



MEMORANDUM

TO: Members of the Community and Health Services Committee

FROM: Adelina Urbanski,
Commissioner of Community and Health Services

DATE: May 12, 2010

RE: **York Region Costs: Issue Arising from the Eligibility Review and
Family Support Activity Reports**

This memo responds to Committee's request for further information related to York Region's cost to deliver its Eligibility Review and Family Support programs within Ontario Works.

Each year, Eligibility Review and Family Support staff recover monies owing to York Region as a result of overpayments, assignments and restitution. Their case reviews and investigations also create savings through cost avoidance when benefits are terminated or reduced.

Under our Ontario Works (OW) cost sharing agreement with the Province, York Region will return 80.6% of these recoveries to the Province in 2010. Under the same agreement, the Province shares 50% of costs to deliver OW services. However, the Province has capped its share of service delivery costs and, as actual costs increase, the Region assumes a greater share. In 2010 the Region will assume approximately 75% of the cost of delivering OW services.

Findings

Table 2 summarizes OW recoveries and service delivery costs within the Eligibility Review and Family Support programs.

The summary takes into consideration the provincial 'uploading' agreement whereby the Province will assume 100% OW allowance and benefit costs, increasing its share from 80% in 2008 to 100% by 2018 (see Table 1). Under this formula, the Province will also assume 100% of all recoveries.

Table 1
Impact of Provincial OW Uploading

	2010	2013	2016	2018
Increasing provincial share of benefit costs and recoveries	80.6%	85.8%	94.2%	100%
Decreasing regional share of benefit costs and recoveries	19.4%	14.2%	5.8%	0%

The analysis in Table 2 also assumes that recoveries remain stable at 2009 levels and that the cost of program delivery increases 2% each year.

Table 2
Eligibility Review and Family Support Programs
Recovery/Cost of Recovery Analysis
(\$000's)

	2010	2013	2016	2018
Gross Recoveries/Costs:				
Collections and Cost Avoidance	3,833.6	3,833.6	3,833.6	3,833.6
Less: Program Delivery Costs	(2,125.4)	(2,255.5)	(2,393.6)	(2,490.4)
Net Recoveries	1,708.2	1,578.1	1,440.0	1,343.2
Region Share of Recoveries/Costs:				
YR Recoveries (decreasing to 0% in 2018)	743.7	544.4	222.3	0
Less: YR Program Costs (75%)	(1,594.1)	(1,691.7)	(1,795.2)	(1,867.7)
Net Recovery/(Cost) to Region	(850.4)	(1,147.3)	(1,572.9)	(1,867.7)

Analysis

In 2010, the total recoveries are estimated to be \$3,833,600. The total collection cost will be \$2,125,400. However, through the cost sharing agreement with the Province, the Region retains only 19.6%, or \$743,700 of recoveries and assumes 75%, or \$1,594,100 of collection costs. The result is an \$850,400 net cost to York Region for its collection activities.

As the Province assumes 100% of recoveries through uploading, the net cost to the Region will increase to approximately \$1,867,700 by 2018.

Future Steps

Correspondence from Chair Fisch to the Minister of Community and Social Services in March 2010 raised this imbalance in funding responsibilities as an equity issue and as a concern for program accountability and fiscal integrity.

Adelina Urbanski
 Commissioner of Community and Health Services

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