SUBJECT: Child Care Fee Subsidy Program Income Test (ECS08093) (City Wide)

RECOMMENDATION:

(a) That the Child Care Fee Subsidy Program Waitlist Strategy, attached as Appendix A to Report ECS07093, be approved.

(b) That Council correspond with the Premier of Ontario and the Minister of Children and Youth Services to request an additional 100% provincial funding to support the increase in demand for child care fee subsidies that have occurred since the introduction of the Provincial Child Care Fee Subsidy Income Test.

(c) That copies of the correspondence, which are to be sent to the Premier and the Minister of Children and Youth Services, be forwarded to the Association of Municipalities of Ontario (AMO) and all local area MPPs.

Joe-Anne Priel
General Manager,
Community Services Department

EXECUTIVE SUMMARY:

The Provincial Best Start Initiative’s 10-year vision seeks to ensure that ‘children in Ontario will be ready and eager to achieve success in school by the time they start grade one’. Best Start will result in a major redesign of services in terms of how families and children are supported from birth through to grade-one.
The introduction of regulatory changes to the Day Nurseries Act, effective January 1, 2007, is part of the service system redesign. These changes support a shift to a new model for determining and distributing child care fee subsidies, based on an income test instead of a needs test, making more Ontario families eligible for help with the costs of child care.

The purpose of Report ECS07093 is to:

- Provide an overview of the legislative change to the Day Nurseries Act regarding fee subsidy eligibility determination.
- Highlight collaboration between the Province and Municipalities regarding Income Test 2007 transition activities.
- Identify the impact of the Income Test on clients, the fee subsidy program caseload, program revenues and program administration.
- Seek approval of the proposed City of Hamilton Child Care Fee Subsidy Program Waitlist Management Strategy.
- Recommend that Council advocate for additional Provincial funds to support the increased demand for child care fee subsidies

BACKGROUND:

The Provincial Best Start Initiative’s vision seeks to ensure that ‘children in Ontario will be ready and eager to achieve success in school by the time they start grade-one’. Thus far, the vision has been supported through the expansion across the Province of early learning and child care services, the Healthy Babies, Healthy Children program, infant hearing program, speech and language therapy programs, services for children who are blind or have low vision, and through supports to service integration. Hamilton is one of three provincial demonstration communities who were selected to ‘fast track’ the initiative (Report ECS07062 City Wide ‘Best Start: Hamilton’s Early Learning and Care Community Plan – 2007/2008’).

In addition to supporting the expansion of child care spaces, the Province determined within the context of the Best Start vision, the need to find a new way to distribute child care fee subsidies to families. As a result, the Province of Ontario amended the Day Nurseries Act (effective January 1, 2007), to support a significant policy change in the determination of eligibility for Child Care Fee Subsidies.

Over-View of the Regulation Change

Effective January 1, 2007, the Province of Ontario amended the Day Nurseries Act to support a shift in policy from use of a needs test (based on family income, assets, debt, and approved expenses) to determine eligibility for child care fee subsidy to a policy based on income only (adjusted income which is net income from line 236 of the Federal Notice of Assessment).
The Provincial rationale for the introduction of the Income Test includes the following:

- The income test involves a less intrusive application process for families and introduces a streamlined administration process for Consolidated Municipal Service Managers (CMSMs);
- It introduces common eligibility criteria across the province with greater equity and less variation among municipalities;
- More families will be eligible for fee subsidies;
- More families will be in receipt of partial subsidies; and,
- Fee subsidies will be available to families across a broad range of income levels.

Under the new Income Test, families receiving Ontario Works (OW) and Ontario Disability Support Program (ODSP) and requiring child care continue to be eligible for full subsidy as they were under the previous legislation.

For all other new applicants a sliding scale for fee subsidy is applied based on the following:

- Full subsidy for families with income of $20,000 or less;
- For families with income greater than $20,000;
- Family contribution of 10% of their income from $20,000 to $40,000 (contribution paid by parent toward the cost of child care);
- Plus,
- 30% of their income above $40,000 (contribution paid by parent toward the cost of child care);
- Then,
- the Municipality pays the remaining amount (the fee subsidy).

Guidelines accompanying the legislation provided a process by which families already receiving subsidy would be ‘grandfathered’ in accordance with particular criteria.

The Provincial Guidelines also require each CMSM by January 1, 2008, to develop and implement a waitlist management strategy consistent with the ‘modified first-come/first-served’ approach outlined in a new Provincial waitlist strategy framework.

As part of its effort to ensure greater equity and less variation among municipalities, the Province also encouraged CMSMs to eliminate the practice of charging user fees to clients eligible for fee subsidies.

**2007 A Transition Year: Provincial/Municipal Collaboration**

In December 2006, the Minister of Children and Youth Services wrote to municipalities announcing the change to legislation, and advising them that 2007 would “be a transition year” in which the Ministry would work very closely with municipal partners to monitor implementation of the Income Test. The Minister acknowledged that “some municipalities may have additional revenue as a result of this change, and others will face a pressure”. Further, the Minister committed to using the transition year to identify
issues and financial pressures and work in collaboration with municipalities towards their resolution.

To that end, the Child Care Income Test Implementation Working Group was created and included staff representation from the Ministry of Children and Youth Services, the Ontario Municipal Social Services Association (OMSSA), the Association of Municipalities of Ontario (AMO), as well as staff from a number of individual CMSMs. City of Hamilton has staff representation on the group. The objective of this group is to provide advice in the development of a methodology for quantifying municipal financial implications as a result of moving to the income test.

In June 2007, the Working Group developed and distributed a methodology to quantify the municipal financial implications (as a result of moving to the income test) and invited each CMSM in the province to share their results confidentially.

Most municipalities, over time, have developed a range of business practices in the delivery of child care fee subsidies in order to meet their unique needs. For example; some municipalities (including Hamilton) have traditionally charged user fees to parents receiving fee subsidies, others do not; some municipalities charge parents the difference between the municipal per diem paid to child care operators and the market rate charged by the operators. Further, with the introduction of the Income Test, some municipalities accelerated the process of income testing for their existing clients while others followed Hamilton’s practice of updating existing clients in accordance with their regularly scheduled annual update appointment. While these practices meet the unique needs of each municipality, they have presented barriers to identifying and understanding the impact of income testing in a consistent manner across the province.

The Working Group is planning to meet by year-end to summarize their findings, and prepare preliminary recommendations which will be forwarded to the Minister of Children and Youth Services. In early 2008, The Ministry of Children and Youth Services will be asking all CMSMs to provide information regarding the actual year-end impacts on municipal revenues associated with the move to an income test. Once this information is received and analyzed, the group will be in a position to quantify the impacts that will be included in the group’s final report/recommendations.

**Impact of Income Test on Clients**

Beginning January 15, 2007, in Hamilton, all new applicants for child care fee subsidy were assessed for eligibility using the new Income Test. Families who were already receiving fee subsidy at the time of the regulatory change were ‘grandfathered’ in accordance to Ministry guidelines. These families are income tested at the time of their usual annual update in 2007, and a comparison is made of their parental contribution from the former needs test to the new income test. These families are either ‘grandfathered’ in accordance with their former needs test, or moved to an income test, whichever provides the most advantage to the family. Eligibility for grandfathering continues until a child enters grade-one.
Analysis of the current caseload indicates that out of the total current caseload of 3,285 children, the following numbers are potentially eligible for grandfathering:
1,447 in 2007;
- then reduced to 1,124 in 2008;
- 675 in 2009;
- 280 in 2010; and,
- 42 in 2011.

It is important to note that the caseload is dynamic and constantly changing with children leaving fee subsidy programs each month. It is anticipated therefore, that the actual rate at which the number of ‘grandfathered’ children on the caseload will be reduced will occur more quickly due to the natural attrition of children leaving the program.

Currently, 1,079 children on the caseload (32.8 %) live in families receiving either OW or ODSP and therefore, continue to be eligible for full subsidy as they were under the previous legislation.

As predicated by the Province, some new families in the program are now paying more toward the cost of child care under the income test than they would have with the previous needs test; however, other families are paying less than they would have in the past. Only eight and a half months of data has been accumulated since implementation of the Income Test (January 15th to September 30th), and the caseload is still very much in transition. As result, it is premature to expect that there would be a significant change in the demographic make-up of the caseload at this time. Table 1 below compares the percentage breakdown of caseload according to income level for the month of September 2006, to the month of September 2007.

**Table 1: Fee Subsidy Caseload by Income Levels**

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Sept 2006</th>
<th>Sept 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.00 to $20,000</td>
<td>66.6%</td>
<td>68.1%</td>
</tr>
<tr>
<td>$20,001 to $40,000</td>
<td>28.9%</td>
<td>25.9%</td>
</tr>
<tr>
<td>$40,001 to $60,000</td>
<td>4.5%</td>
<td>5.1%</td>
</tr>
<tr>
<td>$60,001 + *</td>
<td>0.0%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

*Note: Prior to the introduction of the new Income Test the City of Hamilton applied a gross annual income filter (based on family size) prior to the application of the Provincial Needs Test. Under that filter, no families with gross annual incomes over $60,000 were eligible for fee subsidies*

It will be necessary to continue to closely monitor caseload trends over the upcoming year(s) in order to fully understand the impact of this regulatory change on clients and the program itself.

**Growth in Caseload Size Since the Introduction of the Income Test**
At the end of December 2006, 2,942 children were receiving child care fee subsidies. Since January 2007, the caseload has grown steadily to 3,285 children (as of September 30, 2007). It is projected that the caseload will be as high as 3,350 by year-end (a 14% increase since January). It is anticipated that the 2007 Child Care Fee Subsidy budget ($21,497,681 gross) will support this increase in caseload for this year. Had the Province not announced increases in Provincial Best Start funding for child care in April and June of this year (City of Hamilton Child Care Service Management Plan 2007 – 2008 (ECS07062) (City Wide)), the Fee Subsidy Program would have had to implement a waitlist in order to manage the program within its approved 2007 budget allocation.

Many factors influence the number of children that can be served within the program's annual budget including:

- The caseload mix including the age of the child (infant care being the most expensive, school age care being the least expensive);
- Full-time versus part-time care;
- Per diem increases and adjustments paid to operators;
- The number of school professional development days, school closure days, school early dismissal days;
- The number of eligible days of care each month (this can range from 19 to 23 days per month);
- The timing of when new children begin subsidized care, and when exiting children leave subsidized care each month; and,
- Increases in the parental portion of the cost (i.e. parental contributions and user fees).

It is anticipated that the current level of funding allocated to the fee subsidy program can sustain an average monthly caseload of approximately 3,212 children. Without additional provincial funding to offset the ongoing monthly increase in caseload size, it will be necessary to implement a waiting list in 2008 in order to manage the program within budget. Staff will continue to closely monitor program activity and expenditures to year-end 2007, and will ensure that Council is advised when it will be necessary to implement a waitlist for service in order to control spending as to not exceed the program’s budget.

A number of other municipalities across the province (including but not limited to): Toronto, Durham, York, Halton, Peel, Ottawa, and London currently have child care fee subsidy waiting lists. Other municipalities (i.e. Windsor) have advised staff that they anticipate they will also have a waitlist in the new year.

**Impact of Income Test on Program Revenues**

The new Provincial guidelines for the regulatory change to income testing strongly discourage CMSMs from applying user fees, and specifically prohibit the charging of user fees to social assistance recipients.

The City began charging user fees in the early 1990s to all applicants eligible for child care fee subsidy with the exception of those receiving supports from either OW or ODSP. User fees were introduced to off-set budget pressures at that time. The user fee schedule
is $0.50 per day per family for those families with a gross annual income of up to $25,000; $1.00 per day per family for those families with a gross annual income between $25,000 and $35,000; and $2.00 per day per family for those families with a gross annual income exceeding $35,000. The user fee is charged in addition to any contribution the family is assessed to pay; previously under the Needs Test, and now in accordance with the Income Test.

While total projected revenues (including user fees) for 2007 are anticipated to be approximately 20% higher than those realized in 2006, at this time it is still not clear (given the ‘grandfathering’ of existing clients) what the over-all impact of the Income Test will eventually have on family contributions. Further, until the Child Care Income Test Implementation Working Group completes its work and the Province responds to the group’s final report, staff feels that it is premature to take action at this time with respect to any change to the City’s existing practice.

**Impact on Program Administration**

While the Province predicted that one of the benefits of the new Income Test would be the streamlining of the administrative process associated with eligibility determination; it is important to note that the program is still very much in transition period. On one hand it is taking less time to complete applications for new clients, however, since a significant number of the existing caseload continue to be ‘grandfathered’ the program will not realize the full positive impact of the new process for some time. Further, since January, the actual program caseload has increased in size by approximately 14%. Additional work demands have been placed on staff due to their required attendance at a number of orientation and training sessions regarding the new policy. Further, changes have been made to the Ontario Child Care Management System (OCCMS) data base to accommodate the introduction of the Income Test; the system continues to undergo upgrades/adjustments during this transition period. These adjustments require additional work effort as well.

Beginning earlier this year, the Department initiated a Business Process Review (BPR) of the Child Care System including the Fee Subsidy Program. This work was undertaken in part to provide a review of the existing service delivery model and to analyze what impact and opportunities the introduction of the new Income Test would have on the Child Care Fee Subsidy Program. It is anticipated that the BPR will be complete in early 2008. Upon completion of the BPR, program administrative policies and procedures will be updated to reflect Ministry guidelines associated with the Income Test as well as recommendations from the BPR.
Waitlist Management Strategy

One of the intended outcomes of implementing the provincial income test to determine financial eligibility for fee subsidy is that more families, across a broader range of income levels, may now be eligible to receive child care fee subsidy. The continued increase in the number of financially eligible applicants, without a further proportional increase in funding, will lead to a wait list for child care fee subsidy in Hamilton in 2008. In the past, on rare occasions, the Fee Subsidy Program has experienced a waitlist for brief periods only; usually while waiting for Provincial approval of requested budget increases.

The City of Hamilton’s Child Care Fee Subsidy Program’s current wait list priority for service categories (for financially eligible families) approved over 20 years ago are as follows:

- **Priority #1**: Families with a child who requires special needs resources and/or those vulnerable families in high risk situations (these applicants are not wait listed, rather automatically receive their fee subsidy entitlement);
- **Priority #2**: Single-parent attending school;
- **Priority #3**: Therapeutically referred families (families with identified needs who have been referred by a professional in the community);
- **Priority #4**: Two parents attending school; and,
- **Priority #5**: Two parents working.

In accordance with the new Provincial guidelines, each CMSM is responsible for undertaking a local planning process to develop a strategy that is based on some measure of socio-demographics and/or geography that best meets the needs of the community. MCYS also requires that the CMSM plan for the transition to employment for social assistance recipients and account for the ability to provide immediate child care subsidy to vulnerable families in high risk situations.

To address these requirements, the Social Development and Early Childhood Services Division, of the Community Services Department, undertook a broad-based internal and community consultation process (see Relevant Consultation) to seek feedback on a draft wait list strategy that the staff team developed based on discussion with division management and a review of related community initiatives (Best Start, Hamilton Roundtable for Poverty Reduction, and social inclusion initiatives). The results of the feedback were analysed and were incorporated into a final strategy for managing the wait list for new child care fee subsidy applicants, should one develop in our community:

**Strategy Overview**

In a situation in which the demand for fee subsidy is greater than the available funding, the following priority queue is proposed as a way to manage the wait list. The strategy is based on a mix of reasons for service and income criteria. Within each priority queue, applicants will be given access on a first-come/first-served basis.

**Priorities for Service**
Priority #1: Financially eligible applicants with a child who requires special needs resources\(^1\) and/or those vulnerable families in high risk situations\(^2\).

- Consistent with our current practice, this group of applicants will not be placed on a wait list for subsidy. Once applicants are deemed eligible, they will automatically receive their fee subsidy entitlement.

Priority #2: Financially eligible applicants who live below the poverty line.

- This group includes those applicants who are in receipt of OW or ODSP benefits who are actively looking for work, going to school, participating in an approved training program and/or community participation activity on a full-time/part-time basis.
- Program staff will address the issue of what operational processes can be put in place to plan for the transition to employment for social assistance recipients so that continuity of child care support is available.
- It also includes a broader range of applicants who may not be in receipt of OW or ODSP benefits, but who earn low incomes and need access to child care because they are working, looking for work, attending school and/or have an identified social need\(^3\).
- Applicants qualifying for this queue based on the latter criteria will be determined using Statistics Canada’s Low Income Cut-off (LICO). Applicants whose after tax income\(^4\) falls below the LICO (see Table 2) based on their family composition will be considered a priority for service.
- The LICO is adjusted for family and community size and is an income threshold below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than an average family\(^5\) (see Table 2).

---

\(^1\) He or she had a developmental need and must meet the definition of a “handicapped child” in O. Reg 262 under the *Day Nurseries Act*: “A child who has a physical or mental impairment that is likely to continue for a prolonged period of time and who as a result thereof is limited in activities pertaining to normal living as verified by objective psychological or medical findings and includes a child with a developmental disability”.

\(^2\) Includes those families in which the need for child care directly related to the child, or is the result of a greater family need because of issues with the home/ family environment, where the family is referred by an outside agent (e.g. children’s aid society, public health unit, family physician, or another early intervention/ prevention/ professional). Status is assessed on a case-by-case basis based on the details of the referral. Examples of families who would be prioritized under this queue include those who are involved with a children’s aid society or those applicants who are victims of domestic abuse.

\(^3\) He or she needs child care because he or she has other developmental or environmental needs outside of the definition of a “handicapped child” or vulnerable families in high risk situations.

\(^4\) Eligibility will be determined using a copy of the applicant’s Schedule 5 from their Federal Tax Return from the previous year to determine the number of dependents and family size, as well as their Federal Notice of Assessment to determine their annual net income.


Statistics Canada reports that the population of the City of Hamilton in 2006 was 504,559.
Table 2. Low Income Cut-offs (LICOs) after taxes for communities with 500 000$^9$ or more residents for 2006

<table>
<thead>
<tr>
<th>Size of Family Unit</th>
<th>Low Income Cut-offs After Tax ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 person</td>
<td>17,570</td>
</tr>
<tr>
<td>2 persons</td>
<td>21,384</td>
</tr>
<tr>
<td>3 persons</td>
<td>26,628</td>
</tr>
<tr>
<td>4 persons</td>
<td>33,221</td>
</tr>
<tr>
<td>5 persons</td>
<td>37,828</td>
</tr>
<tr>
<td>6 persons</td>
<td>41,953</td>
</tr>
<tr>
<td>7 or more persons</td>
<td>46,077</td>
</tr>
</tbody>
</table>


Priority #3: All other financially eligible applicants.

- Includes all other financially eligible applicants under the income test guidelines who need access to child care because they are working, looking for work, attending school and/or have an identified social need.

ANALYSIS/RATIONALE:

Wait List Management Strategy

Rationale:

The priorities for service proposed in the wait list management strategy:

1. Will help to facilitate access to child care for those families in highest risk or need in our community.

- The strategy responds with the flexibility to provide vulnerable families in high risk circumstances with immediate access to child care.
- Priorities are based on growing evidence that demonstrates that the longer that children with certain needs or risks are waiting for quality intervention; the further they will fall behind and the less likely that they will be able to succeed in school.
- The strategy recognizes that costs for child care can be a financial hardship for families for a number of reasons, including family income, size and circumstance and prioritizes those who are less able to afford quality care.
2. Was derived on the basis of an internal and broad-based community consultation process.

- The initial draft strategy was amended to reflect feedback from groups around proposed priorities for service. Community stakeholders indicated that this was a strategy that they could endorse with their suggested amendments.

3. Is aligned with the goals of broader local initiatives concerned with supporting children and families in our community.

- The consultation process confirmed that the priorities for service were aligned with the community’s vision outlined in various strategies (e.g. the Hamilton Roundtable for Poverty Reduction, Best Start, the Social Development Strategy), recognizing that supporting families is important and that families with greater needs and risks should be prioritized according to those needs and risks.
- The guiding principles of this strategy are also aligned with those of social inclusion highlighted in the staff report on the Social Inclusion Policy (see ECS07014).

**Implications:**

The wait list management strategy will facilitate increased access to child care fee subsidies for families who are in high need and deemed a priority for service. Consistent with Priority C, as outlined in Hamilton’s 2007-2008 Community Best Start Plan (Report ECS07062 City Wide Best Start: Hamilton’s Early Learning and Care Community Plan – 2007/2008) – Mitigating Identified Gaps, Obstacles and Challenges – continued communication and outreach is needed to ensure that all families in the Hamilton community are aware of fee subsidy supports and how to access care in the community.

The prioritization of children who require special needs resources, vulnerable families in high risk situations and low income applicants may mean that service providers will need additional skills, resources and understanding about these groups in order to provide services that effectively meet their needs. As a result, the availability of subsidy does not necessarily translate into access to appropriate services unless the resources and supports (e.g. support facilitators, resource teachers, and child care spaces) are available to meet the needs of these clients. Further, continued advocacy for funding that addresses the needs of the community and ongoing education about the importance of high quality care are required so that wait-listed parents/caregivers are not put in a position where they may opt for lower quality child care arrangements for affordability reasons. Both the 2007-2008 Best Start Community Plan and Child Care Service Plan (Report ECS07062 City Wide ‘Best Start: Hamilton’s Early Learning and Care Community Plan – 2007/2008’), speak to the need for increased opportunities for professional development for Early Childhood Educators and focus on stabilizing and sustaining the system, with continuing to invest in special needs/individualized supports as one area through which these objectives could be achieved.
ALTERNATIVES FOR CONSIDERATION:

Wait List Management Strategy

The alternative strategy for managing the wait list would be to provide prioritized access to financially eligible applicants with a child who requires special needs resources and/or those vulnerable families in high risk situations (consistent with MCYS requirements and the City’s commitment to increasing access to special needs resources), and then manage the wait list for all other applicants on a first-come/first-serve basis. This alternative strategy does not however, contribute to reducing the financial barriers that families who earn low incomes may face in accessing child care services.

FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial:

The 2007 Child Care Fee Subsidy Program budget is $21,497,681 (gross). Of that budget $14,978,605 (gross) is cost shared 80% provincial ($11,982,884), 20% City of Hamilton ($2,995,721). Further, since the introduction of Best Start the Province also funds $6,519,076 at 100%.

Staff anticipates the same level of funding for 2008.

A waiting list is only implemented when funding within the child care fee subsidy funding envelope has reached its maximum capacity and will be fully expended. This approach to caseload management will ensure that the program spending does not exceed approved budget.

Current projections indicate that spending in 2007 will be within the approved budget, however, the projected caseload by year-end and the trend of increasing monthly caseload numbers strongly suggest that spending in 2008 will exceed budget unless measures are taken to control intake of new clients.

Staffing:

There are no staffing implications associated with the recommendations of Report ECS07093.

Legal:

The City of Hamilton, as CMSM is accountable to the Province of Ontario through a negotiated annual service contract that aligns with the approved Child Care Service Management Plan. The CMSM negotiates funding with the service providers through Service Agreements which includes annual service level reviews and amendments.
POLICIES AFFECTING PROPOSAL:

The Best Start initiative was launched by the Province of Ontario with the goal that all children are ready and eager to learn by the time they enter grade-one. Research has demonstrated that children attending high quality child care programs have a greater ability to achieve success. The proposed waitlist strategy supports the Provincial Best Start vision as well as Hamilton’s Best Start Network’s vision. The strategy has been developed within the MCYS 2006 Ontario Child Care Service Management Fee Subsidy Guidelines.

The proposed waitlist strategy is consistent with the policy directions articulated in the Social Development vision (2002); specifically, the proposed strategy seeks to remove fiscal obstacles to participation in our community by ensuring that those applicants living under LICO receive priority in a wait list situation ahead of those who are financially more well to do, and it supports the principle that investment in early child development is a crucial preventative measure by ensuring that applicants with a child who requires special needs resources and/or those vulnerable families in high risk situations are never waitlisted.

The proposed strategy is also closely aligned with the principles and directions of more recent policy initiatives; including, the Hamilton Roundtable for Poverty Reduction Starting Point Strategies, which highlights the importance of access to early learning and child care as a critical point of investment to move children out of poverty and to contribute to ‘Making Hamilton the Best Place to Raise a Child’.

Last, but not least, the proposed strategy is consistent with the social inclusion principles that were highlighted in Report ECS07014 - Social Inclusion Policy. The principles articulated in the ‘Fair Calgary and the Fairness Filter’ (attributed to John Rawls); specifically:

(a) Opportunity for participation must be equally available to all; and,
(b) The greatest advantage goes to the most disadvantaged are reflected in the approach taken in the development of the proposed strategy.

RELEVANT CONSULTATION:

Impact of Income Test

Community Services Department staff continues to consult with other CMSMs across the province through participation on the Child Care Income Test Implementation Working Group, as well as various OMSSA committees.

---

10 He or she had a developmental need and must meet the definition of a “handicapped child” in O. Reg 262 under the Day Nurseries Act: “A child who has a physical or mental impairment that is likely to continue for a prolonged period of time and who as a result thereof is limited in activities pertaining to normal living as verified by objective psychological or medical findings and includes a child with a developmental disability”.
Wait List Management Strategy

Overview:

The final wait list management strategy has been informed by an internal and broad-based community consultation process that included:

1. **Child care providers, operators and managers** – represented by the Child Care Subsidy Program staff, the Child Care Supervisor's Network and the Consolidated Municipal Service Manager Child Care Working Group.
2. **Community networks** – represented by the Best Start Network Early Childhood Integrating Committee and the Hamilton Roundtable for Poverty Reduction.
3. **Child care subsidy referring agents** – represented by Ontario Works staff, the Children's Aid Society, the Catholic Children's Aid Society and Public Health Services, Family Health Division.
4. **Parents/caregivers** – including current fee subsidy users, potential users and non-users.
5. **Child/family advocacy groups** – represented by McMaster Children's Hospital Family Advisory Council and the Campaign for Adequate Welfare and Disability Benefits group.
6. **Policy decision-makers** – represented by Community Services Departmental Management Team.

Depending on the group of interest, three different consultation methods were employed:

- **Survey methods**: Self-administered survey of fee subsidy users, potential users and non-users;
- **Focus group methods**: Face-to-face presentation of the draft wait list management strategy at either an open hosted session or at an existing group’s scheduled meeting, followed by a facilitated discussion about the proposed strategy; and,
- **Electronic feedback**: Circulation of the draft strategy and consultation questions via email, inviting recipients to provide written feedback using an electronic feedback form.

Results:

Across groups, stakeholders consistently confirmed that the proposed strategy was aligned with the community’s vision of supporting children and families in greatest need/risk and identified that providing subsidy to applicants receiving social assistance and the ‘working poor’ are essential supports that contribute to the well-being of families in our community. Stakeholders also endorsed the prioritization of families with children who required special needs resources, although acknowledged the fact that more resources, or alternative solutions, across the system overall are needed to truly support the needs of these families.

Stakeholders identified the fact that families who are not in receipt of social assistance but who earn low incomes, may be just as vulnerable, if not more vulnerable, than those applicants who are OW or ODSP clients who may have additional resources available to
them to financially make ends meet. Elaborating on these comments, stakeholders identified that the additional burden of child care costs may force low income applicants to make employment-related changes that may result in them moving to social assistance to lessen the financial burden of child care costs. In a survey of parents/caregivers, just over 70% of all survey respondents indicated that they either agreed or strongly agreed with the idea that families who earn low incomes should receive priority on the wait list. This notion was endorsed by most respondents, regardless of income or whether they were in receipt of social assistance. As a result of this feedback, the initial draft strategy was amended to provide priority to all low income applicants, not just those in receipt of OW or ODSP benefits.

**CITY STRATEGIC COMMITMENT:**

By evaluating the “**Triple Bottom Line**”, (community, environment, and 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
A high quality early learning and child care system will contribute to the healthy development of children while simultaneously ameliorating the negative impacts of poverty. The provision of fee subsidies increases access to the child care system.

**Environmental Well-Being is enhanced.** ☐ Yes ☑ No

**Economic Well-Being is enhanced.** ☑ Yes ☐ No
Accessibility to high quality child care promotes attachment to the workforce. Research has demonstrated the positive long-term economic impact and benefit of investment in children in the early years.

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
PROPOSED
CITY OF HAMILTON
WAIT LIST STRATEGY

Strategy Overview

In a situation in which the demand for fee subsidy is greater than the available funding, the following priority queue is proposed as a way to manage the wait list. The strategy is based on a mix of reasons for service and income criteria. Within each priority queue, applicants will be given access on a first-come/first-serve basis.

Priorities for Service

Priority #1: Financially eligible applicants with a child who requires special needs resources\(^1\) and/or those vulnerable families in high risk situations\(^2\).

- This group of applicants will not be placed on a wait list for subsidy. Once applicants are deemed eligible, they will automatically receive their fee subsidy entitlement.

Priority #2: Financially eligible applicants who live below the poverty line.

- This group includes those applicants who are in receipt of OW or ODSP benefits who are actively looking for work, going to school, participating in an approved training program and/or community participation activity on a full-time/part-time basis.
- Program staff will address the issue of what operational processes can be put in place to plan for the transition to employment for social assistance recipients so that continuity of child care support is available.
- It also includes a broader range of applicants who may not be in receipt of OW or ODSP benefits, but who earn low incomes and need access to child

---

\(^1\) He or she had a developmental need and must meet the definition of a "handicapped child" in O. Reg 262 under the Day Nurseries Act: "A child who has a physical or mental impairment that is likely to continue for a prolonged period of time and who as a result thereof is limited in activities pertaining to normal living as verified by objective psychological or medical findings and includes a child with a developmental disability".

\(^2\) Includes those families in which the need for child care directly related to the child, or is the result of a greater family need because of issues with the home/ family environment, where the family is referred by an outside agent (e.g. children’s aid society, public health unit, family physician, or another early intervention/ prevention/ professional). Status is assessed on a case-by-case basis based on the details of the referral. Examples of families who would be prioritized under this queue include those who are involved with a children’s aid society or those applicants who are victims of domestic abuse.
care because they are working, looking for work, attending school and/or have an identified social need.

- Applicants qualifying for this queue based on the latter criteria will be determined using Statistics Canada's Low Income Cut-off (LICO). Applicants whose after tax income\(^4\) falls below the LICO (see Table below) based on their family composition will be considered a priority for service.
- The LICO is adjusted for family and community size and is an income threshold below which a family will likely devote a larger share of its income on the necessities of food, shelter and clothing than an average family\(^5\) (see Table below).

### Low Income Cut-offs (LICOs) after taxes for communities with 500 000\(^6\) or more residents for 2006

<table>
<thead>
<tr>
<th>Size of Family Unit</th>
<th>Low Income Cut-offs After Tax ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 person</td>
<td>17,570</td>
</tr>
<tr>
<td>2 persons</td>
<td>21,384</td>
</tr>
<tr>
<td>3 persons</td>
<td>26,628</td>
</tr>
<tr>
<td>4 persons</td>
<td>33,221</td>
</tr>
<tr>
<td>5 persons</td>
<td>37,828</td>
</tr>
<tr>
<td>6 persons</td>
<td>41,953</td>
</tr>
<tr>
<td>7 or more persons</td>
<td>46,077</td>
</tr>
</tbody>
</table>


### Priority #3: All other financially eligible applicants.

- Includes all other financially eligible applicants under the income test guidelines who need access to child care because they are working, looking for work, attending school and/or have an identified social need.

---

\(^3\) He or she needs child care because he or she has other developmental or environmental needs outside of the definition of a "handicapped child" or vulnerable families in high risk situations.

\(^4\) Eligibility will be determined using a copy of the applicant’s Schedule 5 from their Federal Tax return from the previous year to determine the number of dependents and family size, as well as their Federal Notice of Assessment to determine their annual net income.


\(^6\) Statistics Canada reports that the population of the City of Hamilton in 2006 was 504,559.
Community Services Department
Social Development & Early Childhood Services
Child Care Service Fee Subsidy Program
Income Test
Presentation Overview

- Context – Best Start
- Day Nurseries Act (DNA) Legislative Change
- 2007 Transition Year
- Impact of New Income Test
- New Waitlist Management Strategy
Context – Best Start

• Best Start 10 year vision ‘to ensure that children in Ontario will be ready to achieve success in school by the time they start grade one’

• Requires a major re-design of the services that support families and children from birth to grade one

• Introduction of the Income Test is part of the system re-design
Legislative Change

• Jan. 1\textsuperscript{st} amendment to DNA to change eligibility determination for fee subsidies \textbf{from} a needs test \textbf{to} an income test

• Rationale for change

• Grandfathering of existing clients

• Requirement for Municipalities to develop waitlist management strategy consistent with Provincial Framework
2007 Transition Year

• Province has indicated that it sees 2007 as a ‘transition year’ during which the Province and Municipalities will work closely to monitor implementation

• Child Care Income Test Implementation Working Group
Impact of Change

Preliminary Impact of change on:

• Clients
• Caseload Size
• Program Revenues
• Administration
Waitlist Management Strategy

Provincial Guideline Requirements:

• Modified ‘first come – first served’
• Based on some measure of socio-demographics, and/or geography
• To reflect the local community’s needs
• Consultation to be used to inform the strategy
• Strategy be in place by January 1, 2008
Waitlist Management Strategy (cont’)

Rationale for City of Hamilton Child Care Fee Subsidy Program Waitlist Strategy:

• Facilitates access for those families in highest risk or need

• Based on a mix of reasons for service and income criteria

• Was derived on the basis of an internal and broad community based consultation process

• Is aligned with goals of other broader local initiatives
Waitlist Management Strategy (cont’)

Consultation to Inform Strategy:

- Parents/caregivers
- Child/family advocates
- Child care providers, operators & managers
- Community networks
- Child care subsidy referring agents
- Departmental staff
Waitlist Management Strategy (cont’)

Priority #1:

Financially eligible applicants with a child who requires special needs resources and/or those vulnerable families in high risk situations

These families will be served immediately; they will never be waitlisted.
Waitlist Management Strategy (cont’)

**Priority #2:**

Financially eligible applicants who live below the poverty line (LICO)

Within this priority queue applicants will be given access on a first-come/first served basis
Priority #3:

All other financially eligible applicants

Within this priority queue applicants will be given access on a first-come/first served basis