Child Care Fee Subsidy Income Test

- Liberal Government Election Platform

- Best Start confirmed work toward a new model of fee subsidies

- 2007 Implementation & Transition Year; Province to work with Municipalities
Provincial Rationale for Moving to Income Test

• Less intrusive for families

• Common eligibility criteria, greater equity & less variation among municipalities

• Streamlined administration

• Fee subsidies will be available to help more families across a broad range of income levels
Needs Test versus Income Test

Needs Test (previous policy)
• Compared assets & income to expenses to determine “available income” to cover child care fees & determine fee subsidy

Income Test (effective Jan 1, 2007)
• Relies on income only to calculate fee subsidy
Anticipated Impact on Clients

- Some families may pay less for child care, some may pay more
- Families on OW & ODSP continue to be eligible for full subsidy
- Current Families with earned income are grandfathered (three scenarios)
How the Income Test Works

For New Families (applying after January 1, 2007) with Earned Incomes

• Eligibility based on ‘adjusted income’ (defined by federal government)

• Federal Notice of Assessment or the Canada Child Tax Benefit Notice
How the Income Test Works (cont’)

**Sliding scale income test based on:**

- Full subsidy for families with income of $20,000 or less

- Family contribution; 10% of income from $20,000 to $40,000

  **PLUS**

- 30% of income above $40,000 towards the cost of care while Municipality pays the remaining amount (fee subsidy)
Impact on Demand for Fee Subsidies

- More families will be eligible
- No additional subsidy dollars
- Provincial waitlist management strategy
- Fee Subsidy allocation based on some measure of socio-economic demographics/ geography…then first come first served
- City has up to 1 year to develop & implement the waitlist policy
Early Observations

• Clients
• Administration
• Child Care Operators
• Revenues
• Local policies
• System capacity
Action To-date

- Staff Implementation Team
- Work plan development & implementation
- Info Update to Council
- Communication with other Municipalities & the Province
Next Steps

- Review of local policies & recommendations to Council
- Consultation regarding the waitlist policy
- Caseload & budget monitoring to analyze impact
- Child Care System BPR
- Continue to work closely with Province
- Report to Council as required