



## Financial Fact Sheet #2

### Early Learning and Child Care Research Unit

June 2007

### An Update on Public Funding for Child Care Services in BC

The January 2007 financial fact sheet released by HELP summarized the state of child care program funding in BC up to and including policy decisions announced by the federal and provincial governments as of January 12 2007. This document provides an update in light of significant provincial and federal developments since that time. Most notably:

1. **February 20 2007 - Province of BC reduces 2007/08 child care budget and 3 year plan to reflect termination of federal transfers of \$152 million annually (\$455 million total) related to the 2005 bilateral agreement on early learning and child care (ELCC).**
2. **February 27 2007 - Province of BC partially restores Child Care Resource and Referral (CCRR) funding for 2007/08.**
3. **March 19 2007 - Federal budget introduces new federal transfer program for child care spaces, which will provide BC with a transition payment of approximately \$33 million in 2007/08.**
4. **March 19 2007 - Federal budget extends federal transfers under 2003 multilateral framework on ELCC through 2012/13.**
5. **May 15 2007 – Province of BC lifts intake cap on new applications for child care operating funding, indicating waitlisted applications will be processed effective June 1 2007.**

The following tables update the January 2007 financial analysis to reflect this new information, and future financial fact sheet updates will continue to track the evolution of child care policy development in BC.

The tables below also reflect new information regarding the 2001/02 fiscal year recently provided by MCFD staff. While child care program funding of \$240 million (total budget less administration) for 2001/02 was originally provided by the provincial government for public reporting in an article for the Canadian Journal of Political Science and in *ECEC in Canada 2001*, MCFD now advises that these figures reflected budget information, not actual results. In order to further understanding about the links between budgets and actual or projected funding, the following tables include both figures for each year. Until actual results for the year are confirmed and available, updated figures in the tables below reflect the projected or estimated funding and expenditures resulting from changes that have taken place since the budget was originally published.

|   |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>BC Child Care, including Supported Child Development</b> | <b>2001/02</b> | <b>2001/02</b> | <b>2006/07</b> | <b>2006/07</b> | <b>2007/08</b> | <b>2007/08</b> |
| (\$ millions)   | <b>Budget</b>  | <b>Actual</b>  | <b>Budget</b>  | <b>Update</b>  | <b>Budget</b>  | <b>Update</b>  |

Table 1. Details by Funding Source

| BC Child Care, including Supported Child Development (\$ millions) | 2001/02 Budget | 2001/02 Actual | 2006/07 Budget | 2006/07 Update | 2007/08 Budget | 2007/08 Update |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Total Programs, Grants &amp; Administration</b>                 | <b>252</b>     | <b>227</b>     | <b>388</b>     | <b>392</b>     | <b>255</b>     | <b>288</b>     |
| <b>Less: Federal Transfers</b>                                     | 0              | 0              | 187            | 187            | 46             | 79             |
| <b>Total Provincial Contribution</b>                               | <b>252</b>     | <b>227</b>     | <b>201</b>     | <b>205</b>     | <b>209</b>     | <b>209</b>     |
| <b>Less: Administration</b>  | 12             | 10             | 23             | 25             | 15             | 15             |
| <b>Provincial Contribution to Programs &amp; Grants</b>            | <b>240</b>     | <b>217</b>     | <b>178</b>     | <b>180</b>     | <b>194</b>     | <b>194</b>     |

| <b>BC Child Care, including Supported Child Development</b> | <b>2001/02</b> | <b>2001/02</b> | <b>2006/07</b> | <b>2006/07</b> | <b>2007/08</b> | <b>2007/08</b> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| (\$ millions)   | <b>Budget</b>  | <b>Actual</b>  | <b>Budget</b>  | <b>Update</b>  | <b>Budget</b>  | <b>Update</b>  |
| <b>Table 2. Details by Expenditure Type</b>                 |                |                |                |                |                |                |
| Subsidies (for lower income families)                       | 125            | 120            | 133            | 121            | 126            | 126            |
| Operating Funds (CCOF) (licensed family homes and centres)  | 63             | 51             | 66             | 66             | 53             | 56             |
| Capital Funds (for new/improved community-owned spaces)     | 2              | 2              | 13             | 13             | 1              | 1              |
| Resource & Referral (CCRR) (info & support )                | 13             | 8              | 14             | 14             | 6              | 9              |
| <b>Total Child Care Programs</b>                            | <b>203</b>     | <b>181</b>     | <b>226</b>     | <b>214</b>     | <b>186</b>     | <b>192</b>     |
| Supported Child Development (SCD) (add'l supports)          | 37             | 36             | 55             | 57             | 54             | 56             |
| <b>Total Programs</b>                                       | <b>240</b>     | <b>217</b>     | <b>281</b>     | <b>271</b>     | <b>240</b>     | <b>248</b>     |
| One-time Grants and Initiatives                             | 0              | 0              | 84             | 96             | 0              | 0              |
| Administration  | 12             | 10             | 23             | 25             | 15             | 15             |
| <b>Total Programs, Grants &amp; Administration</b>          | <b>252</b>     | <b>227</b>     | <b>388</b>     | <b>392</b>     | <b>255</b>     | <b>263</b>     |
| Add: funding planned but not yet allocated                  |                |                |                |                |                | 25             |
| <b>Total Funding, based on updated projections</b>          |                |                |                |                |                | <b>288</b>     |

The following notes detail the sources for the information included in the above analysis:

- **2001/02** selected as the baseline because this is the year in which the current provincial government took office in its first mandate. The **2001/02 budget** figures for child care and SCD programs were reported publicly in Kershaw, P. (2004). 'Choice' Discourse in BC Child Care: Distancing Policy from Research. *Canadian Journal of Political Science*, 37(4), 927-950. The **2001/02 actual** results, and the administration budget and actual figures, were provided by MCFD staff.
- Federal transfers and the total **2006/07 Budget** (Table 1) were confirmed from two public reports. *Budget February 2006 Key Budget Highlights* (no longer available on MCFD web site) provided the total child care budget information, and highlighted the federal transfers of \$148 million related to the 2005 bilateral agreements, including those received in 2006/07 (\$86 million) and those carried forward from 2005/06 (\$62 million). The remaining federal transfers of \$39 million were received under the 2003 multilateral framework agreement, and details of the total 2006/07 funding of \$187 million under both agreements is available at <http://www.fin.gc.ca/FEDPROV/ecde.html>.
- In Table 2, minor revisions (less than \$5 million each) have been made to the **2006/07 budget** for Capital and Supported Child Development (SCD) to reflect MCFD confirmation of figures previously estimated based on reports and community meetings.
- Administration and One-time Grants and Initiatives information for all years, in both tables, provided by MCFD.
- Regarding the **2006/07 update**, MCFD provided the total funding and details by expenditure type, advising that the SCD figures include approximately \$2 million in funding allocated to Community Living BC.
- Full details are not yet publicly available on the one time only expenditures of approximately **\$96 million** (Table 2, **2006/07 Update**). However, examples of these expenditures include: \$20 million to CCOF recipients for professional development, minor capital improvements, equipment or supplies; \$17 million to school districts for early learning grants (\$12 million) and StrongStart programs (\$5 million) (May 15 2007 letter to child care community; Hansard May 30 2007).
- In Table 1, the **2007/08 budget** removed federal transfers committed under the now-terminated 2005 bilateral agreements, leaving \$46 million in federal transfers under the 2003 multilateral framework agreement. The **2007/08 update** includes the new federal child care space transfer of \$33 million. The federal government announced this transfer after the provincial **2007/08 budget** was released, so the total 2007/08 federal transfers have now been updated to \$79 million.
- Regarding **2007/08**, program funding in Table 2 generally agrees to public information, such as MCFD subsidy fact sheet. CCOF and CCRR budgets were originally established at approximately \$53 & \$6 million respectively, but updated figures reflect subsequent policy and funding changes as outlined on page 1. While the **2007/08 update** anticipates the federal child care space transfer as previously discussed, MCFD indicates that the final allocation of \$25 million of this transfer will be determined once the transfer details are confirmed. **However, subsequent to the preparation of this financial analysis, a portion of this \$25 million was allocated to partially reversing the July 1 2007 CCOF funding reductions related to children under 3** (Minister Reid, June 20 2007). The program budget impacts of this policy change will be reflected in future updates.