



REPORT FOR ACTION

Authority to Receive Funds to Increase Awareness and Take-up of the Canada Learning Bond in Toronto

Date: June 20, 2018

To: Economic Development Committee

From: General Manager, Toronto Employment & Social Services and Acting General Manager, Children's Services

Wards: All

SUMMARY

This report seeks authority for Toronto Employment & Social Services (TESS) and Toronto Children's Services (TCS) to enter into agreements with and receive funding from the Government of Canada (up to \$1.5M over three years) or other third parties to implement measures to increase awareness and take-up of the Canada Learning Bond (CLB) -- an education savings grant of up to \$2000 per child -- for low-income children in Toronto.

In January 2018, TESS and TCS applied for funding through a Call for Concepts grant process managed by Economic and Social Development Canada (ESDC). Through this process, the Government of Canada seeks to increase the awareness and the take-up of the CLB across the country, particularly among underrepresented, hard-to-reach and vulnerable segments of the population who face barriers to accessing this important source of funding for post-secondary education. A response to the City's application for funding has not yet been received but is expected shortly.

By partnering with SmartSAVER and Prosper Canada, two of Canada's most innovative non-profit financial empowerment organizations, the CLB promotion and take-up activities proposed by TESS and TCS have significant potential to improve CLB benefit access, advance poverty reduction, strengthen inter-sectoral and inter-governmental relationships, and inform evidence-based policy making and programming.

RECOMMENDATIONS

The General Manager, Toronto Employment & Social Services and the Acting General Manager, Children's Services recommend that:

1. City Council grant authority to the General Manager, Toronto Employment & Social Services and the General Manager, Children's Services to receive and allocate funds from the Government of Canada (e.g. Economic and Social Development Canada's Social Development Partnerships Program – Children and Families), or other third parties, for the purpose of implementing measures to increase awareness and take-up of the Canada Learning Bond (CLB) among low income families in Toronto.

2. City Council grant authority to the General Manager, Toronto Employment & Social Services and the General Manager, Children's Services to execute on behalf of the City funding and/or service agreements with the Government of Canada, SmartSAVER, Prosper Canada or other third parties with respect to Canada Learning Bond promotion, which shall contain terms and conditions satisfactory to the General Manager, Toronto Employment & Social Services and the General Manager, Children's Services and be in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

This report advises that TESS & TCS, together, have applied to receive funding of up to \$500,000 per year for three years from the Government of Canada to support activities to increase awareness and take-up of the Canada Learning Bond (CLB) in Toronto.

This report also requests authority for TESS and TCS to receive funding, in amounts still to be determined, from other third parties for the same purpose.

The Deputy City Manager and Chief Financial Officer have reviewed this report and agree with the financial impact information.

DECISION HISTORY

At its January 31, 2018 meeting, Council approved TO Prosperity: Toronto Poverty Reduction Strategy 2017 Report and 2018 Work Plan, which included Action 4.6: "Financial savings options for Ontario Works (OW) families - Work with a range of partners to increase the uptake of RESP, CLB, and OESP options for OW clients" as part of Recommendation 4: "Increase service access and availability".

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX29.12>

COMMENTS

Education Savings Grants

Research demonstrates that children living in households with even modest (education) savings are more likely to graduate from high school and 50% more likely to pursue post-secondary education. [1]

The Government of Canada encourages Canadians to use Registered Education Savings Plans (RESPs) to save for a child's post-secondary education. Specifically, Employment & Social Development Canada (ESDC) offers two education savings grants linked to RESPs, namely:

1. The Canada Education Savings Grant (CESG), which is available to all eligible Canadians regardless of family income, and consists of a basic grant amount of 20% on the first \$2500 in annual contributions to an RESP. The CESG is available until the calendar year in which the beneficiary child turns 17. An additional amount of CESG of 10% or 20% can be accessed for children from low and middle income families. The maximum lifetime value of CESG or Additional CESG for any one child is \$7,200.
2. The Canada Learning Bond (CLB), which is only available to children from low-income families (i.e. net family income less than or equal to \$45,916 for a household with one to three children in 2017) born in 2004 or later. The CLB consists of an initial payment of \$500 plus \$100 for each additional year of eligibility, up to age 15, to a maximum of \$2000.

The key difference between the CESG and the CLB is that the CLB does not require any contribution to be made to the child's corresponding RESP account, whereas the CESG does require a personal contribution before the government incentive grant is paid into the RESP account.

Barriers to Opening RESP Accounts and Accessing the Canada Learning Bond

There are several steps involved in opening an RESP account and applying for the CLB. Each step in the process can present logistical, information and/or financial access barriers for low income families. Examples of key barriers include the following:

- family member / parent must become aware of the existence and benefits of RESPs and the CLB, and the mechanics and eligibility requirements of opening an RESP account and applying for the CLB grant (e.g. to access the CLB, a tax return must be filed);
- the RESP account subscriber must have identification and a SIN number for him/herself and each beneficiary (child); in turn, to obtain a SIN, a primary document (e.g. birth certificate) that proves one's identity and status in Canada must be presented;

1 Statistics Canada and HRDC (2003). Access, persistence and financing: First results from the Postsecondary Education Participation Survey (PEPS).

- an in-person appointment typically needs to be scheduled with an RESP "promoter" (e.g. financial institution) at which the RESP account is opened;
- transportation costs to / from the appointment with the RESP "promoter" (financial institution), to obtain required identification, etc.;
- potential child care costs to enable the parent (subscriber) to attend the appointment, obtain required identification, etc.; and
- the inclination for families living in poverty to focus their attention and limited (financial) resources on addressing immediate needs related to shelter, food, transportation, clothing and employment, not long-term savings.

Due to these and other barriers, only about 10% of the CLB eligible children in Toronto whose parents are in receipt of Ontario Works (OW) have accessed this important benefit. This low CLB take-up rate means that Toronto's lowest income children are missing out on access to tens of millions of dollars in (CLB) education savings grants.

Leveraging TESS and TCS' Service Touch Points with Low Income Residents to Promote CLB Awareness and Take-Up

Together, Toronto Employment & Social Services (TESS) and Toronto Children's Services (TCS) are uniquely positioned to promote awareness of and facilitate access to the CLB for the vast majority of Toronto's lowest- and low-income families. TESS currently provides Ontario Works (OW) income support benefits to 27,592 families (with approximately 40,000 CLB eligible children), while TCS provides fee subsidy to over 30,000 low income families, 80% of whom are CLB eligible. TCS also has service system management responsibility for Toronto's Early Learning & Child Care system, providing daily touch points for tens of thousands of other low income families.

In 2017, TESS, in collaboration with SmartSAVER, conducted a pilot to test a new approach to connecting OW clients to the CLB through service planning meetings with their caseworkers. Through the pilot, select TESS caseworkers received training about RESP's, the CLB, and the SmartSAVER website through which a parent can schedule an appointment with a financial institution to open an RESP account. These caseworkers subsequently held 479 supportive conversations about opening up an RESP account to receive the CLB with their clients, resulting in 210 registrations on SmartSAVER to initiate the process of opening an RESP account. To date, 65 clients have confirmed that they've opened their RESP account and applied for the CLB.

Learnings from the CLB pilot have informed TESS and TCS' on-going work in this area, and have drawn considerable interest from other cities and provinces across the country, as this approach demonstrates the potential of embedding a financial empowerment intervention into an existing social service operation to connect a community's lowest income residents to an important government benefit.

Employment & Social Development Canada's CLB Promotion and Take-Up Call for Concepts

In November 2017, Economic & Social Development Canada (ESDC), through its Social Development Partnerships Program – Children and Families (SDPP), issued a Call for Concepts funding process to support efforts by organizations, including municipalities, to increase awareness and take-up of the Canada Learning Bond, particularly among underrepresented, hard-to-reach and vulnerable segments of the population who may face challenges accessing the CLB. The maximum amount of funding available to successful applicants is \$500,000 per year for up to 3 years.

Building on the lessons learned from last year's CLB pilot, the joint application for funding submitted to ESDC by TESS and TCS identifies four approaches to promote CLB awareness and take-up among low income Toronto families, namely:

1. Supportive conversations about opening an RESP and the CLB, coupled with SmartSAVER registration, embedded in TESS caseworkers' service planning meetings with OW clients.
2. Provision of a modest CLB access stipend to support lowest-income parents with the costs they incur to open an RESP account.
3. CLB promotion at TCS operated Early Learning and Child Care Centres, funded licensed child care centres and EarlyON Child and Family Centres.
4. Use of TCS' My Child Care Account (Families Portal) to raise awareness of the CLB, e.g. on-line information and notifications about the CLB, with links to SmartSAVER.

If TESS and TCS' application to ESDC is successful and fully funded (i.e. \$1.5 million over three years), it is anticipated that after three years the following goals could be met:

- i) At least 80% of the parents of CLB eligible children in Toronto who are in receipt of either Ontario Works income support and/or Child Care fee subsidy will be aware of the CLB and have a basic understanding of its key benefit (i.e. that it provides up to \$2000 for education savings for each eligible child) and mechanics (i.e. that an RESP account must be opened to receive the CLB, etc.)
- ii) The CLB take-up rate for eligible children whose parents are in receipt of either Ontario Works income support and/or Child Care fee subsidy in Toronto will be at least 40%.
- iii) The City of Toronto, other project partners, and the Government of Canada will have a better understanding of CLB take-up rates among low income families and the effectiveness of different approaches to addressing CLB access barriers.
- iv) Relationships and networks among project partners and members of the Toronto Children's Family & Youth Network will support a strong overall commitment to

promoting CLB take-up and understanding of this benefit as a vital component of Toronto's poverty reduction and social and economic inclusion goals.

The CLB, Financial Empowerment and Toronto's Poverty Reduction Strategy

Increasing awareness and take-up of the CLB among low income families is part of broader efforts by TESS, TCS and non-profit organizations such as SmartSAVER and Prosper Canada to reduce poverty through financial empowerment measures.

The goal of financial empowerment is to improve financial, social and employment outcomes for people living in poverty through financial literacy, awareness of available (financial and government) benefits, debt counselling, assistance with tax filing, access to safe financial products, and budgeting skills.

Over the past three years, various financial empowerment approaches have been included in the City's annual Poverty Reduction Strategy (PRS) work plans approved by Council. For example, "Financial savings options for OW families – work with a range of partners to increase the uptake of RESP, CLB and OESP options for OW clients" is a key action item of the 2018 PRS Work Plan.

Pursuing and securing funding support from -- and partnering with -- the Government of Canada and other third parties will allow the City to expand its existing CLB promotion and related financial empowerment activities, and should be viewed as an integral component of the City's broader poverty reduction efforts and strategy.

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