

NOW AND TOMORROW EXCELLENCE IN EVERYTHING WE DO

Recent Federal Government Actions in Support of Children

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Purpose of Presentation

- There is **strong evidence**—much of which comes from the research of my fellow panelists—**that direct income supports, as well as investments towards early learning and child care, are effective at advancing the well-being of children.** This includes lifting their living standards in both the present and future context.
- This deck explores the Government of Canada’s role in both of these areas by discussing two recent initiatives:
 - **Canada Child Benefit** (introduced in 2016); and,
 - **Framework on Early Learning and Child Care.**

Direct income supports play an important role in improving outcomes for children

- The value of providing child benefits is based on research that found that **children growing up in lower-income households often do less well than their peers on a range of outcomes (e.g., health, education) in part because they are poorer.**
 - In 2013, a systemic review of 34 academic studies from several countries (e.g., US, UK, Canada) found a causal relationship between worse outcomes for poorer children and their families having less income. That is, income is important in itself, rather than the differences being the result of other factors such as levels of parental education or attitudes towards parenting.*
- **How do child benefits help improve outcomes in the short- and long-term?**
 - Positively correlated with **cognitive development, school performance, social/behavioural development, child/maternal mental health, and physical health of children.**
 - Families can **invest in a range of areas** for a positive, cumulative effect. For example, child benefits have been used to **help families meet their basic needs** (e.g., food, clothing), but also to **invest in tools and programs** that help their children thrive in the long-term (e.g., computers, activities).
 - Child benefits also help **reduce stress and conflict** in some households, fostering an environment more conducive to healthy child development.

*Cooper, Kerris and Kitty Stewart. "Does Money Affect Children's Outcomes? A Systemic Review." Joseph Rowntree Foundation. 2013.



For a long time, Canada had a complicated system of child benefits...

- **Prior to July 2016, Canada had a complicated child benefit system of income supports and tax benefits.** The level of support varied depending on the number/age of children and the family's income level:
 - Canada Child Tax Benefit
 - National Child Benefit Supplement
 - Universal Child Care Benefit (UCCB)
- In addition to being complicated, **programs were criticized on the grounds of:**
 - **FAIRNESS:** Non-income tested income supports (e.g., UCCB) meant that a wealthy family received the same support as a low-income family.
 - **ADEQUACY:** Many families with children remained in low income, and the level of support was viewed by many as not sufficient to adequately help families cover the high costs of raising a child.



The new Canada Child Benefit is simpler, targeted, and more generous...

- In July 2016, the Government of Canada introduced the Canada Child Benefit.
- **The Canada Child Benefit is:**
 - **Simpler** – design a single benefit, not multiple benefits. Make the benefit non-taxable.
 - **Targeted** – helps lift a significant number of families with children out of poverty by offering them more support than children from wealthier families.
 - **More generous** – all families with incomes under \$150,000 are better off.
- The Canada Child Benefit offers a maximum of \$6,400 annually per child aged zero to five, and \$5,400 per child aged six to 17. Families caring for a child with a disability receive additional support through the Child Disability Benefit.
- Benefits gradually decline for families with net income between \$30,000 and \$65,000, and at a lower rate for families with income above \$65,000.
- Only high-income families receive fewer benefits (most of these families have an income of \$200,000+ per year).



...and has a bigger impact on childhood well-being

- **Nine out of 10 families receive more support** under the new system.
- **Income inequality decreased** by nearly 1.4%.*
- The **number of children living in poverty reduced** by almost 300,000—essentially halving Canada’s child poverty rate.**
- Overall, the Canada Child Benefit helps ensure that all children in Canada have their **immediate needs met**. It also helps improve their future living standards by targeting support to those who need it most: low- and middle-income families. This added support better equips these families to provide healthy environments that **facilitate equality of opportunity** and **help children reach their full potential** as adults.

*Based on Gini coefficient.

**Based on Statistics Canada’s after-tax Low Income Cut-offs (LICOs).

What we’re hearing from Canadians through the *Tackling Poverty Together* research project:

“The benefit really helps with getting basics for the kids, clothing, and groceries.”

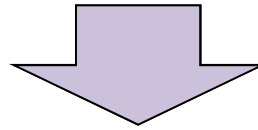
“We would have starved to death without the benefit.”

“It helps me feel a sense of security that I wouldn’t otherwise.”

“Without the Canada Child Benefit I couldn’t pay rent.”



Investments in Early Learning and Child Care (ELCC) also offer considerable benefits...



SUMMARY OF BENEFITS

Children

- ✓ Improved school readiness, physical/mental health, and socio-economic outcomes
- ✓ Reduced gaps in outcomes for disadvantaged children

Parents

- ✓ Increased labour market participation, particularly for mothers
- ✓ Improved access to parenting support services

Society

- ✓ Reduced spending on social programs later in life
- ✓ Much higher return on investment than remedial programs later in life



...this includes strong outcomes for children...

- Intervening early to promote child development from the prenatal period to age six can have long-term benefits that extend throughout children's lives, particularly for the most vulnerable and disadvantaged children.
 - It has been estimated that for every dollar invested in high quality ELCC, **the return on children's investment later in life is estimated to range from roughly 1.5 to almost 3 dollars**, with the benefit ratio for disadvantaged children being in the double digits.*
- Research shows positive relationships between quality ELCC, parental labour market participation, and child development outcomes.
 - The introduction of a low-fee child care system in Quebec in the mid-nineties induced **over time up to 70,000 mothers to join the workforce**, resulting in an increase of 3.8% in women's employment.**
- The return on investment for programming delivered in the early years is much higher than making remedial investments later on in an individual's life.
 - **ELCC can improve children's cognitive abilities and socio-emotional development**, help create a foundation for lifelong learning, increase school readiness and educational attainment, reduce poverty and improve social mobility from generation to generation.

*TD Economics Special Report. "Early Childhood has widespread and long lasting benefits." 2012.

**Fortin, Pierre, Luc Godbout and Suzie St-Cerny. "Impact of Quebec's Universal Low-Fee Childcare Program on Female Labour Participation, Domestic Income, and Government Budgets." 2011.



...and greater labour opportunities for parents

- Early childhood investments benefit children's development:
 - Flexibility and capacity for change in cognitive functioning and brain development is **the greatest for young children**, and these changes can have **lasting effects on behavior throughout life**.
 - Furthermore, it is also known that “**skills beget skills**” – early investment in children's development facilitates skills learning later in life.
- Over time, the availability of affordable child care can stimulate the supply of labour:
 - This will generate **additional tax revenue** and reduce tax benefits and transfers.
- Culturally relevant Indigenous ELCC will foster better outcomes for Indigenous children and families:
 - This includes **healthy child development**, school readiness and increased parental support; and ultimately can **support employment and education opportunities** for Indigenous parents.



Child care in Canada is facing some challenges...

The **supply** of quality ELCC spaces is not keeping up with the demand

Only 1 in 4 children in Canada have access to regulated ELCC.
For Indigenous children, the figure is less than 1 in 5.

... and **affordability** is a significant challenge for Canadian families

Daily fees (outside Quebec) can be significant, ranging from
\$20 in Manitoba to more than \$60 in Ontario.

- Quebec is generally recognized as a **leader** due to its low-fee child care system:
 - Greater supply and more affordable child care, even after its fee reform.
- **Quality ELCC** is key for children's development but is also complex:
 - Child care is provided through a mix of publicly- and privately-delivered services.
 - Licensing standards for service providers vary across the country and licensing is not mandatory in all cases.
 - Many quality elements in play: wages, ratios, qualifications, environment, training, etc.



...this is why the Government of Canada is investing significantly in child care...

- **Budget 2017** proposes to invest \$7 billion over 10 years, starting in 2018-19, to create more high-quality child, affordable care spaces across the country. This is in addition to the **Budget 2016** investment of \$500 million in 2017-18 for early learning and child care.
- Over the next three years, these investments could:
 - **Increase the number of affordable child care spaces** for low- and modest-income families by supporting up to 40,000 new subsidized child care spaces.
 - Make it **more affordable for parents to return to work**, with thousands of parents more likely to enter the labour force once child care is made more affordable.



...which will provide high-quality, affordable ELCC to Canadians

- To ensure that Canadian families have better access to high-quality, affordable child care, the Government is **working with the provinces and territories** to develop a new Framework on Early Learning and Child Care, focusing on best practices and new approaches to best serve families.
- An Indigenous Framework on Early Learning and Child Care will be co-developed with Indigenous partners. The Indigenous framework will **reflect the unique cultures and needs** of First Nations, Inuit and Métis children across Canada.
- The Government will also be supporting **innovative practices** in early learning and child care and **address data gaps** to better understand what child care looks like in Canada and track progress.



Questions?

