

Ontario Child Benefit: questions and answers

1. What is the Ontario Child Benefit?

The Ontario Child Benefit (OCB) was announced in the 2007 provincial budget. It is a new benefit that will go to low-income families with children under 18 years of age, those working and those on social assistance.

2. Who is eligible for the Ontario Child Benefit?

Low-income families living in Ontario who have registered their children for the Canada Child Tax Benefit, filed a 2006 tax return and meet the income criteria are eligible for the Ontario Child Benefit.

Families without immigration or refugee status but who are entitled to receive social assistance and to work may be eligible for a Transition Benefit (see # 6 below). In July 2007, when eligible families received the \$250 one-time payment, families without immigration or refugee status did not receive the cheque. However, if they do become eligible for the OCB, they may apply retroactively for the \$250.

When the OCB was announced, the Government expressed its intent that no child in Ontario be worse off as a result of the OCB and indeed, that the greatest number of low-income children possible benefit from the program. The Government is still working out a number of issues related to the OCB. Advocates are working hard to ensure the Government keeps its word and all low income children ultimately benefit from the OCB.

3. When will I start to receive the Ontario Child Benefit?

In July 2007, families received a non-taxable, one-time payment of a maximum of \$250 for each child under the age of 18 years.

Beginning in July 2008, the Ontario Child Benefit will flow monthly. Eligible families will receive the Ontario Child Benefit on the same cheque as they receive the Canada Child Tax Benefit and the National Child Benefit Supplement.

4. How much Ontario Child Benefit will I receive?

The Ontario Child Benefit will be phased in over five years. The maximum amount of the OCB will increase between 2007 and 2011.

The amount of OCB a family receives is dependent on adjusted family net income and the number of children in the family. All eligible families, those working and those on social assistance, will receive the full amount of OCB for which they are eligible, regardless of their source of income.

(Adjusted family net income is defined by the Canada Revenue Agency. It is family income that does not include tax delivered benefits such as the Canada Child Tax Benefit, the National Child Benefit Supplement and the Universal Child Care Benefit. Some other expenses such as child care may be deducted.)

You can visit this website to calculate the amount of your Ontario Child Benefit payment:
<http://www.ontariobudget.ca/english/ocb/index.html>

2007 - In 2007, if the adjusted family net income was \$20,000 or less in 2006, the family received the maximum amount of \$250 for each child under the age of 18 years.

If the adjusted family net income was more than \$20,000 in 2006, the benefit payment for each child was reduced by 3.4 cents for every dollar of adjusted family net income that was greater than \$20,000.

For a family with one child, the income level at which no Ontario Child Benefit was received is \$27,353. To determine the income level at which other family structures received no Ontario Child Benefit, add \$7,353 for each additional child. For example, a family with two children received no Ontario Child Benefit if the family net income was greater than \$34,706 in 2006.

2008 – Starting in July 2008, the Ontario Child Benefit will be received on a monthly basis. The maximum benefit in 2008 is \$50/month (\$600/year) for each child under the age of 18 years.

The maximum benefit will go to families with adjusted family net income that was less than \$20,000 in 2007. From July 2008 onwards, OCB payments will be reduced by 8 cents for every dollar of adjusted family net income that is greater than \$20,000.

In 2008, for a family with one child, the income level at which no Ontario Child Benefit will be received is \$27,500. To determine the income level at which other family structures will receive no Ontario Child Benefit, add \$7,500 for each additional child.

2009 – In 2009, the maximum Ontario Child Benefit payment is \$67/month (\$805/year) for each child under the age of 18 years.

In 2009, for a family with one child, the income level at which no Ontario Child Benefit will be received is \$30,063. To determine the income level at which other family structures will receive no Ontario Child Benefit, add \$10,063 for each additional child.

2010 – In 2010, the maximum Ontario Child Benefit payment is \$75/month (\$900) for each child under the age of 18 years.

In 2010, for a family with one child, the income level at which no Ontario Child Benefit will be received is \$31,250. To determine the income level at which other family structures will receive no Ontario Child Benefit, add \$11,250 for each additional child.

2011 – In 2011, the maximum Ontario Child Benefit payment is \$92/month (\$1,100/year) for each child under the age of 18 years.

In 2011, for a family with one child, the income level at which no Ontario Child Benefit will be received is \$33,750. To determine the income level at which other family structures will receive no Ontario Child Benefit, add \$13,750 for each additional child.

5. How does the Ontario Child Benefit relate to the Ontario Child Care Supplement for Working Families?

In 2007, eligible families will receive the Ontario Child Benefit, in addition to their Ontario Child Care Supplement for Working Families (OCCS).

The Ontario Child Care Supplement for Working Families will be incorporated into the new Ontario Child Benefit beginning in July 2008. However, if a family's OCCS benefit is greater than their OCB payment, they will receive an extra OCCS payment. From 2008-2011, if eligible families would have received a higher payment through OCCS than they receive through the OCB, they will receive an extra OCCS payment to ensure no one is worse off as a result of the OCB.

Children born after June 30, 2011 will not be eligible for the extra OCCS payment. Children born on or before June 30, 2011 will continue to receive the extra OCCS payment until they are 7 years of age.

Once the OCB is fully implemented in 2011, the OCCS will be phased out over seven years.

Since the OCCS is only available until children are 7 years old, families will be better off with the OCB because the OCB continues until the children are 18 years of age.

6. How does the Ontario Child Benefit relate to social assistance benefits (Ontario Works and the Ontario Disability Support Program)?

In July 2007, families on social assistance received the one-time Ontario Child Benefit payment of a maximum of \$250 for every child under 0-18 years of age. Eligible families will receive the OCB in addition to their social assistance cheques. The OCB is exempt income.

Families on social assistance are subject to the same 'phase out' rules as all other families receiving the OCB. That is, families with adjusted family net income that was less than \$20,000 in 2006 received the full \$250 per child in July 2007. Families with adjusted family net income that was more than \$20,000 in 2006 had OCB payments for each child reduced by 3.4 cents for every dollar of adjusted family net income that was greater than \$20,000. From July 2008 onwards, OCB payments will be reduced by 8 cents for every dollar of adjusted family net income that is greater than \$20,000.

In July 2008, social assistance rates for families with children will be restructured to take into account the new Ontario Child Benefit. One of the aims of the Ontario Child Benefit is to separate adult and child benefits. The child benefits will be portable. When a family leaves social assistance for paid work, they will keep their child benefits, depending on family income.

Starting in July 2008, the Back-to-School allowance and the Winter Clothing allowance currently available through Ontario Works and the Ontario Disability Support Program will no longer be available. They will be incorporated into the Ontario Child Benefit.

Families who do not receive the NCBS or OCB, or families who receive only part of the OCB, may be eligible for a new Transition Child Benefit. ISAC is analysing eligibility and benefit amounts for the Transition Child Benefit and will provide more information as it becomes available.

7. How much better off, in real terms, will people on social assistance be as a result of the Ontario Child Benefit?

While families on social assistance with children will receive the Ontario Child Benefit, the social assistance rates for families with children are going to be restructured starting in July 2008. The amounts of the new rates will determine, in real terms, how much the incomes of families with children on social assistance will increase.

As a result of the restructuring of social assistance rates, families with children on social assistance will not be better off, in real terms, by the full value of the Ontario Child Benefit.

For example, consider the case of a single mother with one child under the age of 13 receiving Ontario Works. In July 2008, when social assistance rates are restructured, her OW rate will be \$904/month. Her combined OW and OCB income will leave her better off by \$47/month. However, when both the July 2007 \$250 OCB “down payment” and the rolling into the OCB of the Back-to-School and Winter Clothing allowances are factored in, she will be better off by only \$11/month.

The government has committed that, by 2011, she will be better off, as a result of the OCB, by \$50/month, even though the maximum OCB rate in 2011 will be \$92/month.

8. Does the new Ontario Child Benefit end the clawback of the National Child Benefit Supplement?

No. When fully implemented in 2011, parents receiving social assistance benefits will be better off by at least \$50/month – not \$122, which is the value of the clawback.

During the 2007 Budget discussions, the Liberals claimed that they will be ending the clawback in two different ways. First, they are counting all of the social assistance rate increases since 2004 and then adding on the total net value of the Ontario Child Benefit in 2011 to come up with \$122.

Example: In 2003, a single mother with one child on Ontario Works received a base rate of \$957/month. In 2007, the rate is \$1,008/month. In November 2007, with the 2% increase announced in the budget, it will be \$1,029/month. The rate increases from 2003 to 2007 amount to \$72/month. In 2011, a single mother with one child on Ontario Works will receive a net benefit of \$50/month as a result of the Ontario Child Benefit. $\$72 + \$50 = \$122$, the amount of the monthly clawback.

Many anti-poverty activists agree that counting rate increases towards the end of the clawback is insincere and unacceptable. Those rate increases are supposed to deal with increases in the cost of living. (Obviously, the very low rates and the minimal increases still leave people without anywhere near the income they need to make ends meet.) One might also ask, if the rate increases received by families with children count towards ending the clawback, what do the rate increases received by families without children and singles count towards?

The Liberals also claimed they’ve ended the clawback because, in technical terms, starting in July 2008, families on social assistance will receive their full NCBS. It will not be counted as income on their social assistance cheque and noted as a deduction.

However, social assistance rates will be restructured to take account of the Ontario Child Benefit. Indeed, they will be reduced. People will not see the NCBS as a deduction on their cheque, but the value of their social assistance cheque will be reduced.

9. What will happen to families who become eligible for social assistance, but had income in the previous year that disqualifies them for the Ontario Child Benefit?

The Transition Benefit is intended to assist families in this situation. ISAC is analysing eligibility and benefit amounts for the Transition Child Benefit and will provide more information as it becomes available.

10. Once the Ontario Child Benefit is in place, will children whose families are on social assistance be eligible for in-kind benefits through Ontario Works and the Ontario Disability Support Program such as drug and dental benefits and the Special Diet Allowance?

Yes. If a child's family is on social assistance the child will continue to be eligible for in-kind benefits. The only benefits currently available that will no longer be available are the winter clothing and back-to-school allowances. Children will continue to be eligible for benefits such as the Special Diet Allowance.

11. Once the Ontario Child Benefit is in place, will child support payments continue to be deducted from social assistance cheques?

Yes.

12. Will children in the care of the Children's Aid Society be eligible for the Ontario Child Benefit?

To be announced. The government has committed to making children in care eligible for the Ontario Child Benefit. However, they have not yet announced how they intend to do this.

The \$250 "down payment" that was issued in July 2007 did not go to children in care in July 2007. If children in care become eligible for the OCB, they will be able to apply retroactively for the \$250 "down payment."

13. How will programs funded through National Child Benefit Supplement reinvestments be impacted?

Once the Ontario Child Benefit reaches its full maturity in 2011, social assistance costs to municipalities will be reduced by \$15 million/year. (The OCB is fully funded by the province.) Municipalities will decide for themselves how to use these savings.

The provincial programs funded through NCBS reinvestments will be continued.

14. When does the 2% increase to social assistance rates take affect?

In November 2007, social assistance rates will be increased by 2%. (Those on ODSP will see the 2% increase on their November 30, 2007 cheque. Those on OW will see the 2% increase on their December 1, 2007 cheque.)

Those living in institutions and receiving a Personal Needs Allowance and those receiving Temporary Care Assistance will also benefit from the 2% increase to their allowances. The Guide Dog benefit, as well as the Back to School and Winter Clothing allowances, will also increase by 2%.

The maximum monthly rates for recipients of Assistance for Children with Severe Disabilities will increase by 2% (rounded to the nearest \$5) from \$410 to \$420.

The emergency shelter per diem rate will increase by 2% from \$39.95 to \$40.75 plus an additional \$4.00 for additional costs related to provision of personal needs items, up to a maximum of \$44.75.