

National Child Benefit: An Idea Whose Time Has Come*

Saskatchewan Premier Roy Romanow is breathing fresh political life into one of the most promising ideas to emerge in years - a national child benefit.

The proposal is one of several worthwhile suggestions in the recent Report of the *Ministerial Council on Social Policy Reform and Renewal*. In a May 25 speech in Ottawa, Premier Romanow said he intends to push the concept of a national child benefit at the First Ministers' meeting on June 20-21.

A national child benefit could replace the federal Child Tax Benefit and Working Income Supplement and provincial welfare and other payments on behalf of children. Instead, there would be a single program for all lower-income families,

whatever their source of income - wages, welfare or Employment Insurance.

A national child benefit would 'take children off welfare' because families on social assistance would receive benefits for children from a new program outside the much-despised welfare system. But a national child benefit would not be welfare in disguise. Eligibility for the new program would be based on a simple test of family income - a well-proven, efficient and non-stigmatizing way to deliver income security benefits.

One of the long-lamented irrationalities of Canada's social security system is the fact that it delivers more child benefits to families on welfare than to the working poor. The Working Income

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Supplement was created in 1993 to address this problem, and the 1996 federal Budget doubled the maximum payment to \$1,000 per family. But the working poor still lag behind welfare families in total (federal and provincial) child benefits. This gap creates a disincentive for parents on welfare to join the workforce, since they lose benefits for their children.

A national child benefit would solve this problem by boosting benefits for the working poor. Parents who find a job no longer would have to worry about losing child benefits when they exchange their welfare cheque for a pay- cheque. A national child benefit would treat all low-income families fairly and equally.

The idea of a new child benefit has been gaining momentum in recent years. The concept was proposed in *Transitions*, the 1988 report of the Ontario Social Assistance Review Committee, and reached the design stage in the proposed Ontario Child Income Program (budgetary restraint, stemming in part from cuts to federal transfer payments, killed the program in 1994). The federal government included a national child benefit in its Social Security Review.

BC's welfare reforms create a child bene-fit. Saskatchewan, which pioneered a Family Income Plan in 1974, is keen on a new program. More than any jurisdiction, Quebec has made child benefits a key element of its social security system.

The Caledon Institute has designed and costed a national child benefit, which the Ontario wing of the federal Liberal Party has endorsed. The Caledon option would increase federal benefits from their current level (up to \$1,233 per child under 7 and \$1,020 per child 7-17 from the Child Tax Benefit, and up to \$1,000 per working poor family from the Working Income Supplement) to a maximum \$3,000 for the

first child, \$2,500 for the second and \$2,000 for the third and each additional child. The new program would be fully indexed, unlike current child benefits which are losing ground to inflation.

Families on welfare would receive about the same as or somewhat more than they do now. Welfare payments vary widely within and across provinces for various sizes and types of families, so the precise impact of the new child benefit would vary. Working poor families would enjoy a substantial improvement in their incomes. A low-wage family with two children (one under 7 and one over 7) would see its child benefits increase by 69 percent - from \$3,253 to \$5,500.

The Caledon proposal would cost some \$2 billion more than existing spending. Over time, part of this cost would be offset by savings on families which leave welfare for the workforce. Trimming some tax breaks could make up the rest. A national child benefit could be designed more cheaply, but would pack a weaker anti-poverty punch.

A national child benefit is appealing not only for its power to bolster the incomes of working poor families and help break down the welfare wall. It also could mark the beginning of a rejuvenated social union in which the federal, provincial and territorial governments cooperate to build a new kind of social program - a national as opposed to federal or provincial program. A national child benefit could allow for flexibility in design from one province to another while still providing a common core benefit for all lower-income families throughout Canada. It could be delivered federally, provincially or jointly.

The clock is ticking on the 1989 Commons resolution to "seek to achieve the goal of eliminating poverty among Canadian children by the year 2000." Yet 1,362,000 or 17 percent of children live in poor families which on average fall more than \$8,000 below the poverty line. Over half (56 percent) of children in one-parent families led by

women are poor. A national child benefit could not on its own vanquish child poverty, but would substantially reduce the extent and depth of poverty in Canada.

Women's groups across the country are marching against poverty. What better time for the

federal and provincial governments to launch a real war against poverty with a national child benefit?

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