Compared to the mid-1980s, the profit margins for commercial day cares were much lower in the 1990s. Furthermore, over this period of time the political influence of commercial owners diminished. Four issues were central to the political economy of day care in Alberta between 1984 and 1999: federal/provincial cost sharing, the rise of a pro-family movement that called for the province to direct resources away from day care toward stay-at-home parents of young children, the persistence but eventual end of operating allowance payments, and the move toward government policies that promoted greater private responsibility for child care, either in the form of families or markets.

This chapter contains much discussion about money, particularly the amount that the provincial government was willing to spend on day care at different points of time. More fundamental than the money the province was willing or unwilling to spend, however, are the beliefs about gender and young children that underlie policy discussions on day care. Alberta’s day care controversy “seems to continue endlessly” because beliefs about child rearing, families, and gender have continued to be both highly salient and polarized over time. Indeed, between 1984 and 1999, these beliefs became even more polarized in Alberta society, largely because of the successes of conservative movements and politicians.

Nevertheless, once staff qualification standards are in place, they are a constant reminder of the need to maintain a stable, trained workforce in day care, and they can thus serve as a focal point for further demands to improve quality. It was the inability of day cares to find trained workers to meet staff qualification requirements, particularly after operating allowances were eliminated in 1999, that convinced the provincial government that it had to enhance the wages of trained workers. Although the size of the wage enhancements introduced in
2002 was trivial, the policy itself was highly significant since it ran counter to the deregulation and privatization philosophy that had defined Alberta’s provincial government for the preceding decade; it also provided a template for large increases in wage enhancements in succeeding years. These important developments are considered in more detail in chapter 9.

COMMERCIAL DAY CARE AND THE LOSS OF FEDERAL COST SHARING

Until 1978, all of the Alberta government’s spending on day care was through the subsidization of not-for-profit Preventive Social Services (PSS) centres. Under the policy guidelines of the Canada Assistance Plan (CAP), fully 50 percent of the deficit incurred by each PSS centre was recoverable from the federal government, so long as families with an income above the provincial average were charged the full cost of day care.2

CAP guidelines also allowed for the sharing of the costs of subsidizing children’s care in commercial centres, but only when a family’s ability to pay was assessed through an investigation of their assets and liabilities. This was known as needs (or means) testing. Ontario, which like Alberta had a large commercial sector in day care, employed needs testing in order to secure CAP funds for subsidized children enrolled in commercial centres. This option was available to Alberta when it established the new portable day care subsidy program in 1978, and it certainly could have been implemented in 1980 when municipal participation in the system ended and the province assumed administrative responsibility for day care subsidies. However, Alberta chose to stay with the income-testing method. In 1980 Alberta was awash in petroleum royalties and day care was still a relatively small budget item, so the loss of a few million dollars a year in federal transfer payments “was not an issue” for provincial political and bureaucratic elites at that time. Furthermore, “needs testing was seen as expensive to administer, with a welfare connotation that would have added to public protest about the changes.”3

Alberta’s finances were so favourable in 1980–81 that the province was slow in claiming CAP cost sharing for the day care subsidies of children enrolled in not-for-profit centres.4 However, with the downturn in the provincial economy that began in 1982, Alberta’s lackadaisical approach toward CAP funding for day care quickly ended. In 1983 a meeting of federal and provincial deputy ministers of social services discussed Alberta’s proposal for CAP sharing of income-tested subsidies in commercial day care.5
In 1984–85 spending on child care in Alberta was $134 per capita. This ranked Alberta second only to Quebec (at $142 per capita) and well above the national average of $116 per capita. But on another financial statistic, Alberta ranked first although it was unhappy with this ranking: the provincial share of the money spent on child care was higher in Alberta (at 73 percent) than in any other province. In Canada as a whole, provinces and territories contributed 60 percent of the money for child care while the federal government contributed 40 percent. The ineligibility of low-income subsidies in commercial centres for any CAP reimbursement was one reason for the Alberta government’s funding burden. The more important reason, however, was the fact that the province’s major funding program, operating allowances, was largely ineligible for cost sharing (Blain 1985, 178). As a consequence, in federal-provincial discussions, Alberta had the broader objective of securing federal cost sharing for operating allowances and, by extension, for any program an individual province decided to initiate.

By 1985 Alberta seemed to have won full support for this idea from the federal government and from all provincial governments except Manitoba. The Federal/Provincial/Territorial Working Group on Child Care argued that “there is a need for a more flexible funding arrangement for child care services authorizing a federal contribution of 50% of all the costs incurred by provinces in the field of child care services.” The first principle articulated by the working group was a dramatic assertion of provincial/territorial rights over child care. This assertion implied the end of federal conditions on funding since a province was to have full responsibility for establishing and regulating programs.6

By this time, Alberta was doing exact calculations of the amount of CAP money it was losing because income-tested children in commercial centres were ineligible for cost sharing. In 1983–84 the federal government had not yet agreed to any cost sharing on Alberta’s operating allowances. On the subsidy program, the province received only $4.1 million from the federal government instead of the $8.6 million it would have received if the full amount spent on subsidies had been eligible for cost sharing.7 In a similar accounting for the 1985–86 budget year, Alberta received about $5.1 through CAP for the low-income subsidy program, far less than the $11.8 million it would have received if all its expenditures had been cost shareable. Furthermore, by this time the federal government had agreed to cost share the operating allowances paid on behalf of subsidized children but only if they were enrolled in not-for-profit centres (Health and Welfare Canada 1985, 15). The Alberta government received $1.6 million from CAP for operating allowances in 1985–86 compared to the $6.3 million that constituted half of its
expenditures. The bottom line for the 1985–86 budget year was that the federal government’s refusal to recognize income testing for subsidized spaces in commercial centres cost Alberta $11.4 million in transfer payments ($6.7 million on the subsidy program and $4.7 million on operating allowances).8

As noted above, by the mid-1980s, it looked as if Canada was on the verge of changing the rules for federal funding of day care so that all of a province’s expenditures would qualify for 50 percent cost sharing. In 1985–86 Alberta spent about $58 million on day care but received only $6.75 million in reimbursement under the rules of CAP. The new rules proposed by the Federal/Provincial/Territorial Working Group on Child Care would have yielded $29 million in reimbursement, an increase of 330 percent over that provided by CAP. But intergovernmental negotiations for virtually any change in the Canadian federation are notoriously slow, doubly so for changes in a key funding formula. Therefore, Alberta began to look at other ways of recovering more of the money it was spending on day care. This was a pressing issue since commercial centres were increasing in number much more quickly than not-for-profit centres.9

In early 1986 Connie Osterman replaced Neil Webber as the minister of Social Services. While Webber had seemed uninterested in day care during his three years in office, Osterman was soon talking about major changes in the government’s approach to day care and was engaged in active dialogue with advocates throughout the province.10 One of the first ideas broached by Osterman was switching from an income to a needs test so that subsidies paid for children in commercial centres would qualify for CAP cost sharing. In early 1987, she estimated that this would net the province an extra $17 million in CAP transfer payments. (Even after taking into account increased spending on day care in 1986–87 compared to the previous year, the $17 million figure still seems inflated compared to the $11.4 million exact calculation for 1985–86 shown above.) The department’s draft business plan, dated 10 March 1987, listed the switch to needs testing as a key strategy for day care.11

It looked as if a major change in federal-provincial funding of child care was imminent, however, so Alberta never acted on the cumbersome plan to introduce needs testing. The federal government of Brian Mulroney outlined its “National Strategy on Child Care” in December 1987 (Health and Welfare Canada 1987). The plan initially called for $3 billion in federal money to be available for cost sharing on provincial initiatives on child care between 1988 and 1995. “The cost-sharing mechanism approved by the federal cabinet will enable the federal government to share 50% of eligible operating costs and 75% of eligible
capital expenditures incurred by the provinces and territories.” The exact cost-sharing ratio would vary from jurisdiction to jurisdiction, with Alberta predicted to receive reimbursement at the rate of 51.1 percent. A key element of the federal proposal was that commercial services would qualify for cost sharing.12

The Alberta government fully expected the new cost-sharing mechanism to be implemented in 1988. An internal departmental report drafted in January 1988 projected that of the budgeted total of $81.2 million for day care in 1988–89, $40.6 million would be recoverable from the federal government.13 But Bill C-144, the Canada Childcare Act, was not passed by the federal parliament until the fall of 1988. Many advocates for quality child care saw the new act as inferior to the provisions of CAP; their lobbying delayed passage of Bill C-144 in the Senate, and the bill died when parliament was dissolved for the election of 22 November 1988. It was never reintroduced (Prentice 1999, 144).

Because of these events, CAP lived on beyond 1988. Had she retained full control of day care, Minister Osterman might well have returned to her original plan to introduce needs testing in order to maximize the federal transfer payments available through CAP. But in September 1988, some of the responsibility for day care was shifted to the new minister of Families, Jim Dinning, who was also the minister of Education.14 This broke the continuity in policy development on day care. After the provincial election in early 1989, yet another new minister, John Oldring, took charge and the issue of switching from income to needs testing for day care subsidies does not seem to have ever again been identified as a policy priority. When CAP was terminated in 1996, the federal government rolled child care funding into a block grant known as the Canada Health and Social Transfer. The preference for not-for-profit over commercial day care disappeared with the end of CAP. The Canada Health and Social Transfer provided no incentive for the provinces to spend money on day care, let alone on day care of a particular type. The federal government recognized this policy vacuum and looked at new ways to encourage provincial spending on the care and education of young children. Chapter 8 summarizes Alberta’s participation in the “early intervention” programs developed in the 1990s, and chapter 9 details Alberta’s response to the “early learning and child care” initiative of the federal Liberal government in 2004–5.

The Government of Alberta’s political commitment to commercial day care had important financial repercussions for the citizens of Alberta between 1979 and 1996. Detailed calculations of the amount of CAP money lost by Alberta are only available for 1985–86 (see above). In that year, Alberta forfeited $11.4 million on a total spending of $58.3 million (see table A.4), or 19.6 percent of the total
spending. Assuming that this percentage holds for the other years in the series, the total amount forfeited by Alberta between 1979 and 1996, converted to 2006 dollars (see table A.5), was approximately $255 million. If Alberta had received this CAP money, it could have used the provincial dollars saved to enhance day care, invest in other programs, or simply decrease the size of the provincial debt of more than $15 billion that accumulated between 1985 and 1994 (Mansell 1997, 31). Evidently, the government’s commitment to free enterprise in day care came at a surprisingly high cost for the citizens of the province.

THE PRO–FAMILY MOVEMENT CHALLENGES DAY CARE

The first of Canada’s pro-family (or family values) groups was formed in Alberta in 1981 to mount opposition to the pro-choice stance of the Alberta Status of Women Action Committee. Originally named Alberta Women of Worth, this group soon became known as the Alberta Federation of Women United for Families (AFWUF) and has been a fixture on the political scene in the province ever since. AFWUF is the provincial affiliate of a national organization of a similar nature that formed in 1983—Realistic, Equal and Active for Life (REAL) Women (Anderson and Langford 2001, 38). AFWUF and REAL Women had their roots in hardline anti-abortion activism that portrayed the growing societal acceptance of abortion as symptomatic of a deep social malaise. According to Lorna Erwin, these groups saw “the rising toll of abortions ... [as] the most visible evidence of a widespread rejection of the values associated with the breadwinner ethic and the traditional family—a rejection that was rooted in the movement of women into paid employment, in the social derogation of housewives, and especially the increasing legitimacy of feminism and feminists” (1993, 405–6). Christian fundamentalism underlies the pro-family advocacy of these groups. Other prominent pro-family groups, such as the U.S.-based Focus on the Family and the Calgary-based Canada Family Action Coalition, likewise hold a conservative Christian world view and express alarm at the weakening of the hegemony of the traditional patriarchal family (Anderson and Langford 2001, 46–47).

The pro-family movement in Alberta took an interesting turn in 1987 with the formation of the Kids First Parents Association. Like AFWUF, Kids First was organized to counter significant changes in the gender order in Canadian society. But while women’s reproductive rights was the trigger issue for AFWUF, publicly funded day care prompted the emergence of Kids First.
Kids First grew out of the groundswell of opposition that greeted the release of the report of the federal Task Force on Child Care in March 1986. The report had “recommended the development of a publicly funded, comprehensive, high quality non-profit childcare system, accompanied by extended parental and maternity leaves” (Prentice 1999, 142). This task force had been established by a federal Liberal government, but in the meantime, a Progressive Conservative government had been elected. The new federal government established a special parliamentary committee to further study child care policy. That committee held hearings in Alberta during the week of 2 to 6 June 1986.16

Two Calgary women, Brenda Ringdahl and Teresa Del Frari, made a presentation to the committee in Calgary, arguing that the tax system discriminates against single-income, two-parent families. Ringdahl and Del Frari founded Kids First the following year. Like the members of conservative, Christian pro-family groups, they believed that “child care is the responsibility of the family and that a willing and caring parent does the best job of raising a child.” However, they did not embed this argument in a religious vision and were not particularly strident in their opposition to day care. They merely argued that governments should “give equal child-care tax credits to all parents to use as they wish ... in day care or at home.” This argument for tax fairness and equal treatment resonated with many single-income, two-parent families. By 1990 Kids First represented five thousand stay-at-home parents.17

The anti-day care arguments of pro-family advocates soon found a sympathetic audience among the members of the provincial Conservative caucus, including the cabinet (Harder 1996, 53). “The government always struggled with child care,” explained former civil servant Dennis Maier in 1998. “I had many discussions at the ministerial level where people would share anecdotes about how they were raised by aunts or other relatives, [and ask] why that wasn't happening today. The ‘back-to-the-family' movement was seen as something whereby the family should take on more responsibility for things like child care so why should government provide child care—you're interfering with the functioning of families.” Dennis Maier stated that pro-family groups like AFWUF “lobbied very, very hard,” making the following complaint: “If we neglect our children and go out to work you will pay us money for somebody else to look after our kids, but if we stay at home and look after our children and sacrifice the extra income that we're giving up we don't get really hardly anything.” Maier commented that this argument was hard for Alberta’s Tory government to ignore since it invoked basic tenets of conservative philosophy.18
The Alberta government signalled that it was paying attention to pro-family arguments in the 1986 speech from the throne (Harder 1996, 53). Shortly thereafter, it replaced the Alberta Day Care Advisory Committee (ADCAC) with a new Advisory Committee on the Family. Behind the scenes, Minister Connie Osterman and her staff were reading papers criticizing day care that had been presented in Calgary to the special committee on child care. One was by Ringdahl and Del Frari and the other was by Dr. Philip Ney, then a professor in the Department of Psychiatry at the University of Calgary. Ney’s paper, unimaginatively titled “Day Care or Nightmare,” was a philosophical treatise defending the heterosexual nuclear family as “the most effective, efficient core group upon which any society can develop and grow.”

There is no recorded evidence that Ney’s views guided policy discussions in Alberta. Nevertheless, they helped to contribute to a policy environment in the late 1980s and 1990s that was increasingly skeptical of the efficacy of day care. It is noteworthy that Philip Ney was listed as a member of the professional advisory board of Kids First in 1996, indicating that despite its relatively tame rhetoric, Kids First was happy to associate with those who offered sweeping and intemperate denunciations of day care. By 1996 Ney was a clinical professor at the University of British Columbia. He is best known for his research on the “connection between an abortion and later difficulty bonding to a child,” which in turn is hypothesized to lead to child abuse and neglect. Ney’s research on “post-abortion syndrome” is cited as justification by anti-abortion groups. Philip Ney is thus an example of an academic whose research and writing helped to maintain some links between the hardline anti-abortion and anti-day care camps.

Another pro-family advocate who came to the attention of Minister Connie Osterman around this time was Beverley Smith of Calgary. Smith offered a pro-family argument that was at least superficially respectful of the women’s movement. In a 1987 interview, she stated that “the women’s movement has gotten rid of the chains that forced us to be in the home, but it has also—possibly inadvertently—gotten rid of the dignity for being in the home.” Like Kids First, Beverley Smith called for changes in the tax system to benefit the stay-at-home parent. But unlike most others in the pro-family movement, she acknowledged that care of young children outside the home could be equivalent in quality to that provided by parents so long as the caregiving relationship was stable and personal (Anderson and Langford 2001, 46–47).

In 1987 Smith sent Minister Osterman a copy of a research report titled “Watch Me, Mama! Watch Me Dad!” Smith called for “more money to parents
for child-rearing regardless of labour force participation” and recommended “present expenditures on day care to be abolished or matched by grants to all moms.” The report was twice acknowledged by Osterman and summarized by social services staff in late 1987.23

In the mid-1980s, Beverley Smith’s rhetoric on day care was relatively tame. At the same time, however, she was an implacable foe of any public policy that encouraged day care over parental care or even regulated day care over informal child care arrangements. Like many outside of the pro-family movement, Smith called for public initiatives to assist parents with the difficult job of parenting. But instead of combining these initiatives with support for accessible, high-quality, regulated day care, Beverley Smith promoted public funding for informal child care arrangements so that there would be no financial incentives for parents to use regulated over unregulated services. Her antipathy to day care caused her to advocate that all child care services should receive equal public funding regardless of the quality of those services.24

By this time, both Osterman and Premier Don Getty were enamoured with pro-family ideas. The federal government of Brian Mulroney released its “National Child Care Strategy” in December 1987. In reply, the premier stated that while he supported the federal strategy, it did not “address those who stay at home with their children.” He indicated that “the province might add to the federal initiatives, which include tax relief, or grants to families might be considered.” A few weeks prior to making this public comment, the premier had “requested that government financial support for parents who stay at home to care for their preschool children be reviewed, and that options for ensuring that those families receive additional support be developed.” A Working Group on Child Care Support for Women in the Home had been struck in November 1987. It included representatives from the Women’s Secretariat and three provincial government departments (Treasury, Social Services, and Community and Occupational Health). Nevertheless, the working group was very much the premier’s creation.

By December 1987 the working group had concluded that the “simplest and fairest” way to support child care by women in the home was to supplement the child care benefits available through the tax system even though the premier had indicated he did not favour this approach. Before proceeding any further, the working group wanted to know “the total amount likely to be available for the initiative, and the desired annual per child benefit which is being contemplated.”25 Planning for this initiative continued throughout 1988.
In the spring of that year, Connie Osterman demonstrated her ongoing sympathies for the position of the Kids First Parents Association by addressing a rally organized by the group in Calgary. Attended by 250 people, the rally protested the federal government’s intention to invest in day care through the Canada Childcare Act.26

The appointment of a minister of Families in September 1988 seemed to indicate that stay-at-home parents would soon be rewarded by the provincial government. However, shortly after his appointment, Minister Jim Dinning expressed concern at the potential cost. He stated that “subsidizing stay-at-home parents at the same rate as parents who use day care could cost the province an estimated $260 million.” This amount was of concern because although the government had budgeted for a deficit of around $500 million in the 1988–89 fiscal year, it was headed for a deficit of just less than $2 billion (Mansell 1997, 31).

Just prior to the 1989 provincial election, the government contemplated a much more modest subsidy for stay-at-home parents. An internal report proposed providing a tax credit of $100 per month if total family income was $40,000 or less, and a smaller credit if family income exceeded $40,000. The estimated cost of the program was $20 million. But even though support for families was a key theme of the provincial throne speech on 17 February 1989, the government made no immediate commitment to subsidizing stay-at-home parents. Furthermore, after details of the internal report were released, even the pro-family movement was unimpressed: Diane Klein of Kids First called the proposed tax credit “meagre.”27

The campaign leading to the provincial election of 20 March 1989 started poorly for the Tories, and by early March, the premier was looking for a dramatic initiative that would reverse his party’s fortunes. The proposal to subsidize stay-at-home parents was shelved, presumably because it would likely either be ignored or, even worse, attract criticism for inadequate benefit levels. The premier instead aggressively criticized federal policies on interest rates and offered to help Alberta homeowners and small businesses pay for the high cost of borrowing money. The “interest-shielding programs” included relief for homeowners who were paying more than 12 percent on a first mortgage of up to $75,000; the programs were projected to cost $70 million in 1989–90.28 The fact that expensive interest-rate subsidies were instituted at this time while a modest tax credit for stay-at-home parenting was abandoned shows that the Getty government was largely driven by pragmatic rather than ideological concerns.

Nonetheless, even if the pro-family movement could not get the Alberta government to implement its central demand, it definitely changed how that
government viewed day care and responded to key interest groups in the day care community. From the early 1970s to the mid-1980s, the main political cleavage in Alberta’s policy debates on day care had been between those who supported commercial day care and those who supported not-for-profit day care. By the end of the 1980s, the main division was between the supporters of day care and their pro-family opponents. The 1990s witnessed a return to the day care politics of the 1960s and even the 1940s, when day care itself was questioned as appropriate public policy for Alberta. At the same time, the terrain for those politics had changed. The need for day care was much higher in the 1990s than in the 1940s and 1960s. Furthermore, the large day care system in place in the 1990s proved to be very difficult to change, let alone dismantle.

Connie Osterman’s work on day care was highly regarded by a number of the activists in the Alberta Child Care Network (ACCN) who met with her. Among those who would later praise the former minister were Conny Hippe, owner of the Rainbow day care chain in Edmonton; the first facilitator of the network, Noreen Murphy; and the founder of Choices in Childcare, Wendy Reid, who served as the ACCN facilitator in 1993–94. One reason for Connie Osterman’s popularity was that she did not favour the Day Care Society of Alberta (DCSA) over other interest groups; indeed, at one network meeting, she upbraided a DCSA representative for expecting too large an influence on government policy. A second reason was her accessibility. For example, between 25 May 1987 and 12 May 1988, she met with the ACCN at least three times. The Department of Social Services paid the travel expenses for everyone who attended these meetings. Furthermore, Minister Osterman seemed to genuinely listen and learn in these meetings, and she cultivated warm personal relations with network leaders. Wendy Reid commented that Connie Osterman “participated as a member of [the network], rather than coming in as a guest.” This contrasted favourably to the approach taken by John Oldring, minister of Social Services from 1989 to 1992.

Nevertheless, those advocates for quality child care who enjoyed working with the minister so much seemed to have misjudged Connie Osterman’s politics. Her support for the parental information service in Calgary, Choices in Childcare, was consistent with her conservative emphasis on parents assuming more responsibility for monitoring day cares. Her coolness toward the DCSA grew out of her sympathies toward the pro-family movement rather than a commitment to quality day care. Although the network meetings undoubtedly helped the minister to better understand some day care issues, they were also an effective way for her to freeze large day care capitalists out of the policy development process. Whereas
under Ministers Bogle and Webber, the DCSA had enjoyed the status of specialized insiders in policy development, under Minister Osterman, they joined not-for-profit advocates as peripheral insiders. Osterman’s refusal to meet with interest groups on a one-to-one basis, in combination with her meetings with the network, was a way to make this political transition. The quality advocates mistakenly assumed that the diminished status of the DCSA meant that things were looking up for them, but what it really meant was that the pro-family movement’s arguments against day care had gained considerable ground among provincial Conservative politicians. This set the stage for the gradual dismantling of the signature Alberta funding program for day care—operating allowances.

One advocate for quality day care who quickly recognized the importance of the pro-family movement was Eva Roche. Somewhat of a maverick in day care circles in Edmonton, Roche had been working as an instructor in early childhood education (ECE) at Grant MacEwan Community College since 1973. In 1983 she published an article that articulated a number of the arguments that would later be widely disseminated by Kids First and Beverley Smith. Eva Roche wrote:

As we look realistically at the cost of good day care, with government subsidizing up to $400 per month per child in some cases, the question arises; should this subsidy be available to enable one of the child’s parents to care for the child at home if they so choose. For those parents who have careers from which it is difficult to opt out for a long period of time, or for single parents, should we be lobbying for shared jobs, flexible hours, comparative benefits and chance for advancement for part time workers....

As day care becomes institutionalized, will problems develop similar to the educational system, such as lack of parental input and decision making, runaway costs, lack of individual attention? ...

There has always been a need for alternative child care. Years ago the alternative care giver was frequently a maiden aunt in the home, or a grandparent. There will continue to be a need for quality day care, perhaps used more on a part time basis, as one of a number of options open to young Canadian families. (1983, 2–3)

In the late 1980s, Eva Roche was elected as the president of the Alberta Association for Young Children (AAYC). One of the initiatives she undertook was to get pro-family organizations to dialogue with organizations that promoted...
quality day care. Both AFWUF and Kids First were invited to the two-day liai-
son meeting held in Edmonton in late January 1989, although only Kids First
attended. The other groups in attendance included Parents for Quality Child
Care, Citizens for Public Justice, the AAYC, and the Alberta Status of Women
Action Committee.

Christine Macken was a member of the AAYC Board of Directors at the time,
although she represented Parents for Quality Child Care at the liaison meeting.
She later described the meeting as an “emotional roller coaster,” commenting
that the two Kids First representatives “offended [at] first because [they] could be
ill informed,” but they proved to be “open to new ideas and information.” Macken
also noted that at a New Democratic Party meeting held subsequent to the liaison
meeting, the Kids First representatives were “much more accommodating.” She
saw this as evidence that Kids First had learned from the liaison meeting.35

Eva Roche continued to pursue this dialogue after her term as the AAYC presi-
dent ended in 1989. At the 1990 AAYC conference, she organized a session titled
“Mommy Wars,” which featured a representative of Kids First and a mother from
a two-career family. Roche later commented, “The premise is we don’t want to
be fighting each other, we want to fight for more resources for young children
and families.”36

Despite Eva Roche’s efforts, the attempt to bridge the divide between the pro-
family and quality day care movements in Alberta never amounted to much.37 It is
especially significant that the dialogue never extended to Calgary, where pro-fam-
ily groups were headquartered. A study of pro-family organizations in Calgary in
1998 revealed no ongoing liaison of the kind envisioned by Eva Roche (Anderson
1998). My assessment is that the ideological gap between the two movements was
simply too great to allow for meaningful joint work. Furthermore, by the early
1990s, it was clear that the pro-family movement’s arguments were winning the
day inside the provincial government, while both the commercial and not-for-
profit day care sectors were on the defensive. In this political context, pro-family
organizations had little incentive to pursue dialogue. By the end of the 1990s, they
were cheering the end of operating allowances for spaces in licensed day cares.

THE SLOW DEATH OF OPERATING ALLOWANCES

Almost as soon as the system of operating allowances for day care spaces was
fully established, the Alberta government expressed concern about the rising
costs of the system. Between 1982 and 1984, the cost of operating allowances increased by 78 percent (from $11.3 million to $20.1 million; see table A.4). The minister projected that the Day Care Program would face a shortfall of $9 million in the 1984–85 fiscal year if service levels were not changed. This is because for the second consecutive year, the government was planning a “hold-the-line” budget in order to control the rising cost of expenditures (Mansell 1997, 29–30). In light of this, Webber requested that the ADCAC provide recommendations for how “to bring costs into line during this period of fiscal restraint.” Provincial civil servants and Canadian Kindercare Ltd., the day care holding company established by Dennis Sorensen and his partners in Calgary, also took on this task. Kindercare clearly had a specialist insider role in the policy process in the mid-1980s.

The ADCAC recommended an across-the-board cut of $15 per space in operating allowances, a cut of $5 per child in the administrative fee paid to satellite family day home (FDH) agencies, and a one-year freeze in the number of spaces that qualified for operating allowances. This would have resulted in savings of $3.3 million. Canadian Kindercare Ltd. and provincial government staff members each recommended modest decreases in staff-to-child ratios and large cuts in the operating allowances for infants. Provincial staff also recommended a freeze on the number of infants who qualified for operating allowances and a short-term freeze on the number of other children who were eligible. Kindercare’s proposal would have resulted in less savings than that of the ADCAC (by $0.3 million), and the staff’s proposal would have resulted in the most savings ($1.1 million more than the ADCAC). None of the proposals for cutbacks in operating allowances were ever implemented by Minister Neil Webber. Provincial revenue from non-renewable resources increased by 47 percent between 1982–83 and 1983–84, and remained at approximately that level the following year. As a consequence, the province had a small net surplus in 1983–84 and a surplus of $1.6 billion in 1984–85 (Mansell 1997, 30). In this fiscal context, cost control was no longer a pressing issue.

By the end of the 1985–86 budget year, the combined cost of operating allowances and FDH agency administrative fees was $33.8 million. In four years, the cost of operating allowances/administrative fees had increased by 200 percent in current dollars (table A.4) or 161 percent after correcting for inflation (table A.5). Indeed, by 1985–86 the spending on operating allowances and administrative fees was 43 percent higher than spending on the low-income subsidy ($33.8
million vs. $23.7 million). This helped to make day care very affordable for middle-income Albertans and encouraged commercial operators to establish new day cares to profit from serving the middle-income market. The number of licensed day care spaces in Alberta grew by approximately ten thousand between 1982 and 1986, an increase of 60 percent (table A.3).

Because of budgetary restraint in 1983 and 1984, the provincial government never proceeded with a proposal to extend operating allowances to the FDHs that were administered by an approved agency. This plan had originated with the provincial civil servants working in day care. In June 1982 they recommended that an operating allowance of $100 be paid for infants in satellite FDHs (with $40 for the agency and $60 for the provider) and an allowance of $50 be paid for toddlers nineteen to thirty-five months of age (with $20 for the agency and $30 for the provider). These allowances were intended to supplement the $50-per-child agency fee that was paid regardless of the age of a child. The main rationale for this proposal was the difficulty in securing care for young children in FDHs. The Day Care Branch wrote: “Both caregivers and agencies have little incentive to offer superior care in a family setting, as the rewards are the same as for preschool care, while the risk and effort is much greater. In the meantime, unsupervised, unlicensed baby farms exist in the side streets, charging high fees (up to $300 per month) for crowded babysitting arrangements.”41

It is noteworthy that this proposal originated with civil servants and not the ADCAC. At the time, the latter did not have a representative from the FDH sector and consequently provided little leadership in this policy area. Nevertheless, the director of the Day Care Branch, Melane Hotz, did get the ADCAC to review and approve the proposal at its meeting on 1 June 1982.42

The government made a modest increase in the agency fee for children less than thirty-six months ($84 in early 1985) while leaving the fee for three to five year olds virtually unchanged ($52.50).43 However, an operating allowance for satellite FDH providers was never introduced. This was an important omission because such an allowance would have encouraged many unregulated FDH providers to join the satellite system, thus extending the reach of regulated child care in Alberta.

The collapse of oil and grain prices in 1986 (see Mansell 1997, 27) sparked renewed concerns about the cost of operating allowances. Just prior to the provincial general election of 8 May 1986, the government announced a 14 percent increase in the amount it was budgeting for day care subsidies and operating allowances because of an expected increase in caseload. The new premier, Don
Alberta’s Day Care Controversy

Getty, handily won the election, but he had little time to enjoy his victory because of the precipitous drop in government revenue from non-renewable resources. The province netted only $1.4 billion in 1986–87, a decrease of 61 percent over the previous year.44 The provincial deficit for the year ballooned to almost $3.5 billion (Mansell 1997, 30–31). In October 1986 the minister of Social Services directed her staff “to prepare a five to ten percent budget reduction” that included “recommendations ... to reduce/eliminate specific program components.”45

In early November 1986, Connie Osterman first indicated that she was considering abolishing the operating allowance for every day care space so that her department’s money could be directed toward those in financial need. “Where will the dollars go?” she asked. “Will they go in operating allowance to people who have a reasonably high income, or will they go to support people to buy groceries and clothing and shelter?” She added, “I think you know what my answer is.” Osterman also mentioned that if the province ended the across-the-board operating allowance, it could raise the income level under which a family qualified for a day care subsidy.46

At this point, the minister was already strongly committed to ending the system of operating allowances. Deputy Minister Mike Ozerkevich met with the social planning committee of the Conservative caucus on 24 November and gained their support for a number of changes, including “needs testing of day care operating allowance, with the existing allowance phased out gradually.”47

Two days later, the minister unilaterally implemented “a freeze on the provision of operating allowances to all new daycare spaces in Alberta.” Exemptions for new spaces were issued in regions where “the demand for spaces exceeds the supply,” or where, as of 26 November, finances had already been invested toward establishing new day care spaces. Significantly, eligibility for operating allowances was not affected by the sale of a day care, so the freeze immediately increased the value of any day cares that were on the market.

Minister Osterman expected that the freeze would be the beginning of the end for operating allowances. She warned, “Both existing and prospective operators must know that there is no guarantee operating allowance will be provided when the freeze is removed.”48

The minister’s comments and actions in late 1986 sparked concern and action by both commercial and not-for-profit operators. Almost immediately, at least two commercial operators in Calgary sent letters to their clients “informing them daycare fees will soar if operating grants are cut” and asking them to write protest letters to Connie Osterman.49 More concerted opposition was led
Conny Hippe and six other commercial operators in Edmonton who came together to form the United Child Care Association of Alberta (UCCA) in early 1987. The UCCA spent thousands of dollars to develop and mail out a package of information to all licensed centres in the province. The objective of the mailing was to get thousands of parents to contact the premier and their MLAs to protest the plan to eliminate operating allowances. Consequently, in each package, the UCCA included enough fact sheets for all parents in a centre, along with enough copies of form letters addressed to the premier and the local MLA. The fact sheet, titled “Daycare Fees Could Double,” listed the current value of operating allowances (see table A.6 for 1987) and asked, “Can you afford these increases or any increases which will result from cutbacks in government funding?” The fact sheet predicted that many day cares would have to close if operating allowances were eliminated. The package mailed to day cares also included a poster, titled “Good-Bye Operating Allowances, Good-Bye Day Cares,” that could be posted inside a day care to attract the attention of the parents.50

Information on the lobbying efforts of the UCCA was disseminated at a conference of early childhood administrators held in early May 1987 at Grant MacEwan College in Edmonton. That conference included a workshop on group networking led by Sandra Griffin of the School of Child and Youth Care, University of Victoria, who would shortly thereafter serve a term as the president of the Canadian Child Day Care Federation.51 This workshop immediately sparked action. The following Friday, a “meeting was held in Calgary to explore the possibilities of a child care network.” It was attended by two representatives of the DCSA, two representatives of the AAYC, and six other people, including Conny Hippe of the UCCA, Avril Pike of the Edmonton Coalition for Quality Child Care, and Noreen Murphy, director of the day care at the Alberta Vocational College in Calgary. Paddi Solem, one of the AAYC representatives, noted, “Yes we were strange bedfellows, but surprisingly enough, and through the careful tutelage of Noreen Murphy ... acting as facilitator, we did good.”

The group’s plan was to wait until the government started to receive the form letters circulated by the UCCA and then have Noreen Murphy contact Minister Osterman to request an “audience.” Although it succeeded in coming up with a common plan of action, the first meeting of the ACCN did not eliminate the deep divisions between the not-for-profit and commercial sectors. Afterwards, the board of the Early Childhood Professional Association of Alberta decided it would not be “comfortable” including the advocacy letter written by the UCCA in its newsletter, instead deciding to make its own appeal for action. And at this
point, the largest organization of commercial operators, the DCSA, withdrew from participating in the ACCN, thus missing the meetings with the minister held on 25 June and 19 August.\textsuperscript{52}

At her first meeting with the network, Minister Osterman did not reveal that she had long ago sought the approval of her caucus colleagues to gradually eliminate operating allowances and that this was the plan of her department. However, she did predict that as the day care system evolved, there would likely be “a redirection of funds away from high income families, to serve those who need it most.” At her second meeting with the ACCN, she again did not reveal her full thinking on operating allowances, stating only that there was “no assurance that operating allowances will continue in their present form.”\textsuperscript{53} These could hardly have been reassuring words for the advocates who attended the meetings, although at least they learned that any cutbacks were not imminent.

The full scope of Minister Osterman’s thinking on funding for day care was revealed in a background paper prepared by civil servants in January 1988. It began by listing three criticisms of the funding approach then in place:

- it allocates approximately 30% of the total budget to the support of families which do not have low incomes (through operating allowance, day home administrative fees and integrated day care funding for families not qualifying for the family subsidy);
- the existence of operating allowance has led to the rapid growth of day care centre spaces, 18% of which are currently vacant;
- high operating allowance rates for infants have made infant care in day care centres very accessible and affordable, and there is increasing evidence that other types of care for infants (e.g., family day homes) are more appropriate than centre-based care.

The paper then listed a number of principles that would be used to guide future policy decisions. They included directing funds to lower-income families; shifting the care of infants to FDHS; controlling government expenditures; allowing market forces to determine the number of licensed spaces; and enhancing “parental responsibility and involvement in selecting and monitoring their child’s care.” This was a recipe to return Alberta’s day care system to its roots as an employment aid for low-income families, to loosen regulatory standards in favour of “parental responsibility,” and to reprivatize a significant part of the system by withdrawing universal public subsidies for regulated care.\textsuperscript{54}
There is no indication that the letter-writing campaign mounted by the UCCA in 1987 caused Connie Osterman to rethink her plan to eliminate operating allowances. When she met with the network on 12 May 1988, she reiterated her intention to redistribute dollars to lower-income families but reassured the group by saying, “Change will not be abrupt, it will occur over time.” The delay at that point was the ongoing negotiations with the federal government associated with the proposed Canada Childcare Act. That delay, followed by the assignment of day care to the new minister of Families in September 1988, resulted in a reprieve for operating allowances (although the freeze on allowances for new spaces remained in effect). After the provincial election of May 1989, the new minister of Family and Social Services, John Oldring, inherited the problem. He met with the ACCN on 25 July 1989 and confirmed that his department had held back from making any changes in day care funding because it had expected the federal government to act on day care. It was now apparent, however, that the government of Brian Mulroney would not reintroduce the proposed Canada Childcare Act that had died in the Senate when the 1988 federal election was called (Prentice 1999, 144). As a consequence, Oldring’s department was reviewing both the subsidy and operating allowance programs.

The 1989–90 review of day care was a major undertaking. Although it was mainly concerned with funding, the review also examined the issues of staff qualifications and staff-to-child ratios. This sophisticated exercise, much different than the haphazard approach to reform in the Osterman years, involved two noteworthy features. First, the government presented its new directions for day care as the application of principles that the Getty cabinet had approved in 1988 to guide the development and reform of all social policy in the province. Second, an elaborate communication and consultation strategy was implemented in order to dissipate opposition to the policy path chosen by the government.

The review occurred shortly after the Alberta civil service had lost its complete management line in day care, from the assistant deputy minister down to the director of day care programs. Furthermore, the department had just introduced a new system for determining eligibility for subsidies and a new computerized information system, and was “trying to bring more uniformity and consistency in the application of provincial standards and funding across the province.” Fortunately for the government, the new day care program director, Dennis Maier, had considerable familiarity with day care issues and was willing to take on the “horrendous” workload. In his first three years as the director, starting in 1989, Maier did not take any holidays.
John Oldring came to the Family and Social Services (FSS) portfolio with some background knowledge on day care stemming from his involvement in FSS planning in Red Deer in the 1970s. Nevertheless, like Connie Osterman, he was sympathetic to the pro-family movement. He demonstrated this bias when he addressed the annual meeting of AFWUF in November 1989 and stated that he did not support universal day care (Harder 1996, 53).

Not all civil servants shared Minister Oldring’s distaste for universal operating allowances. Dennis Maier stated that he and others made the following argument in favour of keeping “day care inclusive of a broader sector of the population”: “If you remove [operating allowances] it will become so costly that basically only people who apply for subsidy will be able to afford it, and it will be seen as a poor family’s service. It will be seen as for people who are considered marginal in society.” Whether Minister Oldring was persuaded by this argument or not, he decided against entirely eliminating operating allowances. The White Paper released in March 1990, partway through the review process, proposed to reduce operating allowances to a uniform $50 per space over a three-year period. This represented a substantial decrease in the allowance for very young children but only a modest decrease for children aged three to five years.

The 1989–90 review of day care proceeded in the context of the Getty government’s new framework for social policy. This framework was first and foremost a response to the difficult economic conditions in 1987. It was written by Neil Crawford, who had served as minister of Health and Social Development in the early 1970s.

Neil Crawford produced a relatively short statement on social policy in March 1988. One of his arguments stressed the growing need for quality care: “Our family and social lives are very different from what they were in previous generations. Increasing numbers of women participate in the labour force by necessity to support themselves and their families, or by choice to fulfill their career aspirations. The matter of quality child care is an ongoing issue.” Yet the White Paper on day care released two years later did not highlight this point on quality child care. Instead, other statements were extracted from the Crawford document in order to justify the redirecting of most provincial monies to low-income families and the off-loading of some of the government’s responsibilities in day care onto individuals and their families. In sum, the White Paper presented a selective pro-family reading of the Crawford blueprint for social policy and used that reading to portray its proposed changes to day care in the most unproblematic light possible.
In practice, it appears that provincial civil servants were able to partially fend off the pro-family inclinations of the government during the review process. As a consequence, the rhetoric of family and individual responsibility in the White Paper went far beyond the actual content of the reforms. This was demonstrated in the decision to reduce rather than eliminate operating allowances. It was also seen in the decision to improve the quality in licensed day cares by finally introducing requirements for staff qualifications. Dennis Maier reported that civil servants pushed very hard for qualification requirements in the internal discussions that preceded the release of the White Paper. “We went through the usual kind of massaging process,” he explained, “where you tend to shoot for the ideal, and then whatever resources allow and the political agenda of the day allows, you have to retreat into something that the policy leaders can approve, so what was approved was not what we put together, what was approved was the best we could do for the day.” This explains why, under the regulations introduced at that point and carried over into the new Child Care Licensing Regulation (Alberta 2008, 15), up to three-quarters of the front-line staff in a day care require only a fifty-hour orientation course. Nevertheless, the other parts of the new regulation did substantially improve the minimum staff training standards in Alberta day cares: directors were now required to hold a two-year college diploma in ECE or equivalent, and at least one-quarter of the front-line staff were now required to hold a one-year college certificate. Until these reforms were introduced, Alberta and New Brunswick were the only provinces that did not require special training for day care workers.60

In 1990 commercial day care was still a reasonably profitable business, especially for the day care chains that had flourished in Calgary and Edmonton in the 1980s. Day care capitalists aggressively defended their investments during Minister Oldring’s review process. This involved the mobilization of parents to protest the proposed cutbacks to operating allowances and the persistent lobbying of government MLAs. The protests included a mass meeting in Calgary in early February 1990 (prior to the release of the White Paper) that was attended by “700 outraged parents,” along with the submission of hundreds of form letters. Unlike Connie Osterman, Minister Oldring agreed to private meetings with the DCSA.61

In the end, the government proved to be flexible on some of the details of the reforms, although it did not alter any of the basic principles. For instance, the original proposal had suggested changing the staff-to-child ratio for infants (birth to eighteen months) from one-to-three to one-to-four in order to compensate
for some of the increased cost of caring for infants due to the sharp reduction in the operating allowance for this age group (Alberta FSS 1990a, 26). This idea was widely criticized.62

In light of safety and quality-of-care concerns, the government left the ratio for infants (birth to twelve months) at one to three but decreased other ratios in order to realize the same cost savings. For infants between thirteen and eighteen months of age, the staff-to-child ratio decreased from one-to-three to one-to-four and for toddlers between nineteen and thirty-five months, the ratio decreased from one-to-five to one-to-six (Alberta FSS 1990b, 16).

There were also two elements of the reforms that were meant to assuage commercial operators. The first was a promise to “carefully monitor the impact [of the reductions to operating allowances] on groups and organizations which may be sensitive to the proposed changes” (Alberta FSS 1990a, 31). Spreading the reductions over three years would allow the government to do so in a meaningful way. Second, the government not only lifted the freeze on operating allowances but allowed centres that had come into existence between 1986 and 1990 to apply for the same operating allowances that older centres were receiving (Alberta FSS 1990b, 10).

The public consultation on the White Paper was a very significant exercise even though it did not yield major changes to the government’s plans. Alongside the more than 2,400 letters and the numerous calls received on the matter, some 5,000 people attended meetings. Minister Oldring himself claimed to have “personally reviewed 2,400 letters that revealed a broad spectrum of responses.”63 (Given how many of the submissions were form letters, this feat is not as impressive as it at first sounds.) The involvement of so many people was a massive, albeit superficial, communication exercise. It marked a sharp departure from previous consultations on day care (such as the 1977 Task Force and the ADCAC of 1980–86) that had involved intensive, in-depth work by a select group of individuals, many of whom had pre-existing expertise in the area. From the standpoint of the governing party, the advantage of the 1990 exercise was that it diffused rather than concentrated opposition, allowing the government to pick and choose from among the avalanche of opinions without being compelled to identify either the most considered or most prevalent response. It is true, as the government claimed, that the White Paper “began a province-wide examination of the role of day care in our society” (Alberta FSS 1990b, 4), but this was a stage-managed examination that had no chance of deflecting the government off its chosen path. It is an example of using the trappings of mass participation to
legitimate what had already been decided rather than allowing democratic participation to shape policy directions.

The new staff-to-child ratios for children aged thirteen to thirty-five months took effect on 1 November 1990 and were accompanied by the first of five planned reductions in operating allowances. The reductions as projected in July 1990 (Alberta FSS 1990b, 9) are recorded in table 7.1 along with the reductions that were actually made between 1990 and 1995.

The first deviation from the 1990 plan occurred in 1992. In February of that year, the unemployment rate in Edmonton was almost 11 percent. This meant that fewer parents were looking for day care, and there was an increased supply of low-cost babysitters competing against licensed facilities to care for children. As a result, the vacancy rate in day cares, especially commercial centres, was very high, and the president of the DCSA, John Samaska, stated that some day cares were in danger of going out of business. After the 1991 cuts, the government “received letters and input from individual operators and parents that further reductions would put their survival at risk.” Of particular note was a large letter-writing campaign mounted in the northwest region of the province that had a strong influence on the government.64

Additional cuts in operating allowances were scheduled for 1 July 1992, but these did not occur. Later that month, Minister John Oldring announced that reductions to operating allowances for infants and toddlers would occur on 1 October, although the cuts for infant spaces would be less than half the amount projected in the 1990 plan (table 7.1). The revised plan at that point was to make the same total cuts to operating allowances as planned in 1990 but to stretch those cuts over five years instead of four. The government also remained committed to its promise that “all funding re-directed from the Operating Allowance Program will be allocated directly to the Child Care Subsidy Program” (Alberta FSS 1990b, 11).

The Edmonton leader of the DCSA, Carolyn Lister, immediately praised the move, stating, “It incorporates the middle-income earners into the equation.” By this point, however, some not-for-profit professionals no longer supported operating allowances and objected to Minister Oldring’s revised timetable. They did so because in order to compensate for the higher-than-planned operating allowances, the coverage of the low-income subsidy program would not be expanded by as much as had been expected. This meant that low-income families then receiving a partial subsidy would not receive as large an increase in their subsidy as had been planned, and other low-income families who had expected
to qualify for subsidization for the first time would not do so. The main results of the revised timetable were to encourage middle- to upper-income families with infants and toddlers to continue to use regulated centres (since, because of the payment of operating allowances, the cost of day care was below the market cost and hence well within their means) and to force low- to middle-income families with infants and toddlers to continue to use unlicensed babysitters (since the cost of day care remained beyond their means without additional subsidization).65

The governing Progressive Conservative Party elected a new leader at the end of 1992: Ralph Klein took office just as the provincial government was headed for its eighth consecutive annual deficit. Indeed, in the two years ending 31 March 1993, the province added over $6 billion to its accumulated debt, which was growing at a much faster rate than that of any other province (Mansell 1997, 31, 42). In the provincial election campaign of May–June 1993, the premier promised to balance the provincial budget within four years. His plans for doing so were largely borrowed from the Alberta-based Reform Party of Canada and included “a smaller more open government” and “responsible social programs that help people to help themselves.” The Progressive Conservative Party won its seventh consecutive majority government that year in a tight race with the Liberal Party,
which had also promised to eliminate the deficit through expenditure cuts. After the election, a former social worker, Mike Cardinal, was Klein’s surprise choice as the new minister of FSS, and the government soon embarked on “deep and quick reductions in expenditures” (Mansell 1997, 57).

As part of its cuts to FSS, the Klein government chose to abandon John Oldring’s 1990 plan to raise the low-income subsidy in step with reductions to operating allowances. The overall budget, announced in January 1994, called for an 18.3 percent cut in FSS expenditures spread over two years (Mansell 1997, 58). In day care, the plan was to reduce operating allowances by $20 per space while leaving the low-income subsidy unchanged. Reductions were made in three stages between 1994 and 1996, as shown in table 7.1. The agency fee for satellite FDHs was also reduced: for instance, in 1993 an agency would have received $2,060 per month for the enrolment of twenty infants and toddlers (less than three years of age) while in 1995 it only received $1,660 for enrolling the same number of young children (CRRU 1994, 59; 1997, 56). Between 1994–95 and 1997–98, the Government of Alberta reduced spending on operating allowances by 19 percent and on satellite FDH agency fees by 27 percent (table A.4).

The cuts in operating allowances between 1994 and 1996 coincided with and exacerbated a severe financial crisis in commercial day care caused by high vacancy rates. The fact that operating allowances were only cut by $20 in these years is an indication of the severity of the crisis and the lingering influence that the DCSA and other commercial operators had on Tory politicians. Nevertheless, two of Calgary’s large day care chains were put into receivership in the mid-1990s. Across the province, the number of day cares declined from 644 to 572 between 1994 and 1997, and the number of licensed spaces declined by 14 percent (table A.3). Even the exemplary satellite FDH system contracted, with the number of children falling by 18 percent between 1995 and 1997 (table A.6).

The Klein government chose to make sudden and dramatic cuts in expenditures instead of gradually cutting expenditures and/or increasing taxes (Mansell 1997, 52–58). This approach had the potential to cause a recession in the provincial economy, a possibility that was averted because of a fortuitous rise in the market prices for oil and natural gas. With considerable luck, Klein’s reputation as the hard-nosed slayer of government deficits was cemented in Albertan and Canadian political culture. Yet as in most matters, the devil is in the details. In the case of day care, the first stage of the Klein revolution amounted to indiscriminate budget cutting with remarkably little attention to principles and fairness.
One might be critical of the gradualist reforms envisioned by Connie Osterman in the late 1980s and John Oldring in the early 1990s for a number of reasons, but at least their plans were marked by careful thought and serious engagement with the realities of care for preschool children in Alberta. The same cannot be said for the reforms instituted by Mike Cardinal between 1993 and 1996.

Minister Cardinal’s main priority was to quickly reduce the welfare rolls in Alberta, which he did in a big way: the number of welfare recipients fell from 94,087 in March 1993 to 49,001 in December 1995. A significant component of this reduction was due to a change in the eligibility rules governing transitional assistance for lone mothers who had recently given birth. In the past, a lone mother could collect welfare until her child was two years of age, but this was changed such that she had to seek paid employment once the child was six months old. As a result, the number of cases of transitional support fell by an astounding sixteen thousand over this period (Shedd 1997, 257–60).

In light of this change in the eligibility for temporary social assistance, it is noteworthy that the government did not enhance its day care subsidy program. Lone mothers earning very low salaries continued to receive social assistance as a supplement to earnings and thus were not faced with covering day care fees beyond the amount of subsidy. But lone mothers who earned even a modest salary did not qualify for a social assistance supplement, and a net income of $25,765 or more made them ineligible for even a partial day care subsidy (CRRU 1997, 56). By cutting operating allowances without improving the low-income subsidy, the Klein government forced many low- to middle-income families to look for low-cost babysitting as an alternative to a regulated day care or a satellite FDH. “Each time we give an increase because of an operating allowance cutback or their subsidized amount doesn’t go up,” noted the director of a not-for-profit centre in Edmonton, “it’s really hard because some families drop out. Not because they want to but because they have to. They’re forced to.”

The shift of children from regulated to unregulated care is the reason that the total amount paid in subsidies also significantly decreased between 1995 and 1998 (by $7.5 million, or 19 percent; see table A.4) even though there was no decrease in the subsidy level. By 1997–98 the province’s spending on day care had fallen to $60.3 million, down from $73.5 million four years earlier (table A.4). In constant dollars, the decrease amounted to 23 percent (table A.5). Much of the money saved by corporate and individual taxpayers had been at the expense of hard-working, economically independent parents who simply could not afford regulated day care without help from the government. In the
absence of subsidization, they placed their children in care arrangements that were sometimes substandard, and they were burdened with the responsibility of worrying about and trying to monitor the adequacy of those arrangements themselves.

The final chapter in the history of operating allowances in Alberta was written in the weeks following the re-election of the Klein government on 11 March 1997. Mike Cardinal was replaced by Lyle Oberg as the minister of FSS. Like Stockwell Day, who had briefly served as the minister in 1993, the new minister was a former chair of the premier’s council in support of children and families. Without any public or private consultation, Lyle Oberg decided to abolish operating allowances by 1 April 1999; the decision was announced in July 1997. The minister indicated that low-income subsidies would increase as the operating allowances were phased out, and Premier Klein claimed that all money removed from operating allowances would be reallocated to low-income families.69 The premier thus renewed the promise of the Oldring plan of 1990, but there were two important differences between Lyle Oberg’s reform of 1997 and what John Oldring had earlier proposed. First, a large proportion of the operating allowance budget had already been cut by 1997 without any corresponding reinvestment in subsidies (see table A.4). In 1997 neither Oberg nor Klein promised to improve the subsidy system to compensate for this significant loss of resources in the mid-1990s. Second, whereas an across-the-board operating allowance of $50 would have been retained under the Oldring plan, operating allowances were entirely eliminated by Minister Oberg.

Within a few months, the government appeared to renege on Premier Klein’s promise to maintain the overall level of funding in day care. Over the same two-year period that operating allowances were to be eliminated, the government made plans to reduce its overall day care budget by 9 percent. This meant that of the $15.5 million in operating allowances paid in 1997–98, only 71 percent was to be transferred to low-income subsidies, with the rest eliminated from the budget. This information was conveyed in a fact sheet distributed by FSS in November 1997.70

The last major protest rally in defence of operating allowances was organized in Edmonton on 29 January 1998. It was attended by five hundred people but not by Minister Oberg or any other members of the government. The director of day care programs, Lynn Groves-Hautmann, was sent to defend the decision to cut $15 million from operating allowances and only reinvest $11.5 million in low-income subsidies, and she was jeered for her trouble. The key organizers of
the rally were the AAYC, the Early Childhood Professional Association of Alberta, and the Child and Family Resource Association (CAFRA), and the rally was supported by both not-for-profit and commercial centres in the Edmonton area. CAFRA, formed in the mid-1990s, was like the Calgary Association for Quality Child Care in that it was made up of centres that were accredited by meeting a predefined set of quality standards. In the 1990s, almost all of CAFRA’s members were not-for-profit centres.

The rally coincided with the release of a CAFRA-commissioned survey of non-subsidized Alberta families using day care in the fall of 1997. The survey was returned by 1,048 families, representing 1,525 children enrolled in day cares. Based upon the income data reported in the survey, Sylvia Church estimated that only “14% of presently unsubsidized parents will qualify for some sort of subsidy (either full or partial) under the new proposed Income Qualification Table for Subsidy” (1998, 7). One of the survey questions asked what parents would do if they were faced with a 15 to 25 percent increase of fees due to the elimination of operating allowances. Of the parents who responded to this question, 35 percent stated they would consider switching from a day care to some sort of informal care, and an additional 20 percent said they would look for less expensive day care (7–8).71

The Edmonton rally was only one part of the movement in opposition to the funding cuts. In addition, there was an organized letter-writing campaign, media coverage that was generally favourable to those opposing the government’s action, and attempts to directly lobby the minister. A form letter, along the same lines as that distributed in 1987 by the UCCA, was distributed to parents by some day cares. It had a space at the bottom for a parent’s own comments. In her letter, a mother from Patricia, Alberta, asked, “Why give day cares another reason to raise prices and make it harder for the honest, hardworking parent to make it, or worse yet, why let in the chance that they may reduce the quality of food, shelter and care for our children?”72

For two reasons, this protest movement against cuts to operating allowances did not have the same impact on the government as the earlier protest movements in the Connie Osterman and John Oldring years. Most importantly, Minister Oberg had made up his mind on cutting operating allowances and was uninterested in building a consensus for government reforms through consultation.73 Advocates were faced with an ideologically driven minister who believed that the government’s sweeping electoral victory in March 1997 was all the endorsement he needed for major changes in day care.
The second reason for the ineffectiveness of the 1998 protest was that the major lobby groups were simply not as powerful as they had once been. The AAYC was on a downward spiral and ceased to function in 1999. Dennis Maier’s assessment at the time was that the not-for-profit sector had “by and large been extinguished. They’re just tired, they’ve just run out of breath.” Maier also saw commercial operators as being in a weakened position when it came to fighting the government’s plans. When asked to assess the nature of commercial lobbying in 1998 compared to 1990, he stated: “A lot of the big players have gotten out of the business. They were in it because it was a business, because it was lucrative, and with some of the changes that were brought in under John Oldring there was a large turnover of operators and a lot of the big players simply got of the business because they saw the handwriting on the wall.”

Operating allowances were slashed on 1 April 1998 and eliminated entirely on 1 April 1999 (table A.6). But before the first decrease occurred, the provincial government backed away from its unpopular plan to further cut the overall day care budget. It promised instead to use all the money eliminated from operating allowances to enhance the low-income subsidy program. This indeed seems to have occurred, since overall spending on day care increased in each of the 1998–99 and 1999–2000 budget years despite the phasing out of operating allowances (table A.4).

Part of the credit for the increase in Alberta’s day care spending in the late 1990s goes to the federal government and the National Child Benefit (NCB), introduced on 1 July 1998. The NCB increased federal tax benefits for all low-income families but then allowed the provinces to claw back the increased benefits from families on welfare. The NCB was thus designed to increase the financial incentive for families to get off of welfare. Provinces were given the freedom to spend the money they saved through the clawback as they saw fit, as long as it was on programs for children.

Alberta’s initial reinvestments of the clawback included a $1.9 million addition to the day care subsidy program, effective 1 July 1998. On 1 April of that year, the province had increased the amount of the low-income subsidy and raised the income qualification levels (turning and break-even points) by an average of $3,000 after sharply reducing operating allowances. The NCB money allowed it to further increase the qualification levels by an average of $1,000. This infusion of federal money into the subsidy program came at an opportune time for the Alberta government since it took some of the sting out of opponents’ criticisms of the cuts to operating allowances.
Modest improvement to the subsidy system also accompanied the end of operating allowances in 1999. At that time, the province eliminated the requirement that all subsidized parents pay at least $40 per month, effectively increasing the size of subsidies by that amount. Furthermore, it increased the break-even points for partial subsidization although the turning points for full subsidization remained unchanged (table A.6).

At this point, the funding for day care in Alberta appeared to have reached its nadir in 1998 and would now consistently rise due to regular infusions of NCB money. But although the federal government did continue to increase funding for the NCB, between 1999 and 2004 the Alberta government decided against using any more of its share of the money to improve the low-income day care subsidy program (table A.6). This amounted to abandonment of those low-income families who made too much money to qualify for a substantial subsidy but who did not make enough money to afford regulated child care. Their only option was to cobble together an affordable child care alternative, invariably involving relatives or an unregulated babysitter. The Alberta government’s failure to improve the low-income day care subsidy program between 1999 and 2004 demonstrated a major problem with federal funding for children’s programs through the NCB. Provinces were given great latitude in determining priorities for funding and had no financial incentives to invest in regulated child care. This allowed the Klein government to intentionally avoid improvements in day care subsidization while at the same time trumpeting its commitment to low-income children. In contrast, however, the “Early Learning and Child Care” agreement signed by the federal and Alberta governments in 2005 resulted in significant improvements in the quality and accessibility of regulated child care.

The final operating allowances for day care spaces were paid for the month of March 1999. For almost nineteen years, the government of Alberta had used this program to lower the cost of licensed day care and thus promote this option over other types of child care, especially unregulated babysitters. The end of operating allowances meant that the government no longer identified regulated care as a favoured option for preschool children in Alberta, with the exception of children from low-income families who qualified for subsidies (since subsidies could only be used in a licensed day care or satellite FDH). The slow death of operating allowances was a significant element of the reprivatization of the care of young children in Alberta. As the provincial government withdrew from its previous funding commitments to regulated day care, families and markets were to fill the gap.
Beginning in the mid-1980s, deregulation and relaxations in standards worked together to place greater responsibility on Alberta parents to monitor the care of their preschool children. Deregulation moves previously regulated settings into the unregulated category, thus forcing families to assume full responsibility for monitoring that care. In contrast, when standards are relaxed in regulated settings, families are expected to take on greater responsibility but a formal monitoring procedure remains in place. Standards of care can be relaxed in two ways. First, the regulations can remain unchanged but the monitoring or enforcement of those regulations can be weakened. Second, a particular regulation can be formally weakened. Both types of relaxation in standards occurred in Alberta at the end of the twentieth century and are discussed below, as is the Klein government’s important decision in 1994 to entirely deregulate medium-sized FDHs.

Alberta’s political culture is defined by dominant myths about the province’s history in Canada and dominant beliefs about the role of individuals, families, private enterprise, and governments in that history. One such belief celebrates private responsibility in all matters (including child care) and condemns government programs as “interference” in people’s lives. In the 1960s and 1970s, commercial day care owners invoked this belief to promote free enterprise and lax government regulation in day care. Beginning in the 1980s, pro-family organizations have invoked this belief when demanding that the Alberta government reduce support for day care programs and do more to enable families (especially mothers) to care for preschool children.

It is important to realize that the belief in private responsibility is widely and passionately held in Alberta society, which is why pro-family and free enterprise groups have found fertile ground in the province. Evidence of this belief is found in the documented investigation of an unlicensed FDH in the central Alberta town of Blackfalds in 1983. The investigation was initiated after the Tory MLA for the area received a complaint from a woman who intermittently left her child at the day home and was disturbed that the operator occasionally looked after as many as eight children. At that time, a home-based service had to be licensed as a day home if it cared for four to six children and as a day care if it cared for seven or more children.

An inspector visited the day home and the operator indicated a willingness to apply for a license to operate as an FDH. However, one of her clients (a public
health nurse, of all occupations) advised against making the application. In a letter to FSS Minister Neil Webber, she and her husband argued:

We have recently come across a situation where the government is interfering in our personal lives.... We believe we are mature, caring parents and are capable of deciding—without government controls—on a home and babysitter best suited for our child.... We resent the interference of “government” particularly in the situation of people deciding to care for children in their homes, and in our choice, as parents, in choosing such situations. We do not approve of sending “inspectors” into these homes ... and checking what we believe are minor, insignificant things. This, we feel, is a waste of taxpayer money.78

Given this sentiment among the public, it is hardly surprising that later in the 1980s (during Connie Osterman’s term as minister), the government committed itself to enhancing “parental responsibility and involvement in selecting and monitoring their child’s care” (see the previous section). The first step in this process was the publication “Choosing a Day Care Centre: A Guide for Parents.” It included a twenty-two-page checklist that parents were encouraged to fill out when they visited a centre. The checklist detailed hundreds of discrete characteristics and behaviours that parents were to observe. An obvious problem with the checklist was that it would take hours of observation to fill out properly—hours that most parents either do not have or are unwilling to commit. A second problem concerned the appropriateness of the checklist approach itself for the evaluation of the quality of care in a centre. Wendy Reid provided an example of this problem from her own in-depth observations in Calgary day cares. One of the items in the checklist was “Look for day care staff who smile and talk to infants they are changing or dressing.” Reid had been in a centre where a day care worker had been doing just this, and a parent would have been justified in ticking that box on the checklist. At the same time this was happening, however, another infant was left unattended in a high chair for forty-five minutes without any attention whatsoever. Wendy Reid was only able to identify this problem because of extended observation in the centre that looked at the overall pattern of care of all children in a group rather than discrete activities with particular children; only a trained child care professional could carry out such observation effectively.79

Until 1996 parental use of the government’s checklist had been voluntary. In that year, however, the Klein government began to enforce parental responsibility
for inspecting a day care prior to the enrolment of a child. This was done through the use of a one-page form that acknowledged a parent had reviewed six aspects of the day care (e.g., program of daily activities). The parent had to sign the form along with the operator or director of the centre, and a copy of the form was placed in the child’s file. The acting executive director of the Edmonton Social Planning Council, Christopher Smith, portrayed this checklist “as another example of our provincial government trying to download its responsibilities onto communities without providing the resources necessary to cope.” It is interesting that when parents chose not to complete and sign the checklist, they were still expected to sign the form, acknowledging that they had been given the means and opportunity to review the centre.80

The mandatory parent checklist exemplifies one of the ways that the Klein government constituted a decisive break with previous provincial Tory governments. Parental responsibility had been an integral part of provincial day care policy for many years before Ralph Klein became premier in late 1992. Nevertheless, until Klein’s regime, this did not mean the withdrawal of government from day care in favour of families but rather an active role for government in supporting families and dealing with issues that most families found difficult—a model for active collaboration between families and government. In contrast, the Klein government quickly defined parental responsibility as a preferred alternative to government responsibility and sought to download some of its duties in day care to families regardless of whether those families were prepared to assume such duties. Hence, the Klein government’s approach to family responsibility had a neo-liberal sink-or-swim thrust. This stood in sharp contrast to the traditional Tory paternalism associated with the pro-family rhetoric of the Getty years.

The mandatory parent checklist was introduced approximately eighteen months after Alberta’s ombudsman had released a report that was highly critical of the ways that provincial licensing officers investigated complaints about day cares. The Klein government was committed to reducing expenditures through reprivatization, so instead of following up on the ombudsman’s findings by strengthening government’s enforcement role, it formalized parental responsibility. The mandatory checklist was the government’s way of acknowledging that standards had been relaxed because of weak inspection procedures; it communicated to parents the caveat emptor situation in day care.

The ombudsman’s report, released in 1994, demonstrated that the government was not committed to the thorough investigation of complaints about day cares. It considered all 737 complaints that were made against day cares in 1993.
It is noteworthy that 25 percent of these complaints came from staff or ex-staff of day cares and fully 90 percent of the complaints involved commercial centres (Alberta Office of the Ombudsman 1994, 21–22). The ombudsman’s office found that “the gathering of evidence was erratic. Statements were rarely taken, and either none or not all witnesses were interviewed” (26). Furthermore, many complaints were not investigated immediately and 35 percent of the complaint files had been closed before they had reached a definitive conclusion. In light of these findings, it is not surprising that those who had complained about a day care were generally dissatisfied (29, 33, 38).

These inadequacies were a product of shortsighted funding decisions made in the 1980s. In 1981 the Alberta government had placed day care licensing and program consultation in one administrative unit (the Day Care Branch). It boasted that “when the 27 proposed staff positions are filled, Alberta will have the largest staff support service in Canada.” Significantly, the plan included an almost equal number of consultants and licensing inspectors in the new branch: consultants would work collaboratively with day cares to improve programming while licensing inspectors would conduct routine regulatory inspections and investigate complaints. Due to funding cutbacks, however, this neat division of responsibilities was abandoned shortly after it was introduced. For instance, in 1986 there were no consultants employed in the Calgary region. This meant that the four licensing inspectors in the region had to combine the licensing and consultant roles (Bagley 1986, 39–40). This situation persisted in the early 1990s. The problems identified in the ombudsman’s review of complaints in 1993 stemmed largely from the same civil servants having to fill multiple, contradictory roles (25).

The ombudsman, former Calgary police superintendent Harley Johnson, had initiated this review in late December 1993 on his own accord (Alberta Office of the Ombudsman 1994, 4). Although this was within his statutory power, it was treated as an antagonistic action by the Klein government. One Tory MLA suggested that Harley Johnson had launched the review to get back at the government after a legislature committee had recommended a 20 percent cut in his office’s budget. A second Tory MLA remarked, “Government must proceed cautiously on regulatory and legislative changes” because Albertans are “cautioning against interfering in the relationship between business and customers.” Minister Mike Cardinal said he would “consider” the fifty-six recommendations made by the ombudsman but emphasized, “I didn’t ask for this report, he went ahead on his own.”

224 Alberta’s Day Care Controversy
Beginning in the 1980s and carrying through into the 1990s, some standards of care were also relaxed through formal changes in regulations. An early example concerned the calculation of “usable floor space.” The Day Care Regulation of 1978 had stipulated that “every room or areas used for playing, resting or sleeping shall have a net floor area of not less than 2.5 square metres per child” (Alberta 1978, sec. 9.2). The Day Care Regulation of 1981 abandoned looking at net floor area on a room-by-room basis, and instead specified that the total floor area be no less than 2.5 square metres per child (Alberta 1981, sec. 7[c]). This relaxation of a standard was accompanied by a promise of an increase in the standard: on 1 August 1982, the minimum required area per child was set to increase to three square metres (sec. 7[f]). The effect of this increase in required indoor floor space was muted by a 1982 amendment that added the floor area of hallways and 50 percent of the floor area of washrooms into the calculation of overall net floor area (Alberta 1982). This sudden change in direction is another indication of the strong influence of commercial operators on policy during Bob Bogle’s tenure as minister.

The new Day Care Regulation introduced in 1990 reversed direction again when it defined net floor area as “floor space that is appropriate for use by children when playing, resting, sleeping and eating” (Alberta 1991, sec. 11.2[a]). This excluded hallways and washrooms from the calculation. As a final concession to the commercial sector, day cares that were licensed by 30 November 1990 could include “unencumbered hallway space” in net floor area but not any washroom space (sec. 11.3).

The floor-space issue suggests that debates about the lowering or raising of standards in the 1980s were relatively fluid. Commercial operators did have the ear of government on the issue of indoor floor space, but so did civil servants and non-profit advocates. Therefore, rather than a clear and steady trend toward lower standards in these years, we see only controversy and ambiguity about what direction to take. The fact that civil servants convinced the provincial government to introduce a staff qualification system in 1990 is perhaps the best evidence that the pre-1993 Tory governments approached the question of formal standards in a pragmatic rather than an ideological manner.

In the mid-1990s, the Klein government conducted a “government-wide Regulatory Review.” Following this review, amendments to the Day Care Regulation were put in place in February 1998. The one significant amendment increased the number of children that a single staff member could look after at the beginning and end of days: the previous maximum of three was increased to
Alberta’s Day Care Controversy

six, so long as none of the children was under nineteen months of age (Alberta 1998, sec. 17). Representatives of both provincial opposition parties criticized this regulatory change on the grounds that it put children at risk.84

As noted above, in the 1980s and early 1990s, there was no clear direction to the formal changes in day care standards, with some standards being relaxed while others were strengthened. Formal standards were viewed pragmatically by the provincial government and were revised in light of the input from many different groups. In contrast, from 1993 onwards, the neo-liberal Klein government presented lowered standards as a political imperative in day care, with parents expected to do more of the work of monitoring. Nevertheless, the formal changes made by the Klein government were modest in scope, undoubtedly because it came to understand that the wholesale gutting of standards would result in the same sort of political firestorms that had bedevilled Tory governments prior to the early 1980s. The Klein government instead pursued the repprivatization of child care by deregulating independent FDHS, reducing funding to regulated services and using tax policy to encourage care of young children by stay-at-home parents.

Almost immediately after winning the provincial election of 15 June 1993, the Klein government embarked on a “government-wide program for deregulation.” All departments were instructed to complete an action plan by 1 September 1993 that would identify opportunities to “reduce government cost; accelerate decision making; and, to increase the effectiveness of the interface with the public.” The Department of FSS hired a private consulting firm to survey day cares and advocacy organizations for ideas about cost cutting and deregulation. The survey was distributed in the middle of the summer and had a very short time for response, suggesting that it was more of a token consultation that a serious effort to canvass the views of the day care community.85

The AAYC’s reply expressed some “grave reservations” about the possibility of deregulation of day care. It pointedly argued:

The legislation which was originally introduced in the 1970s has done much to provide a guidepost for minimum standards. Although it does not address the issues of quality care, it ensures that the basic health and safety standards are met. Children are too vulnerable to not have this legislation in place.86

News of this consultation exercise on deregulation in day care did not appear in the Edmonton Journal until early November 1993. Minister Cardinal’s
comments at that time indicated that the deregulation of day homes was high on the government’s list of priorities. He claimed to have heard from “many parents" who desired complete deregulation of FDHs. “We could allow parents to make that decision themselves to use private homes if they want without regulation," he said. “I’m looking at that. I have to give credit to parents. They’ll make the choice.”

Prior to 1 December 1994, anyone who provided day care to more than three children in a private residence in Alberta was required to be licensed as long the caregiving relationship extended for at least twelve consecutive weeks (i.e., arrangements to cover school holidays were excluded). If the operator cared for four to six children, she was required to apply for a license for an FDH and had to meet some elementary safety standards specified in the Day Care Regulation. In contrast, if the operator cared for seven or more children, she was required to follow the much more stringent regulations for a day care. As of 1 December 1994, ongoing day care for seven or more children in a private residence still required licensing as a day care centre. However, the government deregulated mid-sized FDHs almost entirely (Alberta 1994): the only regulatory restriction on this sector was that no more than three children under the age of two years could be enrolled.

Understandably, this development was greeted with consternation by advocates for licensed services. Upon learning of the government’s intention, the Edmonton chair of the DCSA, Carolyn Lister, commented, “It’s stunning, frightening news. We’re taking huge steps backward in child care in this province.” Lister expressed reservations about the ability of a single caregiver to look after six young children in a crisis, but her main concern was that the capacity of the unlicensed babysitting sector would now increase, thus causing a reduction of the cost of that service and putting greater competitive pressure on licensed services. At the time, approximately one-third of the licensed day care spaces in the province were vacant. “This is a money issue for me,” said Lister. “I’m worried that we’re going to lose children to babysitters.”

It must be remembered that this deregulation initiative only affected FDHs that operated independently, not those that were affiliated with and monitored by an approved agency. As noted earlier in this section, satellite FDHs were restricted to looking after no more than three children under three years of age, of whom no more than two could be under two years of age. Consequently, the deregulation of independent FDHs in 1994 created a disturbing regulatory disparity, as noted by the chair of the Alberta Association for Family Day Home
Services. In a letter to the editor, Wendy Yewman commented, “It is hard to understand a proposal that allows unregulated babysitters to care for twice as many children under the age of three as family day home providers in the regulated sector, who are screened, certified in first aid, monitored regularly (both scheduled and unannounced) to government standards, and offered training and support.”

As part of a significant overhaul of provincial tax policy, Provincial Treasurer Stockwell Day (a social-conservative supporter of the pro-family movement) introduced three significant modifications in Alberta tax policy in the late 1990s that affected families with children. The first was a refundable child tax credit introduced in 1997 that complemented the national child tax benefit paid to low- and middle-income families. On 1 July 1998, the maximum credit was raised to $500 per child with a maximum of $1,000 per family. In 2003, 160,000 families received an average of $500 from this measure: this was a very modest credit that could not play a decisive role in most families’ decisions about child care. However, by dispersing this money in relatively small amounts to 160,000 families rather than investing it in the regulated child care system, the Alberta government encouraged families to find their own private solutions to child care needs.

The other two significant changes to Alberta’s tax policy were proposed by the Alberta Tax Review Committee (ATRC), which was struck in February 1998 and reported in October of that year. One of the issues addressed by the committee was tax differences between one- and two-income families. The ATRC received many submissions from the pro-family movement on this issue and offered quotes from both the Kids First newsletter and the National Foundation for Family Research and Education in its final report, which stated, “The majority of submissions on this issue argued that the tax system should remove the current differences and recognize the benefits of having one parent stay at home to care for their children” (1998, 20–21).

This is an issue where a superficial notion of equality leads to one conclusion while a more considered analysis leads in an entirely different policy direction. The superficial notion of equality argues that a single-income family with $60,000 total income should end up with the same after-tax income as the two-income family with $60,000 total income. In its final report, the ATRC reported that in 1998 the two-income family with $60,000 total income and $5,000 in deductible payments for child care would have ended up with $46,569 after taxes compared to only $42,313 for the one-income family that also had $60,000 total income but no payments for child care that could be deducted from income.
The basic assumption in this argument is that the two families are equal for the purpose of tax analysis simply because they have the same total income. This is an untenable assumption, however. The one-income family with $60,000 in income is clearly more privileged than the two-income family with the same income because the one-income family has the ability to significantly increase its total income if the second adult entered the paid labour force. Put differently, in order to generate its $60,000, the two-income family must engage in many activities and incur many expenses that the one-income family does not. Therefore, the meaningful income measure for comparisons between the two families is discretionary income, not after-tax income. The ATRC learned from civil servants that “working couples paying for child care already have less discretionary income than one earner couples” (and this was before any changes to the provincial tax system!). The committee was at least honest enough in its final report to note that, in its hypothetical example, the two-income family's $4,256 advantage in after-tax income turned into a $744 disadvantage once child care fees were paid (Alberta Tax Review Committee 1998, 20). However, it did not attempt to quantify how other additional expenses associated with having a second person in the labour force (extra transportation, better clothes, purchase of more restaurant meals and other household services, etc.) would extend that disadvantage in discretionary income. Neither did it attempt to quantify the economic costs (in lost productivity and the recruitment and training of new staff) when highly trained mothers (and sometimes fathers) withdraw from the labour force for extended periods of time in order to be stay-at-home parents.

The ATRC chose to shift advantage in the provincial tax system toward one-income families by recommending that the amount of the spousal exemption be more than doubled and pegged at the same level as the personal tax exemption (1998, 2). The province accepted this recommendation and announced on 11 March 1999 that the spousal exemption would increase from $6,055 to $11,620 when a new provincial tax system was introduced in 2002 (later moved up to 2001). The interesting thing about this change is that it helped all single-income families, not just those with children, and can thus be seen as general support for the one-earner family rather than specific support for parents who stay at home to care for young children. The province avoided this issue since, as Edmonton Journal columnist Mark Lisac pointed out, “no one explained why the province would choose a permanent spousal deduction rather than a child tax credit that benefits one-earner couples only while they are raising children.”
The third significant change in provincial tax policy was a single rate of tax, initially proposed to be 11 percent and later lowered to 10 percent. The new single rate of tax was of greatest benefit to taxpayers with higher incomes. In 1998 the ATRC reported that with an 11 percent single rate and the changes in personal and spousal exemptions noted above, Albertans earning over $100,000 would realize 29 percent of the total provincial tax reduction even though they only controlled 18 percent of the total income (4). The new tax system also increased the exemption levels for paying taxes, a change that benefitted lower-income taxpayers.

Although both the poor and the privileged gained relative advantage from the new tax system, middle-income Albertans were disadvantaged. The disadvantage was pronounced for middle-income, two-earner families and middle-income singles, neither of whom qualified for the generous spousal exemption.

Each of these three changes to Alberta’s taxation system removed money from the hands of the provincial government (money that could have been used for discretionary spending on day care or any other provincial program) and redistributed it to individuals and families. Therefore, these taxation measures amounted to a subtle form of reprivatization. Funding for regulated child care services remained in place, albeit significantly diminished compared to its high point in the late 1980s (see the inflation-adjusted figures in table A.5). But the new taxation measures encouraged parents to find private solutions for their child care needs rather than access the regulated day care system.

For middle-income, two-earner families with children in day care, tax savings were largely negated by the cancellation of operating allowances in 1999. Even more than in the 1980s and 1990s, these families were forced to look at lower-cost options when it came to child care. This is a classic example of a tax cut failing to provide a net benefit for the middle class because the cost of services increases, thus forcing these families to either pay more for those services or look around for a cheaper alternative.

Finally, the provincial tax changes increased the disposable income for employed low-income families, but the increase was not sufficient to dramatically affect their decisions about child care. The maximum subsidy levels for day care in Alberta in the late 1990s pushed families toward cheaper, marginal-quality centres, and the tax savings were nowhere near enough to allow these families to pay extra so their children could attend higher-quality centres. Furthermore, many low-income families only qualified for a partial subsidy and thus found that it made sense to forego the subsidy and to secure care in an unlicensed day home. For low-income families as a group, public funding for high-quality day care became a luxury.
care services (such as existed under the PSS program in the 1960s and 1970s, and the municipal continuations of the PSS system into the 1990s) provided much greater benefits than the modest provincial tax savings introduced by the Klein government.

In conclusion, the new provincial tax system unveiled between 1997 and 1999 made a powerful contribution to the reprivatization of day care in Alberta, working in tandem with the reduction in funding to regulated services. Significantly, reprivatization increased the options among high-income families and some middle-income families, both of which already had some financial leeway in how to handle day care, and now they had more. But for the remaining families, reprivatization narrowed their universe of choices in day care and usually left them with undesirable options. Therefore, the partially reprivatized child care system constructed by the Klein government served to extend economic and social inequalities in the province rather than compensate for those inequalities. The lofty egalitarian goals of the PSS approach to day care were a distant and seemingly forgotten memory for the new generation of neo-liberal/social-conservative politicians.

STAFF QUALIFICATION REQUIREMENTS: A RAY OF HOPE?

At the end of the 1990s, Alberta’s day care system was in decline. The number of licensed day cares in the province had peaked in 1991 at 671 and had decreased by 20 percent to 538 by 1999 (table A.3). During this same period, the satellite FDH system expanded slightly (the annual average number of enrolled children increased by 254, or 4 percent), but this did not come close to compensating for the loss of almost seven thousand licensed day care spaces. Meanwhile, total provincial spending on regulated preschool child care had peaked in 1987 and by 1999 had declined by 29 percent after adjusting for inflation (table A.5).

This chapter has investigated some of the key changes in the late 1980s and 1990s that help us to understand the decline in Alberta’s day care system. From the standpoint of accessible, high-quality child care, the story of these years is fairly grim: the end of provincial operating allowances for day care spaces, the end to federal cost sharing of regulated child care for children from families with below average incomes, some deregulation and relaxation in the standards of care, growing political influence by pro-family groups, increasing emphasis on parental rather than societal responsibility for young children, and regressive
changes to the tax system that favour higher-income earners and couples where one partner is dependent on the other partner’s income.

Nevertheless, there appears to be a “good news” story for quality child care on an otherwise bleak political landscape: the 1990 introduction of staff qualification requirements in day care. What was the impact of this new regulation on day care in Alberta in the 1990s?

The staff training requirements of 1990 fell far short of what had been recommended by the ADCAC in 1981 (see chapter 5). Under their proposal, fully 50 percent of the staff of day cares would have been required to have a two-year diploma in ECE, while the 1990 regulation only required a centre’s director to have this level of training. Furthermore, the ADCAC proposed a minimum ratio of three staff with education certificates to one staff without such a certificate; the 1990 regulation exactly reversed the ratio, requiring a minimum ratio of one staff with an education certificate to three staff without.

Besides requiring centre directors to have an ECE diploma (a Level 3 qualification), the 1990 regulation required 25 percent of primary staff to have at least a one-year ECE certificate or equivalent (a Level 2 qualification). Furthermore, other primary staff were expected to have completed a fifty-hour orientation course (a Level 1 qualification). The requirements were phased in and did not fully apply to all day cares in the province until 1 September 1995 (Alberta 1991, sec. 32–34).

Alberta’s new staff qualification standards fell short of the standards in Ontario and British Columbia. In 1995 each of these provinces required at least one of the staff members working with a particular group of children to have advanced training in ECE (using Alberta’s terminology, Level 3 qualification was required in Ontario and Level 2 in British Columbia). Manitoba also had more stringent training standards, requiring two-thirds of day care staff to have advanced training compared to the 25 percent in Alberta; however, Manitoba counted completion of a competency-based assessment program as equivalent to a diploma in ECE. Among the other provinces, the standards of Quebec and Nova Scotia were somewhat higher than Alberta’s, while the standards of the other four provinces were lower (CRRU 1997, 96–98).

If the new requirements for trained staff had been fully enforced, there would have been a significant tightening of the labour market for day care workers. As a consequence, average wage rates would have increased, particularly for workers with Level 2 or 3 qualifications, and it is likely that a number of day cares would have been forced to close since they were not generating enough revenue.
to cover increased wage costs. However, the provincial government prevented this from happening by granting staff-qualification exemptions to day cares.

In early 1995, there were approximately 6,200 staff in the 630 or so day cares across the province. At that time, there were 1,030 total staff exemptions (17 percent of all staff), and 434 day cares had at least one exemption. An exemption for a particular level was granted on the condition that an individual was working toward completing the requirements for that level.95

Level 1 exemptions ensure that day cares can continue to hire untrained staff on the spot at very low wages. The number of Level 1 exemptions was initially very high since existing staff were given exemptions until they completed the fifty-hour orientation course. In December 1993 there were 670 Level 1 exemptions across the province. This had fallen to 360 by February 1995 but had risen to 442 by December 1996, demonstrating that day cares continued to have the latitude to hire completely untrained workers. It is therefore not surprising that the average wage rate of “assistant teachers” in Alberta day cares in 1998 was only $7.90 per hour, ranked ninth of the twelve provinces and territories (CRRU 2000, 115).

Levels 2 and 3 staff have considerably more training than Level 1 and are thus crucial to ensuring the quality of care in Alberta day cares. In December 1996 there were 172 Level 3 exemptions and 673 Level 2 exemptions. Level 2 exemptions are particularly problematic since they are granted to any worker with the Level 1 orientation course who is enrolled in a course leading toward Level 2 and they are renewed indefinitely as long as courses continue to be taken. In a 1995 interview, the director of day care staff qualifications for the province, Pauline Desjardins, indicated that she was particularly concerned about day cares with a “revolving door turnover of staff with one Level 2 exemption replacing another Level 2 exemption over and over.”

The widespread use of staff qualification exemptions undermined the market power of trained day care workers, thus suppressing their pay levels. Consequently, the wages of trained employees in Alberta day cares were far below national averages in 1998. For example, teacher directors in Alberta earned an average of $9.90 per hour, compared to the national average of $14.54, and only Newfoundland and New Brunswick had lower average rates of pay for teacher directors (CRRU 2000, 115). Indeed, low wages and qualification exemptions were joined in a vicious circle since low wages encouraged trained workers to leave the field, thus making it necessary for day cares to apply for additional Level 2 and 3 exemptions, which in turn put further downward pressure on
wages. Exemptions allowed day cares to skirt the staff qualification regulation and meant that the original intent of the regulation—to guarantee that every licensed day care has a core of staff with advanced training in ECE—was never realized in the 1990s.

As staff qualification requirements became established in Alberta in the 1990s, the DCSA continued to operate the Early Childhood Academy (ECA) as a private vocational school. In 1995 the ECA offered a program that qualified graduates for Level 2 certification and was attempting to get the province to approve an additional program that would qualify graduates for Level 3 certification. Pauline Desjardins noted that civil servants found it difficult to get the ECA to adopt a curriculum that met the standards established by the public colleges. She also stated that there was a strained relationship between the ECE programs in public colleges and private training programs such as the ECA. The public colleges refused to recognize the ECA Level 2 training program as equivalent to the first year of a two-year ECE diploma program even though the province’s staff qualification bureaucrats had effectively granted equivalency. As a consequence, when a graduate of the ECA’s Level 2 training program wished to pursue Level 3 certification at a community college, she did not receive any credit for her work at the ECA.

Commercial operators associated with the DCSA had vigorously pursued the establishment of their own staff training program in the 1980s. If day care had remained as lucrative an investment in the 1990s as it had been in the 1980s, and if the labour force needs of commercial day care had continued to expand, it is likely that the DCSA would have continued to directly sponsor the ECA. However, with the decline in the size and profitability of commercial day care in the 1990s and with the ready availability of qualification exemptions, the DCSA saw things differently at the end of the 1990s. The ECA ceased to operate and its programs were turned over to The Career College, the “longest standing private vocational college in Alberta.” It was part of the IBS (International Business Schools) Group of Colleges and in 2001 offered training programs in both Edmonton and Calgary that led to Levels 2 and 3 certification.

“The difference between Mount Royal and The Career College,” stated DCSA president Traudi Kelm in 2002, “is predominantly that The Career College has more immigrant students that wouldn’t necessarily be successful at Mount Royal College.” At that time, The Career College advertised its ECE program as “a practical approach to child care learning through lectures, small group discussions, demonstrating, observations and Audio/Visual.” Alberta’s Career Colleges were renamed CDI College Campuses after the IBS Group was purchased by CDI.
Educational Corporation in 2001. The made-in-Alberta ECE program developed by the ECA did not readily fit into CDI’s national curriculum, which was divided into the areas of business, technology, and health care. However, the Level 2 and Level 3 ECE programs continued to be offered in 2009 as part of the CDI’s School of Health Care.96

The establishment of the ECA as a private vocational alternative to Alberta’s public college programs in ECE was one of the first major thrusts of privatization in the early 1980s. The availability of the ECA’s “practical approach to child care” through CDI College some thirty years later is a significant long-term success for the DCSA. It means that day care owners do not necessarily have to hire staff trained at public colleges for Level 2 and 3 positions. Furthermore, the exemption system meant that an employee of a commercial centre in the 1990s could qualify for a Level 2 exemption as long as she was enrolled as a part-time student in a course offered by CDI College. The consequence was that some employees with Level 2 or Level 3 certificates (or with Level 2 or Level 3 exemptions) did not have the breadth and depth of knowledge of ECE that is obtained through programs at public colleges. This is yet another way in which the intent of the staff-qualification regulation to improve the quality of day care was somewhat undermined in its practical implementation in the 1990s.

In conclusion, the staff-qualification regulation was introduced at a particularly difficult time for day care in Alberta; as a result, it did not have the uniformly positive impact on the quality of care in the 1990s as it would have had in propitious circumstances. Nevertheless, the logic of the new regulation ran counter to the provincial government’s policies of cutbacks, deregulation, and reprivatization in day care and thus served to highlight the limitations of this approach. Staff-qualification requirements were a ray of hope because they posed administrative problems that could then be politicized by the proponents of quality child care.