

MEMORANDUM

TO: Community Services and Housing Committee Members

FROM: Joann Simmons, Commissioner

DATE: May 27, 2005

RE: **National Child Benefit Supplement (NCBS) Clawback Update**

At its April 13, 2005 meeting, the Community Services and Housing Committee sought clarification of York Region's response to the advocacy campaign across the province to end the NCBS clawback. The Committee's request was in response to a resolution received from the Greater Sudbury City Council calling on the Ontario Government to stop the current clawback of the National Child Benefit Supplement (NCBS) from families in receipt of Ontario Works (OW) and Ontario Disability Support Program (ODSP).

The following information provides further background on the NCBS clawback and, from the Community Services and Housing Department's perspective, concerns regarding how changes to treatment of the NCBS may impact on our programs and clients.

NCBS Clawback Background

The "clawback" was part of the original NCB agreement in 1997 between the Federal, Provincial, and Territorial governments. In Ontario, the Province adopted a policy to deduct dollar-for-dollar the full value of the NCBS (which eligible families receive as part of the federally-funded Canada Child Tax Benefit) from families receiving social assistance (OW and ODSP). Social assistance programs are cost shared 80% by the Province and 20% by municipalities in Ontario. The savings realized from these adjustments to social assistance were then reinvested by the Province in supports to low-income families that met NCB objectives of preventing and reducing child poverty, promoting labour force attachment for families, and reducing duplication. These changes did not reduce municipal expenditures related to social assistance because, as part of the cost-sharing arrangements for social assistance, the Province directed municipalities to reinvest their 20% of these savings (*aka*, NCB Reinvestment funds) in local supports that met community needs consistent with NCB objectives.

Since then, the Province has used most of its reinvestment funds to support the Ontario Child Care Supplement for Working Families.

York Region's Investment

In York Region, these NCB Reinvestment dollars have been used to fund a range of supports to low-income families, including OW participants and families living in social housing. In 2004, over 4,800 children in York Region benefited from projects funded through NCB Reinvestments. From the feedback received in our resident surveys and our review of child development outcomes in other jurisdictions, we *know* that these supports have helped families. Specifically, they continue to make it possible for low-income parents to work and be better parents and enhanced child development.

Regional Council Response in 1998

When the NCBS Clawback was announced in 1998, Regional Council passed a Resolution requesting the Province “rescind the decision to consider the National Child Benefit Supplement as income for Ontario Works clients thereby deducting the supplements from social assistance payments;” (Minute No. 288 as recorded in the Minutes of the meeting of Regional Council of The Regional Municipality of York held on October 8, 1998). As part of the resolution, Regional Council recognized that children in families on social assistance are among the poorest in our society while, at the same time, the purpose of the NCBS is to reduce child poverty.

The only action taken to date by the Province has been to commit in the 2004 Budget to review the clawback while allowing the value of a scheduled increase in the NCBS to flow through to social assistance recipients for one year. The 2005 Provincial budget commits to allow incremental increases in the NCBS to flow through to social assistance recipients for another year but does not address ending the full clawback.

Current Implications of Ending the Clawback

Consolidated Municipal Service Managers (CMSMs), as directed by the Province, have invested NCB Reinvestment dollars in critical employment and child development supports to low-income families. In York Region, we continue to be concerned about the impact of NCBS deductions on vulnerable families on social assistance. However, we are also concerned with the future of the many programs funded by redirecting these funds and therefore the effect on the residents who rely on them, many of whom are on social assistance. The Community Services and Housing Department strongly recommends that should the Province decide to end the full clawback of NCBS that 100% provincial dollars must be provided to municipalities, in the same amount as the clawback, in order to sustain these valuable supports which NCB Reinvestments currently fund.

Should the Province end the clawback without replacing funding, York Region will face significant pressure to find the financial resources to continue these programs (approximately \$800,000 annually). This will exacerbate the pressures of managing under-funding by the Province in many of York Region's core social services. Community Services and Housing Department staff will continue to track the potential implications of ending the clawback on our clients and programs, and report back when changes occur.