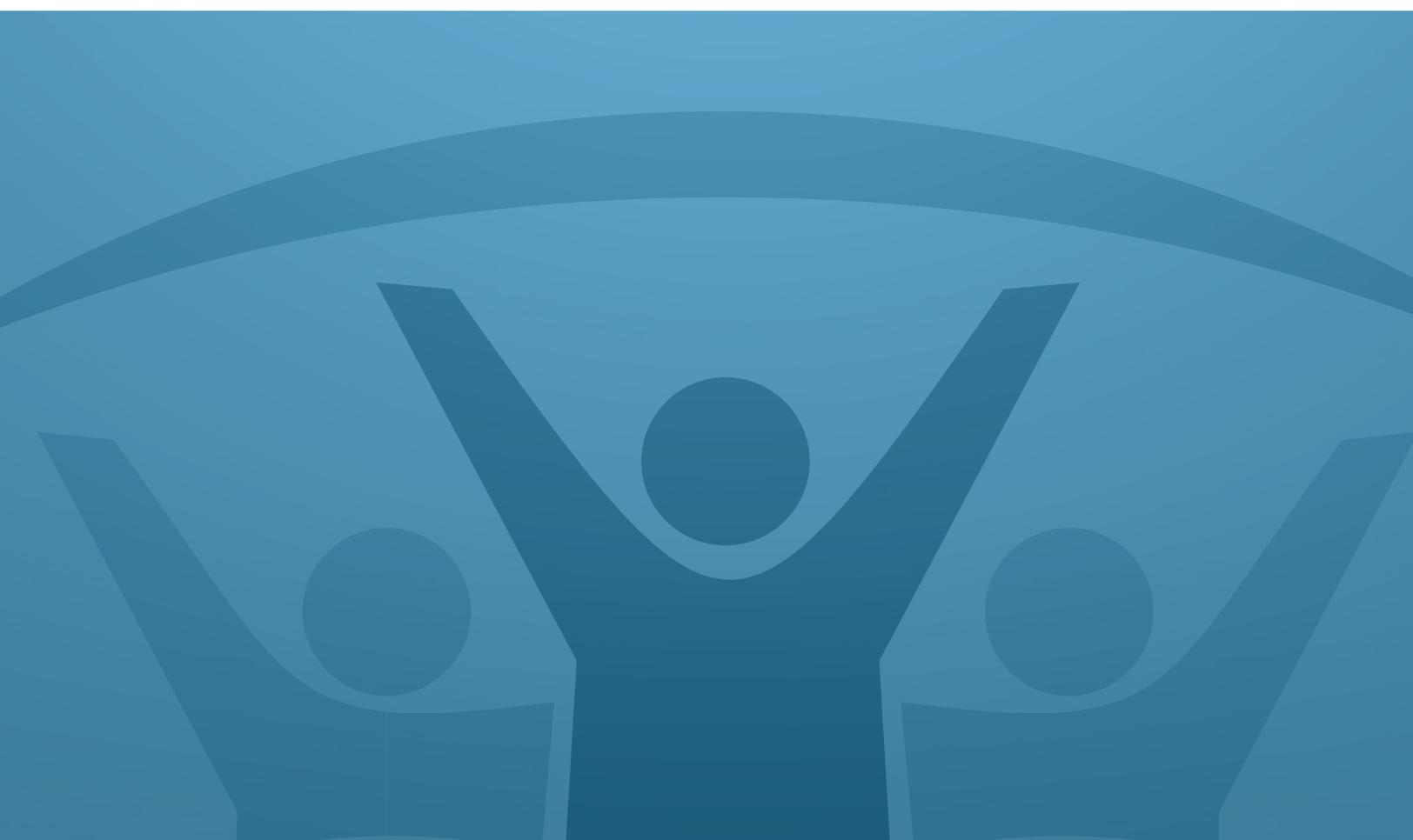


Child Benefit Enhancements Making a Difference for Low Income Families

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A report prepared in partnership between the Edmonton Social Planning Council and the Centre to End All Sexual Exploitation

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Child Benefit Enhancements Making a Difference for Low Income Families

John Kolkman, Research Associate

Background

For several years the Edmonton Social Planning Council (ESPC) has collaborated with the Centre to End All Sexual Exploitation (CEASE) to quantify financial challenges faced by women who have been or are currently being sexually exploited. The women participate in a CEASE sponsored program called Building Blocks for Families (BBFF). BBFF empowers and increases family stability for pregnant or parenting mothers through financial literacy training, connecting participants to community resources, and by supporting self-care and healthy activities.

In 2014, ESPC did a case study on the adequacy of family income to meet expenses of three of the BBFF participant families. One of the families in the case study had Alberta Works social assistance as their main source of income, a second family received Assured Income for the Severely Handicapped (AISH) benefits, and a third family had employment income from a modest wage job as their main income source.

Called 'The Affordability Gap', the objective of the family case studies was to quantify the gap between the actual incomes and expenses of BBFF participants during the month of January in 2012 and 2013, and the median incomes and expenses of a typical Edmonton family of similar size (Source: Affordability Gap, 2014). The income of all three families fell well below what a typical Edmonton family would need to maintain a modest standard of living. In 2013, this income shortfall relative to household expenses needed to maintain a modest standard of living was \$1,383 per month for the family relying on Alberta Works benefits, \$831 per month for the family receiving AISH, and \$1,790 per month for the low income working family. All families were headed by a female lone parent.

It is not surprising that the low income family receiving Alberta Works benefits had a larger affordability gap compared to the low income family receiving AISH benefits. For instance, in January 2013, the lone parent on Alberta Works received less than half the amount (\$741) as the lone parent receiving AISH (\$1,588). It seems sur-

prising that the low income family in which the lone parent worked full-time would have the largest gap between monthly income and expenses. This shortfall resulted in part from the working parent having the largest number of children and in part from the welfare wall effect. This effect results from income benefits (such as rent subsidy, GST rebate and child tax benefits) steadily decreasing as income from employment goes up.

The Affordability Gap report described how each of these families cut monthly expenses to the bone to survive, and made recommendations for how the financial wellbeing of these families could be improved. A key recommendation made in the report to improve the bottom lines of all three families was for the federal government to increase refundable child tax benefits and for the Alberta government to introduce a parallel Alberta Child Benefit. A refundable benefit provides a refund regardless of whether any income tax is payable or not.

Refundable child benefits are the most effective way to reduce poverty because they provide money directly to low income families with children. Low income working families receive the same amount as those on government income support at the same level of income. The greatest amount of benefits go to the lowest income families. Administrative costs are negligible and there is no demeaning means testing. Amounts are calculated by the Canadian Revenue Agency with the only requirement to annually file a tax return. This makes it more important than ever for all low income families to file tax returns regardless of whether they pay tax or not.

Enhanced Child Benefits Add to Incomes of Low Income Families

New and Enhanced Child Benefits Are Poverty Game Changers

Years of advocacy by many organizations at both the national and provincial levels finally resulted in meaningful change in 2016. Effective July 1, 2016, a new Alberta Child Benefit (ACB) was introduced by the provincial government, and an existing suite of poorly targeted federal child benefits was replaced with a new Canada Child Benefit (CCB).

As a result of the child benefit changes, an Alberta family with two children making \$30,000 annually will receive \$4,300 more per year from the federal and provincial governments. These enhancements to child benefits will make the biggest difference ever in reducing child poverty.

The implementation of a new Alberta Child Benefit, and increases in federal child benefits, both on July 1, 2016, are child poverty game changers. These new benefits go some distance toward guaranteeing a basic income to all Alberta families with children.

New Alberta Child Benefit

In the 2016-17 benefit year (July to June), the Alberta Child Benefit provides an annual benefit of up to \$1,100 per child, and up to \$550 per child for each of the next three children. Benefits will begin to be phased out at \$25,500 of net family income, and be fully phased out at \$41,220 of net family income. The new Alberta Child Benefit will complement an enhanced Alberta Family Employment Tax Credit (AFETC). Maximum benefits under the AFETC are provided between \$25,500 and \$41,220 of net family income, and will begin to be phased out thereafter.

235,000 of Alberta's lowest income children are receiving benefits from the new ACB. All of the 149,700 children living in poverty in 2015 are eligible to receive the benefit (Statistics Canada, 2017). In addition, the families of an additional 85,000 children who live just above the poverty line will also receive a partial benefit. When combined with the enhanced AFETC, which phases out more gradually, 380,000 of the lowest income children (about one in three) will receive additional benefits. The ACB and the AFETC are indexed yearly to changes in living costs.

Starting July 1, 2017, all of the monthly amounts and income thresholds will increase by 1.3% (Government of Alberta, 2017).

Enhanced Canada Child Benefit

July 1, 2016 is also the date the enhanced Canada Child Benefit (CCB) came into effect. The CCB replaced a previously complicated and poorly targeted federal child benefits system that included a Child Tax Benefit, the National Child Benefit Supplement, the Universal Childcare Benefit, and income splitting for families with children. The latter two measures in particular actually provided the largest financial benefit to families with the highest incomes.

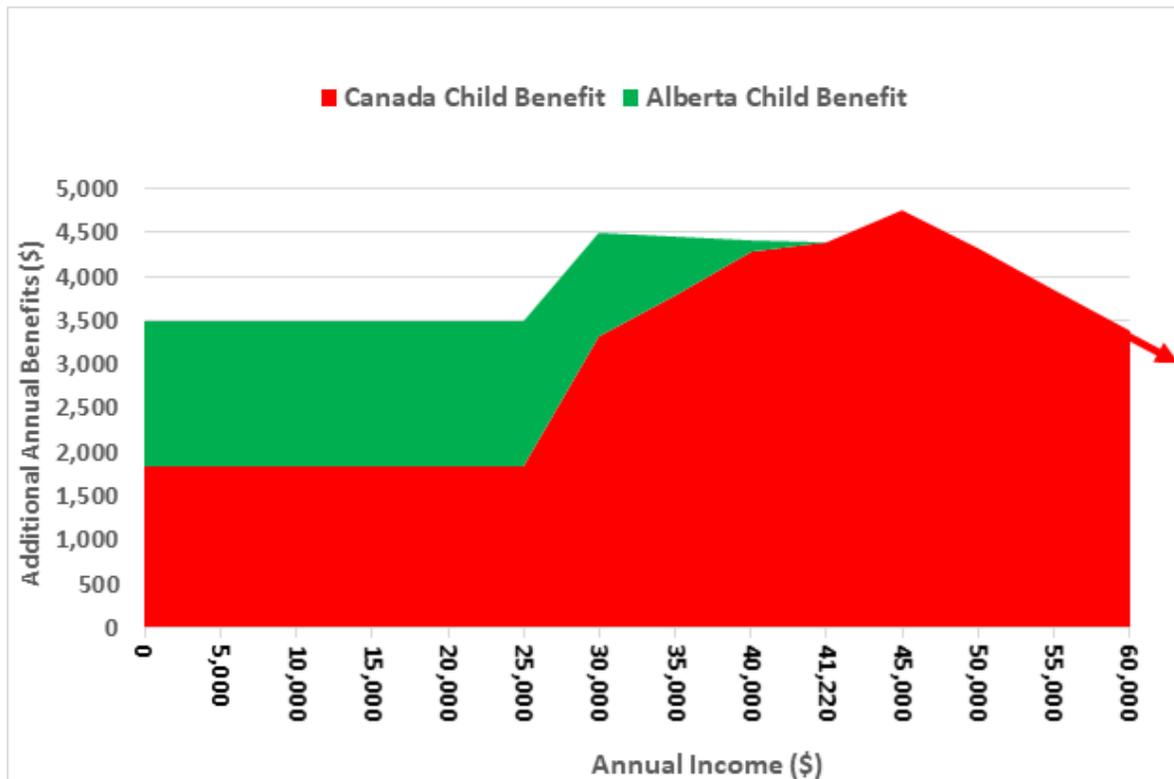
In comparison, the CCB is much better targeted to the low and middle-income families. Only those families with the highest incomes (over \$150,000 per year) received lower or no benefits than under the previous system. The CCB provides a maximum annual benefit of up to \$6,400 per child under the age of 6 and up to \$5,400 per child for those ages 6 through 17.

The only downside to the new Canada Child Benefit is the failure to index benefits and income thresholds to changes to living costs until the year 2020. This means that the real value after inflation of the CCB will be eroded by rising costs for essentials like food and shelter for the next four years.

The Alberta Child Benefit is heavily weighted to the lowest income families and phases out quite rapidly at higher levels of income. While also benefitting poor families, the Canada Child Benefit phases out much more slowly thereby reducing the welfare wall effect which results from having too many income benefits phase out at the same level of income. A family with two children and a net income of up to \$157,000 per year is better off with the new CCB than they would have been under the previous child benefits system.

Using online calculators developed by the Canadian Revenue Agency and MoneySense magazine, the chart below quantifies the increases the new CCB and ACB will provide to a family with two children ages 3 and 7 at different levels of annual income during its first full year after implementation (July 2016 to June 2017).

Chart 1 - Child Benefit Increases (Two Children ages 3 and 7)



Source: Calculations made using online MoneySense benefits calculator

For up to \$25,000 in annual net income, the two child family receives an additional \$3,480 per year (\$290 per month) in non-taxable child benefits (see Chart 1). From \$25,000 to \$50,000 in yearly income the combined benefits further increase, peaking at about \$4,700 per year (\$390 per month) at \$45,000, and thereafter beginning a gradual decline.

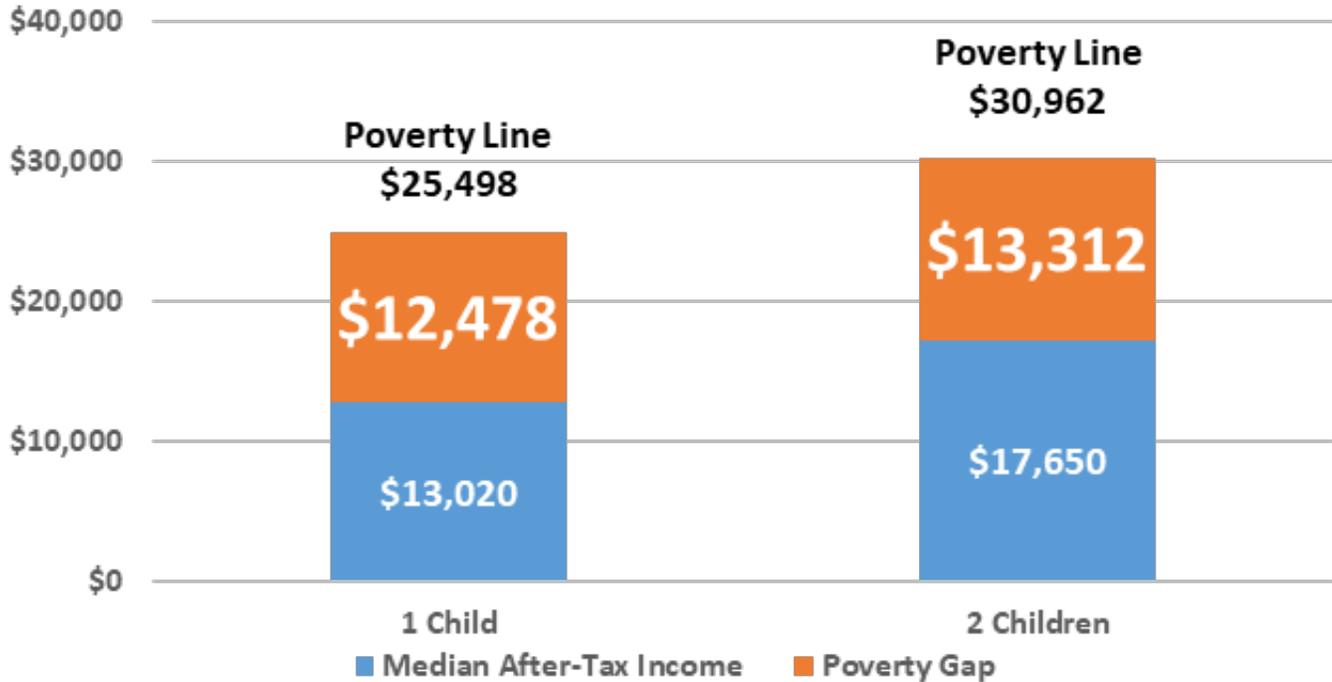
The partial impact of the child benefit changes will be known when Statistics Canada releases taxfiler data for 2016, at which point the increased benefits will have been in effect for the last six months of the year. 2016 low income data will be released in mid-2018. The full impact of the child benefit changes will not be known until 2017 is released. Based on the release of income data for previous tax years, this data is not likely to be available until about mid-year in 2019.

Increasing non-taxable child benefits by the above amounts will have a poverty reduction impact for low income families. Exactly how much is a matter of some dispute, with the federal government claiming the CCB changes alone could reduce child poverty by as much as 40 per cent, and the Canadian Centre for Policy Alternatives suggesting the poverty reduction impact of the federal changes could be as low as 10 per cent (CCPA, 2016).

Most low income families with children live well below the poverty line. Therefore, for most families, the child benefit changes alone will not lift them out of poverty. The poverty gap measures the difference between the median after-tax income of a typical Edmonton low income family and the low income threshold (poverty line) using the After-Tax Low Income Measure (Statistics Canada, 2017).

As shown on Chart 2 below, at \$17,650 in 2015, the median after-tax income of a low income family with two children was \$13,312 below the \$30,962 low income threshold for that year. The \$3,480 in additional benefits a typical two-child family will be receiving in 2017 covers 26.1% of the \$13,312 poverty gap.

Chart 2 - Poverty Gap for Low Income Lone-Parent Families, Edmonton CMA, 2015



Source: Statistics Canada, CANSIM Table 111-0015

Purpose of the June 2016 BBFF Focus Group

Calculating the impact of the child benefit enhancements for hypothetical families is useful and informative. However, assessing the impact on the lives of actual families in ways is also important. The Edmonton Social Planning Council held a focus group with participants in the Building Blocks for Families initiative on June 16, 2016. The focus group with 7 participants was held in the boardroom at the CEASE office.

The purpose of the focus group was to inform participants of the upcoming child benefit changes, and to have them provide baseline information on their current financial challenges and hardships against which the increases in child benefits could be measured.

To inform participants of the upcoming changes a hand-out was prepared (attached as Appendix A). The changes were briefly described and participant questions were answered.

The focus group participants were then asked to answer two questions using an around the table format. The first question was: what are some financial challenges that impact your ability to provide for your family? The second question was: how do you expect the additional income from the Alberta Child Benefit and the Canada Child Benefit to help your family?

Focus group meeting notes were recorded in such a way that it was not possible to attribute specific responses to a specific participant.

Notes from Child Benefits Project Focus Group

June 16, 2016 from 5-6:30 PM in the CEASE Boardroom

1. What are some financial challenges that impact your ability to provide for your family?

##: Some of the financial challenges are just not having money. I don't have a job and use Alberta works. It's not enough income to provide for your family. So I struggle. Getting a job in my current situation is difficult so it's like a circle you keep going in. Not having enough food, not being able to pay the bills and have the necessities. I have a nine year old daughter and 24 year old daughter.

##: Because of how the child tax benefit is set up now, I have lost the subsidies because of the way it is set up. I can't access the sports subsidy and it can be costly for me to provide him that. I can't afford to put him in hockey. It's unfortunate because then I am taking away from him and stopping him from being able to thrive in what he should be able to thrive in. I work four jobs and with those four jobs and with that I took home \$52,000. That tells you, that's four jobs. It's exhausting but I have to do that in order to have things, not be living in poverty. I am not on assistance, but I have lost so much since being off government assistance. I feel like I am being punished for not being on welfare. I am being punished for being a productive member of society. That is frustrating. I have good credit, but sometimes I am living on borrowed credit, and I don't like that.

##: I have two kids under 18. One just graduated and that was tough. My daughter is graduating and can't leave home. I am losing her benefits but she can't afford to leave home, she is going to university and I don't want her to be in student debt. I will have to support her on my income.

##: For myself, it would be, I am getting cut off housing subsidies soon from Homeward Trust which really sucks. That's \$900 taken off a month. Now I am going to be living off \$300. They are trying to phase out people that have been on subsidies the longest. The graduate program didn't provide me another subsidy. I am the graduate from Housing First. There is no paperwork, it's all verbal communication. So this is what she told me, go to Alberta works.

##: They give you a month and cut you off. When I became a follow-up support worker, and we were housing clients. Homeward Trust put it on the agencies that as soon as someone gets their home you have to get them to fill out Capital Region Housing and get them to apply for benefits.

##: Payday loans, pawning, loaning. There is not enough money so I am constantly in a position where I am pawning. I am on payday loans, and wondering if I am going to be put on the good list. I can't get myself out of the pawn shop. I can't get myself out of debt. Hopefully the benefit comes between the first week and second week of the month instead of the third and fourth. I wish it would come the first week like GST so that we can get through the first two weeks.

##: Two participants agreed that the cheques come way too close.

##: There would be a lot of less strain on food banks if we could provide our kids with fresh lunch.

##: I don't have enough money. I have twins and when they go through growth spurts it's double everything. I need to keep them occupied and in sports. I am with the YMCA so when I do the membership it's a big help because they give low income support. Food prices is day-light robbery, especially the healthy stuff. I don't believe in giving my kids candy. I rely a lot on the food bank. My van just broke and I now have to learn the transit system. I sneak my kids on because I can't afford to pay for them.

##: Going to the food bank is causing barriers because you have to go to another place to get your formula and diapers and don't have money to pay for transit passes to go to all these places. [not direct quote]

##: I am just broke all the time. Two month old baby, pregnant now, and a three year old. I pawned my big TV. I am on AISH. I only get \$100 per child right now and it's nothing. I have to pay for one of my medications right now which is crazy.

##: Since 2011 I never used government assistance because I was involved in criminal activities. But since I have been on government assistance I feel like I am being punished.

#: I am in school and dragged it out to four years so that I didn't have to make government assistance because it was not enough.

##: I worked hard to get the money I get just to work and get a job and not to freak out about which payments I am going to make. I don't get the GST rebate, I only get \$323 in child benefits for three kids. Sports and stuff, my kids are grown and the registration is so expensive. I work paycheque to paycheque and use payday loans.

##: When our kids are not busy they are involved in bad activities. We have to keep them busy in sports.

##: My kid will be turning 18 and going to university and staying home. You lose the benefit for that child.

2. How do you expect the additional income from the Alberta Child Benefit and the Canada Child Benefit to help your family?

##: I would assume for me is that I wouldn't have this money to begin with so it's additional money \$600 extra. But I am still getting deducted for my child tax but still it would be \$400. That would help me. Right now I live paycheck to paycheck. Extra money for a rainy day. I have a 12 year old son and I didn't know I could apply for a mental disability benefit. Sports, I have two grown sons and my son is going to the sport event and wishing he could play but I can't afford it. I have to buy groceries. My sixteen year old is working and not going to school, he is a kid he should be focusing on education. He is a full-time gas jockey. It was his choice. It would be nice. Being on welfare you can't go camping activities with your kids but I am working and still can't go camping with my kids. It would be nice to go camping with my kids. It will benefit a little.

##: I will be able to go out more with my kids. I don't do anything with my kids especially since I have a newborn baby. I will be able to do extra things – treat my kid. My meds are \$323 per month and their not even doing me any good. Since my newborn was here it's been crazy, it's all bad.

##: Put the extra child benefit towards clothes or food.

##: You still have to go to Value Village. It's not like you are going to a department store. It would be nice to be able to go to a department store and not use handy-me-downs.

##: I might have to save the additional income I get. If the rental income doesn't come in for me I am going to be behind with rent. It's only \$70 bucks extra for me. I calculated the benefits I am going to get. I wish I had more kids. I only have one daughter that lives with me. I have six children but only one lives with me. I am trying to get the subsidies in place. I see my sisters and they have five kids and they will get a grand. If I want to go to work they will take it off my cheque and my disabilities are not under control. It's more beneficial for me to stay on Alberta Works. I want to use the first payment to take my daughter to Calgary and stay at the zoo.

##: I need a vehicle, three kids. With the extra money, I am going to save for that.

##: We will be going to BC with the first paycheck and save the rest.

##: This extra money will help create normalcy a little bit. The money may get us out of the house a little bit more. Arrangements for bills may possibly be farther apart. When you can't provide necessities for your family and you are so far apart on your bill payments it shocks your mental stability. I am so depressed. I am working on school and jobs but in the meantime it is a huge struggle.

##: Lack of money makes you get more into your addiction. Fuels your beast. For me it is gambling. I want to get ahead. I am grateful for CEASE for putting other things that will help more children, women, and families.

##: People will not do all the work to get off welfare because you get cut off

##: Every year my landlord increases the rent.

##: I live in a family member's home and if it wasn't for that I wouldn't even be able to afford rent. I am not willing to change my demographic situation to get decreased rent, it increases criminal activity

##: Make the benefit come out the same time as the GST

##: I don't mind getting it on the 20th. I schedule my payments around that.

##: Anyway you look at it, it's a bonus.

##: When you become dependent on even a \$50 gift card a month it effects your entire life because you depend on that money.

##: You have to tell them you are a prostitute and on drugs to get on welfare. The women go through college and come out with no jobs

##: Cost of child care. What am I supposed to do when I go back to work? I can't afford it.

Follow Up Interviews with Focus Group Participants

Initially, there were plans to hold a second focus group with the same participants in early 2017. However, it was later decided that using a follow up interview with each participant would yield higher quality and more personalized information about the difference the child benefit increases are making.

Interviews were conducted with seven participants of the Building Blocks for Families Program. Six of the participants interviewed in phase two previously attended the June 2016 Focus Group. All but one of the participants are single mothers. All were previously involved in sexually exploitative work. One participant continues to work occasionally in a body rub parlour to make ends meet. The names of the participants have been changed to ensure anonymity and protect privacy.

Betsy has two children under the age of 18 and three children who are now adults. She participated in the June 2016 focus group. The follow up interview with her took place in May 2017. She has a full-time job and three part-time jobs. Despite the toll these long working hours take on her personal and family life, the jobs provide her with a combined employment income in the \$70,000 per year range. While she did initially receive an additional \$335 per month from the Canada Child Benefit starting in July 2016, this was more than offset by a \$366 per month reduction when one of her children turned 18 in September 2016.

Betsy's income is too high to qualify for the Alberta Child Benefit. The enhancement to the Alberta Family Employment resulted in payments of \$565 in July 2016 and January 2017. She used the extra CCB and AFETC amounts received in July and August 2016 to pay for school clothes and supplies for her children for the upcoming academic year. She used the AFETC payment received in January 2017 to help pay Christmas bills.

Ellie has one child aged two. She participated in the 2016 focus group and a follow up interview in 2017. She is currently receiving Alberta Supports Not Expected to Work Benefits. Until November 2016 she was enrolled in the Housing First program administered by Homeward Trust Edmonton. Under Housing First, her rent was fixed at 30% of her household income. Due to increased stability in her life she graduated from Housing First only

to be faced with the loss of her rent subsidy. With help from CEASE staff she received a doctor's note indicating her health would be at risk if she had to move to cheaper accommodation. As a result, she is receiving an additional \$300 in shelter benefits from Alberta Supports. This meant her net rental costs effective December 2016 only went up \$77 per month, despite now paying market rent.

With Alberta Supports as her sole source of income, Ellie struggles to pay her basic living costs every month. As a way to cut her expenses, she sometimes does not purchase a monthly bus pass and instead relies on transit tickets provided by CEASE. To save money on food, Ellie usually receives a monthly food hamper from the Edmonton Food Bank. She has come to rely on payday loans, using rent to own to pay for household furnishing and electronics, and pawning items to pay basic expenses. Over time, this borrowing has resulted in credit payments totaling about \$300 per month.

Effective July 2016, Ellie began receiving an additional \$275 per month in federal and provincial child benefits including the maximum \$92 per month from the Alberta Child Benefit. Starting in July 2017, the ACB will be going up 1.3 per cent though the CCB monthly amount will remain the same. She is using the increased ACB and CCB to purchase clothing for her daughter and healthier food for both of them. She is also beginning to pay down her payday and rent to own loans. The introduction of the Ride Transit program (low income transit pass) for households living below the poverty line will begin benefitting Ellie in September 2017 by reducing the cost of her monthly transit pass from \$94.25 per month to \$35 per month.

Mary has two children ages 14 and 2 years. Over the past year, Mary has been a full-time student at NorQuest College. After taking academic upgrading courses, she is registered for the unit clerk program starting in September 2017. Her income is from a Learner's Grant from Alberta Works supplemented by a bursary. Mary pays market rent for her apartment. CEASE staff has helped her apply to Capital Region Housing for a rent subsidy. While she does receive a child care subsidy to help pay for full-time child care for her two year old, she still pays an additional \$400 per month in child care costs after receiving the subsidy.

Mary experiences a lot of financial stress including not

having enough money to pay her rent and utilities, to pay for food and for diapers for her toddler. Starting in July 2016, Mary began receiving an additional \$412 per month from the enhanced Canada Child Benefit and the new Alberta Child Benefit. The additional child benefits income is allowing Mary to buy her own food rather than rely on food hampers, and to be current on her utility bills.

Penelope has three children ages 17, 16 and 12. She is employed full-time and is also the resident manager of an apartment complex run by the same local social service agency for which she works. Her rent is included in the income she receives from her employer. But due to the ages of her children, two of whom are teenagers and the other a pre-teen, she pays an extra \$135 per month for a third bedroom in her apartment. To stretch her food budget, she receives a monthly food hamper from the Food Bank. She also has credit card debt for which she is often only able to make the minimum monthly payment. She drives an older vehicle which means higher repair and maintenance costs.

Like many other low income workers, Penelope's household income is just above the maximum income threshold needed to qualify for the Alberta Child Benefit. Since July 2016, she is receiving several hundred additional dollars per month from the enhanced Canada Child Benefit. She is also receiving an increased Alberta Family Employment Tax Credit on her working income. With the extra income, she has started a savings account towards purchasing a newer car. She is also using the additional money to do leisure activities at City recreation centres. Her income is too high to qualify for the City of Edmonton Leisure Access Pass. Finally, she is able to more readily afford nutritious food and buy clothes for her children.

While the increased income from the child benefit enhancements have been positive, with two of her children turning 18 in the next year, the increases will also end up being temporary as Penelope will be losing two-thirds of her child benefits (or about \$600 per month in family income). The only offset is that her youngest child has a disability. Until now, Penelope has not been received the Child Disability Benefit, a federal income-tested program that provides additional support to families of children with a disability. Based on her income, Penelope should receive about \$200 per month for her child with a dis-

ability on top the Canada Child Benefit.

Janice has two ages 9 and 2 years. She is the only BBFF participant interviewed who is married. Her husband adds to the household income by working odd jobs. Janice and her family pay market rent. She is a graduate of a two year marketing program at NorQuest College. Her studies have left her with a large student loan which she will have to start repaying when she finds work. For now she relies on Alberta Works income support. Family finances are very tight and she relies on monthly food hampers from the Food Bank to help stretch the household food budget.

Effective July 2016, Janice is receiving an additional \$450 per month in combined benefits, about half from the Alberta Child Benefit and half from the enhanced Canada Child Benefit. She is using the additional monthly income for food for her family and to pay for gasoline and other transportation costs.

Kendra is a single parent with four children: 6 year old twins, a 9 year old, and a child who recently turned 18. She lives in rent-subsidized Capital Region Housing but due the size of her family still ends up paying \$750 per month. Her source of income is Alberta Works income support, and she occasionally receives food hampers from the Food Bank.

Kendra is currently receiving just under an additional \$800 per month in child benefits including the maximum benefit from the Alberta Child Benefit for four children. She reports the extra money goes straight to paying for children's clothing, for more food, and for a better quality of food. She is also losing several hundred per month as her oldest child has just turned 18.

Jessica has two children ages 3 years and 2 months at the time she attended the June 2016 focus group. She has a disability and her source of income is the Assured Income for the Severely Handicapped (AISH) program. She lives with her children in subsidized accommodation provided through Pathways to Housing (P2H). P2H is a Housing First program tailored for people with more complex needs. She received a monthly food hamper to extend her food budget.

CEASE was not able to conduct a follow up interview with Jessica. She did however file her tax return. With two children under six, she is receiving an additional \$275

per month, about half from the new Alberta Child Benefit and the other half from the enhanced Canada Child Benefit.

Child Benefit Increases Making a Significant Difference

All the Building Blocks for Families (BBFF) parents are making effective and responsible use of the increases in federal and child benefits. The increases are being used to cover essential expenses for their children and household. The increases are being used to pay for children's clothing, back to school expenses, and nutritious food. In some cases, the extra income this freed up helped to pay for bus passes, pay down bills including utilities, pay down debt, and contribute to savings for a more reliable vehicle.

Only one participant did not make at least occasional use of the Food Bank's hamper program to make ends meet. Of the participants who did receive food hampers previously, the child benefit increases allowed them to reduce or eliminate their use, and instead buy nutritious food for their families.

Another positive aspect of using refundable tax benefits to improve the incomes of low income families is how it helps bring families into the economic and financial mainstream. Each year, families are filing tax returns, some with help from volunteer tax preparers, and others have learned to file their own returns. Filing returns also means having a bank or credit union account into which their child benefit payments can be deposited.

All but one of the seven parents interviewed has taken financial literacy training to improve their budgeting and purchasing skills. Financial literacy and matched savings are offered through the CEASE EMPOWER U program. EMPOWER U: Building Confident Futures is a major collaborative initiative of the United Way of the Alberta Capital Region Pathways out of Poverty (United Way, 2017).

While the impact of the child benefit increases have been undoubtedly positive, BBFF participant families still face many financial challenges. This is clear from the follow-up interviews conducted.

One of the challenges facing several of the participating parents is the loss of both the Alberta Child Benefit and the Canada Child Benefit when one or more of their chil-



dren turn 18 years of age. This entails the loss not only of the benefit increases but the entire benefit. Increasingly, young adults are still living at home and still financially dependent on their parents. This is true of families in all income ranges, including the BBFF families. In some cases young adults in these families want to enroll in post-secondary education thereby having to pay tuition fees and other costs.

Another challenge for low income working families are the relatively low income thresholds needed to qualify for the Alberta Child Benefit. The two BBFF participants who worked full-time or more had incomes which made them ineligible to receive any benefits from the ACB. In the 2017 benefit year, the ACB is phased out completely at \$41,786 in yearly income for a family with two children. The phase-out of the CCB is much more gradual (about \$200,000 for a family with two children).

A positive feature of the Alberta Child Benefit is that it is fully indexed. Both the benefit amounts and the income thresholds are adjusted annually to reflect changes in living costs. A negative feature of the CCB is a failure to index until the year 2020. This means that for the next four years, the real value of the CCB benefit amounts will be eroded as living costs rise.

Conclusion

Of the policy changes made by federal and provincial governments made in recent decades, none will have a bigger impact on the financial well-being of low income families with children than the changes made to federal and provincial child benefits starting in July 2016.

Poverty is complex and multifaceted. The additional investments being made through refundable child benefits will not erase the many challenges facing parents who are survivors of sexual exploitation and trauma. The several thousand additional dollars being added to the annual household incomes of these families are not even sufficient to address all of the financial pressures these families are facing. But all of the evidence gleaned from the interviews of the families participating in the Building Blocks for Families initiative suggest they are using the extra dollars to better their lives and the lives of their children.



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About the Edmonton Social Planning Council

The Edmonton Social Planning Council is an independent, non-profit, non-partisan social research organization, with registered charitable status. Our focus is social research, particularly in the areas of low income and poverty. ESPC is a source of knowledge and expertise on social issues within our community.

We are dedicated to encouraging the adoption of equitable social policy, supporting the work of other organizations who are striving to improve the lives of Edmontonians, and educating the public regarding the social issues that impact them on a daily basis.

Our Vision

A community in which all people are full and valued participants.

Our Mission

Through rigorous research, detailed analysis, and community engagement, we deepen community understanding of social planning issues, influence policy, and spark collaborative actions that lead to positive social change.

Connect with us on social media!

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