

# Sure Ottawa's increased child care spending – but that doesn't mean it will help families most in need <sup>[1]</sup>

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## AVAILABILITY

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## EXCERPTS:

When Ottawa spends \$8-billion on child care, you'd think most of the cash would go to the parents carrying the heaviest burden for that care.

Not so. This summer, families will start receiving more money, as part of changes introduced by the Conservative government. It will come in two ways: the universal child care benefit, which has been substantially expanded, and a boost in the child care expense deduction, which families claim on their tax returns. For families with kids under 6, the amount for the former has been increased to \$1,920 a year, and the limit for the latter has been raised - allowing those families to claim up to \$8,000. Their refund is based on the marginal tax rate of the lowest-earning parent.

Most of those billions will go to families who pay no child care, and those who have teenagers, according to a report from the Parliamentary Budget Officer. In fact, the increases that Ottawa has made will give parents with young kids a smaller share than before the changes were made. Last year, families with children under 13 received 66 per cent of the taxpayer funds spent on the two programs. Now they will get less than half.

Either way, those cheques in the mail will hardly cover the rising cost of daycare, which is already exorbitant in many cities - though you may not get that sense from the PBO's math. The report calculated the average using a Statistics Canada survey, grouping together the costs for Canadian families with kids under 18 who said they spent any amount above zero on child care. Good numbers on the cost of daycare are hard to come. Still, find the full-time working parent - outside of Quebec, of course - who can find \$16 a day child care for their preschooler, which is roughly the \$3,795 annual average cited by the PBO.

Based on that average, the report figures that families with children under 13 will receive, from Ottawa, 67 per cent of what they spend as of 2015-2016. Maybe that sounds pretty good. But it's an aggregate. It's based on a dollar figures that lump together the lucky families paying a nominal fee so Aunt Julie can care for her nieces, the parents sending their teenager to summer camp and the young, urban couple working full-time in Vancouver who just wrote a year's worth of cheques totalling upward of \$20,000 for their toddler's care.

So, yes, for those families who pay nothing for child care, that's not a bad windfall. In fact, as of this year, with changes to the UCCB, the PBO report estimates that families with teenagers get "child care" cash from Ottawa that equals nearly eight times what they spend on child care.

The UCCB has been criticized as an expensive program that neither helps parents stay home with their kids nor makes a significant dent on child care fees. And the tax deductions favour higher-income families who pay more taxes - poorer working parents who have to pay the same high child care fees get less back.

The PBO report is a valid accounting exercise, but it also needs to put in context. The report notes that affordable day care improves the work force participation of mothers - a boon to government coffers, a chugging economy and family stability. But it doesn't factor the value of quality in early childhood education, or that an increasing share of government funds are indirectly financing for-profit daycares with little regulation and no caps, in most provinces, on the fees that providers can charge parents. It doesn't address limited space or the questionable standards of unlicensed care to which many families often must resort. It mentions subsidized care - presumably a reference to Quebec's \$7-a-day program - but leaves out the part about long waiting lists for low-income families, or how those subsidies in cities such as Vancouver may barely cover half the costs of care.

In the next few months, no family will scoff at their tax refund or child care benefit cheque arriving in the mail. Kids are expensive, and every penny helps. But this does not a child-care strategy make.

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

**Tags:** federal programs <sup>[4]</sup>

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