Community Services and Housing
Office of the Commissioner

MEMORANDUM

TO: Community Services and Housing Committee Members

FROM: Joann Simmons, Commissioner of Community Services, Housing and Health Services

DATE: April 4, 2007

RE: **2007 Federal and Provincial Budget Implications for Community Services and Housing**

As you know, the federal and provincial governments presented their 2007 Budgets on March 19, 2007 and March 22, 2007, respectively.

Both budgets have important program and funding changes that could, depending on how they are implemented, increase the ability of low to moderate income workers to better contribute to the economy in York Region. These include measures that will have direct impact on some Community Services and Housing programs and clients.

This memo highlights the key initiatives and potential implications related to Community Services and Housing. A more detailed table is attached for your information.

I want to stress that these are preliminary assessments. We need more detailed information from our federal and provincial counterparts to assess the full impact for community services in York Region. The lack of clarity around the status of National Child Benefit (NCB) Reinvestment dollars is of particular concern for us. We need assurances from the provincial government that community-based services, currently funded with these dollars, will not be lost and that the Province will replace them at 100%.

Community Services and Housing staff will continue to monitor developments and report back to Committee and Council, as appropriate.

Context

Both the Federal and Provincial Budgets announced several investments in community services for low to moderate income earners. These investments are intended to support lower income earners to find and keep employment, take care of their children, get and keep stable housing, and manage emergencies or life-altering crisis situations so that they can keep contributing to our community and economy.

Federal Budget Highlights Related to Community Services and Housing

The Federal Budget attempts to resolve ongoing debates with the provinces over the “fiscal balance”. This was done by providing long-term predictable funding that allows the provinces to take a lead role in social and labour market program design and delivery.

Where low and moderate income earners are concerned, many of the federal announcements are major policy wins for Ontario in that increased federal transfers for child care, labour market training, and post-secondary education will be allocated on a per capita basis to provinces.

In addition to other positive impacts, these federal announcements:

- can sustain and enhance the Province’s Best Start initiatives depending on federal and provincial decisions on how the dollars can be used.

- such as a refundable Working Income Tax Benefit (WITB), the Registered Disability Savings Plan for families with children with severe disabilities and a non-refundable child tax credit will provide additional tax relief to some low and moderate income households. The impact will vary depending on the income levels of households.

- have resulted in the Province confirming that federal funds will help support the development of Employment Ontario, which was launched by the Province in January 2007 as a one-stop, seamless approach to providing both federally and provincially funded labour market programs in Ontario.

The Province has also agreed to allow the WITB to flow through to people receiving social assistance, so the WTIB should provide a net benefit to support people to enter the workforce and over time exit social assistance. As the WITB is federally funded, Ontario Works (OW) clients in York Region will see increased income from working without adding additional costs to OW, including the Region’s 20% share of OW benefits. It is our understanding that the WTIB will be administered through the income tax system.

Provincial Budget Highlights Related to Community Services and Housing

Community Services and Housing is waiting for more information from the Province on how some of its announcements will work in practice. This however is what is known:

- A phase-out of GTA Pooling for social assistance and social housing costs in the City of Toronto was announced. It may be the Province’s expectation that the dollars saved by the phase-out in GTA pooling will be used to address the need for better and expanded community services in GTA communities outside of Toronto.

- Municipalities will receive $127 million by the end of March 2007 as capital to invest in new housing development, rehabilitate existing social housing projects, or to increase the affordability of housing being developed under the current Affordable Housing Program. York Region's share will be $9.6 million. The budget also announced $80 million for Aboriginal housing and $185 million over five years for housing allowances. The housing allowance program will be provincially administered although Service Managers, such as York Region, will assist in identifying households that may be eligible for the program.

- People in receipt of OW and Ontario Disability Support Program (ODSP) will receive a 2% rate increase. Municipal cost-sharing will be effective January 2008.

- A new income-tested Ontario Child Benefit (OCB) will integrate the child "portion" of OW and ODSP allowances with other child benefits and be paid outside of the social assistance program. The OCB will be fully funded by the Province, which the budget indicates will provide $15 million savings to municipalities in social assistance costs over time. It is not clear how much of a saving there will really be since at this point, how the OCB will impact on OW costs and delivery, and the community-based services currently funded through National Child Benefit (NCB) Reinvestment, is not known.

- The Provincial Budget announced a number of other initiatives to assist the working poor, including a phased-in minimum wage increase to $10.25 by 2010, and a $100 per month housing allowance to working poor families with children. These families will also benefit from the OCB.

- The Provincial Budget announced additional funding ($25 million in 2007 and $50 million in 2008) to help sustain and enhance child care programs. Details are yet to be released.

- Program spending on many services that are not part of Community Services and Housing Department's mandate but are used by its clients, will be increased. These include developmental services for adults and children's mental health. Whether this funding will respond directly to York Region's growth needs as identified by the Strong Communities Coalition and endorsed by Regional Council resolutions, will depend on how the Province chooses to allocate funding regionally.

<u>General Implications</u>

Although the Federal and Provincial Budgets will have an impact on services provided through Community Services and Housing, the amount and nature of this impact cannot be properly estimated until more details are provided by the Province. The 2% increase in OW and ODSP rates, which are both cost-shared by the Region, will likely have a net impact on the Community Services and Housing budget going forward into the 2008 budget year.

Housing allowances, increased program spending in child care, and the phasing out of GTA pooling are key advancements that the Region could take a leadership role in using to provide levels of preventative investments in community services that will help:

- Keep moderate and low income earners employed;
- Keep the quality of life that attracts investment; and
- Keep taxpayers from funding, and residents from needing expensive crisis services.

The bottom line is that there have been some positive moves on the part of the federal and provincial governments which have been a long time in coming. However, there may also be some trade-offs, negative in nature, depending on the details as they become available. Staff will report on the details and their effect on our own regional services and those of the broader community services as they become known.

TF/kn

Attachment- 1: 2007 Provincial Budget Summary

2007 Ontario Budget Highlights

New Funding Announcements that Impact Community Services and Housing Programs and Services[1]

Budget Announcement	Implications for Community Services and Housing
Employment and Financial Supports	
Ontario Child Benefit (OCB) The Ontario Budget creates a new Ontario Child Benefit (OCB) as a major reform in the way benefits are provided to low income families. The OCB will consolidate social assistance benefits for children and the Ontario Child Care Supplement for Working families (OCCS) and expand the number of families that will be eligible to receive the OCB. The OCB will be phased-in over four years and will be income-tested. The amount received per child will be: 2007 $250 2008 $600 2009 $805 2010 $900 2011 $1,100 The 2007 payment will be through a one-time cheque; thereafter the payments will be blended with the federal Canadian Child Tax Benefit (CCTB) and paid monthly. Payments will be adjusted for family income over $20,000. The 2007 payment will be made in addition to social assistance payments. Beginning in 2008, social assistance payments will be restructured so that most child related benefits will be consolidated into the OCB. The budget states that most recipients will receive more than	More analysis required on how social assistance child-related benefits will be restructured and how they intersect with other income-tested benefits to assess actual impacts on low income households receiving Ontario Works (OW) and Ontario Disability Support Program (ODSP). The OCB should provide additional income to low income working families with children depending on the level of income at which the OCB will phase-out. More information will also be needed to assess municipal impacts of the new OCB in relation to OW costs, National Child Benefit (NCB) reinvestment dollars, the status of other OW in-kind benefits for children (e.g. drug and dental benefits), and OW service management and delivery functions. The status of NCB reinvestment dollars appears unclear. The Region currently uses their reinvestment dollars to fund community-based services through the Community Development Investment Fund. The Region may need to develop a communication strategy to make OW clients aware of how the changes will impact their benefits. The budget positions the OCB as part of a “transformative era in social policy”, particularly by integrating child benefits for all low income

[1] Includes 2007 Federal Budget announcements where relevant.

Budget Announcement	Implications for Community Services and Housing
they do now and none will receive less. The budget also indicates that social assistance shelter allowances **will not** be affected by the OCB. Any further incremental increases to the National Child Benefit Supplement (NCBS) will flow through to social assistance recipients. The OCB will be fully-funded by the Province, including administration costs. The budget indicates that this will save municipalities $15 million annually in social assistance costs once the OCB is fully implemented in 2011.	households and reducing the "welfare wall" for families on social assistance (e.g. by allowing families on social assistance to keep a greater share of their child-related benefits as their earnings increase). Clarification is required from the Province on how much savings will be realized by municipalities.
<u>Ontario Works/Ontario Disability Support Program Rate Increase</u> The Ontario Budget will increase by 2% OW and ODSP rates effective November, 2007.	The income of OW recipients will increase. The annual impact of this adjustment provincially is $83 million with the municipal share totalling $16.6 million. Higher benefit levels may increase the number of residents eligible for OW. The rate increase will also apply to personal needs allowances and emergency shelter per diems.
<u>Federal Working Income Tax Benefit (WITB) and Provincial Flow Through</u> In the budget announcements, the province stated that it will flow through the recently announced federal WITB to social assistance recipients. Announced in the 2007 Federal Budget, WITB will provide: • Up to $500 per year to singles who have earnings greater than $3000 and a net income of less than $12,833 • Up to $1000/year to couples and single parents who have earnings greater than of $3000 and a net income less than $21,167	The WITB is intended to help low income households overcome the "welfare wall" by providing additional income to compensate for the loss of financial and in-kind supports (as well as taking on new work-related and tax expenses) when people exit social assistance for employment. Eligibility for the WITB is based on earnings. It also provides income supports for working poor families who are currently not receiving social assistance but who may require additional income supports to cover basic needs while working in lower paid jobs. The 2007 provincial budget confirms that WITB will provide a net benefit to OW clients with earnings. It will also support other initiatives that help OW clients transition to employment and sustain self-

Budget Announcement	Implications for Community Services and Housing
• An additional WITB supplement of up to $250/year will be available to employed individuals who are eligible for the federal disability tax credit and have earnings of $1,750 and greater. The payments are effective for 2007 and will begin in 2008. Both the WITB and the supplement benefit levels and thresholds will be indexed. The WITB will be generally available to individuals 19 and older and not attending school full-time.	sufficiency when exiting OW.
<u>Employment Ontario</u> The Ontario Budget confirms the January 2007 launch of Employment Ontario as Ontario's one stop employment and training system for Ontarians, including people on social assistance, new Canadians, and low-income workers, with an annual budget of nearly $ 1 billion.	Links between Employment Ontario and OW employment programs and services will likely be clarified through on-going service planning and local implementation of Employment Ontario. Note that the 2007 Federal Budget proposes to invest $500 million annually beginning in 2008/09 in a new labour market strategy with the provinces for individuals not eligible for Employment Insurance (EI). This has been recognized by the Province as a key gap in labour market training programs for lower income Ontarians which Employment Ontario will address. This could be of particular benefit to OW clients, many of whom do not qualify for EI. Federal funding will be allocated on an equal per capita basis. The federal government will also explore the feasibility of transferring another $500 million of annual funding to the provinces to support existing federal labour market programs for youth, older workers, and person with disabilities. The new federal funding may provide additional training supports to York Region employers, OW recipients and low income residents

Budget Announcement	Implications for Community Services and Housing
	depending on how dollars are allocated regionally by the Province.
Family and Children's Services	
Best Start The Ontario Budget announced that current child care programs will be enhanced by $25 million in 2007–08, which will be increased to $50 million annually starting in 2008–09.	The Ontario Budget indicates that the 2006 allocation of Best Start funds ($63 million) will be annualized into 2007/08 and that the enhanced funding announced in the 2007 budget will be available to fund new services. The implications of the Ontario Budget announcement for York Region will depend on how funding is allocated regionally. Note that the 2007 Federal Budget announced new child care funding that was not included in the provincial budget. These announcements included: • On-going $250 million allocated on a per capita basis to provinces, $97 million of which is for Ontario, to support the creation of child care spaces that "are responsive to the needs of parents, and are administered in an efficient and accountable manner." These dollars will also be subject to a 3% escalator within the Canada Social Transfer (CST) beginning in 2009/10 and will begin to flow in 2007/08 while the federal government discusses with the provinces on how to make best use of these new investments and ensure accountability and reporting. • An extension of existing funding of $850 million provided through the CST to 2013/14 that reflect earlier federal-provincial arrangements established in 2000 and 2003.

Budget Announcement	Implications for Community Services and Housing
Healthy Babies Healthy Children The Ontario Budget provides an additional $5 million.	Healthy Babies Healthy Children is a prevention and early identification program to promote access to effective, integrated programs and services that support healthy child development, through provision of parenting support and information and linking to community services including those programs and services provided by Community Services and Housing. Funding may benefit families with children under six living in York Region. However, the impact on programs and services levels in York Region depends on how the additional funding is allocated regionally.
Family Literacy and Parenting Services The Ontario Budget increases funding to $6 million starting in 2007/08 and expands services across Ontario.	Further information is needed to see if funding could benefit the Region's Family Strengthening Programs.
Communities in Action Fund The Ontario Budget increases funding by $2.5 million to the Communities in Action Fund, raising the total to $7.5 million per year (a 50% increase).	This funding announcement may benefit the Region's Family Strengthening Programs, which have received funding in the past from the Communities in Action Fund.
Children's Treatment Centres The Ontario Budget commits an additional $4 million starting in 2007–08 to Children's Treatment Centres. Children's Treatment Centres are community-based organizations that provide about 40,000 children annually with such services as physiotherapy and speech and language therapy.	This program provides 100% funding for some Early Intervention Service staff in York Region. Increased provincial funding could make additional resources available to meet community needs.
Autism The Ontario Budget has increased funding to nearly $130 million for 2007/08.	Community Services and Housing does not receive funding for this program; however, some clients served through EIS may also participate in programs specific for Autism.

Budget Announcement	Implications for Community Services and Housing
	The implications for Autism programs in York Region will depend on how funding is allocated regionally.
<u>Children's Mental Health</u> The Province announced an additional $8 million in annual funding to address gaps in local service needs and reduce wait times.	The implications for community-based programs and services in York Region residents will depend on how funding is allocated regionally.
<u>College of Early Childhood Educators</u> The college would establish professional standards of practice, qualifications and ongoing professional development for early childhood educators.	This may positively impact the operation of childcare centres in York Region.
Housing Services	
<u>Affordable Housing</u> The Ontario Budget proposes to use the $392 million federal Affordable Housing Trust and Off-Reserve Aboriginal Housing Trust to launch three new housing initiatives to assist low-income families in Ontario. • $127 million capital funding immediately available to municipalities to create new affordable housing or to rehabilitate existing social housing. • New provincial housing allowance program that would provide up to $100 per month, for a maximum of five years, to eligible families • $80 million to fund up to 1,100 off-reserve housing units for aboriginal families	In a letter dated March 23, 2007 the Minister of Municipal Affairs and Housing advised York Region that it would receive a one-time capital grant of $9.665 million (of the $127 million provincial funding) under the Delivering Opportunities for Ontario Renters (DOOR) program. While there are few restrictions on this funding, the Province has outlined its intent that these funds be used to enhance the supply of housing for low income households. The Housing Allowance program will begin in January, 2008 and will provide assistance to 27,000 households across the Province. The general parameters for this program are: • Assistance of $100 per month for up to five years. • Funding will be directed to households, not landlords. • Household incomes must be under $20,000 per year (note: this could changes depending on program take-up). • Eligible households must have at least one child under the

Budget Announcement	Implications for Community Services and Housing
	age of 18 and must not be presently receiving any provincial social assistance for affordable housing (ODSP, OW, subsidized social housing, Affordable Housing Program). • In-situ tenants will be eligible. • Families must be on, or eligible to be on, a Service Manager's Social Housing Waiting List. The housing allowance will be centrally delivered and administered by the provincial Ministry of Revenue. Service Managers will be asked to assist the Province in determining households on their waiting lists that may be eligible in order that they may be sent an application form. The funding allocation will be based on applications received and not by the Service Manager. The Province is still working on the delivery and administrative framework for the Aboriginal Housing funding.
Other Initiatives Related to Community Services and Housing Programs and Clients	
<u>Minimum Wage Increase Phase-In</u> The budget proposes to increase the minimum wage to $10.25 by 2010 through three annual increases of 75 cents beginning in March 31, 2008.	This will provide additional income to low income residents working in minimum wage jobs, including Community Services and Housing clients.
<u>Employment Standards</u> The budget will provide an additional $3.6 million to address the backlog of complaints.	Employer non-compliance with the *Employment Standards Act* has been a key issue among income security advocates, particularly those representing vulnerable workers. More analysis needed on the extent to which this investment bolsters enforcement capacity of the Ministry of Labour.
<u>Apprenticeship Training Tax Credit</u> The budget extends eligibility for this refundable tax credit to	This could increase the number of apprentices covered by the tax credit and therefore the number of employers who can benefit.

Budget Announcement	Implications for Community Services and Housing
apprentices who begin employment before January 1, 2012.	
New Canadians The budget confirms the $146 million it is now investing as result of the Canada Ontario Immigration Agreement in services and new programs to help newcomers get established and integrate into the labour market, as well as the implementation of the pilot Provincial Nominee Program.	These investments have included new measures and programs for York Region, but more analysis would help clarify the extent of the funding provided.
Workplace Safety and Insurance Board (WSIB) The province will enact legislation to enhance benefits.	Changes in WSIB payments may impact on needs/income-tested programs delivered by Community Services and Housing.
Developmental Services The budget will invest more than $200 million in additional operating funding over four years to strengthen capacity in the developmental services sector.	The developmental services program helps adults with developmental disabilities live, work and participate in a wide range of activities within their communities. This could expand service capacity in York Region's developmental services sector depending on how the funding is allocated regionally.
Legal Aid The budget will provide an additional $51 million over three years to expand Legal Aid clinics and Legal Aid Ontario.	In York Region, the Legal Aid Clinic is a strong advocate for low-income or vulnerable populations. Legal Aid often represents the interests of social housing tenants. The new funding is intended to enhance vulnerable Ontarians' access to family law services.
GTA Pooling Phase-Out The budget announced a phase-out of GTA Pooling by 2013.	A phase-out of GTA Pooling for social assistance and social housing costs in the City Toronto appears to be the only specific announcement related to provincial uploading of health and social services costs. One of the key arguments raised against GTA Pooling was that it diverted funding to the City of Toronto that could otherwise be invested in

Budget Announcement	Implications for Community Services and Housing
	Regionally identified community service needs for vulnerable populations.
Specific Initiatives Announced in the 2007 Federal Budget Related to Community Services and Housing Programs and Clients	
New $2,000 Child Tax Credit The budget creates a new non-refundable $2,000/child Child Tax Credit for families with children under 18. The credit will be multiplied by the lowest personal income tax rate (15.5%) providing up to $310 per child of federal tax relief.	The Child Tax Credit could lower the federal income tax payable for lower and moderate income families as well as reduce the number required to pay federal taxes. As a non-refundable tax credit, the new credit will not provide benefits to low income families currently not paying federal taxes.
Post-Secondary Education (PSE) The budget proposes to increase support for PSE by $800 million in 2008/09 through the Canadian Social Transfer following discussions with the provinces on how best to use of the new investments and to ensure appropriate reporting and accountability. This support will increase over time as a result of a 3% escalator beginning in 2009/10. The budget also proposes a review with provinces to simplify the Canada Student Loans Program. The budget also proposes measures that will provide greater flexibility and savings in RESPs, including eliminating the $4,000 limit of RESP contributions, increasing the lifetime limit to $50,000, and increasing the Canada Education Savings Grant annual maximum amount to $500.	The increased financial support from the federal government could provide additional dollars to Ontario for PSE investments over time, some of which could be directed to improve the affordability of PSE for lower income residents.
Registered Disability Savings Plan (RDSP) The budget introduces a new registered disability savings plan (RDSP) beginning in 2008. An individual eligible for the federal disability tax credit (DTC), their parent or other legal representative may establish a RDSP. Contributions to an RDSP will be limited to a lifetime maximum	The RDSP provides an asset-based approach for families to provide long-term income support to children with severe disabilities. The inclusion of the CDSG and CDSB could provide additional incentives for lower income families, including Community Services and Housing clients, to establish RDSPs, but more information is required on how

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of $200,000.	RDSPs will be treated under provincial income- and needs-tested programs to assess benefit.
Enabling Accessibility Fund The Federal budget creates a three year $45 million fund to support the capital costs of construction and renovations related to physical accessibility for persons with disabilities. Approved projects will have strong ties to, and support from, the communities they serve.	Federal funding could provide capital dollars to support implementation of Accessibility for Ontarians with Disabilities Act (AODA), but more information will be required to assess what types of projects will be eligible and who can apply for funds (e.g. community service providers, private business, housing).
Canadian Mental Health Commission The budget creates a new Canadian Mental Health Commission as a national focal point for addressing mental health issues.	More information required to assess role and potential impact on mental health services provided in York Region.