SUBJECT: 2008 National Child Benefit (NCB) Strategy (ECS08019) (City Wide)

RECOMMENDATION:

(a) That the 2008 municipal portion of the National Child Benefit claw back, in the amount of $1.25 million, be directed into the 2008 Hamilton NCB Entitlement Program.

(b) That the unspent 2007 National Child Benefit funds, in the amount of $252,000, be directed into the 2008 Hamilton National Child Benefit Entitlement Program.

(c) That staff be directed to submit the approved 2008 National Child Benefit Strategy to the Ministry of Community and Social Services.

Joe-Anne Priel
General Manager,
Community Services Department

EXECUTIVE SUMMARY:

Report ECS08019 outlines the proposed 2008 National Child Benefit (NCB) Strategy for the City of Hamilton. As part of a concerted effort to reduce poverty in this community, the City has transitioned programs away from NCB claw back funds in order to return this money to the families from whom it was taken. The Hamilton NCB Entitlement Program (HNEP) was created in 2006 and returned almost $1 million to 6,414 children
whose families receive social assistance. In 2007, $2.1 million was returned to 8,000 children through the HNEP.

Upcoming changes to social assistance and the introduction of monthly Ontario Child Benefit payments in July 2008 will signal the end of the NCB claw back; however, the City of Hamilton will still be required to reinvest NCB funds received for January to June 2008.

Staff therefore recommend that:

- NCB funds received by the City for the period of January to June 2008 be directed into the 2008 HNEP;
- That any unspent 2007 NCB funds be directed into the 2008 HNEP; and,
- The approved 2008 NCB Strategy be submitted to the Ministry of Community and Social Services (MCSS).

**BACKGROUND:**

Review of 2006/2007 NCB Strategies

Children and families receiving social assistance continue to be some of the neediest in our community. One of the key objectives of the City’s 2006 and 2007 NCB Strategies was to direct municipal NCB funds back to local families in receipt of OW and ODSP, while maintaining and supporting as many of the currently funded NCB programs as possible. Where possible, programs were transitioned to other sources of funding.

As a first step in returning funds to families, the Community Services Department implemented the HNEP in the fall of 2006. Almost $1 million of municipal NCB claw back funds were returned to 6,414 children living in 3,426 families receiving social assistance in Hamilton. This represented a return rate of approximately 70%.

Initially planned as a two-stage transition to be completed in 2008, Council supported channelling all municipal NCB funds into the HNEP in 2007 (refer to ECS Committee Report 07-001). The 2007 NCB Strategy (Report SSC06023(a)) was approved by Council January 24, 2007, and included the expedited transition of internal and community based programs away from NCB funds in order to return those funds to families through the HNEP.

In 2007, the City of Hamilton, with the assistance of Wesley Urban Ministries, returned $2.1 million to 7,951 children living in 4,250 families\(^1\); a return rate of approximately 80%. This is $2.1 million that has gone back into the local economy.

Based on feedback from the OW and ODSP families as well as advocates and community service providers, improvements were made to the program and included more comprehensive communication and an extended “return” period for applications.

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\(^1\) Final program figures will be available mid to end of January 2008.
ANALYSIS/RATIONALE:

The Ontario Child Benefit and changes to the National Child Benefit

The province of Ontario announced the Ontario Child Benefit (OCB) as part of their 2007 Budget. The OCB will provide an income-tested, financial benefit to low and moderate income families with children under 18, regardless of their source of income (refer to Report ECS07050). The OCB will be phased-in over five years with the first monthly payments beginning in July 2008.

The province will stop deducting the NCB from social assistance received by families with children once the OCB monthly benefit begins.

As a result of the OCB and changes to the NCB claw back, the City of Hamilton will only receive the municipal portion of the claw back for the period of January to June 2008. This final instalment of NCB funds is estimated to be $1.25 million dollars but will depend on the size of the OW and ODSP caseload. In subsequent years, the City will no longer receive dollars through the NCB.

2008 NCB Strategy

In keeping with the direction set by Council in 2006 and 2007, staff recommend that the 2008 municipal portion of the NCB claw back be directed into the 2008 HNEP and thereby returned to the families from whom the funds were deducted.

Staff also recommend that unspent 2007 NCB funds, approximately $252,000, be directed into the HNEP for use in 2008.

Wesley Urban Ministries was the successful bidder in an RFP and will partner with the City of Hamilton in the delivery of the HNEP in 2008. This will be the City’s third year of collaboration with Wesley Urban Ministries.

Planning for the 2008 HNEP will begin in spring 2008. The eligibility period will include families having received OW or ODSP in Hamilton between July 1, 2007, and June 30, 2008 (12 months). While dates have not been finalized, staff anticipate that applications will be mailed to families in September with a return date of mid October. HNEP cheques will then be mailed the first week of November 2008.

Implementation of this year’s program will build on the success and lessons learned in 2006 and 2007. Administration costs for the 2008 HNEP are estimated to be approximately $90,000. Additional information about the program will be provided to Councillors in June 2008.

Once the NCB claw back ends, the City will no longer receive NCB funds and a strategy for reinvestment will not be required. As a result, 2008 will be the final year of the HNEP.
This will be messaged to families in conjunction with other communication about the OCB/NCB being prepared by the Employment and Income Support Branch of CSD.

**ALTERNATIVES FOR CONSIDERATION:**

The recommendations in Report ECS08019 are consistent with the City of Hamilton's focus on poverty reduction and the transition of NCB funds away from individual community programs and into the HNEP. The end of the NCB claw back in July 2008 will also signal the end of this funding source for the City.

No alternatives are being presented for consideration at this time.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial:**

Due to the introduction of the OCB and the accompanying changes to social assistance, as of July 2008, the Province of Ontario will no longer deduct any portion of the NCB from families receiving OW or ODSP.

Typically, the City of Hamilton received between $2.4 and $2.5 million per year as its 20% share of the NCB claw back. As a result of these changes and the elimination of the claw back in July 2008, the City can expect to receive approximately $1.25 million for the period of January 1 to June 30, 2008, to reinvest in the HNEP.

The contents of Report ECS08019 have no impact on the levy.

**Staffing:**

There are no staffing implications associated with the recommendations of Report ECS08019.

**Legal:**

There are no legal implications associated with the recommendations of Report ECS08019.

**POLICIES AFFECTING PROPOSAL:**

There are no existing City of Hamilton policies affecting the proposed 2008 NCB Strategy.
RELEVANT CONSULTATION:

The City’s annual NCB Strategies have been developed in consultation with Community Services Department and Public Health Services staff, as well as the NCB Advisory Group, local advocates and other stakeholders. The continuation of the HNEP is consistent with the change in focus, returning the municipal portion of the NCB claw back, which began in 2006.

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
Shelter, care and satisfying employment are accessible to all Hamiltonians.

Environmental Well-Being is enhanced. ☐ Yes ☑ No

Economic Well-Being is enhanced. ☑ Yes ☐ No
Poverty is reduced. Approximately $2.1 million was added to the local economy.

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