

Child Care Funding Update: Northwest Territories—Year One (2021–22)

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

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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 childcare program within five years. Combined with additional funding, a total of \$30 billion was committed in years one through five, with a projected annual cost of at least \$9.2 billion in year five and later. The federal government then entered into negotiations with each province and territory (negotiating a unique asymmetrical agreement with Quebec, which had a program already) to jointly determine the funding and goals. These negotiations resulted in a "Canada-Wide Early Learning and Child Care Agreement" (CWELCC) with each province and territory (which we refer to as "the Agreement" in this brief).

Cardus conducted its own costing estimate in 2021 prior to the release of the agreements, concluding that the federal government had underestimated the cost and complexity of implementing a national childcare program.¹ Cardus is now studying the funds spent and goals achieved in each province and territory annually. We will issue provincial and territorial reports for each year of the agreements as data become available.

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

The Agreement with the Northwest Territories was signed on December 14, 2021.²

This report presents the results for year one for the Northwest Territories (fiscal year 2021–22, which is April 1, 2021, to March 31, 2022).

Year-One Summary

The Northwest Territories was pursuing a universal childcare program prior to signing the federal Agreement in December 2021. Some licensed childcare providers were already receiving sufficient subsidies to offer no-fee care.

The territory spent just under \$1 million of the \$6.3 million allocated for year one, not counting administrative costs.

The territory successfully reduced parent fees ahead of schedule. Reductions were announced in March 2022, cutting the average fee by 56 percent and making the reduction retroactive to January 1, 2022. The territory actioned just \$926,835 of the approximately \$5.7 million allocated for fee reductions in year one.

As with other regions, the Northwest Territories has previous bilateral agreements with the federal government that allocate federal funds toward childcare policy. Under the new Agreement, no funds were allocated toward quality targets, nor were funds directed toward accessibility.

The territory postponed an assessment of current resources and practices for vulnerable children that was budgeted at \$50,000 in year one.

While the territory was able to quickly reduce parent fees, the action was not without some controversy. The territory flip-flopped on whether the new federal funding would be tied to existing territorial funding. As the funding application deadline approached, providers learned they would need to join the new Child Care Fee Reduction fund (CCFR) in order to access existing territorial funding. Providers claimed that the territory and the federal government had previously communicated that the funding sources were separate. To participate in the CCFR, providers had to commit to holding fee increases at 2.3 percent for the fiscal year. Some providers argued that this cap would undermine their ability to operate.

Improving communication with providers and parents will be an important challenge for the territory as funding allocations and associated activities increase in subsequent years of the Agreement.

Our Perspective on Childcare Policy

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

² The text of the Agreement is available at Government of Canada, "Canada–Northwest Territories Canada-Wide Early Learning and Child Care Agreement—2021 to 2026," December 2021, <https://www.canada.ca/en/early-learning-child-care-agreement/agreements-provinces-territories/northwest-territories-canada-wide-2021.html>.

Agreement at a Glance

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

Federal Funding Estimate

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

Major Targets

- Reduce fee to 50 percent of the 2019 average by the end of 2022, and to an average of \$10 a day by end of year five.
- Increase the number of regulated childcare spaces to 59 percent coverage for children under age six by year five.
- Increase the portion of early childhood educators (ECEs) who meet territorial certification requirements to at least 30 percent by year five.
- Create three hundred full-time-equivalent spaces exclusively among non-profit and public providers by the end of year five.

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

Year	Projected Amount
One (2021-22)	\$6,391,977
Two (2022-23)	\$8,765,598
Three (2023-24)	\$10,326,177
Four (2024-25)	\$11,853,306
Five (2025-26)	\$13,810,702
Total	\$51,147,760

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

Source: Government of Canada, "Canada-Northwest Territories Canada-Wide Early Learning and Child Care Agreement—2021 to 2026."

Pre-Agreement Baseline Measures

- Territorial early learning and childcare budget of approximately \$10 million in 2021.³
- Average parent fee ranged from no-fee to approximately \$46 a day (\$1,380 a month) in 2021.⁴
- 1,071 regulated spaces for children aged zero to five in 2021.⁵

³ Government of Canada, "Canada-Northwest Territories Canada-Wide Early Learning and Child Care Agreement—2021 to 2026."

⁴ Government of Canada, "Canada-Northwest Territories Canada-Wide Early Learning and Child Care Agreement—2021 to 2026."

⁵ Government of Canada, "Canada-Northwest Territories Canada-Wide Early Learning and Child Care Agreement—2021 to 2026."

Agreement Targets and Progress

The Canada-wide agreements share a similar structure, focusing on four priorities: affordability for parents, increasing access through space creation, making childcare more inclusive, and improving the quality of care.

The Northwest Territories provided an action plan for the first two years of the Agreement (2021–22 and 2022–23). The tables shown in this report summarize the commitments made, the year in which targets are to be achieved, and the federal funding allocated to the targets.

The tables also summarize the progress made toward the target and the funding spent on these efforts in year one. Unless otherwise noted, the results and spending that we show are taken from “Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Progress Report for Fiscal Year 2021–2022,” acquired through an Access to Information and Protection of Privacy request.

Affordability

The territory reported spending \$926,835 of the allocated \$5,703,000 to reduce the average parent fee by 56 percent, based on January 2022 fees. Parents using providers who joined the program by April 2022 were eligible for a retroactive payment dating back to January 2022.⁶ The territory was able to offer the fee reduction well ahead of the December 2022 target.

Fees were reduced through the CCFR, paid directly to providers. To be eligible, operators had to agree to hold fee increases to 2.3 percent for the first fiscal year. As discussed below in the Additional Observations section, the territory tied the new federally funded CCFR to existing territorial funding provided through the Early Childhood Program subsidy. The decision was controversial as providers would lose access to territorial funding streams they previously relied on if they did not sign onto the CCFR program, including the above-mentioned fee-increase limit.

Accessibility

No Agreement funding was spent on accessibility targets in year one. The Agreement outlines a space-creation target of seventy-five full-time spaces between year one and year two. The Agreement also notes that this space-creation commitment includes seventy spaces to be created through the 2021–22 extension to the existing bilateral agreement and the results not reported here. The CWELCC Agreement allocates \$105,000 in year two (2022–23) toward space creation.

⁶ Government of the Northwest Territories, “Government of Canada and Government of the Northwest Territories: Child Care Fees in NWT to Reduce by 50 per Cent on Average,” media release, March 3, 2023, <https://www.gov.nt.ca/en/newsroom/government-canada-and-government-northwest-territories-child-care-fees-nwt-reduce-50-cent>; Government of Northwest Territories, “Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Progress Report for Fiscal Year 2021–2022,” March 23, 2023. Page 5 of the report states that families in programs that opted into the CCFR by April 2021 would be reimbursed retroactively to January 2021. We interpret this as an error and that the dates should read April 2022 and January 2022 respectively. We identified similar discrepancies throughout the territory’s report and we relied on the text of the Agreement to interpret such discrepancies where possible.

Table 2. Affordability Commitments and Results, Northwest Territories, 2021-22 and 2022-23

Commitments			Results	
Target	Timeline	Federal Funding	Progress	Federal Funding Spent
Determine baseline average fee by December 2021	Year one (2021-22)	\$0	Determined baseline fees	\$0
Reduce parent fees by 50% by December 2022	Year one (2021-22)	\$5.703 million	Reduced parent fees by 56% by March 2022	\$926,835
	Year Two (2022-23)	\$6.324 million		

Sources: Government of Canada, "Canada-Northwest Territories Canada-Wide Early Learning and Child Care Agreement—2021 to 2026"; Government of Northwest Territories, "Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Progress Report for Fiscal Year 2021-2022."

Table 3. Accessibility Commitments and Results, Northwest Territories, 2021-22 and 2022-23

Commitments			Results	
Target	Timeline	Federal Funding	Progress	Federal Funding Spent
Create 75 spaces in non-profit/public/home child care providers	Year one (2021-22)	\$0	N/A	\$0
	Year two (2022-23)	\$105,000		
Enhance health and safety funding	Year two (2022-23)	\$274,000		

Sources: Government of Canada, "Canada-Northwest Territories Canada-Wide Early Learning and Child Care Agreement—2021 to 2026"; Government of Northwest Territories, "Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Progress Report for Fiscal Year 2021-2022."

Inclusion

The territory did not spend any of the \$50,000 allocated to assess the current resources and practices for vulnerable children in early learning and childcare, including children with developmental needs. The Northwest Territories is moving toward an integrated service delivery (IDS) approach for services for children. The territory reported that the year-one target was delayed until 2023 to fit within the IDS development timelines.

Table 4. Inclusion Commitments and Results, Northwest Territories, 2021–22 and 2022–23

Commitments			Results	
Target	Timeline	Federal Funding	Progress	Federal Funding Spent
Evaluate current inclusion approach to programs, and identify strengths and barriers	Year one (2021–22)	\$50,000	Delayed	\$0
	Year two (2022–23)	\$100,000		

Sources: Government of Canada, “Canada–Northwest Territories Canada-Wide Early Learning and Child Care Agreement—2021 to 2026”; Government of Northwest Territories, “Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Progress Report for Fiscal Year 2021–2022.”

Quality

No quality targets were identified under the Agreement for year one. Additional federally funded quality measures were funded under the existing bilateral agreement with the federal government and are not unreported here.

Table 5. Quality Commitments and Results, Northwest Territories, 2022–23

Commitments			Results	
Target	Timeline	Federal Funding	Progress	Federal Funding Spent
Retention incentive for 300 ECEs	Year two (2022–23)	\$1.071 million		
Establish a baseline average hourly wage for ECEs by position type				
Establish a baseline number of ECEs who meet education requirements specified in the Child Day Care Act and Standard Regulations				

Source: Government of Canada, “Canada–Northwest Territories Canada-Wide Early Learning and Child Care Agreement—2021 to 2026.”

Administration

Approximately \$639,000 was allocated toward administrative costs in year one. The territory did not report on administrative costs in its annual report on the progress and results achieved in 2021–22.

Table 6. Administration Commitments and Results, Northwest Territories, 2021-22 to 2022-23

Commitments			Results	
Target	Timeline	Federal Funding	Progress	Federal Funding Spent
Develop an annual child care provider census or survey	Year one (2021-22)	\$639,000	Unknown	Unknown
	Year two (2022-23)	\$877,000		

Sources: Government of Canada, “Canada–Northwest Territories Canada-Wide Early Learning and Child Care Agreement—2021 to 2026”; Government of Northwest Territories, “Canada-Wide Early Learning and Child Care (ELCC) Agreement Annual Progress Report for Fiscal Year 2021-2022.”

Legislative and Policy Changes

The Northwest Territories Legislative Assembly committed to moving toward a universal childcare system prior to signing the Agreement. The territory committed to developing a strategy to shift the system by 2030. Public consultations were held, culminating in the December 2021 publication “What We Heard Report: Toward a 2030 Early Learning and Child Care Strategy.”⁷ The paper affirms that childcare programs should reflect local community values, and cultural and language heritage, and identifies concerns about funding mechanisms, ECE wages and benefits, and staff qualifications and professional development. The process culminated in the adoption of amendments to the Northwest Territories Child Day Care Act, effective May 1, 2023. A future Cardus publication will report on this process and the amendment that was adopted outside the review period of this current update.

Additional Observations

The text of the Agreement acknowledges the unique childcare ecosystem in the territory, in which approximately half of the territorial population identifies as Indigenous. Many childcare programs reflect the cultural values of the community. The text of the Agreement notes, “Although many of these programs do not charge child care fees, there is a need to explore why families are not accessing the programs. In some instances, this may be related to cultural norms and a preference for other forms of child care beyond licensed programming, including informal care provided by family members.”⁸ Moving forward, the territory will need to balance the shift to a universal system while acknowledging the choices and needs of diverse communities.

⁷ Government of Northwest Territories, “What We Heard Report: Toward a 2023 Early Learning and Child Care Strategy,” December 2021, <https://www.ece.gov.nt.ca/sites/ece/files/resources/elcc-what-we-heard-report-2021.pdf>.

⁸ Government of Canada, “Canada–Northwest Territories Canada-Wide Early Learning and Child Care Agreement—2021 to 2026.”

The territory faced some challenges in implementing the program, with the Minister of Education, Culture, and Employment offering to re-evaluate the rollout of the CCFR program.⁹

One concern was the requirement that participating childcares cap fee increases to 2.3 percent. Some providers argued that with increasing costs, caregivers would not be able to earn a living wage.¹⁰

The territory also sent mixed messages about whether previous territorial funding and new federal funding were tied together. The federal and territorial governments first indicated that the funding streams were separate, but the territory later indicated that providers would need to join the federally funded CCFR in order to continue to be eligible for territorial funding.¹¹

The communication issue led home-daycare provider Yvette Cooper to tell the CBC, “I think they [the ministry] have misled us and manipulated us. We obviously have lost a lot of trust.” Home-daycare operator Kristie Vyse told the CBC that fee caps and uncertainty about the implementation of the CCFR led her to close her daycare and take a job with a municipally run centre. The territory ended year one acknowledging that communication with providers would need to be improved moving forward.¹²

As with other regions, reducing fees without significantly increasing spaces has resulted in increased demand. The territory will need to make significant progress in subsequent years if it hopes to create a universally accessible system.

⁹ N. Pressman, “NWT Gov’t to Re-evaluate Child-Care Subsidy after Operator Outcry,” *CBC News*, April 25, 2022, <https://www.cbc.ca/news/canada/north/nwt-reevaluates-child-care-subsidy-1.6428303>.

¹⁰ Pressman, “NWT Gov’t to Re-evaluate Child-Care Subsidy after Operator Outcry.”

¹¹ Pressman, “NWT Gov’t to Re-evaluate Child-Care Subsidy after Operator Outcry.”

¹² Pressman, “NWT Gov’t to Re-evaluate Child-Care Subsidy after Operator Outcry.”



About Cardus Family

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

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