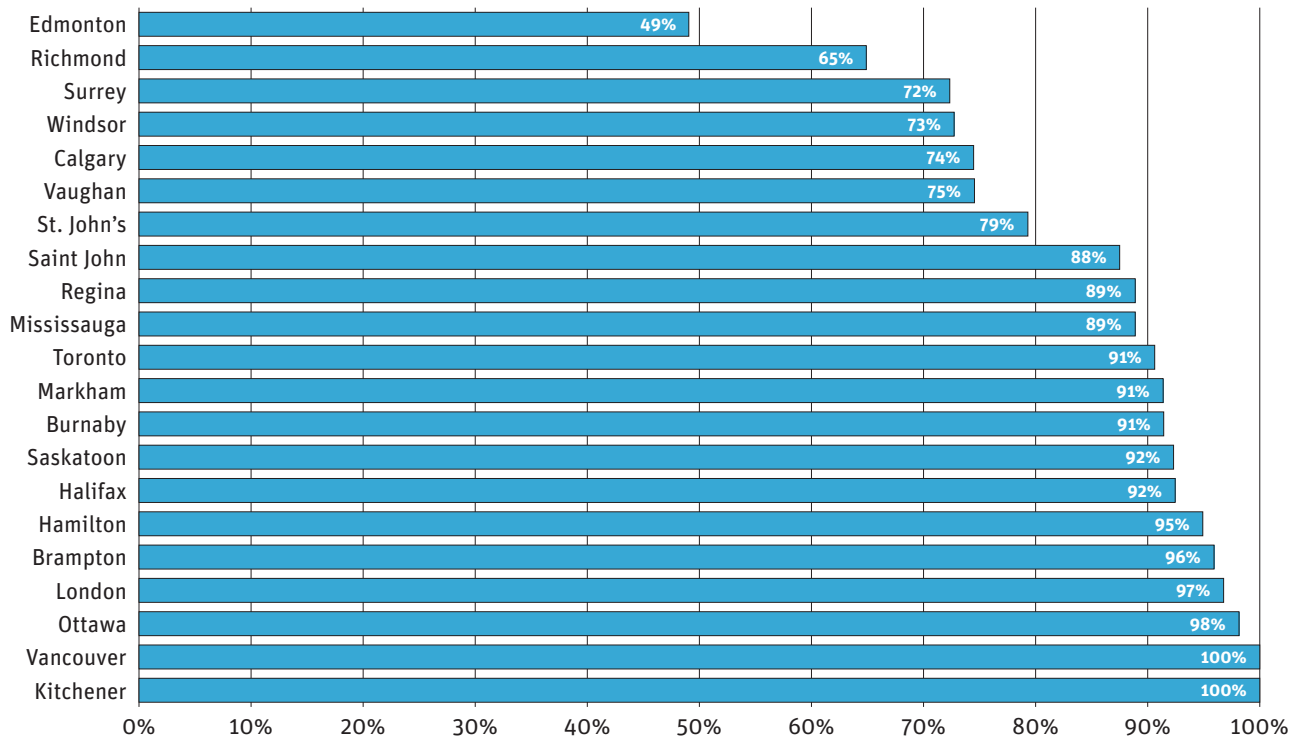
A wait here, a wait there

Fees are an important part of the child care puzzle for parents, but so is the availability of spaces. In the worst-case scenario fees can be high and wait lists long. Parents in cities where wait lists are common will often list their child or children on wait lists for multiple centres to increase the chances of getting a space. Because this makes it difficult to get a good idea of waiting times, we simply make note of where wait lists are maintained and how often fees are charged to be put on a list.

Wait lists for child care are as common in high-fee cities like Toronto as in places like Regina where fees are lower, but are slightly less prevalent in Edmonton, AB and Richmond, BC. With five years' worth of surveys behind us, we can also say that the prevalence of wait lists is fairly stable in Edmonton, but potentially on the rise in Calgary and St. John's. In both these cities the substantial reduction in fees in 2018 from the introduction of set fees may be boosting demand.

Ottawa reported a very low prevalence of wait lists at its centres last year, but this was probably due to our survey question asking only about

FIGURE 10 Proportion of centres maintaining a waiting list (2018)



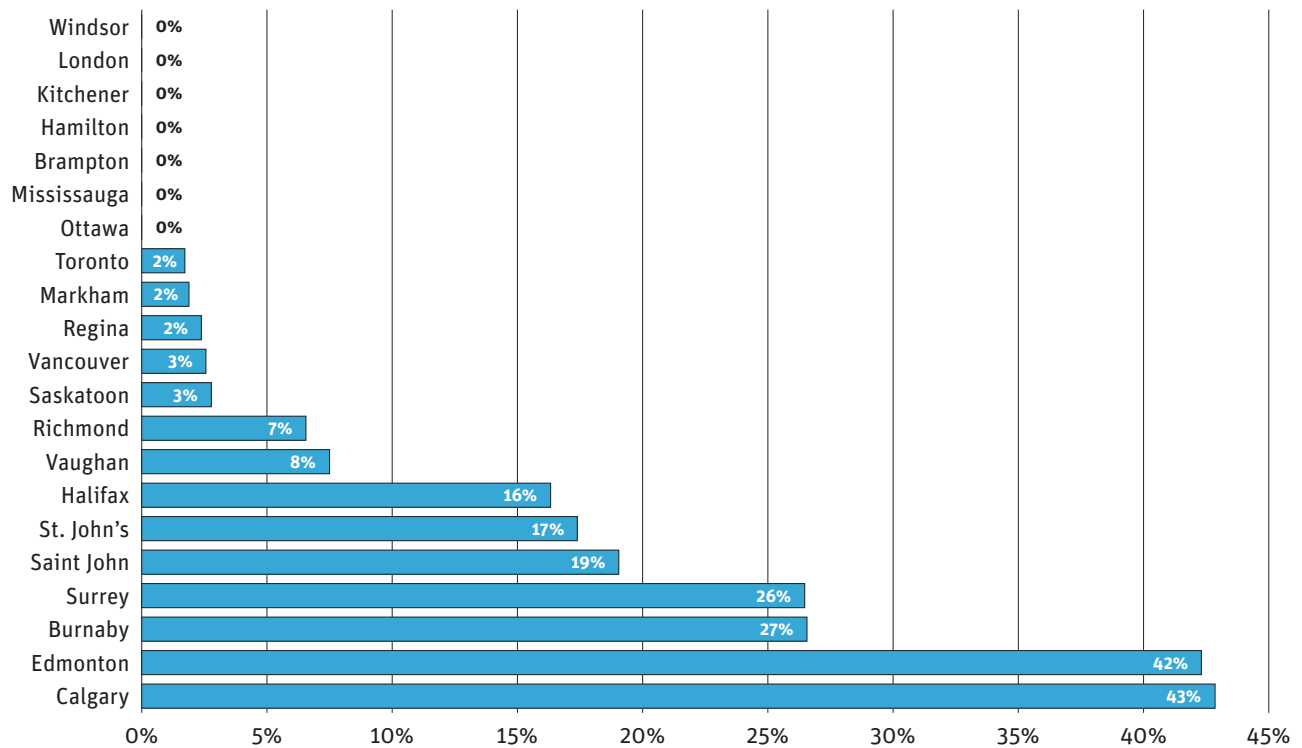
wait lists maintained at particular centres, not the central waiting list that Ottawa uses. This year we also asked centres whether they participated in a centralized list for the city, which likely accounted for the jump in wait list prevalence in Ottawa.

Wait lists are so common that centres frequently charge parents to be put on one. These per-child fees usually cost \$50 to \$100, but can be even higher. The cost adds up for parents in cities where the waits are so long you need to have a child on multiple lists to secure a space. The fees are especially difficult or impossible to absorb for lower or modest income families.

In September 2017, Ontario banned fees for child care wait lists and most centres have complied. The practice was reasonably common in 2016, particularly in the Greater Toronto and Hamilton Area. Despite the rule change a small proportion of centres in Ontario continue to charge parents to put a child on a wait list by structuring the payment as a contribution to the first monthly fee, which creates a grey area with respect to the Ontario ban.

Wait list fees continue to be prevalent in the Alberta cities of Calgary and Edmonton and appear to be on the rise. In 2018, more than 40% of centres in

FIGURE 11 Proportion of centres charging a fee to be on a waiting list (2018)



both cities applied fees, which in Edmonton can reach as high as \$200 and sometimes take the form of the full first month's payment. Even in several of the newly created \$25-a-day spaces parents are being asked a fee to put their children on a wait list, which can act as an impediment to lower income families, especially those with more than one child. All provinces would do well to follow Ontario's example and ban the practice.

Conclusion

IF THERE IS a main conclusion we can draw from the results of this year's child care survey it is this: provincial set-fee regimes, which may be funded in part through bilateral child care agreements with the federal government, are reducing costs to parents. The effect of these new programs, however, is not the same across the board.

For example, infant fees are still quite high in Newfoundland and Labrador despite the province's fixed-fee system. And while new set fees in BC and Alberta are pushing fees down, the participation rate of child care centres in these programs is still low—meaning parents frequently end up paying the higher market rates. This reality is reflected in the marginal declines in median child care fees between the 2017 and 2018 surveys. BC's additional fee reduction program appears to have had a high opt-in rate by the fall of 2018, after our survey. Next year's survey should capture the full impact of this reduction on the already high fees there.

The unfortunate fact, however, is that child care fees remain unaffordable in most Canadian cities and continue to rise faster than the rate of inflation. Parents in Metro Vancouver or the Greater Toronto can expect to pay between \$1,300 and \$1,700 a month for an infant care space, or between \$1,000 and \$1,100 a month to put their preschooler into child care.

Further, set fees can make costs predictable for parents, but that won't necessarily make them affordable. In St. John's the set fee of \$955 a month for an infant space (\$44 a day) is on par with cities like Brampton and Ot-

tawa where market rates apply, and is over five times more than the set fee parents pay in Quebec.

In the cities we surveyed from the set-fee provinces market-price child care spaces remain in the minority, but their numbers have been growing over the past decade in Quebec. Market prices for child care in the bigger Quebec cities and in Winnipeg are on par with parent fees in mid-sized cities of Ontario. Even after being partially reimbursed through tax credits, Quebec parents outside the set-fee system pay two to three times the province's low per-day set fees.

Tracking child care fees over time allows parents and decision-makers to see where government policy is having an impact and where more needs to be done to bring down costs to parents. Recent federal funds and provincial efforts to address child care affordability make it more important than ever to understand the successes and pitfalls experienced—so that we might build a more effective, equitable framework for delivering affordable child care for all.

Appendix

TABLE 1 Survey methodology and coverage rates by city

City Name	Province	% of licensed spaces surveyed	Survey Methodology
Vancouver	British Columbia		A random sample of centre spaces and all home care providers were called
Richmond	British Columbia	64%	All centres and all home care providers were called
Burnaby	British Columbia	60%	All centres and home care providers were called
Surrey	British Columbia		A random sample of centre spaces and home care providers were called
Calgary	Alberta		A random sample of centre spaces and all home care agencies were called
Edmonton	Alberta		A random sample of centre spaces and all home care agencies were called
Saskatoon	Saskatchewan	70%	All centres and home care providers were called. The precise number of spaces is unknown; survey rate is the proportion of centres contacted.
Regina	Saskatchewan	70%	All centres and home care providers were called. The precise number of spaces is unknown; survey rate is the proportion of centres contacted.
Winnipeg	Manitoba		Fixed fees centres (<2 yrs: \$30/day, 2–5 yrs: \$20.80/day)
Windsor	Ontario	75%	All centres and home care agencies were called
London	Ontario	73%	All centres and home care agencies were called
Kitchener	Ontario	81%	All centres and home care agencies were called
Hamilton	Ontario	66%	All centres and home care agencies were called
Brampton	Ontario	75%	All centres and home care agencies were called
Mississauga	Ontario		A random sample of centre spaces and all home care agencies were called
Vaughan	Ontario	64%	All centres and home care agencies were called
Toronto	Ontario		A random sample of centre spaces and all home care agencies were called
Markham	Ontario	66%	All centres and home care agencies were called

City Name	Province	% of licensed spaces surveyed	Survey Methodology
Ottawa	Ontario		Centre spaces were randomly sampled and all home care agencies called
Gatineau	Quebec		Fixed fees (\$8.05/day) + adjustment for income
Laval	Quebec		Fixed fees (\$8.05/day) + adjustment for income
Montreal	Quebec		Fixed fees (\$8.05/day) + adjustment for income
Longueuil	Quebec		Fixed fees (\$8.05/day) + adjustment for income
Quebec City	Quebec		Fixed fees (\$8.05/day) + adjustment for income
Saint John	New Brunswick	78%	All centres and home care agencies were called
Halifax	Nova Scotia	71%	All centres and home care agencies were called
Charlottetown	Prince Edward Island		Fixed fees (<2 yrs: \$34/day, 2 yrs: \$28/day, 3–4yrs: \$27/day)
St. John's	Newfoundland and Labrador	76%	All centres and home care agencies were called

Survey of only market priced centre spaces

Gatineau	Quebec	76%	All centres without “reduced rates” were called
Laval	Quebec	70%	All centres without “reduced rates” were called
Montreal	Quebec		A random sample of centre spaces without “reduced rates” were called
Longueuil	Quebec	71%	All centres without “reduced rates” were called
Quebec City	Quebec	75%	All centres without “reduced rates” were called
Winnipeg	Manitoba	58%	All centres that are “unfunded” were called
Charlottetown	Prince Edward Island	69%	All private centres were called

TABLE 2 Detailed fee data 2018

City	All Monthly Fee (median)			Centre Monthly Fee (median)			Home Monthly Fee (median)		
	Infant	Toddler	Preschool	Infant	Toddler	Preschool	Infant	Toddler	Preschool
Vancouver	\$1,400	\$1,407	\$1,000	\$1,407	\$1,435	\$980	\$1,300	\$1,200	\$1,035
Richmond	\$1,335	\$1,200	\$975	\$1,350	\$1,200	\$975	\$1,200	\$1,000	\$875
Burnaby	\$1,260	\$1,200	\$900	\$1,300	\$1,260	\$900	\$1,025	\$1,000	\$800
Surrey	\$1,250	\$1,250	\$850	\$1,300	\$1,250	\$875	\$977	\$850	\$800
Calgary	\$1,100	\$1,030	\$1,015	\$1,250	\$1,130	\$1,040	\$1,000	\$845	\$920
Edmonton	\$975	\$870	\$835	\$1,010	\$880	\$850	\$760	\$760	\$760
Saskatoon	\$900	\$790	\$730	\$950	\$790	\$730	\$859	\$800	\$700
Regina	\$845	\$650	\$597	\$845	\$635	\$597	\$768	\$750	\$650
Winnipeg	\$651	\$451	\$451	\$651	\$451	\$451	\$482	\$395	\$395
Windsor	\$998	\$868	\$781	\$998	\$868	\$781	\$857	\$857	\$792
London	\$1,229	\$1,131	\$1,044	\$1,229	\$1,165	\$1,044	\$977	\$977	\$944
Kitchener	\$1,495	\$1,139	\$1,019	\$1,526	\$1,205	\$1,019	\$1,253	\$1,139	\$1,139
Hamilton	\$1,237	\$1,156	\$977	\$1,432	\$1,150	\$977	\$1,082	\$882	\$882
Brampton	\$955	\$1,222	\$1,146	\$1,500	\$1,224	\$1,150	\$955	\$955	\$792
Mississauga	\$1,591	\$1,269	\$1,127	\$1,610	\$1,278	\$1,127	\$911	\$911	\$651
Vaughan	\$1,411	\$1,204	\$1,085	\$1,411	\$1,208	\$1,085	\$1,063	\$1,063	\$911
Toronto	\$1,685	\$1,367	\$1,150	\$1,758	\$1,440	\$1,168	\$1,047	\$1,020	\$944
Markham	\$1,370	\$1,130	\$1,078	\$1,597	\$1,250	\$1,078	\$977	\$977	\$738
Ottawa	\$955	\$1,009	\$1,007	\$1,595	\$1,280	\$1,024	\$955	\$933	\$857
Gatineau	\$190	\$190	\$190						
Laval	\$190	\$190	\$190						
Montreal	\$175	\$175	\$175						
Longueuil	\$190	\$190	\$190						
Quebec City	\$190	\$190	\$190						
Saint John	\$868	\$716	\$694	\$868	\$716	\$694	\$738	\$673	\$673
Halifax	\$967	\$845	\$867	\$967	\$853	\$867	\$825	\$760	\$760
Charlottetown	\$738	\$608	\$586						
St. John's	\$977	\$726	\$760	\$955	\$716	\$760	\$977	\$868	\$868
Market priced centre spaces only									
Gatineau				\$977		\$911			
Laval				\$868		\$803			
Montreal				\$868		\$781			
Longueuil				\$933		\$825			
Quebec City				\$1,042		\$955			
Winnipeg				\$1,400	\$1,150	\$982			
Charlottetown				\$738	\$608	\$590			

Note Quebec's set fees and tax credits change based on family income. The family income used in this report is the median income for a family with a child under the age of six. Montreal families with children make less than they would in other Quebec cities. As such, fees in Montreal are slightly cheaper and the tax credit slightly more generous for the median family.

TABLE 3 Quebec market fees, before and after tax credits, set fees and proportion of spaces (2018 median monthly)

	Infant		Preschooler		Set fee	Market fee (post tax credit) vs set fee		Proportion of spaces without set fees
	Market fee (pre-tax credit)	Market fee (post-tax credit)	Market fee (pre-tax credit)	Market fee (post-tax credit)		Infant	Preschool aged	
Gatineau	\$977	\$527	\$911	\$461	\$190	277%	243%	11%
Laval	\$868	\$418	\$803	\$353	\$190	220%	186%	36%
Montreal	\$868	\$418	\$781	\$309	\$175	239%	177%	31%
Longueuil	\$933	\$483	\$825	\$375	\$190	254%	197%	35%
Quebec City	\$1,042	\$592	\$955	\$505	\$190	312%	266%	31%

Notes

1 In 2014 we surveyed child care providers in 22 cities but increased this to 27 cities in 2015 and to 28 cities in 2016.

2 David Macdonald and Martha Friendly. *The Parent Trap: Child Care Fees in Canada's Big Cities*. Ottawa: Canadian Centre for Policy Alternatives (CCPA), 2014; David Macdonald and Thea Klinger. *They Go Up So Fast: 2015 Child Care Fees in Canadian Cities*. Ottawa: CCPA, 2015; David Macdonald and Martha Friendly. *A Growing Concern: 2016 Child Care Fees in Canada's Big Cities*. Ottawa: CCPA, 2016; David Macdonald and Martha Friendly. *Time Out: Child care fees in Canada 2017*. Ottawa: CCPA, 2017.

3 Macdonald and Friendly, 2017.

4 Macdonald and Friendly, 2016.

5 Canada. Employment and Social Development Canada (ESDC). *Multilateral Early Learning and Child Care Framework*, June 2017 (amended in June 2018 to refer to the Early Learning and Child Care Bilateral Agreements, which can be accessed [here](#)).

6 Canada. Ministry of Finance. *Budget 2017: Building a strong middle class* (Table 2.1), March 2017.

7 Gordon Cleveland. *Affordable for all: Making Licensed Child Care Affordable in Ontario*. Toronto: Cleveland Consulting, 2018.

8 While the amount and method of public funding affects the quality of child care, it is outside the scope of this report to provide detailed information about how funding is linked to quality in the 28 cities surveyed.

9 Macdonald and Klinger, 2015.

10 The CCPA mapped the geographic mismatch between where children live and where child care spaces are located in 2018. See: David Macdonald. *Child care deserts in Canada*. Ottawa: CCPA, 2018.

11 Ontario's former Liberal government committed to a fourth significant affordable child care program based on economic analysis by Cleveland et al. prior to the June 2018 election, which saw a new Progressive Conservative government elected.

- 12** Alberta parents who qualify for low-income fee subsidies continue to receive them in the \$25/day centres, although this survey does not examine low-income subsidies.
- 13** The \$25/day program is only available to not-for-profit centres, which are a small minority in both Calgary and Edmonton (about 20% of full-day spaces).
- 14** These fees are set at the same level as the subsidy rates for qualifying low-income families.
- 15** In British Columbia, for instance, the province committed five times more for child care than the federal government (\$1 billion vs. \$200 million) in the bilateral agreement.
- 16** Unregulated family day care fees are not included as no list of unlicensed providers is available to be surveyed.
- 17** Specifically, Quebec City's child care fees are evaluated at the median income of families in that city with children under the age of six.
- 18** A number of other provinces provide kindergarten for some four-year-olds, but not in large numbers. See: Martha Friendly, Elise Larsen, Laura Feltham, Bethany Grady, Barry Forer and Michelle Jones. *Early Childhood Education and Care in Canada 2016*. Toronto: Childcare Resource and Research Unit, 2018.
- 19** Statistics Canada. Consumer Price Index, Table 18-10-004-01, July 2017 to July 2018.
- 20** British Columbia. Childcare BC. Child Care Fee Reduction Initiative. Accessed January 15, 2019: <https://www2.gov.bc.ca/gov/content/family-social-supports/caring-for-young-children/running-daycare-preschool/child-care-operating-funding/child-care-fee-reduction-initiative-provider-opt-in-status>.
- 21** Newfoundland and Labrador. Child, Youth and Family Services. *Caring for Our Future: Provincial strategy for Quality sufficient and affordable child care in Newfoundland and Labrador 2012–2022*.
- 22** Canada. *Canada–Newfoundland and Labrador Early Learning and Child Care Agreement*. Accessed January 15, 2019: <https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/newfoundland-and-labrador.html>.
- 23** Karen Bartko, “\$25-a-day daycare pilot project to be offered at 22 locations across Alberta,” Global News, April 2017.
- 24** Karen Bartko, “Alberta \$25-a-day daycare expands to 100 more locations; 6,000 spaces created,” Global News, April 25, 2018.
- 25** Canada. *Alberta Early Learning and Child Care Agreement*. Accessed January 15, 2019: <https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/alberta.html>.
- 26** Authors' correspondence with officials from the Alberta Children's Services department.
- 27** Statistics Canada. Consumer Price Index, monthly, not seasonally adjusted, Table 18-10-004-01, July 2014 to July 2018.
- 28** For a description of the set-fee arrangements see: Friendly, Larsen, Feltham, Grady, Forer and Jones, 2018.
- 29** Ibid.
- 30** Note that all the market-fee child care centres in Quebec are for-profit; there are no non-profit market spaces.
- 31** A separate analysis of toddler fees was not under taken as Quebec's market-priced centres rarely charged different fees for toddlers compared to preschoolers.

32 Quebec. Revenu Quebec. *Income tax return: Schedule C – Tax Credit for Childcare Expenses*, 2017.

33 For an overview see: Pierre Fortin, “Quebec’s Childcare Program at 20: How it has done, and what the rest of Canada can learn,” *Inroads Journal* Issue 42 (Winter-Spring 2018).

34 The tax credit has been calculated at the centre level for the median family income for a family with a child under six in that city. The median after-credit fee is then obtained by city.

35 Philippe Hurteau. Combien coûterait la transformation des garderies privées en CPE? Montreal: Institute de research et d’informations socioéconomiques, 2018 (see Graphique 11).

36 Ibid., Tableau 3.

37 Amélie Lavoie, Lucie Gringas et Nathalie Aude. *La qualité éducative dans les garderies non subventionnées. Faits saillants, Enquête Québécoise sur la qualité des services de garde éducatifs 2014*. [Québec City, QC]: Institut de la statistique du Québec, 2015, p. 16.



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