

# How much does the federal government spend on child care and who benefits? <sup>[1]</sup>

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## AVAILABILITY

Full report (pdf) <sup>[2]</sup>

### Executive Summary

In 2013-2014, Canadian families spent \$5.7 billion in child care expenses. This represents 5 per cent of the average Canadian family's total household expenses.

The federal government has two initiatives explicitly and directly linked to defraying the costs of child care expenses, the Universal Child Care Benefit (UCCB) and the Child Care Expense Deduction (CCED). The value of child care benefits grew from \$0.6 billion in 2004-2005 to approximately \$3.3 billion in 2013-2014. This amounted to three-fifths (59%) of what Canadian families were spending on child care in 2013-2014.

Families with young children (less than 13 years of age) spending money on child care received two-thirds (66%) of these benefits. The remaining 34 per cent was distributed to families with no child care expenses and families with older children. As a share of households' aggregate child care expenses, federal benefits represented roughly 42 per cent and 247 per cent respectively.

The federal government announced enhancements to the UCCB and CCED in October 2014. If Parliament approves these proposed enhancements, PBO estimates the fiscal impact of federal child care policies will increase to roughly \$7.7 billion from the 2013-2014 value of \$3.3 billion. By 2017-2018, it will grow to roughly \$7.9 billion.

These proposals would also change the allocation of benefits. In 2015, 49 per cent of these benefits would go to families with child care expenses and young children, and the remaining 51 per cent to families with no child care expenses and families with older children. Since families with young children spend more on child care, but will receive roughly half (49%) of the federal child care benefits in 2015-2016, their share will only cover 67 per cent of the amount they will spend on child care. Conversely, benefits that families with older children will receive from the government in 2015-2016 will represent nearly eight times the amount they will spend on child care.

Overall, federal child care benefits are progressive. At the same time, many of the families that benefit from federal child care initiatives do not incur child care expenses - either as a result of provincial child care subsidies, alternative arrangements such as having a relative provide child care, or because a parent is providing care. PBO estimates these families will receive the largest net gain of the recent enhancements to the UCCB.

**Region:** Canada <sup>[3]</sup>

**Tags:** funding <sup>[4]</sup>

**Source URL (modified on 27 Jan 2022):** <https://childcarecanada.org/documents/research-policy-practice/15/04/how-much-does-federal-government-spend-child-care-and-who>

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[1] <https://childcarecanada.org/documents/research-policy-practice/15/04/how-much-does-federal-government-spend-child-care-and-who> <sup>[2]</sup>

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