



Making every public dollar count: Bringing the Marginal Value of Public Funds to Canada

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June 2026

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About Maytree

Maytree is a Toronto-based human rights organization committed to advancing systemic solutions to poverty and strengthening civic communities. We believe the most enduring way to fix the systems that create poverty is to ensure that economic and social rights are respected, protected, and fulfilled for all people living in Canada. Through our work, we support non-profit organizations, their leaders, and people they work with.

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ISBN: 978-1-996945-04-9

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Executive summary

What does the next public dollar deliver, and for whom? In Canada, the framework used to answer that question measures cost far more consistently than value. This structural asymmetry can, under fiscal pressure, make sound investments look unaffordable and treat cutting them as fiscal discipline. The Marginal Value of Public Funds (MVPF) offers a corrective by bringing cost and value onto the same footing, including longer-run fiscal feedback and distributional weighting. By measuring what value public dollars deliver alongside what they cost, MVPF complements Canada’s long-standing fiscal sustainability analysis with the welfare-and-allocation dimension it has lacked. It is a tool for governments making major spending decisions, including proposed new programs, major program renewals, program restructuring, and revenue choices. It is also a tool for non-profits, community organizations, and policy advocates making the case for programs they see working every day in the communities they serve.

This brief is the first public release from a two-year research partnership between INCLUSIECON and Maytree. The partnership is building a Canadian evidence base on how MVPF can be used across social spending, transfer design, and tax administration. The goal is to help the federal government make better allocation decisions and give non-profit advocates a stronger evidence base for defending high-value programs.¹

What is the Marginal Value of Public Funds?

The Marginal Value of Public Funds (MVPF) compares the social value a policy creates for beneficiaries with its net cost to government. In plain language, it asks how much social value a program creates for each dollar of public funds it ultimately uses, while being clear about who benefits and how those benefits are valued.

1 For an overview of the project, read: INCLUSIECON. (n.d.). Marginal Value of Public Funds. <https://inclusiecon.ca/research-mvpf.html>

Perchall, S. (2026). Invest in people, strengthen finances: How a new measure can lead to better policy. *Maytree*. <https://maytree.com/publications/invest-in-people-strengthen-finances-how-a-new-measure-can-lead-to-better-policy/>

Canada's fiscal challenges demand a more sophisticated analysis of social and economic costs and benefits

Canada faces fiscal pressure alongside sustained and deep social need. The core policy challenge is not whether to spend less, but how to identify which public investments deliver the most lasting value, and where stronger investment, properly evaluated, is itself sound fiscal policy.

The 2025 federal budget couples large investment ambitions with tighter operating discipline. It proposes \$280 billion in capital investments over five years, commits to balancing operating spending with revenues by 2028–29, slows the growth of direct program spending from 8 per cent to under 1 per cent, and relies on the Comprehensive Expenditure Review to save \$13 billion annually by 2028–29.² The message to departments is clear: Each dollar must be justified against other possible uses of public funds.

Those decisions are being made against sustained social need. The 2024 Canadian Income Survey reports that 11 per cent of Canadians, or about 4.5 million people, lived below Canada's Official Poverty Line in 2024. Food insecurity also remained widespread – in 2024, about 9.8 million people, or 24 per cent of Canadians, lived in households reporting some form of food insecurity.³ In addition, about 1.7 million households were in core housing need in 2022, including 22.1 per cent of renters, and roughly 245,900 households were on a waitlist for subsidized housing, close to two-thirds of them for two years or longer.⁴ Maytree's own work shows that these pressures are persistent, not temporary. For example, the 2024 edition of *Welfare in Canada* finds that 43 of the 44 model households examined receiving social assistance in the provinces were below the Official Poverty Line, and 36 of 44 were

2 Department of Finance Canada. (2025). *Canada Strong: Budget 2025*. <https://budget.canada.ca/2025/home-accueil-en.html>.

3 Statistics Canada. (2026). *The Daily: Canadian Income Survey, 2024*. <https://www150.statcan.gc.ca/n1/daily-quotidien/260429/dq260429a-eng.htm>.

4 Canada Mortgage and Housing Corporation. (2024). *2022 Canadian Housing Survey*. <https://www.cmhc-schl.gc.ca/observer/2024/2022-canadian-housing-survey>.

Statistics Canada. (2024). *The Daily: Housing affordability in Canada, 2022*. <https://www150.statcan.gc.ca/n1/daily-quotidien/240910/dq240910b-eng.htm>.

in deep poverty or at the deep poverty threshold.⁵ These are the conditions under which governments must define what counts as essential social spending.

The risk in the current fiscal environment is not restraint alone. It is that decisions are made on a one-sided ledger, one that measures the cost of raising public money far more carefully than the value the resulting programs create. The result is a systematic undervaluation of high-return public spending.

Canada already has part of the answer

That undervaluation is not a result of weak analytical capacity. Canadian public finance has well-developed tools for assessing the impact of public decisions. Cost-benefit analysis remains the right starting point because it asks a disciplined question: Once all effects are counted, does a policy leave Canadians better off? In the regulatory sphere, the federal government takes that discipline seriously. The Treasury Board's *Policy on Cost-Benefit Analysis* requires regulatory proposals to undergo cost-benefit analysis, with the breadth of analysis scaled to anticipated impacts, and directs departments to examine economic, environmental, and social effects, distributional impacts, and feasible alternatives.⁶ This is a real institutional strength. It recognizes that public action should be judged against more than its fiscal cost.

On the revenue side, Canadian public finance has been equally rigorous. The marginal cost of public funds (MCPF) measures the cost of raising an extra dollar of revenue on society. It shows how some measures can cost society more than the additional dollar, because changing taxes can change behaviour. For example, two taxes can raise the same amount of revenue, but one may do far more to discourage work,

5 Laidley, J. & Oliveira, T. (2025). *Welfare in Canada, 2024*. Maytree. https://maytree.com/wp-content/uploads/Welfare_in_Canada_2024.pdf.

Laidley, J. & White, A. (2025). *From data to action: Policy implications of Welfare in Canada, 2024*. Maytree. https://maytree.com/wp-content/uploads/Welfare_in_Canada_2024_brief.pdf.

6 Treasury Board of Canada Secretariat. (2018). *Policy on Cost-Benefit Analysis*. <https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/policy-cost-benefit-analysis.html>.

Treasury Board of Canada Secretariat. (2022). *Canada's Cost-Benefit Analysis Guide for Regulatory Proposals*. https://publications.gc.ca/collections/collection_2022/sct-tbs/BT58-5-2022-eng.pdf.

saving, investment, or business activity.⁷ MCPF analysis has informed Canadian policy analysis for decades, and federal tax policy evaluation routinely incorporates behavioural responses, including potential changes in labour supply, take-up, and tax planning.⁸ Revenue-raising options are therefore compared not only on how much they collect, but on how efficiently they do so, and who bears the burden.

On the long-run fiscal picture, Canadian analysis has also been rigorous. The Parliamentary Budget Officer publishes annual Fiscal Sustainability Reports modelling debt trajectories under demographic and economic assumptions, and the Department of Finance Canada produces long-term economic and fiscal projections within budget documents.⁹ This work has set international standards for fiscal transparency and tells governments and parliamentarians what current commitments will cost over time, and where the trajectory is unsustainable.

These tools matter, and any framework for better spending choices should build on them rather than displace them. But each applies only partially. Cost-benefit analysis is required for federal regulatory proposals (those imposing compliance costs on Canadians, businesses, or other governments), not for the welfare value of direct program spending, even where that spending is delivered through regulation.¹⁰ MCPF rigorously measures the cost of raising revenue, but not the welfare value of the programs that revenue funds. Long-run fiscal projections tell governments what current commitments will cost over time, but not whether the welfare returns from those commitments are commensurate with the costs, or whether alternative

7 Dahlby, B., & Ferede, E. (2018). The Marginal Cost of Public Funds and the Laffer Curve: Evidence from the Canadian Provinces. *FinanzArchiv/Public Finance Analysis*, 74(2), 173–199. https://ideas.repec.org/a/mhr/finarc/urnsici0015-2218%28201806%29722_173tmcopf_2.0.tx_2-y.html.

Dahlby, B. (2024). The High Cost of Raising Provincial Tax Revenues Has Gotten Even Higher. *The School of Public Policy Publications*. Vol. 17:13. <https://journalhosting.ucalgary.ca/index.php/sppp/article/view/79347/57658>.

8 Department of Finance Canada. (Various years). *Report on Federal Tax Expenditures*. <https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures.html>.

Saez, E., Slemrod, J., & Giertz, S. H. (2012). The elasticity of taxable income with respect to marginal tax rates: A critical review. *Journal of Economic Literature*, 50(1), 3–50.

9 Parliamentary Budget Officer. (2024). *Fiscal Sustainability Report 2024*. <https://www.pbo-dpb.ca/en/publications/RP-2425-014-S--fiscal-sustainability-report-2024--rapport-viabilite-financiere-2024>.
Department of Finance Canada. (2025). *Budget 2025: Annex 1: Details of economic and fiscal projections*. <https://budget.canada.ca/2025/report-rapport/anx1-en.html>.

10 Treasury Board of Canada Secretariat. (2018). *Cabinet Directive on Regulation*. <https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/cabinet-directive-regulation.html>

The Regulatory Impact Analysis Statement (RIAS) process operationalizes this requirement, with cost-benefit analysis as a core element of regulatory impact assessment. Regulations that codify program spending decisions (e.g., benefit eligibility rules) undergo RIAS for their compliance dimensions, but the underlying program's welfare value per dollar of public expenditure is not evaluated through the same discipline.

allocations would produce better long-term welfare and fiscal outcomes. The benefit side of program spending, and the comparison of welfare returns across allocations, is left to evaluation work that, as the next section shows, is organized for learning and accountability rather than comparison. MVPF does not ask governments to abandon cost-benefit analysis, MCPF, or fiscal projection. It asks them to apply the same discipline more consistently, across all major spending decisions, on both sides of the ledger, and across the lifecycle of fiscal effects.

How the current federal spending framework leaves comparability incomplete

The central institutional problem is not that the federal government lacks analytical tools. Canada has a well-developed expenditure management system, established evaluation requirements, cost-benefit tools in some domains, performance reporting frameworks, and significant public-sector analytical capacity. The challenge is that these tools do not always generate the kind of comparable input, output, and outcome information needed when governments must choose among competing uses of limited public funds. In practice, the system often produces evidence for learning, accountability, and program improvement, but it does not consistently produce evidence that allows decision-makers to compare value across very different policy instruments and program areas.

The Treasury Board defines “evaluation” as “the systematic and neutral collection and analysis of evidence to judge merit, worth or value.”¹¹ Under the government’s Policy on Results, departments are expected to evaluate direct organizational spending periodically, and grants and contribution programs above the \$5 million threshold must be evaluated at least once every five years.¹² These evaluations play an important role. They help departments understand whether programs are working as intended, improve delivery, meet accountability requirements, and report on results.

Yet the same framework gives departments broad flexibility over what, when, and how to evaluate. Evaluations are planned based on need, risk, and priority. They may use different types of evaluation, multiple lines of quantitative and qualitative evidence,

11 Treasury Board of Canada Secretariat. (2020). *Evaluation 101 Backgrounder*. <https://www.canada.ca/en/treasury-board-secretariat/services/audit-evaluation/evaluation-government-canada/evaluation-101-backgrounder.html>.

12 Ibid.

and diverse questions tailored to the case at hand. That flexibility is valuable for learning and program management. It is much less helpful for comparing dissimilar programs against each other. A system can be rich in evidence and still poor at comparison if it has no common metric for value.¹³

This is not a criticism of evaluators, nor is it a claim that existing tools have no value. The issue is a mismatch between the information the system is built to produce, and the decisions ministers are asked to make. Whether the question is where to invest, which programs to protect or expand, or where to restructure, decision-makers need a way to compare programs against each other on a common basis. Evidence designed mainly for learning and accountability will not reliably answer the comparative question that it was never designed to answer. That gap matters most when the programs being compared produce different kinds of value, such as cash income today, avoided shelter use next year, higher earnings later, or reduced hardship that never appears as a fiscal saving.

The difficulty is compounded by uneven data availability. For many programs, governments may have reasonably good information on spending and activities, but less consistent information on who benefits, what outcomes change, over what time horizon, and how those outcomes translate into fiscal or social value. In input-output-outcome terms, the input side of the ledger is usually more visible than the outcome side. This is especially true for preventive, redistributive, or cross-system interventions, where the benefits may appear later, outside the delivering department, or in forms that are not easily monetized. The result is not simply a technical measurement problem. It is also an incentives problem: Departments and political decision-makers may face limited pressure to close evidence gaps when those gaps do not prevent program approval, renewal, or continued funding.

What gets evaluated is also uneven, and the comparability problem extends well beyond the tax-versus-voted divide. Tax expenditures sit outside the Policy on Results framework entirely. The 2026–27 Main Estimates exclude \$77.2 billion in such items, including \$31 billion for the Canada Child Benefit and \$14.3 billion for other tax credits and repayments, because Parliament does not authorize annual spending for these items.¹⁴ Finance Canada publishes tax expenditure reports and evaluates some tax measures, but this work occurs on a separate and less systematic cycle from the

13 Smith, A. (2019). *Does Reporting on Results Make a Difference?* Library of Parliament. https://publications.gc.ca/collections/collection_2019/bdp-lop/eb/YM32-5-2019-04-eng.pdf.

14 Treasury Board of Canada Secretariat. (2026). *2026-27 Estimates*. <https://www.canada.ca/en/treasury-board-secretariat/services/planned-government-spending/government-expenditure-plan-main-estimates/2026-27-estimates.html>.

Department of Finance Canada. (Various years). *Federal tax expenditures*. <https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures.html>.

voted-spending evaluation process. It also uses different units of analysis, focusing on revenue forgone rather than program cost.¹⁵

The fragmentation runs deeper still. Federal support for any single policy goal, such as child welfare, is typically delivered through a mix of tax expenditures under Finance Canada, direct spending across multiple ministerial portfolios, including early learning and child care under Employment and Social Development Canada (ESDC), Indigenous child services under Indigenous Services Canada (ISC), and child health under the Public Health Agency of Canada (PHAC), as well as federal transfers to provinces such as the Canada Social Transfer, which fund provincial-level child welfare, child care, and family supports.¹⁶ No single minister has portfolio responsibility for federal support to children as a coherent policy area, and no single framework brings these instruments onto a common footing.

The fragmentation extends across orders of government as well. The federal government directly delivers some supports, such as the Canada Child Benefit, while funding others through transfers to provinces and territories. In areas such as social assistance, child welfare, and child care, provinces and territories often control program design and delivery. A common evaluation framework would therefore need to navigate jurisdictional lines as well as ministerial ones. This does not make comparison impossible, but it does mean that the relevant evidence base must be built across programs, departments, fiscal instruments, and orders of government.

These weaknesses do not fall evenly across policy areas. Programs with immediate, visible outputs are easier to defend than programs whose gains are preventive, delayed, cross-system, or concentrated among people with low incomes. A program that can

15 Department of Finance Canada. (Various years). *Federal tax expenditures* <https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures.html>.

Department of Finance Canada. (2026). *Report on Federal Tax Expenditures: Concepts, Estimates and Evaluations 2026: part 1*. <https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures/2026/part-1.html>.

Government of Canada. (1985). *Financial Administration Act*, R.S.C., 1985, c. F-11, s. 42.1. <https://laws-lois.justice.gc.ca/eng/acts/F-11/section-42.1.html>.

Treasury Board of Canada Secretariat. (2016). *Appendix B: Mandatory Procedures for Evaluation*. <https://www.tbs-sct.canada.ca/pol/doc-eng.aspx?id=31306&p=B§ion=procedure>.

16 Department of Finance Canada. (2022). *Canada Social Transfer*. <https://www.canada.ca/en/department-finance/programs/federal-transfers/canada-social-transfer.html>.

Employment and Social Development Canada. (2025). *Federal Secretariat on Early Learning and Child Care*. <https://www.canada.ca/en/employment-social-development/programs/early-learning-child-care.html>.

Indigenous Services Canada. (2025). *Jordan's Principle*. <https://www.canada.ca/jordans-principle>.

Public Health Agency of Canada. (2026). *Community Action for Prenatal and Child Health Program*. <https://www.canada.ca/en/public-health/services/child-infant-health/supports-programs-pregnancy/community-action-prenatal-child-health-program.html>.

point to short-term service volumes, transactions completed, or dollars disbursed may be easier to describe in standard performance terms than a program whose main value lies in preventing homelessness, improving stability, reducing future service use, or increasing long-term earnings. That is a measurement problem with distributive consequences. Interventions targeted at households with low incomes are especially vulnerable when distribution is treated as an add-on rather than a core part of value.

The bias is, therefore, not only technical. It reflects the interaction of measurement, data availability, and institutional incentives. A framework that measures costs more consistently than benefits, and that does not require comparable input-output-outcome evidence across major spending choices, will predictably undervalue policies whose benefits are difficult to quantify and whose beneficiaries have the least political and fiscal visibility. The result is that high-value social investments can appear less compelling than they are, not because government lacks tools altogether, but because existing tools are not always connected to the data and incentives needed to compare public value consistently.

What MVPF adds: Measuring public value, not just public cost

MVPF shifts the analytical question in a way that complements, rather than replaces, existing public finance tools. Instead of asking only, “How much does this program cost?,” policymakers can ask, “What value would be lost if this social support were weakened, and which forms of spending deliver the highest return in social welfare per dollar of net public cost?” At its core, MVPF asks what the next public dollar delivers for people, once direct effects, longer-term fiscal feedback, and distributional value are all counted.¹⁷ That question is especially important in social policy, where the value side of the ratio needs careful interpretation. In some areas of economic analysis, value is measured by asking how much people would be able or willing to pay for a benefit. That approach works better for market goods, where choices are backed by income.¹⁸ It is much less reliable for essential supports.

17 Hendren, N. & Sprung-Keyser, B. (2020). A Unified Welfare Analysis of Government Policies. *Quarterly Journal of Economics*, 135(3), 1209–1318. <https://doi.org/10.1093/qje/qjaa006>.

18 Butler, J. R. G. (1992). Welfare economics and cost-utility analysis. *Developments in Health Economics and Public Policy*, 1, 143–157. https://doi.org/10.1007/978-94-011-2392-1_7. See also standard definitions of willingness to pay as the maximum price an individual is willing to pay for a good.

For households with low incomes, the ability to pay does not reflect the value of a benefit. Stable housing, adequate income, and access to essential services may be highly valuable even when households cannot express that value in monetary terms.¹⁹ In these cases, income constrains what people can pay, not how much the benefit matters to their well-being. Many of the most important gains also occur outside markets and over time. Improvements in health, greater stability, stronger school participation, increased labour-market attachment, and reduced reliance on emergency services are not always immediately visible in market behaviour, but they represent substantial and lasting benefits.²⁰ For that reason, the value side of MVPF should be understood broadly. It should reflect the full range of benefits a program creates for affected households, including gains that are preventive, delayed, non-market, or spread across systems.

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- 19 Sunstein, C. R. (2007). Willingness to Pay vs. Welfare. *Harvard Law Review* 120, no. 2: 609–647.
Kaplow, L. (2010). *The theory of taxation and public economics*. Princeton University Press.
Adler, M. D., & Posner, E. A. (2006). *New foundations of cost-benefit analysis*. Harvard University Press.
- 20 Chetty, R., Hendren, N., & Katz, L. F. (2016). The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment. *American Economic Review*, 106(4), 855–902. <https://doi.org/10.1257/aer.20150572>.
- Currie, J. (2011). Inequality at Birth: Some Causes and Consequences. *American Economic Review*, 101(3), 1–22. <https://doi.org/10.1257/aer.101.3.1>.
- Hoynes, H. W., Schanzenbach, D. W., & Almond, D. (2016). Long-run impacts of childhood access to the safety net. *American Economic Review*, 106(4), 903–934. <https://doi.org/10.1257/aer.20130375>
- World Health Organization. (2018). *WHO Housing and health guidelines*. <https://www.who.int/publications/i/item/9789241550376>.
- National Academies of Sciences, Engineering, and Medicine. (2018). *Permanent Supportive Housing: Evaluating the Evidence for Improving Health Outcomes Among People Experiencing Chronic Homelessness*. <https://doi.org/10.17226/25133>.

It is important to acknowledge that not all public policy decisions can or should be reduced to economic value metrics alone. Governments have obligations that extend beyond efficiency and fiscal optimization, including moral and legal commitments to uphold economic and social rights, such as those recognized under international human rights law. Access to adequate housing, income security, and other basic conditions of human dignity are not justified solely because they may generate positive economic returns; they are also part of a system of fundamental social protections that advance human rights and equity. The purpose of applying frameworks such as Marginal Value of Public Funds is therefore not to suggest that these commitments require validation through an economic justification, nor that economic efficiency should determine whether rights are upheld. Rather, this analysis seeks to complement rights-based and normative arguments by demonstrating that well-designed social investments can also represent sound and responsible public policy from a fiscal and economic perspective, thus strengthening the broader case for action.

This distributional feature is central to MVPF's value for social policy. The same dollar gain does not have the same social meaning for every household. A dollar that helps prevent deep poverty can carry greater social value than a dollar reaching a household under far less pressure.²¹ MVPF can make that judgment explicit and transparent by applying social weights to gains received by households at different points in the income distribution. The weights themselves can be chosen by analysts, debated openly, and made visible in the published analysis, rather than left implicit in framework defaults. This matters for poverty, housing insecurity, and inadequate income supports because these are not only service-delivery problems; they are

21 Hendren, N. & Sprung-Keyser, B. (2020). A Unified Welfare Analysis of Government Policies. *Quarterly Journal of Economics*, 135(3), 1209–1318. <https://doi.org/10.1093/qje/qjaa006>.

Arshad, S., Petit, G., & Tedds, L. M. (2026). Beyond cost and yield: An MVPF-TaxAdmin framework for evaluating tax-administration reforms through public value, equity, and welfare. *Canadian Tax Journal / Revue fiscale canadienne*, 74(2), 1–19.

distributional outcomes. If governments leave distribution out of spending decisions, they are not avoiding value judgment.²² They make one by default.

This matters because averages can obscure very different experiences across income groups. A policy assessment may show that households are better off, on average, while lower-income households are falling behind or facing sharper cost pressures. Distributional weights can help prevent those differences from disappearing inside aggregate results. Where weights are used, they should be stated clearly, accompanied by sensitivity analysis where possible, and treated as an explicit part of the policy judgment rather than an implicit assumption.

MVPF also corrects an imbalance in how governments treat costs and benefits. Canadian public finance has been clear about the cost side of the ledger. As discussed earlier, MCPF measures the cost of raising an extra dollar of revenue on society. The insights it provides should be preserved. A defensible framework for spending choices should recognize that public money has a cost, while also requiring the benefits financed by that money to be measured with the same discipline. By focusing on net cost rather than gross outlay, MVPF captures how social programs recover part, and sometimes all, of their upfront cost through higher earnings, higher tax revenues, lower transfer payments, or reduced use of other public systems. A program is therefore a stronger candidate for expansion when its MVPF exceeds the relevant marginal cost of public funds, and a weaker candidate when it falls below that benchmark.²³

MVPF is therefore best understood as a prioritization tool under constraint. Cost-benefit analysis asks whether a policy's benefits exceed its costs. MVPF asks a more pointed allocation question of how much value an additional public dollar generates compared with other possible uses of funds. That distinction matters. Governments rarely choose between one program and nothing. They choose among housing supports, income benefits, tax credits, training programs, health investments, and

22 Saez, E., & Stantcheva, S. (2016). Generalized Social Marginal Welfare Weights for Optimal Tax Theory. *American Economic Review*, 106(1), 24–45. <https://doi.org/10.1257/aer.20141362>.

23 Hendren, N. & Sprung-Keyser, B. (2020). A Unified Welfare Analysis of Government Policies. *Quarterly Journal of Economics*, 135(3), 1209–1318. <https://doi.org/10.1093/qje/qjaa006>, especially discussion of net costs, fiscal externalities, uncertainty, and the value of linked administrative data for long-run impacts.

Finkelstein, A. & Hendren, N. (2020). *Welfare Analysis Meets Causal Inference*. National Bureau of Economic Research. <https://www.nber.org/papers/w27640>.

deficit reduction. MVPF gives those unlike choices a common language without assuming that the evidence is equally strong for every program.²⁴

Work on the MVPF is already underway in the United States. In a comparative study of 133 U.S. policy changes, Hendren and Sprung-Keyser found especially high MVPF estimates for investments in the health and education of low-income children, suggesting that investments targeting low-income children deliver especially high social value per dollar of public spending, driven by substantial long-run benefits and fiscal feedback effects.²⁵ The point is not to import U.S. rankings of social policy mechanically into Canada, but to learn the logic that short-run budget cost is a poor guide to measure social value when long-run effects and fiscal feedbacks are large.

This points to a broader use of the framework. MVPF gives long-run fiscal sustainability analysis the welfare dimension it has been missing. As described earlier, Canadian fiscal sustainability work tells policymakers the bill, what current commitments will cost over time, and where the trajectory is unsustainable. What it does not do is assess whether the welfare returns from current spending are commensurate with the fiscal costs being projected, or whether alternative allocations across the lifecycle could produce better long-run welfare and fiscal outcomes. MVPF adds that dimension. The net cost calculation already runs across the lifecycle of fiscal effects: Programs that generate higher earnings, better health, lower transfer use, or stronger labour-market attachment have those effects feed back into future tax bases and reduce future fiscal pressure. Hendren and Sprung-Keyser's finding that some investments in low-income children deliver infinite MVPFs, meaning they more than pay for themselves through fiscal feedback, is not only a welfare result; it is a fiscal sustainability result.²⁶ By extending sustainability analysis to include welfare returns alongside fiscal costs, MVPF makes the question of long-run affordability analyzable rather than asserted.

24 Finkelstein, A. & Hendren, N. (2020). *Welfare Analysis Meets Causal Inference*. National Bureau of Economic Research. <https://www.nber.org/papers/w27640>.

Hendren, N. & Sprung-Keyser, B. (2020). A Unified Welfare Analysis of Government Policies. *Quarterly Journal of Economics*, 135(3), 1209-1318. <https://doi.org/10.1093/qje/qjaa006>.

25 Hendren, N. & Sprung-Keyser, B. (2020). A Unified Welfare Analysis of Government Policies. *Quarterly Journal of Economics*, 135(3), 1209-1318. <https://doi.org/10.1093/qje/qjaa006>.

26 Ibid.

Where MVPF makes the difference

Our inability to compare between and among taxation and spending options is most costly for social and income support policies, whose main effects often appear as prevention, stability, and reduced hardship rather than as easily counted outputs, such as benefit payments issued, service appointments delivered, shelter beds added, or short-term job placements. These programs can appear expensive when judged within a single fiscal year and within a single department. They look different when assessed over time and across systems. The relevant question is not whether every social program pays for itself. Many will not, and some should not have to. The question is whether decision-makers can see the full value being created before they cut, freeze, or redesign the program.

Housing is a clear example. Stable housing can improve health and reduce reliance on emergency shelters, hospitals, and other crisis services.²⁷ It can also shape children's school engagement and long-run educational outcomes. Evidence from the Moving to Opportunity experiment shows that moving to lower-poverty neighbourhoods earlier in childhood increased college attendance and adult earnings, while wider literature links residential and school instability to poorer academic achievement and higher dropout risk.²⁸ The link to work is also important, though less direct. Housing instability and employment insecurity often reinforce one another, and evidence from studies of homeless youth and recently housed adults suggests that housing stability can support job search, employment, and retention.²⁹

When these spillovers are ignored, policies can look costly within a single budget line even when they are creating value across health, education, justice, and labour

27 O'Campo, P., et al. (2016). How did a Housing First intervention improve health and social outcomes among homeless adults with mental illness in Toronto? Two-year outcomes from a randomised trial. *BMJ Open*, 6(9), e010581. <https://doi.org/10.1136/bmjopen-2015-010581>.

Mental Health Commission of Canada. (2014). *National final report: At Home/Chez Soi project*.

28 Chetty, R., Hendren, N., & Katz, L. F. (2016). The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment. *American Economic Review*, 106(4), 855–902. <https://doi.org/10.1257/aer.20150572>.

29 Bentley, R., et al. (2019). The “double precarity” of employment insecurity and unaffordable housing and its impact on mental health. *Social Science & Medicine*, 225, 9–16. <https://doi.org/10.1016/j.socscimed.2019.02.008>.

Slesnick, N., et al. (2018). Employment and other income sources among homeless youth. *Journal of Primary Prevention*, 39(3), 247–262. <https://doi.org/10.1007/s10935-018-0511-1>.

market systems.³⁰ That is why social policy cannot be treated as a special case outside expenditure management. In a tighter fiscal environment, the programs most exposed are often those whose benefits are least legible to a conventional budget lens. A short-run cost-saving exercise can therefore protect visible outputs while weakening the very programs that prevent deeper and more expensive harms later on. This is the problem the federal government faces when deciding whether preventive and redistributive programs are “affordable.”

For instance, a narrow budget lens asks what a housing benefit, rent supplement, or deeply affordable housing program costs this year and how it will be funded. An MVPF lens asks a fuller set of questions, including what stable housing is worth to households facing the sharpest constraints; how much of the gross cost is offset by improved labour market attachment, better health, and reduced use of other services; and how these gains should be weighed when they accrue to people with the least room to absorb loss. A dollar of housing support does not carry the same social value across the income distribution. Gains that reduce severe housing insecurity or prevent homelessness can carry greater social weight because they improve basic living conditions and avert acute harms. In this welfare framework, these differences are captured by assigning higher weight to benefits accruing to households facing the greatest constraints. Making those weights explicit does not bias the analysis; it clarifies the value judgments already embedded in decisions about which housing needs to prioritize and how resources are allocated across programs. Our failure to take these and other forms of value into account means we are missing much of what the policy is for.³¹

The same logic applies to income supports and work-related benefits, whose value is routinely understated because their effects are not confined to the department that delivers them. Stable income can improve food security, housing retention,

30 Mental Health Commission of Canada. (2014). *National final report: At Home/Chez Soi project*.

Chetty, R., Hendren, N., & Katz, L. F. (2016). The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment. *American Economic Review*, 106(4), 855–902. <https://doi.org/10.1257/aer.20150572>.

31 DiBellonia, S. & White, A. (2025). *Why income support is good housing policy: A new case for a permanent housing benefit in Canada*. Maytree. <https://maytree.com/wp-content/uploads/Why-income-support-is-good-housing-policy.pdf>.

DiBellonia, S. (2026). *Blueprint for a Canada Housing Benefit System: Architecture and design features*. Maytree. <https://maytree.com/wp-content/uploads/Blueprint-for-a-Canada-Housing-Benefit-System.pdf>.

mental health, school participation, and labour market attachment.³² Some of those gains appear in tax revenues or avoided costs later; others appear in human outcomes that matter even when they do not generate immediate fiscal savings. A benefit-inclusive framework is not a luxury in such cases. It is a guardrail against undervaluing what works.

This broader understanding of public value matters not only for assessing what a program delivers, but for assessing how it is designed and delivered. The proposed MVPF-TaxAdmin framework, developed by the authors in companion work on tax administration reforms, depicts this point in the context of tax administration targeted to low-income households: a reform can be formally aimed at those households while still being designed in ways that suppress take-up, create instability, impose administrative burdens, or make support difficult to sustain.³³ The same risk applies to social supports more broadly. Recent Maytree work reports that governments have failed to ensure adequate incomes and stable housing, not because poverty is inevitable, but because systems are designed in ways that reproduce deprivation and homelessness.³⁴ MVPF, therefore, helps distinguish reforms that genuinely improve public value from changes that appear to save money only because they make support harder to access, less stable, or less effective for the people the policy is meant to serve. Used this way, MVPF is a design lens as well as a decision lens. It shapes not just whether to fund a program, but how to build it.

32 Statistics Canada. (2022). *Canadian Income Survey: Food insecurity and unmet health care needs, 2018 and 2019*. The Daily. <https://www150.statcan.gc.ca/n1/daily-quotidien/220107/dq220107f-eng.htm>.

Department of Finance Canada. (2026). *Report on Federal Tax Expenditures: Concepts, Estimates and Evaluations 2026: part 9*. <https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures/2026/part-9.html>.

33 Arshad, S., Petit, G., & Tedds, L. M. (2026). Beyond cost and yield: An MVPF-TaxAdmin framework for evaluating tax-administration reforms through public value, equity, and welfare. *Canadian Tax Journal / Revue fiscale canadienne*, 74(2), 1–19.

34 Laidley, J. & White, A. (2025). *From data to action: Policy implications of Welfare in Canada, 2024*. Maytree. https://maytree.com/wp-content/uploads/Welfare_in_Canada_2024_brief.pdf.

Balata, L. (2026). *Designed to fail: How Ontario's income security policies create and perpetuate homelessness*. Maytree. <https://maytree.com/wp-content/uploads/Designed-to-fail.pdf>.

How the federal government could use MVPF without overhauling the system

The federal government does not need to overhaul its evaluation system to begin using the marginal value of public funds. MVPF can be introduced incrementally, starting where comparison is already unavoidable. The immediate task is practical – to introduce a consistent way of assessing gross cost, net fiscal cost, beneficiaries, distributional effects, and uncertainty when major spending decisions are on the table.

The federal government’s Comprehensive Expenditure Review, aimed at restraining costs and reducing spending inefficiencies, creates an immediate operational opening. The government has committed to reallocating \$13 billion annually by 2028–29, and reallocation requires comparing programs that are not naturally comparable, with different beneficiaries, different time horizons, and different forms of value. That is precisely the problem MVPF was designed to address. Beyond the CER itself, MVPF can be applied wherever comparison is already at stake in major spending decisions.

MVPF is not a single-stage tool. It is an analytical lens that can be applied wherever comparison of programs or program options is at stake, during pre-decision policy formulation, at the Memorandum to Cabinet (MC) and Treasury Board submission stages, in program design and delivery, during evaluations under the Policy on Results, at renewal or sunset decisions, in spending reviews, and after implementation. The most operationally immediate entry points are the decisions where comparison is already unavoidable, including proposed new programs and major social-policy measures at the MC stage, major program renewals, and the Comprehensive Expenditure Review.

In these settings, the minimum viable reform would be to introduce a standardized value-for-money comparison note attached to Treasury Board submissions, Memoranda to Cabinet, and proposals with significant fiscal implications, including major tax-delivered benefits. This note would not require a fully specified MVPF estimate in every case. It would require departments to clearly define the marginal policy change, report gross and expected net fiscal costs, identify likely beneficiaries, describe distributional impacts, specify the time horizon, and assess evidence quality and uncertainty. Where it is not yet feasible, departments should provide a structured account of value using the same headings: marginal policy change, gross and net cost, beneficiaries, distributional impacts, time horizon, and evidence quality. This

account should draw on the program's input-output-outcome evidence under the Policy on Results.³⁵ This keeps the standard consistent across cases.

When an MVPF estimate is possible, it summarizes the evidence as a comparable ratio. When it is not, the underlying analysis remains on the same template and can be quantified as the evidence base develops. Canada has better data infrastructure than the federal evaluation system currently brings to spending decisions. Statistics Canada's Social Data Linkage Environment can link administrative and survey data across domains such as income, health, justice, and education, and the Treasury Board Secretariat now recognizes data linking as a proven technique for evaluating program impacts.³⁶ There are already federal examples, including linked-data analysis related to Express Entry, the Canada Emergency Response Benefit (CERB), and regional economic development programs.³⁷ The gap, therefore, is not that linked data is absent. It is that linked-data evaluation is available and encouraged, but it is not established as a default requirement in major program evaluation, renewal, and expenditure review cycles.³⁸ Mature programs with strong administrative data could be evaluated ex post to refine estimates of long-run outcomes and fiscal feedbacks, while newer programs could begin with provisional estimates and improve over time as evidence accumulates.

Institutional responsibilities can build on existing roles. The Treasury Board Secretariat is best placed to house and enforce the comparison template within existing expenditure management processes, both for new investment proposals and for spending reviews. Departments would prepare the initial analysis, drawing on program knowledge and the existing evaluation work. The Department of Finance Canada would play a central role in assessing tax-delivered benefits and in setting standards for fiscal assumptions, particularly where revenue feedbacks are material. Statistics Canada can support linked-data analysis where access is feasible under existing privacy and governance rules. What is required is not a new model for every program, but a modest central

35 Statistics Canada. (2025). *Social Data Linkage Environment (SDLE)*. <https://www.statcan.gc.ca/en/sdle/index>.

Treasury Board of Canada Secretariat. (2020). *Evaluation 101 Backgrounder*. <https://www.canada.ca/en/treasury-board-secretariat/services/audit-evaluation/evaluation-government-canada/evaluation-101-backgrounder.html>.

36 Statistics Canada. (2025). *Social Data Linkage Environment (SDLE)*. <https://www.statcan.gc.ca/en/sdle/index>.

Treasury Board of Canada Secretariat. (2020). *Evaluation 101 Backgrounder*. <https://www.canada.ca/en/treasury-board-secretariat/services/audit-evaluation/evaluation-government-canada/evaluation-101-backgrounder.html>.

37 Treasury Board of Canada Secretariat. (2025). *Data Linking for Program Monitoring, Evaluation and Reporting* (Appendix A). https://publications.gc.ca/collections/collection_2025/sct-tbs/BT66-99-2025-eng.pdf.

38 Treasury Board of Canada Secretariat. (2016). *Directive on Results*. https://publications.gc.ca/collections/collection_2017/sct-tbs/BT22-158-2016-eng.pdf.

analytical capacity to set standards, test assumptions, and maintain a shared evidence base. International precedents point in the same direction.

A common concern is that introducing a new framework will fail because existing incentives work against it, that the Treasury Board Secretariat, departments, and central agencies will treat MVPF as another underused tool. But tools and incentives do not operate separately. A common comparability framework creates the conditions under which incentive shifts become possible. It makes inconsistent comparison observable, gives external scrutiny something to hold on to, and signals to departments that benefit estimation is no longer optional.

Operationalizing MVPF in Canada will also require connecting three capacities that currently sit in separate institutional spaces. These are Statistics Canada's data infrastructure, academic methodology in welfare economics and causal inference, and the policy engagement work done by think tanks and civil society organizations. Canada has each of these in strong form. Statistics Canada actively seeks partnerships and has built the Social Data Linkage Environment and Research Data Centres precisely to enable this kind of work. What is missing is sustained institutional pathways that bring data, methodology, and policy demand into a single analytical workflow. The argument that the data is missing is not an argument against MVPF; it is an argument for the kind of partnership work that makes MVPF estimates tractable. Nor does this proposal add another underused widget to the toolkit. Cost-benefit analysis is rigorously applied in regulatory analysis, the domain it is designed for, and MVPF fills a different gap, in the comparison of direct program spending.

Applying MVPF across the federal fiscal architecture also runs up against jurisdictional limits. The federal government can use the framework directly on programs it controls, including direct federal benefits, tax expenditures, and federal grants and contributions. But, as mentioned earlier, large portions of federal social spending flow through transfers to provinces, which design and deliver the underlying programs in their own constitutional sphere. Federal MVPF analysis can assess the welfare effects of those programs as they exist, but it cannot, on its own, justify reallocation across orders of government. Where the analysis points to high-return investments in areas of provincial authority, the operational pathway is intergovernmental cooperation – not federal direction through the spending power.

International examples show that governments can build evidence capacity into budget decision-making without replacing ordinary budget processes. The United Kingdom offers one model in the What Works Network, where independent evidence centres synthesize research, assesses what works, and translates findings for ministers, officials, and service leaders. Its value is not only research production, but the institutionalization of usable evidence. The United Kingdom has also created

an Evaluation Task Force, a joint unit of Cabinet Office and HM Treasury, to help ensure evidence and evaluation inform spending decisions. Australia offers a different model. Its Productivity Commission is an arm's-length research and advisory body that conducts public inquiries, publishes analysis, and provides comparative advice on economic, social, and environmental policy, while leaving final decisions to government. The lesson for Canada is not to copy either model. It is that comparison improves when evidence has a clear institutional home, stable analytical capacity, transparent methods, and a formal route into budget, investment, renewal, and expenditure review decisions.³⁹

How MVPF can promote stronger advocacy for social change

MVPF can also strengthen advocacy outside government. The full evidence base on what social programs deliver does not sit only inside departments. Much of it sits with non-profit and community organizations that see public services working, or failing, in communities every day, such as evictions averted, food bank visits avoided, hospital admissions that did not happen, children who stayed in school, and families that stabilized rather than fell further into poverty.⁴⁰ The problem is not a lack of evidence. It is the absence of a common tool for connecting community-level evidence to spending decisions in a way that compares value created, net cost to government, and distributional effects.

MVPF gives that evidence a structured form, linking what community organizations observe on the ground to the fiscal questions governments use to assess public spending. It asks who benefits, how constrained those households are, what changes in their lives because of the program, and what the program ultimately costs the

39 UK Government. *What Works Network*. <https://www.gov.uk/guidance/what-works-network>.

UK Government. *Evaluation Task Force*. <https://www.gov.uk/government/organisations/evaluation-task-force>.

Productivity Commission. *About the Productivity Commission*. <https://www.pc.gov.au/about>.

Productivity Commission. *How we operate*. <https://www.pc.gov.au/about/how-we-operate>.

40 Food Banks Canada. (2025). *HungerCount 2025: Food banks as a lifeline: Canada's new normal*. https://content.foodbankscanada.ca/wordpress/2025/10/FBC_HungerCount_EN_2025.pdf.

Maytree. (2023). *Recommendations for Embedding Economic and Social Rights in Canadian Public Policy: A Focus on Housing and Income Security*. <https://maytree.com/wp-content/uploads/maytree-un-submission-focus-on-housing-and-income-security.pdf>.

public purse once fiscal feedbacks are counted. These questions match much of what frontline organizations already know. They collect intake data, case records, program outcomes, partner research, and first-voice evidence from the people policies are meant to serve. Those sources can help identify effects that conventional budget reviews often miss, including improved stability, better health, stronger school engagement, employment retention, and reduced reliance on emergency systems.

This matters because federal spending and policy decisions are already made through structured processes that support evidence, performance, and comparability. As was noted previously, the federal government already has structured tools for evidence and analysis, including departmental performance and evaluation requirements under the Treasury Board's Policy on Results and regulatory cost-benefit guidance for comparing economic, environmental, social, and distributional effects.⁴¹ MVPF can help civil society organizations engage in these processes more directly. A submission to Finance Canada, the Treasury Board Secretariat, a parliamentary committee, or a provincial counterpart can identify the proposed policy change, estimate gross and net costs, name the beneficiaries, describe distributional effects, set out the time horizon over which benefits accrue, and be clear about evidence quality. Treasury Board submission guidance already asks departments to explain what initiative is proposed, how it will work, what it will deliver and when, and how risks will be managed; House of Commons guidance also confirms that individuals and organizations can submit briefs to committees to provide opinions, comments, and recommendations on matters under study.⁴²

Beyond engaging with proposals already on the table, MVPF gives advocates a way to set and challenge the agenda. Where evidence shows that a program delivers a high MVPF, the case for protecting and expanding it rests on welfare returns per dollar of public cost. Proposed cuts can then be evaluated against what they would actually destroy in welfare terms, not only in service-output terms. The same logic supports new programs. A proposed initiative with a credible high MVPF can be

41 Treasury Board of Canada Secretariat. (2020). *Evaluation 101 Backgrounder*. <https://www.canada.ca/en/treasury-board-secretariat/services/audit-evaluation/evaluation-government-canada/evaluation-101-backgrounder.html>.

Treasury Board of Canada Secretariat. (2016). *Policy on Results*. Government of Canada. <https://www.tbs-sct.canada.ca/pol/doc-eng.aspx?id=31300>.

Treasury Board of Canada Secretariat. (2018). *Policy on Cost-Benefit Analysis*. Government of Canada. <https://www.canada.ca/en/government/system/laws/developing-improving-federal-regulations/requirements-developing-managing-reviewing-regulations/policy-cost-benefit-analysis.html>.

42 Treasury Board of Canada Secretariat. (2026). *Guidance for Drafters of Treasury Board Submissions*. Government of Canada. <https://www.canada.ca/en/treasury-board-secretariat/services/treasury-board-submissions/guidance-for-drafters-of-treasury-board-submissions.html>.

House of Commons of Canada. (n.d.). *How to participate in the work of a committee*. Parliament of Canada. <https://www.ourcommons.ca/committees/en/participate>.

argued for in the fiscal language that finance and treasury officials already use. Where the welfare returns to a public investment exceed the welfare cost of raising the revenue to fund it, raising that revenue is itself sound fiscal policy. This provides a substantive ground for arguing that high-return social investments deserve to be funded rather than displaced by competing claims for fiscal space.⁴³ Used this way, civil-society analysis expands the evidence base available to central agencies, parliamentarians, and ministers by bringing rigorous external analysis into the same deliberative process governments already rely on, rather than running parallel to it.

Used this way, MVPF is less a technical reporting requirement than a shared vocabulary. It gives non-profits, community organizations, and policy advocates a disciplined way to show how programs create value beyond their immediate fiscal cost. The social return on investment literature makes a similar point; social-value frameworks can help non-profits and community organizations communicate their impact to governments, funders, and the public.⁴⁴ MVPF brings that logic into the fiscal language used to assess public spending by linking program benefits to net government costs. It allows advocates to explain not only why a program matters, but how its benefits, costs, and distributional effects should be considered together. Framed this way, MVPF becomes both an advocacy tool and an evaluation tool. It helps make the case for social investment in terms that are clear, comparable, and useful for public decision-making.

Canada needs decisions about both spending and revenue that are fiscally responsible and socially informed. That means asking not only how much programs cost, but also what they make possible: greater stability, reduced hardship, stronger communities, and better long-term outcomes. It also means treating welfare analysis as part of fiscal sustainability analysis, not separate from it. Some investments more than pay for themselves over time, and identifying which ones is itself a sustainability question.

43 Hendren, N. & Sprung-Keyser, B. (2020). A Unified Welfare Analysis of Government Policies. *Quarterly Journal of Economics*, 135(3), 1209–1318. <https://doi.org/10.1093/qje/qjaa006>.

44 Nicholls, J., Lawlor, E., Neitzert, E., & Goodspeed, T. (2009). *A Guide to Social Return on Investment*.

UK Cabinet Office, Office of the Third Sector. (n.d.). *The Guide to SROI*. Social Value International. <https://www.socialvalueint.org/guide-to-sroi>.

Next steps

This brief makes the case for adopting MVPF as both a shared metric for Canadian spending decisions and a shared vocabulary for social policy advocacy. The next phases of this project will turn to estimating MVPF values for Canadian programs, testing the framework in priority areas such as income security and child benefits, and identifying a practical process for maintaining comparable evidence over time. The goal is not to import a foreign tool, but to adapt a useful framework to Canada's policy context so that spending decisions and social policy advocacy can answer the same basic question more honestly: What does the next public dollar deliver, and for whom? Answering that question more fully can help ensure that public spending works to respect, protect, and fulfill the economic and social rights of every person in Canada.



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