

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 between the ages of 0-18 years, 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.

It has not yet been announced how families without immigration or refugee status, but who are entitled to receive social assistance and to work, will be affected. In July 2007, when eligible families receive the \$250 one-time payment, families without immigration or refugee status will 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 will receive 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 essentially 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 will receive the maximum amount of \$250 per 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 will be 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 will be received is \$27 353. To determine the income level at which other family structures will receive no Ontario Child Benefit add \$7 353 for each additional child. For example, a family with two children will receive no Ontario Child Benefit if the family net income was greater than \$34 706 in 2006.

2008 – Starting in 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 between the ages of 0-18 years.

The maximum benefit will go to families with adjusted family net income that was less than \$20 000 in 2007. From 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 between the ages of 0-18 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 between the ages of 0-18 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 (\$1100/year) for each child between the ages of 0-18 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 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 will receive the one-time Ontario Child Benefit payment of a maximum of \$250 for every child between the ages of 0-18 years. 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 will receive the full \$250 per child in July 2007. Families with adjusted family net income that was more than \$20 000 in 2006 will have 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 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, social assistance rates for families with children will be restructured. The restructured rate amounts are expected to be available in May 2007.

The social assistance rates 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 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.

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 full Ontario Child Benefit, the social assistance rates for families with children are going to be restructured. The restructured rates are expected to be available in May 2007. 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 on social assistance will not be better off, in real terms, by the full value of the Ontario Child Benefit. (Restructuring doesn't begin until 2008. In 2007, families will be better off by the full amount of their OCB payment.)

For example, consider the case of a single mother with one child receiving Ontario Works. In 2008, when social assistance rates are restructured, her OW rate will be \$903/month¹. She will be better off, as a result of the OCB, by \$31/month. By 2011, her OW rate will be \$596/month. She will be better off, as a result of the OCB, by \$50/month. (These examples of the restructured rates do not take into account any increases, even cost of living adjustments which are likely to occur.)

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

No. When fully implemented in 2011, a single parent on Ontario Works with one child will be better off by \$50/month – not \$122, which is the value of the clawback.

The Liberals are claiming they've ended the clawback in two different ways. Firstly, 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 \$1008. In November 2008, with the 2% increase announced in the budget, it will be \$1029/month. The rate increases from 2003 to 2008 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 are also claiming they've ended the clawback because, in technical terms, starting in 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.

¹ The restructured social assistance rates noted here are estimates based on modelling. The rates have not been officially announced.

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?

To be announced.

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 \$250 "down payment" that will be issued in July 2007 will not be going to children in care in July 2007. The eligibility of children in care is still being reviewed. 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.