



MEMORANDUM

TO: Community and Health Services Committee

FROM: Adelina Urbanski, Commissioner of Community and Health Services

DATE: November 7, 2012

RE: **Final Report of the Commission for the Review of Social Assistance in Ontario**

On October 24, 2012, the Commission for the Review of Social Assistance in Ontario (the Commission) released its final report to the Province entitled *Brighter Prospects: Transforming Social Assistance in Ontario*. The Province established the Commission in 2010 to develop recommendations for reforming Ontario's social assistance system to improve outcomes for clients, particularly helping people move to employment. The review was a key commitment of the Province's Poverty Reduction Strategy.

The report includes 108 recommendations and close to 40 action areas identified as priorities which can quickly be implemented without legislative changes.

Highlights of the Commission's proposed reforms are included as *Council Attachment 1*.

The Commission's final report is a result of over 18 months of research, consultation and analysis. As reported to Council in May 2012 and September 2011, York Region obtained input from both Regional staff and the community to provide advice to the Commission.

This memo and the attachment outline the Commission's recommendations; however it is important to note that until the Provincial Government responds formally to the report, it is unknown which of the recommendations will be implemented.

Although the Commission's recommendations are detailed, the overall goal is to bring about a fundamental transformation of Ontario's social assistance system from an overly complex, rules-driven and often punitive and poorly coordinated program to one that fosters opportunity. As outlined in the attachment, under the new system:

- People have access to individualized supports that help them move to employment based on their personal abilities and their “distance from the labour market”
- Benefits and compliance are simplified, and there is a more rational approach in setting benefit rates that begin to reflect adequacy in meeting basic needs and housing costs
- Municipalities administer a single, integrated social assistance program (i.e. replacing the separate Ontario Works and Ontario Disability Support Programs)
- Municipal accountability is tied to client outcomes that reflect the range of possible success points along the pathway to employment
- Social assistance is better integrated with the broader income security system

The Commission acknowledges that transforming social assistance will be complex and long-term. This is why they have identified early priorities to begin the transformation process (e.g. simplifying benefit structure).

Impact on Municipal Service Managers

As anticipated by Municipal Service Managers across Ontario, the Commission’s recommendations speak directly to enhanced roles and responsibilities for municipalities, many of which are also identified as early priorities. These include:

- Transferring the Ontario Disability Support Program to municipalities and creating new tools, approaches and functions to employment case management
- Piloting new ways to fund and support municipalities to deliver integrated services and benefits
- Harmonizing health benefits provided to people receiving social assistance
- Replacing how rent-geared-to-income is calculated for people receiving social assistance who live in social housing
- Setting administrative savings target as a result of integrating Ontario Works and the Ontario Disability Support Program

In principle, the Commission’s vision for a more client-centred and locally-driven system reflects York Region’s input to the Commission’s consultations.

However, both the scope and details of the recommendations are substantial and will require more analysis by staff over the next few months. Particularly important will be the Commission’s cost estimates for implementing reform and understanding potential implications to Community and Health Services Department operations and staff roles.

Much will depend on which recommendations the Province implements and when. The Province’s initial response to the Commission’s report has been welcoming, with a number of general commitments to move forward on improving employment services, engage employers and modernize the way services are delivered and work with municipalities and other stakeholders on how to move forward. These comments mirror the general direction the Province is taking in implementing children services and homelessness reforms. However, there has been to date no detailed direction or timetable for reform. Once the Province’s reform agenda is announced, staff will report to Council on potential impacts for clients, service delivery, program management and costs.

Staff will also work through the Ontario Municipal Social Services Association and other forums to engage the Province on opportunities and issues related to the Commission's recommendations.

Through these forums, staff will also continue to stress the need for meaningful Provincial engagement with municipalities in fully assessing reform options and their potential impacts on municipalities, and the importance of a supportive funding and policy framework that does not add additional pressures on the municipal tax base.

As communicated to Council throughout 2012, the Province is already taking steps to change social assistance and social services generally - particularly through children services reform, homelessness reform, new funding caps on Ontario Works discretionary benefits and the end of the Community Start-Up and Maintenance Benefit. Staff are working on both short and longer-term strategies to address the full scope of these Provincial policy changes.

Adelina Urbanski
Commissioner of Community and Health Services

LG/CA/tf

Attachment - 1

Copy to: Human Services Planning Board of York Region

October 2012

Brighter Prospects: Transforming Social Assistance in Ontario

Highlights of Proposed Reforms

Brighter Prospects: Transforming Social Assistance in Ontario makes 108 recommendations to transform social assistance into a simpler, more effective and accountable system that is better at moving people into jobs and out of poverty. In order for social assistance to be fully transformed, changes are needed both inside as well outside the system to address a number of other policies that impact the lives of low income people. Highlights of the proposed reforms include:

A single, integrated social assistance program delivered at the local level

- Ontario Works and the Ontario Disability Support Program (ODSP) would be replaced with one program that provides integrated services and supports to all social assistance recipients, including people with disabilities. Currently Ontario Works is delivered by municipalities and First Nations; ODSP is a provincially-delivered program.
- The new program would be delivered by municipalities and First Nations, who have an on-the-ground understanding of their own communities. Municipal delivery would facilitate access to other human services delivered locally, including child care, housing, settlement services for newcomers, public health and addiction services. Local delivery would also leverage municipalities' connections to local employers and expertise in local economic development.
- Municipalities would become full partners with the Province in managing and planning employment services in their communities, with more municipalities designated by the Province as Employment Ontario deliverers.
- The Province would work with First Nations administrators and communities to help build their capacity to deliver the new integrated program and provide employment services, where they are not already delivered.

A simplified benefit structure

- The approximately 30 special benefits in the current system would be streamlined and the more than 240 existing rates and combination of rates would be replaced with a new rate structure, based on simple building blocks.
- The basic building block would be a standard rate for all adults. In a fully transformed system, the only financial benefit provided through social assistance would be the standard rate for adults living alone or a modified standard rate for people in shared accommodations. The standard rate would be a flat amount, with future rate increases varied regionally to reflect differences in living costs across Ontario. It would replace the current, complex rate system consisting of a separate shelter component and different rates depending the type of living arrangements, reducing the administrative burden on caseworkers and intrusion into recipients' personal lives. Caseworkers would have more time to focus on supporting recipients to pursue employment.
- The standard rate would be based on a rational methodology that would provide the information to help the Province achieve a balance among three objectives: adequacy of rates; fairness between social assistance recipients and low-income people who are working; and financial incentive to work.

- A number of steps would be taken to better define benchmarks in order to establish a rate methodology, including:
 - Developing a new “Basic Measure of Adequacy” to serve as the benchmark for determining the adequacy of social assistance rates, based on the costs of food, clothing and footwear, a basic list of personal and household needs, transportation and shelter in different Ontario regions;
 - Through the upcoming review of minimum wage, linking changes in the minimum wage to Ontario’s economic performance, labour market outcomes, and earnings distribution, so that the minimum wage can be used as an appropriate “reference wage”;
 - Undertaking research into the impact of benefit withdrawal rates on work incentive.
- The report also recommends that the Province establish an advisory group with a mandate to assist in the work on benchmarks and make recommendations on rates and the processes for making rate adjustments.
- Until the system is fully transformed, there would be two additional building blocks on top of the standard rate provided through social assistance: a disability supplement for recipients with disabilities, and uniform supplements for families with children and sole-support parents.
- In a mature system, disability, children’s and health benefits would be removed from social assistance and made available entirely outside the system to all low-income Ontarians. Providing these benefits to all low-income individuals and families would eliminate structural barriers for people trying to exit social assistance for work. The report calls on the Province to engage with the federal government in further enhancing children’s benefits and in partnering to introduce a disability benefit outside of the social assistance system.
- A disability benefit outside social assistance should be introduced as a priority, to help combat the high level of unemployment among people with disabilities, and to improve the financial incentive to work. This benefit would recognize that there can be additional costs of living with a disability, and employment opportunities and earnings may be constrained for people with disabilities.
- The report further recommends that no new benefits be introduced within the social assistance system without also making them available to all low-income Ontarians.

Treatment of child support

- Currently, recipients are required to pursue child support from the non-custodial parent. Social assistance benefits are reduced dollar for dollar by any child support payments received. The report recommends that the rules regarding child support be changed to provide an incentive to pursue child support without enforcing it as a mandatory requirement. Child support payments would be treated in the same way as earned income and would reduce social assistance benefits by 50 cents per dollar of child support received. Family Support Workers would continue to be available to encourage recipients to pursue child support and assist those who wish to do so.

Initial steps to improve adequacy of financial support

- An increase of \$100 a month would be made to the lowest rate category, single adults receiving OW, as a down payment on adequacy while the system undergoes transformation. The current rate for single adult renters receiving OW is \$599 a month.
- All recipients would be allowed to earn up to \$200 a month before their benefits start to be withdrawn. This earnings exemption would also help social assistance recipients get a foothold in the labour market without losing their benefits.
- Until a disability benefit outside social assistance is introduced, people with disabilities who are exiting social assistance for employment would be permitted to retain a portion of the disability supplement they receive through social assistance.
- Asset rules would be simplified and harmonized to the current allowable amounts for ODSP recipients, to help people become more financially resilient. All social assistance recipients would be allowed to keep up to \$5000 for a single individual and \$7,500 for a couple when entering the system.

Strengthening accountability

- An accountability system needs to have clearly-stated meaningful objectives. The report recommends the development of a clear statement of outcomes and performance measures, and the publication of annual reports on how well the system is meeting these performance measures at the level of the individual municipalities and First Nations, and the province as a whole.
- The report also recommends the appointment of Provincial Commissioner of Social Assistance to drive change. The Provincial Commissioner would work with municipalities, First Nations and other stakeholders to establish performance measures, and track progress. Service agreements between the Province and individual municipalities and First Nations would include specific targets against performance measures that reflect the range of needs of recipients and include criteria for assessing progress in helping recipients prepare for, and pursue, employment.
- The Provincial Commissioner would have the power to intervene with municipalities should corrective actions to improve delivery become necessary.
- A simpler, less complex system would make it easier to ensure that it is accountable to all Ontarians. Current mechanisms in place to prevent and address misuse of the system would continue.

Acting on income security

- Social Assistance cannot be seen in isolation from other income security programs and the broader economic environment.
- The prevalence of temporary and part-time jobs, often at low wages and without opportunities for career advancement, limits the ability of social assistance recipients to obtain more sustainable employment. In order to build the skills of Ontarians and expand the number of better jobs that promote career advancement, the report recommends the development of a comprehensive human capital strategy in concert with the Province's Jobs and Prosperity Council.

- The report also notes the reduced effectiveness of Canada's tax and income transfer system to address growing income inequality in Canada. It recommends that the provinces and federal government review the tax and income transfer system with an aim to better integrate benefits and tax transfers, lower administrative costs and improve incentives for employment through lower marginal effective tax rates.
- In order to address problems with the interactions between social assistance and current federal programs such as Employment Insurance and the Working Income Tax Benefit, the report recommends that the Province continue to work with the federal government to make reforms to better address the needs of low-income Ontarians.

First Nations and social assistance

- Many of the changes recommended in the report will help to address the issues that First Nations raised during the review, including the significant problems in the rate structure and asset rules, and the need for greater flexibility in defining appropriate employment-related activities to serve their unique needs in a culturally appropriate way.
- The report recommends that tripartite discussions take place, at a senior level, to explore the potential to establish a greater role for First Nations in designing and managing the social assistance system in their communities.

Implementing change

- Recognizing that full transformation of the social assistance system will take time, the report identifies priority steps that can be taken to begin the process of reform and to lay the foundation for integrated local services and a simplified benefit structure. It urges the government to take quick action on these priorities and to select a number of communities to initially implement changes and then expand the reforms province wide.
- The cost of the priority steps to transform the system would be covered by a combination of administrative savings, reallocations and some new investments by the Province.
- The report recommends setting a target for administrative savings resulting from integrating the two programs and simplifying the rate structure, with the savings to be reinvested in improved employment services and supports.
 - For example, it is estimated that, based on 2011 figures, a 15 per cent per year improvement in administration would result in \$140 million in savings to the system annually for reinvestment in improved employment services and supports.
- To fund benefit structure priorities, including improvements to the adequacy of the rates and simplification of the rate structure, the report recommends reallocating savings from the elimination of the Special Diet Allowance, as well as additional new investments by the Province.
 - The report argues that adequacy must be addressed through the rate structure as a whole, and that people receiving social assistance should be able to afford a nutritious diet without relying on a special allowance. It recommends that the Special Diet Allowance in its current form be eliminated, with the exception of nutritional supplements for people with

unintended weight loss that should continue to be provided by the Ministry of Health and Long-Term Care.

- o Based on modelling using 2011 figures, up to \$340M of new investment (less than 5 per cent of total social assistance and associated benefit costs) would be required. Actual costs would depend on caseloads and the rates in place at the time of implementation.
- Over the long-term, the transformational changes recommended in the report can be expected to result in actual reductions in the overall size of the social assistance caseload. The report recommends setting a target for reducing the rate of growth in the number of people with disabilities receiving social assistance, and investing those savings as a priority in a new disability benefit to all low-income Ontarians with disabilities.
 - o For example, reducing the growth rate of the ODSP caseload by two per cent per year can be expected to save considerable sums of money that would be cumulative over time, rising from \$40 million in the first year to \$160 million a year by the fourth year, and continuing to grow thereafter.