

# Child Care Funding Update: Prince Edward Island—Years One and Two (2021–22 and 2022–23)

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

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A Cardus Research Brief

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### 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.<sup>1</sup> Cardus is now studying the funds spent and goals

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

achieved in each province and territory annually. We will issue provincial and territorial reports covering each year of the Agreements as data become available.

The Agreement with Prince Edward Island was signed on July 27, 2021.<sup>2</sup>

This brief presents the results for years one and two for Prince Edward Island (fiscal years 2021–22 and 2022–23, which is April 1, 2021 to March 31, 2022, and April 1, 2022 to March 31, 2023).

## Summary

PEI was the fourth province to sign an Agreement with the federal government. The province successfully reduced parent fees twice in the first two years of the program, though it fell short of the target of a \$15-a-day average by December 2022.

The rapid reduction of parent fees increased demand. The provincial waitlist for licensed care more than doubled between the end of year one (2021–22) and the end of year two (2022–23), reaching 1,736 children. The expansion of the waitlist significantly outpaced the growth of 459 net new spaces over the first two years of the Agreement.

The province struggled to spend federal funds during the first two years, amending the Agreement twice to increase the portion of unspent funds that could be carried over from year to year. The year-one carry-over allocation was increased from 54 percent to 70 percent, while the year-two carry-over allocation was increased from 12 percent to 60 percent.

In addition to the two-year action plan found in annex 3 of the Agreement, the deal contains a one-year workforce funding agreement outlined in annex 1 totalling \$3,570,968. Other provinces and territories have workforce funding agreements as part of a separate bilateral agreement. PEI is unique in that the workforce agreement is included as an annex within the Agreement. For this reason, this report includes funds spent under both annexes for year one.

PEI's licensed childcare sector includes three categories of care, with additional options under some categories. The first category is Family Home Centres (FHCs) that are licensed to offer care in private homes. The second category is centre-based care and there are two options for this form of care. Early Childhood Centres provide care for infants through school-aged children. The second option is designated Early Years Centres (EYCs) that are publicly managed and commit to additional standards, and in return receive additional public funding. The third option is the universal, fifteen

### 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–Prince Edward Island Canada-Wide Early Learning and Child Care Agreement—2021 to 2026* (July 2021), <https://canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/prince-edward-island-canada-wide-2021>.

hour-per-week pre-kindergarten program for children between the ages of three and five. This service is provided in partnering centres and the parent fee is covered by the province. Parent fee reductions funded under the federal agreement apply to FHCs and EYCs.

PEI had a slow start in pursuing inclusion targets, spending just 10 percent of the year-one inclusion allocation and about 53 percent of the year-two allocation. By the end of year two, a Truth and Reconciliation document and an inclusion plan for marginalized communities remained incomplete.

The largest funding allocation in years one and two was directed toward improving quality. Funding was allocated to staff recruitment and retention, certification, and wages and compensation.

Finally, the province established twelve full-time-equivalent positions within the Department of Education and Lifelong Learning, filling three positions by the end of year one and the other nine positions in year two.

## 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 fees to an average of \$25 a day by the end of 2021 and to an average of \$15 a day by December 2022. Further reduce fees to \$10 a day by year five.
- Increase the number of regulated childcare spaces to 59 percent coverage for children under school age by 2025–26.
- Create 452 full-time-equivalent spaces by end of year two (2022–23).

**Table 1. Projected Federal Share of Financial Provisions to Prince Edward Island, by Year**

Year	Projected amount
One (2021–22) <sup>1</sup>	\$13,651,009
Two (2022–23)	\$19,759,696
Three (2023–24)	\$23,960,291
Four (2024–25)	\$27,667,255
Five (2025–26)	\$32,679,018
<b>Total</b>	<b>\$117,717,269</b>

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

<sup>1</sup> PEI received an additional \$3,570,968 in one-time Workforce Funding under annex 1 of the Agreement.

Source: Government of Canada, *Canada–Prince Edward Island Canada-Wide Early Learning and Child Care Agreement—2021 to 2026*.

## Pre-Agreement Baseline Measures

- Provincial childcare budget of \$19,614,500 (including autism funding) in 2019–20.<sup>3</sup>
- Average parent fees of \$27 to \$34 per day as of December 2021.<sup>4</sup>
- 3,968 full-time-equivalent spaces (or 4,050 total spaces) as of July 2021.<sup>5</sup>

## 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.

Prince Edward Island provided an action plan for the first two years of the Agreement (2021–22 and 2022–23). 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 years one and two. Unless otherwise noted, the results shown are taken from the *Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report for Fiscal Year 2021–2022*, the *Early Childhood Workforce Agreement Annual Report for Fiscal Year 2021–2022*, and the *Prince Edward Island Canada-Wide Early Learning and Child Care Progress Report 2022–2023*, acquired through Freedom of Information and Protection of Privacy requests. The province made the *Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report for Fiscal Year 2021–2022* publicly available after we received the document through the Freedom of Information request.

### Affordability

The province reduced parent fees in the publicly managed system to an average of \$25 a day by January 2022. The largest reductions were for infant spaces, which have the highest parent fees. The province further reduced fees to \$20 a day in October 2022, affecting 3,848 spaces in Early Years Centres (EYC) and Family Home Centres (FHCs). The action plan called for a further reduction to \$15 a day for spaces in EYC and FHCs by December 2022, but the province did not meet this target.

3 Department of Finance, *Prince Edward Island Estimates of Revenue and Expenditures 2019–2020* (2019), 49, [https://princeedwardisland.ca/sites/default/files/publications/estimates\\_2019.pdf](https://princeedwardisland.ca/sites/default/files/publications/estimates_2019.pdf).

4 Prince Edward Island Department of Education and Early Years, *Parent Fee Reduction Coming January 1*, press release (December 21, 2021), <https://princeedwardisland.ca/en/news/parent-fee-reductions-coming-january-1>.

5 *Canada–Prince Edward Island Canada-Wide Early Learning and Child Care Agreement—2021 to 2026*.

As part of the affordability strategy, the province offered operational grants to FHC operators. The province issued three of the targeted ten operational grants in year one at a cost of \$22,500, and eleven of the targeted 15 operational grants costing \$152,565 in year two.

The province encouraged Early Childhood Centres to seek EYC designation. EYCs commit to additional standards in return for increased funding. The province set a target of thirteen centres to receive bridge funding in year one to assist the transition to EYC designation. Of the \$741,000 allocated for bridge funding, the province spent \$172,703 on six centres in year one. The province allocated \$630,000 to support newly designated EYCs that had completed the transition process in year one. Of that allocation, \$158,238 was spent on two centres. Two additional centres were approved, but delayed receiving official EYC designation until year two. Additional centres received

**Table 2. Affordability Commitments and Results, Prince Edward Island, 2021-22 and 2022-23**

Commitments			Results	
Target	Timeline	Federal funding	Progress	Federal funding spent
Reduce fees to \$25/day	Year one (2021-22)	\$550,000	Reduced fees to \$25/day for spaces in Early Years Centres (EYCs) and Family Home Centres (FHCs) by January 2022	\$329,785
Reduce fees to \$20/day by October 2022	Year two (2022-23)	\$4,625,000	Reduced fee to \$20/day for 3,848 spaces in EYCs and FHCs	\$4,317,279
Reduce fees to \$15/day by December 2022	Year two (2022-23)		Did not meet target	
10 FHC Grants	Year one (2021-22)	\$75,000	3 grants distributed	\$22,500
15 FHC Grants	Year two (2022-23)	\$225,000	11 grants distributed	\$152,565
13 Bridge Funding Grants	Year one (2021-22)	\$741,000	6 grants distributed	\$172,703
8 Bridge Funding Grants	Year two (2022-23)	\$306,000	7 grants distributed	\$89,726
50 new spaces in EYCs	Year two (2022-23)	\$630,000	111 new EYC spaces authorized	\$212,180
Designate 4 centres as EYCs	Year one (2021-22)	\$630,000	2 centres received designation <sup>1</sup>	\$158,238
Designate 8 centres as EYCs	Year two (2022-23)	\$3,780,000	7 centres received designation	\$2,753,339

Note: <sup>1</sup> Two additional centres were approved under the Agreement in year one (2021-22) but delayed participation until year two (2022-23).

Sources: Government of Canada, *Canada-Prince Edward Island Canada-Wide Early Learning and Child Care Agreement—2021 to 2026*; Government of Prince Edward Island, *Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report for Fiscal Year 2021-2022*; Government of Prince Edward Island, *Prince Edward Island Canada Wide Early Learning and Child Care Progress Report 2022-2023*.



EYC designation through separate provincial funding not recorded here. In year two, seven centres received bridge funding, at a cost of \$89,726. The province targeted eight centres to receive full EYC designation in year two, with seven centres achieving this status, at a cost of \$2,753,339.

Finally, 111 new EYC spaces were authorized in year two, with new spaces becoming operational over two years. This exceeded the target of fifty new EYC spaces.

## **Accessibility**

The space creation targets within the action plan were set to measure full-time-equivalent designations. Under this method, a part-time space is counted as half a space. In year two, however, the province began counting every space, regardless of the number of hours the space is occupied, as one space. The province notes that this change in how spaces are counted creates a slight variance when enumerating past and present spaces.

When applying the year-two method to the first two years of the Agreement, it appears that the province reached its year one space-creation target and fell short of the year-two target. When contrasting the number of spaces at the time the Agreement was signed with the number of approved spaces (includes space not yet operational) by the end of year two (March 2023), the net gain in licensed capacity was an estimated 459 spaces.

The province reported that the growth in new spaces occurred primarily through the expansion within EYCs that could convert existing square footage into additional spaces, rather than through building new centres or expanding the footprint of existing centres. The province also increased licensed capacity by incentivizing unlicensed home daycares to convert to licensed FHCs.

The make-up of the childcare sector shifted during the first two years of the Agreement. As noted above, the province incentivized Early Childhood Centres to transition to EYCs, thus qualifying the operators to offer the reduced parent fee. The province also reported a decline in part-time preschool spaces, stating that demand was declining. Significantly subsidizing parent fees for full-time care likely contributed to the reduced demand.

The action plan allocated \$675,000 to capital grants for space expansion in new EYCs in year one. The province spent \$429,543 on the grants, of which \$46,353 went to FHCs. No new FHC spaces were created in year one. It is possible that the resulting upgrades and renovations led to new FHC spaces in year two. A portion of funds allocated to capital grants in year two was reallocated, leaving \$432,000, of which \$120,978 was spent.

The province allocated \$18,000 toward recruiting unlicensed home providers to join the licensed system. While the province reported holding information meetings and consultations, none of the interested parties completed the licensing process within year one. An additional \$45,000 was allocated for this purpose in year two, with seven FHCs completing the process, accounting for fifty-six spaces out of ninety targeted spaces.

Support for children with autism or special needs was included under the accessibility funding allocation. The province reported that it approved funding for a consultant, benefiting seven children, and spent \$16,194 of the \$250,000 allocation in year one. The province reallocated a portion of funds from capital grants to the Autism Grant and special-needs inclusion in year two.

**Table 3. Accessibility Commitments and Results, Prince Edward Island, 2021-22 and 2022-23**

Commitments			Results	
Target	Timeline	Federal funding	Progress	Federal funding spent
Capital grants contributing to space creation (280.5 full-time-equivalent)	Year one (2021-22)	\$675,000	286.5 full-time-equivalent spaces created under 3 initiatives (106 of those spaces were in designated Early Years Centres (EYCs))	\$429,543
Capital grants contributing to space creation (203 new spaces, previously counted as 171.5 full-time-equivalent) <sup>1</sup>	Year two (2022-23)	\$432,000 <sup>2</sup>	Family Home Centres (FHCs) account for \$117,503; EYCs account for \$3,475	\$120,978
FHC Licensing Incentive for 6 homes	Year one (2021-22)	\$18,000	No operators completed the process in year one	\$0
FHC Licensing Incentive for 90 spaces <sup>3</sup>	Year two (2022-23)	\$45,000	7 FHCs completed licensing, accounting for 56 spaces	\$21,000
Autism Grant	Year one (2021-22)	\$250,000	7 children supported above baseline number	\$16,194
	Year two (2022-23)	\$153,000 <sup>4</sup>	15 children supported above baseline number	\$94,282
Consultations with Alternative Hours Demonstration EYCs	Year two (2022-23)	\$300,000	External researcher hired	\$16,215
Special-needs inclusion <sup>5</sup>	Year one (2021-22)	\$200,000	49 additional children supported	\$214,910
	Year two (2022-23)	\$665,000	81 additional children supported	\$661,602

Notes: <sup>1</sup> Starting in year two, the province began counting a part-time space as one space and no longer uses the full-time-equivalent measure.

<sup>2</sup> \$750,000 was allocated in the action plan, but a portion of funds was reallocated.

<sup>3</sup> The 90 spaces under this target contribute to the total goal of 203 new spaces in year two.

<sup>4</sup> The Autism Grant and special-needs inclusion allocations in year two benefitted from a partial reallocation of funds from capital grants.

<sup>5</sup> Special-needs inclusion did not appear in year one of the action plan.

Sources: Government of Canada, *Canada-Prince Edward Island Canada-Wide Early Learning and Child Care Agreement—2021 to 2026*; Government of Prince Edward Island, *Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report for Fiscal Year 2021-2022*; Government of Prince Edward Island, *Prince Edward Island Canada Wide Early Learning and Child Care Progress Report 2022-2023*.

The province spent just over \$94,000 to support an additional fifteen children through the Autism Grant and an additional eighty-one children through special-needs inclusion funds in year two.

Although not recorded in the action plan for year one, the province reported allocating \$200,000 toward special-needs inclusion, spending nearly \$215,000 to assist forty-nine children through a special-needs inclusion program. A special-needs assistant was hired in the fourth quarter of year one.

Finally, the province hired an external researcher to study the provision of non-standard-hour care through the Alternative Hours Demonstration EYCs that receive funding to provide extended-hours care for parents that work non-standard hours such as evenings and weekends. The province spent \$16,215 of the \$300,000 allocation.

## Inclusion

Despite the high value placed on inclusion within the PEI childcare sector,<sup>6</sup> the province struggled to spend the inclusion allocations in the first two years of the Agreement.

The action plan allocated \$425,000 toward inclusion targets in year one. Of that sum, \$130,000 was allocated from annex 1 and the remaining \$295,000 from annex 3. The province reported that an additional \$47,000 was allocated from annex 1 toward the development of a Truth and Reconciliation document to accompany the Early Learning Framework curriculum, bringing the total inclusion allocation to \$472,000 in year one. Just \$45,200 was spent on inclusion targets in year one.

The Early Learning Framework curriculum was under revision, including the development of two companion documents incorporating principles of Truth and Reconciliation and francization. The action plan also included professional development for 450 Early Childhood Educators (ECEs). In year one, \$100,000 from annex 3 and the \$47,000 noted above from annex 1 were allocated to the task. The province spent just \$39,200 in year one, all from the annex 1 allocation, but indicated that the project would not be completed until June 2023 (year three).<sup>7</sup> At the conclusion of year two, the province reported no spending and that consultations were ongoing.

PEI deferred \$125,000 until year two for an inclusion plan to be created in partnership with marginalized communities. In year two, however, the province issued a request for proposals that received no response. The province then appointed a consultant to begin work on the plan. In year one, PEI spent \$6,000 on “a series of workshops for the sector focusing on anti-racism, recognizing and dismantling white privilege and unconscious bias, and illuminating how various marginalized identities (gender, ability, class, sexual orientation) intersect to create unique experiences of oppression.”<sup>8</sup> Participants included thirty Department of Education and Lifelong Learning staff and sixty-four educators. The province spent \$4,000 of the year-two allocation, from which the province hosted anti-racist and unconscious bias training for thirty-five directors and supervisors.

6 Canada–Prince Edward Island *Canada-Wide Early Learning and Child Care Agreement—2021 to 2026*, Annex 3.

7 Government of Prince Edward Island, *Early Childhood Workforce Agreement Annual Report for Fiscal Year 2021–2022*, 8.

8 Government of Prince Edward Island, *Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report for Fiscal Year 2021–2022*, 11, [https://princeedwardisland.ca/sites/default/files/forms/dg-1652\\_final\\_web\\_hq\\_pei\\_cw\\_annual\\_progress\\_report.cleaned.pdf](https://princeedwardisland.ca/sites/default/files/forms/dg-1652_final_web_hq_pei_cw_annual_progress_report.cleaned.pdf).



Annex 1 funding to hire a language coach and fund a language recruitment initiative was deferred. Two language coaches were hired by February 2023 (year two). According to the action plan, the province was to hire two inclusion coordinators in year one. The positions were filled early in May 2022 (year two).

The province exceeded the allocation for Innovative Retention Practices Grants in year two. No details were reported on the number of grants issued.

**Table 4. Inclusion Commitments and Results, Prince Edward Island, 2021-22 and 2022-23**

Commitments			Results	
Target	Timeline	Federal funding	Progress	Federal funding spent
Truth & Reconciliation document and francization document to accompany Early Learning Framework curriculum; professional development for 450 Early Childhood Educators (ECEs)	Year one (2021-22)	\$100,000 \$47,000*	In process	\$39,200*
	Year two (2022-23)	\$100,000	Consultations ongoing	\$0
Develop inclusion plan with marginalized communities (2021-22); implement plan (2022-23)	Year one (2021-22)	\$125,000	Online professional development	\$6,000
	Year two (2022-23)	\$125,000	Province selected a consultant after no responses to a request for proposals. Anti-racist and unconscious bias training for 35 directors and supervisors	\$4,000
Hire 2 inclusion coordinators <sup>1</sup>	Year one (2021-22)	\$70,000	Unfilled	\$0
	Year two (2022-23)	\$140,000	Positions filled May 2022	\$112,734
Language coach	Year one (2021-22)	\$35,000*	Unfilled	\$0
Language recruitment initiative	Year one (2021-22)	\$95,000*	Deferred	\$0
Additional language coach	Year two (2022-23)	\$70,000	Two positions filled February 2023	\$8,053
Innovative Retention Practices Grant	Year two (2022-23)	\$100,000	Number of grants distributed was unreported	\$157,447
Travel allowance for up to 60 staff in rural areas	Year one (2021-22)	N/A	N/A	N/A
	Year two (2022-23)			

\*Annex 1 Workforce Agreement

Note: <sup>1</sup> Funding provided under the Administration allocation.

Sources: Government of Canada, *Canada-Prince Edward Island Canada-Wide Early Learning and Child Care Agreement—2021 to 2026*; Government of Prince Edward Island, *Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report for Fiscal Year 2021-2022*; Government of Prince Edward Island, *Early Childhood Workforce Agreement Annual Report for Fiscal Year 2021-2022*; Government of Prince Edward Island, *Prince Edward Island Canada Wide Early Learning and Child Care Progress Report 2022-2023*.

Finally, the action plan included a travel allowance in years one and two for ECEs commuting to rural childcares, though no specific amount was allocated. No account of the allowance was provided in the two provincial documents reporting on annex 1 and annex 3. Some facilities used Innovative Practices Grants (see below) to purchase fuel gift cards for staff in year one.

## Quality

Quality targets accounted for the largest allocation of funds in the first two years of the Agreement. The year one (2021–22) allocations were drawn from annex 3 and annex 1, and the year two (2022–23) allocation was from annex 3. The action plan focused on ECE and staff retention, wages and compensation, professional development, and post-secondary training and certification.

In the first year of the Agreement, Retention Grants were dispersed to 686 workers using \$1,144,510 in annex 3 funding and \$627,950 in annex 1 funding. In year two, to fund an additional year of Retention Grants the province reallocated unused funds that had been intended for the creation of a childcare worker pension program. Grants were made to 698 educators for a total of \$984,590.

Hourly wage increases were primarily funded through annex 3 in year one, with the province spending \$1,186,390 of the allocated \$1,325,000. Annex 1 funding of \$495,000 was allocated for wage increases for autism specialists, cooks, and directors, with the province spending \$189,888. The year-two wage-increase allocation was \$5,850,000, but it was reduced to \$5,260,000 following a reallocation of some funds toward pre-kindergarten programming. The province spent \$3,473,375 on wage increases through the wage grid in year two.

The province created a grant to encourage individuals with Level Three ECE certification or higher who had been absent from the sector for more than twenty-four months to return to ECE work. The province allocated \$50,000 from annex 1 for ten individuals to receive a \$5,000 grant in year one. The province spent \$13,500, awarding three Return to Profession Grants. In year two, the province spent \$35,000 of a \$50,000 allocation, on seven grants.

The province allocated \$683,000 from annex 3 and \$181,968 from annex 1 to hire float staff (renamed Pedagogical Support) to assist with various tasks within EYCs in year one. The initiative used \$573,912 in annex 3 funding and none of the annex 1 allocation. In year one, the province did not report how many of the seventy-nine newly created positions were filled. By year two, sixty-eight of seventy-nine positions were filled, with the province spending \$2,395,723 of a \$4,048,000 allocation.

In year one, PEI spent \$193,755 of the \$200,000 allocated for training grants to advance the certification of casual, part-time, and temporary employees. Of the 318 grants, 108 were directed toward new Level One ECEs. In year two, 310 grants were approved, accounting for \$221,272 of the \$250,000 allocated under the Agreement.

Over the first two years of the Agreement, the province partnered with Holland College and College de l'île to develop the Accelerated Certification and Diploma Program to assist Level One and Level Two ECEs to increase their qualifications. Twenty-four students per level (forty-eight in total) were targeted each year for the program at Holland College, which received \$313,152 in 2021–22. College de l'île was unable to participate due to staffing shortages in year one but joined the effort in year two (2022–23). The total year-two funding spent between the two institutions was \$47,300.

The Prior Learning Assessment Recognition program aimed to fast-track experienced workers toward qualification through online courses developed by Holland College. The program spent \$51,442 in year one and \$12,860 in year two.

PEI allocated provincial and annex 1 funding toward the Steps to Success program in year one. Participants complete three entry-level post-secondary courses toward their Level One ECE credential, while gaining experience within the sector. Participants also backfill staffing positions left temporarily vacant by individuals participating in the accelerated programs. Annex 1 funding covered stipends, Retention Grants, and some textbook costs for participants in the first year of the Agreement, for a total expense of \$93,979. The province spent \$24,915 on the program in year two. By the end of year two, twenty-two new educators from the program were working in the field.

The Department of Education and Lifelong Learning contracted with the Early Childhood Development Association to develop an “On-Boarding Tool Kit,” spending the full \$45,000 allocation in year one. A further \$20,000 was allocated for promoting careers in early childhood education, with the province spending \$3,000 of the allocation.

Spending on the Innovative Practices Grant exceeded the allocation in year one. These grants were awarded to thirty-eight centres and used for a variety of initiatives, including “staff appreciation dinners, team building nights, new technology for educators, and gas cards for employees travelling over 25km to and from work each day.”<sup>9</sup>

According to the action plan, \$1,200,000 was allocated in year two for a pension program. The program was under development, and funds were reallocated toward an extension of the Retention Grant, as noted earlier. In year two, PEI reallocated unused funds from wage supports and new EYCs to fund a Physical Environment and Program Improvement Grant. The province spent \$1,496,286 of the reallocated sum of \$1,697,500 on the grant.

Finally, the Early Childhood Development Association of PEI received a \$40,000 operational grant through the Agreement in year two.

9 *Early Childhood Workforce Agreement Annual Report for Fiscal Year 2021–2022*, 7.

**Table 5. Quality Commitments and Results, Prince Edward Island, 2021-22**

Commitments			Results	
Target	Timeline	Federal funding	Progress	Federal funding spent
Retention Grant for 837 Early Childhood Educators (ECEs) in 45 centres	Year one (2021-22)	\$325,000 \$1,905,000*	686 recipients in 38 centres	\$1,144,510 \$627,950*
Retention Grant <sup>1</sup>	Year two (2022-23)	\$1,200,000	698 recipients	\$984,590
Wage increase	Year one (2021-22)	\$1,325,000 \$495,000*	Implemented	\$1,186,390 \$189,888*
	Year two (2022-23)	\$5,260,000 <sup>2</sup>	Increase for ECEs through wage grid	\$3,473,375
79 float staff (pedagogical support)	Year one (2021-22)	\$683,000 \$181,968*	Number of staff unreported	\$573,912
Maintain pedagogical support staff	Year two (2022-23)	\$4,048,000	68 positions supported	\$2,395,723
10 Return to Profession Grants	Year one (2021-22)	\$50,000*	3 grants distributed	\$13,500*
	Year two (2022-23)	\$50,000	7 grants distributed	\$35,000
Post-secondary education support initiatives	Year one (2021-22)	\$607,000*	318 ECEs received education grants	\$193,755*
			48 ECEs targeted for Accelerated Certificate and Diploma program	\$313,152*
			Prior Learning Assessment Recognition	\$51,442*
			Steps to Success	\$93,979*
Post-secondary education support initiatives	Year two (2022-23)	\$630,000	310 education grants approved	\$221,272
			Accelerated Certificate and Diploma program	\$47,300
			Prior Learning Assessment and Recognition	\$12,860
			Steps to Success	\$24,915
Practicum tool kit and workforce promotion	Year one (2021-22)	\$45,000* \$20,000*	Tool kit developed	\$45,000* \$3,000*
Innovative Practices Grant	Year one (2021-22)	\$90,000*	38 grants distributed	\$111,940*
Pension program	Year two (2022-23)	\$1,200,000	In development	Funds reallocated to Retention Grant

**Table 5 (continued)**

Commitments			Results	
Target	Timeline	Federal funding	Progress	Federal funding spent
Physical Environment and Program Improvement Grant <sup>3</sup>	Year two (2022-23)	\$1,697,500	Grants distributed	\$1,496,286
Early Childhood Development Association operational funding	Year two (2022-23)	\$40,000	Distributed	\$40,000

\*Annex 1 Workforce Agreement

Notes: <sup>1</sup> The Retention Grant is not part of the year-two action plan, and was funded through a reallocation from the pension program allocation.

<sup>2</sup> Allocation amount in the action plan was \$5,850,000; partial funds reallocated.

<sup>3</sup> Target does not appear in the second year of the action plan; funds were from a reallocation of unspent funds from wage support and funding for new EYCs.

Sources: Government of Canada, *Canada-Prince Edward Island Canada-Wide Early Learning and Child Care Agreement—2021 to 2026*; Government of Prince Edward Island, *Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report for Fiscal Year 2021-2022*; Government of Prince Edward Island, *Early Childhood Workforce Agreement Annual Report for Fiscal Year 2021-2022*; Government of Prince Edward Island, *Prince Edward Island Canada Wide Early Learning and Child Care Progress Report 2022-2023*.

## Administration

The Department of Education and Lifelong Learning allocated \$760,000 to administrative costs in year one. The department created twelve full-time-equivalent positions within the Early Childhood Development division, filling four of the positions by the end of year one and the remaining eight in year two. The province also reported working with a communications firm to develop campaigns focusing on the workforce sector, FHCs, and parents and families in year one.

The province spent \$548,522 of the \$1,150,000 administration allocation in year two, with the majority of the funding going to the twelve administrative positions within the Department of Education and Early Years.



**Table 6. Administration Commitments and Results, Prince Edward Island, 2021-22 and 2022-23**

Commitments			Results	
Target	Timeline	Federal funding	Progress	Federal funding spent
Travel & materials	Year one (2021-22)	\$22,000		Unreported
	Year two (2022-23)	\$44,000		\$20,745
Coach	Year one (2021-22)	\$35,000	Filled	Unreported
Data & Reporting Coordinator	Year one (2021-22)	\$40,000	Filled year two	Unreported
Autism consultant	Year one (2021-22)	\$40,000	Filled	Unreported
Inspector	Year one (2021-22)	\$33,000	Filled year two	Unreported
Resource support (special needs / autism)	Year one (2021-22)	\$25,000	Filled year two	Unreported
Junior Evaluation Analyst	Year one (2021-22)	\$40,000	Filled year two	Unreported
Finance staff	Year one (2021-22)	\$50,000	Filled year two	Unreported
Administration clerks (2)	Year one (2021-22)	\$50,000	Filled	Unreported
Administration positions	Year two (2022-23)	\$626,000		\$405,689
Development of ELCC grant	Year one (2021-22)	\$10,000		Unreported
Information technology	Year one (2021-22)	\$150,000		Unreported
	Year two (2022-23)	\$250,000	Project discussions initiated	\$8,131
Communications	Year one (2021-22)	\$100,000	External communications firm hired	Unreported
	Year two (2022-23)	\$40,000	Video production, print, TV, and social-media advertising	\$66,263
Pathway to Quality research project	Year one (2021-22)	\$125,000		Unreported
	Year two (2022-23)	\$150,000		\$33,840
Planning & development	Year one (2021-22)	\$40,000		Unreported
	Year two (2022-23)	\$40,000		\$13,854

Sources: Government of Canada, *Canada-Prince Edward Island Canada-Wide Early Learning and Child Care Agreement—2021 to 2026*; Government of Prince Edward Island, *Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report for Fiscal Year 2021-2022*; Government of Prince Edward Island, *Early Childhood Workforce Agreement Annual Report for Fiscal Year 2021-2022*; Government of Prince Edward Island, *Prince Edward Island Canada Wide Early Learning and Child Care Progress Report 2022-2023*.

## Legislative and Policy Changes

The Agreement was amended to increase the carry-over allowance from year one to year two, from 54 percent to 70 percent. The Agreement was amended a second time to increase the carry-over amount from year two to year three from 12 percent to 60 percent.

The province conducted consultations with operators, ECEs, and the Early Childhood Development Association during the first two years of the Agreement, to discuss regulatory changes to the *Early Learning and Child Care Act*. Resulting changes to the Act came into force in December 2023 (year three of the Agreement). The regulatory changes included retitling certification levels for staff and specifying options for pursuing certification. Other regulations of note included expanding licensed-centre capacity from 80 to 125 children, and increasing the maximum size of an infant group from six children to twelve children, along with adjustments to physical space requirements.<sup>10</sup>

## Additional Observations

As with other provinces, the rapid reduction of parent fees has driven up demand for licensed childcare in PEI. The number of children on the waiting list for a space more than doubled from the end of year one to the end of year two. The province reported that 762 children were on the waiting list for a spot in year one.<sup>11</sup> That number increased to 1,736 waiting children in year two.<sup>12</sup> A 2023 estimate suggests that the number could have grown to 2,000 children waiting for a licensed childcare spot.<sup>13</sup>

As noted earlier, the province had a net growth of 459 spaces within the first two years of the Agreement, as of March 2023. The province reported that some spaces were lost due to the closure of a centre, the decline in preschool (part-time) spaces, and adjusted licensed capacity among centres with consistent enrollment below licensed capacity.<sup>14</sup>

10 Prince Edward Island Department of Education and Early Years, *Newly Designated Early Years Centres and Updated Regulations*, press release (January 10, 2024), <https://princeedwardisland.ca/en/news/newly-designated-early-years-centres-and-updated-regulations>.

11 *Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Report for Fiscal Year 2021–2022*, Table 5, 15.

12 Prince Edward Island Department of Education and Early Years, *Prince Edward Island Canada-Wide Early Learning and Child Care Progress Report 2022–2023* (2023), Table 9, 19.

13 K. Yarr, “P.E.I.’s Plan to Improve Child Care Access Years Late, Says Auditor General,” *CBC News*, March 8, 2023, <https://cbc.ca/news/canada/prince-edward-island/pei-child-care-access-plan-1.6771630>.

14 *Prince Edward Island Canada-Wide Early Learning and Child Care Progress Report 2022–2023*, 6.



### 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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