

THE REGIONAL MUNICIPALITY OF YORK

**REPORT NO. 4
OF THE COMMISSONER OF COMMUNITY SERVICES,
HOUSING AND HEALTH SERVICES**

**For Consideration by
The Council of The Regional Municipality of York
on November 23, 2006**

**1
ONTARIO WORKS EMPLOYMENT OUTCOMES
PLANNING AND FUNDING MODEL**

1. RECOMMENDATION

It is recommended that:

1. This report be received for information.

2. PURPOSE

The purpose of this report is to provide information about the new outcomes focused Employment Planning and Funding Model for Ontario Works (OW).

3. BACKGROUND

Until recently, OW employment assistance planning and provincial funding was based on client participation in three provincially defined levels of employment activity (employment supports, community participation and employment placement). In January 2006, following consultation with municipal OW representatives, including York Region, the Province replaced the previous funding model with a new model focussed on the achievement of client earnings, employment and increased employability.

The new model introduces a number of positive changes including a two-year planning and funding cycle for OW employment services which replaces the previous one-year approach. Under the new model, municipalities will have the flexibility to negotiate targets with the Ministry for each two-year cycle with the potential for financial claw back by the Province, up to a defined maximum if targets are not met by the end of the two-year cycle. Previously, there was no maximum on the amount the Province could recover if targets in employment activity were not met.

The Model also provides municipalities the ability to make in-year target adjustments at regular intervals, in order to respond to changing conditions and emerging trends. In addition, municipalities will be able to mitigate the risk of claw back for underachievement in one target area by overachieving in another. To support implementation, the Province has directed that 2006 and 2007 will represent a transition period, during which time municipalities can become familiar with the new model without the risk of claw back.

While the new model introduces a number of positive improvements over the prior system, some areas of concern exist. These include a concern with both the timeliness and accuracy of data drawn from the provincial technology, Service Delivery Model Technology (SDMT), to set and track targets, and the need for the Province to provide additional employment funding in the future to meet growing employment needs.

4. ANALYSIS AND OPTIONS

4.1 Ongoing Consultation

While the Province indicated that it was committed to moving from an activity based employment and planning model to one based on outcomes, the Ministry of Community and Social Services (MCSS), as the leader of this change, has consulted municipalities in the development of the new model throughout design and implementation, and has further committed to a consultative approach as the model is developed and refined.

During the early stages of the outcome model development, in late 2004, an Employment Outcomes Working Group made up of both provincial representatives and municipal representatives from across the Province, was formed with Association of Municipalities Ontario (AMO) involvement to give input on the design of the new funding model. York Region staff played (and will continue to play) an active role in this working group, providing ongoing input into the development of the new funding model.

The working group will also continue to contribute to the Model's refinement and will actively participate in two formal post-implementation reviews. The first review is scheduled to occur at the end of 2006 (after the first year of implementation), while a second review is expected to happen in late 2007 (at the end of the first two-year cycle).

4.2 Improvements to the Employment Assistance Funding Model

The new funding model is an improvement over the previous model, offering fewer prescriptive measures and less potential for financial claw back.

Under the previous funding model, the Ministry dictated specific targets (e.g. 30% of participants were required to be in volunteer placements). These more prescriptive practices did not always make sense, failing at times to take into consideration unique caseload, demographic, and labour market differences across municipalities. Under the new model, municipalities have the flexibility to determine how to focus programs and services to best meet the needs of clients and local communities.

Similar to the previous model, the new model provides for potential financial claw back if targets are not achieved. Under the new model however, claw back is capped at 20% of provincial subsidy, in comparison to the previous model which had no maximum. In addition, the new model allows municipalities the opportunity to renegotiate targets with local ministry staff based on local pressures (e.g. changing labour markets, caseload trends etc.) thereby helping to mitigate the risk of claw back.

Table 1 provides a comparison of activity outcome based planning and funding models.

Table 1

Comparison of Activity and Outcome Based Planning and Funding Models

Former Activity Based Model	New Outcomes Based Model
Employment Assistance Includes: • Job Search • Training • Education	Increased Employability Includes: • Job Search • Training • Education
Community Placement Includes: • Volunteering	Earnings Includes: • Level of employment earnings while on assistance and at exit
Employment Placement Includes: • Job Placement	Employment Includes: • Percentage of caseload with employment income • Percentage of caseload exiting to employment

4.3 Data Reliability

Although there are many positive components in the new funding model, York Region, along with other municipalities, has expressed concerns with data reliability and the complexities of planning under a model that is still being implemented.

From month-to-month, 2006 planning data, drawn by the Province from SDMT, used to set targets and monitor success has changed and shown, at times, significant variations. In addition, some outcome measures are still in development and the Ministry is currently reviewing and revising other measures, which makes it difficult to set targets and negotiate in-year adjustments needed to reduce the risk of claw back.

For these reasons, York Region has taken a conservative approach in setting targets under the new funding model. A more conservative approach at the outset will reduce the possibility of claw back and allow staff to gain valuable experience while the Model continues to be developed and improved. As part of the working group, York Region staff will also continue to collaborate with the Province and peer municipalities to enhance the model and address any shortfalls.

5. FINANCIAL IMPLICATIONS

With the introduction of the new model, the approved provincial subsidy for York Region for employment assistance in 2006 is \$2,937,000, representing an increase of \$260,000 over the 2005 provincial allocation. This funding is used to support clients in their employment planning, and covers staff costs as well as the cost of courses, transportation and other supports to employment. Provincial funding is expected to remain at approximately the same level for 2007.

To support the transition to the new model, there will be no financial claw back in 2006 and 2007. It is currently expected that potential for claw back will occur no earlier than the 2008/2009 cycle. When fully implemented, a maximum of 20% of employment assistance funding could be subject to claw back under the model as it is currently designed.

While there was an increase to the 2006 provincial funding envelope, York Region's social assistance caseload has been steadily growing and diversifying, and as a result, the need for employment assistance supports continues to expand. In order to meet this increasing demand, York Region will be actively requesting the Province to increase funding over time to meet these growing needs.

6. LOCAL MUNICIPAL IMPACT

There is no direct impact on local municipalities. However, all municipalities benefit from the increased ability of social assistance recipients to increase their earnings and attain full-time employment.

7. CONCLUSION

In January 2006, a new mandated OW Employment Planning and Funding Model was introduced by the Province. Under the Model, funding is now based on the achievement of earnings, employment and increased employability as part of a two-year cycle.

Although the new model has many benefits, including the ability to set targets and negotiate in-year adjustments, a number of concerns still remain relating to the reliability and timeliness of provincial data. Further, the model is still currently undergoing changes, which makes it difficult for municipalities to plan and set targets.

To address these concerns, the Province has committed to continue to work with the Employment Outcomes Working Group (which has municipal OW representation, including York Region) and has further committed to structured reviews of the new model at regular times throughout implementation. York Region will continue to play an active role in the working group bringing forward areas of concern (including data integrity and future funding) and supporting reviews of the Model. If, after the planned reviews of the model have taken place, there continues to be unresolved concerns or issues, staff will highlight these issues in a subsequent report to Council.

The Senior Management Group has reviewed this report.

Respectfully submitted,

**November 23, 2006
Newmarket, Ontario**

**J. Simmons
Commissioner of Community
Services, Housing and
Health Services**

(Report No. 4 of the Commissioner of Community Services, Housing and Health Services was adopted, without amendment by Regional Council at its meeting held on November 23, 2006.)