

**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

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- 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

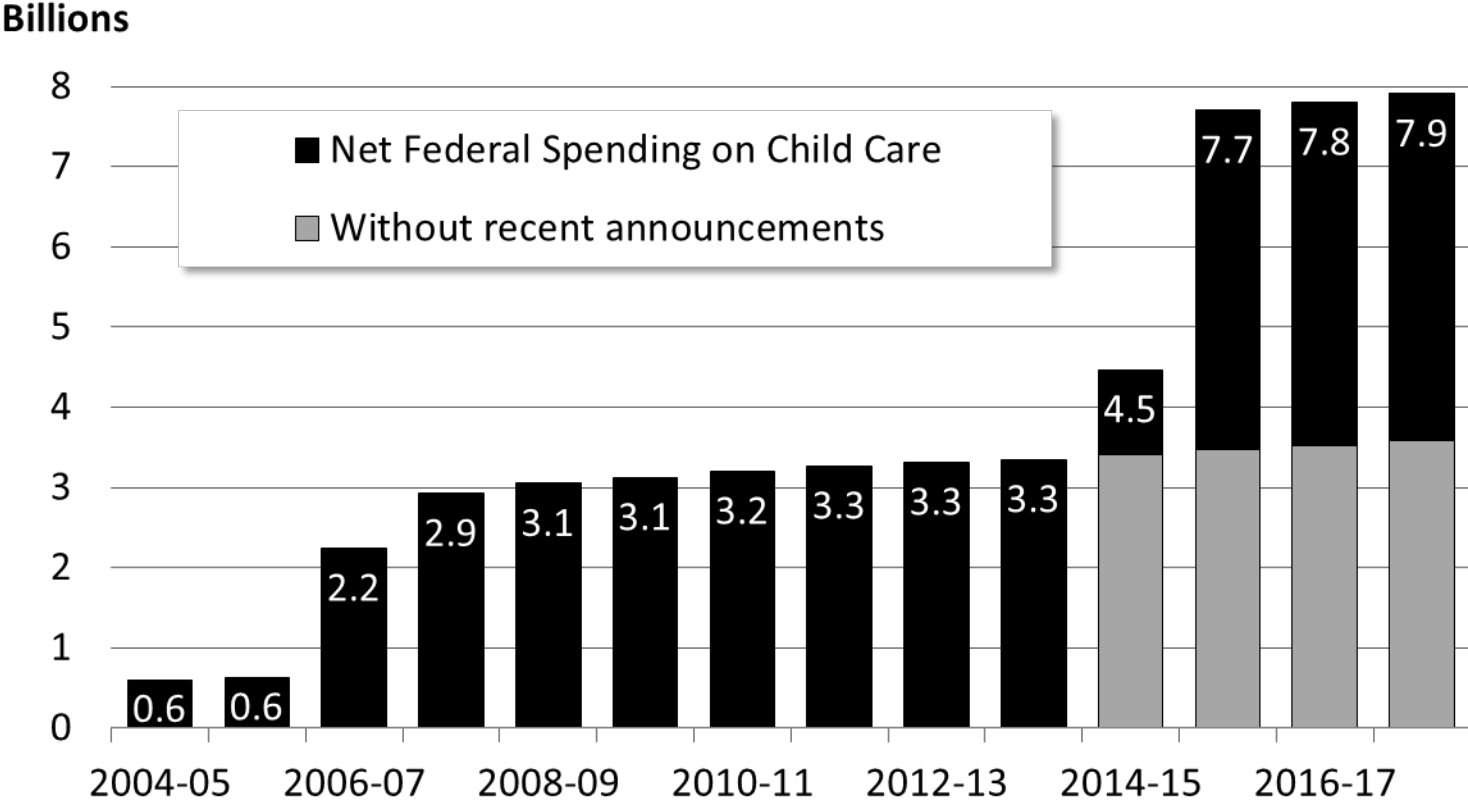
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- Families with young children (under 13) and child care expenses will receive smaller share than what they received in previous years.
- On average, eligible families will see an increase in their level of child care benefits.
- Even with the repeal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

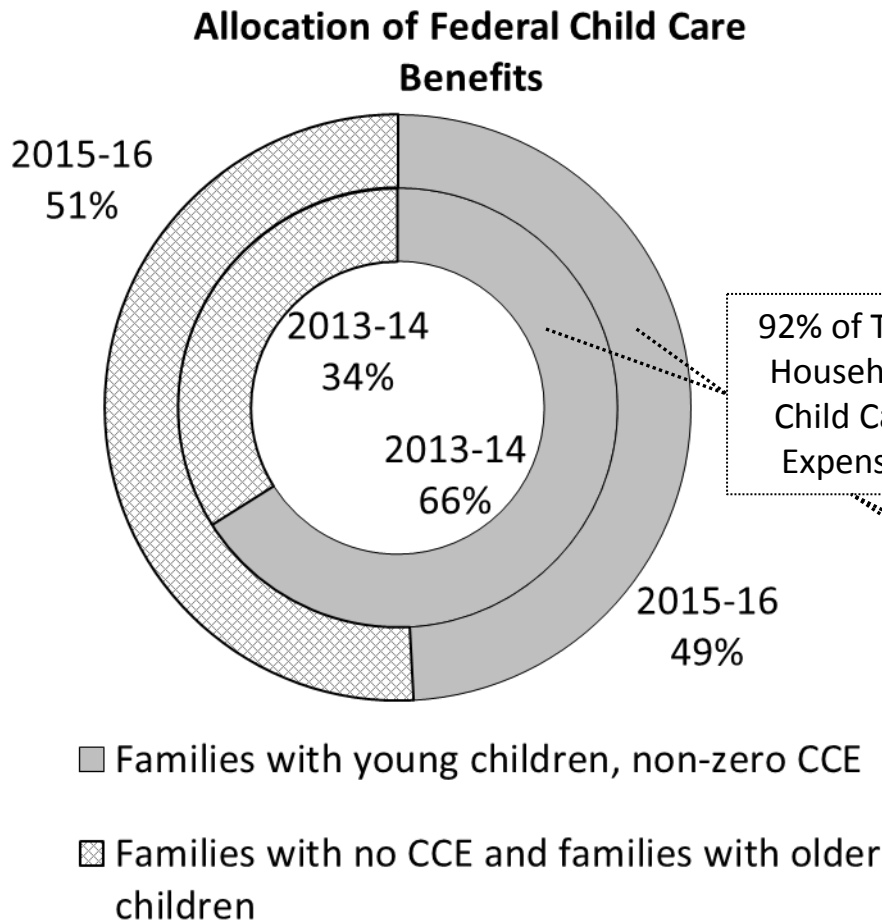
# Federal Child Care Benefits

- 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

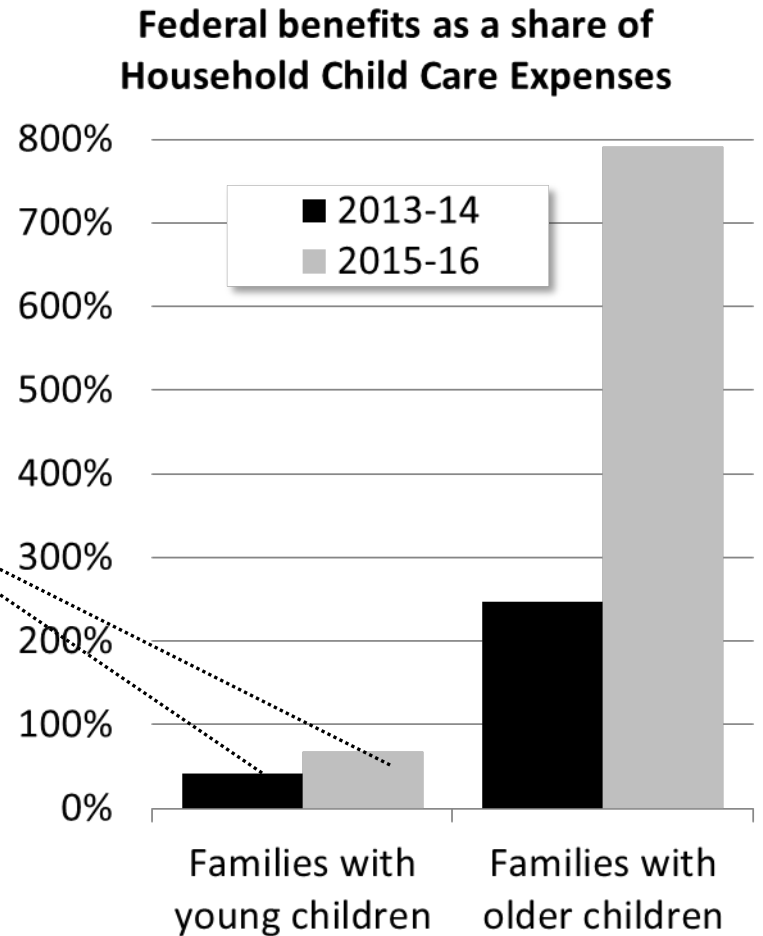
# Total Federal Spending on Child Care will Double



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



92% of Total Household Child Care Expenses



# Federal Spending on Child Care to Outstrip Household Child Care Expenses

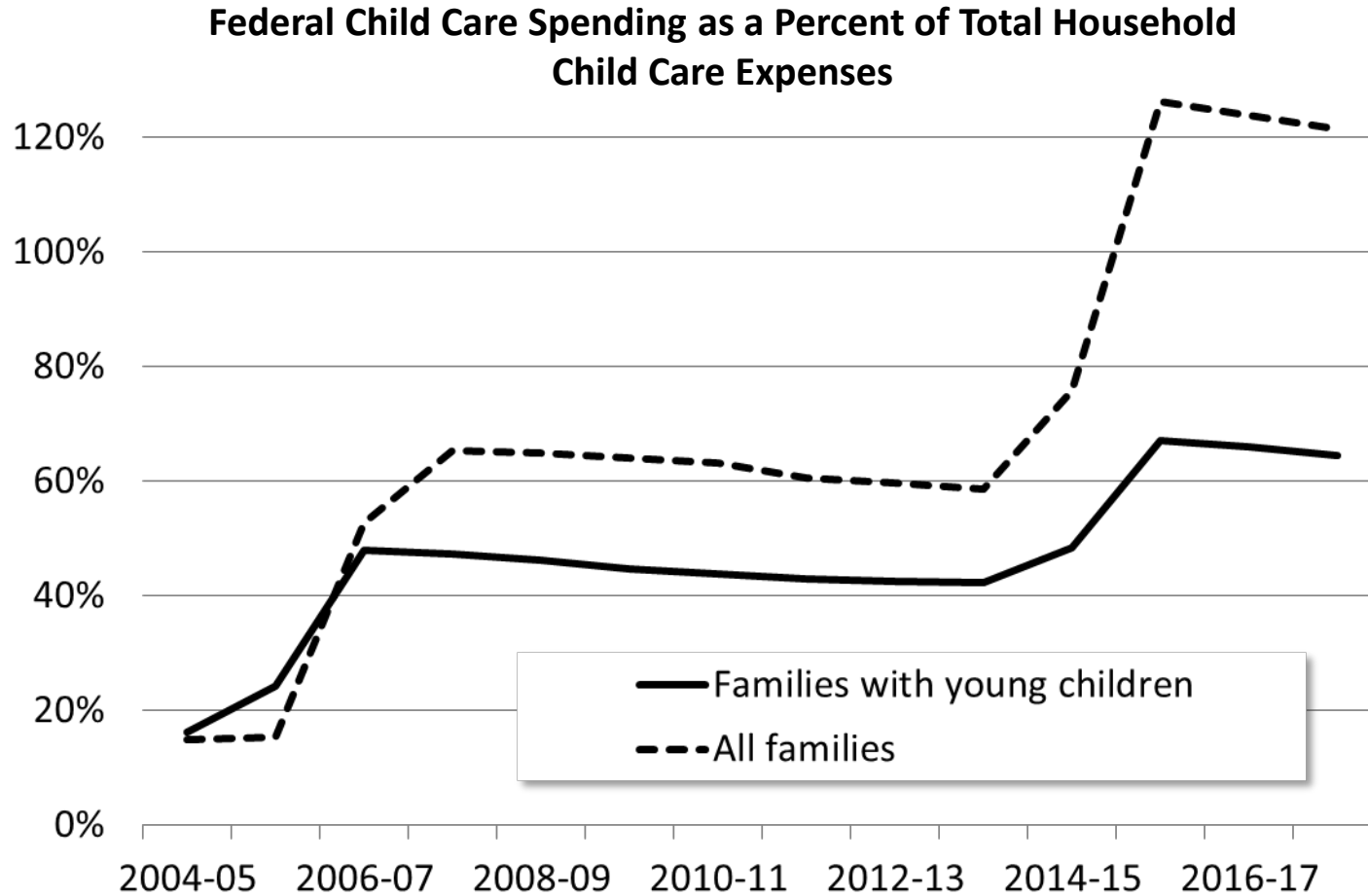
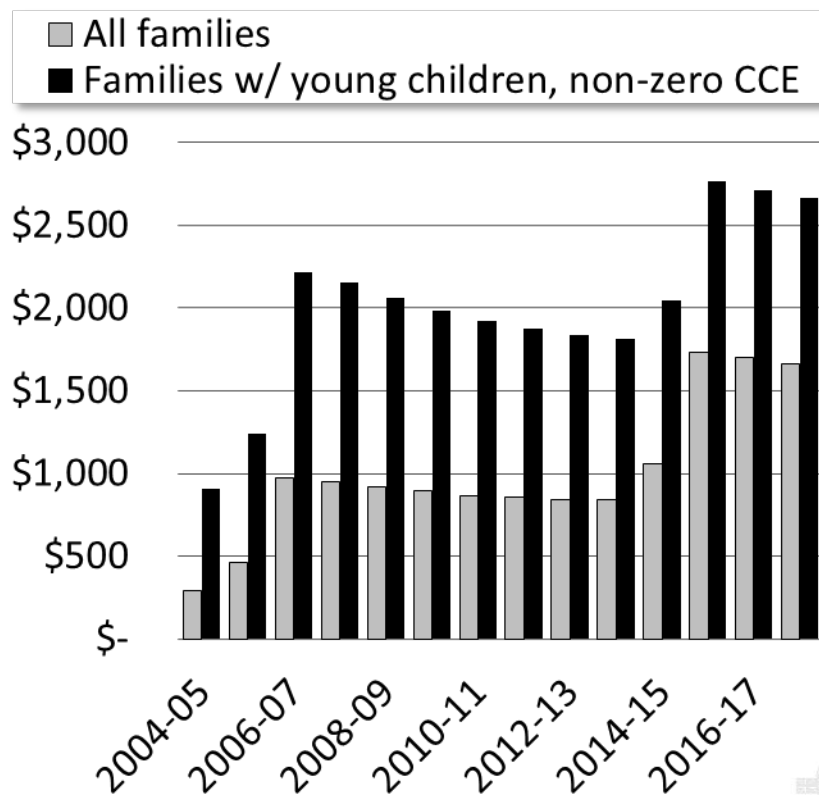


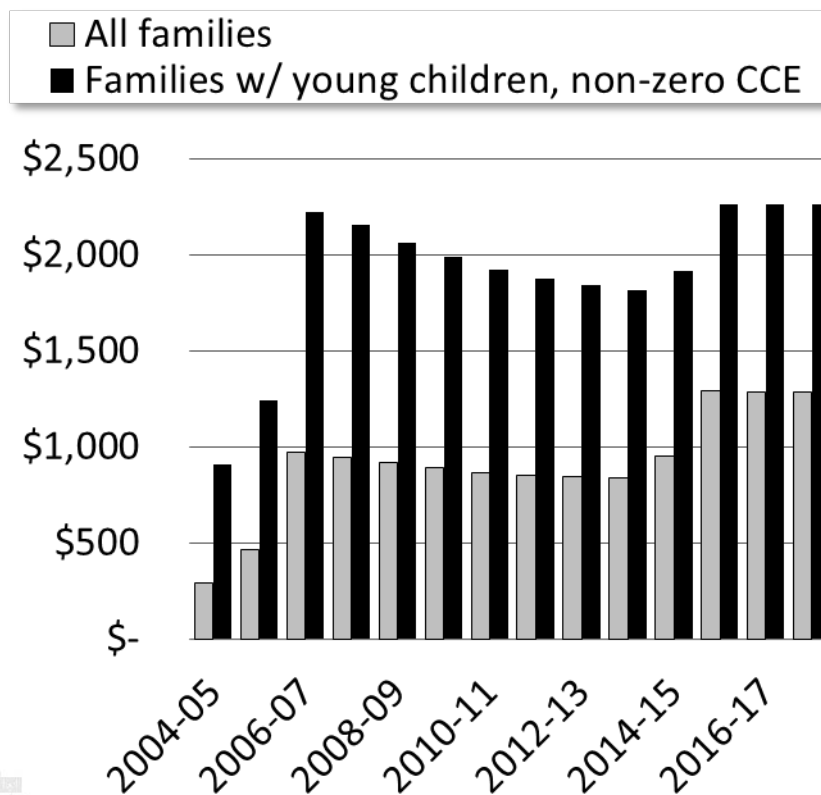
Figure 3-5

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

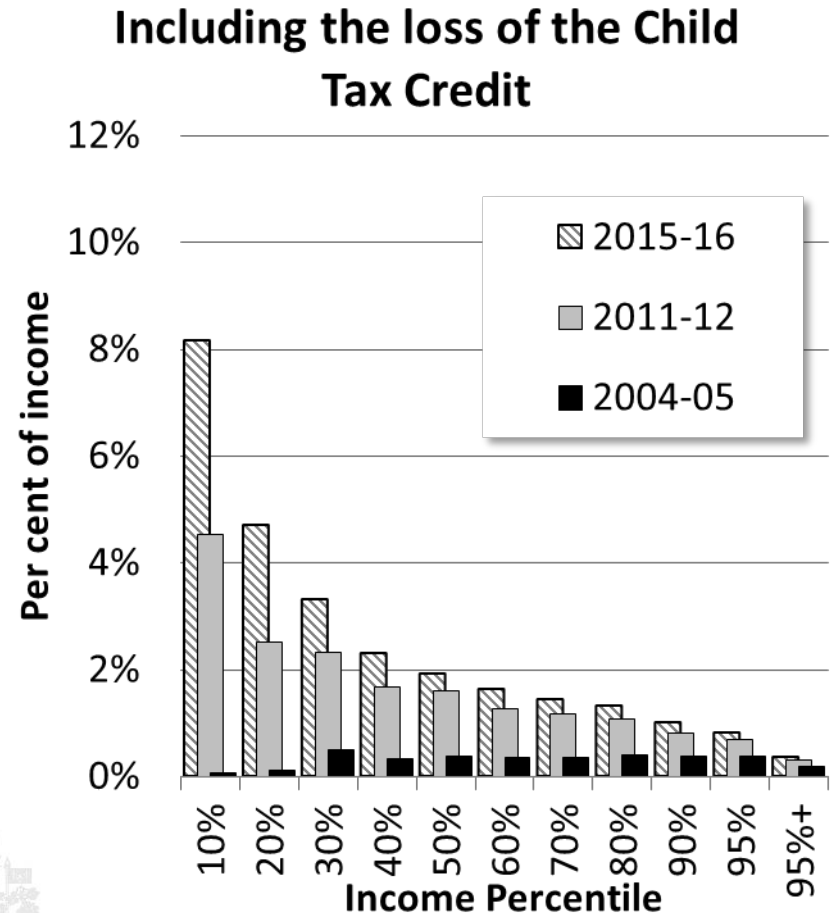
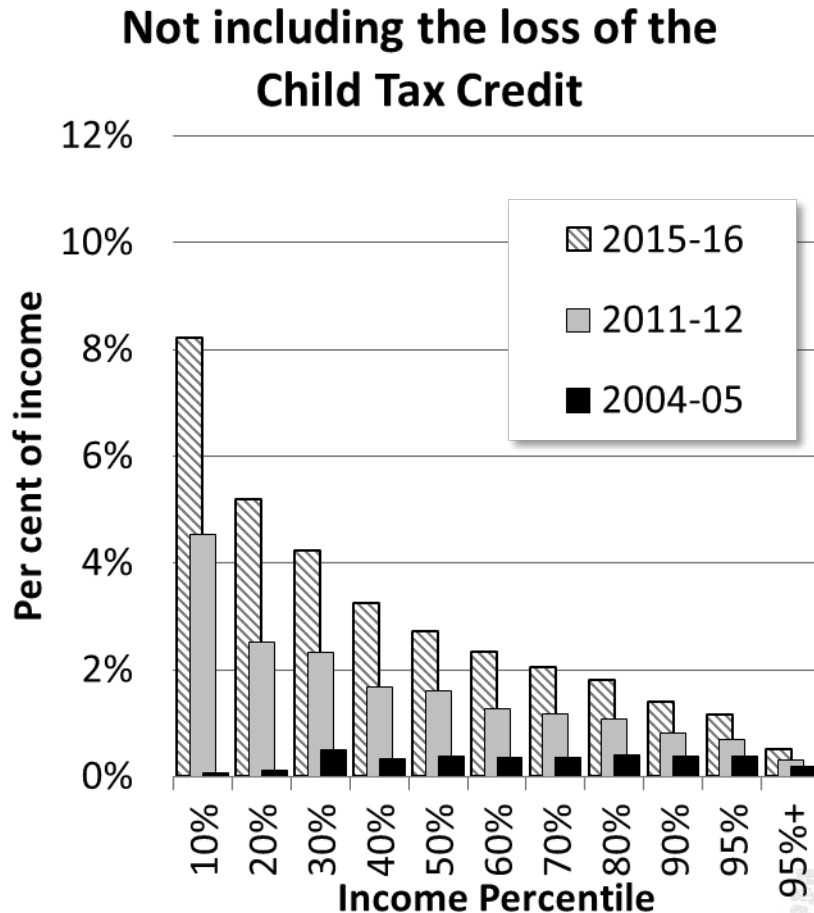
Not including the loss of the Child Tax Credit



Including the loss of the Child Tax Credit



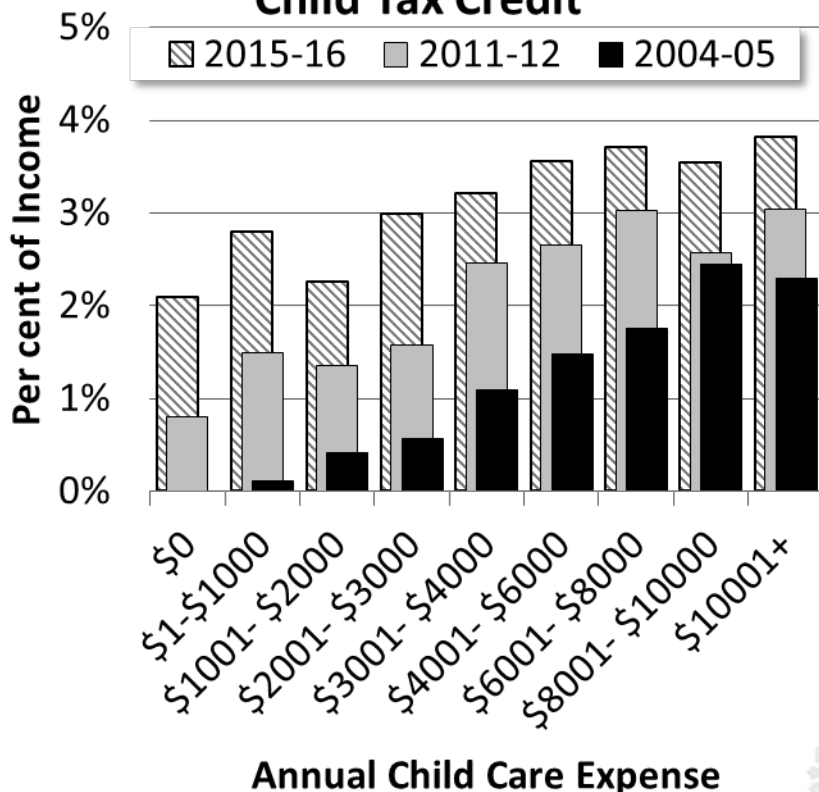
# Among families with young children, after-tax child care benefits as a percent of income will increase for all income groups, on average



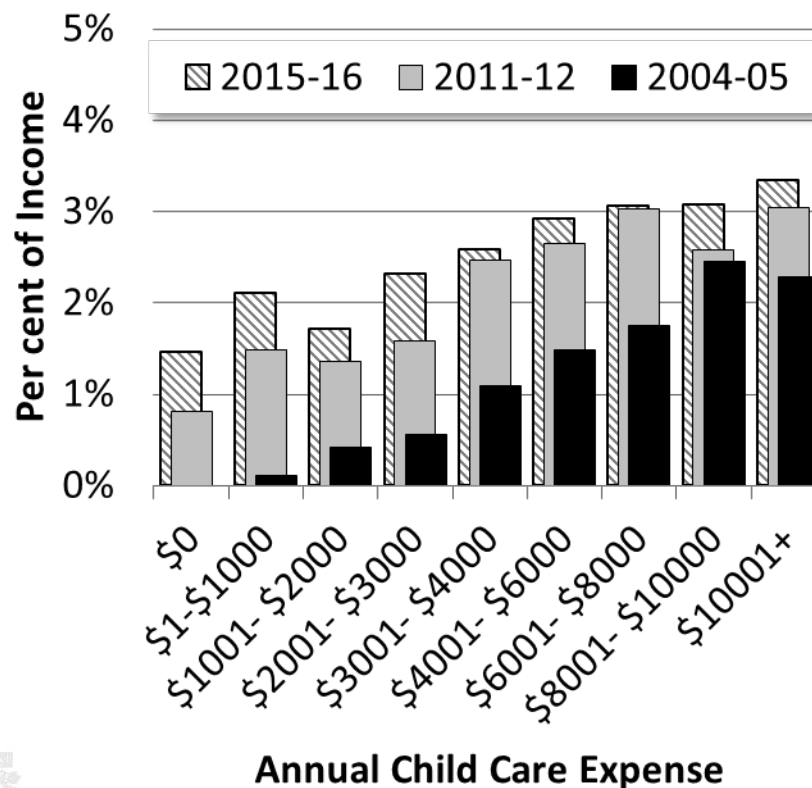


# Among families with young children, after-tax child care benefits as a percent of income will increase for these families with varying annual child care expenses, on average

**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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