



British Columbia

Federation of Foster Parent Associations

September 4, 2009

“HARD COPY VIA MAIL”

Hon. Diane Finley
Minister of Human Resources and Skills Development
House of Commons
Ottawa, Ontario
K1A 0A6

Via Fax: 613-996-9749

Dear Minister Finley:

I am writing to you on behalf of the BC Federation of Foster Parent Associations to address an issue which is arising more and more often within the fostering community particularly in these times of job loss and financial instability. The issue is around the maintenance portion of the family care home agreement as well as the service payments given to caregivers to maintain their home for the use of a foster child. Many front line workers with EI are considering the monies income for EI purposes.

The Foster Family care home monthly rate includes a payment to meet the cost of the day-to-day care of the child as well as an additional payment to specialized homes to meet their operating costs. The family care rate is \$757.67 for a child 0-11, and \$866.11 for a youth age 12-19.

All foster homes receive the basic monthly rate **to cover the direct costs of care for each child.**

The Income Tax Act exempts the income an individual, the caregiver, receives for the care of another individual, the cared-for individual, if each of the following conditions is met:

1. The payment is a social assistance payment ordinarily made on the basis of a means, needs, or income test;
2. The payment is made under a program provided for by federal, provincial or territorial law;
3. The payment is received directly or indirectly by the caregiver for the benefit of the cared-for individual;
4. The cared-for individual is not the caregiver's spouse or common-law partner or related to the caregiver or the caregiver's spouse or common-law partner;

5. No family allowance under the *Family Allowances Act* or any similar allowance provided for by provincial or territorial law can be payable in respect of the cared-for individual for the period for which the social assistance payment is made; and
6. The cared-for individual resides in the caregiver's principal place of residence, or the caregiver's principal place of residence must be maintained for use as the cared-for individual's residence, during the period for which the payment is made.

Our office received a letter in February 2008 from the office of the Honourable Gordon O'Connor, P.C., M.P. confirming that amounts paid to a caregiver to maintain the availability of his or her principal place of residence for use by a cared-for individual, often referred to as a bed reservation fee or a service payment, in situations in which the above described conditions are met will be exempt according to paragraph 81(1)(h) of the Act. Those amounts are therefore not included on the individual's T1 return.

I am seeking immediate clarification from your office in order to share the information with foster parents in BC as there are several cases where foster parents are being denied EI or are being investigated for possible fraud due to them not claiming this money.

I look forward to receiving a response at your earliest convenience.

Yours truly,
BC Federation of Foster Parent Associations

Melanie Filiatrault
President

CC: BCFFPA Board of Directors

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