



Still Unaffordable for Low-Income Families?

A Discussion Paper Summary



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The Government of Alberta is implementing its new plan to make licensed child care more affordable for families with children aged 0 to kindergarten. Under this new plan, every family will pay less out of pocket for child care, but lower-income families will benefit less than other families—in some cases, much less. As a result, licensed child care may remain unaffordable for lower-income families in Alberta.

What is happening?

The new plan reduces out-of-pocket child care costs for all families compared to Alberta's previous system for helping families pay for child care. But the reductions are uneven, with lower-income families getting smaller reductions than other families. Without getting too far into the details, this is happening because the new plan is less sensitive to family need than Alberta's previous system.¹ So even though lower-income families are getting a bit more help under the new system, the smaller reductions mean many lower-income families are still paying a big chunk of their take-home pay for child care.

Why is this a problem?

Child care can be considered unaffordable for a family if the out-of-pocket cost is more than about 10% of family income.² If child care is unaffordable, families won't use it. Under the new system, many low-income Alberta families will still be paying at least 10% of their income for child care for every child they have in care.

What can be done?

In the short term, the fastest and easiest solution is to **substantially increase the help provided for lower-income families**. Such an increase—if large enough—would make child care more affordable for lower-income families immediately, and reduce the risk of leaving those families behind.

In the longer term, the Government of Alberta should consider either moving to a **fee cap and subsidy system** or moving to a **publicly funded child care system with no parent fees**. These options have their own benefits and drawbacks, but they both have great potential to ensure that child care is affordable for all Alberta families.

Under the new plan, a Calgary family with a single child in care making **\$40,000** per year will pay **13%** of their income on child care, but if that family makes **\$100,000** per year, they will pay only **7%**.

¹ For those who want to get into the details, see "[Still Unaffordable for Low-Income Families? In Alberta's new child care system, out-of-pocket fee reductions are smaller for lower-income families](https://www.ecelec.ca/)", available at the Edmonton Council for Early Learning and Care's website (<https://www.ecelec.ca/>). The figures in the call-out box assume a family with two working parents who have a single preschool-age child in licensed centre-based care at median Calgary prices (\$1198 per month in 2020).

² Some consider child care unaffordable at more than 10% of after-tax family income per child; others consider it unaffordable at more than 10% for all children in the family put together.