

Request for Decision City Council





| Type of Decision | | | | | | | | | |
|--------------------|------------------|-----|---|----|-----------------|-----------------|------|--|--------|
| Meeting | January 31, 2007 | | | | Report Date | January 9, 2007 | | | |
| Decision Requested | | Yes | X | No | Priority | X | High | | Low |
| | Direction Only | | | | Type of Meeting | X | Open | | Closed |

| Report Title |
|--|
| New income-based testing to determine eligibility for Child Care Subsidy |

| Budget Impact / Policy Implication | Recommendation |
|---|---|
| <div> <input type="checkbox"/> This report has been reviewed by the Finance Division and the funding source has been identified. </div> <div> Report is for information only </div> | <div> Report is for information only </div> |
| <div> X Background Attached </div> | <div> Recommendation Continued </div> |

| Recommended by the Department | Recommended by the C.A.O. |
|--|---|
| Catherine Matheson General Manager Community Development | <div> </div> Mark Mieto Chief Administrative Officer |

Date: January 9, 2007

| Report Prepared By | Division Review |
|---|---|
|  Kate Barber Children Service Planner, Children Services |  Ron Henderson Director, Citizen Services |

Background:

Child Care Subsidy is a program administered by the City of Greater Sudbury and funded 80/20 by the Ministry of Children and Youth Services. Child Care Subsidy operates under the legislation in the Ontario Day Nurseries Act with program guidelines provided by the Ministry of Children and Youth Services.

Traditionally, Child Care Subsidy was seen primarily as an employment support for low and middle income parents. Recently there has been more emphasis on licensed child care as a developmental and educational support for children, especially those who are deemed to be at risk. Efforts to improve access to child care subsidy have been made to meet the needs of parents who need child care to pursue educational or employment goals but also for the benefit of children who can gain from the early education provided in a quality child care setting

“Best Start” Plan to Improve Access to Child Care Subsidy:

As part of the Best Start initiative introduced in 2004, the Provincial Government announced changes to improve access to child care. Communities were encouraged and financially supported to create more licensed child care spaces. At the same time, plans were announced to move from a needs based to an income based eligibility test for the Child Care Subsidy system. This new system would seek to make more families eligible to receive subsidy.

The New Income Based Test

The Province-wide income testing formula was developed and legislated in a revision to the Ontario Day Nurseries Act. The Children Services Section made the required changes to its operations and was ready to implement the new system on the January 1, 2007 start date.

The new test uses only the adjusted family income as reported on the previous year's Notice of Assessment to determine a family contribution for child care. Families with incomes under \$20,000 will not be expected to pay a contribution towards child care. Families with combined incomes over \$20,000 will be assigned a contribution using the following formula: 10% of income between \$20,000 and \$40,000 and 30% of all income over \$40,000. If the actual cost of licensed child care is higher than the family's assessed contribution, Child Care Subsidy will cover the additional costs.

A new income test for determining eligibility for child care replaces a needs test which looked at all aspects of a family's financial and living situation. The new system was designed to be less intrusive and easier to understand for parents and easier to administer. Instead of providing information about all of their monthly expenses and family assets, families will now only have to provide a copy of their income tax information. All families will still need to demonstrate a need for child care.

Provisions for grand-parenting have been made for families with young children on the system before January 1, 2007 where the family was paying less under the needs based system. Families currently receiving subsidy who are not grand-parented will be moved to the new system as their annual subsidy reviews are scheduled.

The new system was designed to make a wider range of families eligible for child care assistance. Children services staff are expecting that more families will be eligible for partial subsidies than in the past. In order to track the impact of the new system on caseloads, a profile of the current Child Care Subsidy Caseload was created in December 2006 and is provided at the end of this report.

Children Services staff will be monitoring the subsidized caseload to determine the impact of the new eligibility system. Based on preliminary information, staff expect that while low income families will still qualify for subsidies under the new system, families with higher incomes will also enter the system, qualifying for partial subsidies. Staff also expect an increase in parents just entering or re-entering the workforce (including mothers returning from maternity leaves). Because the new system is based on previous year's incomes, these families will receive assistance in the first year as they transition into the workforce.

If an increase in families eligible for child care subsidy rises to a level where current funding levels can not meet the demand, staff will develop a priority system so that those who require assistance most (for example low income families, families in crisis) will receive first access to subsidies.

Recent expansions to the licensed child care system have created spaces that will be able to accommodate many new children. However, Children Services staff will be working with child care providers to develop a standardized waitlist to help ensure timely and equitable access for all families who need child care.

Public awareness

A public awareness campaign is underway to inform the public, current child care users and current clients about changes to the system. The City website (www.greatersudbury.ca/childcare) has been updated to give detailed information about the assessment process so that potential clients can determine their approximate contribution on their own.

Appendix- Profile of Child Care Subsidy Caseload, December 2006

The Child Care Subsidy caseload in December 2006 included 777 families with 1197 children using child care. 78% of families were led by a single parent while 22% were two parent families. Clients who were single parents were most likely to have 1 child needing care (62%) and have a gross annual income under \$20,000 (59%). Clients who were two parent families were more likely to have 2 or 3 children (58%) and have an annual gross family income between \$20,000 and \$60,000 (58%). 62% of the parents using child care subsidy needed it for work, while 22% attended secondary or post-secondary education. 7% were Ontario Works recipients. The charts below give more detail about the subsidized caseload before the change to the new system.

