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Canada Child Benefit - Recent and Projected Growth

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The Parliamentary Budget Officer supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

This report examines the drivers of recent growth in Canada Child Benefit expenses between 2022-23 and 2024-25 — including inflation indexation, income growth, and demographic change — and presents the Parliamentary Budget Office (PBO) outlook for the cost of children's benefits over the medium term.

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Highlights

Between benefit year 2022-23 and 2024-25, the annual Canada Child Benefit (CCB) grew by $4.2 billion, rising from $25.0 to $29.2 billion, or more than 16% - higher than the growth of covid-specific temporary CCB enhancements.

This PBO report estimates that 68 per cent of this increase, equivalent to $2.8 billion, stems from the indexation of benefits, which are adjusted each July 1 to CPI inflation ending the preceding September. The significant growth in CCB benefits through automatic adjustments reflected post-pandemic CPI increases from the October 2021 to September 2023 window, when year-over-year inflation reached a high of 8.2%.

For many families, income did not keep pace with inflation during this period. The PBO estimates that the decline in real income for a subset of families receiving CCB explains an additional 25 percent of the increase in benefits.

Finally, a more modest share of CCB growth in the period reflected the higher population of families with children under the age of 18 receiving benefits. This population growth was largely driven by net international migration, which has since moderated so that the number of CCB recipients is estimated to have peaked in benefit year 2025-26.

Of the $4.2 billion increase in benefits over the two-year period, nearly 60 percent, or $2.5 billion, went to families with income over $50,000. For comparison, these families received $12.2 billion in total benefits in 2022-23, about half of total payments. As such, the automatic adjustments built into CCB favoured middle-income families on a relative basis, as compared to base CCB benefits.

Summary

Between benefit year 2022-23 and 2024-25, Canada Child Benefit (CCB) expenses grew by $4.2 billion, from $25.0 billion to $29.2 billion, an increase of more than 16 per cent. Over this period, the average annual benefit rose from $6,700 to $7,700, while the number of families receiving the benefit increased modestly from 3.7 million to 3.8 million.

This report examines the factors behind this growth and presents PBO's outlook for the cost of children's benefits over the medium term. This analysis is presented to inform Parliament's forward consideration of (1) potential permanent or temporary measures to address affordability concerns related to inflation pressures and (2) the government's overall fiscal track.

Most of the recent CCB growth, an estimated 68 per cent or $2.8 billion, reflected annual indexation, whereby benefit amounts and income thresholds are adjusted to inflation per the benefit's legislated provisions. Elevated inflation following the COVID-19 pandemic pushed indexation rates to 6.3 per cent and 4.7 per cent for benefit years 2023-24 and 2024-25, respectively, well above the 1.3 per cent average recorded between 2018-19 and 2021-22.

A further 25 per cent of the recent increase was driven by families whose income growth failed to keep pace with inflation. Benefit thresholds also rise with inflation, so families whose income grew more slowly received benefit increases exceeding the standard indexation rate.

The remaining benefit growth reflected changes in the number and composition of recipient families. Elevated levels of immigration between 2022 and 2024 contributed to above-average growth in the population of children under 18, though this effect has since moderated. Partially offsetting this, a modest decline in average family size over the same period reduced costs by an estimated $300 million relative to what they would otherwise have been.

From a distributional perspective, the share of total CCB benefits going to families with income over $50,000 rose from 48.9 per cent in 2022-23 to 50.4 per cent in 2024-25.

Looking ahead, PBO's June 2026 outlook projects that growth in the cost of children's benefits will moderate considerably to 2.5 percent for benefit year 2026-27, as

inflationary and demographic pressures ease. Total expenses for children's benefits are projected to reach $33.0 billion by benefit year 2030-31.

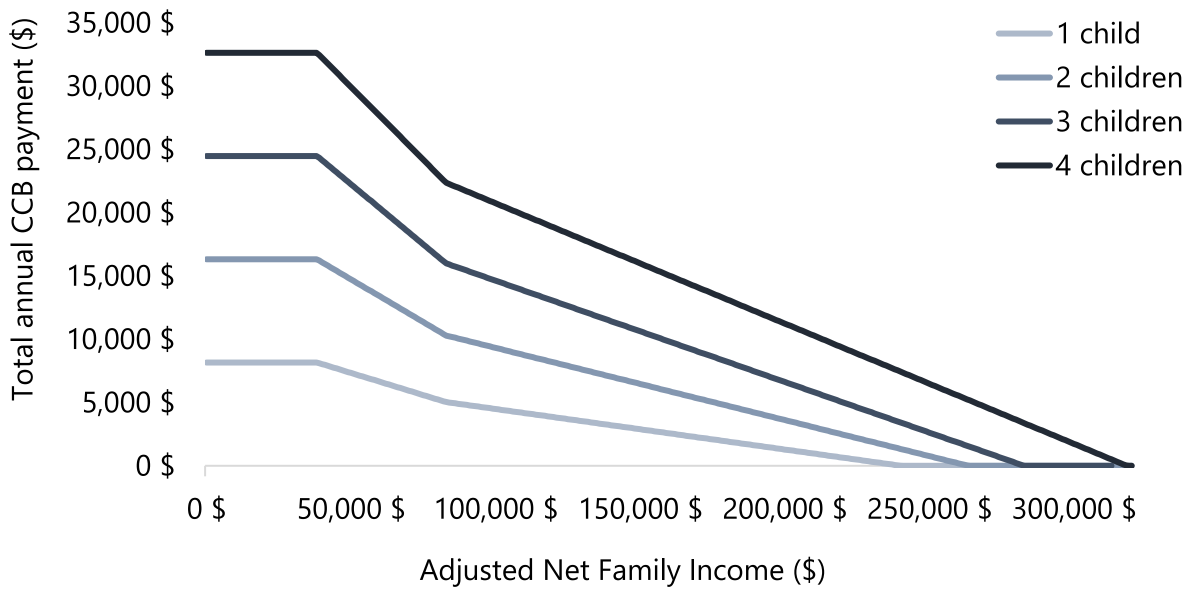
Background

Budget 2016 introduced the Canada Child Benefit (CCB), a tax-free, income tested benefit targeting low- to middle-income families with children. This program replaced the Canada Child Tax Benefit and the Universal Child Care Benefit.[1]

The CCB is paid monthly to eligible parents over a 12-month period from July to June each benefit year. Benefit entitlements are determined using Adjusted Family Net Income (AFNI), defined as the combined net income of spouses or common-law partners, subject to specified adjustments. Maximum benefit amounts vary by the number and age of children and are reduced as family income exceeds legislated thresholds. Both benefit amounts and income thresholds are indexed annually to inflation.

For the 2026-2027 benefit year, the maximum amounts are $8,157 per year for each child under 6 years old and $6,883 per year, for each child aged 6 to 17 years old, with families earning less than $38,237 in net income receiving the maximum benefit.[2]

Figure 1
Annual benefit by income and family size for benefit year 2026-27



Source
Parliamentary Budget Office.

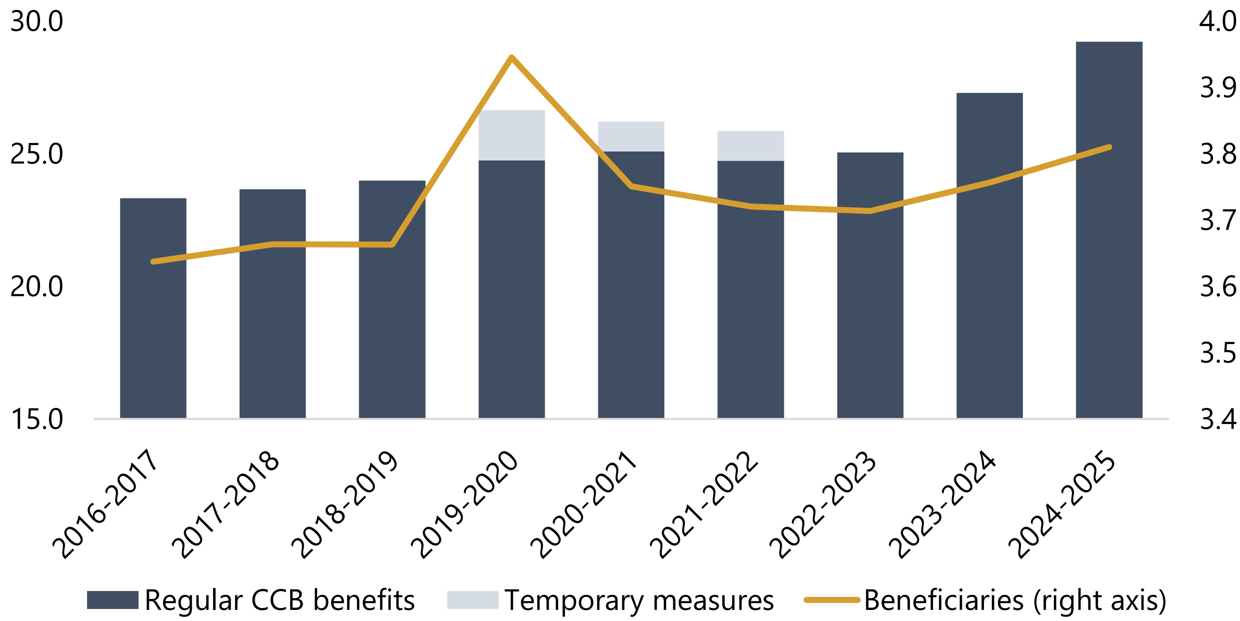
Note
The figure illustrates total annual CCB payment for a child under 6 years of age.

Recent trends

Starting on July 1, 2016, the Canada Child Benefit (CCB) provided $23.3 billion in benefits to 3.6 million families in its first year.

Figure 2

CCB payments ($ billions) and beneficiaries (millions), by benefit year



Source

Canada Revenue Agency, Finance Canada, Parliamentary Budget Office.

Note

Amounts for temporary measures are based on estimates from PBO and Finance Canada. Total payments include additional amounts received for the Child Disability Benefit. Benefit year runs from July to June.

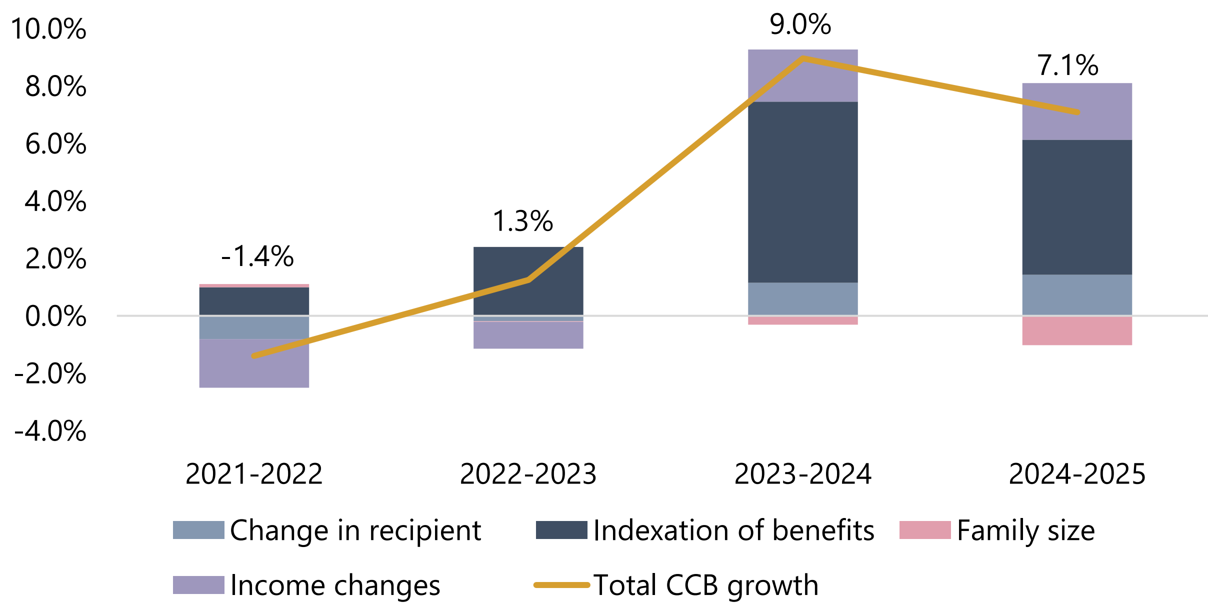
Since its introduction, CCB expenses have grown due in part to annual indexation to inflation, whereby benefit amounts and income thresholds are adjusted based on changes in the Consumer Price Index (CPI). Increases in program costs are also driven by changes in demographics, family composition, and household incomes, as these factors influence both the number of eligible recipients and the amount received by families.

During the COVID-19 pandemic, the federal government temporarily enhanced the Canada Child Benefit (CCB). In May 2020, eligible families received a one-time payment of up to $300 per child. The government later introduced temporary payments of up to $1,200 per child under age 6 in 2021. These two temporary measures increased CCB total payments by approximately $4.1 billion spread across three benefit years ($1.9 billion in 2019-20, $1.1 billion in 2020-21 and $1.1 billion in 2021-22).

Following the end of temporary covid-related payments, CCB expenses grew by more than 16 percent between benefit year 2022-23 and 2024-25, representing a $4.2 billion increase in cost over 2 years. Over this period, the average annual benefit rose from $6,700 to $7,700, while the number of recipients increased modestly from 3.7 million to 3.8 million.[3]

Annual growth accelerated from 1.3 per cent in 2022-23 to 9.0 per cent in 2023-24, before moderating to 7.1 per cent in 2024-25, with indexation the largest contributor to growth in both years (Figure 3).

Figure 3
Decomposition of annual growth



Source
Office of the Parliamentary Budget Officer.

Over 2023-24 and 2024-25 combined, indexation accounted for $2.8 billion, or 68 per cent, of the $4.2 billion increase — the largest single driver, with the net increase in recipients and the change in the income distribution and family size of recipients contributing the remainder.[4]

Indexation of benefits

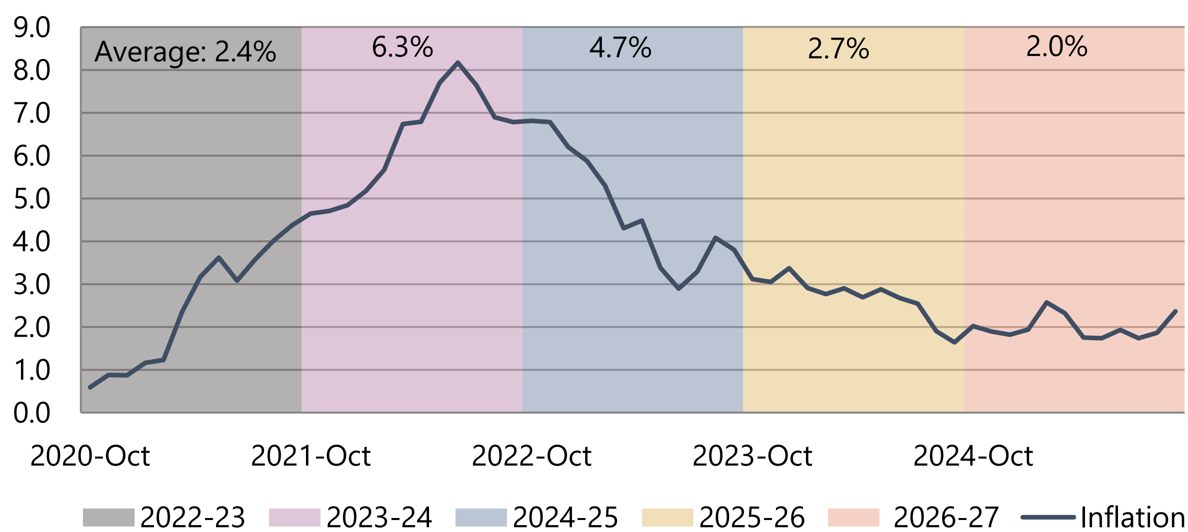
Maximum benefits and income thresholds are indexed to the average CPI from October to September of the previous year. That is, benefits are adjusted to inflation with a 9-month delay. Other federal transfers are indexed differently — for example, Old Age Security benefits are indexed quarterly, while Employment Insurance maximum insurable earnings are adjusted at the start of the calendar year using average weekly earnings data for the 12-month period ending the previous April.

Between 2018-19 (the first year of full indexation) and 2021-22, the indexation rate averaged 1.3 per cent, reflecting a prolonged period of subdued inflation.

CPI inflation rose rapidly, peaking at 8.2 per cent in June 2022. As Figure 4 shows, the indexation windows for 2023-24 and 2024-25 captured this post-pandemic inflation spike: benefits increased 6.3 per cent on July 1, 2023, and 4.7 per cent on July 1, 2024 — a cumulative $790 increase in the maximum annual benefit for a child under 6. Overall, indexation added $2.8 billion in CCB costs between 2022-23 and 2024-25.

Figure 4

CPI inflation, by benefit year



Source

Office of the Parliamentary Budget Officer.

For benefit years 2025-26 and 2026-27, the indexation rate eased to 2.7 and 2.0 per cent as inflation pressure eased through 2024 and 2025. This corresponds to a $267 increase to the maximum annual benefit for a child under the age of 6.

Impact of inflation on federal income support benefits

Canada's federal income-support system relies on inflation indexation to adjust benefit levels to the cost of living, without requiring new legislation or discretionary policy decisions. This mechanism operates with an inherent lag as adjustments are based on price levels recorded over a preceding reference period rather than current prices. As a result, indexed benefits take time to catch up to price pressures when inflation rises.

Like the Canada Child Benefit, most federal income-support benefits are fully indexed to inflation. Old Age Security (OAS) and Guaranteed Income Supplement (GIS) benefits are indexed quarterly, while Employment Insurance (EI) benefit parameters are adjusted annually at the beginning of each calendar year. The CCB and the GST/HST Credit (now known as the Canada Groceries and Essentials Benefit) are indexed each July based on CPI changes over the 12-months ending the previous September.

In addition to these legislated benefit increases, the government has introduced temporary measures targeted at modest-income households during the periods when indexed benefits had not yet adjusted to rising prices. In September 2022, it doubled the GST Credit for a six-month period at a cost of approximately $2.6 billion. Budget 2023 introduced a one-time Grocery Rebate, delivered through the GST Credit system, at an estimated annual cost of $2.4 billion. More recently, a new legislative measure provided a one-time payment equal to 50 per cent of the GST Credit's annual 2025-26 value and increased the annual credit by 25 per cent for five years beginning in July 2026, at a total cost estimated at more than $12 billion over six years – or $2.1 billion annually on average.

Alongside these income-support measures introduced in response to cost-of-living pressures, the government suspended the federal fuel excise tax until September 2026, for which the PBO has provided additional cost and distributional analysis.

Income profile of CCB recipients

The CCB is designed to offer lower income families proportionally greater benefits. That said, for 2024-25, almost 70 percent of recipients had family incomes greater than $50,000, with benefits for this group totalling $14.7 billion.

This group also captured a larger share of recent growth. Total CCB expenses rose by $4.2 billion between 2022-23 and 2024-25, when nearly 60 per cent of this increase, or $2.5 billion, went to families with incomes over $50,000 (Table 1).

Table 1

Benefit distribution by income group, 2022-23 and 2024-25

Income	2022-23 % of recipients	2024-25 % of recipients	2022-23 ($ billion)	2024-25 ($ billion)	Change ($ billion)	Share of $4.2 billion growth
Under $50,000	**32%**	**31%**	**12.8**	**14.5**	**1.7**	**40%**
$50,000 and over	**68%**	**69%**	**12.2**	**14.7**	**2.5**	**60%**
$50,000–$99,999	*32%*	*28%*	*7.9*	*8.5*	*0.6*	*14%*
$100,000–$149,999	*24%*	*24%*	*3.6*	*4.6*	*1.0*	*24%*
Over $150,000	*11%*	*17%*	*0.8*	*1.6*	*0.8*	*19%*
Total	100%	100%	25.0	29.2	4.2	100%

Source
Canada Revenue Agency.

Note

Income groups are based on adjusted net family income. Figures may not sum to totals due to rounding.

This reflects how CCB parameters indexation interacts with recipients' income dynamics, discussed further below.

Income growth

The CCB uses fully indexed income thresholds to calculate each recipient's annual entitlement. As the benefit structure in Figure 1 shows, benefits decline once family income exceeds these thresholds. As a result, recipients whose income does not keep pace with inflation receive benefit increases above the standard indexation rate.

Growth in benefit entitlement for a family with fixed income.

In order to illustrate the mechanics of the CCB for income dynamics, consider an eligible family with two children over the age of six and an adjusted family net income of $90,000. Assuming the family's income remains unchanged for two years, it would have received $6,235 in benefits in benefit year 2023–24. In benefit year 2024–25, the same family would have received $6,769.

This represents an increase of 8.6 per cent, compared with an indexation rate of 4.7 per cent for that year. The difference is explained by the indexation of the income thresholds used to calculate benefit entitlements. As these thresholds increase with inflation, a smaller portion of a family's income is subject to the benefit reduction, resulting in higher benefit entitlements.

As such, the programs' structure is such that families whose incomes do not keep pace with inflation receive benefit increases that are equal to or greater than the rate of inflation.

Consequently, growth in average benefit amounts may exceed the annual benefit indexation rate when recipients' incomes rise more slowly than indexed income thresholds.

This effect is particularly visible at the very top of the distribution. As shown in Table 1, high inflation combined with slower income growth among families earning over $150,000 led to an increase in eligibility, with the share of recipients in this group rising from 11 per cent to 17 per cent. At the same time, benefit payments to this group doubled from $0.8 billion to $1.6 billion, increasing their share of total CCB expenses from 3.0 per cent to 5.4 per cent and accounting for 19 per cent of overall program growth (see Table 1).

Longitudinal administrative data confirmed this income dynamic for benefit years 2023-24 and 2024-25. Average adjusted family net income (AFNI) among CCB recipients grew by a cumulative 6.9 per cent over the two years, 4.4 percentage points below total indexation. This reflected both, new recipients with below-average incomes and weaker income growth among higher-income families.

We estimate that this income dynamic increased total cost for the CCB program by about 4.1 percent over 2 years. Measured instead as a share of the $4.2 billion increase in benefits over the same period, this effect represents approximately 25 per cent of total growth, or roughly $1.0 billion.

Net change in recipients

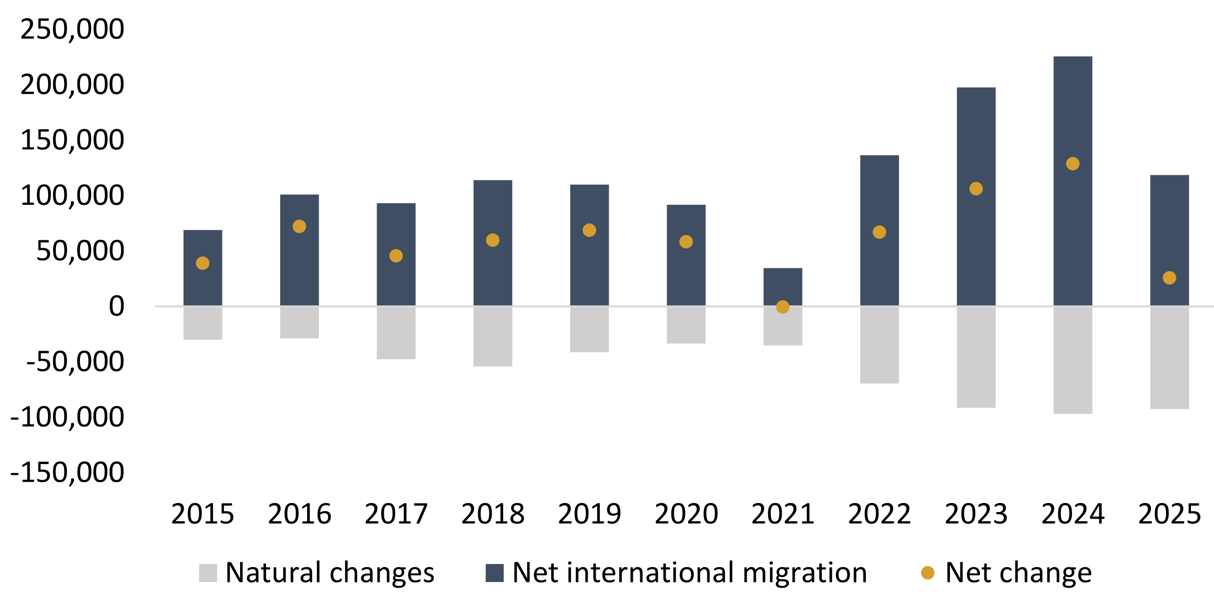
To receive the benefit, individuals must live with a child under the age of 18 and be primarily responsible for that child's care and upbringing. They must also be residents of Canada for income tax purposes, and either they or their spouse or common-law partner must be a Canadian citizen, permanent resident, protected person, or temporary resident who has lived in Canada for at least 18 months. Eligible recipients must file an income tax return to receive payments.

Statistics Canada estimated that, as of July 2021, more than 95 per cent of children over the age of one were covered by the CCB program. This figure includes children whose families are entitled to benefits as well as those with high family income whose entitlement is fully phased out. The main factor affecting coverage is parental participation in the tax system. Budget 2025 introduced the Automatic Federal Benefits program with the objective of increasing the take-up rate of benefits such as the CCB by low-income households.[5]

Given the program's high coverage rate and the relative stability of family composition over time, the number of eligible CCB recipients is expected to grow broadly in line with the population of children under the age of 18.

Over the past two decades, net international migration, defined as the combined effect of immigration, net emigration, and changes in the number of temporary residents, has been the main source of growth in Canada's population under the age of 18. Elevated levels of both permanent and temporary immigration between 2022 and 2024 further accelerated this trend, contributing to above-average growth in the population aged 0 to 17 years.

Figure 5
Demographic flows for under 18 population



Source
Office of the Parliamentary Budget Officer.

Temporary residents may become eligible for the Canada Child Benefit (CCB) only after having resided in Canada for 18 months. As a result, changes in temporary immigration are reflected in CCB recipient counts with a considerable lag. Consequently, the effects of the increase in temporary immigration that began in 2022 only began to materialize in the CCB program during the 2023-24 benefit year.

Between June 2023 and June 2025, the number of non-permanent residents receiving the CCB nearly doubled. Nevertheless, this group continued to represent a relatively small share of beneficiaries, accounting for approximately 4 per cent of all recipients in June 2025. Over the same period, the number of permanent residents receiving the CCB increased by 9.4 per cent, while the number of Canadian citizen recipients stayed mostly stable. Canadian citizens continued to account for most recipients, exceeding 2.5 million at the end of the 2024-25 benefit year.

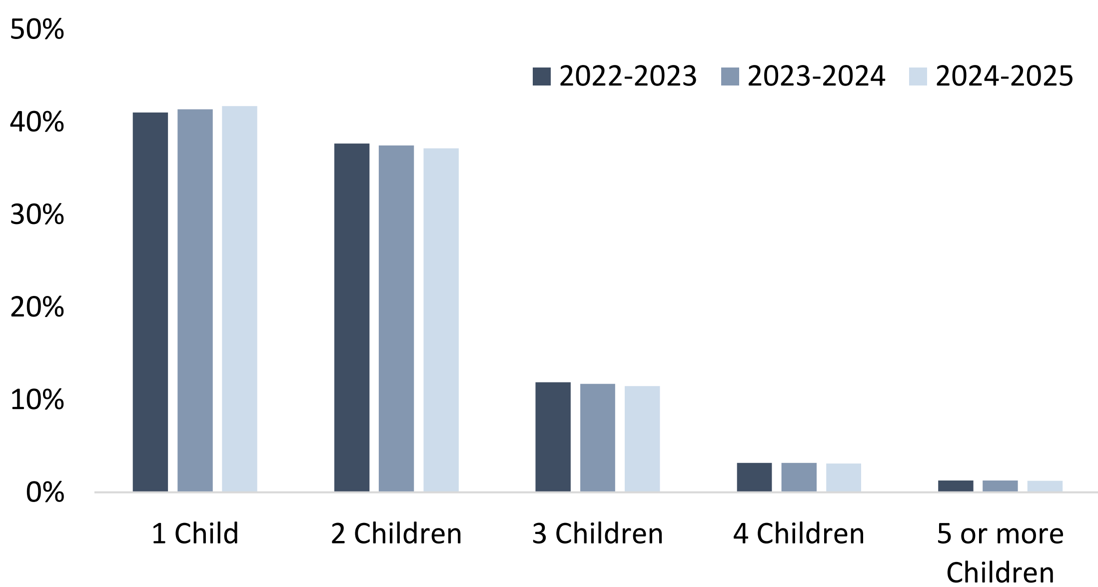
In addition to demographic developments, annual changes in recipient counts are influenced by recipients exiting the program for different reasons affecting their eligibility, such as the recalculation of CCB entitlements. Specifically, recipient families may cease to be eligible for benefits if their adjusted family net income exceeds the maximum income threshold applicable to their family composition. Conversely, some families may become newly eligible as the annual indexation of benefit amounts and income thresholds increases the income level at which benefits are phased out.

Family composition

Since the start of the program, the number of children per recipient family has remained relatively stable, with families caring for one or two children representing more than three-quarters of all recipients (Figure 6).

Figure 6

Distribution of recipients by number of children



Source

Office of the Parliamentary Budget Officer.

Note

Total does not add up to 100 due to a proportion of recipients who had dependent children earlier in the benefit year but not at the time of the final benefit issuance.

However, benefit years 2023-24 and 2024-25 saw a slight decline in the average number of children per family. Benefit amounts are proportional to the number of children in care, so a decrease in average family size results in a lower average benefit paid per recipient. Based on the number of recipients in 2024-25, maintaining the 2022-23 family-size distribution would have increased program costs by almost $300 million.

Fiscal Outlook

PBO's June 2026 Economic and Fiscal Outlook includes projections for the cost of children's benefits based on projected inflation, population changes and growth in family income.[6]

The June 2026 outlook projected that CPI inflation would temporarily increase to 2.6 per cent in 2026, largely due to higher energy prices. Inflation is then expected to moderate, averaging 1.9 per cent annually over the remainder of the projection horizon. Our outlook assumes minimal impact from real income growth. As such, we project that the average benefits received will grow roughly in line with inflation.

Given the planned reductions in immigration and declining birth rate, the under-18 population is projected to gradually decline over the next 5 years. As such, our outlook assumes that the total number of recipients will have peaked in 2025-26 and continuously decline over the rest of the projection horizon.

As a result, we project that CCB expenses will have grown by 4.5 percent for benefit year 2025-26 but will grow 1.6 percent on average between benefit years 2026-2027 and 2030-31. At this pace, total expenses for children's benefits will reach $33.0 billion by benefit year 2030-31.

Table 2

Outlook for children's benefits by benefit year in billions of dollars

Benefit Year	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Total expenses	27.3	29.2	30.5	31.3	31.8	32.2	32.6	33.0
Annual growth	9.0%	7.1%	4.5%	2.5%	1.8%	1.1%	1.2%	1.4%

Source

Office of the Parliamentary Budget Officer.

Note

[1] The evaluation of the Canada Child benefit in the of the 2026 Report on Federal Tax Expenditures details the history of federal income support programs targeting children and families.

[2] CCB payments for recipient caring for a child under age 18 who is eligible for the Disability Tax Credit (DTC) include additional amounts for Child Disability Benefit.

[3] Total recipients represent all unique recipients who received at least one payment over the entire benefit year. Similarly, the average annual amount reflects partial payments and additional amounts related to the Child Disability Benefit.

[4] Due to the interaction among these factors in the calculation of individual benefit entitlements, the decomposition provides an approximate estimate of the contribution of each factor to overall growth. The contribution attributed to changes in the number of recipients reflects growth in the recipient population. The contribution attributed to benefit indexation reflects annual increases in maximum benefit amounts. The contribution of family size captures the impact of smaller average family sizes on the average benefit received. The contribution associated with changes in recipients' income is derived residually and approximates the effect of shifts in the income distribution of recipients.

[5] One component of the Automatic Federal Benefits program is deemed filing, under which the CRA would file a tax return on behalf of eligible non-filers or lapsed filers. This could help move the CCB closer to universal take-up, though reaching these individuals may be operationally challenging. CRA data suggest that low-income individuals potentially eligible for the CCB represent a relatively small share of those targeted by deemed filing, so the program's impact on CCB take-up may be limited.

[6] The original outlook was prepared on a fiscal-year basis, the projections presented in this report were converted to a benefit-year basis for consistency with the analysis.

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