

Reality check: Does the Canada Child Benefit program actually cut poverty rates? ^[1]

Author: Press, Jordan

Source: Global News

Format: Article

Publication Date: 26 Jul 2017

AVAILABILITY

Read online ^[2]

EXCERPTS

OTTAWA - Touting the one-year-old Canada Child Benefit (CCB) last week, Justin Trudeau said the \$23-billion-a-year measure has raised 300,000 children out of poverty.

"The (Canada Child Benefit) means more money for nine out of 10 Canadian families, and it means 300,000 fewer kids living in poverty across this country," Prime Minister Justin Trudeau said.

Anti-poverty groups say child benefits are a powerful tool to help cut poverty rates, but have continually wondered if the CCB's impact on child poverty is as large as Trudeau says.

Spoiler alert: The Canadian Press Baloney Meter is a dispassionate examination of political statements culminating in a ranking of accuracy on a scale of "no baloney" to "full of baloney" (complete methodology below).

This one earns a rating of "a lot of baloney" because while there is a hint of truth in the statement - child poverty is on the decline, and the CCB may help - it takes a bit of a leap to connect the CCB alone to 300,000 fewer children in poverty.

THE FACTS

During the 2015 election, the Liberals predicted their benefit would lift 315,000 children out of poverty. After coming to office, that number changed to about 292,000. That would be about a 40-per-cent reduction in child poverty rates.

The figure of 292,000 - of which 900 are on First Nations reserves - comes from modelling only available to officials at Employment and Social Development Canada.

The calculations used the most recently available number of the number of children living below the low-income cutoff, defined as any family that spends 20 per cent more of its income than the average family on food, shelter and clothing. The 2013 data showed 755,000 children living below the cutoff.

To reach the 292,000 number, the model included the estimated effects in 2015 and half of 2016 of the previous Conservative government's increase to the value of the universal child care benefit, and then a year-and-a-half of effects from the Liberal child benefit that saw its first payments in July 2016. Officials assumed the numbers stayed steady through 2017.

ESDC has previously told The Canadian Press that the child-poverty reduction impact of the benefit and of other economic developments could be between 241,000 and 415,000 children based on the department's estimates.

The exact impact won't be known until 2019 when Statistics Canada releases official child poverty figures for 2017.

A spokeswoman for Social Development Minister Jean-Yves Duclos said the government still estimates a decline of 292,000 children in poverty, a reduction of approximately 40 per cent in 2017 compared with 2013.

THE EXPERTS

Charles Lammam, director of fiscal studies at the Fraser Institute, said that 2013 was a recent high point for child poverty under the low-income cutoff. The child poverty rate based on the cutoff was 11.1 per cent in 2013, and dropped to 8.6 per cent in 2015, the most recent numbers available from Statistics Canada.

The drop in the rate ascribed to the child benefit is "a bit misleading" because the rate was falling "by a considerable amount" before the benefit came into effect, Lammam said.

What the government is doing with the 300,000 figure is using declines in years before the Liberals took office and before they brought in

the new benefit, said David Macdonald, senior economist with the Canadian Centre for Policy Alternatives.

"The key point, I think, is the difference between 'child poverty will decline by 300,000 children between 2013 and 2017,' and 'the CCB is responsible for a 300,000 child reduction in child poverty,'" he said.

"Those are two different statements."

Adding another devil in the details is how the government is measuring "poverty."

The Liberals decided to use the low-income cutoff that experts say may not be an accurate measure of poverty because it uses a basket of household goods from 1992 to compare spending between families. Sid Frankel, an associate professor of social work from the University of Manitoba, said many researchers believe another benchmark known as the low-income measure better reflects a modern view of poverty.

The low-income measure draws the poverty line at half the median household income. Federal officials estimate 213,000 fewer children would be living in poverty this year than in 2013 using the low-income measure.

THE VERDICT

There is likely to be a reduction of children living in poverty at the end of this year, potentially by 300,000, but Macdonald said maybe about one-quarter that number, or 75,000, can be chalked up to the child benefit. That smaller decline isn't something to be dismissed, but it isn't the sweeping change of 300,000 fewer children living in poverty - or a 40 per cent cut - that Trudeau touted.

"I can give you a specific measure of how much baloney it is: Out of the 40 per cent reduction (in poverty rates), it's about 30 per cent of that," said Macdonald, who has blogged repeatedly about the government's estimates.

That's "a lot of baloney."

That much baloney is why Frankel says the government needs to be more transparent about the figure.

METHODOLOGY

The Baloney Meter is a project of The Canadian Press that examines the level of accuracy in statements made by politicians. Each claim is researched and assigned a rating based on the following scale:

-reprinted from Global News

Related Content

Many Indigenous families not applying for Canada Child Benefit: documents [3]

Women in shelters often missing out on federal child benefits: ombudsman [4]

Trudeau talks child benefit, affordable housing during Barrie stop [5]

Trudeau also sits down with Lehman [6]

Prime Minister Trudeau promotes child benefit program in Edmonton [7]

Region: Canada [8]

Tags: benefits [9]

poverty [10]

federal programs [11]

Source URL (modified on 27 Jan 2022): <https://childcarecanada.org/documents/child-care-news/17/08/reality-check-does-canada-child-benefit-program-actually-cut-poverty>

Links

[1] <https://childcarecanada.org/documents/child-care-news/17/08/reality-check-does-canada-child-benefit-program-actually-cut-poverty> [2]

<https://globalnews.ca/news/3628540/canada-child-benefit-program-poverty-rates/> [3] <http://childcarecanada.org/documents/child-care-news/17/08/many-indigenous-families-not-applying-canada-child-benefit-documents> [4] <http://childcarecanada.org/documents/child-care-news/17/08/women-shelters-often-missing-out-federal-child-benefits-ombudsman> [5] <http://childcarecanada.org/documents/child-care-news/17/08/trudeau-talks-child-benefit-affordable-housing-during-barrie-stop> [6] <https://childcarecanada.org/childcarecanada.org/documents/child-care-news/17/08/trudeau-also-sits-down-lehman> [7]

<http://childcarecanada.org/documents/child-care-news/17/08/prime-minister-trudeau-promotes-child-benefit-program-edmonton> [8]

<https://childcarecanada.org/taxonomy/term/7864> [9] <https://childcarecanada.org/category/tags/benefits> [10]

<https://childcarecanada.org/category/tags/poverty> [11] <https://childcarecanada.org/category/tags/federal-programs>