

PBO report confirms that the Universal "Child Care" Benefit is neither child care nor much of a benefit ^[1]

Author: various

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AVAILABILITY

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Press Release

Canada's child care advocates say that a report released today by the Parliamentary Budget Officer (PBO) confirms that the Universal "Child Care" Benefit is neither child care nor much of a benefit for the families across Canada who need child care.

"The Parliamentary Budget Officer calculates that more than half the money that the federal government is proposing to transfer to families through the enhanced UCCB and child care tax deduction will go to families who are not actually spending money on child care," said Shellie Bird on behalf of the Child Care Advocacy Association of Canada.

"It's an expensive program that does nothing to build the child care system we need. That's because quality accessible child care spaces do not get delivered through your mail slot in the form of a \$160 cheque," she said..

The PBO reports that:

- Much of the current funding (34%) goes to families with no child care expenses and with older children;
- The proposed expansion will exacerbate this: the PBO calculates that in 2015, more than half the money (51%) will go to families with no child care expenses and with older children;
- With the announced enhancements, the cost of the UCCB and CCED will grow to almost \$8 billion in 2017-2018 (\$7.9 billion);
- "Families with young children will receive half (49%) the federal child care benefits in 2015-2016 but their share will only cover 67% of the amount they will spend [collectively] on child care while funds families with older children will receive eight times the amount they will spend on child care";
- The PBO observes that "the UCCB and CCED have conflicting incentives with respect to their impact on labour force participation";
- It also observes that "the literature highlights several determinants of the use of child care, including type of child care, age of child, available subsidies, mother's and father's income, maternity benefits, work schedules, price and availability of child care, and work schedules ...The degree to which each of these determinants impacts both the demand or use of child care, and the mothers' labour";
- The report notes that "the delivery mechanism for child care subsidies can affect the take-up rates of non-parental child care and employment", pointing to research on the effects of "point of consumption" subsidies in Quebec had on increasing mothers' labour force participation.

Child care data show that families' child care options have worsened since the UCCB began despite the considerable public expenditure. The percent of 0-5 year olds for whom there is a regulated centre space crept up to only 22.5% by 2012.

"Today's report from the PBO confirms that Harper's approach to supporting families including the UCCB, the Child Care tax deduction and the proposed income splitting is costing all of us a lot, but doing very little to help families with the child care they desperately need", Sharon Gregson of the BC Coalition of Child Care Advocates. "Giving families cash for child care in no way addresses the issue of access to quality child care."

"This report tells us a number of useful things but it is less about child care and more about tax and financial policy", said Martha Friendly. "Designing good child care that works for families and children needs to include much more than this".

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