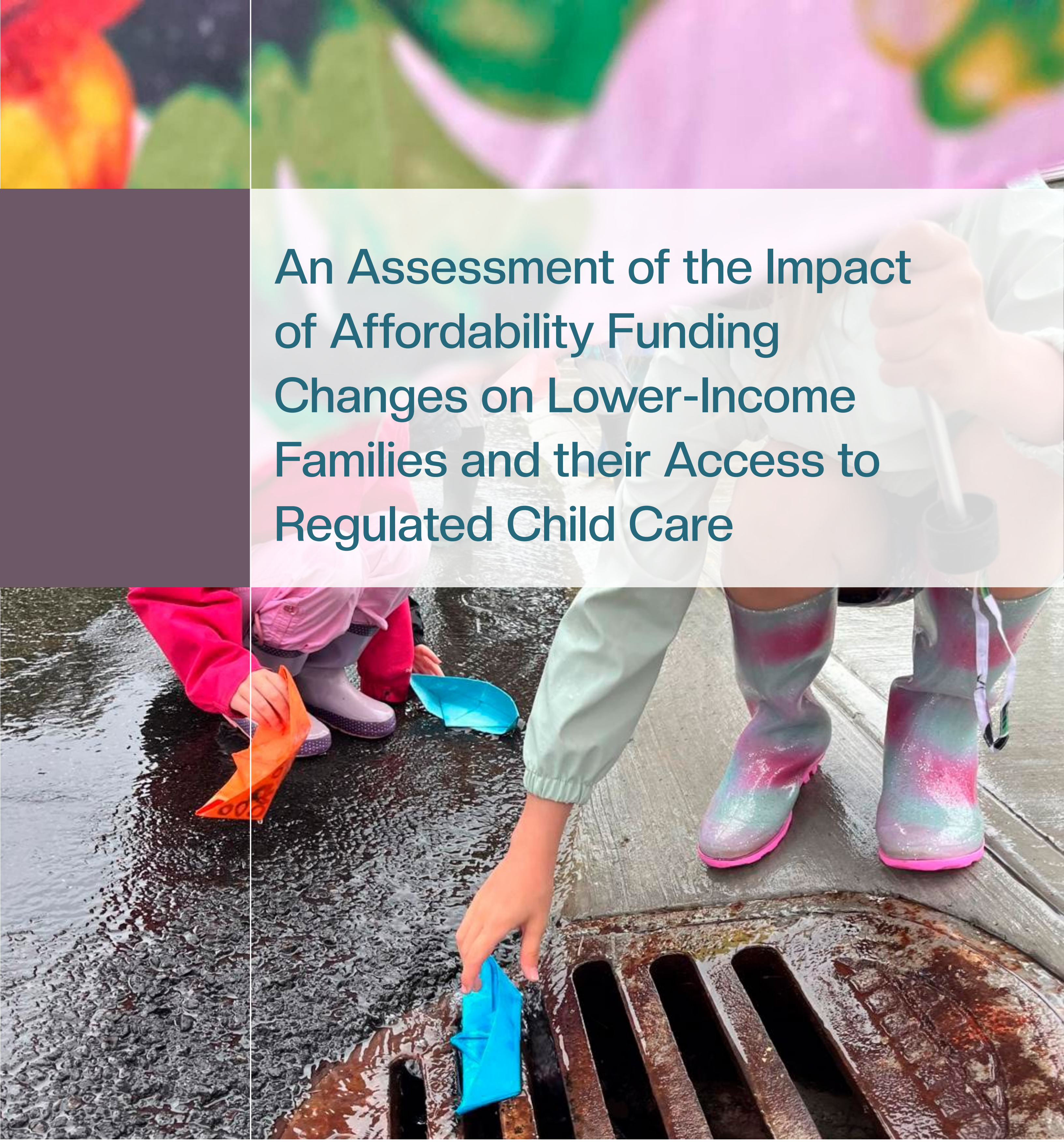

An Assessment of the Impact of Affordability Funding Changes on Lower-Income Families and their Access to Regulated Child Care

The Muttart Foundation

AECEA
Association of Early Childhood Educators of Alberta

Alberta Early Learning and Care Leaders' Caucus

Acknowledgements

Ms La Vonne Rideout, Ms Amal Jama and Dr. Gordon Cleveland undertook the research in support of the current study.

The research partners gratefully acknowledge the information and insights senior staff and families shared during the stakeholder interviews.

The research partners also thank the centre and family day home agency staff who shared their photographs.

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October, 2025

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Executive Summary

On April 1, 2025, just two months after announcing the changes in January 2025, the Government of Alberta implemented substantive changes to its child care funding approach. In addition to revised affordability payments for service providers, the province introduced changes to parent fees with significant implications for child care affordability, particularly for lower-income families. This included shifting from variable parent fees averaging $15 per day to flat-rate fees of $15 per day for all parents, the elimination of the child care subsidy program and the introduction of optional supplemental fees that child care providers may charge on top of the $15 per day flat-rate. These changes effectively mean that all Alberta parents now pay a minimum of $326.25 per month for full-time care per child (equivalent to $15 per day), with no subsidy available to reduce parent-paid fees for lower-income families for whom this rate may be unaffordable.

This report, prepared by The Muttart Foundation in partnership with the Association of Early Childhood Educators of Alberta and the Alberta Early Learning and Care Leaders' Caucus, presents the findings of research exploring the impacts of Alberta's April 1, 2025 affordability funding changes on lower-income families and their access to regulated child care. Conducted between March and May 2025, this research provides a snapshot of how service providers and families responded to the changes in the period when the new funding approaches were taking effect. Data for this report includes 23 interviews with senior staff from organizations delivering centre-based or family child care, representing 33 child care centres and four family day home agencies, and 20 interviews with lower-income families accessing child care. In addition to the interview data, secondary data analysis was conducted using national data on children's child care participation, including by family income, to further explore child care affordability for lower-income families after the funding changes.

Across 25 of the 33 child care centres who participated in this research, all lower-income families' parent-paid fees increased as a result of the funding changes. At 18 of the 33 centres, some or all lower-income families saw their fees increase by $326.25 per child – the full flat-rate monthly fee amount introduced on April 1, 2025. The average monthly fee increase for families was just under $245 for infant care, $195 for toddler care, $140 for care for preschoolers and $290 for care for kindergarten-aged children. Findings from the parent interviews yielded similar conclusions: a majority of families (18 of 20) reported increases in their parent-paid fees. On average, the monthly parent-paid fee increase was $227 for families with one child in care and $478 for families with more than one child in care.

That lower-income families at the majority of centres had their fees increase is due to the fact that most of the centres charged fees that were below or close to the median fees for centre-based care across the province – a reflection of their mandates and the communities they served. Under the previous funding approach, families paid variable fees depending on the monthly fee charged by their service provider. As a result, families receiving a full subsidy and enrolled with providers charging lower parent fees had parent-paid fees that were significantly less than the provincial average fee of $15 per day in 2024 (in some cases, parents paid nothing in child care fees).

Data from the *Canadian Survey on Early Learning and Child Care* indicate that almost 115,000 children 0 to 5 years of age in Alberta accessed licensed child care in 2023. Based on child care participation rates by family income, we estimate that approximately 30,000 or more children living in families with pre-tax incomes of less than $80,000 would have been eligible for a full child care subsidy in 2025. All of these families lost these subsidies under the new affordability funding approaches which took effect on April 1, with the majority likely required to pay higher parent-paid fees.

Child care fees are considered affordable when they account for less than 10 percent of a family's after-tax income. Using this measure, the new flat-rate parent-paid fee of $326.25 per month for full-time child care, with an additional $100 per month supplemental fee for nutrition, makes regulated child care in Alberta unaffordable for both single and two-parent families with one child in care with pre-tax household incomes of less than $50,000. Both single-parent and two-parent families with two children in regulated child care are now required to earn greater than $100,000 per year for child care to be considered affordable. Under the new affordability funding approach, regulated child care in Alberta is effectively unaffordable for all lower-income families with two or more children.

While Alberta's new flat-rate child care fee makes child care costs the same for parents across the province (notwithstanding supplemental fees which can vary across providers and obscure the real cost of child care), it does so at the expense of equitable access for those with lower incomes. The revised affordability approaches the Government of Alberta implemented effective April 1 have made regulated child care unaffordable for those families with the lowest household incomes, increasing the risk that families will be forced to withdraw from regulated care and undermining parents' (especially mothers') participation in the labour force. When children from lower-income families are excluded from regulated child care they also lose access to specialized services and supports that positively impact their learning and development. Regulated child care often serves as an access point to crucial early intervention services for children from vulnerable or marginalized families.

Alberta has made significant gains in affordability under the Canada-Wide agreement over the past four years. However, the most recent funding changes have compromised equity for Alberta's lowest income families, many of whom experienced significant fee increases and now face unaffordable child care fees. Alberta's decision to eliminate the child care subsidy program sets it apart from most other provinces, which continue to provide targeted child care subsidies to ensure equitable access to child care for lower-income families. Further, other Canadian jurisdictions demonstrate that it is possible to implement flat fees alongside subsidy programs to ensure that child care fees remain affordable for lower-income families. To address the above inequities, it is critical that the Alberta government move quickly to bring its child care funding approach into alignment with its stated priority to make child care affordable for those families with the lowest incomes, while upholding its broader commitments under the Canada-Wide agreement. To do this, the province is advised to implement a revised child care subsidy, provide early learning and child care stakeholders with significant advanced notice of funding changes, collect and publicly report on children from lower-income families' participation in regulated child care, publicly report on supplemental fees, and review grant funding for service providers.

Introduction

The Canada-Wide Early Learning and Child Care Agreements signed between the federal, provincial and territorial governments have resulted in significant efforts to transform previously underfunded market-based child care sectors into more publicly funded, planned and managed systems that better meet the needs of families with young children. Central to the agreements are the shared commitments to make regulated high-quality, inclusive child care more affordable and accessible for families, with the federal government providing $27.2 billion in new funding to advance system building.

In common with other provincial and territorial governments, the Government of Alberta moved quickly to reduce parent-paid fees after signing its Canada-Wide agreement in November 2021. It initially introduced flat-rate affordability grants and a revised child care fee subsidy for eligible families to reduce existing market fees by an average of 50 percent. It followed these changes with increases in the amount of affordability grants to reduce fees to an average of $15 per day in 2024, having previously committed, at the end of January 2023, to develop a new funding formula for regulated child care as part of its *Cost Control Framework and For-Profit Expansion Plan.*

Following consultations with stakeholders, and surveys of service providers and parents, the Ministry of Jobs, Economy and Trade announced substantive changes to the affordability funding for centre-based child care, family day homes and part-day preschools at the end of January 2025, with the changes to take effect on April 1, 2025. Broadly, the changes included the introduction of revised affordability payments for centres and family day homes based on new regional benchmarks, the implementation of a flat-rate fee of $15 per day for families and the elimination of the child care subsidy program. The Ministry further permitted child care centres and family day homes to charge families supplemental fees for services that are optional.

Given the well-documented relationships between parent-charged fees and families' equitable access to services, the funding changes, and the short time frame for their implementation, raise important questions about the continued affordability of child care for lower-income families in the province. Specifically, the implementation of a flat-rate parent fee and the elimination of the child care subsidy for lower-income families are inconsistent with the approaches governments commonly use to provide families with equitable access to affordable child care. They further appear to move away from the Alberta government's commitments under the *Canada-Alberta Canada-Wide Early Learning and Child Care Agreement* to provide families with equitable access to affordable child care, while targeting funding to families 'more in need.'

The following report prepared by The Muttart Foundation in partnership with the Association of Early Childhood Educators of Alberta and the Alberta Early Learning and Care Leaders' Caucus presents the findings from research on the impacts of the above funding changes on lower-income families currently accessing child care. The research was undertaken during the period in which the new funding approaches were taking effect. It provides an initial snapshot of how service providers and families were responding to the changes and offers some important preliminary findings on the impact of the changes on both parties. The research partners recognize the need for further research that builds on these findings should the

Government of Alberta decide to maintain the revised funding approaches for the remainder of the fiscal year and beyond.

The report comprises four main sections. The first summarizes the research on child care affordability, outlines the commitments under the Canada-Wide agreements to reduce parent-paid fees and describes the approaches provincial governments have taken to make child care affordable for lower-income families. The second describes the research approach and the methods used to collect data. The third presents the major research findings, while the fourth outlines the preliminary impact of the funding changes on lower-income families and service providers and proposes some strategies the Government of Alberta might use to support lower-income families' equitable access to regulated child care.

Child Care Affordability for Lower-Income Families

Extensive research documents the benefits of high-quality early learning and care for young children and their families. High-quality child care can foster children's learning and development, support parents,' and especially mothers,' labour force participation while also helping to advance broader public policy goals of equity and inclusion. The benefits of high-quality child care are particularly important for children from lower-income families.[1] Positive early learning and care experiences can mitigate the negative impacts of economic insecurity or marginalization on children's development, while also providing parents with opportunities for employment or further education to improve their economic well-being.[2]

The Importance of Child Care Affordability for Lower-Income Families

Despite the benefits of high-quality child care for children from lower-income families, previous research has found that higher-income families generally have better access to high-quality, licensed child care than lower-income families.[3] This is especially the case in market-based child care sectors, with mixes of public and private providers, in which parent-paid fees form the major source of sector revenues. In child care markets, high parent fees commonly present a barrier to families' equitable access to child care. The result is that children in families with lower socio-economic status have lower child care participation rates than those in families with higher socio-economic status.

By comparison, in more publicly funded and managed early learning and child care systems, governments use a combination of strategies to make high-quality child care more affordable and accessible for all children and their families, regardless of their household income.[4] These strategies include providing families with an entitlement to service, the direct funding of services, dedicated policies to support quality, and additional supports for children and families with higher or more complex needs. These comprehensive

1 Meluish, E., et al. (2015). *A review of research on the effects of early childhood education and care upon child development: Curriculum Quality Analysis and Impact Review of European ECEC. Retrieved from* https://ecec-care.org/fileadmin/careproject/Publications/reports/new_version_CARE_WP4_D4_1_Review_on_the_effects_of_ECEC.pdf

2 Cleveland, G., & Krashinsky, M. (2021). *$10 a Day Child Care: Will it Really Reduce Barriers to Employment in Ontario, Alberta and Manitoba?* Retrieved from https://childcarepolicy.net/wp-content/uploads/2021/12/Ten_a_day-paper-web.pdf and Varmuza, P., Perlman, M., & White, L. A. (2019). Understanding early childhood education and care utilization in Canada: implications for demand and oversight. *ICEP*, 13, 7. Retrieved from https://doi.org/10.1186/s40723-019-0063-8

3 Findlay, L. C., Wei, L., & Arim, R. (2021). *Patterns of participation in early learning and child care among families with potential socioeconomic disadvantages in Canada.* Economic and Social Reports. Statistics Canada. Retrieved from https://www150.statcan.gc.ca/n1/pub/36-28-0001/2021008/article/00002-eng.htm

4 OECD. (2025). *Reducing Inequalities by Investing in Early Childhood Education and Care, Starting Strong.* OECD Publishing, Paris. Retrieved from https://doi.org/10.1787/b78f8b25-en and Petitclerc, A., et al. (2017). *Who uses early childhood education and care services? Comparing socioeconomic selection across five western policy contexts*. International Journal of Child Care and Education Policy, 11 (3). Retrieved from https://ijccep.springeropen.com/articles/10.1186/s40723-017-0028-8

strategies contrast with the more limited targeted funding measures governments rely on to reduce parent-paid fees in market-based child care sectors, such as child care subsidies for lower-income families.

The affordability of child care for families varies according to their household income, their family structure (for example lone-parent versus couple-parent families), the number of preschool-aged children who need care, and the nature of the care they require (for example, part-time, full-time or extended hours). Lower-income families' limited discretionary income makes them especially sensitive to the high costs of child care.[5] High parent-paid fees, or significant increases in these fees, can negatively impact lower-income families by forcing them to access lower quality or unlicensed child care, requiring parents (especially mothers who are generally the caregiving parent) to either reduce their work hours or to leave the workforce, and by adding further financial burdens to households already struggling to meet their basic living expenses including housing, food and transportation.

Based on previous research, child care is considered unaffordable when it accounts for over ten percent of families' incomes after taxes and transfers.[6] Similarly, in two-parent couple families, child care costs that account for 30 percent or more of the lower earner's net income are also considered unaffordable, given the resulting marginal economic return from working.[7] These percentages are broad estimates of affordability, however, and do not take into account recent increases in families' housing and food costs which have further eroded their discretionary income.[8]

Research on child care subsidies and how they can best support lower-income families' more equitable participation in child care highlights the complexities of designing and providing appropriate financial support.[9] Effective subsidy programs must meet the financial needs of families while also supporting positive family and child outcomes, including parental labour force participation, child development and improved family financial well-being.[10] Publicly funded child care subsidy programs must, therefore, take into account the amount of subsidy provided, the eligibility criteria for subsidy, the nature of the application process and the types of services for which subsidies are provided (including licensed versus non-licensed care). They should also consider the continuity or stability of the funding support to ensure that children from marginalized or vulnerable families have consistent access to child care.

5 Sheloff, S., et al. (2022). *Child Poverty in Alberta: A Policy Choice, not a Necessary Reality.* Alberta College of Social Workers; Edmonton Social Planning Council; Public Interest Alberta.
Retrieved from https://campaign2000.ca/wp-content/uploads/2022/09/ESPC_ChildPovertyReport_2022.pdf

6 Cleveland, G. (2018). *Affordable for All: Making Licensed Child Care Affordable in Ontario*. Retrieved from https://childcarepolicy.net/wp-content/uploads/2018/03/AFFORDABLE-FOR-ALL_Full-Report_Final.pdf and Cleveland, G., & Krashinsky, M. (2021). $10 a Day Child Care: Will it Really Reduce Barriers to Employment in Ontario, Alberta and Manitoba? Retrieved from https://childcarepolicy.net/wp-content/uploads/2021/12/Ten_a_day-paper-web.pdf

7 Business Council of Alberta. (2021). *Insights: Child Care Affordability in Alberta.* Retrieved from https://businesscouncilab.com/insights-category/analysis/child-care-affordability-in-alberta/

8 Statistics Canada. (2025, May 21). *Survey of Household Spending, 2023.* Retrieved from https://www150.statcan.gc.ca/n1/daily-quotidien/250521/dq250521a-eng.htm

9 Forry, N. D., Daneri, P., & Howarth, G. (2013). *Child Care Subsidy Literature Review* (OPRE Brief No. 2013 60). U.S. Department of Health and Human Services. Retrieved from https://acf.gov/sites/default/files/documents/opre/subsidy_literature_review.pdf

10 Child and Youth Data Laboratory. (2017). *A profile of children in Alberta receiving Child Care Subsidy.* Edmonton: PolicyWise for Children and Families. Retrieved from https://cwrp.ca/sites/default/files/publications/profile of children in Alberta receiving Child Care Subsidy.pdf and Shaw, S., Partika, A., & Tout, K. (2019). *Child Care Subsidy Stability Literature Review* (OPRE Brief 2019-17). Washington, DC: U.S. Department of Health and Human Services. Retrieved from https://acf.gov/sites/default/files/documents/opre/cceepra_subsidy_stability_literature_review_508_final.pdf

Affordability Under the Canada-Wide Early Learning and Child Care Agreements

The Canada-Wide Early Learning and Child Care Agreements recognize the importance of making high-quality, inclusive child care more equitably available and affordable for all children and families and draw on extensive research in setting out the principles for reaching this goal. Central to the agreements is the shared commitment to reduce the cost of regulated child care to an average parent-paid fee of $10 per day by the end of March 2026, with a significant portion of the new federal funding allocated to this objective.

Since the signing of the agreements, all provinces and territories have made progress in reducing parent-paid fees. As of April 2025, eight provincial and territorial governments are supporting the delivery of regulated child care for an average of $10 per day, or less, [11] while the remaining five have reduced parent-paid fees by at least 50 percent.[12] These reductions represent an important reversal of the previous trend of rising parent fees in the predominantly market-based child care sectors across Canada, which made child care unaffordable for many families, and especially those with lower household incomes.[13]

While the Canada-Wide agreements set targets for the reduction of average parent paid fees, they do not prescribe the approaches governments should use to reach them. Provincial and territorial governments have thus designed and implemented their own strategies to reduce parent-paid fees, while at the same time meeting their commitments under the agreements to provide 'consideration for those most in need' or 'families more in need such as lower-income families.'[14]

In the main, provincial and territorial governments have relied on supply-side funding and the implementation of set fees or fee caps to reduce parent-paid fees. They have directed much of their new public investments to the supply-side funding (operational or grant based) of service delivery costs, with three provinces (Prince Edward Island, Quebec and Ontario) using cost-based operational funding models. A fourth, British Columbia, uses a similar financing approach to fund its designated $10 per day child care sites. Provincial and territorial governments have also introduced set or capped parent-paid fees to place limits on the costs of child care for families. Nine jurisdictions, including Alberta, use this approach. Two jurisdictions have average parent-paid fees of $10 per day, one is reducing market-based fees, and one relies on a combination of fee reduction approaches.

Mindful of the financial barriers that even reduced parent-paid fees can still present for lower-income families' participation in regulated child care, almost all provinces and territories have continued to provide some form of demand-side funding (child care subsidy) for those families most in need. The funding generally takes into account family characteristics, such as income, family structure and the number of children accessing care. These subsidies recognize the significant benefits high-quality early learning and child care provides for children from marginalized or vulnerable families and reflect provincial and territorial governments' commitments under the agreements to provide all families with equitable access to regulated child care.

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11 The Childcare Resource and Research Unit. (n.d.). *Building Canada's Child Care System: tracking progress*. Retrieved April, 2025, from https://buildingchildcare.ca/tracking-elcc-system-progress/

12 Government of Canada. (2025, March). *Toward $10 a Day: An Early Learning and Child Care Backgrounder.* Retrieved from https://www.canada.ca/en/employment-social-development/news/2025/03/toward-10-a-day-an-early-learning-and-child-care-backgrounder0.html

13 MacDonald, D., & Friendly, M. (2022). *Game Changer: Will provinces and territories meet the new federal child care fee targets? Canadian child care fees 2021*. Canadian Centre for Policy Alternatives. Retrieved from https://www.policyalternatives.ca/news-research/game-changer/

14 Government of Canada. (2024). Canada – Alberta Canada-Wide Early Learning and Child Care Agreement - 2021 to 2026. Retrieved from https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/alberta-Canada-Wide-2021.html Sections 2.2.4 and 2.2.5 in the Canada-Wide agreements include reference to 'those most in need' and 'families more in need such as lower-income families'.

Provincial Child Care Subsidies

Prior to the signing of the Canada-Wide agreements, child care fee subsidies were one of the main strategies provincial governments, outside of Quebec, used to finance child care, and had been so since the introduction of the Canada Assistance Plan in the 1960s. During the initial phases of the Canada-Wide agreements, a number of provinces, including Alberta, used fee subsidies for eligible families as part of their strategy to meet their parent fee reduction targets. As the level of fee reductions has increased, however, the majority of jurisdictions have relied primarily on supply-side funding and fee caps, supplemented with the more targeted use of child care subsidies for eligible lower-income families. Alberta's decision to eliminate child care subsidies effective April 1, 2025, therefore sets it apart from most other provinces.

The subsidy approaches provincial governments continue to use include income eligibility thresholds and requirements around parental employment or studying, with some provinces providing additional financial support to cover individual children's higher care needs. There are some variations in subsidy application processes between provinces, as well as differences in how payments are disbursed and the eligible services for which families may receive subsidy. Typically, subsidies are paid directly to the service provider on behalf of families. The broad approaches provincial and territorial governments take to parent fee subsidies are summarized below in Tables 1 and 2. Table 1 provides an overview of dedicated subsidy programs in 2025, while Table 2 provides further details on the subsidy and related programs used to lower child care fees for eligible lower-income families across Canadian jurisdictions.

Table 1. Overview of Child Care Subsidy Programs Across Canada in 2025

Jurisdiction	Child Care Subsidy Program	Can Reduce Parent Fees To Zero	Employment/ Education Requirements	Regulated/ Licensed Care Only
British Columbia	✓	✓	✓	x
Alberta	x	-	-	-
Saskatchewan	x	-	-	-
Manitoba	✓	x	✓	✓
Ontario	✓	✓	✓	✓
Quebec	x	-	-	-
New Brunswick	✓	✓	✓	✓
Nova Scotia	✓	✓	x	✓
Prince Edward Island	✓	✓	✓	✓
Newfoundland and Labrador	✓	✓	✓	✓
Yukon	✓	✓	✓	✓
Northwest Territories	x	-	-	-
Nunavut	✓	✓	✓	x

Table 2. Description of Child Care Subsidy and Related Programs Across Canada

Jurisdiction	Program Description
British Columbia	Affordable Child Care Benefit administered through the Ministry of Education and Child Care. Maximum benefit ranges from $1,250 per month for infants to $550 for a child below school age. Full subsidy for families with adjusted annual incomes of up to $45,000 (one parent, one child) and $49,000 (two parents, two children). Partial subsidy for families with annual incomes of up to $111,000 (one parent, one child) and $115,000 (two parents, two children).
Alberta	Subsidy for children below school age was eliminated April 1, 2025. Previously, maximum subsidy of $266 per month for regulated child care. From 2022 to 2025, Alberta provided full subsidy for families with annual household incomes less than or equal to $120,000 and partial subsidy up to household incomes of $180,000.
Saskatchewan	In January 2024, the Ministry of Social Services replaced the Child Care Subsidy Program and Saskatchewan Employment Supplement with a consolidated Saskatchewan Employment Incentive Benefit (SEI). While the SEI is not a child care subsidy, it provides financial supports which may be used towards licensed and unlicensed child care. Families with monthly employment incomes of between $500 and $2,200 qualify for the maximum SEI benefit of $400 for one eligible child, $500 for two eligible children and $600 for three or more eligible children. Reduced benefits are available for eligible families with incomes above the monthly threshold (deduction of $0.30 for every additional $1.00 of employment income).
Manitoba	Provided through the Ministry of Education and Early Childhood Learning. All families who receive a subsidy are required to pay a minimum parent fee ($4/day for +10 hours; $2/day for 4 to 10 hours; $1/day for less than 4 hours). Subsidy amount depends on income and number and age of children. Full subsidy available for families up to a net income of $55,000; partial subsidy available for families with a net income of up to $75,000.
Ontario	Administered through the 47 municipal Service System Managers, as well as First Nations communities, for licensed child care. Municipal service managers commonly consider family income and number of children in licensed care.
Quebec	While Quebec does not operate a child care subsidy program, parents are entitled to free child care in publicly funded programs if they receive benefits from one of several social programs.

New Brunswick	New Brunswick operates two child care subsidy programs: the Parent Subsidy Program, delivered through the Department of Education and Early Childhood Development for families with children in 'designated' centres with capped fees, and the Childcare Assistance Program, administered through the Department of Social Development for children in 'non-designated' centres. Both programs provide subsidy for families with gross incomes up to $80,000. The Parent Subsidy Program provides free child care for incomes of $37,500 or less. The Childcare Assistance Program provides the highest levels of financial assistance for those with incomes below $30,001.
Nova Scotia	Provided through the Ministry of Education and Early Childhood Development for licensed child care. Families with incomes below $70,000 are eligible, with those with incomes below $35,000 typically qualifying for the maximum subsidy amount.
Prince Edward Island	Administered by the Department of Social Development and Seniors. Must have combined assets of less than $100,000 (excluding their primary residence, one vehicle and RRSPs). Family income eligibility is based broadly on market-based measures of low income. Can cover the entire cost of parent fees for families with very low incomes and assets of less than $100,000.
Newfoundland and Labrador	Provided through the Department of Education. Families with a net annual income of $41,000 or less may be eligible for a full subsidy (with one child in regulated care), with partial subsidies available for families with higher annual incomes.
Yukon	Subsidy amount based on a family's combined net income and accounts for family size, income, and the community where a family lives.
Northwest Territories	No stand-alone child care subsidy program. The Income Assistance program offers financial support that can be used towards child care fees.
Nunavut	Provides a child care subsidy that may be used towards licensed or unlicensed child care.

Elimination of Child Care Subsidy in Alberta

Effective April 1, 2025, the Alberta government eliminated the previous child care subsidy for eligible preschool-aged and kindergarten-aged children in child care, as part of the new Affordability Grant funding. Eligible families can still receive child care subsidy for children in full-day kindergarten or grades 1 to 6 enrolled in a school-age child care program.

From 2022, Alberta families were eligible for a maximum subsidy of $266 per month for their children's regulated child care costs if their annual household income was less than or equal to $120,000. Eligible families received a lower monthly subsidy up to an annual household income of $180,000. The parent-paid fee for families depended on the monthly fee charged by the service provider, which was reduced by the amount of the provincial affordability grant ($883 for infants, $709 for toddlers and $626 for preschoolers and kindergarten-aged children) and then further reduced by the child care subsidy. Families receiving a full subsidy who accessed regulated child care from providers with lower parent-charged fees paid parent fees that were significantly less than the provincial average fee of $15 per day in 2024. In some cases, parents had their child care fees completely covered by affordability funding and the child care subsidy.

With the elimination of its child care subsidy program, Alberta is now one of just four Canadian jurisdictions without a dedicated child care subsidy for lower-income families, along with Saskatchewan, Quebec, and the Northwest Territories. However, while Quebec does not operate a child care subsidy program, parents are entitled to free child care in publicly funded programs if they receive benefits from one of the following programs: Aim for Employment; Social Assistance; Social Solidarity; or the Economic Security Program for Cree Hunters.

In a move similar to Alberta, Saskatchewan also recently eliminated its Child Care Subsidy Program (along with the Saskatchewan Employment Incentive) in January of 2024, replacing it with a revised and consolidated Saskatchewan Employment Incentive Benefit (SEI). The SEI, while not a dedicated child care subsidy program, provides low-income working families with a financial benefit, a portion of which can be used for both licensed and unlicensed child care.

Following the elimination of the child care subsidy, Alberta has advised that families with very low incomes may be eligible for financial support for child care costs through the provincial Income Support Program as part of a Supplementary Benefit. Supplementary benefits for child care can be used for licensed and unlicensed care as well as for care by a grandparent.

Research Design

The main goal of the research was to explore the impact of the affordability funding changes, that took effect on April 1, 2025, on lower-income families and their access to regulated child care. Specifically, the research focused on the implementation of a flat-rate parent-paid fee of $15 per day, the elimination of the child care subsidy program and the introduction of new optional supplemental fees.

The research involved both primary and secondary data collection and analysis. The primary research included interviews with a selected sample of senior staff from licensed child care centres and family day homes as well as a parallel series of interviews with lower-income families. The secondary data analysis focused on national survey data on children's participation in child care.

A small working group of early learning and child care stakeholders, including representatives from the research partners, helped identify service providers delivering centre-based or family child care to lower-income families to participate in the study. The service providers interviewed were, in turn, asked to share information on the study with families and to invite them to consider participating in an interview. The research relied on a non-probabilistic sampling method. This type of method is helpful for studies which need to collect data in a short-time frame, at a relatively low cost, from harder-to-reach populations.

Between mid-March and the beginning of May, the research team completed 23 interviews with senior staff from 20 organizations delivering centre-based or family child care and 20 interviews with lower-income families accessing services provided by one of the organizations.

The staff interviews gathered information on parent-paid fees before and after the funding changes; the information service providers had shared with families about the funding changes; families' initial responses to the parent fee changes; and the anticipated impacts of the funding changes on the profile of the families programs served. Some of the staff interviewed also offered broader observations on the impact of the funding changes on the child care sector (see Appendix A for a copy of the interview protocol). The complementary family interviews gathered information on the composition of the family; its household income and expenses; the change in a family's parent-paid fees after April 1, 2025; and the impact of these changes on their access to licensed child care and their household finances. At the time of the interview, a number of families were still assessing how the fee changes would impact them (see Appendix B for a copy of the interview protocol).

The research also included an analysis of national data on the participation of children in child care, including by family income, prior to the funding changes. It further considered child care affordability for lower-income families after the funding changes using a standard affordability measure and estimated child care fees. The main source of data for children's participation in regulated child care was Statistics Canada's 2023 *Canadian Survey on Early Learning and Child Care.*[15] Finally, to help further understand how the funding changes were impacting lower-income and more vulnerable families, the research team held a focus

15 Statistics Canada. (2023). *Canadian Survey on Early Learning and Child Care (CSELCC)*. Retrieved from https://www.statcan.gc.ca/en/survey/household/5371

group discussion with staff from community organizations working with newcomer and immigrant families. The discussions helped to inform the analysis of the other research findings and the presentation of strategies to help support lower-income families' access to regulated child care.

The research partners undertook the study shortly after the announcement of the funding changes and just as they were beginning to go into effect. The partners wanted to collect some preliminary data on how the changes would impact lower-income families accessing regulated child care. The research partners recognize the need for a larger, more comprehensive study to assess more fully the impact of the affordability funding changes on lower-income families' access to regulated child care. That said, the current research findings highlight some significant areas of concern that require remedy to address the short- to medium-term impacts of the funding changes.

How the Affordability Funding Changes Affect Lower-Income Families

Interviews with senior early learning and child care staff and lower-income families explored the various ways in which the affordability funding changes, which took effect on April 1, 2025, affect lower-income families and service providers. The major findings from these interviews are summarized below. The findings are anonymized so as not to identify the service providers or families who participated in the research. There is also a related analysis of national survey data on children's participation in child care prior to the funding changes and an assessment of the affordability of child care for lower-income families after the funding changes.

Service Provider Assessments of the Impacts of the Funding Changes

Twenty-three senior staff described the impact of the funding changes on families and service providers. The staff work for 20 organizations comprising 14 community-based non-profit organizations, five for-profit private businesses and one municipally operated centre that deliver services in eight of the 13 new day care regions established by the Ministry of Jobs, Economy and Trade.[16] The organizations operate 33 child care centres, serving over 2000 children and their families and four family day home agencies serving around 1900 children and their families. Six of the organizations operate a single child care centre and six operate two or more centres. Two operate family day home agencies and two operate child care centres and a family day agency. Four provide centre-based child care as well as other child and family support services. All of the organizations serve at least some lower-income families and two also serve post-secondary campus populations.

Prior to the funding changes, most of the 33 centres the organizations operate had parent-charged fees that were either below or close to the median fees for centre-based care across the province.[17] These lower fees reflected their mandates and the communities they serve. The majority (23 of 33) previously charged differential fees for infants, toddlers, preschool-aged and kindergarten-aged children, with infant fees generally the highest. The range of full-time fees was $925 to $1,428 per month for infant care; $742 to $1,465 per month for toddler care; $737 to $1,300 per month for preschooler care; and $728 to $978.50 per month for care for kindergarten-aged children. The ten centres with flat-rate parent-charged fees had monthly fees of $977 to $1,385. There were some differences in the ages of children these centres served and variations in the services they delivered. Some centres, for example, provided nutrition, while others did not.

16 Government of Alberta. (updated August 2025). *Alberta Child Care Affordability Grant Funding Guide*. Retrieved from https://open.alberta.ca/dataset/061d9f31-4edd-4a2a-9f0d-09bb23594934/resource/75d56740-0b43-4628-a56e-180b52d09b55/download/ecc-alberta-child-care-affordability-grant-funding-guide-2025-08-v4-3.pdf

17 MacDonald, D., & Friendly, M. (2023). *Measuring Matters: Assessing Canada's progress toward $10-a-day child care for all*. Canadian Centre for Policy Alternatives. Retrieved from https://policyalternatives.ca/sites/default/files/uploads/publications/National Office/2023/10/measuring-matters-FINAL-October 27 2023.pdf

The parent-charged fees for the family day homes supported by the four family day home agencies ranged from around $750 to just under $1150 per month.

Changes in Lower-Income Families' Parent-Paid Fees

Centre staff advised that the majority of lower-income families accessing centre-based care would see an increase in their parent-paid fees following the funding changes. Lower-income families at centres with the lowest parent-charged fees prior to the funding changes saw the highest increase in their parent-paid fees.

Throughout this section, we refer to families who previously received a full child care subsidy. This means their annual household income was less than or equal to $120,000 per year, and they received the maximum subsidy amount of $266 per month per child to reduce their child care fees. As outlined in the previous section describing Alberta's former child care subsidy, the actual fees parents paid after subsidy and the provincial affordability grant varied depending on the service providers' parent-charged fees.

At 25 of the 33 centres, the parent-paid fees of all of the lower-income families who previously received a full child care subsidy increased, with an average monthly increase of just under $245 for infant care, $195 for toddler care, $140 for care for preschoolers and $290 for care for kindergarten-age children. At nearly three-quarters of centres where parent-paid fees for all lower-income families with full child care subsidy increased, all (6 centres) or some (12 centres) families who had previously had their child care fees completely covered saw parent-paid fee increases of $326.25 per month per child.

In a minority of centres, the effect of the funding changes were not as straightforward. At eight centres, the parent-paid fees of some lower-income families who previously received a full child care subsidy decreased, depending on the ages of their children in care. At four centres, lower-income families saw their parent-paid fees for preschoolers decrease by an average of $75 per month, at three centres families saw their fees for toddlers fall by an average of $130 per month and also at three centres families saw their parent fees for infants decrease by an average $12 per month.

They were given just two months to figure out their whole budget. They were paying $87 a month, and now they're paying the $326.25. That's a huge fee increase.
(Director of a child care centre in a major city)

The way that it is for a lot of the low-income parents, especially ones that are students, that were getting full subsidy. Going from paying nothing to $326 is a lot.
(Director of a child care centre in a smaller community)

Staff advised that three centres planned to help lower-income families manage parent fee increases, with two committing to use reserve funds to cover parent-paid fee increases for their current families until September, and a third planning to shelter families from higher overall fees until January 2026. Staff at a centre serving a post-secondary campus advised that students whose children attended the centre would continue to be eligible for bursary support to reduce their parent-paid fees. Seven staff drew attention to the substantial total fee increases for lower-income families with multiple children in care, which ranged from $300 to over $500 for families with two children.

Family day home agency staff reported that many of the lower-income families who previously received a full subsidy would see their parent-paid fees increase following the funding changes. Staff at two of the four family day home agencies reported that all of their lower-incomes families' parent-paid fees would increase, with families paying fee increases of just over $9 per month per child to up to $326.25 more, depending on the day home providers' fees prior to the funding changes. Staff at the other two agencies advised that while some lower-income families would see parent-paid fee increases of over $235 per month per child, others would see their fees fall by around $159. Staff from one agency advised that some family day home educators planned to charge families a reduced parent-paid fee to help offset the fee increases.

They have now lost their subsidies, so their monthly parent portion was going to be increasing. Single mom, two children - that's a large increase in one month. Not only that, but the family child care educator was also considering supplementary fees.
(Family day home agency staff in a major city)

Supplemental Fees for Optional Services

Centre staff reported that most programs would not charge supplemental fees for optional services. Only three of the 33 centres planned to charge a supplemental fee for nutrition but advised that these fees would be low or subsidized by the centre for a period of time. Staff from two further centres advised that they would review the financial necessity for supplemental fees at a future date, with one review scheduled for the fall.

Centre staff were concerned that supplemental fees, particularly for nutrition, would place additional financial burdens on lower-income families. They further argued that supplemental fees for recreational activities or special programming may also result in the exclusion of some children from centre services. Individual staff viewed nutrition as a central element of an inclusive, high-quality program. Others expressed their concerns that some for-profit providers had implemented substantial new supplemental fees, including for nutrition, that would exclude lower-income families from regulated care.

We offer meals because of the type of population that we serve. Our children come into daycare hungry. We know what the cost of getting groceries for our own families is like. We would never charge for it. Our families wouldn't be able to afford it.
(Director of a child care centre in a major city)

We won't do that (charge supplemental fees). With our mission and vision we feel it's not ethical. We've already got our marginalized families who are trying every means possible to be able to generate that child care fee monthly.
(Director of a child care centre in in a major city)

Staff advised that eight centres planned to cover the costs of nutrition or other enriched services, such as recreational and cultural activities, through existing fundraising or through new fund development activities. They cautioned, however, that these were neither long-term nor reliable funding strategies to reduce families' child care fees.

Family day home agency staff expressed similar concerns about introducing supplemental fees and cautioned that lower-income families would struggle to afford them. They advised that agencies would leave the decision to charge supplemental fees up to individual family day home educators, some of whom might implement them to compensate for lower fee revenues under the new affordability funding model. Two agencies planned to monitor family day home educators' supplemental fees to ensure they remained reasonable, with one planning to review the practice in the fall. Staff cautioned that family child care educators charging and collecting supplemental fees from families might undermine the caregiver-family relationship.

Communications with Families about the Funding Changes

Most staff were concerned that the funding changes were announced without prior notice and with very short timelines for implementation. Some shared their frustration that service providers had been left with the responsibility both to advise families of fee changes and to deal with their questions and concerns.

The Public Announcement and Rapid Implementation of Funding Changes

Staff were disappointed that the Ministry of Jobs, Economy and Trade announced the funding changes without prior notice or consultation with service providers. They also described the short timeline for their implementation as challenging, with the funding changes announced at the end of January for implementation on April 1. Some staff were unhappy that the Ministry announced the changes publicly, before service providers had the chance to discuss them with families. They advised that this caused confusion and anxiety for some families who were either uncertain or misunderstood how the changes would affect them. Individual staff were discouraged by the elimination of the child care subsidy, which they saw as disproportionately affecting those families with the lowest household incomes.

> *It was on the news in the morning. Without having spoken to any of the owners or operators of centres. So, it was a shock to all of us, we knew nothing about what was going to happen. We started getting all these questions, and of course parents were upset, some of them.*
> (Director of a child care centre in a mid-sized city)

Almost all centres developed their own communication materials to advise families of the changes. Staff at centres serving newcomer families or more marginalized families tried to speak directly with families whose fees were increasing. Some offered families assistance to help them navigate the changes. Most centres relied on a combination of on-line communications, newsletters and social media to inform families of the changes. A small number scheduled centre meetings, although staff advised that these were not well attended.

> *Families that I knew were the most vulnerable. I did reach out individually to each of those just to say, is this sustainable? Are you going to be able to manage this? What can we help with going forward?*
> (Director of a child care centre in a major city)

Despite these efforts, centre staff reported challenges in communicating with families about the changes. Staff at seven centres described the stress of having to inform families that their fees would increase. Some families were upset by the increase. Staff at centres serving newcomer or more marginalized families cautioned that some families were afraid to ask questions about the changes. They described other families as 'going silent' and unwilling to discuss how the changes would affect them.

At 11 centres, staff reported that individual families questioned why the child care subsidy was eliminated - questions that staff couldn't answer. Individual staff described difficulties in explaining to families that fee increases were the result of provincial funding changes and not centre decisions. Others referenced challenges in dealing with families who were confused that the subsidy for preschool-aged children was ending, while the subsidy for school-aged children was continuing.

> *They don't understand why the subsidy was taken away, which we have absolutely no answers for, because nobody told us.*
> (Director of a child care centre in a major city)

Three of the seven staff interviewed prior to the funding changes taking effect shared their concerns that some families did not understand that their parent fees would increase on April 1, 2025, despite their efforts to inform them. Five staff interviewed after the changes advised that some families were surprised or shocked when their fees increased on April 1, 2025, and did not understand why they no longer received a child care subsidy. Individual staff further observed that some families were confused by supplemental fees and whether they would be required to pay them in the future. Finally, three staff relayed the disappointment of families who had previously applied to enrol their children in child care only to then learn that their fees would increase on April 1.

> *Most directors felt the same. They don't feel like their families have really grasped how much it is, and that they're going to see a big hit come April 1st with a substantial increase in fees.*
> (Director of a multi-service child care organization in a mid-sized city)

In contrast, staff at four centres shared examples of families relieved or pleased that their parent-paid fees had decreased. Three additional staff described the relief of some families that they would no longer have to meet the subsidy requirements, including providing the Ministry with updates on their income or work status. Staff at one organization, which previously charged fees based on the number of service days in a month, advised that families appreciated the more consistent monthly fee.

Family day home agency staff were similarly frustrated with the way in which the changes were announced and the resulting additional work agencies took on to advise families and family child care educators of the changes. Agencies prepared their own communications, used social media, and in two cases held information sessions to advise families and educators of the fee changes. Staff from three agencies were concerned that some families did not understand how their parent-paid fees would change on April 1, 2025, and shared examples of families contacting the agency with questions about fee increases. Staff from two agencies were discouraged that agency staff were left with the responsibility of advising educators and families how the changes would affect them. They described themselves as the 'messengers of bad news' for families whose fees increased and for educators whose incomes decreased. Individual staff cautioned that the limited information the Ministry provided on the changes and their rapid roll-out had strained the relationships between agencies and some of their family child care educators.

> *People are just angry. There's been so much work put into trying to de-escalate and give good information. It has been probably the hardest few months that I've ever experienced.*
> (Family day home agency staff in a major city)

How the Funding Changes Affect Lower-Income Families' Access to Regulated Child Care

The scheduling of interviews between mid-March and early May gave staff only a relatively short time period to observe and assess the impact of the funding changes on lower-income families. Staff advised that individual centres planned to review the impact of the changes over the summer and into the fall to better understand how they were affecting families. Individual staff cautioned that some families were still working out how the changes would affect them, while others were reluctant to share how they planned to manage fee increases, including for fear of jeopardizing their current access to care.

Immediate Withdrawal of Lower-Income Families from Regulated Child Care

Staff reported that lower-income families at 14 of the 33 centres withdrew their children from care prior to the end of April 2025. The number of families who withdrew was relatively small, between one and five families at individual centres. One larger service provider, which serves lower-income communities, reported the loss of around 40 families across its four program sites. Centre staff described the families who withdrew as including those with multiple children in child care, those dealing with recent job losses or changes in employment as well as those working in very low-wage sectors.

> *As soon as the messages came out, I had one mom a newcomer, a single parent with two children, one with significant disabilities. She came to me in tears, showing me her budget.*
> (Director of a multiservice organization in a major city).

> *For us, the parents do not have very much hope – they are marginalized. They're trying to do it with part-time care. They're trying to make it work at home, or they're just leaving.*
> (Director of a child care centre in a major city)

Staff from two family day home agencies also reported families leaving prior to the funding changes coming into effect. At one agency they advised that four to six families left because of the parent fee increases, while at the other staff did not have information on why the families had left.

Anticipated Future Withdrawal of Lower-Income Families from Regulated Child Care

In addition to those families who withdrew prior to the end of April, staff at up to 13 of the 33 centres anticipated that additional lower-income families would withdraw their children either before or over the summer months. Staff at four centres reported that individual families had already told them that they would have to withdraw their children in the coming months because of higher parent fees.

The number of families staff anticipated would leave prior to or over the summer was again relatively small, although one centre reported that up to eight families would leave - more than double the usual number. Staff advised that some families hoped to be able to re-enrol their children again in the fall, although they cautioned that this would not be possible since most centres would be unable to afford to hold spaces open for more than a short period of time. Two staff forecast significant attrition among lower-income families at their centres as they struggled to pay higher parent-paid fees for more than a few months.

> *I think for us it's going to be more in September. You're going see a big shift. When everybody is supposed to come back or you get new families starting. Some of them figured out they're going to stay for April, May, June. They'll try to make it work for the next 3 months.*
> (Director of a child care centre in a major city)

Staff from family day home agencies were uncertain about future family withdrawals. Individual staff anticipated that some families would try to reduce their child care hours rather than leave, an option some family child care educators could accommodate. Staff from two agencies cautioned that changes to the funding for 'extended days' may result in some families losing access to the longer hours of care they need for work, although they advised that these were likely families with higher household incomes.

Limited Capacity of Centres to Provide Part-Time Care

Staff reported that lower-income families at 18 centres had requested part-time care to help reduce their parent fee increases. They advised, however, that 15 of 18 of the centres would not be able to provide part-time care, given the challenges of scheduling staff to maintain staff-to-child ratios. Staff at only three centres, each of which serve either very low-income or marginalized families, advised that they would offer part-time care, although individual staff cautioned that this would present some financial challenges.

> *We've always had part time, but we can't afford part-time. So, we're going in the hole every month because we have part-time children.*
> (Director of a child care centre in a smaller community)

Limited Alternative Child Care Options Available for Lower-Income Families

Staff cautioned that families who withdrew their children would have few alternative child care options available to them. Staff at eight centres advised that some lower-income families planned to rely on family members or relatives to provide care. At two centres, staff reported that families hoped to bring relatives from overseas to provide care, while one single parent planned to rely on a combination of care from an elderly neighbour and her own school-age children.

> *A lot of people are looking to have a private sitter, or family member or something. But how is that impacting the family as a whole? I'm just not sure how this is all going to roll out. And what is best for the children?*
> (Director of a child care centre in a mid-sized city)

> *Lower-income families have very few alternative child care options available to them other than unlicensed, private care or withdrawing from the work force.*
> (Director of a multi-service organization in a mid-sized city)

At eight centres, staff shared examples of parents trying either to change their work schedule or their job so that they could care for their children. They reported that in the case of three families a parent (the mother) planned to leave the workforce.

> *I would say predominantly it's women who are really worried that they will not be able to retain employment. And so, I find it disproportionately yet again affecting women that would like to have a balance of career and home life. It's going to fall on them again to be the ones that are asked to leave their employment.*
> (Director of a multi-service organization in a mid-sized city)

Family day home agency staff were similarly worried that lower-income families who withdrew their children would have few other child care options available to them other than unlicensed private care or leaving the workforce.

The Impact of Leaving Child Care on Children's Learning and Development

Centre and family day home agency staff were concerned that the withdrawal of lower-income children from regulated child care would negatively affect their learning and development. They cautioned, however, that the full impact would not be known until a later date.

The lowest income families are going to disappear out of child care. We don't want to speculate where those children are, but they're in unlicensed care or they're not receiving high-quality care at all. Those are the children that need us the most.
(Director of a child care centre in a major city)

Centre staff anticipated a number of negative consequences of children leaving child care including children with additional needs not having access to specialized services and supports at an early age; more children entering school with learning difficulties or delays; children missing out on socialization with other children; disruptions in children's early learning and care; and higher stress levels in households with families managing additional care roles and responsibilities. Staff at centres serving very low-income or vulnerable families were especially concerned that children with additional needs, sometimes up to 70 percent of the children in their care, would lose access to specialized services for speech and language development and Autism Spectrum Disorder.

It means that we can't identify children who are in need of specialized programming. Whether it's ASD or behaviour support whether they need speech and language support. You don't get to identify them because you don't get to see them. The school system's going to have a tough time. They'll just be behind everybody else, and they'll stay behind. Because they won't get caught up in the school system.
(Director of a child care centre in a major city).

You're losing not only child care, you are losing your speech, you're losing your behavioural therapy, including those early interventions a lot of our children require.
(Director of a multi-service organization in a mid-size city)

Three family day home agency staff were similarly worried that the withdrawal of children from regulated child care would disrupt their early learning and care and result in them losing access to specialized supports and services.

The Financial Impacts of Higher Parent-Paid Fees on Lower-Income Families

Both centre and family day home agency staff were concerned that some lower-income families would be unable to afford higher parent-paid fees, especially those with more than one child in care. Individual staff described the new flat-rate parent fees as inequitable and were worried that families with the lowest household incomes would be impacted the most by the changes.

I think we are going to be back at that time where parents are asking themselves, am I going to pay for groceries this month or child care?
(Director of a multi-service organization in a mid-sized city)

Staff anticipated that lower-income families at 31 of the 33 centres would find it difficult to afford higher parent-paid fees. At eight centres, they reported difficult conversations with families worried about higher parent fees. Staff advised that four centres would allow families to pay their fees bi-monthly, to help them manage the cost. Three staff anticipated that more families would fall behind in their fee payments and that centres would find it more difficult to collect families' parent fees. They shared examples of families incurring credit card debt and borrowing money to cover higher parent fees.

I think some of them go into credit card debt. If you have three kids, you're talking almost a thousand dollars a month on top of all of those things you're trying to pay on the 1st. So yeah, we've had a lot more requests for different types of accommodations to be made.
(Director of a child care centre in a major city)

Eight staff suggested that some lower-income families would likely reduce their other household expenses to pay higher parent-paid fees, including cutting back on or eliminating their children's extracurricular activities. Individual staff were concerned that some families would no longer be able to afford specialized supports or services for their children. They advised that others, those with very low incomes, would need to access other provincial income supports and other family intervention services.

We have a lot of blue-collar workers and they're two-income families. But with all the increases in rent, in food, in all those things. I just don't see how some of them can do it.
(Director of a child care centre in a mid-sized city)

Centre staff were critical of the short timeline for the funding changes, which gave lower-income families little time to plan or budget for higher parent fees. They advised that families at four centres were planning to work more hours to pay their higher fees, although they cautioned that this would be difficult for single parents and two-income families in which one of the parents worked out-of-town. Staff at centres serving families with very low incomes were especially concerned that families would be unable to afford higher parent fees.

Multiple children and single parents. That's really where we're seeing the big impact.
(Director of a multiservice organization in a major city)

Family day home agency staff expressed similar concerns about the ability of lower-income families to pay higher parent fees. They worried that some families would have to tell their day home educator about their financial difficulties, potentially changing the nature of the care relationship. Staff were also worried that some parents would have to leave the workforce and that family day home agencies would see an increase in the number of families with outstanding parent fees.

A family might for the first time have to have a conversation with their educator about their financial situation, which never would have been something that they had to think about before. It should be up to the family, if and how they choose to share that.
(Family day home agency staff in a major city)

Impacts of the Funding Changes on Service Providers

Staff were concerned that the new affordability funding, including the regional allocations, would reduce the quality of early learning and care and make it more difficult for centres to serve lower-income families. Family day home agency staff were concerned that the incomes of some family child care educators would fall under the new funding model and worried about strained relationships between family day home agencies, educators and families.

Challenges in Delivering High-Quality Early Learning and Child Care

Thirteen centre staff expressed their fears that the funding changes would make it more difficult to deliver high-quality early learning and care. They cautioned that programs would have few options to increase revenues other than charging families supplemental fees, an option which many organizations serving lower-income families would be unwilling or unable to adopt. Individual staff were especially concerned that centres providing specialized or culturally enriched services would struggle financially under the revised funding model.

Just this one flat fee, instead of envelope funding or a different way to talk about elements of programming. It's tarnishing child care. We're losing quality care.
(Director of a child care centre in a smaller community)

Staff anticipated that up to nine centres would incur operational deficits in the current fiscal year, requiring some to spend down their reserve funds. They advised that other centres would have to rely on external funding or fundraising to cover service delivery costs, neither of which provided stable or reliable sources of revenue. Three staff anticipated lower overall revenues and fluctuations in cash flow.

Three staff highlighted the stresses on front-line staff of families withdrawing their children in the middle of the program year. They further referenced the additional burdens that fell on administrative staff as programs had to revise their operational budgets and update their parent resources to reflect the funding changes.

> *We're looking at a $90,000 deficit this year because of how the Government is funding us. And at the end of the day that could just impact access period.*
> (Director of a child care centre in a smaller community)

Individual staff cited the benefits of the grant funding centres received as part of the former $25 per day early learning and care demonstration initiative.[18] They described this funding as more stable and predictable, and highlighted the improved access to centre-based care for lower-income families under this previous funding model.

> *We were also a $25 per day pilot program. During that project the families on low incomes paid zero. I had never seen a time in early learning and care when marginalized families were more able to participate in the program and thrive.*
> (Director of a child care centre in a major city)

Family day home agency staff were concerned that some educators would either reduce their services or charge families supplemental fees to make up for their loss of income under the new funding model. Individual day home agency staff advised that some agencies were reducing their own fees to compensate family child care educators for their loss of income.

18 In 2017, the Alberta Government introduced a $25 per day ELCC Demonstration Initiative. At its peak, the Initiative included 122 non-profit centres across the province. The Initiative ended in 2020.

> *For the first time I'm hearing my educators saying I don't know if I can do this anymore. So, these really strong, highly-educated, wonderful educators are considering different careers because of these changes.*
> (Family day home agency staff in a major city)

Family day home agency staff also drew attention to the changes agencies had to make to their financial systems and contracting processes to accommodate the new funding approaches. Individual staff were concerned that the funding changes did not take into account the unique characteristics of family child care.

Limited New Investments in Early Childhood Educators and Staff Teams

Some centre staff were discouraged that the funding changes did not include new investments in educators. Four staff referenced the continued low pay of early childhood educators as challenging and advised that service providers would have little capacity to raise educator wages under the new funding model. Individual staff expressed their frustration that educators were not paid a 'living wage' and had to work second jobs to boost their income. Two staff suggested that centres would struggle to afford the higher wages of Level III certified educators and may have to recruit lower-qualified educators to replace them.

> *When we think about recruitment and retention and sustainability within our sector, there are so many implications from this decision that I don't think we truly understand the impact. When you think about quality, when you think about HR costs overall, all of those things, they impact the quality of the program which impacts families.*
> (Director of a multiservice organization in a mid-sized city)

You know what's the best way to make your budget work right now, have less Level IIIs. Cut your Level IIIs. And so, we're going to lose that experience and that knowledge.
(Director of a child care centre in a smaller community)

Staff advised that the funding changes would also affect early childhood educators whose own children were in regulated child care, most of whom were previously eligible for a full child care subsidy. They expressed the fear that higher parent-paid fees may result in some educators leaving the field. Staff advised that 11 centres previously provided educators with reduced parent fees for their own children in care, with some worried centres would no longer be able to provide this benefit. Staff from a large service provider, with multiple centres, advised that their organization would continue to provide educators with reduced child care fees.

Our educators, a lot of them, are single parents with multiple children in care. I've had some educators say, oh my God, if we don't get a staff discount, I'm probably not going to be able to work. We have 16 children in care that are educators' children.
(Director of a child care centre in a smaller community)

Family day home agency staff were discouraged that educators would not be compensated for their education or experience. They advised that this would make it more difficult for agencies to recruit and retain qualified, experienced family child care educators.

They have just set a fee and everyone gets it. It doesn't matter if you have one year experience, or 15 or 20 years. Experience doesn't matter. If you're level 1, 2, or 3 your education background doesn't matter.
(Family day home agency staff in a major city)

The Exclusion of Lower-Income Families

Staff at 18 centres were concerned that the new funding approaches would make it more difficult for families with low incomes to afford centre-based care. Staff at centres serving vulnerable or marginalized families or providing specialized or culturally enriched services were especially concerned that lower-income families would be excluded from care. Individual staff cautioned that supplemental fees could lead to a two-tiered child care system in which lower-income families would find it more difficult to access higher-quality care.

I feel like the lower-income families aren't getting to choose what they think is best, because they can't afford it. Only people that have higher incomes get to choose now.
(Director of a child care centre in a mid-sized city)

I have a feeling that it will feel two tiered. The haves and have nots. And the people that can afford child care, yay for you. But the rest, well, that's kind of too bad. Maybe get another job.
(Director of a child care centre in a smaller community)

Staff at five centres cautioned that long waiting lists would result in middle- and higher-income families quickly replacing lower-income families unable to afford higher parent fees. Individual staff saw some opportunity for the new flat parent fee to make child care more affordable for families who were previously ineligible for a subsidy. They further suggested that infant care might also become more affordable for families at some centres.

My assumption is, we will fill spaces with families who can afford the flat-rate fee. The families who can't afford the flat-rate fee, how will we know where those families go? If they can continue to be employed? If they will choose unregulated care? My concern is that the families which I think are probably the most marginalized families will fall out of the picture.
(Director of a multiservice organization in a major city)

Impacts of the Funding Changes on the Early Learning and Child Care Sector

Some staff were concerned that the funding changes would not strengthen the sector and did not align with the goal of making high-quality child care more accessible for all families. The challenges they highlighted were similar to those they identified for individual organizations.

The Inequities of the New Affordability Funding

Five staff described the funding changes, particularly the introduction of a flat-rate parent fee and the elimination of the child care subsidy, as inequitable. They were worried that lower-income families would be excluded from regulated child care.

> *They made it equal. They didn't make it equitable. I think that's the thing that is so upsetting. Yes, it's the same for everybody, but it's not equitable. Those families who can't afford it and the ones that are struggling they had no choice, and they're paying more.*
> (Director of a child care centre in a major city)

> *I just feel like it's impacting our program. It's impacting our educators. It's impacting the families so much and everybody's kind of just feeling it's so unfair. Especially when families have to leave. And can we get them back in? I don't know. It's just the whole inequality.*
> (Director of a child care centre in a mid-sized city)

Three centre staff argued that the new regional funding allocations appeared to benefit larger service providers in major urban centres ahead of smaller programs in rural or regional communities. They were worried that small programs serving families with additional or unique cultural needs would struggle to remain financially viable.

> *We have basically taken every avenue we can. And whether the government pays for it through subsidy or they pay for it through Jordan's principle, they're going to be paying for it. So, like it's either that or we shut down. We cannot force families to make this large of a payment.*
> (Director of a multi-service organization in a mid-sized city)

Family day home agency staff expressed similar concerns about the new regional funding allocations, which they saw favouring some regions ahead of others. They expressed the fear that family day homes in those regions with lower funding allocations and in some rural communities would close as a result of the funding changes.

The Quality of Regulated Child Care

Staff cautioned that the new funding approaches did not address the longstanding quality challenges facing the sector. Four highlighted the need for investments to improve the quality of child care and argued for a greater focus on children's early learning and development.

> *Well, first, I would love for them to invest in quality. I think that's really critical. And yes, we've seen daycares pop up on every street, and yes, that was to cover the access, those 42,500 spaces. But we want to see educators compensated. We want to see that they have the proper credentials, that they're continuing their PD. Because it's that which impacts children directly.*
> (Director of a child care centre in a major city)

Four staff worried that the new funding approaches would not address the differences in the quality of care between programs and services. They cautioned that some new for-profit centres had already discounted the new flat-rate parent fee to attract families and worried that this would result in lower-quality care. Staff working with marginalized populations argued that for-profit service providers would find it difficult to serve lower-income families and generate a profit. Three staff further suggested that the rapid expansion of services had resulted in new programs opening that provided low-quality care.

> *There's a lot of programs opening just to open for financial reasons. And they're not at all in the child's best interest.*
> (Director of a child care centre in a smaller community)

Family child care staff expressed similar concerns that the new funding approaches would reduce the quality of family child care.

Support for Early Learning and Child Care System Building

Individual staff questioned how the funding changes supported system building. Three staff were worried that the Alberta government had not yet agreed to extend the current five-year Canada-Wide agreement. They cautioned that families would be unable to afford the large fee increases if the federal funding ended in spring 2026 and that service providers would find it difficult to transition back to market-based fees.

> *The intention of this, the Canada-Wide agreement was to build a system, and I think we've really dropped the ball on that, and families deserve better.*
> (Director of a multi-service organization in a mid-sized city)

> *When we can build a system that is focused on the child at the centre or the family, the decisions would flow differently. But if you're trying to build a system that has the entrepreneur or program at the centre, I think you can lose your way.*
> (Director of a multi-service organization in a major city)

Three staff described service providers' fatigue with the amount of change since system building began and the apparent lack of response from the provincial government to service providers' concerns. Individual staff expressed their frustration that service providers had few opportunities to provide input into system building. They further advised that the Ministry had not asked families, especially those with lower incomes, how the funding changes would affect them and their access to regulated child care.

The Impact of the Funding Changes on Lower-Income Families

Twenty families shared how the affordability funding changes would impact them and their access to child care. Some were still assessing how they would respond to and manage the changes.

Families' Composition, Workforce Participation and Household Income

The 20 families included nine single-parent families and 11 two-parent families – all of whom received a full child care subsidy prior to the funding changes. Fifteen of the families were accessing centre-based child care and five used family day home care.

Eight of the single-parent families were headed by women, six of whom worked full time and two part time. Two single parents attended post-secondary education while working part time; a third was a full-time student who was not currently in the labour force. Six single parents had one child in child care; one had two children and two had one child in child care and one in school-age care. Two single parents also had older school-aged children. Two single parents had children with additional needs.

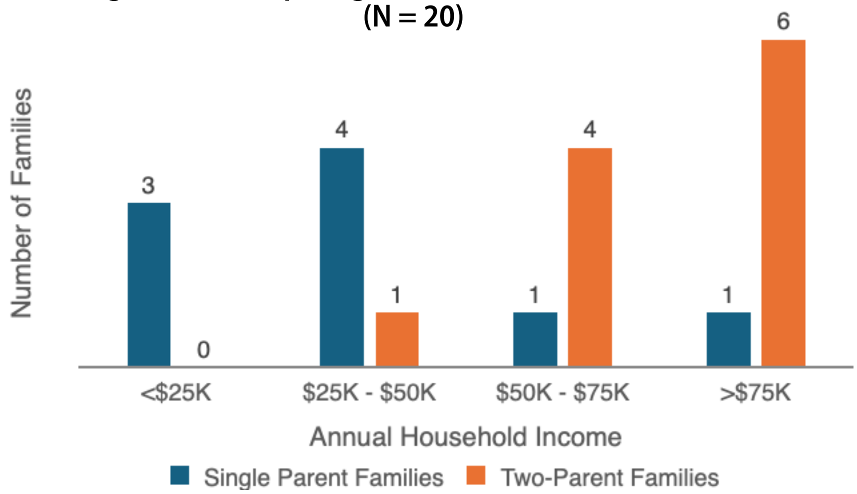
Seven single parents were managing family transitions, including separation or divorce and bereavement. Two single parents lived with their parents. Three had family members, including parents, able to provide some care for their children, although the level of support varied.

Three single parents reported annual incomes of under $25,000, including one whose primary sources of income were student loans and government transfers; four reported incomes between $25,000 and $50,000; one reported an income between $50,000 and $75,000 and one an income of over $75,000.

The majority of parents in two-parent families worked full time. Four families had one child in child care; six had two children and one family had three children. Six families also included older school-aged children. Two couple-families had children with additional needs. Only one two-parent family had extended family members able to provide them with some help with their children's care.

Three two-parent families had recently experienced workforce disruptions including job loss, workplace injury or changes in employment. The male partner in four families worked out of town for periods of time. In one family, one of the parents worked and attended post-secondary education. Six two-parent families reported annual household incomes of over $75,000; four incomes between $50,000 and $75,000; and one an income of between $25,000 and $50,000 (Figure 1).

Figure 1. Participating Families' Household Incomes (N = 20)

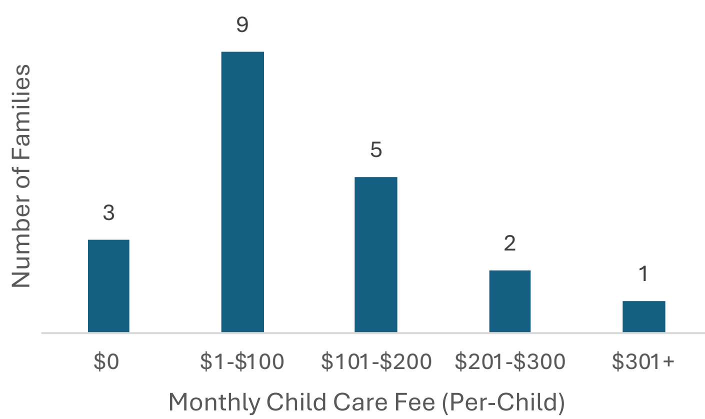


Changes in Families' Parent-Paid Fees

Parent-Paid Child Care Fees Prior to April 1, 2025

Prior to April 1, 2025, families' monthly parent-paid child care fees ranged from $0 to $375 per child. In March, three families paid no monthly fee for their children in child care, although one of these families paid $675/month for an older child in a pre-K program and out-of-school care. Nine families paid $1 to $100 per month per child and four families paid $101 to $200 per child. Two families paid between $201 and $300 per month per child and one family paid $375. One single parent paid two different fees for her children - $89 per month and $200 per month – resulting in a total monthly child care fee of $289 and an average per-child fee of $144.50 (Figure 2).

Figure 2. Monthly Per-Child Parent-Paid Fees Prior to April 1, 2025 (N = 20)



The eight families (two single-parent families and six two-parent families) with more than one child in regulated child care paid total monthly parent fees of between $47 and $533 for centre-based care. Three of the families paid $100 per month or less for their multiple children in child care.

Parent-Paid Child Care Fees After April 1, 2025

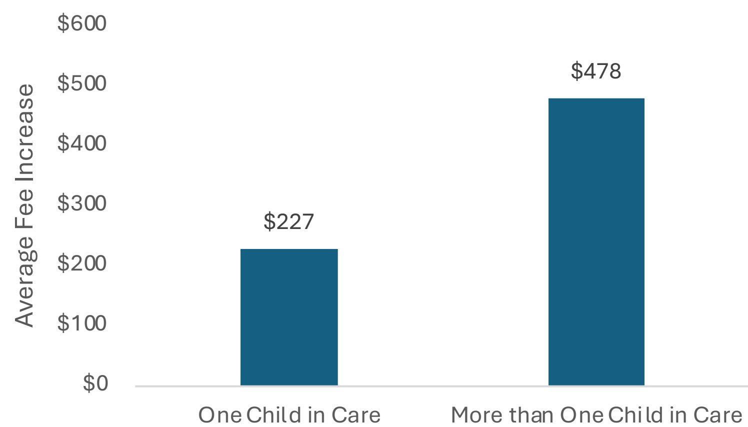
As of April 1, 2025, all families transitioned to a monthly parent-paid fee of $326.25 per child (excluding any supplemental fees). One single-parent family and one two-parent family were initially sheltered from fee increases by the centre their children attended, which committed to cover parent fee increases until September, 2025.

Eighteen of the twenty families reported increases in their parent-paid fees (this includes the two families sheltered from paying the increase until September). The average monthly parent-paid fee increase per child was $227. The average total increase in parent-paid fees for families with more than one child in care was $478 (Figure 3).

Three families who previously paid no parent fee saw their fees increase to $326.25 for a single child care space. Each of these families reported annual household incomes of less than $50,000. The three single-parent families with reported annual household incomes of less than $25,000 faced average parent-paid fee increases of $203.50 per child.

Of the two families whose parent-paid fees did not increase, one single-parent family reported a $48.75 reduction in their overall fee and one two-parent family with two children in care advised that their fees had remained the same.

Figure 3. Average Increase for Families Whose Parent-Paid Fees Increased (n = 18)



Supplemental Fees

Four families advised that their care provider planned to implement new supplemental fees, as of April 1, 2025. Two families agreed to pay supplemental fees of $84/child per month for nutrition; and one family agreed to pay an annual supplemental fee of $150 for snacks. A fourth family received notice that their family child care educator planned to charge a supplemental fee, but the amount of the fee had not yet been set.

> *If we had to pay for meals and everything on top of the extra fees, without the subsidy, we wouldn't be able to have our kids in daycare.*
> (Two-parent family living in a major city)

> *I think in my community, there's been a lot of parental angst over this (supplemental fees).*
> (Single-parent family living in a mid-sized city)

Communications About the Funding Changes

Twelve families described the information they received on the funding changes, which primarily came from their service provider. Individual families were surprised by the changes, which came without prior notice. Five families had follow-up discussions with their service provider which they found useful. Four families reported receiving subsequent information on supplemental fees. In the main, families found the information from their service provider helpful. Individual families raised specific concerns, however, including being 'caught off guard' by the fee increase notice, which was sent by email; not receiving formal notice that their fees were increasing, and not understanding that the child care subsidy was ending.

> *It was very stressful when we first heard about it. I remember I was just crying and telling my husband I don't know what to do. Do I stop working? Can we afford it if I'm not working?*
> (Two-parent family living in a mid-sized city)

> *There have been so many financial changes to child care, that it has been a roller coaster. And people take each change as being solid and so then they base their budget around that.*
> (Single-parent family living in a mid-sized city)

Three families reported hearing or watching the provincial government's announcement of the funding changes. Two initially thought that their fees would be lower and were disappointed to learn that they would in fact either increase or stay the same. One family suggested that the provincial government should have provided more information on supplemental fees, which were confusing to some families.

> *Outside of an emotional perspective and disappointment in how the government's lack of communication just trickles down, you can feel the effect when it kind of dropped just like that. I believe there was no notice given to the providers themselves.*
> (Two-parent family living in a mid-sized city)

Three families reported difficulties in getting further information from the Ministry on how their fees would change either through its website or through communications with government staff. They encountered challenges in accessing information on the elimination of the child care subsidy, how the funding changes impacted different services such as preschool, and the continued eligibility of older children for out-of-school care subsidy. One family contacted their MLA to raise concerns about the substantial increase in their parent-paid fees, and the short notice period before the increases took effect.

The Impact of Higher Parent Fees on Families' Access to Child Care

All but one of the families planned to try and keep their children in regulated child care following the funding changes. Eight families were concerned, however, that they would struggle to pay higher fees and may have to withdraw their children from child care in the coming months. Families advised that they had very few alternative care options available to them and emphasized their reliance on child care both to support their labour force participation and their children's early learning and development.

Withdrawal of Lower-Income Families from Regulated Child Care

One single parent withdrew her child from child care following the increase in her parent-paid fee of just under $190 per month. She was a full-time student, with one child in regulated care and two school-age children. Her main sources of income were a student loan and government transfers and she planned to apply for income support over the summer. She described facing significant financial challenges, but hoped to re-enrol her preschool-aged child in child care in the fall when she returned to school and was eligible for further student financing.

Anticipated Future Withdrawal of Lower-Income Families from Regulated Child Care

Eight families were worried that the increase in their parent-paid fees would result in them having to withdraw their children from child care in the coming months. Families were at different stages of assessing their ability to pay higher fees. Some had begun to look for other child care options, which they advised were hard to find. One of the two parents sheltered from higher fees until September, advised that she would keep her children in child care until they began school in September, at which point she would have to decide whether she could afford school-aged care.

Despite the financial burden of higher parent fees, families were reluctant to withdraw their children from regulated care. They highlighted the benefits of regulated child care both for their children's socialization and learning and their own labour force participation and schooling. Individual families described withdrawing their children as a last resort.

> *Maybe still keep them there in May. Because it's already too soon to pull them out. And then maybe decide in June. If he still has no work or finds a night shift job then we will take them out.*
> (Two-parent family living in a major city)

Two mothers were discouraged by the prospect of having to withdraw their children from care, having waited up to two years to access an affordable child care space. Three parents working part time and studying emphasized the importance of child care in helping them pursue post-secondary education.

> *You can't find infant care with one kid, let alone two at the same time. So, we were very fortunate we got spots. Once you pull your kids out, that spot opens up for somebody else, right? (*Two-parent family living in a mid-sized city)

Families' Limited Alternative Child Care Options

Those families who worried that they could not afford higher parent fees were also concerned by the lack of alternative child care options available to them, including part-time regulated care, private care or care by other family members. They described having few other child care options should they have to withdraw their children from regulated care.

Part-Time Child Care

Nine families reported considering moving to part-time care to reduce their child care fees, although some cautioned that this would require them to change their work or study schedules or to seek additional help with care from family members. Six of the nine families advised, however, that their service provider was unable to offer part-time care.

Five families were disappointed and, in some cases, frustrated that service providers were unable or unwilling to offer more flexible part-time child care that better met their work and schooling needs. The part-time care they had hoped to find included accommodations for varied work hours and for the times that parents who worked out of town were home and could take care of their own children. Individual families reported feeling pressured to pay for a full-time space to ensure their child could remain in regulated child care. Two families advised that moving to part-time care would not significantly reduce their fee increases. A third parent was worried that even asking for part-time care may jeopardize her child's full-time space, having previously been told by service providers that part-time care was not an option.

I talked to the day care director and asked them is there any way I can keep my kids home these two months I am not working and save the spot for September. And they told me if you want to keep your child's spot you still have to pay if they're here or not.
(Two-parent family living in a mid-sized city)

Alternative Child Care Options

Those families who worried that they would be unable to afford higher parent fees reported having few alternative child care options available to them. Eight families had initially considered asking family members to provide additional care but were worried that this was not a sustainable option that would meet their children's learning and care needs. Individual families advised that family members could not take on larger care roles due to their own commitments, their age and in some cases their health. One single parent was considering asking an elderly parent to come to Canada to provide full-time care, while a two-parent family had considered sending their children to live with relatives. Both acknowledged the limitations of these options, including the cost and the quality of care their children would receive. A third family had looked at an unlicensed care option but advised that the cost was the same as regulated care.

My mom is still working so she can't really help. My dad, he's very sick so we can't give him that stress.
(Two-parent family living in a major city)

There's nothing else that really works. I could bring my kids to childminding in the mornings, and then I'd have to go home with them. Or I would have to take them somewhere else, like full time.
(Two-parent family living in a mid-sized city)

Two couple-families were assessing whether they could change their work schedules to allow one parent to be home with their children during the day. One single parent planned to ask her older child to look after a preschool-aged sibling over the summer months, after which time she hoped to re-enrol her child in child care in the fall.

The Impact of Higher Parent Fees on Families' Household Finances

The majority of families whose parent-paid fees increased expressed concern about their ability to pay more for child care. They explained how existing pressures on their household budgets left them with little room to pay higher fees especially with such short notice.

Families' Finances Prior to the Funding Changes

The majority of families, 15 out of the 20, described their household finances as already stressed prior to the funding changes. Individual families shared the difficulties they faced with rising household costs, which had resulted in some already looking for ways to reduce their spending and others trying to increase their household incomes.

I earn only less than $2,000 per month. It was not enough for rental payment and utilities and phone bill and my baby's day care. And for groceries it was not sufficient.
(Single-parent family living in a mid-sized city)

Five families advised that their housing, food and transportation costs took substantially all of their income and left them with little or no money for discretionary spending. Four described the barriers they faced to working more, including parents managing health concerns or recovering from a workplace injury that limited their ability to work. One single parent described the challenges she faced with precarious employment. Four other single parents shared their struggles in trying to rebuild their finances following a divorce or separation, including difficulties in accessing maintenance support.

> *I just started working in November of last year. Previously I didn't have work because I didn't have anyone to look after my kids. So that was my problem before. So, my income is only child benefits and my credit card.*
> (Single-parent family living in a mid-sized city)

Two families reported facing severe financial difficulties. Both were worried they would be unable to meet their living expenses going forward. One described falling behind on housing payments and borrowing money from family and friends to meet their monthly expenses. The other reported having recently applied for income support.

> *We have nothing left in savings. We're like one paycheque away from homeless kind of deal.*
> (Two-parent family living in a major city)

In contrast, five families characterized their finances as relatively stable. They advised that they were generally able to cover their household expenses, although two cautioned that they would find it difficult to manage additional costs.

Families' Struggles to Manage Higher Parent-Paid Fees

Fifteen of the eighteen families whose parent fees increased April 1, 2025 were concerned that they would struggle to afford higher child care fees, including both families sheltered from fee increases until September and the single parent who withdrew her child from child care. One two-parent family with two children in child care, whose child care fees remained the same, advised that they had previously struggled to pay their child care fees and would continue to do so going forward.

> *I was never really hitting my fees on time anyways. Like I was struggling every month even with a subsidy. I feel like it's almost like I'm a month behind.*
> (Two-parent family living in a major city)

The remaining three families whose fees increased anticipated being able to manage higher fees, albeit with some adjustments to their household budgets. Two of these families reported annual household incomes of over $75,000, while the third, a single parent, had recently moved in with her parents after her separation.

Those families worried about their ability to afford higher parent-paid fees described the financial difficulties they would face in trying to manage higher fees, especially with such short notice. High housing and food costs were a common concern for families, with the majority spending upwards of 30 to 40 percent of their reported after-tax income on housing expenses alone. Five families reported spending over 50 percent of their net income on housing, which left them struggling to pay their other household expenses.

> *For both children, it will be almost $700. That's why if I pay the daycare and I pay the rent, I'm done.*
> (Single-parent family living in a major city)

> *One of the hardest things about the rate increase was how little time and notice everybody got to try and scrape things together. I have talked to a few families where their costs have more than doubled with no notice. They have had to pull out.*
> (Two-parent family living in a major city)

Seven families reported having no savings they could use to cover higher child care costs, with four of these families describing previous challenges they had faced in managing credit card debt. One two-parent family advised that they had previously borrowed money from family and friends to meet their household expenses. One single-parent and one two-parent family planned to use money from their tax refunds to cover their higher child care fees.

I'm doing everything and anything I can, just to buy food and make ends meet, but [it] still doesn't make ends meet.
(Single-parent family living in a smaller community)

I did not think $300 and something dollars would affect me this much. But it's like when you don't have that, you realize that it could be used for food or anything else and that it could be in a savings account. And now it's not.
(Single-parent family living in a mid-size city)

Around half of the families facing higher fees planned to try to reduce their other household expenses. Seven families identified possible reductions in discretionary spending, including cutting back on or eliminating their children's extracurricular activities. Seven families further indicated that they would have to reduce their grocery budgets, while individual families advised that they would try to lower their insurance payments; reduce the amount they were saving or delay saving for a house; reduce or delay payments for health related items, including new eye glasses and mental health supports; and postpone plans to enrol in post-secondary education. One family, already under significant financial stress, advised that they were uncertain how they were going to further reduce their expenses.

The increase in child care fees going from zero to $300, it's going to impact, you know, the bottom line of how much groceries we can buy.
(Two-parent family living in a mid-sized city)

If I'm being totally honest, I have $10 in my chequing account to get me through until payday. So, I really have to ration everything to make sure we can survive the next week.
(Single-parent family living in a mid-sized city)

Four single parents were concerned that higher parent fees would make it more difficult for them to rebuild their finances after a divorce or separation. One was further concerned that higher child care fees might present a further barrier for women looking to leave an abusive relationship.

I went from being subsidized and paying on average $60 a month for my little one to now $326 and I'm still in the process of trying to save money and get my feet back under me.
(Single-parent family living in a mid-sized city)

Families' Ability to Increase their Household Income

Eight families, including two single-parent families, planned to try to work more hours to increase their income. Three of these families had made this decision prior to the funding changes, given their previous struggles to meet their household expenses. Two included a parent trying to return to the workforce following a period of unemployment, while the third included a parent looking to find more stable employment following their relocation to the province.

I have to work full time. I've actually picked up extra shifts to try to cover all of this.
(Single-parent family living in a mid-sized city)

The five families looking to increase their workforce participation, following their fee increases, included one single parent who was concerned that having to work more hours would delay her pursuing post-secondary education. A mother in a two-parent family advised that while her husband would try to work more, the higher parent fees may cause her to reduce her own work hours so that she could take her child out of regulated care. A second two-parent family indicated that a partner looking to re-enter the workforce may look for evening shift work if the family was unable to afford the higher fees for their two children in centre-based care. Individual families were concerned that one or both parents working longer hours would limit the time they could spend with their children, and add further stress to their households.

Unfortunately, him working more and being away from home more is pretty much the only option we have.
(Two-parent family living in a major city)

He's considering finding a job up north, because it does pay more. But it's also very hard to find a position, and he likes to be close to home in case of an emergency. So yes, he will consider a higher pay job if it's available, but it will mean working 12 hours away from home.
(Two-parent family living in a mid-sized city)

Eight families shared that they were unable to work more hours, including five single-parent families, four headed by mothers. The main barrier these families faced was the need to care for their children in the evening or on weekends. Individual parents also advised that their current workload made it difficult for them to work more hours, including a single parent who already had two part-time jobs. Another single parent completing post-secondary education advised that her studies prevented her working additional hours.

I'm so tired. I'm so tired. When I go home, when I pick them up, I don't have time with them. We go home, I feed them and then we sleep. Sometimes, I am sleeping at six thirty or seven because I am so tired.
(Single-parent family living in a major city)

Families' Concerns about Withdrawing their Children from Child Care

Despite the challenges they faced in paying higher parent fees, over half of the families interviewed were concerned that their children would miss out on important benefits if they had to withdraw them from regulated child care. Eight families were worried that their children would not have the opportunity to socialize with other preschool-aged children, including two who described their children as 'COVID babies' (that is, children born during the pandemic), a single parent whose daughter was an only child, two families who described their children as shy, and two other families who worried that their children would miss their child care friends.

Having them in day care is important. It's not just so we can work. Day care has been so good for her. I can't say enough good things about them, like the community and the helpfulness.
(Two-parent family living in a major city)

I must admit, I buried my head in the sand about it. I don't think I am going to pull them out of child care. We have seen the value of child care for a child who was born in the pandemic.
(Two-parent family living in a mid-sized city)

Six families referenced the learning and developmental benefits their children received from child care, with individual parents highlighting improvements in their children's language acquisition and the opportunities available to them for different learning and play experiences, including outside play. Four families contrasted the quality of the learning experiences their children enjoyed in child care with the more limited ones they would have at home or in other care arrangements. Two families spoke to the importance of the routines and stability child care provided their children, which they saw as helping to prepare them for school.

Day home care is good for kids. They are learning so much. They are playing, its good for them. So, if they reduce the fees we will continue.
(Two-parent family living in a mid-sized city)

Four families, including three whose children had additional needs, described the important role their child care provider had played in helping them access specialized services, including speech language services and supports for inclusion. They were concerned that their children would lose access to these services if they had to withdraw them from regulated child care.

But if my child stays at home, I know for sure she doesn't get like a standard education that supports her as a slow learner, as a child with speech and language issues. I still need that education from the child care. I really need that.
(Single-parent family living in a mid-sized city)

Broad Impacts of the Funding Changes on Families

Over half of the families described the difficult decisions they faced in trying to manage higher parent fees and the added stress they now experienced. A similar number expressed their disappointment with the elimination of the child care subsidy.

Families Facing Difficult Choices and Managing Additional Stress

Up to ten families emphasized the difficult choices they would have to make and the related stress of having to reduce their household expenses, work more hours and, in the case of some families, begin to look for other child care options. Five parents, all mothers, described how the additional stresses were impacting on their own health and well-being. Individual families shared how the fee increase had come at a difficult time, and with very short notice, as they tried to manage other household expenses, dealt with a recent separation or divorce, tried to re-enter the workforce after a period of unemployment, and dealt with illness or bereavement.

It really put a lot of stress on both my wife and I, trying to make sure that child care is covered, so that my daughter has a place to go, so that my wife and I can maintain our jobs.
(Two-parent family living in a mid-sized city)

I'm really trying to figure out how to solve all of this. So, it's been like a mental and emotional strain as well. I don't think it's just financial. But it's just as a mom, you're worried am I doing enough to be there for my kids?
(Single-parent family living in a mid-sized city)

Exclusion of Lower-Income Families from Regulated Child Care

Just under half the families were concerned that the funding changes, especially the elimination of the child care subsidy, would disproportionately impact low-income families. Three families shared examples of other parents having to withdraw their children from child care because of the increase in parent fees. Others argued that the changes appeared to benefit higher-income families at the expense of middle-income or lower-income ones. Individual parents questioned the rationale for the funding changes which they saw as inconsistent with supporting families' labour force participation.

So don't cut down subsidy. It's really hard for the single parents that are trying to stand on their feet. So just evaluate that and recognize the people who really need the benefit.
(Single-parent family living in a mid-sized city)

I think we're going backwards from the original point of reducing child care fees that were appropriate for especially women returning to work and to fill some of those lower-income, entry level jobs. Now I feel like we're cutting those positions out, those families out, and that makes me really sad.
(Single-parent family living in a smaller community)

Child Care Access and Affordability for Lower-Income Families Under the New Affordability Funding Approaches

Interviews with service providers and families provide important insights into how the affordability funding changes, which took effect on April 1, 2025, impact Alberta families with lower household incomes and their access to regulated child care. Both service providers and families advised that the new flat-rate parent fee and the elimination of the child care subsidy resulted in many lower-income families who previously received a full subsidy paying higher parent fees, some of whom would no longer be able to afford to access regulated child care.

The significance of these changes makes it important to assess both the number of families potentially impacted by higher parent fees under the new funding approaches as well as the affordability of child care for lower-income families going forward with a new flat-rate fee, the elimination of the child care subsidy and the implementation of optional supplemental fees. The above can be estimated by looking at data on children from lower-income families' previous participation in regulated child care as well as measures of child care affordability based on families' household incomes.

The Number of Lower-Income Families Accessing Regulated Child Care

Data from the *Canadian Survey on Early Learning and Child Care* (CSELCC) show that close to 115,000 children 0 to 5 years of age in Alberta accessed licensed child care in 2023 (see Table 3).[19] This includes licensed centre care, preschools, regulated home child care and licensed before and after school child care. Across all age groups in the range 0 to 5 years, just over 37 percent of Alberta's children were enrolled in licensed child care.

Table 3. Licensed Child Care Use by Children 0 to 5 years of age in Alberta in 2023

Child Age	Number using Licensed Child Care	Percent of Cohort who use Licensed Child Care	Total Number of Children in Cohort
Child is 0-1 years old	19,095	19.5%	97,950
Child is 2-3 years old	43,800	42.3%	103,490
Child is 4-5 years old and not yet in school/kindergarten	27,640	61.3%	45,080
Child is 4-5 years old and attends school/kindergarten	24,160	39.2%	61,680
Total	114,695	37.2%	308,200

Source: Statistics Canada, Canadian Survey on Early Learning and Child Care, 2023 from PUMF.

Of the close to 115,000 children who participated in regulated child care in 2023, an estimated 28,910 lived in families who might be considered to have a lower income. This estimate is based on a lower-income threshold of $80,000 in pre-tax annual household income for a family of four in Alberta, recognizing some regional variations in living costs (see Table 4).

19 Statistics Canada. (2024). *Canadian Survey on Early Learning and Child Care (CSELCC)*. Retrieved from https://www.statcan.gc.ca/en/survey/household/5371. The CSELCC sample is selected from families receiving the Canada Child Benefit.

For comparison purposes, the income thresholds under the *Market Basket Measure* (MBM), which serves as an 'official measure' of poverty, based on the cost of a 'basket of goods and services' for a family of four range from a disposable income of $54,247 in rural Alberta to $57,909 in Calgary in 2023.[20] These disposable or after-tax income thresholds translate into pre-tax incomes of approximately $65,000 to $70,000. The related after-tax income thresholds under the *Low-Income Measure*, which takes 50 percent of the median income as the threshold that defines poverty, are $52,403 for a family of three and $60,510 for a family of four based on 2023 incomes.[21]

According to the CSELCC, 47 percent of those children whose families had pre-tax incomes of less than $80,000 in 2023 lived with a single parent (around 13,600 children), as did 56 percent of those children whose families had pre-tax incomes of less than $60,000 (around 11,400 children).

Table 4. Licensed Child Care Use by Children 0 to 5 years of Age by Pre-Tax Family Income in Alberta in 2023

Pre-Tax Annual Family Income in Categories	Number using Licensed Child Care	Percent of children in this income cohort who use licensed child care	Total number of children in this cohort
$0 - $39,999	10,195*	30.1%	33,930
$40,000 - $59,999	10,120	31.4%	32,185
$60,000 - $79,999	8,595	24.1%	35,695
$80,000 - $99,999	11,520	29.2%	39,455
$100,000 - $149,999	26,090	34.4%	75,805
$150,000 or more	47,900	53.0%	90,345
Total	114,425	37.2%	307,410

Source: Statistics Canada, Canadian Survey on Early Learning and Child Care, 2023 from PUMF.
Note: Sample size for this particular estimate is small so caution is required.

Based on the above participation rates, and taking into account the increase in regulated child care spaces between 2023 and 2025,[22] 30,000 or more children living in families with pre-tax incomes of less than $80,000 would have been eligible for a full child care subsidy in 2025. All of these families would have lost these subsidies under the new affordability funding approaches which took effect on April 1, with the majority likely required to pay higher parent-paid fees. Based on historic median child care fee data,[23] the proportion of lower-income families required to pay higher parent-paid fees is likely greater in those communities outside of Calgary in which median child care fees have historically been lower.

20 Statistics Canada. (2022). *Market Basket Measure (MBM)*. Retrieved from https://www12.statcan.gc.ca/census-recensement/2021/ref/dict/az/definition-eng.cfm?ID=pop165

21 Statistics Canada. (2025). *Low income measure (LIM) thresholds by income source and household size*. Retrieved from https://www150.statcan.gc.ca/n1/en/catalogue/1110023201

22 As of March 31, 2025, there were 142,700 licensed child care spaces for children up to kindergarten age – Government of Alberta. (2025). Ministry of Jobs, Economy and Trade. *Annual Report 2024-25*. Retrieved from https://open.alberta.ca/dataset/6dfd08a7-1e12-4b6b-b3c0-749d960f1143/resource/25d702f6-deca-46ed-a736-69522fcb0388/download/jet-annual-report-2024-2025.pdf

23 See MacDonald, D., & Friendly, M. (2023). *Measuring Matters: Assessing Canada's progress toward $10-a-day child care for all*. Canadian Centre for Policy Alternatives. Retrieved from https://policyalternatives.ca/sites/default/files/uploads/publications/National Office/2023/10/measuring-matters-FINAL-October 27 2023.pdf , which provides historic median child care fee data for major cities in Alberta.

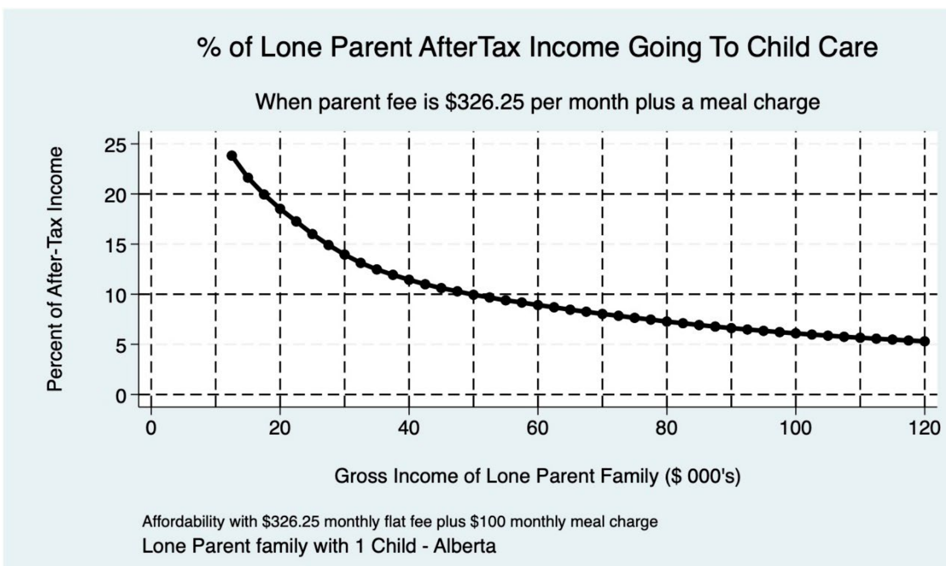
The Affordability of Child Care for Lower-Income Families Under the New Funding Model

The vulnerability of lower-income families to the cost of parent-paid fees makes it critical that child care remains affordable to ensure their equitable access to regulated care. Parent fees that are unaffordable for lower-income families not only present them with significant financial burdens but may further result in their exclusion from regulated child care.

The Family Income Affordability Measure (FIAM) provides one measure to assess child care affordability. The FIAM presents the percent of a family's after-tax and after-benefit income that they would have to spend on parent fees for child care. Parent-paid fees that take up less than 10 percent of a family's after-tax income are considered 'affordable,' while fees that account for 10 to 20 percent are 'unaffordable' and greater than 20 percent 'completely unaffordable.'[24]

The new flat-rate parent-paid fee of $326.25 per month for full-time child care, with an additional $100 per month supplemental fee for nutrition, makes regulated child care in Alberta unaffordable for single-parent families with one child in care and a pre-tax household income of less than $50,000 (Figure 4). A supplemental fee of $100 for nutrition is included to capture a reasonable cost for a service that both centre staff and family day home agency staff identified as critical for families.

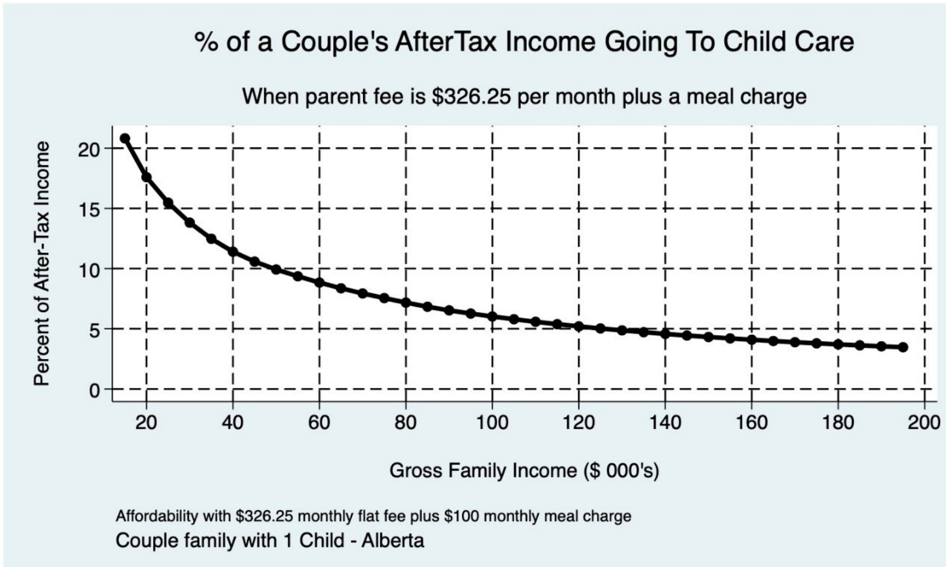
Figure 4. Child Care Affordability for a Single-Parent Family with One Child



Similarly, under the new affordability funding, regulated child care in Alberta is now also unaffordable for two-parent families with a pre-tax family income of below $50,000 (Figure 5).

24 Cleveland, G., & Krashinsky, M. (2021). *$10 a Day Child Care: Will it Really Reduce Barriers to Employment in Ontario, Alberta and Manitoba?* Retrieved from https://childcarepolicy.net/wp-content/uploads/2021/12/Ten_a_day-paper-web.pdf

Figure 5. Child Care Affordability for a Two-Parent Family with One Child



The annual household incomes both single-parent and couple-parent families with two children in regulated child now require to make child care affordable exceeds $100,000. This means that under the new affordability funding, regulated child care is effectively unaffordable for all lower-income families with two or more children (Figures 6 and 7).

Figure 6. Child Care Affordability for a Single-Parent Family with Two Children

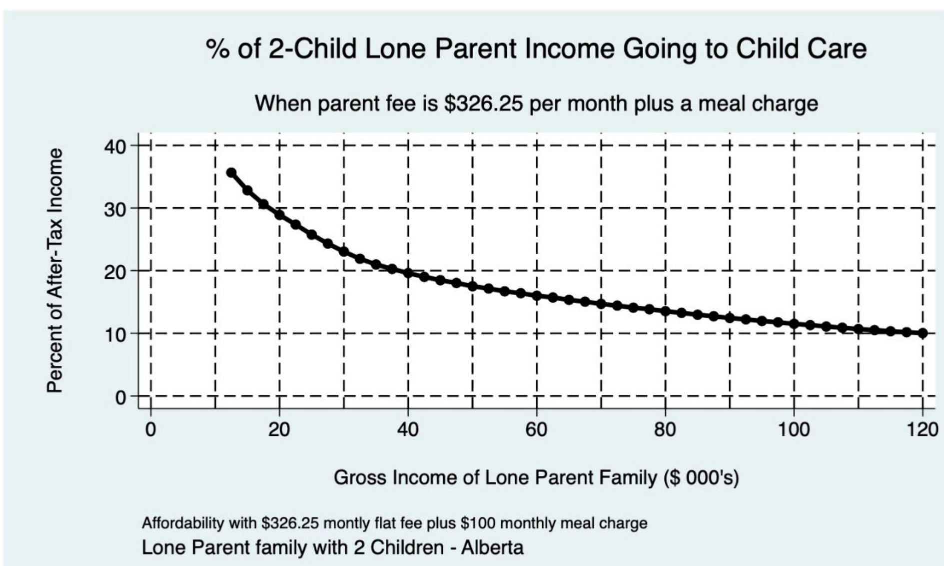
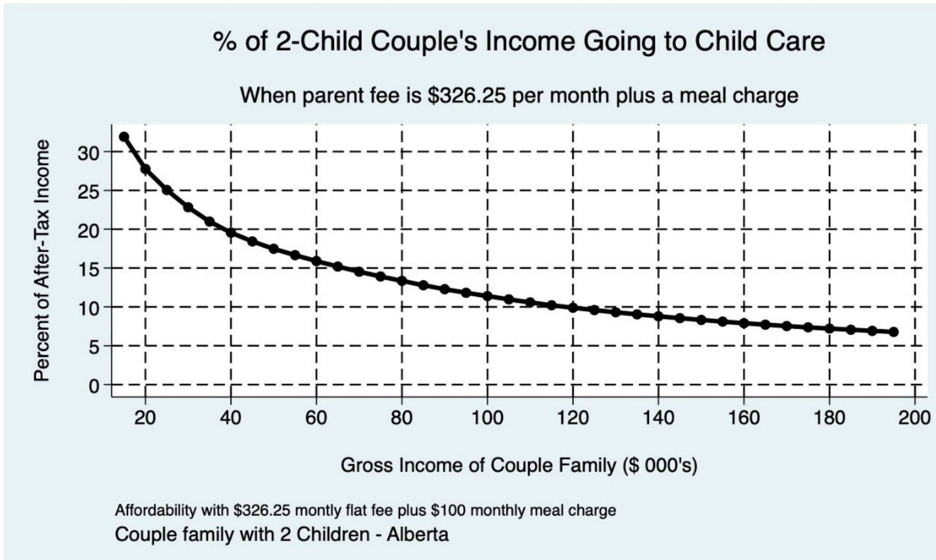


Figure 7. Child Care Affordability for a Couple Family with Two Children



The above affordability estimates reflect the comments shared by centre and family day home agency staff and families on the unaffordability of regulated child care for lower-income families following the funding changes that took effect on April 1, 2025. Service provider staff and families highlighted the significant financial burdens of higher parent-paid fees for families with the lowest family incomes and those lower-income families with multiple children in regulated child care.

The recent increase in families' household expenditures from 2021 to 2023, with the Consumer Price Index rising by 10.9 percent, and shelter costs increasing by 17.4 percent nationally for homeowners and 20.2 percent for renters,[25] may mean that the FIAM now underestimates the gross household income families require to find child care affordable. If this is the case, then regulated child care in Alberta may be even less affordable for families, especially for those with the lowest household incomes.

25 Statistics Canada. (2025, May 21). *Survey of Household Spending, 2023.* Retrieved from https://www150.statcan.gc.ca/n1/daily-quotidien/250521/dq250521a-eng.htm

Supporting Lower-Income Families' Equitable Access to Regulated Child Care

Prior to Canada-Wide system building, the high cost of parent fees was a significant financial barrier for families looking to access licensed child care in Alberta and much of the rest of Canada. The primary reliance on a market-based approach made licensed child care unaffordable for many families, with Alberta parents paying some of the highest fees across the country.[26] Since signing the Canada-Alberta Canada-Wide agreement in November 2021, the Government of Alberta has made significant progress in reducing families' parent-paid fees through a combination of 'affordability grant' funding for service providers and child care subsidy payments for eligible parents to lower market fees. The new affordability funding the Ministry of Jobs, Economy and Trade announced at the end of January, and implemented on April 1, 2025, however, represents a change in approach. The introduction of a new regional funding model, with a flat-rate parent fee and the elimination of the child care subsidy results in all families paying $326.25 per month for children in regulated child care. Child care centres and family day homes can further charge families supplemental fees for optional services.

Interviews with child care centre and family day home agency staff as well as with lower-income families highlight the substantial increase in parent-paid fees under the new affordability funding. At 25 of the 33 centres included in the current research lower-income families' parent-paid fees increased as a result of the funding changes. At 18 of the 33 centres some or all lower-income families saw their monthly parent-paid fees increase by $326.25 per child. The average monthly increase for families who previously received a full child care subsidy of $266 was just under $245 for infant care; $195 for toddler care; $140 for preschooler care and $290 per month for care for kindergarten-aged children. At eight centres, some lower-income families saw their parent-paid fees fall as a result of the change, although these parents were in a minority. Family day home agency staff reported that many of their lower-income families would see their parent-paid fees increase. Lower-income families whose children attended family day homes also commonly saw parent fee increases. Eighteen of the 20 families interviewed reported that their fees were increasing, with an average monthly increase of $227 for families with one child in care and $478 for families with more than one child in care. Three families who previously paid no fee faced increases of $326.25 per month for their children in centre-based care.

Centre and family day home agency staff advised that a small number of lower-income families withdrew from child care in advance of the fee increases taking effect, while other lower-income families were worried that they would have to withdraw prior to or over the summer. The short timeline for the fee increases resulted in families struggling to adjust their household budgets to accommodate higher fees, with the majority looking to reduce their other household expenses. Some also planned to try and work more hours to generate additional income.

26 MacDonald, D., & Friendly, M. (2020). *In progress: Child care fees in Canada, 2019.* Canadian Centre for Policy Alternatives. Retrieved from https://www.policyalternatives.ca/wp-content/uploads/attachments/In%20progress_Child%20care%20fees%20in%20Canada%20in%202019_march12.pdf

Service providers were concerned that the funding changes would have the largest impact on those lower-income families with multiple children in care, those with the lowest household incomes, including families headed by single parents, and those with more complex support or additional cultural needs. And while the majority of service providers in the current research did not plan to implement supplemental fees, they advised that other service providers were already doing so for services such as nutrition and field trips, which they argued would present further financial barriers for lower-income families' participation in regulated child care.

A number of service providers expressed the fear that the new affordability funding would make child care unaffordable for lower-income families, a fear that families confirmed. Service providers were also worried that programs which serve lower-income or marginalized populations with additional social or cultural needs would find it more difficult to continue to deliver the same services to the families they serve. Both service providers and families drew attention to the limited alternative child care options available for lower-income families who had to withdraw their children from regulated care. They were also afraid that children with additional needs would lose access to the specialized services and support they needed if they did not attend regulated care.

Based on national survey data, the lower-income families of an estimated 30,000 or more children in regulated child care lost their previous full child care subsidy of $266 per month under the new funding model. The parent-paid fees of the majority of these families likely increased as a result of the changes, placing additional financial burdens on many families. The preliminary modelling of the affordability of the new flat-fee of $326.25 per month and a supplemental fee for nutrition of $100 per month further showed that under the new funding approach regulated child care would be 'unaffordable' for families with annual household pre-tax incomes of less than $50,000, and 'unaffordable' for families with two children in care and annual pre-tax incomes of less than $100,000.

Lower-Income Families' Equitable Access to Regulated Child Care

The findings from the current research raise important concerns about the impacts of the new affordability funding approaches the Ministry of Jobs, Economy and Trade implemented on April 1, 2025, on lower-income families' access to regulated child care.

As previously cited, extensive research documents the benefits of high-quality early learning and care for young children and their families. Those children and their families facing economic barriers or other social disadvantages are the most likely to benefit from participation in high-quality early learning and care which contributes to children's learning and development, supports maternal employment and helps to reduce child poverty and social exclusion.

The Ministry of Jobs, Economy and Trade's move to a flat-rate parent fee, the elimination of the child care subsidy and its support for service providers to introduce optional supplemental fees represents a departure from its previous funding approaches to reduce parent-paid fees. It also differs from the affordability approaches most other provincial governments have taken that rely on a combination of supply-side funding to support capped or average parent fees and targeted subsidy support for eligible lower-income families.

More broadly, the provincial government's introduction of a flat-rate parent fee, and the resulting increase in parent-paid fees for many lower-income families stemming from the elimination of the child care subsidy, is inconsistent with its commitments under the *Canada-Alberta Canada-Wide Early Learning and Child Care Agreement* and its own stated policy goals. The Canada-Wide agreement includes two clauses, 2.2.4 and 2.2.5, relating to eligible areas for investment, under which the federal and provincial governments commit to provide 'consideration for those more in need' and to impact on 'families more in need such as lower-income families, Indigenous families, lone-parent families and families in underserved communities.'[27] The substantial increase in parent-paid fees for lower-income families under the new affordability funding suggests that the government did not give appropriate consideration to 'those more in need,' including lower-income families, in the design of its new affordability funding approach.

Similarly, the affordability funding changes and their potential negative impacts on lower-income families do not align with the provincial government's own stated priorities in respect to Canada-Wide early learning and child care system building. In Spring 2025, for example, the Ministry of Jobs, Economy and Trade advised that the provincial government's priorities in a new Canada-Wide agreement with the federal government would include 'an income tested approach to parent fees' in which 'child care is most affordable for Alberta's lowest income families.'[28] Under the funding approaches implemented on April 1, 2025, child care fees for families with lower household incomes are now more unaffordable than those for families with higher household incomes.

27 Government of Canada. (2024). *Canada – Alberta Canada-Wide Early Learning and Child Care Agreement - 2021 to 2026.* Retrieved from https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/alberta-Canada-Wide-2021.html

28 The Minister of Jobs, Economy and Trade advised the federal Minister of Families, Children and Social Development of these priorities in a letter of February 10, 2025, which the government of Alberta made public. The Minister of Education and Childcare reiterated these priorities in information provided to PostMedia in August, 2025.

Strategies to Support Lower-Income Families' Equitable Access to Regulated Child Care

Based on the findings from the current research, the new affordability funding measures that took effect on April 1, 2025, have resulted in substantial increases in parent-paid fee for those lower-income families who previously received a full child care subsidy. These higher parent-paid fees have made regulated child care unaffordable for those families with the lowest household incomes and increased the risk of them having to withdraw their children from regulated child care.

Given the negative impacts of the funding changes on lower-income families and their preschool-aged children, the provincial government is advised to take the following steps.

Implement a Revised Child Care Subsidy

To provide immediate relief to those lower-income families facing higher parent-paid fees, the Ministry of Education and Childcare should implement a revised child care subsidy to reduce the cost of the new flat-rate parent fee, and potential supplemental fees, for those families with lower household incomes. Based on the initial modelling of child care affordability included as part of the current research, the revised subsidy should cover the full cost of parent-paid fees (and supplemental fees) for those families with one child in child care and with annual household incomes of less than $50,000, with a declining subsidy amount paid to eligible families with annual incomes of between $50,000 and $90,000. For families with two children in child care the subsidy should cover the full-cost of parent-paid fees (and supplemental fees) for those families with annual household incomes of less than $50,000, with a declining subsidy amount paid to eligible families with incomes of between $50,000 and $120,000.

The Ministry of Education and Childcare should administer the new child care subsidy program in ways that are consistent with the previous child care subsidy program, with guidelines for eligibility and the payment of the subsidy to licensed or approved child care providers. In administering child care subsidies, the Ministry should also ensure the stability and consistency of subsidy payments for eligible families. Reductions or breaks in subsidy payment can disrupt children's child care participation, increase families' economic instability and limit parents' labour force participation or further education.

As the Ministry moves forward in achieving the parent-paid fee reduction targets set out in the Canada-Wide agreement it should review the subsidy amounts and thresholds on a periodic basis and ensure that they are indexed to inflation.

Stakeholder Engagement and Advance Notice of Funding Changes

The affordability funding changes the Ministry of Jobs, Economy and Trade announced at the end of January significantly changed both the financing of service delivery and parent-paid fees. In supporting materials, the Ministry advised that the new funding approaches were based on previous child care fee data, information collected from child care providers and insights gathered through sector-wide stakeholder engagements in 2023. Both service providers and families consulted as part the current research reported being surprised by the funding changes. They further found the very short timelines for their implementation disruptive and challenging.

To ensure that service providers and families have the opportunity to provide input into future funding changes, the Ministry of Education and Childcare should consult with a broad array of early learning and child care stakeholders in advance of drafting proposed funding changes and share the main findings of these engagements publicly. The Ministry of Education and Childcare should further provide early learning and child care stakeholders with significant advance notice of any future funding changes, with a minimum notice period of six months recommended for any major funding changes.

Public Data Collection and Reporting on Children from Lower-Income Families' Participation in Regulated Child Care

To monitor and assess lower-income families' access to regulated child care the Ministry of Education and Childcare should collect and report semi-annually on children's child care participation rates, including the participation rate of children from lower-income families who, based on the above proposed strategy, receive a child care subsidy. The Ministry should report these participation rates by both the type of licensed child care service and by geographic region.

Reporting participation rates for children whose families receive a child care subsidy is consistent with the Action Plan reporting requirements set out in the *Canada-Alberta Canada-Wide Early Learning and Child Care Agreement*.

Public Reporting and Analysis of Supplemental Fees

The inclusion of supplemental fees for optional services as part of the new affordability funding measures potentially increases the cost of regulated child care for lower-income families as well as those families with higher household incomes. To help ensure that service providers design and implement supplemental fees that are reasonable and consistent with the delivery of high-quality early learning and child care, the Ministry of Education and Childcare should collect, analyze and report data on supplemental fees on a semi-annual basis.

The Ministry should publicly report information on supplemental fees based on the type of service for which fees are charged, the amount of the fee and the participation rate of children in activities or services where supplemental fees are charged. The Ministry should report information on supplemental fees by child care program or service and by region including information on the average fee and range of fees for optional services (e.g. nutrition).

In addition, to ensure families have reliable information on supplemental fees, the Ministry should require regulated child care programs and services to provide families accessing or applying to access child care with a list of the optional services for which supplemental fees are charged and the amount of the fee for the service.

Review of Grant Funding for Service Providers

The funding service providers receive under the new affordability funding approaches is based on historic child care cost and fee data. The regional funding benchmarks reflect the cost of the delivery of services in different regions of the province for different age groups of preschool-aged children. The Ministry of Education and Childcare disburses the funding as a 'block grant' with no dedicated allocations for specific service delivery costs, for example staffing, program costs or site costs. Further, the current funding allocations do not include additional support for child care centres or day homes that provide specialized services for children and their families with additional or more complex needs or for services delivered in harder to serve rural or remote communities.

To ensure that regulated child care services are equitably funded, the Ministry of Education and Childcare is advised to review the need for additional 'grant' funding for those child care centres and family day home educators that provide services for children and families with additional early learning and care needs. This additional grant funding could be similar to the 'Program Supports and Services Grants' and 'Community Grants' available for school jurisdictions that take into account the characteristics of the student populations, including their newcomer and immigration status, language, culture, First Nations and Metis status, socio-economic status and geographic location.

Further, the Ministry of Education and Childcare should require service providers to report on the use and allocation of the current supply-side funding, including identifying the amounts and proportion of funding allocated to site and occupancy costs, staffing, program delivery and administration. As per the conditions and guidelines under the Canada-Wide agreement and the *Alberta Cost Control Framework and For-Profit Expansion Plan*, service providers should also be required to report on the amount of profit and surpluses realized through core funding, flat-rate parent fees and supplemental fees on an annual basis. They should further provide information on how these profits or surpluses were retained or distributed consistent with the organization's policies relating to the retention of earnings.

Conclusion

The new funding approaches the Ministry of Jobs, Economy and Trade announced at the end of January 2025, and which took effect April 1, 2025, represent a significant change from the strategies the Government of Alberta previously used to reduce parent-paid fees as part of early learning and child care system building. Prior to these changes, the Government of Alberta had made progress in reducing parent-paid fees under the *Canada-Alberta Canada-Wide Early Learning and Child Care Agreement*, albeit without attending to the historic differences in parent-charged fees resulting from the reliance on market-based approaches.

The Ministry's goals in implementing new funding approaches, which include new regional funding benchmarks, a flat-rate parent fee, the elimination of the child care subsidy and the provision for optional supplemental fees, were to ensure that funding is more 'streamlined and equitable' and that high-quality early learning and child care 'remains affordable and sustainable for families across Alberta.' The findings from the current research, which looks specifically at how the funding changes affect lower-income families, raise some important concerns that these goals are not being met. The new flat-rate parent fee and the elimination of the child care subsidy have resulted in those families with lower household incomes paying higher parent-paid fees, placing additional pressures on their household budgets, and making it more difficult for them to afford regulated child care.

Given the large body of research that highlights the significant benefits that high-quality early learning and child care provides for lower-income children and their families, it is important that the Alberta government review and, where necessary, revise its affordability funding to ensure that all children and their families have equitable access to early learning and child care. Broadly, the funding changes the Alberta government implemented April 1, 2025, do not align with its own priority of making child care affordable for those families with the lowest incomes. Furthermore, they do not support the provincial government's commitments set out in its Action Plan under the Canada-Wide agreement to provide consideration for those children and families most in need.

Appendix One: Centre and Family Day Home Agency Staff Interview Guide

A. The Impact of the Affordability Funding Changes on Parent-Paid Fees

I would first like to ask you some questions about how the funding changes announced on January 30th, and which take effect April 1, will impact on the fees families at your centre/family day homes will pay for regulated child care.

1. What are the current parent charged fees for full-time regulated child care under the funding approach that ends March 31,2025
2. When the new funding approaches take effect April 1, will your centre/family day homes implement the new $15 per day flat-rate parent fee?
3. Effective April 1, will your centre (or will family day homes) implement any optional supplemental fees?
   - If yes, what services will these supplemental fees be for (e.g. Nutrition) and what will be the amount of the fee (monthly)?
   - Will your centre charge any supplemental fees for services that were previously included as part of the parent fee prior to April 1?
   - If yes, please indicate which supplemental fees.
   - Will your centre/family day home have the option or capacity to provide families with optional or additional services and NOT charge them supplemental fees?
   - If so, please explain the options or strategies your centre (or family day homes) will use to limit or reduce the supplemental fees families are required to pay.

B. The Impacts of the Changes to Parent Paid Fees on Lower-Income Families

I would now like to ask you some questions about how the funding changes that take effect on April 1, will impact on the families at your centre/family day homes, particularly those families who have lower household incomes.

1. Of the current families you serve, how many or what proportion receive a provincial child care subsidy for a child or children they have at your centre/family day homes?
   - In March, how many, or what proportion of families received a full subsidy?
   - In March, how many, or what proportion received a partial subsidy?
2. Of the families you currently serve, how many would you consider have either a low or lower household income?

3. The new family fees on April 1 will result in changes to the amount many families pay for child care.
   - What information have you provided families on these changes and how did you share this information with them?
   - How aware do you think the families who access your centre/family day homes are of the new child care fees that take effect on April 1.

4. Since you advised families of the funding changes coming into effect April I, including the new flat parent fee and the elimination of the child care subsidy, what has been their response?
   - Have any families indicated that they plan to leave the centre/family day home?
   - If so, approximately how many? And what reasons did they provide for leaving?
   - Have any families indicated that they plan to reduce the number of hours of care they access, moving from full-time to part-time or part-time to drop-in?
   - If so, approximately how many? And what reasons did families provide for reducing the number of care hours?
   - Have any families shared with you or members of your staff team that they will find it more difficult to afford to pay their child care fees after April 1?
   - If so, approximately how many. And what kinds of difficulties did families identify?
   - Have any families raised concerns about supplemental fees?
   - If so, approximately how many? And what are their concerns?

5. When the new funding approaches take effect on April 1, do you anticipate any change in the number of lower-income families who can afford to access the services your child care centre/family day homes provide?
   - If so, please describe the changes you anticipate.

C. Other Thoughts or Comments on the Funding Changes and their Impacts on Lower-Income Families

1. Are there any other thoughts or comments you would like to make about the impact of the funding changes on lower income families and their access to the services your centre/family day homes provides?

Appendix Two: Family Interview Guide

A. Family Information

1. I would like to ask you some questions about your family and your children in child care (the researcher will name the centre or reference the family day home agency). Can you please tell me about your family and your children.

B. Changes in Family Child Care Fees after April 1.

I would like to ask you about the changes to your child care fees on April 1.

As you may know, on April 1, families will pay $15 per day for each child they have in regulated child care. The cost for a full-time monthly place will be $326.25 and for a part-time monthly space it will be $230. (If the centre/family day home that referred the family is reducing parent fees in some way, the interviewer will note this).

Some centres and family day homes will also implement optional supplemental fees for things like nutrition and field trips. Families will choose whether or not they pay these optional supplemental fees. (This comment can be tailored to match the centre/family day home which the family attend and the information it has provided).

1. Based on what you currently know, how much do you anticipate your monthly child care fees will increase on April 1 compared to what you previously paid in February or March?

C. Impact of the Fee Changes on Families' Access to Child Care

Thank you for telling me about the changes to your families' child care fees. I would like to ask you how these fee changes will impact on your family's use of child care and whether you will have to make any changes to the child care you use for your child/children.

1. The coming changes (if interview completed before April 1) or recent changes (if interview completed after April 1) to child care fees will impact families in different ways. How have (or how do you think) the changes in fees will impact on your family's use of child care for your child/children?

2. If you have to take your child or children out of (name of centre or family day home) or reduce the number of hours your child/children attend (name of centre of family day home) who will take care of him/her/them during the day?

3. If you have to take your child (or children) out of (name of centre or family day home), or have to reduce the number of child care hours for your child/children, how will this impact on your ability (and or your spouse/partner's ability) to work or attend school?

4. If you have to take your child (or children) out of (name of centre of family day home) or reduce the number of hours your child (or children) attend child care how do you think this will impact on your child or children?

D. The Impacts of the Fee Changes on the Family's Household Budget

I would like to ask you some questions about how the changes to your child care fees on April 1 will impact on your family's household budget and how much money you have to spend.

1. Sometimes when a family's child care fees change it can have an impact on their household budget. How will (or has) the change in your child care fees on April 1 impact(ed) on your family's budget and the money you have to spend?

E. Final Comments

Thank you for talking to me about your family and telling me how the changes to your child care fees will impact on you and your child/children.

1. Are there any other things you would like to say or thoughts you would like to share about how the changes to your child care fees will effect you and your family?

AECEA

Association of Early Childhood Educators of Alberta

Alberta Early Learning and Care Leaders' Caucus

The Muttart Foundation

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