

# Estimating expenditures on children by families in Canada, 2014 to 2017 <sup>[1]</sup>

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**Source:** Statistics Canada

**Format:** Report

**Publication Date:** 29 Sep 2023

## AVAILABILITY

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 <a href="#">Family spending on children infographic.jpg</a> <sup>[4]</sup>	400.1 KB
 <a href="#">Estimating expenditures on children by families in Canada, 2014 to 2017.pdf</a> <sup>[5]</sup>	881.79 KB

## Executive summary

There are almost 5 million families in Canada living with a child aged younger than 25 years (Statistics Canada, 2022), with 37% living with one child, 43% living with two children, and 20% living with three or more children. Caring for children is among the key functions of families and the larger society. In Canada, the question of affordability issues for families with children has become an increasingly important area of public policy. Also, information on the monetary cost of meeting children's needs for food, shelter, clothing, health care, and education is important for family planning and budgeting decisions made by people raising children. This applies whether the person raising the child is a birth, adoptive, step, or foster parent or whether the child is living with someone who is not their parent. However, generating estimates of the cost of raising a child is complex, and spending on children is highly variable across different types of families. An additional challenge is the growing importance of the costs incurred for adult children who live with their parents, which few studies estimating expenditures on children have examined.

This study uses Survey of Household Spending (SHS) data to produce modelled estimates of Canadian household expenditures on a child in different family types (with different numbers of parents and children) and with different income levels, for families living in the provinces. For this study, pooled data from four cycles of the SHS (2014 to 2017) were used to obtain a large enough sample for analysis. Following the methodology employed by Lino et al. (2017) to examine U.S. data, this study presents estimates for total spending of Canadian families on children (per child), as well as estimates for each of seven categories of spending: child care and education (CCE), clothing, food, health care, housing, transportation, and miscellaneous. Because a single estimate of the amount that families spend on a child would not accurately account for the different situations of families across Canada, estimates were generated separately for one- and two-parent families (including birth, adoptive, step, and foster parents) and by household income level. Estimates were also generated by region for two-parent families.

Among two-parent families with two children (the most common family type), the total predicted expenditures for a child from birth to age 17 were \$238,190, \$293,000, and \$403,910 (in 2017 dollars) for households in the lower-income (before-tax household income less than \$83,013 in 2016), medium-income (before-tax household income from \$83,013 to \$135,790 in 2016), and higher-income (before-tax household income above \$135,790 in 2016) groups, respectively. When the estimated total expenditures for children from birth to age 22 still living at home were considered, they were \$308,710, \$378,900, and \$521,270 for the respective income groups.

For one-parent families with two children, the estimated total predicted expenditures for a child from birth to age 17, in 2017 dollars, were \$231,260 and \$372,110 for households in the lower-income (before-tax household income below \$83,013 in 2016) and medium-high-income (before-tax household income of \$83,013 or above in 2016) groups, respectively. When the total predicted expenditures for a child from birth to age 22 still living at home were considered, they were \$299,180 and \$479,830 for the respective income groups.

For two-parent and one-parent households, including children aged 18 to 22 years increased the total expenditures by 29% compared with those for children aged 0 to 17 years. This increase is attributable to more years of expenses and to higher education costs (likely for postsecondary education tuition).

Across expenditure categories, housing accounted for the largest share (27% to 32%) of expenditures on a child from birth to age 22 across all household types. Transportation was the next largest expense for a child in a two-parent family. Transportation accounted for a higher share of expenditures for two-parent families (18% to 20%) compared with one-parent families (11% to 15%), likely because two-parent families often have two cars. Food was the second-largest expense for one-parent families (18% to 20%) and the third-largest expense for two-parent families (16% to 18%). CCE was also a relatively large expense for families, accounting for 13% to 17% of the estimated total expenditures for a child. Clothing and health care each accounted for less than 10% of expenditures for both two-parent and one-parent families.

Some regional differences were also observed. Two-parent families with children in the Prairies and western provinces (Manitoba, Saskatchewan, Alberta, and British Columbia) had the highest expenditures for children, about 8% to 15% higher than those in the Atlantic provinces

(Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick). The expenditures on children among two-parent families with children in the central provinces (Quebec and Ontario) were about 5% to 9% higher than those in the Atlantic provinces, suggesting that the cost of living in the Atlantic provinces is lower than in the other provinces.

Some data limitations are important to note for this study. First, several years of SHS data (2014 to 2017) were pooled to obtain a sufficient sample size to produce reliable estimates; therefore, the expenditures may represent a mix of spending patterns over the years pooled. Additionally, because expenditures were largely reported at the household level, decisions were made regarding the proportion of expenditures to assign to children, which may have resulted in an over- or underestimation of expenditures associated with children. Lastly, decisions were also made regarding which expenditure items were included or excluded in the estimates. These decisions were primarily made to reflect costs that are generally applicable to most families in Canada; however, these decisions may have resulted in more conservative estimates. Also, it is important to note that the territories were not included in this analysis, primarily because territorial data were unavailable for each of the four years studied.

This study contributes to the literature by providing the first nationally representative (excluding the territories) estimates of expenditures on children (per child) by families in Canada in over a decade. It also extends the estimates to account for adult children aged 18 to 22 years living in the household. The findings provide insight into family expenditures on children by household composition and income level and show the variability in both total spending and spending by expenditure category.

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