SUBJECT: Ontario Child Benefit (ECS07050) (City Wide)

RECOMMENDATION:

(a) That Council correspond with the Ministers of Finance and Community and Social Services requesting that the plan for the Ontario Child Benefit not include a reduction in municipal funds from the Ontario Municipal Partnership Fund Grant.

(b) That copies of the letter to the Minister be provided to the Association of Municipalities of Ontario (AMO) and the Ontario Municipal Social Services Association (OMSSA).

Joe-Anne Priel
General Manager,
Community Services Department

EXECUTIVE SUMMARY:

Report ECS07050 is to provide Council with preliminary information concerning the new Ontario Child Benefit (OCB) that was announced by the Province as part of their 2007 budget. More detailed information is expected from the Ministry of Community and Social Services during the next year including changes to the Ontario Works Act, Regulations and Directives and details concerning impacts to the municipal budget.
BACKGROUND:

In the 2007 provincial Budget, the Province announced the following:

- A new provincially funded, non-taxable OCB for low-income families with children under 18 years of age;
- The 2007 federal increase and all subsequent increases to the National Child Benefit Supplement (NCBS) to social assistance families with children will not be deducted from their monthly cheques; and,
- An increase to social assistance rates by a further 2% effective November 2007 with municipal contributions deferred until January 2008.

The OCB will provide an income-tested, financial benefit to low and moderate-income families with children under age 18, regardless of their income source. The OCB will be phased-in over five years, beginning with a special one-time payment in July 2007.

Benefit Structure, Payment Schedule and Administration

If a family’s adjusted net income is $20,000 or less, they will receive a one-time payment of $250 per child in July 2007. The payment will be reduced by 3.4 cents for every dollar above $20,000.

The first full year of monthly OCB payments will start in July 2008 with payments of up to $600 per child under age 18 annually (i.e. $50/month). Over time, the amount of the benefit will grow to a maximum of:

- $805 per child annually as of July 2009 ($67.08/month);
- $900 per child annually as of July 2010 ($75/month); and,
- $1,100 per child annually as of July 2011 ($91.67/month).

If a family’s adjusted net income is $20,000 or less, they will receive the maximum amount for each year. Beginning in July 2008, the payment will be reduced by 8 cents for every dollar above $20,000.

The OCB will be administered by the Canada Revenue Agency through the personal income tax system. Families receiving the Canada Child Tax Benefit (CCTB) will be automatically assessed for eligibility for the OCB.

To be eligible for the OCB, an individual must meet all of the following requirements:

- The applicant and spouse (if applicable) must have filed income tax returns for the previous taxation year;
- Children must be registered for the Canada Child Tax Benefit;
- Must be the primary caregiver for one or more children under age 18; and,
- Must be a resident of Ontario.
Restructuring Social Assistance

When monthly OCB payments begin in July 2008, social assistance benefits and the Ontario Child Care Benefit will be restructured and no portion of the National Child Benefit (NCB) will be deducted from social assistance.

Social assistance families will continue to receive shelter allowances, health and dental benefits and child care supports for their children. Temporary Care Assistance and Assistance for Children with Severe Disabilities will not be affected.

However, basic needs for children, as well as back-to-school and winter clothing allowances, and the Ontario Child Care Supplement (OCCS) will be consolidated within the OCB.

National Child Benefit

The July 2007 NCB increase will not be deducted from social assistance cheques similar to increases in 2004, 2005 and 2006.

The combined 2004, 2005, 2006, and 2007 increases to the maximum NCB, total to the following amounts:

- $43.75 per month for the first child;
- an additional $41.99 per month for a second child; and,
- An additional $41.41 per month for each additional child.

With the introduction of monthly OCB payments in July 2008, no portion of the NCBS will be deducted from social assistance.

The NCB will remain unchanged until July 2008 when the NCB will start to be reduced until it is eliminated by 2011.

The City’s Annual NCB Re-investment Strategy will be developed in a such a way for 2008 to take into account changes made by the Province that impact the total dollars available to fund the strategy. Further information is still required to determine what the impact will be.

Council will be provided with updates as the Province rolls out this major change.

**ANALYSIS/RATIONALE:**

Please see Background section for Analysis and Rationale
ALTERNATIVES FOR CONSIDERATION:

There are no alternatives.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial:

Social assistance benefits are cost-shared 80/20 between the Province and municipalities. Since the OCB will be fully funded by the Province, municipalities will not be required to cost-share this benefit.

The Province has announced that overall, social assistance expenditures will decrease because specific child-related payments from social assistance are being consolidated into the OCB. This will result in municipal cost savings of about $8 million in 2008-09, growing to $15 million annually in 2012-2013 (i.e., at OCB maturity). Cost savings for the City of Hamilton has not yet been calculated pending more detailed information from the Province.

The Province’s calculation in savings includes the impact of no longer deducting NCB payments from social assistance cheques.

It is not known, at this time, if anticipated savings to the municipality will offset the investment the City has already made in funding programs and services that had previously been supported through the NCB Reinvestment Strategy.

Ontario Municipal Partnership Fund Grant (OMPF)

The City of Hamilton receives a provincial grant called the Ontario Municipal Partnership Fund Grant (OMPF). This grant is based on expenditures in the areas of ODSP allowances and administration, child care costs and administration, social housing and the equivalent of the National Child Care Benefit savings from Ontario Works clients.

The OMPF grant is calculated based on social services expenditures and therefore if spending is reduced in Ontario Works benefits, the amount of expenditures eligible for the grant will be reduced in the OMPF grant. Potential net impact has not been determined pending further information from the Ministry.

Staffing:

Staffing implications associated with the recommendations of Report ECS07050 are unknown at this time.
Legal:

Legal implications associated with the recommendations of Report ECS07050 are unknown at this time.

POLICIES AFFECTING PROPOSAL:

The City of Hamilton’s local Ontario Works policies and procedures and National Child Benefit Reinvestment Strategy will be affected by the introduction of the Ontario Child Benefit.

RELEVANT CONSULTATION:

- Social Development and Early Childhood Development Division;
- Benefit Eligibility; and,
- Finance and Administration were consulted in the writing of Report ECS07050.

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
The OCB will provide an income-tested, financial benefit to low and moderate-income families with children under age 18, regardless of their income source which will contribute to the well-being of children and families and will contribute to making Hamilton the best place to raise a child.

Environmental Well-Being is enhanced. ☐ Yes ☑ No

Economic Well-Being is enhanced. ☑ Yes ☐ No
A reduction in the poverty level for families with children will contribute to the economic well-being of families and our community.

Does the option you are recommending create value across all three bottom lines? ☐ Yes ☑ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No