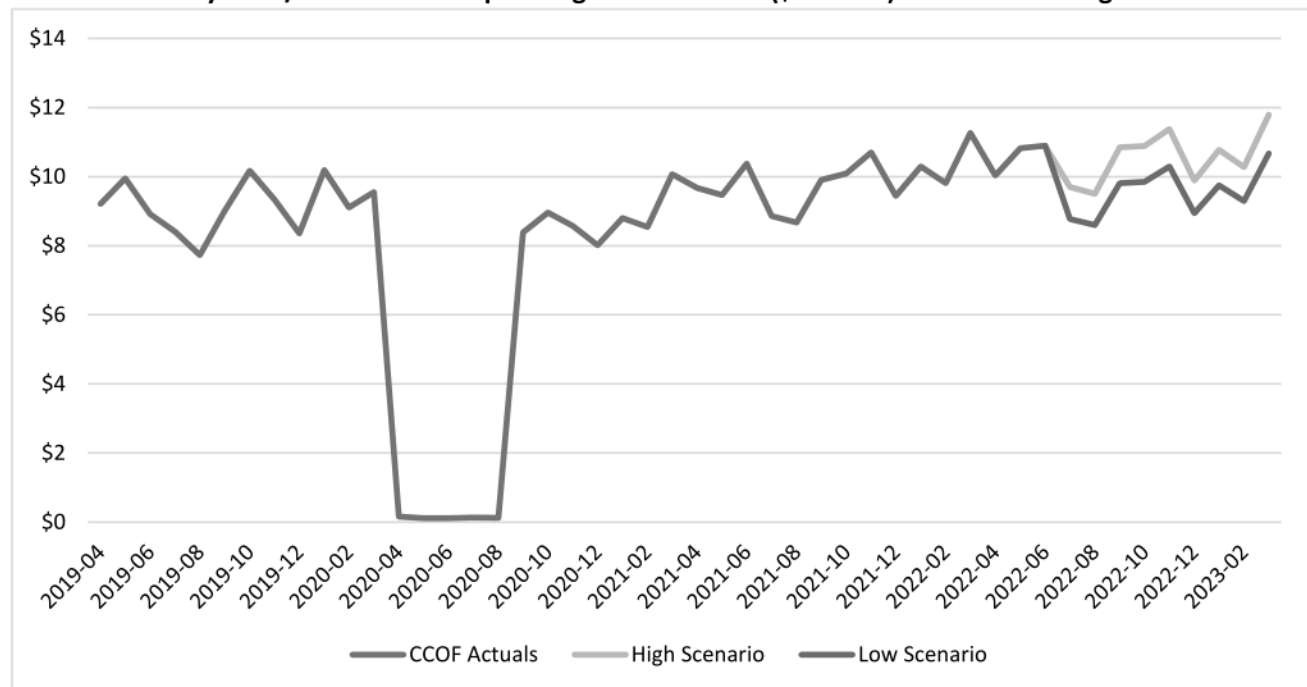


## 2022/23 Child Care Operating Funding (CCOF) Expenditure Forecast

### Q2 2022/23

Updated 26 July 2022

**Chart 1: Monthly 2022/23 Child Care Operating Fund Forecast (\$ Million) with Low and High Scenario**



Source: Child Care Operating Funding (CCOF) system as at 25 Jul 2022. Expenditure may increase due to late claims.

- CCOF actuals in the 2020/21 period do not include CCOF payments made to Temporary Emergency Funding (TEF) facilities during the period (Apr to Aug 2020) that the TEF program was active as these expenditures were captured in the TEF expenditures. For example, \$4.8m out of the \$4.9m expenditure captured in the CCOF system was later moved to TEF expenditure manually.

**Table 1: Monthly 2022/23 Child Care Operating Funding Expenditure Forecast (\$ Million) with Low and High Scenario**

	Month	Low Scenario	High Scenario
Actuals	Apr-22	\$10.0	
	May-22	\$10.8	
	Jun-22	\$10.9	
Forecast	Jul-22	\$8.8	\$9.7
	Aug-22	\$8.6	\$9.5
	Sep-22	\$9.8	\$10.8
	Oct-22	\$9.8	\$10.9
	Nov-22	\$10.3	\$11.4
	Dec-22	\$8.9	\$9.9
	Jan-23	\$9.8	\$10.8
	Feb-23	\$9.3	\$10.3
	Mar-23	\$10.7	\$11.8
	<b>Total</b>	<b>\$117.7</b>	<b>\$126.7</b>

**Table 2: Child Care Operating Fund Actuals and Forecast (\$ Million), 2019/20 to 2024/25**

Fiscal Year	Expenditure	Monthly Average CCOF Spaces	Monthly Average Government Funded Spaces <sup>1</sup>
2019/20	\$109.9	118,472	120,927
2020/21	\$62.0	123,275	125,730
2021/22	\$118.5	129,267	132,172
2022/23 Low Scenario Forecast	\$117.7	132,400	141,500
2022/23 High Scenario Forecast	\$126.7	132,400	141,500
2023/24 Forecast	\$125.0	136,300	151,900
2024/25 Forecast	\$127.7	139,300	157,900

Notes:

1. Government Funded Spaces include those funded through the CCOF program as well as those funded through the \$10 a Day ChildcareBC initiative.
  2. 2020/21 actuals do not include \$4.86 million TEF payments.
- Forecast does not include In-Home Multi-Age or Multi-Age Child Care Licence for eight or fewer children in the licensee's personal residence which is tracked separately and is not part of the CCOF system. In the first three months of fiscal year 2022/23 there were \$0.23 m in payments for In-Home Multi-Age or Multi-Age child care.

### Assumptions for the Forecast:

- Several key economic indicators show that B.C.'s economy has either recovered to pre-pandemic levels or exceeded pre-pandemic levels. According to the [B.C. labour market update](#) produced by AEST, employment levels have exceeded pre-pandemic levels each month since June 2021. Compared with pre-pandemic levels, full-time employment grew for both women (7.8%+) and men (1.5%+). Both increased employment and increased full-time employment for women are expected to increase demand for child care. Unemployment declined to 4.5% which is described as "exceptionally tight". According to the Statistics Canada Canadian [Economic Dashboard and COVID-19](#), national GDP has exceeded pre-pandemic levels since Nov 2021. These factors would be likely to increase child care demand.

At the same time, the pandemic may have permanently changed the nature of employment. For example, almost a third (31%) of B.C. workers worked most of their hours at home in Mar 2022. The Consumer Price Index indicates inflation remains very high and the Bank of Canada has recently increased interest rates to temper inflation. There continues to be the possibility of future waves of illness as the COVID-19 virus continues to mutate. Additional waves of illness and the resulting PHO restrictions are more likely in the winter months between Nov to Feb. These factors would be likely to suppress child care demand.

To account for the uncertainty, a range of 95% to 105% of full recovery was used for the 2022/23 expenditure forecast. This is an upward revision from the 90% to 100% range used in 2021/22 which was based on the B.C. economic recovery plan which had full recovery to pre-pandemic levels as the goal for B.C.'s economy in 2021/22.

- For FY 2021/22, the \$10 a Day ChildCareBC Centres expanded by 4,015 spaces. In addition, spaces at existing sites will be increased by approximately 120 new spaces. For FY 2022/23 the federally funded \$10 a Day ChildCareBC Centres expansion of nearly 6,000 spaces is expected to be completed by December 2022. The assumed schedule for these additional spaces is split evenly between October, November, and December.
- The increase in spaces in 2022/23 is forecasted to be 2.3%. The increase in spaces is mostly driven by New Space Fund spaces scheduled to become operational this year. If \$10 a Day ChildCareBC Centres spaces move earlier than anticipated this number will be revised down.
- New CCOF spaces are assumed to follow a similar license type distribution to existing CCOF spaces. Changes in government policy regarding space creation and affordability funding may have future effects that are not captured in this forecast. Impacts of Year 5-7 pathway costing initiatives are not included in the out-year forecasts.

### **Changes from Previous Forecast**

- Quarter 1 actuals came in at \$31.8m, which is within the range provided in the previous forecast of \$29.4m to \$32.5m. This tightens the high and low scenarios for the fiscal year moving forward.
- Previous NSF and Start-Up Grant projections had about 12,000 spaces becoming operational in 2022/23, this has been revised down to 10,800. Most of the difference has been moved to 2023/24 and 2023/24.
- Previous \$10 a Day ChildCareBC projections had all spaces moving in December, this has been changed to assuming equal amounts moving in October, November, and December. This means the spaces will move out of CCOF earlier.