

Ford government's 1st budget to feature child-care rebate, sources say ^[1]

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EXCERPTS

Ontario Premier Doug Ford's government is poised to make a child-care rebate a central feature of its first budget, CBC News has learned.

Sources close to the government say the Progressive Conservatives intend to reveal the rebate on daycare costs when Finance Minister Vic Fedeli tables the budget on Thursday.

The PCs promised the rebate during last year's election campaign. It's one of the few Ford campaign promises that is laid out in fine detail, as it was adopted wholesale from former PC leader Patrick Brown's platform, dubbed the "People's Guarantee."

The sources could not say whether the daycare rebate to be presented in the budget will be exactly what the PCs previously promised.

Ford's spokesperson is neither confirming nor denying the plan.

"We can't confirm tax changes that may or may not be in the budget," Simon Jefferies, the premier's director of media relations, said in an email to CBC News. He said Ford and the PCs "campaigned on making child care more affordable and accessible, while ensuring parents have the flexibility and choice to make the best decisions for their family."

Before winning last June's election, the PCs pledged:

- The government would give the lowest-income households a rebate of up to 75 per cent of eligible child-care costs, deemed to be \$9,000 a year for a child younger than six. For most families, the rebate would range from 57 to 60 per cent of their daycare fees.
- The maximum annual refunds would be:
 - \$6,750 per child under age six.
 - \$3,750 per child aged six to 15.
 - \$8,250 per child with a severe disability.
- The rebate would be provided as a refundable tax credit rather than a tax deduction, so even if a parent pays no income tax, they would still receive money from the government.
- The current income tax deduction for child-care expenses would be eliminated.

While the PCs indicated the rebate would be geared to income, critics have said the structure proposed would unfairly benefit upper-income households.

- Households whose annual income is less than \$35,000 would get the maximum rebate of 75 percent of their child-care costs.
- A family with annual household income of \$52,850 would get a 60 percent rebate.
- A family with household income of \$136,925 would get a 57 percent rebate.
- A family with household income of \$200,000 would get a 28 percent rebate

For a family that has one child under six, this means the maximum refunds would be:

\$5,400 if household income is \$55,000.

\$5,400 if household income is \$95,000.

\$5,130 if household income is \$135,000.

\$2,520 if household income is \$200,000.

There is significant doubt about how much the program would cost.

When Brown promised the rebate, PC officials pegged the cost at \$389 million a year. Ford used that precise figure in his list of campaign promises.

However, a detailed analysis published in January by the non-partisan C.D. Howe Institute think-tank puts the initial cost at more than double that figure: \$945 million a year.

The researchers say the net cost to the government will gradually shrink as the rebate encourages more parents to return to the workforce, resulting in more provincial income tax revenue. But even factoring that in, the study still pegs the net annual cost at \$871 million in the short term, and \$588 million 10 years from now.

Brown promised that the rebate would not go to anyone with a household income above \$200,000. Ford's announcement did not include that caveat.

Ford also did not promise to follow through with Brown's pledge to create 100,000 new daycare spaces.

The PCs promised that all forms of child care — whether provided by licensed daycare facilities, in-home child-care providers, nannies or babysitters — would be eligible for the rebate.

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