

Child Care Funding Update: Alberta—Year One (2021–22)

Implementation of the Canada-Wide Early Learning and Child Care Agreements

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A Cardus Research Brief

Introduction

Canada's federal budget for 2021 included a \$27 billion commitment to establish a \$10-a-day childcare program within five years. Combined with additional funding, a total of \$30 billion was committed in years one through five, with a projected annual cost of at least \$9.2 billion in year five and later. The federal government then entered into negotiations with each province and territory (negotiating a unique asymmetrical agreement with Quebec, which had a program already) to jointly determine the funding and goals. These negotiations resulted in a "Canada-Wide Early Learning and Child Care Agreement" with each province and territory (which we refer to as "the Agreement" in this brief).

Cardus conducted its own costing estimate in 2021 prior to the release of the agreements, concluding that the federal government had underestimated the cost and complexity of implementing a national childcare program.¹ Cardus is now studying the funds spent and goals achieved in each province and territory annually. We will issue provincial and territorial reports for each year of the agreements as data become available.

¹ A. Mrozek, P.J. Mitchell, and B. Dijkema, "Look Before You Leap: The Real Costs and Complexities of National Daycare," Cardus, 2021, <https://www.cardus.ca/research/family/reports/look-before-you-leap>.

The Agreement with Alberta was signed on November 14, 2021.²

This brief presents the results for year one for Alberta (fiscal year 2021–22, which is April 1, 2021 to March 31, 2022).

Year-One Summary

Alberta was among the last provinces and territories to sign an agreement with the federal government, resulting in a short time period to achieve year-one targets. The province amended the Agreement in December 2022 to increase the carryover of unspent funds in fiscal year 2021–22 from 70 percent to 74.4 percent, illustrating the difficulty the province had in implementing the funded objectives.

The province successfully reduced parent fees to an average of 50 percent of 2019 fee levels, through affordability grants and by increasing the phase-out threshold of the childcare subsidy. Additional affordability funds were allocated toward a wage top-up, but these were unspent, as the province used provincial dollars instead in year one. In total, the province spent about \$88 million of the \$374 million allocated for affordability targets.

Alberta spent \$200,000 to fund 535 programs in the Inclusive Child Care program that includes professional development and on-site consultation, having targeted up to 800 programs. The province deferred an additional \$3.4 million in funding allocated to inclusion targets such as operating grants to support children from vulnerable and diverse populations.

Alberta also deferred \$4 million allocated for professional development until year two, citing the need for more time to develop training and suggesting that a shortage of early childhood educators accounted for lower enrollment in existing professional-development opportunities.

Alberta did not include an itemized breakdown of spending of funds allocated to administration, but did report funding a one-time transition grant for providers through the administration-funding allocation, at a cost of about \$15.6 million.

No Agreement funding was allocated for space creation in year one. This will be an important objective to observe in coming years. For-profit providers operate a majority of spaces in the province but have limited access to space-creation funding. Two amendments have been made to the Agreement to increase in the number of spaces that can be created with Agreement funds by for-profit providers. The federal government has a strong preference for funding non-profit and public providers. That the province and federal government agreed to amendments that increase the federal funding available to for-profit providers illustrates the significant role that for-profit providers have in the childcare ecosystem in Alberta.

Our Perspective on Childcare Policy

At Cardus, we recognize that families use diverse forms of childcare to meet their needs and desires. Care is often costly, whether provided in a licensed facility, by a provider in the child's home, or by a parent who forfeits earned income to care for their child. We propose policies that support parental preference across a diverse spectrum of care options.

² Government of Canada, "Canada-Alberta Canada-Wide Early Learning and Child Care Agreement—2021 to 2026," November 2021, <https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/alberta-canada-wide-2021.html>.

Agreement at a Glance

Term: April 1, 2021, to March 31, 2026.

Federal Funding Estimate

Table 1 displays the projected federal share of financial provisions for each year of the Agreement.

Major Targets

- Reduce parental fees by 50 percent of the average 2019 fee by the end of 2022, and to an average of \$10 a day by the end of year five.
- Create 42,500 spaces in not-for-profit, public, and family-care home providers.
- Create a For-Profit Expansion Plan.
- Increase the portion of early childhood educators (ECE) with level 2 and level 3 certification by 15 percent by the end of year five.

Table 1. Projected Federal Share of Financial Provisions to Alberta, by Year

Year	Projected Amount
One (2021-22)	\$402,795,729
Two (2022-23)	\$625,027,043
Three (2023-24)	\$773,940,643
Four (2024-25)	\$909,842,298
Five (2025-26)	\$1,085,559,873
Total	\$3,797,165,586

Note: These amounts are subject to annual adjustments for population change.

Source: Government of Canada, "Canada-Alberta Canada-Wide Early Learning and Child Care Agreement—2021 to 2026."

Pre-Agreement Baseline Measures

- Provincial childcare budget of \$408,749,000.³
- Average parent fee of \$44 a day in 2019.⁴
- Number of regulated spaces: 103,687 spaces (including home-based spaces that are not regulated to age-specific allocations), plus 15,512 preschool spaces, as of June 2021.⁵

³ Government of Alberta, "Children's Services Annual Report 2019–2020," August 2020, 55, <https://open.alberta.ca/dataset/2371-9168/resource/4ade2575-75c0-4977-bf9c-5b6824c131b7>.

⁴ Government of Alberta, "Canada-Alberta Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report 2021–2022," n.d., 2.

⁵ Government of Canada, "Canada-Alberta Canada-Wide Early Learning and Child Care Agreement—2021 to 2026."

Agreement Targets and Progress

The Canada-wide agreements share a similar structure, focusing on four priorities: affordability for parents, increasing access through space creation, making childcare more inclusive, and improving the quality of care.

Alberta provided a five-year action plan within the Agreement (2021–22 to 2025–26). The tables shown here summarize the commitments made, the year in which targets are to be achieved, and the federal funding allocated to the targets.

The tables also summarize the progress made toward the target and the funding spent on these efforts in year one. Unless otherwise noted, the results and spending shown are taken from the “Canada-Alberta Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report 2021–2022,” acquired through a Freedom of Information and Protection of Privacy request.

Affordability

The province met the affordability target of reducing parent fees to 50 percent of the average 2019 fee. Alberta spent just \$88,093,185 of the allocated \$374.7 million for this goal. Two factors may have contributed to the province significantly underspending the allotted funding amount. First, Alberta reported that fee reductions used both federal and provincial funding, meaning that the province may have subsidized this target and reduced the amount of federal funding used. Second, federal affordability funding was intended to support the early childhood educator wage top-up program, but the province reported using only provincial funds for this program.

Table 2. Affordability Commitments and Results, Alberta, 2021–22 and 2022–23

Commitments			Results	
Target	Timeline	Federal Funding	Progress	Federal Funding Spent
Reduce parent fees by an average of 50% of 2019 rates for up to 79,763 children through tiered subsidy	Year one (2021–22)	\$374.70 million	Fees reduced by an average of 50%, with 86,976 children receiving fee reductions through Affordability Grant funding. Fees for 46,200 children were further supplemented through the fee subsidy.	\$88.09 million
Reduce fees by 50% for up to 84,076 children through tiered subsidy	Year two (2022–23)	\$431.74 million		

Note: Federal funding for the ECE wage top-up was included in the Affordability allocation, though no CWELLCC funding was spend on the wage top-up in 2021–22.

Sources: Government of Canada, “Canada-Alberta Canada-Wide Early Learning and Child Care Agreement—2021 to 2026”; Government of Alberta, “Canada-Alberta Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report 2021–2022.”

Alberta achieved fee reductions through two programs. Affordability grants provided to operators reduced fees for about 86,976 children aged zero through to kindergarten who attended childcare during regular school hours. In addition to these reductions, the province used the childcare subsidy, reaching about 46,200 children. The subsidy is geared to income and was previously phased out at an annual household income of about \$90,000. The phase-out rate was increased to \$179,999 under the Agreement.

Accessibility

No federal funds were allocated to accessibility under the Agreement in year one.

It should be noted that the Agreement targets 42,500 new spaces among not-for-profit and public providers by year five. The Agreement also calls for the creation of 1,500 new spaces among for-profit providers, which were in process at the time the Agreement was signed. The Agreement was amended in April 2022 to increase the number of new for-profit spaces to receive funding, from 1,500 to 2,700. In addition to these spaces, 1,000 additional new spaces created in existing for-profit facilities could be subsidized through the Agreement funding but would not be eligible for specific space-creation funding.

Following the creation of a For-Profit Expansion Plan and a cost-control framework, a January 2023 amendment authorized funding for an additional 22,500 for-profit spaces, 6,000 of which could be created in year two. In total, a maximum of 26,200 for-profit spaces can be created with Agreement funding over the life of the five-year agreement.

Future Cardus briefs will examine the implementation of these amendments.

Table 3. Accessibility Commitments and Results, Alberta, 2021-22 and 2022-23

Commitments			Results	
Target	Timeline	Federal Funding	Progress	Federal Funding Spent
No target	Year one (2021-22)	\$0	N/A	\$0
Create up to 10,000 not-for-profit and public spaces, average \$5,000/space	Year two (2022-23)	\$50 million		
Create a maximum of 6,000 for-profit spaces under the Agreement Amendment 3	Year two (2022-23)	Unknown		

Note: 1,500 spaces previously planned to be created Year one (2021-22) apart from CWELCC agreement funding. 2,700 previously planned for-profit spaces could be eligible for federal funding. 42,500 new not-for-profit and public spaces to be created by 2025-26 with 80-90 percent in centre-based care.

Sources: Government of Canada, "Canada-Alberta Canada-Wide Early Learning and Child Care Agreement-2021 to 2026"; Government of Alberta, "Canada-Alberta Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report 2021-2022."

Inclusion

The province spent only a fraction of the funding allocated to inclusion in year one, deferring until year two \$3.4 million allocated for operational grants to support up to forty thousand children in vulnerable and diverse communities. The province had targets to support up to 800 programs per year support through the Inclusive Child Care program, actioning the allocated \$200,000 to support 535 programs.

Table 4. Inclusion Commitments and Results, Alberta, 2021-22 and 2022-23

Commitments			Results	
Target	Timeline	Federal Funding	Progress	Federal Funding Spent
Operation grants for 30% of children in Alberta who are part of a vulnerable or diverse population resulting in up to 40,000 children/year by 2026	Year one (2021-22)	\$3.4 million	Deferred	\$0
	Year two (2022-23)	\$13.75 million		
Expand the Inclusive Child Care model to serve up to 2,000 children and 800 programs per year	Year one (2021-22)	\$200,000	535 programs were supported through the Inclusive Child Care model	\$200,000
	Year two (2022-23)	\$21 million		

Sources: Government of Canada, "Canada-Alberta Canada-Wide Early Learning and Child Care Agreement-2021 to 2026"; Government of Alberta, "Canada-Alberta Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report 2021-2022."

Quality

Alberta initiated an ECE wage top-up program prior to signing the Agreement. According to the action plan, funding was allocated to the wage top-up program in year one under the affordability funding envelop. The province reported that no Agreement funding was used for the wage top-up in year one, using provincial dollars instead.

According to the action plan, \$4 million was allocated in year one toward two professional-development goals and toward increasing the number of level 2 and level 3 ECEs. A portion of the funding was to offset the cost to providers when staff pursue professional development, including costs to cover absences due to professional development training. No funding was spent, and the \$4 million was deferred until year two.

The province states that the funding was deferred to allow for more time to create professional-development training, and to grant more time for ECEs to enroll in training. Alberta reports that low enrollment in professional development could be a symptom of the reduction in the ECE workforce following the pandemic.

Childcare is not the only sector experiencing labour shortages, but these shortages could affect the ability to meet agreement targets other than quality measures, including space-creation targets. The province admits that it does not currently have the ability to track the progression of individual ECEs through the credential levels, which could inhibit the ability to measure the impact of the effectiveness of quality targets.

Table 5. Quality Commitments and Results, Alberta, 2021-22 and 2022-23

Commitments			Results	
Target	Timeline	Federal Funding	Progress	Federal Funding Spent
Wage top-up for 13,172 ECEs in year one (2021-22) and 13,884 ECEs in year two (2022-23)	Year one (2021-22)	Federal funding to be included under Affordability funding	Wage top-up funded by the province. CWELCC funding deferred.	\$0
	Year two (2022-23)			
Up to 3,000 programs each year to add curriculum statements to program plans	Year two (2022-23)	\$2 million	Deferred	\$0
3,952 ECEs complete professional development training courses in year one (2021-22), 4,165 ECEs in year two (2022-23)	Year one (2021-22)	\$4 million year one (2021-22) \$73.54 million year two (2022-23)	Year one (2021-22) deferred	\$0 in year one (2021-22)
Up to 3,000 child care programs per year complete training with staff time cost partially covered	Year one (2021-22), and year two (2022-23)			
Increase the number of ECEs with levels 2 and 3 certification by 15 percent – staff time costs partially covered	Year one (2021-22), and year two (2022-23)			

Sources: Government of Canada, “Canada-Alberta Canada-Wide Early Learning and Child Care Agreement-2021 to 2026”; Government of Alberta, “Canada-Alberta Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report 2021-2022.”

Administration

Alberta did not provide cost breakdowns for administrative funding, but it did report using the administration allocation to fund a one-time transition grant to providers at a total cost of \$15,659,804.

Table 6. Administration Commitments and Results, Alberta, 2021-22 and 2022-23

Commitments			Results	
Target	Timeline	Federal Funding	Progress	Federal Funding Spent
Human resources	Year one (2021-22)	\$6.56 million	Unknown	Unknown
	Year two (2022-23)	\$10.56 million		
IT and system enhancements	Year one (2021-22)	\$2.46 million	Unknown	Unknown
	Year two (2022-23)	\$3.96 million		
Audit, research and data	Year one (2021-22)	\$11.48 million	Unknown	Unknown
	Year two (2022-23)	\$18.48 million		

Note: In year one, the province provided a one-time transition grant to 1,453 childcare providers costing \$15,659,804, funded under the administration allocation.

Sources: Government of Canada, "Canada-Alberta Canada-Wide Early Learning and Child Care Agreement-2021 to 2026"; Government of Alberta, "Canada-Alberta Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report 2021-2022."

Legislative and Policy Changes

As noted above, three amendments have been made to the Agreement. While the amendments were signed after year one, amendment 2 has a retroactive implication for year one.

Amendment 2 increased the portion of funding eligible to be carried over from year one to year two, from 70 percent to 74.4 percent. This allowed the province to retain more of the unspent funding from the first year, as the province was able to action only about 25 percent of the first-year funding allocation.

Additional Observations

The federal government structured the agreements to favour not-for-profit and public providers. In Alberta, this resulted in efforts to expand childcare while limiting the growth of for-profit providers who operate the majority of licensed spaces in the province. For example, one childcare provider, Krystal Churcher, told the CBC that she cancelled plans to open a second centre after the

implementation of the Agreement, because the new centre would have been ineligible for funding.⁶ Other providers noted that they would lose the previous provincially funded wage top-up grants unless they joined the federal program.

These challenges illustrate the difficulties that arise from rapidly injecting large amounts of funding into the childcare ecosystem. Providers understood that the cost-control framework would have a significant impact on their future operations, but the framework was not introduced until the latter part of year two.

As in other provinces, Alberta has a shortage of qualified ECEs, which threatens the ability of the program to expand. According to one estimate by the YMCA, 20 percent of ECEs left the province or quit following the pandemic.⁷ Annalise Yuzda, vice president of childcare at the YMCA of Northern Alberta, stated that burnout was a significant contributing factor to the labour shortage. Additional targets in future years of the Agreement address workforce issues, but the challenge remains complex.

Having actioned only about 25 percent of the year-one federal funding allocation, the province will need to move aggressively to catch up to its stated targets. The federal government's preference for non-profit and public care poses a significant challenge in the Alberta childcare ecosystem, where for-profit providers account for the majority of licensed spaces. Two of the three amendments to the Agreement address caps on space creation in for-profit care, illustrating the tension between the federal government's preferences and the on-the-ground realities in Alberta.

⁶ J. Malbeuf, "Alberta Entrepreneurs Fear Increased Constraints under Grant Program for \$10-a-Day Child Care," *CBC News*, July 25, 2022, <https://www.cbc.ca/news/canada/edmonton/alberta-childcare-business-grant-province-government-1.6527743>.

⁷ J. Hamilton, "Local Child-Care Centres Ready to Accept More Children, but Problems Hiring Staff Preventing Growth," *Fort McMurray Today*, February 15, 2022, <https://fortmcmurraytoday.com/news/local-child-care-centres-ready-to-accept-more-children-but-problems-hiring-staff-preventing-growth>.



About Cardus Family

Cardus Family conducts, compiles, and disseminates research on family and marriage and their strengthening impact on civil society.


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