How provinces and territories are funding the capital cost of expanding regulated child care [1]

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Most provinces and territories have put in place funding programs to support the capital costs associated with expanding regulated child care. Most of these programs focus on increasing the number of spaces for children under age 6.

Across the provinces and territories, there are variations in the amount, eligibility and other conditions attached to grants and loan schemes. Generally, the maximum amounts per recipient or per space, are insufficient to meet space targets outlined in the CWELCC agreements.

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Centre-based spaces
Manitoba has the most extensive capital funding program, with four distinct schemes for the creation of centre-based spaces. Their Ready to Move (RTM) funding scheme covers 100% of the cost of 74 and 104 space centres built on municipal land, at the cost of approximately $57,000 per space (or $4.2 million total per 74 space RTM). The ELCC Capital Building Fund covers up to 60% of direct capital costs associated with the construction and completion of community-based projects, meaning operators need to have access to or raise 40% of required funds for capital. In addition, under the Child Care Renovation Expansion Grant, available to existing not-for-profit and public operators can apply for funding up to $2 million to expand the number of licensed spaces. The School-Based Child Care Centre Expansion Project provides 100% of capital funding to enable public schools to develop or expand on-site child care programs. This program allocated $132 million across 36 public schools to create more than 2,400 spaces for children under 7 years, equaling approximately $55,000 on average per space.

Under British Columbia's New Spaces Fund, some applicants can receive 100% of eligible costs (for public and Indigenous not-for-profit organizations), and others (not-for-profit organizations) can receive 90% of eligible funds. The Fund prioritizes spaces that are $40,000 per space or less, but applications for higher amounts can be approved.

Other provinces and territories have capital funding programs that are calculated per space, with a maximum of between $2,500 and $10,000 per new or renovated space. For example, Nova Scotia's Minor Infrastructure Program is for existing facilities, that are looking to expand not-for-profit spaces. Projects can be approved for up to $250,000, based on a maximum of $10,000 per space, and an additional $25,000 (or 10% of total project cost) for expenses related to project design, management and legal fees. Saskatchewan's Space Development Capital Funding also has a maximum of $10,000 per new space.

In Ontario, where the administration of grants and funding are devolved to child care system managers (CMSMs) and district school boards (DSSABs), there is large variation in access to capital funding. Ontario's Start-Up Grants allocate up to $350,000 for every 50 spaces (equaling $7,000 per space).

In the Northwest Territories, the New Child Care Spaces Fund has a maximum of $1,700 for pre-school spaces in Zone A, and up to $4,200 for an infant space in Zone B (remote locations). This fund is in addition to the Early Childhood Infrastructure Fund, which is allocated at the discretion of the Department of Education. Under Nunavut's Infrastructure Funding Program, the Department also distributes capital funding on a case-by-case basis. The Yukon is the only jurisdiction with no dedicated capital funding program available to operators.

Alberta, Ontario, and New Brunswick all have grants that amount to a maximum of between $5,000 and $10,000 per space. However, it should be noted that in New Brunswick, the funding is only available for the creation of new infant spaces (not preschool spaces). In Alberta and the Northwest Territories the amount of funding per space depends on the location, with more funding available where demand is higher (in Alberta) or where services are understood to cost more due to remoteness (Northwest Territories).

Prince Edward Island is the only jurisdiction with a dedicated low-interest loan scheme. The province has committed $7 million to the Low-Interest Loan Pilot Program. The program is designed for current Early Years Centre operators, and all operator types are eligible including not-for-profit, community-based organizations, municipalities, or private companies with a partnership affiliation with an Early Years Centre. It's also open to individuals intending to become a designated Early Years Centre. Approved loans are to a maximum of 80% of the cost, and at a fixed rate of 3% per annum for five years and amortized over a period of up to 20 years. Loans are interest-free for up to 12 months during the construction period or the date of substantial completion. Recipients of the low-interest loan scheme are also eligible for additional capital grant funds, amounting to 20% of the total project costs of new construction or expansion, up to a maximum of $200,000 per project.

Separate from this scheme, Prince Edward Island has recently announced two new funding schemes – the EYC Expansion Capital Grant and the EYC Architectural Fee Reimbursement Grant. Recipients of the Low-Interest Loan Pilot Program are NOT eligible to apply for these additional grants. Under the Expansion Capital grant, operators can apply for a maximum of $200,000 to support construction, renovations and/or purchase of equipment for eligible projects. And under the Architecture Fee Reimbursement Grant, applicants can receive 80% of architecture costs, up to a maximum of $80,000. The project facility must continue operating the EYC for a minimum of 5 years.

Family child care
Some jurisdictions have dedicated distinct capital grant schemes for regulated family child care.

New Brunswick offers the most generous capital grant scheme for family child care operators, with their capital grant funding offering $3,000 per infant space through their Expansion grant for renovations, plus an additional $6,000 through the Start-Up Coordination Grant to cover costs associated with financial analysis and architect fees.

Other notable schemes dedicated to family child care include Newfoundland and Labrador's Family Child Care Capacity Initiative and Prince Edward Island's Family Home Centre Capital grant, both which offer a one-time grant of $15,000 towards the modification of existing physical space to meet licensing requirements.

Other provinces and territories offer more modest start-up and capital grants to family child care homes required to make modifications to meet licensing requirements, for example changes to doors, fences, or electrical. Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and Northwest Territories offer grants of between $300 per space (Manitoba) up to $7,500 total (Nova Scotia) to support the creation of new family child care spaces.

Eligibility and conditions of capital grants

Eligible organizations
In eight of the twelve jurisdictions (that have capital funding programs), eligibility for grants are restricted to not-for-profit, public and First Nations organizations. In Prince Edward Island, New Brunswick, Ontario, and Alberta, for-profit organizations are eligible to apply for funding, however in New Brunswick not-for-profit and public organizations are prioritized.

Eligible expenses and costs
In most jurisdictions, grant guidelines clearly lay out eligible and ineligible costs covered under capital grant programs.

Nova Scotia's Minor Infrastructure Grant includes a broader list of eligible costs, outlined as "reasonable direct costs which are necessary for the construction and completion of the project", and includes construction, project design costs, design fees and surveys and assessments.

This compares with New Brunswick's capital grants program where three different streams (two are capital) are designed to cover different costs. That is, the Coordination Grant covers parking plans, architect and engineer fees, project coordination, financial analysis and exterior playground plans, while the infant space creation grant covers costs to renovate an existing facility to increase the number of infant spaces.

Where information and guidelines are available, ineligible costs generally include the costs of purchasing land or buildings, leasing land or buildings, and interest payments from owning land or building.

In Quebec, the Infrastructure Financing Program distinguishes between projects above and below $50,000, placing different eligibility criteria and conditions. Of note is that, unlike other provinces and territories, the acquisition of a property is eligible under the Infrastructure Financing Program.

Conditions of receiving grant funding
The grant programs vary in terms of what expenses are eligible under the capital funding, with some jurisdictions having particular conditions that are tied to the size of the grant. For example, in Newfoundland and Labrador, under the Child Care Capacity Initiative, grant recipients under the centre-based scheme must continue operating for a minimum of 2, 5 or 10 years depending on the size of the grant. And, in British Columbia, grant recipients of the 2022/23 New Spaces Fund must commit to continue operating for between 5 and 20 years depending on the size of the grant. And, under the newly announced grants in Prince Edward Island, the project facility must be used for child care for at least 5 years.

For family child care, in Newfoundland and Labrador, the required return of service is between 1 and 5 years, depending on the grant amount. And, in British Columbia, recipients of the family child care Start-Up Grant (and other grants) must remain operational for three consecutive years, or they are required to repay the grants.

Conditions for family child care capital grants in other jurisdictions are not clearly stated in the available guidelines.
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