

**3. CHILD CARE SUBSIDY: POLICY CHANGES INTRODUCED  
BY THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES**

**COMMITTEE RECOMMENDATIONS AS AMENDED**

1. That Council approve that, should an individual or a group of individuals presently using child care services wish to proceed to court on the provincial government's discriminatory new directive concerning RRSPs being treated as a liquid asset, the Region's Legal Department provide the legal expertise to support such a challenge.
2. WHEREAS, a low-wage earner working for the federal government or large company with a company pension plan may qualify for a child care subsidy, but a low-wage earner with exactly the same salary, but self-employed or working for a small firm is to be forced to liquidate his/her retirement savings or lose his/her child care, and;

WHEREAS such a policy is discriminatory and penalizes people who have been frugal and prudent and attempted to save for the future;

THEREFORE BE IT RESOLVED that Council strongly object to this unfair policy, call on the provincial government to rescind it and request the Association of Municipalities of Ontario to take on this issue on an urgent basis, and;

FURTHER THAT this Motion be circulated to all regions/counties in Ontario, all three party leaders, the Minister of Community and Social Services and all local MPPS.

3. That Council direct the Chief Administrative Officer, along with the Finance, and Social Services Commissioners and the Regional Solicitor to develop a strategy to fight the implementation of the Province's policy change on RRSPs and child care. This strategy to include consideration of combining the Region's efforts with other municipalities and other entities or agencies. That a report on this matter be brought to the Community Services Committee at the 2 March 2000 meeting.

#### DOCUMENTATION

1. Social Services Commissioner's report dated 15 Jan 00 is immediately attached.
2. Extract of Draft Minute, Community Services Committee, 3 Feb 2000, follows the report and includes a record of all votes.
3. Correspondence from the Ontario Municipal Social Services Association, dated August 17, 1999 and response from the Ministry of Community and Social Services, dated September 2, 1999 appear at Appendix 1.

DATE 15 January 2000

TO/DEST. Co-ordinator,  
Community Services Committee

FROM/EXP. Social Services Commissioner

SUBJECT/OBJET **CHILD CARE SUBSIDY: POLICY CHANGES INTRODUCED BY  
THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES**

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**DEPARTMENTAL RECOMMENDATION**

**That the Community Services Committee recommend Council receive this report for information.**

**BACKGROUND**

In July 1999, the Ministry of Community and Social Services introduced new Child Care Fee Subsidy Guidelines to municipalities. These guidelines include several changes to subsidy eligibility rules. Some of these changes are relatively minor. Of more significant impact is the direction contained in the guidelines for the treatment of RRSPs as assets.

The current Departmental policy for Child Care Fee Subsidy has been in place since February 1, 1993. The policy allows the exemption of RRSPs as assets, with certain limitations, for individuals who do not have a mandatory employer sponsored pension plan.

Under the new provincial directives, RRSPs shall be treated as liquid assets, subject to the allowable asset limits. (e.g. The asset limit for a single parent with one child is \$5,000. The limit for a two parent family with two children is \$6,000.) Furthermore, contributions to private RRSPs are not permitted as deductions from earned income.

## DISCUSSION

### **Clients Affected**

A review of child care cases was completed by the Policy, Planning and Performance Management Branch of Social Services. It provided a profile of cases potentially affected by this change in RRSP policy. Projecting from the sample included in this study, approximately 430 cases would be ineligible due to assets in excess of the limit. An additional 172 could experience an increase in their partial child care fee or be found ineligible, due to disallowing contributions to RRSPs. These 602 cases represent approximately 900 children in child care spaces. This is about 14% of the total subsidised spaces (6,348) in the Region and 8% of the total number of licensed spaces (11,300).

Client choice and other variables such as number of children, financial circumstances, and total cost of care make it difficult to predict the exact impact on eligibility, in advance of individual file reviews. These reviews have started.

### **Assessment of Impact**

Social Services has invested significant time and effort in examining the impact of the provincial policy changes and has assessed various alternatives and the risks associated with them.

The Province is clear in its position that the changes announced are to be implemented. However, to do so without due process and ample notice to agencies and clients, would result in significant concern in the community and could jeopardise the capacity of agencies to keep their spaces filled to attract per diem payments which fund their operations.

A significant risk of not complying with the directive ( maintaining current policy on RRSPs), could be that the Province would refuse to cost-share the subsidy paid on behalf of clients who are not eligible under the new rules, due to RRSPs in excess of the limit. Based on the sample study done, this could be a loss of cost-sharing in the order of \$2.5 million annually.

It is important to note that other Consolidated Municipal Service Managers (CMSMs) in Ontario, including the City of Toronto, have already implemented or are in the process of implementing these new directives.

### **Decision**

Social Services has introduced an approach to implementation which achieves a careful balance between the direction set by the Province and the needs of clients and agencies for enough time to prepare for the changes.

1. The Provincial directive for treatment of RRSPs as assets, along with the other policy changes, will be introduced February 1, 2000 for all applicants and recipients.
2. All existing cases with RRSPs, and cases that are partial fee payers, will be reviewed during the months of February and March, 2000. Those who are found to be ineligible under the new rules will be advised that they will no longer be eligible for child care subsidy as of September 1, 2000 if they continue to have assets in excess of the limits. Existing policies will govern the 'disposition' of these assets. This term refers to the way in which clients may use the financial resources which they have, in order to reduce their liquid asset level to something less than the maximum amount allowed for eligibility. For example, money could be spent to pay down the mortgage on a principal family residence, but if the money was used to buy a boat, the boat is still an asset and the value remains. Staff are required to examine how the money was used ( the disposition of assets), to determine if there can be on-going eligibility.
3. Changes to child care fees to be paid by clients, as a result of this review, will take effect in the month following completion of the review. Note that this could require partial fee payers to become full fee payers, due to the amount of available income after RRSP contributions are disallowed.
4. Social Services will exercise its limited discretion under the guidelines to allow a deduction of no more than \$100 per month for RRSP contributions, ONLY for those clients who do not have a mandatory Employer Pension Plan. This deduction will not be permitted for RRSP cases already over the asset limit, which have been grandparented until September 1, 2000.

## **Communication**

Social Services has developed the following communication plans:

1. The Child Care Directorate which has overall responsibility for Child Care system management will provide detailed information on these changes to all child care agencies in the region.
2. All Child Care subsidy clients will receive a letter from Social Services, in early February, indicating that the Ontario Ministry of Community and Social Services has introduced these changes. The letter will describe the changes and will advise clients that those who are affected by the new RRSP policy will receive a second letter asking them to attend an interview with the necessary documentation for review.
3. Social Services has established a special 24 hour voice mail box to enable clients to telephone with questions and concerns. If not answered immediately, these inquiries will be answered within 24 hours.
4. Departmental staff have received a policy and procedure directive, detailing the specifics of the changes and outlining the steps to be taken to implement it. Expert policy support is available to staff to ensure consistent and fair interpretation of the new requirements.

## **PUBLIC CONSULTATION**

Public consultation is not required for this report.

### FINANCIAL COMMENTS

There is no financial impact at this time.

### CONCLUSION

The new Provincial policy requirements represent a significant departure from current child care subsidy policy. The impact of these changes will be to further reduce the eligibility of working parents for child care subsidy. In particular, it affects those who do not have mandatory employer sponsored pension plans, by limiting RRSP contributions and treating RRSPs as liquid assets, subject to restrictive asset limits.

*Approved by  
Dick Stewart*

Extract of Draft Minute  
Community Services Committee  
3 February 2000

**CHILD CARE SUBSIDY: POLICY CHANGES INTRODUCED  
BY THE MINISTRY OF COMMUNITY AND SOCIAL SERVICES**

Mr. Merv. Sabey, Director, Area Operations East, presented the report. He began by clarifying that the Ministry of Community and Social Services (MCSS) has not introduced new asset limits, rather Registered Retirement Savings Plans (RRSPs) that were exempt are now considered to be liquid assets. Mr. Sabey indicated staff have identified 800 cases of clients with RRSPs, 255 of whom are in excess of the new limit. He cautioned that this was not a precise assessment of the impact on a case by case basis as it will require significant efforts throughout February and March to determine the exact impact on eligibility. M. Sabey said that the Ontario Municipal Social Services Association (OMSSA) has written a formal letter to the Province, asking them to reconsider the policy change and the Province has responded that it intends to implement the changes. Departmental staff have tried to find a balance between the pressures to implement and the pressure to give clients and agencies time to adjust. Mr. Sabey expressed the belief staff have found a balance to implement the policy change in a way that is respectful of people who have been following the policy but now find themselves in a changed environment.

Councillor L. Davis asked whether child care workers who were given RRSPs in lieu of pensions would now have to divest themselves of their savings. M. Sabey said he could not answer the question at this time, but the indications are the Province intends to protect only mandatory, employer-sponsored pension plans. Staff will need to look carefully at individual circumstances and continue to interpret the directives to the benefit of its clients within the policy direction. Councillor Davis wanted to know what the current “cap” is for RRSPs. M. Sabey said an annual contribution cap of \$7,500 would be deducted from earned income. With regard to the number of families affected, he reiterated that he could not be more precise until the review process is completed. Staff are exercising their limited discretion by allowing a deduction of no more than \$100 per month for RRSP contributions. He added that considering RRSP contributions against earned income can be done if it is limited and done under a category called “other” and staff propose to do this.

Councillor W. Byrne asked how RRSPs would be treated in the case of self-employed individuals, i.e., would they be considered a personal or a business asset. Mr. Sabey said his guess would be that this would be a personal asset, as it is being derived from personal income and paid into an RRSP. Councillor Byrne posited that the policy could have a drastic impact on self-employed people and put them out of business and back on the caseload.

Extract of Draft Minute  
Community Services Committee  
3 February 2000

She wanted to know whether liquid assets include a vehicle as this is an item that could put one over the limit. Mr. Sabey indicated that staff have to look at the entire circumstance of a person and look at all the items considered liquid assets: RRSPs are now part of the list, as well as savings, bonds; vehicles may or may not be considered. In response to a further question from Councillor Byrne, Mr. Sabey said contributions can't be made to a child's RRSP as it is the assets of the entire benefit unit that are considered.

Councillor A. Loney sought clarification as to whether the Region would be at risk of provincial "claw-back" if the policy change is implemented as staff suggests. The Social Services Commissioner, D. Stewart, said he believes the Province will allow the Department to assist people with disposing of their assets without penalising the Region. He added that Ottawa-Carleton is "late in the day" implementing changes compared with other municipalities. Councillor Loney asked whether there is increased risk in further delaying implementation. Commissioner Stewart replied this would depend on the nature of the delay: he posited this would be more acceptable if the department were dealing with the changes on a case-by-case basis. In response to a question from Councillor Loney Mr. Sabey indicated that a full review of financial eligibility is done once per year. If a client was contributing enough money to reach the \$5,000 cap, that client would be encouraged to be aware of the asset limit in order not to exceed it.

Councillor H. Kreling asked what other regions or counties across the Province are doing about the policy change. Mr. Sabey replied that smaller municipalities would have immediately implemented the changes. The City of Toronto has taken an approach that allows a six-month period, and this is essentially the approach staff recommend the Region take; larger regions have taken a phased-in approach. Councillor Kreling wanted to know whether OMSSA will be pursuing other strategies. Mr. Sabey replied in the negative. He pointed out that OMSSA's Child Care Policy Committee has explored the issue at length and has written to the Ministry but it has been greeted with a closed door.

Joanne Hightower, Co-Chair, Ottawa-Carleton Child Care Association

Ms. Hightower said the Ontario government is forcing subsidized parents with only RRSPs and no locked-in pension plan to dispose of this asset, while leaving those with locked-in pensions untouched and this is simply not fair. A majority of the affected parents are women or parents who are self-employed and their RRSP is their only vehicle to save for their retirement. Eliminating the ability to build a retirement fund creates a greater probability that these individuals will find themselves needing support from federal or provincial coffers in their retirement years.



Extract of Draft Minute  
Community Services Committee  
3 February 2000

When parents lose their access to subsidized child care, they may use their RRSP to pay full fee and keep their children in the current program. This change will only defer the cost to the Region's child care budget, as these parents likely will be back looking for subsidy when their funds run out. Ms. Besharah said that, by losing access to subsidized child care, many families will have little recourse but to place their children in the unlicensed, unregulated child care sector.

Pulling children from programs that provide them stability and security and provide peace of mind for their parents is not in the best interest of any family. She asked that the Department continue its leadership role by:

- further stalling the implementation of the directive until a full community assessment on parents and the child care system is completed;
- informing the Province of this and requesting an amendment to the directive that is in the best interest of Ontario's children, parents and the child care system;
- maintaining a continued leadership role at OMSSA, to push for community assessment impact studies before the implementation of any further provincial directives.

Joan Tierney, a sole support parent of a 5-year old girl attending Huron Day Care said she will lose her subsidy when the proposed change is implemented. This will have a drastic effect on her life. She is being put in the position of choosing between continuing, high quality child care for her child and her retirement future. Ms. Tierney posited she is being forced to use her RRSP and risk her financial future because the Canada Pension Plan will not be enough to support her when she retires. In addition, the amount of money she will need to pay for child care will drastically increase her taxable income, and she will incur costs for exceeding the 10% withdrawal limit each year. Ms. Tierney pointed out that, as a single parent, she struggles each day to make ends meet; she receives no child support and lives paycheck to paycheck. Paying full fee out of her monthly salary is not an option but neither is moving her child to cheaper, unregulated care. She has come to the conclusion that she is being discriminated against, along with other parents. She asked that the Committee stop the changes to the subsidy criteria until consideration is given to what this means to people like herself and other families in the same situation. She challenged the Committee to rise to the occasion and to support the parents and children of Ottawa-Carleton as it has in the past.

Extract of Draft Minute  
Community Services Committee  
3 February 2000

Replying to a question from Councillor Davis, the Committee's legal counsel, Alexia Taschereau-Moncion, said the judgement could be made that this is a discriminatory practice, however the Region has to implement provincial regulations. As to whether this would fall under the family category of the Human Rights Code, legal counsel said that, subject to doing the research, she thought a challenge to the policy change could be through judicial review or through a Charter challenge.

Councillor Davis asked whether the Corporation would not have the recourse or the obligation to take on a legal challenge if it considers something as a discriminatory practice. Commissioner Stewart replied that a court ruling would be needed on whether or not this is a discriminatory practice. In the past, when it was felt that provincial rules were not in the best interest of the community, the department interpreted the rules in the best interests of its clients. Mr. Stewart added there is less discretion to do this now, and failure to implement the policy change would result in an audit and in penalties being applied. A subsequent court ruling on whether or not the policy change is discriminatory would result in a reversal of policy. Councillor Davis expressed the belief that, as a Corporation, the Region has an obligation not to implement something it believes is discriminatory. She put forward a Motion calling for legal assistance to be provided to an individual or to a group wishing to challenge the provincial policy change.

Rachel Besharah, President, CUPE 2204, began by expressing her appreciation for the work that has gone into finding a solution that will have the least impact on parents and children, and on the fragile child care system. She made reference to recent changes in the treatment of the Ontario Student Assistance Plan (OSAP) which saw many parent-students forced from the system and into unregulated care. As well, inadequate funding for Ontario Works child care has forced families involved in the program to place their children in the unregulated system, or face losing their welfare benefits. Ms. Besharah said the most recent policy change will force middle income families out, many of whom pay partial child care fees. The staff report estimates that 900 children will be expelled from the system. Those who work with children know the difficult journey they face as they develop bonds of trust with their care providers. The provincial directive is short-sighted and will directly impact on families after a lifetime of work. The latest Statistics Canada figures show that only 39% of women and 42% of men are covered by workplace pensions. Many families try to deal with the almost daily media reports that the Canada Pension Plan is failing and will not meet the demands of the aging population by investing in RRSPs. Their foresight should be welcomed and commended, not used against them.

Extract of Draft Minute  
Community Services Committee  
3 February 2000

Ms. Besharah said the Committee is being asked to stand behind the values and principles that have guided the development of child care services in the community for the past 25 years. This is in recognition of the important role governments play in the lives of young children and in supporting families to reach their potential.

Colette Francis, a parent with two young children, said she was deeply troubled by the change being introduced, as it will no longer permit her and her husband to have or contribute to an RRSP in preparation for the future. She called this an unfair policy that punishes people like herself, who have no other means to prepare for retirement. Mrs. Francis said if she is disqualified from receiving a partial subsidy, she will not be able to afford the high cost of good child care and will have to consider placing her children into cheaper, unregulated care. She said she and her husband are upset at being forced between taking care of ourselves in their old age and being a good parent now, by keeping their children in the kind of care that is good for them. She appealed to the Committee to reconsider the implementation of the policy or to challenge the provincial government in implementing it.

Dave Hagerman, Ottawa Federation of Parents' Daycares

Mr. Hagerman said that this unfair and discriminatory policy, along with the lack of pay equity, the lack of funding for wage enhancement grants and other measures have been beating the child care community. It is getting discouraged because there seems to be no light at the end of the tunnel. He asked that the Committee support Councillor Davis; Motion to provide counsel for other entities wanting to challenge the policy change, along with the changes to OSAP, through the courts. This would send a signal to the community that the Region will stand up for what it believes in. He asked that there be a Statement of Principle by a public body and by public representatives that a universally accessible and affordable child care system is an essential part of the social infrastructure in a modern society and that the current funding mechanisms are not working. Because there is the Québec model to go by, it is difficult to argue that modern governments can't afford this anymore. Mr. Hagerman said the Statement of Principle will help and encourage the child care community by indicating that action will be taken. The Statement of Principle can also be forwarded to OMSSA for support and to large municipalities, encouraging them to pass a similar Statement of Principle. Mr. Hagerman concluded by saying that the devastation wrought on families by these kinds of measures is too high

Extract of Draft Minute  
Community Services Committee  
3 February 2000

Sian Service, Board President, Glebe Parents' Day Care

Ms. Service said many parents will be affected by the policy change. When a person is self-employed, there are high and low moments, and there can be a loss of equity by divesting oneself of RRSPs. Ms. Service pointed out there is a fuzzy line between mandatory and voluntary pension plans. Many of the parents served at the Glebe centre are from the downtown core. For them, it is not a question of finding cheaper child care, its a question of finding child care. There are long waiting lists and few people in the Glebe available to provide care. Ms. Service said parents will either have to go to the suburbs or stop working and go on assistance. She called the Motions before the Committee excellent, and she expressed the hope they will be supported. Councillor Byrne said she appreciated Ms. Service bringing up the point that, if one is self-employed, having to liquidate the equity of RRSPs can jeopardize one's ability to keep one's business.

Fernando Felix, a parent, informed the Committee this, since the policy change has come into effect, it has affected his ability to afford child care, and he has had to decide whether to have another child. He said this has affected him deeply, because he really wanted to grow his family. His only option is to go off work, have reduced income and have a stay-at-home mom or eventually declare personal bankruptcy, because this is not part of the equation in terms of discounting the subsidy. Mr. Felix called this very threatening and discriminatory against working families who pay their taxes, and who try to do a good job day in and day out. He said all he wanted was good day care assisted by the government or by parents who can afford full fees. He posited this eliminates the middle class because one is either very poor with a subsidy or very rich and pay full fee. Mr. Felix expressed the hope the Committee will approve the Motion to provide legal counsel and move forward with an objection to the policy change.

Speaking to her Motion, Councillor Davis said it is not hard to see how wrong the policy change is, and that society is moving far away from equity. She indicated she has never seen anything that cries out so blatantly and is so clearly wrong. She expressed her support for all the Motions and she asked that the Committee do the same.

Councillor C. Doucet suggested that Councillor Davis' Motion be amended to include a legal challenge to the OSAP changes as well. Councillor Davis said she would not consider this a "friendly amendment" as she felt the Committee has not had much information about the OSAP matter and should have a report back if this is to be the case. Chair Munter requested that staff provide some general comments on the applicability or relevance of the OSAP situation when it reports back to Committee on March 2<sup>nd</sup>.

Extract of Draft Minute  
Community Services Committee  
3 February 2000

Councillor Loney said there is agreement the policy change is horrendous and there can be no good behind it. He said he thought his Motion was the fastest way to start moving on this item, by telling the Region's senior bureaucrats that Council is looking for a strategy to fight the change effectively. They will also have the opportunity to start consulting with other municipalities who may want to combine efforts. Councillor Loney thought waiting for someone to initiate the case, then coming to the Region for funding would be a slower process. Staff have indicated that \$2.5 million in child care subsidies may be at risk, therefore it is worth the effort and the funds to fight the directive. The alternative, i.e., paying \$2.5 million, will be a harder sell. Councillor Loney said the fact is this is a bad policy decision and the way to illuminate this is to proceed and probably through the courts.

Councillor D. Holmes said there have been many instances around the Committee table where the punitive policies of the Harris government have been discussed. The Committee has had to recuperate its energies to fight attacks on women and children, and the proposed policy change is just another nail in the coffin of organized and licensed child care. Councillor Holmes posited the Province would prefer to sell child care to the private sector, but since it is not profitable, the Province prefers to drive it out of business. She said she really felt the need to take a stand on this matter, because it is so discriminatory and it goes against every policy of the provincial and federal government about people saving for their future and not having to rely on government pensions. The Committee and Council have to be seen to be moving in a concerted way, making the public statement that the policy is unreasonable and discriminatory and indicating that the community will be receiving backing in the fight against the directive.

Chair Munter said it was completely amazing to think that a government would deliberately force a situation on people that could result in their being impoverished in old age and prevent them from being frugal and careful and setting money aside for the future. He pointed out this contradicts everything governments have told people to do, that is, plan for the future, be self-reliant; when people have done this, they are punished by losing their child care. Chair Munter called this behaviour reprehensible and he said he was pleased to hear there is energy around the table to take on this matter.

The Committee then considered the following Motions:

Extract of Draft Minute  
Community Services Committee  
3 February 2000

Moved by L. Davis

**That, should an individual or a group of individuals presently using child care services wish to proceed to court on the provincial government's discriminatory new directive concerning RRSPs being treated as a liquid asset, that the Region's Legal Department provide the legal expertise to support such a challenge.**

CARRIED, as amended

Moved by W. Byrne

**WHEREAS, a low-wage earner working for the federal government or large company with a company pension plan may qualify for a child care subsidy, but a low-wage earner with exactly the same salary, but self-employed or working for a small firm is to be forced to liquidate his/her retirement savings or lose his/her child care, and;**

**WHEREAS such a policy is discriminatory and penalizes people who have been frugal and prudent and attempted to save for the future;**

**THEREFORE BE IT RESOLVED that Regional Council strongly object to this unfair policy, call on the provincial government to rescind it and request the Association of Municipalities of Ontario to take on this issue on an urgent basis, and;**

**FURTHER THAT this Motion be circulated to all regions/counties in Ontario, all three party leaders, the Minister of Community and Social Services and all local MPPS.**

CARRIED, as amended

Extract of Draft Minute  
Community Services Committee  
3 February 2000

Moved by A. Loney

**That the Chief Administrative Officer, along with the Commissioners of Finance, Social Services and the Regional Solicitor develop a strategy to fight the implementation of the Province's policy change on RRSPs and child care. This strategy to include consideration of combining the Region's efforts with other municipalities and other entities or agencies, and, that a report on this matter be brought to the Community Services Committee at the March 2, 2000 meeting.**

CARRIED, as amended

Moved by D. Holmes

**That the formal letter from the Ontario Municipal Social Services Association be appended to the report to Council.**

CARRIED, as amended



ONTARIO MUNICIPAL SOCIAL SERVICES ASSOCIATION ■ L'ASSOCIATION DES SERVICES SOCIAUX DES MUNICIPALITÉS DE L'ONTARIO

August 17, 1999

Ann Masson, Director  
Child Care and Community Services Branch  
Ministry of Community and Social Services  
Room 476, 4<sup>th</sup> Floor Hepburn Block  
80 Grosvenor Street  
Toronto, Ontario M7A 1E9

Dear Ms. Masson

During the spring of 1999, staff from the Ministry's Child Care and Community Services Branch and Management Support Branch delivered training on the new Fee Subsidy Management guideline. OMSSA commends the Ministry on this training which updates the existing (1988) guideline and brings together a number of key documents on current Ministry practices and requirements into a single document. OMSSA also appreciates receiving the Evaluation Highlights and training Questions and Answers that were recently distributed.

After reviewing these documents, OMSSA's Child Care Policy Committee identified a number of policy and program issues still to be resolved. The purpose of this letter is to bring these issues to the Ministry's attention as follows:

- RRSPs are to be considered a liquid asset unless they are locked in and cannot be accessed under any circumstances until retirement. Many municipalities have exempted RRSPs from the calculation of liquid assets if the client does not have a pension plan, as is the case in many small businesses. Changes around the use of RRSP monies mean that some people may have to use RRSP funds to pay child care fees. They will now be ineligible for fee subsidy. Since many of these clients are partial fee payers, it could significantly reduce the revenue from parental contributions. It would also appear to discriminate against persons employed in small business.
- Family composition determines income and, thus, affects the assessment of ability to contribute to child care costs. Under Ontario Works, persons who have lived together less than three years are considered a family unit. Both partners are expected to contribute to the costs of child care. When determining fee subsidy for child care, however, persons who have lived together for less than three years are not considered a family unit. Thus, both partners are not expected to contribute to the costs of child care. The rules appear to be inconsistent across the two program areas.



- A second review of Form 1 must be completed for new applications and at the time of the recipient's regular fee subsidy review. This is a more stringent requirement than for Ontario Works and will result in increased administrative time and cost for municipalities.
- The Ministry states that all overpayments should be calculated and collected including all administrative overpayments. This could result in increased administrative cost and client hardship.
- Finally, training on the new Fee Subsidy Management guideline was held in nine communities, including North Bay. OMSSA congratulates the Ministry for providing training in northern Ontario. Are there future plans to conduct more training in the north for municipal members who were unable to attend the training in North Bay?

Thank you for considering our comments on the new Fee Subsidy Management guideline. OMSSA welcomes the opportunity to work with the Ministry on this important initiative.

Sincerely



Kim Warner  
President, OMSSA

Ministry of  
Community and  
Social Services

Ministère des  
Services sociaux  
et communautaires



Ministry of Community and Social Services  
Child Care and Community Services Branch  
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September 2, 1999

Kim Warner  
President, OMSSA  
5720 Timberlea Blvd. Unit #100  
Mississauga, Ontario  
L4W 4W2

Subject: Fee Subsidy Management Guidelines Training

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Thank you for your letter of August 17, 1999 regarding the Ministry's Fee Subsidy Management guideline. The following information responds to the issues you raised as a result of the updated guideline and the training sessions that were designed to support Delivery Agents and Regional Offices in preparing for the change in responsibilities.

#### **RRSPs**

It is important to know that the Ministry of Community and Social Services (MCSS) policy regarding the treatment of Registered Retirement Savings Plans (RRSPs) has not changed. In July 1993 and April 1995, child care fee subsidy administrators were advised that RRSPs were to continue to be treated as liquid assets for the purposes of needs testing. A few areas indicated that local practice regarding the treatment of RRSPs varied from provincial policy and compliance with provincial policy would result in service disruption for some families. MCSS agreed to permit some areas flexibility in their practice, pending a provincial review of the RRSP issue. As a result of the provincial review, the Child Care Fee Subsidy Management Guideline (distributed to child care Delivery Agents in April 1999) reiterated that RRSPs are to be treated as liquid assets.

In determining eligibility for fee subsidies, the ministry has always considered a person's ability to pay for child care to be linked to available income, rather than to total income. Consequently, the amount that a family can keep in an RRSP is limited since these funds are easily liquidated. Employer pensions are exempt as assets. These pensions are mandatory and part of the terms and conditions of employment; therefore, employees do not receive this money in hand. Similarly, RRSPs that are locked in and cannot be accessed under any circumstances until retirement are exempt.

To assist with the policy transition process, the Child Care Fee Subsidy Management Guideline provides guidance to Consolidated Municipal Service Managers/Delivery Agents. The Guideline recommends a transition/grace policy that is not less than 6 months and not more than 1 year to enable families to adjust to a change in financial assistance.

These changes and processes are designed to be fair to families who are most in need, and ensure consistency among Ontario's municipal Delivery Agents' child care policy application.

#### **Family Composition/Co Residency**

The reason for different practices in the application of co residency policies in Child Care programs and Ontario Works programs is grounded in legislation. The Child Care programs differ from Ontario Works since they are designed to meet the needs of a broader population, low income working families.

Child Care legislation, the *Day Nurseries Act*, does not provide direction regarding couples who cohabit, therefore the *Family Law Act's* definition of spouse is used as the legal reference for child care fee subsidy applications since it includes cohabitation. The Ontario Works legislation includes a specific direction for situations of co residency that governs the policies.

#### **Second Signature/Review**

A second signature/review of the applicant/recipient's file and/or Form 1 has been a long standing practice and acknowledged as a best practice by the Provincial Auditor. It is not intended to impose an administrative burden but rather to ensure that the process by which subsidies are allotted is free from bias and that individuals are treated fairly. For areas that have not integrated this accountable business practice, the administration process will need to include a second signature/review. With the aid of technology, the new Child Care Management System is expected to streamline administration processes that are time efficient and effective. It is expected to contribute to ensuring that procedures and processes are accountable.

#### **Overpayments**

To assist with the recovery of overpayments, Delivery Agents are encouraged to establish an overpayment policy. This policy should include a prorated transition payment to enable parents to repay the overpayment in a negotiated timeframe. The new Child Care Management System is expected to streamline administration processes that are time efficient, and effective and minimize overpayments.

#### **Future Training**

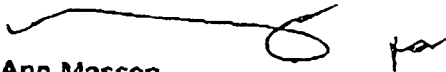
There are plans to conduct another training session in Northern Ontario this Fall.

**OMSSA Child Care Networking Committee - Qs & As**

In an effort to share consistent information with Delivery Agents and Ministry Regional Offices, a set of Qs & As that responded to questions raised by OMSSA's Child Care Networking Committee were distributed to staff working in the management of child care. The initial set of Qs & As resulted in several requests to clarify a few of the questions and answers. I have attached a copy of the revised Qs & As to provide needed clarification and detail.

Thank you for bringing your concerns to my attention. I will keep your concerns in mind in ongoing discussions as we continue to improve Ontario's Child Care system. If you have any questions and/or require additional information regarding Fee Subsidy Management, please contact Carol Ann Young (416) 327- 4869 or Kathleen Naeyaert at (416) 325-5329.

Yours sincerely,



Ann Masson  
Director, Child Care and Community Services Branch

cc Elizabeth Wagle, Chair - Child Care Networking Committee