

5

THE ESTABLISHMENT OF AN INCOME PRIORITY CATEGORY WITHIN THE WAIT LIST FOR CHILD CARE FEE ASSISTANCE

The Community Services and Housing Committee recommends adoption of the recommendation contained in the following report, April 21, 2005, from the Commissioner of Community Services and Housing:

1. RECOMMENDATION

It is recommended that:

1. Council approve the establishment of a priority category within the wait list for child care fee subsidy for families with \$36,000 or less in net income (defined as gross income minus mandatory deductions, e.g. CPP, EI, Income Tax) effective June 1, 2005.

2. PURPOSE

The purpose of this report is to seek Council approval to establish an income priority category for families who apply for child care fee subsidy so that the scarce resource of fee assistance can go to those most in need.

3. BACKGROUND

3.1 New Provincial Policy

The Province recently announced, through its policy statement "*Improving Access to Subsidized Child Care*", changes in eligibility criteria for child care fee subsidy exempting Registered Retirement Savings Plans (RRSPs) and Registered Education Savings Plans (RESPs) from consideration as liquid assets when determining eligibility for child care fee subsidy. The policy also directed Consolidated Municipal Service Managers (CMSMs) to include contributions to RRSPs and RESPs up to the Federal annual maximum as an allowable expense in determining families' eligibility for child care fee subsidy (Clause 4 of Report No. 2 of the Commissioner of Community Services and Housing reported to Council at the April 21, 2005 meeting).

This means that expenditures on these particular items by applicants applying for child care fee subsidy are deducted from available net income before considering and determining eligibility for fee subsidy.

While 82% of families currently in receipt of child care fee subsidy have an income of less than \$36,000, it is expected that, as a result of the provincial policy change in the

treatment of RRSP and RESP contributions, many families with incomes significantly greater than \$36,000 may become eligible for child care fee subsidy.

4. ANALYSIS AND OPTIONS

4.1 Provincial Funding Levels

In 2004/2005 the Province approved fee subsidy funding for 236 additional spaces. However, the need for child care fee subsidy continues to exceed the provincial funding approval as indicated by a fee subsidy wait list of 1,489 children in February 2005. This wait list is equivalent to about 60% of those currently receiving child care fee subsidy from York Region.

4.2 Household Profile

In order to be eligible for child care fee subsidy, parents must be employed or enrolled in an education/training program. Provincial guidelines also allow that fee subsidy can be used to support families in financial need who are experiencing exceptional and special circumstances.

In February 2004, approximately 82% of families (*Source: OCCMS Report R017*) in receipt of child care fee subsidy earned below \$36,000 net income (defined as gross income minus mandatory deductions) each year. Of this percentage of families, 66% represent one-parent families.

4.3 Waitlist Management

Currently there are 1,489 children registered on the waitlist for child care fee subsidy. It is expected that more families with net incomes in excess of \$36,000 may become eligible for child care fee subsidy as a result of the policy changes related to RRSPs and RESPs.

The addition of a \$36,000 net annual income threshold as a waitlist priority category will allow us to look first to those families with the greatest financial need in accessing limited provincial child care fee subsidy funds when they become available.

4.4 Implementation

Commencing June 1, 2005, families with a net income of less than \$36,000 will be given priority on the wait list for child care fee subsidy.

4.5 Relationship to Vision 2026

This initiative supports the following action areas of Vision 2026:

- Responding to children in need.
- Enabling access to services that support early child development.
- Working with federal and provincial government partners.

5. FINANCIAL IMPLICATIONS

There are no financial implications related to the establishment of a priority category for families with a net income of less than \$36,000.

6. LOCAL MUNICIPAL IMPACT

In York Region, the 0–12 year old child care population has risen by 13% since 1996. The need for child care fee subsidy continues to exceed provincial subsidy approval levels. The implementation of a waitlist income priority category will help us to first assist families with the greatest financial need when child care fee assistance/subsidy becomes available.

7. CONCLUSION

The Regional Municipality of York is currently maximizing child care fee subsidy funding. The implementation of new provincial policies regarding RRSPs and RESPs expands eligibility criteria to families wishing to apply for child care fee subsidy. It is expected that there will be an increase in the number of households eligible to receive subsidy. Therefore, our waitlist will grow. A waitlist income priority category will help those families in greatest financial need to access child care fee subsidy.

The Senior Management Group has reviewed this report.