

**OFFICE OF
THE PARLIAMENTARY BUDGET OFFICER**



**BUREAU DU
DIRECTEUR PARLEMENTAIRE DU BUDGET**

Federal Child Care Benefits

**Office of the Parliamentary Budget Officer
March 31, 2015**



Summary

Fiscal Impact

- The federal government spent roughly \$3.3 billion in 2013-2014 on the Universal Child Care Benefit (UCCB) and Child Care Expense Deduction (CCED).
- Enhancements to the UCCB and CCED will increase spending to roughly \$7.7 billion in 2015-2016.
- Federal spending on child care will be greater than that of Canadian households in 2015-2016.

Distributional

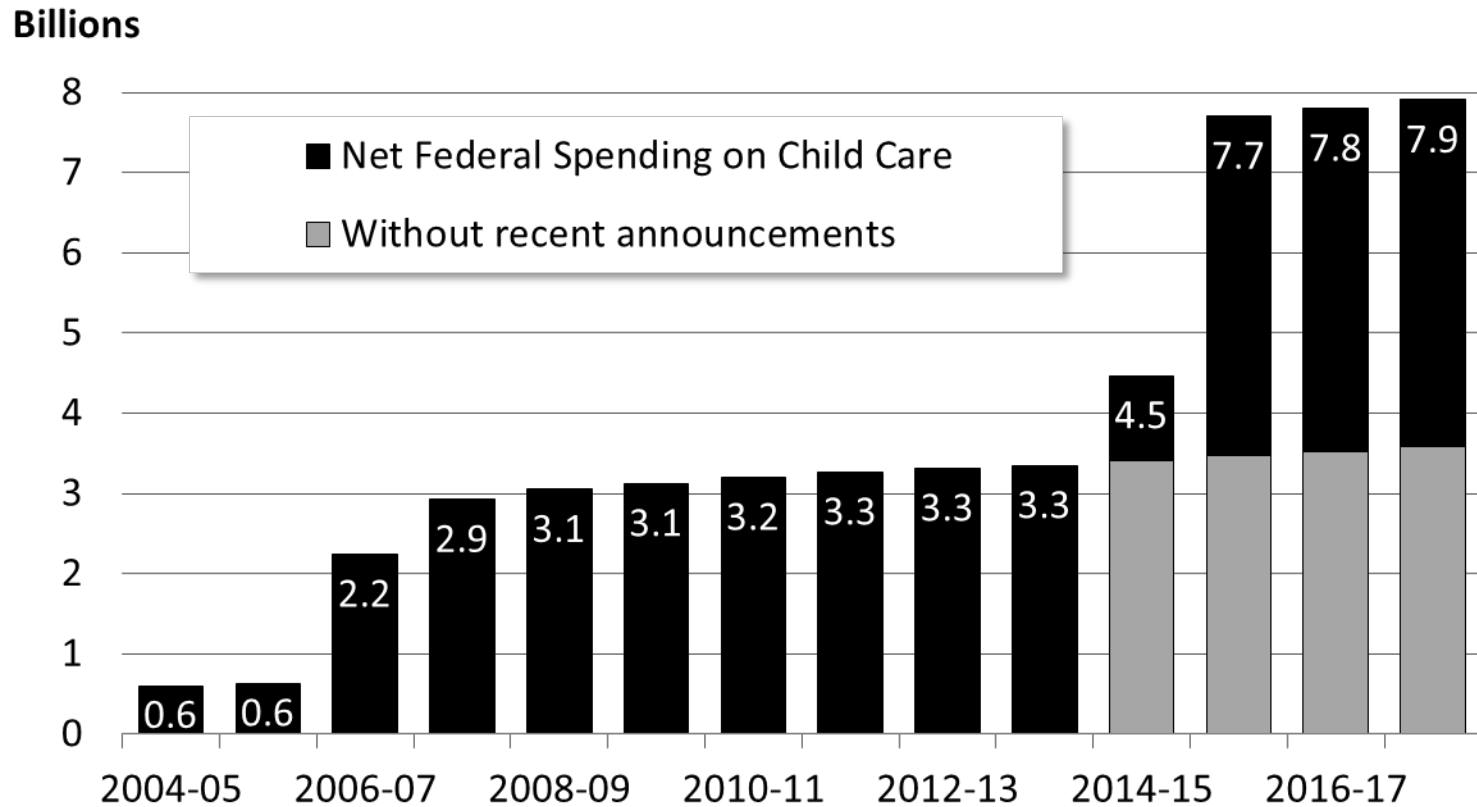
- Families with young children (under 13) and child care expenses will receive smaller share than what they received in previous years.
- On average, eligible families will see an increase in their level of child care benefits.
- Even with the repeal of the Child Tax Credit (CTC), eligible families will see their federal child care benefits increase.



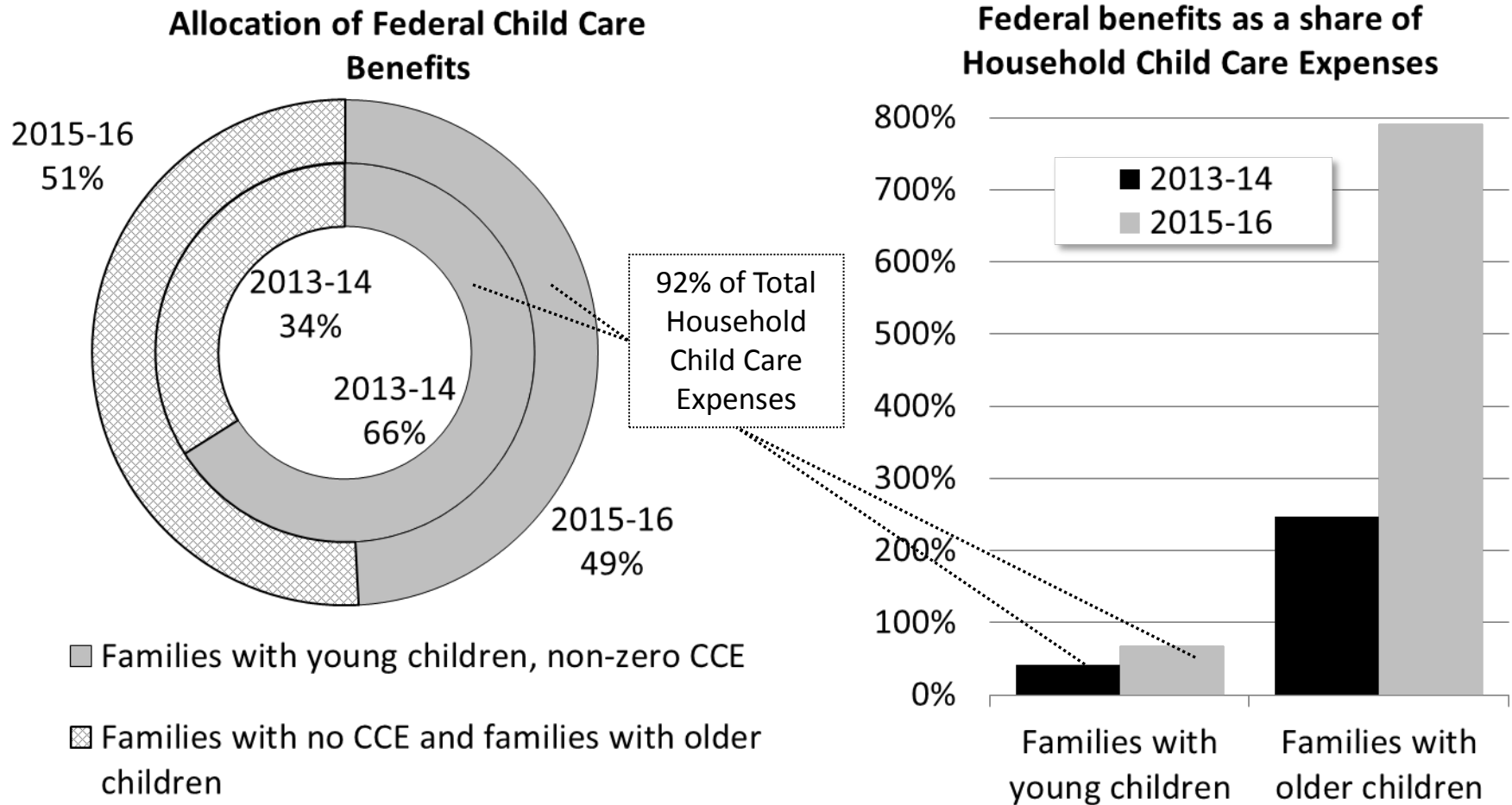
Federal Child Care Benefits

- Universal Child Care Benefit (UCCB)
 - Since 2006 - \$100/month per child under 6
 - Since 2015 - \$160/month per child under 6 and \$60/month per child aged 6-17
- Child Care Expense Deduction (CCED)
 - Since 1971
 - Tax Deduction for incurred child care expenses
 - Family members must be either employed, enrolled in an educational facility, or conducting academic research to be eligible.
 - Currently capped at \$7,000 per child under 7; \$4,000 per child ages 7-16 and \$10,000 per disabled child
 - Since 2015 capped at \$8,000 per child under 7; \$5,000 per child ages 7-16 and \$11,000 per disabled child
 - Income cap of 2/3-income of lower-earning spouse remains

Total Federal Spending on Child Care will Double



The Allocation of Federal Child Care Benefits will Shift, but on Average, Eligible Families will Receive Greater Federal Child Care Benefits



Federal Spending on Child Care to Outstrip Household Child Care Expenses

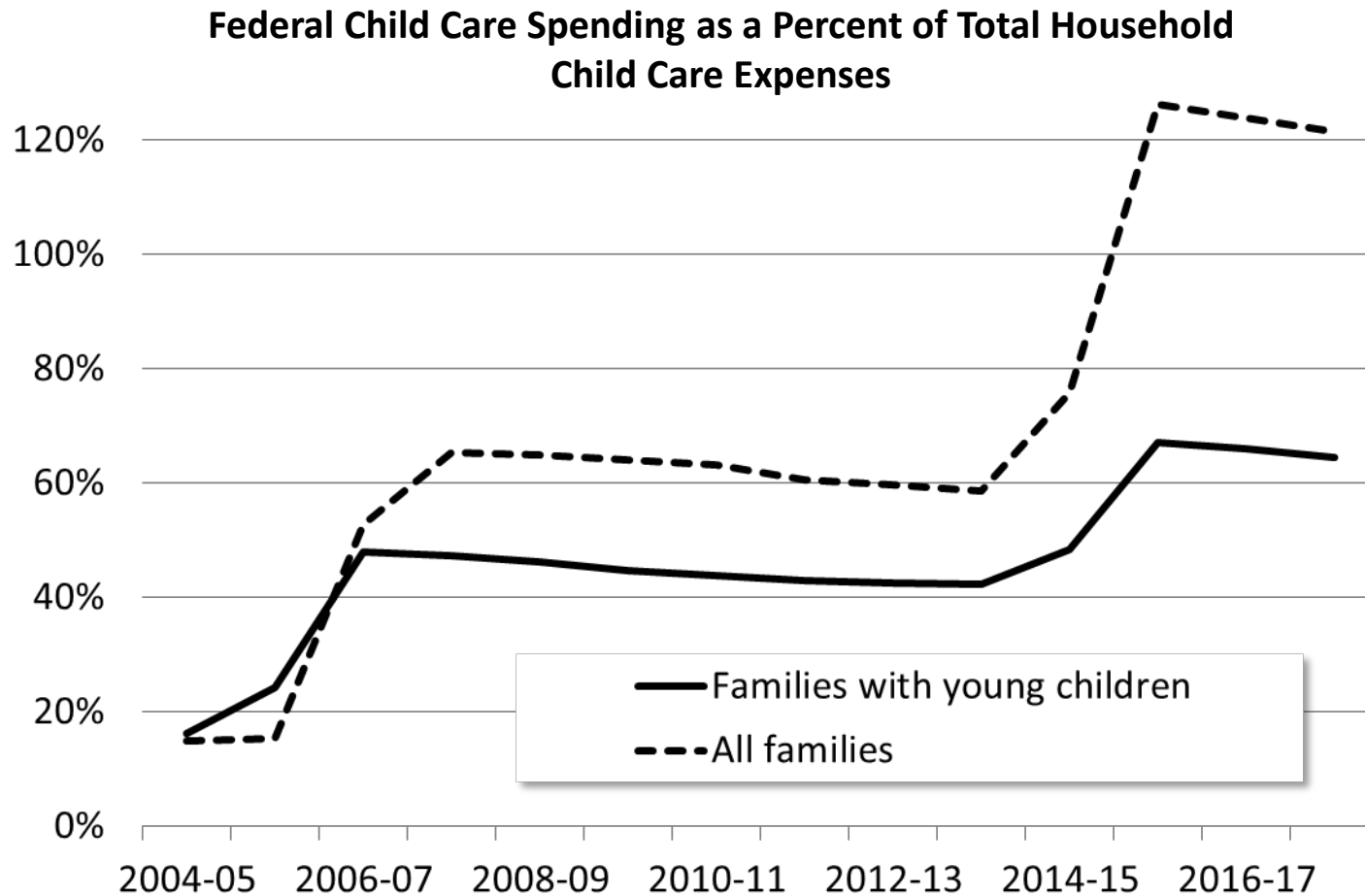
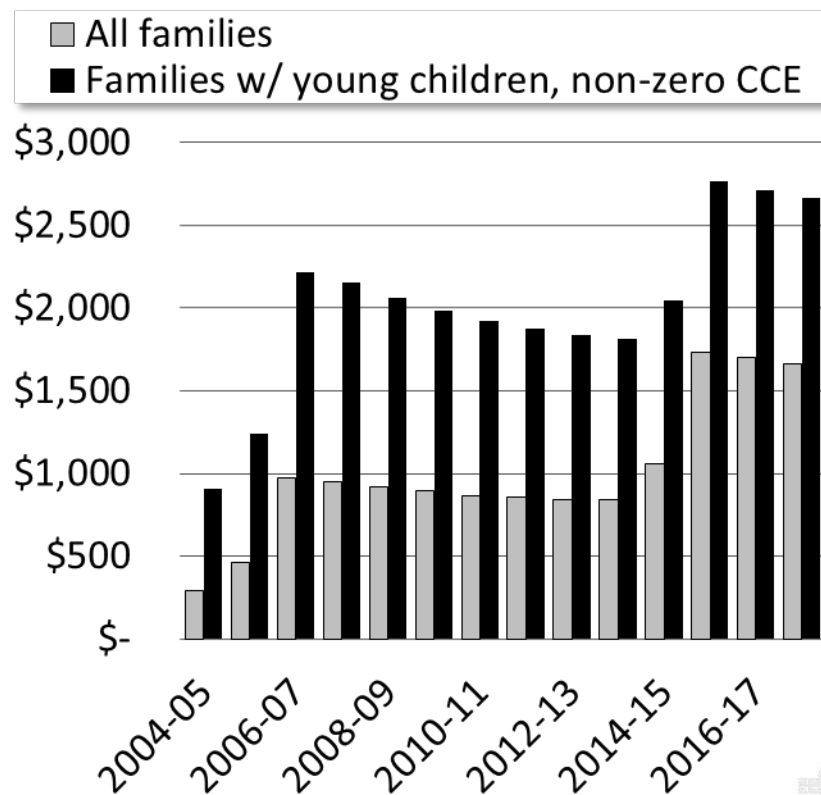


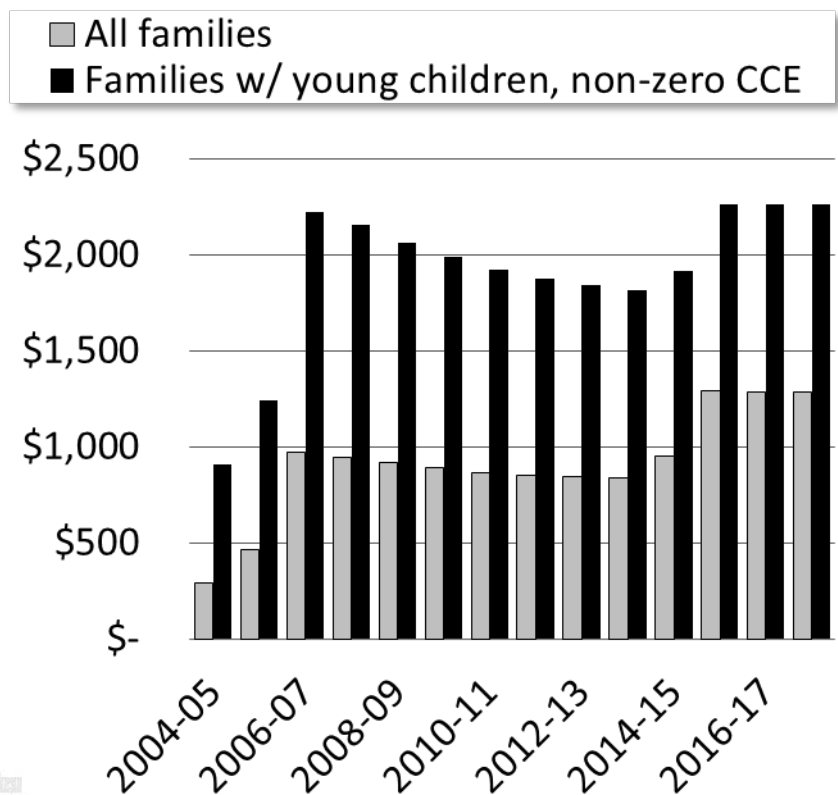
Figure 3-5

After-tax child care benefits will increase (Constant 2012 dollars)

Not including the loss of the Child Tax Credit

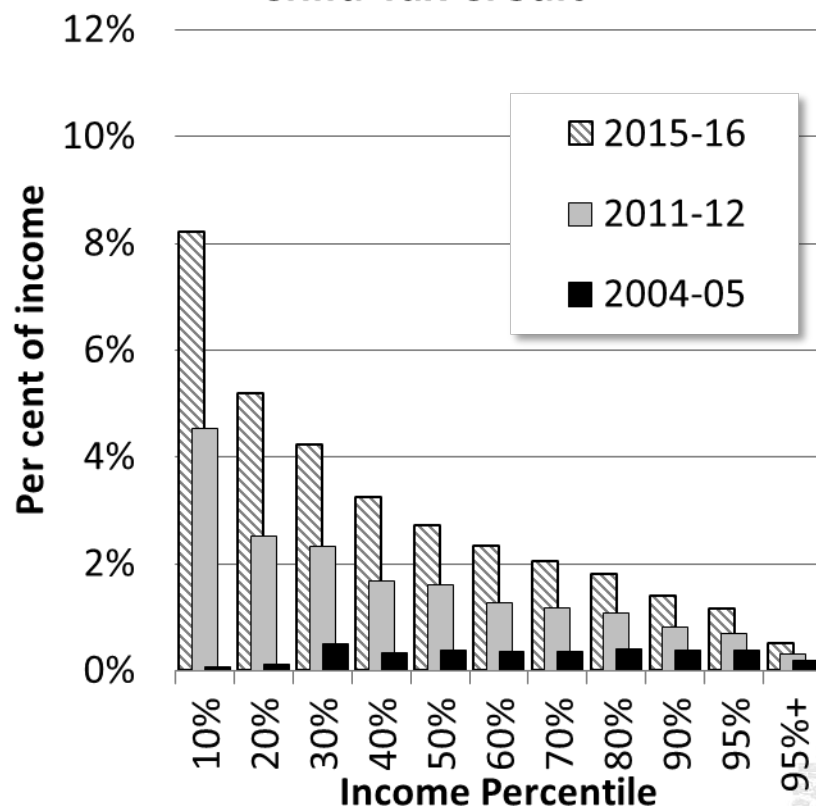


Including the loss of the Child Tax Credit

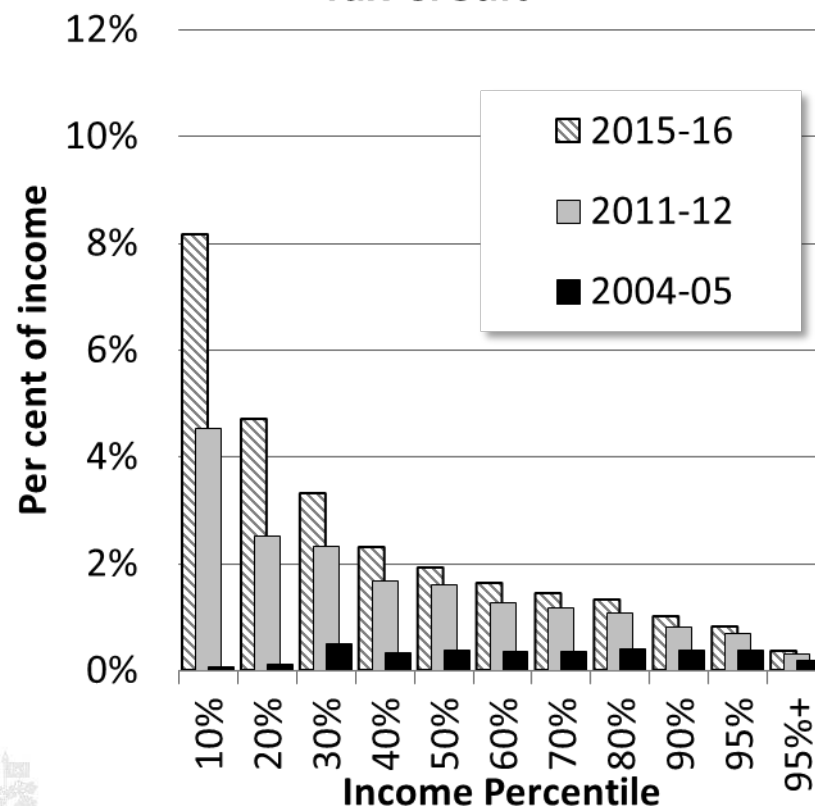


Among families with young children, after-tax child care benefits as a percent of income will increase for all income groups, on average

**Not including the loss of the
Child Tax Credit**

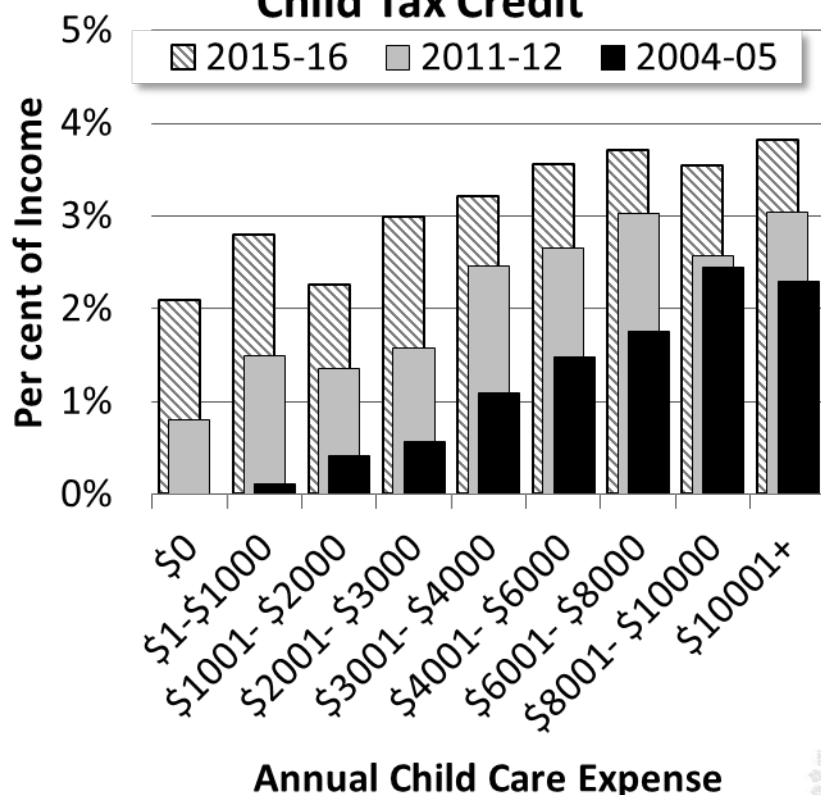


**Including the loss of the Child
Tax Credit**

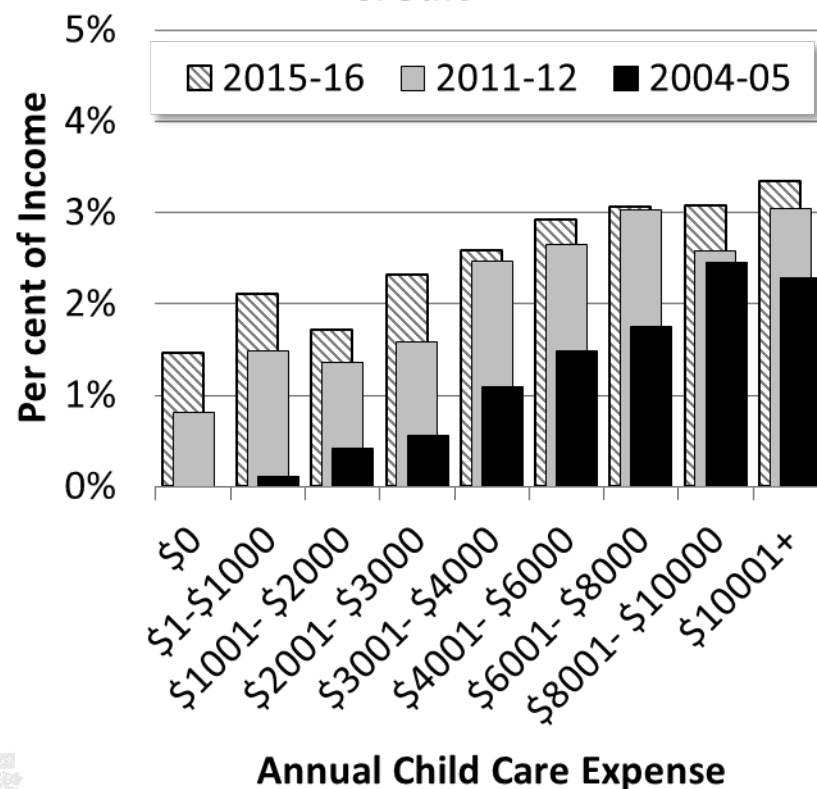


Among families with young children, after-tax child care benefits as a percent of income will increase for these families with varying annual child care expenses, on average

Not Including the loss of the Child Tax Credit



Including the loss of the Child Tax Credit





Questions about this report?

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