

Child Care Funding Update: British Columbia—Years Two and Three (2022–23 and 2023–24)

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

Peter Jon Mitchell
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A Cardus Research Brief

Introduction

Canada's federal budget for 2021 included a \$27 billion commitment to establish a \$10-a-day child care program within five years. Combined with additional funding, a total of \$30.0 billion was committed in years one through five, with a projected annual cost of at least \$9.2 billion in year five and later. The federal government then entered into negotiations with each province and territory (negotiating a unique, asymmetrical agreement with Quebec, which had a program already) to jointly determine the funding and goals. These negotiations resulted in a *Canada-Wide Early Learning and Child Care Agreement* with each province and territory (which we refer to as "the Agreement" in this brief). As of September 2025, eleven provinces and territories have renewed their Agreements through fiscal year 2030–31. British Columbia renewed its Agreement for \$5.38 billion.

Cardus conducted its own costing estimate in 2021 prior to the release of the Agreements, concluding that the federal government had underestimated the cost and complexity of

implementing a national child care program.¹ Cardus is now studying the funds spent and goals achieved in each province and territory as data become available.

The Agreement with British Columbia was signed on July 8, 2021.²

This brief presents the results for years two and three for British Columbia (fiscal years 2022–23 and 2023-24) which are April 1, 2022 to March 31, 2023, and April 1, 2023 to March 31, 2024.3

Our Perspective on Child Care Policy

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

Summary

British Columbia was the first province to sign on to the federal program in 2021, having previously committing to establishing a \$10-a-day child care program. The province anticipated a significant increase in expenditures in year two due to the implementation of the Child Care Fee Reduction Initiative (CCFRI) in December 2022, and to increased costs associated with new child care spaces becoming operational. To accommodate these expenditures, the province devised a strategy to spend just 25 percent of the 2021–22 allocation, and carry 75 percent over into year two. In year two, the province planned to spend the carry-over from year one and 25 percent of the year-two allocation, carrying the remaining 75 percent of year two funding into year three. BC struggled to spend the year-one funding, and in fact spent only 11 percent of the first-year allocation. As a result, the province sought two amendments to increase the portion of funds it could carry over into 2022–23 and 2023-24, from 75 percent to 89 percent. As a result, BC carried over hundreds of millions of unspent funding into years two and three of the Agreement. We estimate that with the year-two carry-over amount and year-three allocation, the province had about \$1.1 billion in Agreement funding on hand in 2023–24, spending \$768.6 million.

To address affordability, the province sought to expand the number of \$10-a-day sites through ChildCareBC—a provincially funded universal child care initiative launched in 2018. BC also planned to reduce the cost in other licensed facilities through the Child Care Fee Reduction Initiative (CCFRI). In 2022–23, BC achieved its target of converting 5,980 spaces into \$10-a-day spaces at a cost of \$26.8 million, and reduced fees through the CCFRI to an average of 50 percent of 2019 levels. In 2023–24, BC spent \$92.5 million to convert just 1,200 spaces into \$10-a-day spaces. The province maintained the CCFRI fee reduction at a cost of \$382.0 million in 2023–24.

- A. Mrozek, P.J. Mitchell, and B. Dijkema, "Look Before You Leap: The Real Costs and Complexities of National Daycare," Cardus, 2021, https://cardus.ca/research/family/ reports/look-before-you-leap.
- Government of Canada, Canada–British Columbia Canada-Wide Early Learning and Child Care Agreement—2021 to 2026 (July 2021), https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/british-columbia-canadawide-2021.html.
- The year-one report can be found at https://www.cardus.ca/research/family/research-brief/child-care-funding-update-british- columbia-year-one-2021-22.

The province reported creating 2,993 spaces, or 60 percent of the Agreement's space-creation target for 2022-23, citing inflation, labour force shortages, and supply chain issues among the challenges in creating spaces. In 2023–24, the province recorded an increase of 7,100 spaces, although this number includes spaces created without Agreement funding. Over the first three years of the Agreement, for-profit providers saw a slightly larger percentage space increase compared to not-forprofit providers, despite not qualifying for Agreement space-creation funding. Although new private, for-profit spaces are not eligible for this funding, BC appears to be counting these spaces toward the total number of new spaces created under the Agreement.

The province sought to increase services provided under the Supported Child Development and Aboriginal Supported Child Development programs. It fell well short of the 2022–23 targets, but exceeded the targets in 2023-24, when the province counted progress made through multiple funding sources in addition to Agreement allocations.

After spending just 9 percent of the year-one allocation for Indigenous-led child care, BC experienced an expansion of the Aboriginal Head Start program that was double the projected target in 2022–23. Funding was directed to supporting providers and families in 2022–23 and 2023–24. About 400 new spaces were created in 2022-23, shy of the target of 600 spaces.

Funding allocated for quality was spent on enhancing Early Childhood Educator (ECE) wages, post-secondary and professional development bursaries, and a grant to retain ECEs with Infant and Toddler or Special Needs Educator certifications who are working in licensed care or Aboriginal Head Start programs.

Agreement at a Glance

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

Federal Funding Estimate

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

Major Targets

- Reduce parental cost to an average of \$10 a day by the end of year five.
- Increase the number of \$10-a-day spaces to a total of 12,500, and reduce the average parental fee by 50 percent of the 2019 average fee, for a combined per-day average of \$21, by December 2022.

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

Projected Amount
\$349,179,732
\$530,900,655
\$654,355,932
\$766,543,594
\$910,703,873
\$3,211,683,786

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

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

• Create 30,000 new regulated spaces for children aged 0 to 5 by year five, and 40,000 new spaces in total by 2027–28, exclusively in not-for-profit and public providers.

Pre-Agreement Baseline Measures

- Provincial child care budget of \$610 million in 2019–20 (excluding time-limited pandemicrelated initiatives).4
- Average parental fees of \$40 a day in 2019.⁵
- 120,948 funded, licensed child care spaces in operation in 2019–20, of which 2,476 were \$10 a day.6

Agreement Targets and Progress

The Canada-wide Agreements share a similar structure, focusing on four priorities: affordability for parents, increasing access through space creation, making child care more inclusive, and improving the quality of care. BC has an additional priority under the Agreement for Indigenous-led care.

The tables shown here summarize the commitments made, the years in which targets are to be achieved, and the federal funding allocated to the targets under the Agreement. The tables also summarize the progress made toward the target and the funding spent on these efforts in years two and three.7

Affordability

British Columbia was moving toward a \$10-a-day universal child care system prior to signing the Agreement. Under the Agreement, affordability measures focused on converting existing providers into the \$10-a-day ChildCareBC program, and on expanding the Child Care Fee Reduction Initiative (CCFRI) in 2022–23 and 2023–24.

The province targeted the growth of \$10-a-day spaces to 12,500 by December 2022, using both provincial and Agreement funding. The Agreement funding was allocated for the conversion of 5,980 existing spaces into \$10-a-day spaces. The province reached the 5,980-space target, spending \$26.8 million of the \$104.8 million allocation. Including the Agreement-funded and provincefunded spaces, BC reached 12,700 \$10-a-day spaces by February 2023, slightly exceeding the target.

- Ministry of Finance, British Columbia, Budget and Fiscal Plan 2021/22–2023/24 (April 20, 2021), 14, https://www.bcbudget. gov.bc.ca/2021/pdf/2021 Budget%20and%20Fiscal%20Plan.pdf.
- Canada-British Columbia Canada-Wide Early Learning and Child Care Agreement—2021–2026.
- Government of British Columbia, B.C. Child Care Data and Reports, accessed May 1, 2023, https://studentsuccess.gov.bc.ca/ childcare.
- Unless otherwise noted, the results reported here are taken from the following sources: Government of British Columbia, Canada–British Columbia Canada Wide Early Learning and Child Care Agreement: Report on Progress and Results Achieved in 2022-2023 (October 2023), https://www2.gov.bc.ca/assets/gov/family-and-social-supports/child-care/cw_elcc_annual report 2022 23.pdf; Government of British Columbia, Canada–British Columbia Canada-Wide Early Learning and Child Care Agreement: Report on Progress and Results Achieved in 2023/2024, https://www2.gov.bc.ca/assets/gov/family-and-social-supports/ child-care/our-plan/cw-elcc annual report 2023-2024.pdf.

In its 2022–23 provincial report, the province stated that it would target the conversion of 2,400 spaces in 2023–24, exceeding 15,000 total \$10-a-day spaces. A year later, the province reported reaching 14,800 \$10-a-day spaces by March 2024, just shy of the target. BC reported that about 1,200 of these spaces were converted through Agreement funding, at a cost of \$92.5 million. Additional spaces were created using provincial funding. The expansion focused on communities underserved by the \$10-a-day program.

Despite no Agreement funding allocated toward the CCFRI in 2022-23, BC spent \$50 million in Agreement funding to reduce the average fee by 50 percent of 2019 fee levels by December 2022.8 The province also capped fee increases at 3 percent of the regional median fee. It maintained the fee reductions through the CCFRI in 2023-24, exceeding the \$365 million allocation with a \$382 million expenditure.

Commitments			Results		
Target	Timeline	Federal funding	Progress	Federal funding spent	
Convert 5,980 spaces to the \$10-a-day program	2022-23	\$104,800,000	Converted 5,980 spaces	\$26,800,000	
Convert 2,400 spaces to the \$10-a-day program	2023-24	\$92,000,000	Converted 1,200 spaces	\$92,500,000	
Reduce fees to 50% of 2019 average through the Child Care Fee Reduction Initiative	2022-23	\$0 ¹	Reduced fees to 50% of the 2019 average fee	\$50,000,000	
Maintain fee reduction through the Child Care Fee Reduction Initiative	2023-24	\$365,000,000	Maintained fee reduction	\$382,000,000	

¹Initiative not in Agreement action plan.

Sources: Government of Canada, Canada-British Columbia Canada-Wide Early Learning and Child Care Agreement—2021 to 2026; Province of British Columbia, Canada–British Columbia Canada Wide Early Learning and Child Care Agreement: Report on Progress and Results Achieved in 2022–2023; Province of British Columbia, Canada-British Columbia Canada-Wide Early Learning and Child Care Agreement: Report on Progress and Results Achieved in 2023/2024.

Accessibility

The province targeted the creation of 5,000 new spaces through an Agreement allocation of \$180.3 million in 2022–23. It reported spending \$146.9 million to create 2,993 spaces, or 60 percent of the Agreement target. It stated that space creation was hampered by workforce challenges,

- The CCFRI is funded by the federal and provincial governments.
- The provincial report states that \$146.9 million was spent to create 2,993 spaces. Table 3 in the same provincial report shows an expenditure of \$195.1 million.

record inflation, supply chain issues, and an increase in space-creation applications with complex requirements, resulting in higher upfront costs.

Unlike the province's previous reports on the Agreement, the 2023–24 report does not provide a specific space-creation target, and it does not report how many spaces were created using Agreement funding. Instead, it restates the overall target of 30,000 new spaces by 2025-26, and an additional 10,000 spaces by 2027–28. The province reported an increase of 7,100 additional spaces in 2023– 24, though it is not clear how many of these spaces were created with Agreement funding.¹⁰ The province spent \$187.1 million, exceeding the \$150 million accessibility allocation in 2023–24.

In the first year of the Agreement, BC targeted the development of options and costing for design standards and modular designs for new child cares. The work was completed in 2023-24, with design standards published in 2024-25.

Table 3. Accessibility Commitments and Results, British Columbia, 2022-23 and 2023-24

Com	Results			
Target	Timeline	Federal funding	Progress	Federal funding spent
Create 5,000 new spaces	2022-23	\$180,300,000	2,993 new spaces created	\$146,900,000 (\$195,100,000) ¹
Create 30,000 new spaces by 2025–26, and an additional 10,000 spaces by 2027–28	2023-24	\$150,000,000	7,100 new spaces created ²	\$187,100,000

The text of the provincial report states that \$146.9 million was spent to create 2,993 spaces, but table 3 in the provincial report shows an expenditure of \$195.1 million.

Sources: Government of Canada, Canada-British Columbia Canada-Wide Early Learning and Child Care Agreement—2021 to 2026; Province of British Columbia, Canada-British Columbia Canada Wide Early Learning and Child Care Agreement: Report on Progress and Results Achieved in 2022–2023; Province of British Columbia, Canada-British Columbia Canada-Wide Early Learning and Child Care Agreement: Report on Progress and Results Achieved in 2023/2024.

Inclusion

The Supported Child Development and Aboriginal Supported Child Development programs support families with children who have disabilities, are neurodivergent, or have other needs. The community-based programs also support the child care sector through training and mentorship opportunities.

In 2022–23 and 2023–24, the programs received federal funding through the Agreement and a separate bilateral agreement, in addition to provincial funding. The Agreement allocation for each year was \$15 million.

²It is unclear how many of the 7,100 new spaces were created with Agreement funds.

¹⁰ The 2023–24 report revised the previous years' space-creation numbers under the Agreement, basing numbers on all created spaces regardless of funding source. The report does not acknowledge that the numbers have been revised.

The target for 2022–23 was to increase the number of children receiving services per month by 1,190 children, with an increase of 400,000 additional annual service hours, to be maintained in 2023–24. In 2022–23, the province spent \$11.8 million of the Agreement allocation, serving an additional 538 children per month, with an increase of 220,988 annual service hours. The progress was well below the targets outlined in the Agreement action plan. BC stated that recruitment and retention were a challenge for the programs, and that \$3.2 million from 2022-23 would be carried over into 2023-24.

The province retained the same targets for 2023–24, spending the full \$15 million allocation. The province reported that the figures included children from birth to age twelve, and that results reflected both Agreement and bilateral funding. The province reported serving an additional 1,282 children per month over the previous year, with an additional 407,901 annual service hours compared to 2022-23.11

In 2023–24, BC reported a three-year funding initiative to develop a Francophone Child Care Resource and Referral service for the purpose of expanding francophone child care and to support the necessary workforce through training and credentialing. The 2023-24 allocation of \$720,000 was deferred as BC engaged in a bidding process to identify a service provider for the project.

Table 4. Inclusion Commitments and Results, British Columbia, 2022-23 and 2023-24

Commitments			Results	
Target	Timeline	Federal funding	Progress	Federal funding spent
Expand Supported Child Development and Aboriginal Supported Child Development programs from baseline year of 2019–20 by 1,190 additional children receiving services	2022-23	\$15,000,000	538 additional children served per month, and 220,988 additional annual service hours	\$11,800,000
per month. Compared to 2019–20, add 400,000 annual direct service hours in 2022–23, and maintain those in 2023–24	2023-24	\$15,000,000	1,282 additional children served per month, and 407,901 additional annual service hours ¹	\$15,000,000
Expand French language child care services through the Francophone Child Care Resource and Referral service	2023-24	\$720,000	Deferred for bidding process	Deferred for bidding process

'Additional children served and additional service hours include children from birth to age twelve. The results achieved include both Agreement and bilateral funding.

Sources: Government of Canada, Canada-British Columbia Canada-Wide Early Learning and Child Care Agreement—2021 to 2026; Province of British Columbia, Canada-British Columbia Canada Wide Early Learning and Child Care Agreement: Report on Progress and Results Achieved in 2022–2023; Province of British Columbia, Canada-British Columbia Canada-Wide Early Learning and Child Care Agreement: Report on Progress and Results Achieved in 2023/2024.

¹¹ Calculations by the author.

Indigenous-Led Child Care

In the first year of the Agreement (2021–22), the province spent just 9 percent of the year-one allocation for Indigenous-led child care. At the time, the province reported that a portion of the allocation would be carried over into 2022–23.12

In 2022–23, the province allocated \$10.5 million in Agreement funds toward transforming 400 existing spaces into the Aboriginal Head Start program, which was focused on Indigenous early learning for children under age six. According to the year-one report, an additional \$8.7 million in unspent funds was to be carried over into 2022–23. BC reported spending \$18.6 million to transform 800 spaces into the Aboriginal Head Start program. This was twice as many spaces as targeted. The province spent \$16 million to support the 800 spaces in 2023–24.

The province allocated \$500,000 toward engagement with Métis and First Nations in 2022–23, spending \$300,000 with the \$200,000 in unspent funds directed toward the First Nations Leadership Council in 2023–24.

In 2022–23, BC allocated and spent \$500,000 toward the Métis Child Care Navigation Centre, which provides services to the child care sector for about one thousand Métis families. In 2023– 24, the province spent \$1.9 million of a \$3 million allocation to support the Métis Child Care Navigation Centre.

BC allocated \$30 million to create up to 600 Indigenous-led spaces in 2022–23. About 405 spaces were created, with the province spending \$49.0 million.

In 2023–24, BC allocated \$30 million toward First Nations Early Learning and Child Care Grants, spending about \$29.9 million. The allocation supported 178 First Nations and also assisted the transformation of spaces into the Aboriginal Head Start program.

¹² Peter Jon Mitchell, "Child Care Funding Update: British Columbia—Year One (2021–22)," Cardus, 2023, https://www.cardus. ca/research/family/research-brief/child-care-funding-update-british-columbia-year-one-2021-22/.

Table 5. Indigenous-Led Child Care Commitments and Results, British Columbia, 2022–23 and 2023–24 Commitmente Doculto

Commitments			Kesuits		
Target	Timeline	Federal funding	Progress	Federal funding spent	
Expand Aboriginal Head Start by transforming 400 spaces	2022-23	\$10,500,000	800 spaces transformed	\$18,600,000	
Maintain the 800 spaces transformed in 2022–23	2023-24	\$16,000,000	Maintained the 800 Aboriginal Head Start Spaces transformed in 2022–23	\$16,000,000	
Engage with Métis and First Nations	2022-23	\$500,000	Engagement conducted, additional funds directed toward the First Nations Leadership Council in 2023–24	\$300,000	
Support Métis Child Care	2022-23	\$500,000	1,000 Métis families served	\$500,000	
Navigation Centre	2023-24	\$3,000,000		\$1,900,000	
Create up to 600 new Indigenous-led spaces	2022-23	\$30,000,000	405 new spaces created	\$49,000,000	
First Nations Early Learning and Child Care Grants	2023-24	\$30,000,000	178 First Nations supported, and further transformation of spaces to the Aboriginal Head Start program	\$29,900,000	

Sources: Government of Canada, Canada-British Columbia Canada-Wide Early Learning and Child Care Agreement—2021 to 2026; Province of British Columbia, Canada-British Columbia Canada Wide Early Learning and Child Care Agreement: Report on Progress and Results Achieved in 2022–2023; Province of British Columbia, Canada-British Columbia Canada-Wide Early Learning and Child Care Agreement: Report on Progress and Results Achieved in 2023/2024.

Quality

There were no quality targets in the first two years of the Agreement. In 2023–24, the province allocated a total of \$48 million toward quality targets, spending \$44.2 million.

BC tested the new Operating Funding Model with a select group of \$10-a-day operators. One aspect of the pilot project was to test a wage grid for Early Childhood Educators in 2023. In addition to the test, the province increased the Wage Enhancement by \$2 per hour for all eligible programs, at a cost of \$16.2 million. The province estimates that about 14,100 ECEs received the enhancement. It reported that the median per-hour wage rate for certified ECEs increased from \$21 in 2021-22 to \$29 in 2023–24.13

¹³ Non-public-sector employees, and non-unionized ECEs working for public-sector employers, were eligible for the \$2-per-hour enhancement. Unionized public-sector employees were eligible for the provincial enhancement of \$4 per hour if their collective agreements were amended to accept the wage enhancement.

The province spent \$15 million on the ECE Education Support Fund. Bursaries supported more than 2,600 ECE students toward completion of a certificate, diploma, or bachelor's program leading to a basic certificate or post-basic credential in special needs and in infant and toddler care. BC spent \$7 million on professional development for ECEs.

Finally, \$6 million was allocated through 2024–25 for the ECE Specialized Certification Grant. The grant was launched in January 2024 with over 170 ECEs approved to receive the grant within the first three months. The purpose of the grant is to retain ECEs with Infant and Toddler or Special Needs Educator certification who are working in licensed care or the Aboriginal Head Start program.

Commitments		Results		
Target	Timeline	Federal funding	Progress	Federal funding spent
Expand Wage Enhancement	2023-24	\$48,000,000	Increased \$2 per hour	\$16,200,000
ECE Education Support Fund			2,600 ECE students received bursaries	\$15,000,000
Professional Development			Sustained professional development opportunities	\$7,000,000
ECE Specialized Certification Grant			170 grants approved in first three months of 2024	\$6,000,000 (through 2024–25)

Administration

Achieved in 2023/2024.

Administrative costs were not included in the Agreement annual reports published by the province.

Province of British Columbia, Canada-British Columbia Canada-Wide Early Learning and Child Care Agreement: Report on Progress and Results

Legislative and Policy Changes

The province secured two amendments to increase the portion of funds eligible to be carried over from 2021-22 into 2022-23, and from 2022-23 into 2023-24. Both amendments increased the carry-over amount, from 75 percent of funds to 89 percent. BC reported that the actual carry-over from 2022–23 to 2023–24 was 88.1 percent.

The carry-over amendments were necessary because the province struggled to execute a strategy to carry over funds in the first two years of the Agreement. The province had anticipated an increase in expenditures with the implementation of the CCFRI program and operating costs for new spaces starting in year two. BC intended to spend just 25 percent of the 2021–22 funding, and carry 75 percent over into 2022–23. Then in 2022–23, the province intended to spend the 75 percent carried over from 2021–22, and 25 percent of the 2022–23 allocation. The province then planned to carry 75 percent of the 2022–23 funding over into 2023–24. In year one, the province underspent the intended amount, resulting in hundreds of millions of dollars carried over year to year. In 2023–24, the province reported spending \$768.6 million in Agreement funding, but it had an estimated \$1.1 billion in Agreement funds available because of carry-overs. 14

The federal government approved an additional \$47.3 million over three years under the federal infrastructure fund in 2023–24 and appended the amount to the Agreement. With the province receiving the approval late in fiscal year 2023-24, BC deferred the first-year allocation until the following year.

Additional Observations

As in other regions in Canada, the rapid subsidization of parent fees has increased demand. The number of facilities in British Columbia with a waiting list increased from 77 percent in 2021–22 to 82 percent in 2023–24.

The number of spaces for children aged zero to five in family-home child cares decreased in 2022– 23, before increasing in 2023–24. During the first three years of the Agreement (2021–22 to 2023– 24), for-profit child care providers, which were not eligible for federal space-creation funding under the Agreement, had a 14.77 percent space increase while not-for-profits had a 13.86 percent space increase. That said, the growth in spaces among for-profit providers slowed in year three (2023–24), while the growth in spaces among not-for-profit providers increased substantially during the same period. This may be a delayed effect of the policy decision to fund only not-for-profit space creation under the Agreement.

Finally, evidence emerged in late 2023 suggesting that low-income single mothers are underrepresented in the province's \$10-a-day program. Researchers conducting a study examining the impact of the program on low-income single mothers reported that they had difficulty recruiting study participants. They argued that the low-cost spaces were not targeted to at-risk families, calling the result "a troubling finding." 15

¹⁴ Estimate calculated by the author based on provincial reports.

¹⁵ J. Skrypnek, "B.C.'s \$10-a-Day Child Care May Not Be Reaching Those Most in Need, Study Finds," Chemainus Valley Courier, December 18, 2023, https://www.chemainusvalleycourier.ca/news/bcs-10-a-day-child-care-may-not-be-reaching-those-most-inneed-study-finds-7287533.



About Cardus Family

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

Contact

Peter Jon Mitchell, Program Director, Family tel: 613-241-4500 x 504, pmitchell@cardus.ca



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cardus.ca

Head Office: 1 Balfour Drive, Hamilton, ON L9C 7A5

info@cardus.ca

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