



Affordability in Approved Family Day Homes: Questions and Options



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Affordability of early learning and care (ELC) has been a concern in Alberta even before the COVID-19 crisis.¹ The COVID-19 crisis has, however, presented new challenges that may affect affordability in an important type of ELC in both Alberta and Edmonton: approved family day homes.

Affordability is a measure of price relative to earnings, often expressed as a percentage of cost divided by income. For ELC, affordability reflects, in part, the cost of fees in relation to the household income of families and any programs that reduce cost for some families.² In Edmonton, some key concerns of approved family day home educators, family day home agencies, and families with young children who attend day homes include:³

- Day home educators with lower enrollment are concerned about how to manage the reduction in their income while keeping their fees the same.
- Agencies are concerned with covering their operating costs without raising their agency administration fees. The sudden decline in parental fee revenue due to decreased enrollment during the COVID-19 crisis presents financial challenges to agency operations, including staffing, rent, lease, and insurance costs.
- Families accessing ELC in day homes are concerned about any increases to fees, especially during the pandemic period when there is considerable economic uncertainty.⁴

Questions remain about the affordability of ELC in day homes in Edmonton and Alberta during and after the COVID-19 crisis.

Question 1: What do parent fees look like in day homes now, and what might they look like after the pandemic period?

¹ See, for example, French, J. (2019). Opinion: Quality, affordable childcare is in the public's interest. *Edmonton Journal*, 21 March 2019. Available at <https://edmontonjournal.com/opinion/columnists/opinion-quality-affordable-childcare-is-in-the-publics-interest>.

² For more information about measuring the affordability of ELC in Edmonton, see *A Profile of Edmonton Child Care in 2019*. Available at <https://www.endpovertyedmonton.ca/posts/initiative-elcsc>.

³ For definitions of family day home agencies and approved family day homes in Alberta, please see the note at the end of this brief. In this brief, the term “agency” refers to family day home agencies, and “day home” refers to “approved family day homes.”

⁴ From April 17-28, 2020, agency directors and coordinators representing the seven Edmonton family day home agencies participated in one-on-one telephone interviews about what their agencies and day homes are experiencing, as well as what they are hearing from families of children in their care.

In 2019, the median monthly fee for a full-time space in a day home in Edmonton was \$830.⁵ This figure includes two separate parts: first, the educator fee for the day home itself (set by the operator of that day home) and second, the agency administration fee (set by the agency that monitors that day home). In the case of one Edmonton agency, on average 84% of the total day home fee is the educator fee and 16% is the agency administration fee. Currently, many Edmonton agencies have a recommended fee schedule for full-time care for the day homes they oversee.⁶ These monthly fee schedules vary from agency to agency; for example, one agency recommends \$850; another, \$780; yet another, a range of \$610 to \$910. Within one of these Edmonton agencies, actual monthly fees range from \$735 to \$950, with approximately 47% of day homes with fees lower than the recommended fee, 16% the same, and 37% higher. These different fee schedules suggest that while the median monthly cost might be \$830, there is likely considerable variation in the cost of a space in a day home in Edmonton.

It is unclear what will happen to day home fees as Alberta reopens. In April, enrollment at day homes in Edmonton was down 30% since the beginning of the COVID-19 crisis. When coupled with what some have seen as inadequate financial support from governments, these two forces could push family day homes and agencies to increase their fees—or choose to shut down entirely.⁷ As of the end of April, all seven Edmonton agencies reported that they had not raised their recommended educator fees during the crisis—although one agency noted that their Board of Directors was considering increases. In addition, several agencies noted that their day home educators can choose if and when to raise their educator fees. Six Edmonton agencies reported they have not raised their agency administration fees, and one has made minor adjustments that slightly raised fees for some new enrollments and lowered them for others.

Options. About 12% of all licensed and approved full-time ELC spaces in Edmonton are in day homes.⁸ If family day homes and agencies in Edmonton are forced to raise their fees because of COVID-19 pressures, ELC in Edmonton as a whole may become less affordable. Without an adequate supply of affordable, regulated ELC spaces, parents may not be able to return to the workforce at precisely the time when their families need income the most and the economy needs workers to recover. Ongoing temporary funding (in Alberta, most likely from the provincial government) could help support family day home and agency operations and keep their fees from increasing for families throughout Alberta's staged relaunch.

Question 2: Will provincial subsidies be sufficient for lower-income families with children in day homes, both now and as the post-COVID relaunch progresses in Alberta?

The Ministry of Children's Services provides subsidies to offset the cost of ELC for eligible lower-income families. Alberta families with a household income up to approximately \$50,000 can qualify for full subsidy, with some families above that amount receiving a partial subsidy. Current monthly maximum subsidy rates for day homes in Edmonton are \$520 for infants 18 months and under, \$437 for younger children 19 months to grade 1, and \$310 for older children in grades 1 through 6. The extended hours subsidy, which applies to at least 8 hours of care per

⁵ MacDonald, D., & Friendly, M. (2020). *In Progress: Child Care Fees in Canada 2019*. Available at <https://www.childcarecanada.org/documents/research-policy-practice/20/03/progress-child-care-fees-canada-2019>. This report contains only this figure.

⁶ Day home educators are self-employed individuals contracted with an agency, and can use these suggested rates or set their own.

⁷ Based on information from interviews with agency directors and coordinators in April, approximately 23% of Edmonton's day homes closed their doors during the COVID-19 crisis.

⁸ Government of Alberta. (2020). *Child Care Information March 2020*. Available at <https://open.alberta.ca/opendata/childcareinformation>.

month outside of the regular hours of 6:00 a.m. to 6:00 p.m. or on weekends, is a monthly flat rate of an additional \$100 per child.⁹ Of the 105,800 children enrolled in licensed and approved child care in Alberta between April 1, 2018 and March 31, 2019, about 28,000 (26%) received a subsidy. Of those children, the overwhelming majority (80%) received a full subsidy.¹⁰ The total number of children in Edmonton day homes that currently receive a subsidy is unknown. One Edmonton agency said that an average of 22% of children accessing care in their day homes during the COVID-19 crisis receive a subsidy, compared to an average of 21% over the same March to June period in 2019. Of those children currently receiving a subsidy, about 85% receive full subsidy and approximately 8% receive extended care subsidy. Meanwhile, subsidy rates have not been increased in Alberta since 2012.

“Child care is increasingly getting too expensive for families accessing subsidy.” – Edmonton agency director

During the COVID-19 crisis, the Government of Alberta has stated that families who qualify for subsidies will continue to receive them.¹¹ However, subsidy rates have remained static throughout the crisis, and there has been no indication that subsidy rates will be adjusted to compensate for any changes to affordability during or after the crisis. Therefore, families will bear the full cost of any day home fee increase that may occur as the result of COVID-19 pressures, and this could cause some lower-income families—including those who have essential service workers—to forgo ELC entirely.

There is another issue with subsidies that has emerged for lower-income families with school-aged children (grades 1 to 6) in day homes during the COVID-19 crisis. As noted above, subsidy amounts for older children in day homes are lower because for the majority of the year they only require care before and after school. However, with all schools closed during the COVID-19 crisis, many school-aged children were in day homes for full days—but their subsidies were paid assuming the children were still only in before- and after-school care. This means that lower-income families with older children receiving full subsidy in day homes were asked to pay more during the crisis; for day homes overseen by one agency, this came to an additional \$275/month per school-aged child.¹² This additional cost, of course, came at a time when many families saw their income drop considerably. Moreover, if school-aged children cannot fully resume daily in-school classes under Alberta’s school re-entry scenarios, this issue could re-emerge come September.¹³

Options. To reduce or eliminate these issues, there are several actions that could be taken by the Government of Alberta. First, subsidy rules could be made more flexible to match the reality of families’ needs during school closures. Specifically, during any crisis that closes schools, subsidy rates for school-aged children in day homes (and, for that matter, attending any other form of full-time ELC) could be increased to the same amount as that for toddlers to kindergarteners. Second, to support lower-income essential workers, the Government of Alberta could pay full ELC fees for any subsidy-eligible families with essential workers during crises similar to COVID-19. Third,

⁹ Government of Alberta. (2020). *Child Care Subsidy*. Available at <https://www.alberta.ca/child-care-subsidy.aspx>. Note that subsidies are paid directly to ELC providers, not to families.

¹⁰ Government of Alberta Children’s Services. (2019). *Children’s Services Annual Report 2018-2019*. Available at <https://open.alberta.ca/publications/2371-9168>.

¹¹ Johnson, J. (2020). COVID-19: Alberta Expands Eligibility for Child Care to Include All Essential Workers, *Edmonton Journal*, 2 April 2020. Available at <https://edmontonjournal.com/news/politics/covid-19-alberta-expands-eligibility-for-child-care-to-include-all-essential-workers>.

¹² For this agency, recommended fees for school-aged children are \$575/month during school months and \$850/month during summer months when those children are in the day home full-time. Those full-time fees were in effect for the duration of the crisis when schools were closed. Meanwhile, subsidy for Edmonton school-aged children is paid at a maximum of \$310/month year long. Families receiving full subsidy for a school-aged child in a day home typically pay \$265/month out of pocket for child care during school months, but now pay \$540/month for full-day care.

¹³ Government of Alberta. (2020.) *K to 12 School Re-entry*. Available at <https://www.alberta.ca/k-to-12-school-re-entry-2020-21-school-year.aspx>.

overall subsidy rates could be increased to help lower-income families weather any increases in fees that might result from COVID-19 pressures.

Question 3: For families who withdrew their children from care in day homes during the COVID-19 crisis, what does the return to care look like as Alberta's economy reopens?

Some Edmonton day homes are asking families who have withdrawn their children from care during the COVID-19 crisis to pay holding fees to ensure their children can return to care afterward. Three Edmonton agencies are formally charging holding fees to families to guarantee their spots, while several other agencies have indicated that informal fees may be collected from families by day home educators. Only one Edmonton agency is guaranteeing spots to families who have temporarily ended care without a holding fee, although some other agencies noted that day home educators may have informal arrangements with families about their return to care. The total number of Edmonton families that are paying holding fees to family day homes and agencies is unknown.

Options. Parents who withdrew their children from day homes during the COVID-19 crisis may face challenges finding regulated ELC as they return to work during Alberta's phased reopening. Additional financial support to day homes currently providing ELC, including targeted funding to cover the daily cost of unfilled spaces, could allow agencies to guarantee ELC spaces for families to return to care without charging holding fees.

Looking Ahead

The Edmonton Council for Early Learning and Care believes that increasing the availability, affordability, and quality of early learning and care is a key element in our community's effort to reduce and eliminate poverty. Family day homes and agencies play a vital role in providing regulated early learning and care in Edmonton and Alberta. By addressing the questions and options described above, steps can be taken towards assuring affordability of early learning and care in approved family day homes and across the child care sector during the pandemic period.

This brief is part of a series of documents created by the Edmonton Council for Early Learning and Care to address current topics in early learning and care that impact Edmonton. Jennifer Fischer-Summers is a Research Assistant at the Community-University Partnership for the Study of Children, Youth, and Families at the University of Alberta. Correspondence can be sent to info@ecelc.ca.

Note: Definitions

Family day home agencies are organizations contracted by the Government of Alberta to monitor approved family day homes according to provincial laws and regulations.¹⁴ Each agency employs administrative staff and home visitors/consultants that work closely with day home educators and parents to ensure the safety and well-being of children in approved family day homes.¹⁵

Approved family day homes offer child care in an individual's private residence to children of all ages with one day home educator. Each day home educator is contracted with and overseen by a family day home agency. This is in contrast to unlicensed, non-approved, home-based child care, where there is no government oversight of care arrangements and caregivers are not monitored.¹⁶

¹⁴ Government of Alberta Children's Services. (2019). *Family Day Home Standards Manual for Alberta* (March 2019). Available at <https://open.alberta.ca/publications/9781460143124>.

¹⁵ Government of Alberta. (2020.) *Become an Approved Family Day Home*. Available at <https://www.alberta.ca/become-an-approved-family-day-home.aspx>.

¹⁶ Government of Alberta. (2020.) *About Child Care in Alberta*. Available at <https://www.alberta.ca/about-child-care-in-alberta.aspx>.