Federal Child Care Benefits
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

Billions

- Net Federal Spending on Child Care
- Without recent announcements

Summary Figure 1
The Allocation of Federal Child Care Benefits will Shift, but on Average, Eligible Families will Receive Greater Federal Child Care Benefits

- **Allocation of Federal Child Care Benefits**
  - 2015-16: 51%
  - 2013-14: 34%
  - 2013-14: 66%

- **Federal benefits as a share of Household Child Care Expenses**
  - 92% of Total Household Child Care Expenses

- **Families with young children, non-zero CCE**: [Diagram showing percentage]

- **Families with no CCE and families with older children**: [Diagram showing percentage]
Federal Spending on Child Care to Outstrip Household Child Care Expenses

Federal Child Care Spending as a Percent of Total Household Child Care Expenses

- Families with young children
- All families
After-tax child care benefits will increase (Constant 2012 dollars)
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.
Questions about this report?

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