

Child Care Funding Fact Sheet

Overview

Through the Canada-Alberta Canada-wide Early Learning and Child Care (CAELCC) Agreement, an additional \$3.8 billion is being invested over five years to create an affordable, accessible, high quality, and inclusive child care system for the benefit of all Albertans.

Child care fees paid by parents were reduced by over 50 per cent to an average of \$20 per day across the province in March 2023 and are anticipated to reach an average of \$15 per day by the end of January 2024. By March 2026, parent fees will be further reduced to average of \$10 per day.

Affordability Grant

To support operators while continuing to reduce parent fees, the government has been gradually replacing a portion of the revenue operators previously received from parents with increased government funding through the Affordability Grant, which was implemented in January 2022.

The Affordability Grant is an operating grant for eligible programs that provides monthly funding that must be used to reduce parent fees proportionate to the amount received. The funding amount is based on the age of the child and the number of hours the child is registered to attend.

As of January 2024, the Government of Alberta has increased the Affordability Grant rates for full-time daycare and family day home spaces to reduce parent fees for eligible children to an average of \$15 per day.

As part of the Affordability Grant, operators receive Cost Increase Replacement Funding (CIRF) to support them with increased costs of doing business in lieu of increasing parent fees. For the 2024-25 Affordability Grant, CIRF rates will increase from three to six per cent of child care fees for programs that received the CIRF in 2023 and be introduced at the rate of three per cent for all other programs that did not receive CIRF in 2023.

As a result of the Affordability Grant, while fees paid by parents continue to decrease, child care operators have seen an increase in their total revenue. Most operators have

received the equivalent of a nine per cent increase in total program fees over the past three years.

Ongoing Operational Funding

In addition to the Affordability Grant, operators continue to have access to ongoing operational funding to offset costs. Some of this funding was available before the CAELCC Agreement was signed and includes early childhood educator (ECE) wage top-ups, professional development, and funding to pay staff while in training and for training cover-off (release time). In addition, government is providing funding for the Infant Care Incentive, and as of January 2023, mandatory employer contributions funding to support operators and ECEs.

Wage Top-ups

In January 2023, wage top-ups provided to operators to supplement ECE wages were increased by certification level (\$0.50 per hour for Level 1, \$1.00 per hour for Level 2, and \$2.00 per hour for Level 3). This is in addition to expanding wage top-up eligibility in October 2022 to include indirect time and employer-paid vacation. In 2022-23, government provided \$147.7 million in wage top ups to eligible child care operators and family day home educators.

Professional Development and Release Time

Professional development and release time funding is available for operators to support their staff to grow their skills and knowledge to a combined total of up to \$4,387.50 per ECE per fiscal year. This includes funding for the costs of the actual coursework, to pay staff while they are in training, and funding for operators to use to pay for relief staff while others are in training.

In September 2021, Children and Family Services invested \$2 million through the workforce agreement with the federal government to extend professional development funding grants to preschool and family day home educators.

Since the CAELCC agreement was signed, professional development funding requests have nearly doubled. In 2022-23, \$8.7 million was spent on professional development and release time.

Infant Care Incentive

While the Affordability Grant provides increased funding for infants due to the care needs for this age group, the Infant Care Incentive also provides operators with an additional \$150 per child per month to encourage licensed child care programs to offer child care for infants between the ages of 0 and 18 months and support child care affordability for families with infants. Government invested a total of \$15.6 million in the Infant Care Incentive in 2022-23.

Mandatory Employer Contribution (MEC) Grant

The MEC Grant came into effect in January 2023 to provide operators with funding to offset mandatory employer payroll contributions (Canada Pension Plan, Employment Insurance and Workers Compensation Board) associated with wage top-ups. The grant is paid at a rate of 9.51 per cent. In 2022-23, \$3.7 million was invested.

One-time Grants

To further assist operators in the transition to the Affordability Grant, provide financial relief in face of rising inflation and operating costs, and support Alberta to meet commitments in the CAELCC agreement, government has also provided a number of other one-time grants to eligible child care operators in recent years.

Transition Grant

In January 2022, shortly after the agreement was signed, a one-time grant was provided to all licensed child care operators participating in the agreement to support their transition to the implementation of new affordability supports for parents, including the shift in timing to receive revenue from government grants. Eligible programs received \$212 per enrolled space, totalling \$15.7 million in investments.

Early Childhood Educator (ECE) Compensation Grant

To support recruitment and retention, in November 2022, government offered a one-time payment to operators to be provided to eligible certified ECEs based on hours worked, \$450 for part-time and \$900 for full-time. \$17.5 million was invested in this one-time grant.

Administrative Fees Grant

Through the Administrative Fees Grant, in March 2023, government provided a total of \$27.2 million to operators who hold an Affordability Grant. Funding provided was equivalent to an additional three per cent increase in child care fees, paid at \$280 per licensed space to assist with inflationary and administrative costs invested at the discretion of the operator.

Space Creation Grant

The Space Creation Grant, launched July 2022 for non-profit operators, February 2023 for family day homes and October 2023 for private operators, provides one-time funding to new and existing licensed child care programs and family day home agencies to enable them to create spaces in areas of high need (i.e., limited to no access to child care) or high demand.

Eligible recipients receive up to:

- \$6,000 per space for new licensed facilities in child care deserts (communities where there is limited to no child care).
- \$5,500 per space for new licensed facilities where there is high demand.
- \$5,000 per new space for existing licensed facilities where there is high demand.
- \$1,350 per space for new family day homes in communities where there is high need or high demand.

In 2022-23, government spent \$12.6 million on 44 Space Creation Grants to create 3,156 licensed child care spaces.

Financial Reporting Grant

Government is also launching a one-time \$12.4 million grant in February 2024 to help operators cover the costs of meeting the reporting requirements for the 2022-23 Affordability Grant.