

BACKGROUND

New Ontario Child Benefit announced

After weeks of speculation, an Ontario Child Benefit (OCB) was announced in the provincial budget on March 22nd, 2007.

While this is an important new benefit for low-income families with children, it does not end the clawback of the National Child Benefit Supplement. It only reduces the \$122 clawback by \$50 / month / child by the time it is fully implemented in 2011. That is progress, but it still leaves a long way to go.

The Income Security Advocacy Centre has prepared this preliminary backgrounder to get some information out quickly on what is known about the OCB. We will be releasing a more detailed Q & A on the OCB once we have been able to get more information from the government.

This is what we understand about how the OCB is intended to work:

In July 2007:

- Eligible families will receive a **one-time** payment of up to \$250 for each child under 18.
- Families with a net income in 2005 of under \$20,000 will receive the maximum payment of \$250 for each child.
- Families with incomes over \$20,000 will receive an amount that is reduced by 3.4 cents for every dollar of family net income over \$20,000.
- This payment will not be treated as income or clawed back from families on social assistance.
- To be eligible for this benefit, parents must have registered for the Canada Child Tax Benefit (CCTB/NCBS) and must have filed tax returns in 2006.
- No other payments under the OCB will be made until July 2008.

In July 2008: Two important things will happen:

- 1) A monthly OCB benefit of up to \$50 a month for every child under 18 will start to flow to eligible families.
 - Families with incomes under \$20,000 will receive the maximum. Families with incomes above \$20,000 will see the benefit reduced by 8 cents on every dollar of income above that amount.
 - The OCB will be paid out as part of the monthly CCTB/NCBS cheque.
 - Again, to be eligible, families must be registered for the CCTB and must have filed tax returns in the previous year.

- 2) Social Assistance rates for families with children will start to be “restructured”.
 - The budget documents did not include information about how the rates would be restructured. ISAC will provide this information once it is clarified.
 - ISAC has been told that, following restructuring, families on social assistance will still see a net increase when the income they receive through the OCB, social assistance benefits, the National Child Benefit Supplement and the Child Tax Benefit is combined.
 - At the budget briefing, ISAC was told that when the OCB starts in July 2008, a single mother with one child on OW would see a average monthly increase of around \$31. We didn't get any other examples.

From July 2009 - July 2011:

- The maximum OCB will gradually increase from \$50 a month per child to \$92. During that same period, social assistance rates for families with children will continue to be restructured so that, by July 2011, the overall increase in monthly income for a single mother with one child on OW will increase to around \$50 a month. ISAC is currently trying to clarify this figure and get more information on the rate restructuring for other family types.

The Ontario Government has released a Q & A with additional information on the Ontario Child Benefit. It is available at: http://www.ontariobudget.ca/english/ocb/ocb_faq.html