

Managers' Reports



Request for Recommendation

Ontario Child Benefit

Presented To:	Priorities Committee
Presented:	Wednesday, Jun 18, 2008
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Type:	Managers' Reports

Recommendations

WHEREAS the introduction and implementation of the Ontario Child Benefit has resulted in the restructuring of the social assistance benefits, impacting the way benefits will be delivered for families with children;

THEREFORE be it resolved that staff bring forward in the fall for Council's consideration, recommendations on the allocation of the savings of approximately \$210,000 (OW \$130,000 and \$80,000 ODSP) resulting from the implementation of the Ontario Child Benefit.

Finance Implications

The impact of the introduction of the Ontario Child Benefit and the changes to the National Child Benefit Supplement will be reflected in the 2009 Budget.

Signed By

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EXECUTIVE SUMMARY

In the spring of 2007, the Province released the 2007 Ontario Budget: Investing in People Expanding Opportunities. A major focus of the budget addressed the issue of poverty and supporting those most vulnerable in society. A cornerstone to the budget was the creation of an Ontario Child Benefit (OCB) for children in low-income families. This is seen by the Provincial government as a significant step forward in helping children and their families living in poverty.

This brought forward the following two important and related changes:

1. To no longer deduct the National Child Benefit Supplement (NCBS) from social assistance cheques, and,
2. To upload a portion of benefits paid to children of parents who are on Ontario Works and Ontario Disability Support Program through a new program called the Ontario Child Benefit (OCB).

These changes will begin effective July 2008 for Ontario Disability Support Program (ODSP) clients and August 2008 for Ontario Works (OW) clients, with full implementation by 2011.

This report provides:

1. An overview of the key characteristics of the new OCB program,
2. The implications the OCB will have on Ontario Works families in the City of Greater Sudbury as well as the steps being taken to ensure a smooth transition for these families, and,
3. Information in support of the positions of the Association of Municipalities of Ontario (AMO), the Northern Ontario Service Deliverers Association (NOSDA), and the Ontario Municipal Social Services Association (OMSSA) in regards to the request that the Province issue the full amount of the Back to School and Winter Clothing Allowances for social assistance recipients in 2008 as Year 1 strategy to reduce hardship through the transition of consolidating these benefits within the new Ontario Child Benefit.

BACKGROUND

With the introduction of the OCB, the Province will also restructure social assistance benefits, impacting the way benefits will be delivered for families with children.

The strength of a child benefit outside of the social assistance system is that it will ensure all low-income families with children can access a more secure, reasonable and sustainable source of income. It would also allow families on social assistance to retain the additional support that might otherwise be considered income and deducted as part of the National Child Benefit Supplement (NCBS).

With implementation of the new program changes, clients on social assistance will continue to receive the National Child Benefit Supplement (NCBS). The NCBS and the Canada Child Tax Benefit will be consolidated into one child benefit cheque that will be sent directly to families by the Canada Revenue Agency.

Municipal funding that currently results from the NCBS claw back will instead be realized from social assistance restructuring and the introduction of the new 100% provincially funded OCB. The impact on actual funding will be included in the City's budget submission for 2009.

The Ontario Child Benefit (OCB)

The OCB provides financial assistance to all children under 18 years of age living in low-income families, whether the parents are in receipt of social assistance or not. It is estimated that nearly 1.3 million children in low-income families across the province will benefit from the OCB.

Key characteristics of the new benefit include:

1. A five year phase-in period commencing in 2007 with full implementation by 2011
(See Attachment 1)
2. Unlike social assistance, which is means tested, the OCB will be income tested and delivered through the income tax system
3. OCB payments will be based on the number of children in a family and the family's income from the previous year
4. To receive the OCB, the primary caregiver(s) must file their income tax with the Canada Revenue Agency (CRA) who will administer the benefit
5. A one-time payment of up to \$250 per child under age 18 was provided to all low-income families in July 2007
6. OCB is funded entirely by the Province
7. Families receiving either Ontario Works (OW) or Ontario Disability Support Program (ODSP) will be eligible for the OCB

The maximum benefit will be paid to families with children under eighteen years of age whose adjusted net income is \$20,000 annually or less and will be reduced incrementally based on their adjusted net income over \$20,000.

Social Assistance Restructuring

As part of the implementation of the OCB, the Province is also restructuring social assistance, which may affect approximately 1,100 Ontario Works families within the City of Greater Sudbury, based on local statistical data of May 2008.

Outlined below are the key changes to social assistance:

1. Restructuring of the Ontario Works Benefit rates as follows:
 - The 'Basic Needs' amount for children will be removed,
 - Back-to-School and Winter Clothing Allowances will be removed from social assistance, and,
 - A sole support parent supplement and age-related supplement for families with children 13 and older will remain.
2. The National Child Benefit Supplement (NCBS) will no longer be deducted from social assistance benefits
3. Shelter, health and employment benefits for social assistance families will not be impacted by the restructuring
4. For social assistance families that do not receive the full OCB the Province is establishing a Transition Child Benefit (TCB)

Transitional Child Benefit (TCB)

In certain circumstances, families on social assistance may either not receive an OCB payment or will receive less than the full OCB amount. These circumstances may include the following situations:

1. Did not file an income tax return for the previous taxation year
2. Is a newcomer to Canada (i.e. refugee claimant)
3. Has recently moved to Ontario
4. Has a newborn child
5. Experienced a significant income change
6. Is facing administrative delays for receipt of the OCB

To ensure that no family on Social Assistance is worse off as a result of the implementation of the OCB, the Province has introduced a Transitional Child Benefit (TCB). The TCB is fully funded by the Province and administered by municipalities through the social assistance system.

Initially, those families that do not receive any OCB will receive the TCB for four months. It is expected that CRA will be able to process any new income tax returns within that time period, thereby ensuring a family will be eligible for the OCB. However, for those recipients that either are not eligible to receive the OCB (such as refugee claimants) or do not receive the full OCB, they will continue to receive the TCB beyond this four month period as long they are making reasonable efforts to pursue the OCB.

National Child Benefit Supplement (NCBS)

In July 1998, the federal government introduced the Canada Child Tax Benefit (CCTB) which combined existing federal programs assisting low income families, and introduced the NCBS. At that time, the Province of Ontario as well as most other provinces and territories agreed to count the NCBS as chargeable income, in effect deducting monthly NCBS benefits from social assistance payments. As well, they agreed to reinvest any savings from these deductions into programs and services that support NCBS program objectives.

As part of the social assistance cost sharing agreement in Ontario, NCBS savings are allocated on an 80 provincial/20 municipal basis. Municipalities were required by the province to reinvest their savings into programs and services that meet NCBS program objectives established jointly by the federal and provincial governments.

In 1998 the provincial government provided specific objectives for NCBS reinvestment:

- To help prevent and reduce the depth of child poverty; and,
- To promote attachment to the workforce - resulting in fewer families having to rely on social assistance - by ensuring that families will always be better off working.

In the past, the City of Greater Sudbury has invested in a range of initiatives that provide supports to OW, ODSP and low income families with children.

As part of restructuring, the province will no longer determine objectives for municipal reinvestment of the NCBS but has stated the expectation is that the reinvestment be maintained and local programs for families and children not be negatively impacted by these changes.

Staff will continue to monitor the changes in the size and composition of the social assistance caseload and will be monitoring the financial impact of the new program following its implementation this summer. The impact of these changes will be known by the fall of 2008 and any implications will be considered during the 2009 budget process.

Back to School and Winter Clothing Allowances

The Back to School and Winter Clothing Allowances serve a specific need for families receiving social assistance. Beginning in 2008, these benefits will no longer be provided in August and November as in previous years. In 2008, families receiving social assistance will not have adequate finances or notice period to save money to address these particular needs.

The Association of Municipalities of Ontario (AMO), the Northern Ontario Service Deliverers Association (NOSDA), and the Ontario Municipal Social Services Association (OMSSA) have advocated that the Province issue these allowances in 2008 as a transition strategy (one-time payment in 2008) and be paid 100% by the Province. They have also advocated that any new initiatives, programs or expenditures related to social and health programs be fully funded by the Province.

It is encouraged that Council support the positions of AMO, NOSDA and OMSSA in regards to the one time transition strategy of issuing the allowances in 2008.

The Province's intention with restructuring and the new OCB program is to change the way it provides benefits for children of low-income families regardless of source of income. Ultimately, families with children on OW and the ODSP will be slightly better off and the programs will benefit all children of low-income families in Ontario, whether the parents work or receive social assistance. Also the OCB will help families make the transition from social assistance to employment because parents would continue to receive the OCB after they begin working.

STRATEGY

As a result of the restructuring of social assistance, Ontario Works families will see the amounts and source of their incomes change. They will receive lower benefits through social assistance, but new income through the OCB that compensates for this reduction (see Attachment 2). Social assistance recipients will first notice a change to their August 2008 assistance payments. Attachment 3 compares what different family types on Ontario Works received prior to the OCB and what they will receive the first year the OCB is issued on a monthly basis.

To support the successful introduction and implementation of the OCB in the City of Greater Sudbury, the Social Services Division is taking a number of steps to inform, prepare and engage social assistance recipients, community stakeholders and CGS staff.

Families Receiving Social Assistance

To assist families through the restructuring process, a comprehensive communication strategy has been developed. The strategy includes:

- In-person interviews – staff will conduct one-on-one OCB orientations as well as financial reviews with social assistance families
- Direct mail-outs – separate mail-outs will be sent to OW recipients to encourage them to file their income taxes to be eligible for the benefit as well as to inform them about the change to social assistance
- Communication material – pamphlets and posters have been developed and are being used.

Community

To engage community agencies across the city who provide services to families with children on social assistance who may receive the OCB, Social Services Division, jointly with the ODSP office, is holding an

information session and providing communication packages to the legal clinic, shelter services, Homelessness Network, non-profit agencies and community partners. Over 30 city-wide community groups and agencies have been invited to the information session.

City Staff

To prepare staff on the OCB implementation, a two phase training plan has been developed and supported by information sessions and tools. Over 90 staff from across the Social Services Division were involved in the Phase 1 training held in February 2008 and further in-depth Phase II training occurred in May 2008.

RECOMMENDATIONS

According to the Province, the introduction of the OCB will result in savings to the City.

In December 2007, the MCSS provided municipalities with an estimate of those savings for the period of August 2008 to March 2009. Savings for the City of Greater Sudbury, based on the caseload as of September 2007, is estimated to be \$210,000 (OW \$130,000 and ODSP \$80,000) [1]. However the size and composition of the OW and ODSP caseload after July 2008 will impact the final amount. Social Services Division will include estimates of the impact as part of its 2009 budget submission.

The impact to the City of Greater Sudbury resulting from restructuring and the introduction of the OCB will be included in the City's budget submission for 2009 as the actual amount of funding will be determined by the size and composition of the OW and ODSP caseload after the program is introduced in July 2008.

The Social Services Division, through consultation with community agencies, stakeholders, staff and other City of Greater Sudbury departments will bring forward recommendations on the allocation of the OCB savings in the fall for Council's considerations.

It is also encouraged that the Council support the positions of the Association of Municipalities of Ontario (AMO), the Northern Ontario Service Deliverers Association (NOSDA), and the Ontario Municipal Social Services Association (OMSSA) in regards to the request that the Province issue the full amount of the Back to School and Winter Clothing Allowances for social assistance recipients in 2008 as a year 1 strategy and be paid 100% by the Province to reduce hardship through the transition of consolidating these benefits within the new Ontario Child Benefit.

CONCLUSION

The introduction of the OCB represents a significant development for Ontario in addressing child poverty and assisting some of most vulnerable in society. The creation of such a benefit to be delivered separate from the social assistance system to all low-income families regardless of their source of income is a significant step forward. Recognizing the importance of the OCB and its role in the restructuring of social assistance, the Social Services Division will continue to work closely with the clients, community, City partners and provincial staff to ensure the successful implementation of the OCB for families on social assistance within the City of Greater Sudbury.

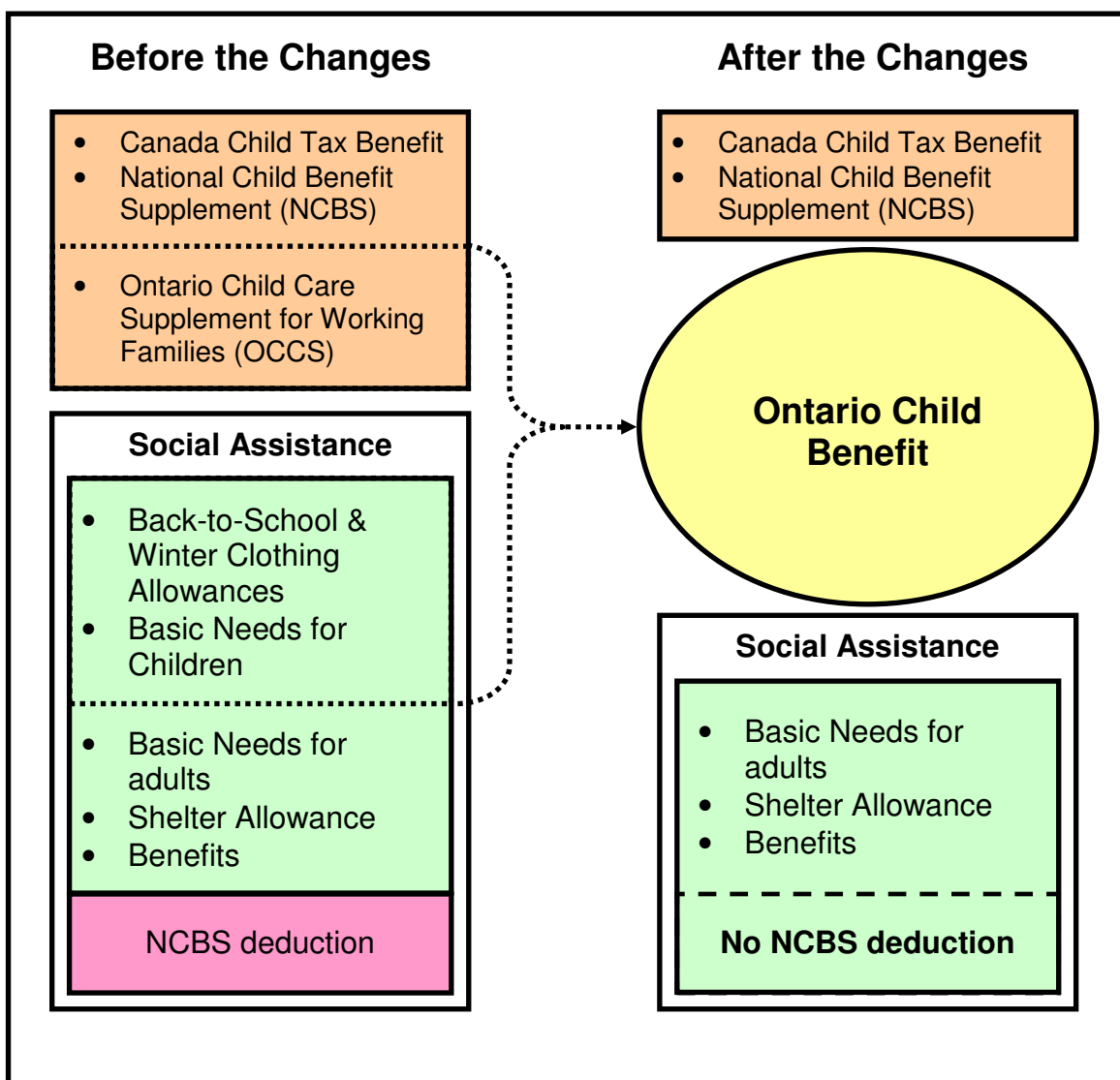
[1] Estimated savings were obtained for each CMSM/DSSAB by computing the difference between social assistance payments before July 2008 (basic needs, shelter, back-to-school and winter clothing allowances, net of the NCBS deduction) and social assistance payments effective July/August 2008 (adult portion of basic needs, shelter). Estimates were based on the Ontario Works and ODSP caseloads as of September 2007.

Attachment 1 - Annual and Monthly Maximum OCB payment

The following chart shows both the annual and monthly breakdown of the maximum OCB payment per child throughout the five-year phase-in period:

Maximum Ontario Child Benefit Payment Per Benefit Year and Month					
Year	2007*	2008	2009	2010	2011
Annual Benefit**	\$250	\$600	\$805	\$900	\$1,100
Monthly Benefit	—	\$50.0	\$67.08	\$75.0	\$96.67
*A one time lump sum payment per child below 18 in July **Maximum annual benefit per child for families with a net income of up to \$20,000 a year					

Attachment #2 - Changes to Social Assistance Overview



Maximum Annual Benefits for Families on OW for December 2007 and August 2008

Maximum Annual Benefit Per OW Family Type as of December 2007						
Family Type	Ontario Works ¹	CTB ²	NCBS ³	Winter Clothing ⁴	Back-to-School ⁵	Annual Total
Single Parent, one child (0-6)	\$12,348.00	\$1,283.04	\$525.00	\$111.00	\$73.00	\$14,340.04
Single Parent, two children (age 5 and 13)	\$14,520.00	\$2,566.08	\$1,028.88	\$222.00	\$207.00	\$18,543.96
Couple, two children (age 13 and 16)	\$16,116.00	\$2,566.08	\$1,028.88	\$222.00	\$268.00	\$20,200.96
¹ OW includes basic allowance and shelter allowance ² Canada Tax Benefit provides \$106.92 for one child per month and \$213.84 for two children per month. ³ Maximum NCBS deduction factored in. \$121.91 deducted per month for one child and \$226.42 deducted per month for two children ⁴ Winter clothing is \$111 annually per dependant ⁵ Back-to-school is \$73 for children under 13 and \$134 for children over 13 annually						

Maximum Annual Benefit Per OW Family Type as of August 2008					
Family Type	Adult Portion ¹	Child Portion			Annual Total
	Ontario Works ²	OCB ³	CTB	NCBS ⁴	
Single Parent, one child (0-6)	\$10,848.00	\$600.00	\$1,283.04	\$1,987.92	\$14,718.96
Single Parent, two children (age 5 and 13)	\$11,604.00	\$1,200.00	\$2,566.08	\$3,745.92	\$19,116.00
Couple, two children (age 13 and 16)	\$13,212.00	\$1,200.00	\$2,566.08	\$3,745.92	\$20,724.00
¹ Adult portion does not factor in other mandatory and discretionary benefits ² OW includes basic allowance and shelter allowance ³ A maximum monthly OCB payment of \$50.00 per dependent under 18 for eligible families and \$600.00 annually. OCB incorporates Back-to-School and Winter Clothing Allowances. ⁴ NCBS is no longer deducted as chargeable income.					