

Federal Budget 2007:

**Good News – Bad News: Steps Towards Recognizing Families But Parents still Being Punished**

With words and cash, the Federal Budget maintained the healthy trend towards greater recognition and direct financial support to Families with Dependent Children.

However we are disappointed with the continuation of gross discrimination when it comes to funding child care: Kids First seeks an end to preferential funding of child care in daycare centres. We seek full equality for all forms of child care including parental child care. Also, we would like to know if the government will continue funding discriminatory daycare lobby-research organizations such as the Child Care Resource and Research Unit.

**Federal Support for Early Learning and Child Care**

The Government of Canada will provide nearly \$5.6 billion in 2007–08 in support of early learning and child care through transfers, direct spending and tax measures:

\* \$1.1 billion in cash transfers to provinces and territories.

\*\$2.4 billion annually through monthly payments to parents for every child under the age of 6 through the Universal Child Care Benefit.

\*\$695 million in recognition of child care expenses through the child care expense deduction.

\*Budget 2007 provides about \$1.5 billion per year in tax support for families with children through the new child tax credit.

<http://www.budget.gc.ca/2007/bp/bpc4e.html#social>

**BUDGET ITEMS FOR FAMILIES WITH DEPENDENT CHILDREN**

**+Child Tax Credit**

will reduce taxes by up to \$310/yr per child age 0-17 for those paying taxes.

**+Exemption for Spouse or Qualified Dependant**

finally this has been made equal to the personal exemption thereby treating spouses with no income as equal persons in the eyes of Revenue Canada. (For single parents, one child qualifies for this exemption). This will provide \$209 in reduced taxes for families with a qualifying dependant. Also the exemption will be raised to \$10,000 in a few years.

**+Pension Income Splitting for Pensioners**

This is a significant step towards recognizing the past unpaid care work of those (mainly mothers) who reduced or eliminated paid work in order to do unpaid care and community work.

**+Registered Disability Savings Plan**

Families with disabled children will get more support in planning for children's future. This has long been recommended by groups like Planned Lifetime Advocacy Network which advocates for these families

### **+/- Working Income Tax Benefit**

Low income people with job-income will get a direct cash benefit of up to \$1000/yr for a family, \$500 for an individual. The intention is to help lower the 'welfare wall' – the loss of benefits for medical, dental and prescription medication costs that welfare recipients receive but often lose if entering a minimum wage job.

While it is good that low-income families will receive more financial support we reject the effort to coerce single parents on welfare to get "McJobs": the message is that the government values a parent more working in a McJob than working looking after their children. Parents are ineligible for welfare in most provinces when youngest child turns 3 – so this is about very young children, and therefore also discourages breast-feeding for these families.

### **+/- Registered Education Savings Plans Government Contribution Maximum Raised to \$500/yr from \$400, Maximum Lifetime Contribution Raised to \$50,000 for \$42,000**

While this is a step towards recognizing the expense parents take on, it clearly benefits most those who have the money to maximize contributions. It does not treat all children equitably.

Also of concern is that supporting institutional schooling tends to minimize – or make invisible - the importance of the learning and teaching that takes place outside of institutional settings. Student unions and educational institutions are very powerful lobby groups: parents and other non-institutional teachers/learners do not have the same clout. Child-rearing work done by parents is essential to society's existence, yet it is often called a 'life style choice'. In comparison to funding for institutional schooling, it is inadequately financed and politically recognized in a token manner.

### **?/- \$250 Million to Provinces for "Child Care Spaces that Meet Parents' Needs"**

Who will benefit financially from this? Child care means 'the care of a child' - the government has not defined 'child care' as limited to licensed daycare. Will they? The Federal Government must ensure that provinces do not violate the Constitution's guarantees of equality by discriminating against parental and other child care forms.

### **- Other Child Care/Early Learning Funding**

the government will continue \$850 million/yr funding to the provinces to fund discriminatory child care & early learning programs. This money mainly goes to institutional settings especially daycare centres and licensed preschools.

### **- Tax Credits for Businesses Building Licensed Child Care Spaces**

-up to \$10,000 for licensed spaces only. Here we clearly see preferential treatment for daycare centre care.

### **- Child Care Expense Deduction**

This has not been eliminated or extended to all families. We will still have this deduction exclusively for "receipted non-parental child care" (\$7000 deduction for child under age 7 and \$4000 for age 7-16). Since it is a deduction and not a credit, higher income parents receive greater financial support than lower income parents. Those who do not use 'receipted non-parental care' are excluded altogether.

This means that a high income parent will still get about \$3000/yr/child financial benefit for using daycare. This is on top of the \$10,000+/yr/child financial benefit which comes from the fact that fees cover less than half of actual costs of daycare.