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2009 ONTARIO BUDGET HIGHLIGHTS
COMMUNITY AND HEALTH SERVICES PERSPECTIVE

The Community Services and Housing Committee recommends the adoption of the recommendation contained in the following report dated April 14, 2009 from the Commissioner of Community and Health Services.

1. RECOMMENDATION

It is recommended that:

1. The Regional Clerk circulate this report to Health and Emergency Medical Services Committee and local municipalities for their information.

2. PURPOSE

This report summarizes, from a Community and Health Services perspective, the key highlights of the 2009 Ontario Budget as outlined in *Attachment 1* of this report.

3. BACKGROUND

The Province presented the Ontario Budget on March 26, 2009

On March 26, 2009 the Ontario Minister of Finance presented the Province's 2009 budget. The Province tabled a $108.9 billion budget, with a deficit of $14.1 billion in 2009-2010. It anticipates that Ontario will run deficits for the next several years, with a proposed return to balance in 2015-2016.

Overall, the Ontario Budget builds on similar themes as in the recent Federal Budget by providing a mix of tax cuts, infrastructure investments, training and adjustment, and targeted supports to vulnerable residents in addressing the current economic slowdown. The Province has also introduced a new harmonized sales tax system designed to bolster business competiveness.

The 2009 Ontario Budget provides opportunity for the Province to invest in the Ontario Poverty Reduction Strategy

As reported to Council in Clause No. 2 of Report No. 1 of the Community and Health Services Committee on January 22, 2009, the Province released *Breaking the Cycle: Ontario's Poverty Reduction Strategy* in December 2008 with a goal of reducing the number of children living in poverty in Ontario by 25% over the next five years (commonly referred to as "25 in 5"). The 2009 Ontario Budget represents the first opportunity to assess the Province's investment in this strategy for the coming year.

4. ANALYSIS

The investment in infrastructure and changes in sales tax are aimed at increasing employment opportunities and business growth, along with more support to employment and training assistance

The Province highlights the value of infrastructure spending as a short-term measure while introducing significant changes in the Ontario sales tax and general cuts to corporate and business taxes as a way of improving the long-term business environment and employment growth.

Funding is also provided over two years to increase transitional employment and training assistance for unemployed and underemployed workers in Ontario. These skills and training initiatives are supported through federal funding enhancements announced in January 2009.

The Province accelerates Ontario Child Benefit payments, commits permanent funding for the Rent Bank Program, and increases allowances to Ontario Works and Ontario Disability Support Program

From the perspective of the Ontario Poverty Reduction Strategy, the 2009 Ontario Budget proposes to accelerate planned increases to the Ontario Child Benefit, keeps commitments to raise the minimum wage, provides annual funding to the Ontario Rent Bank Program, and initiates community hubs in selected low-income neighborhoods that will help identify and provide social and educational supports.

In addition, increases to Ontario Works and Ontario Disability Support Program allowances will help improve income support for residents accessing these programs. For December 2009, when the rate becomes effective for Ontario Works, the Province will pay 100% of the cost increase, however, beginning in January 2010 cost-sharing with municipalities will apply.
As part of the Ontario Poverty Reduction Strategy, the Province has reiterated its commitment to undertake a review of social assistance with the goal of removing barriers and increasing opportunities for people trying to transition to employment.

Commitments to social housing repair and construction, support to social services agencies and new tax credits may assist lower and moderate income households

The Province announced matching provincial commitments to federal funding for social housing repair and construction, and additional capital funding to social services agencies.

Also, the Budget includes improved refundable sales and property tax credits for lower and moderate income households as part of the move to a more harmonized sales tax regime in Ontario.

While the commitments to social housing construction is good news, the ongoing need for a sustainable and long-term funding model for affordable housing from the provincial and federal governments is still required to support the housing needs of lower and moderate income households in York Region.

The Budget provides no new funding for early learning, child care and health services

Access to child care and early learning is one of the poverty reduction strategies that supports the developmental skills of all children as well as the employment/re-employment/re-training of parents. However, the 2009 Ontario Budget provides no new funding for early learning and child care. It did however, mention an expected release this year of an expert report on implementing a full-day learning program for four and five year olds and called for more federal support to child care. For many policy makers and advocates, this gap in a budget designed to reduce poverty and create jobs is disappointing. More affordable, expanded daycare can be a powerful tool that gives parents the opportunity to retrain for better or new jobs, and help single parents lift their families out of poverty through work. York Region currently has a monthly average waitlist of about 3,500 (December 2008) for child care fee assistance.

For health services, the Budget does not make any significant commitments to public health services. Funding has been allocated to improve hospital infrastructure and increase hospital base funding. The Province has also dedicated funding to improve emergency room wait times, for the Aging at Home Strategy, access to family health care, e-health initiatives and increase the number of long term care beds.

Given the range of potential implications to the Community and Health Services Department, more detailed analysis will be required once specific program details are provided

The program and client implications related to the 2009 Ontario Budget will be reviewed and reported back to Council as appropriate once specific details are released by the Province. This includes on-going progress toward implementing the Ontario Poverty Reduction Strategy through provincial budgetary, program, and policy developments.

5. FINANCIAL IMPLICATIONS

The implications of the 2009 Ontario Budget on Community and Health Services programs and services will be assessed and reported back to Council by the applicable program area once more information is provided by the Province on specific budget announcements.

6. LOCAL MUNICIPAL IMPACT

There is no specific local municipal impact associated with this report. However, the Federal and Provincial Budgets will affect all residents across York Region including those who rely on the programs and services of the Community and Health Services Department.

7. CONCLUSION

This report provides a brief overview of the 2009 Ontario Budget from the perspective of Community and Health Services programs and clients. More detailed information is highlighted in *Attachment 1*.

For more information on this report, please contact Cordelia Abankwa-Harris, Managing Director, Strategic Service Integration and Policy, at Extension 2150.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)

Council Attachment 1

2009 Ontario Budget Highlights
Community and Health Services Perspective

Ontario Budget Announcement	Implications for Community and Health Services
Social Services	
Ontario Child Benefit (OCB) • Accelerates phase-in of the OCB by two years through increasing benefits to up to $1,100 annually per child by July 2009. • Re-affirms commitment in the Ontario Poverty Reduction Strategy to raise maximum OCB to $1,310 annually within five years. • OCB program parameters and eligibility requirements will not change. • The OCB was originally scheduled to reach the maximum $1,100 benefit by 2011. The original scheduled level for 2009-2010 is $805. • The Ontario Budget indicates the change will provide over $400 million more in benefits over the next three years.	• The OCB is an income tested benefit for lower income families. The Ontario Budget will increase income support for these households in York Region. • The Ontario Budget also indicates that as outlined in previous budgets, adjustments would be made to social assistance benefits for children to further consolidate them with the OCB. Clarification will be required from the Province on how this will impact on Ontario Works (OW) participants and the level of net benefits they will receive through implementation of the OCB increases.
Increase Social Assistance Rates • Increase the adult basic allowance and maximum shelter allowance by 2% in November 2009 for Ontario Disability Support Program (ODSP) recipients and in December 2009 for OW recipients. • This includes families receiving Temporary Care Assistance and Assistance for Children with Severe Disabilities, as well as those living in long-term care homes who receive the comfort allowance. • Municipalities will not be required to cost-share the rate increase until January 2010.	• The income of OW recipients will increase. Higher benefit levels may increase the number of residents eligible for OW. • Increases to OW and ODSP allowances will also increase the amount the Region will need to cost share. Costs to York Region for 2010 will also depend on caseload numbers. • Note that ODSP benefit costs will be fully uploaded by the province by 2011. Beginning in 2010, cost-sharing will shift to 90:10 provincial/municipal ratio. • As agreed through the Provincial Municipal Fiscal and Service Delivery Review, the upload of OW benefits costs to the Province will begin in 2010 at 3%. Full OW benefits costs will be uploaded in 2018. • Clarification will be required on whether increases will apply to the emergency shelter per diem and personal needs allowances.
Employment and Training Assistance • Invests more than $750 million over two years to provide additional transitional employment and training assistance to unemployed and	• The Ontario Budget indicates that these programs will be supported through the recent federal enhancements to the Ontario-Canada Labour Market Agreement and Labour Market Development

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underemployed Ontarians.
• Includes $32 million more in 2009 for summer employment opportunities for youth. This includes targeted resources for youth in high-needs neighborhoods.
• Includes $700 million over two years in new skills training and literacy initiatives and enhancements to existing programs, including:
  o $94 million to expand support for New Canadians, including bridge training and mentorship opportunities, serving 15,000 more clients per year.
  o $90 million to expand literacy and basic skills training, including funding for community projects, distance learning and workplace literacy, serving up to 13,000 more per year.
• Develop a Green Jobs Skills Strategy over two years to respond to labour demands in the emerging green energy sector, including electricity.
	Agreement. Both transfers federal funding to the province for training programs delivered through Employment Ontario for Employment Insurance (EI) recipients and non-EI eligible workers.
	• The Ontario Municipal Social Services Association (OMSSA) indicates that these are new funds which will complement on-going programs and that further program, funding, and delivery details will be forthcoming from the relevant provincial ministries (Ministry of Training, Colleges, and Universities, Ministry of Citizenship and Immigration).
	• Clarification will be required on how funding will be allocated to York Region-based service delivery agencies. Better access to provincial training programs for Ontario Works participants would help improve their employment outcomes and adjust to a changing labour market needs.

<u>Early Learning and Child Care</u> • Indicates that the coming year will bring forward the delivery of Dr. Charles Pascal's report on early childhood education. • The Ontario Budget calls for the federal government to initiate new funding measures to support child care.	• The Province has proposed the development of a full-day learning program for 4-5 year olds. Dr. Pascal has been asked to investigate implementation options and report back this year. • The Province has made earlier commitments of up to $300 million to support the proposed full-day learning program for Ontario children. The 2009 Ontario Budget does not provide increases to the funding associated for implementing full-day learning. • Earlier federal funding commitments to child care under the now terminated Early Learning and Child Care Agreement have been used by the Province to support the expansion of Best Start child care spaces and fee subsidies, including in York Region, through to 2009-2010. The Ontario Budget does not address the Province's specific spending plans for these and other child care initiatives.

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Housing and Long Term Care	
<u>Social Housing</u> Invests in social housing by committing: • $700 million over two years for social housing rehabilitation and energy retrofits to 50,000 social housing units • $360 million to create 4,500 new social housing units for low-income seniors and persons with disabilities • $175 million over two years to extend the Canada Affordable Housing Program which is creating new homes for low-income families, seniors, persons living with mental illness and victims of domestic abuse.	• These housing investments will be 100% provincially funded and will not require municipal cost-sharing. They match allocations announced in the January 2009 Federal Budget. More information is needed on the allocation of funding to York Region and program eligibility criteria. • The Province estimates that the construction of affordable housing will create 23,000 jobs. • More information will be needed to assess impact of the proposed single value-added sales tax (see below) on construction costs of new affordable social housing units and on the daily operations of non-profit housing providers. Currently non-profit housing developers are eligible for certain exemptions and rebates under the current Ontario Retails Sales Tax.
<u>Rent Bank</u> • Provide $5 million annually to the Ontario Rent Bank program beginning in 2009-2010.	• Community and Health Services currently administers provincial Rent Bank funding as part of homelessness prevention supports to low-income residents. With the announcement of permanent funding, the Province is currently working with municipal service managers to assess options for allocating the next round of funding.
<u>Support to Seniors</u> • Increase income threshold in 2009 under the Ontario Property and Sales Tax Credits for senior couples. • Re-confirms 2008 Budget plan to double the Ontario Senior Homeowners' Property Tax Grant from $250 to $500 for 2010.	• Provides additional relief to low and moderate income seniors with the cost of property taxes. • Starting in 2010, the current Ontario Property and Sales Tax Credit will be replaced with a new separate Ontario Sales tax Credit and Ontario Property Tax Credit (see above). Eligible senior homeowners will continue to receive the additional assistance provided through the Ontario Seniors Homeowners' Property Tax Grant. • The Province will also continue to invest in the Aging at Home Strategy allocating $223 million in 2009-2010 and will continue plans to increase the number of long-term care beds by 1,725 in 10

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Ontario Budget Announcement	Implications for Community and Health Services
	communities across the province by 2012.
Public Health, Emergency Medical Services, and Other Health Related	
<u>Health Infrastructure and Funding</u> • Invest about $7 billion over two years on hospital and other health capital projects. • Re-affirms commitment to create an electronic health record (eHealth) by 2015.	• Currently, the Province has over 40 hospital projects under construction, 15 of which are expected to be completed in 2009-2010. These projects will create and sustain many jobs in 2009-2010, covering a wide range of skills and trades. • Hospital base funding increase of 2.1 % in 2009-2010 originally announced in last year's Budget will continue to be maintained. • The Province will also continue plans to provide high growth communities with annual growth funding and implementing an ER Wait Times Strategy. • Plans to increase the number of Family Health Teams and nurse-practitioner-led clinics will also continue. • eHealth initiatives will help to improve sharing of health information for quality, safety and efficiency of patient care (e.g. diabetes registry, on-line management of prescription medications, eReferral).
Other Initiatives Related to Community and Health Services Programs and Clients	
<u>Social Services Infrastructure</u> • Provide more than $80 million for over 4,000 projects to undertake repairs and improve security, accessibility and energy efficiency at social service facilities used by low-income and vulnerable Ontarians across the Province. • Asks for matching federal funds to support an additional 4,000 projects.	• OMSSA indicates that the details for this program have yet to be developed and it is unclear if municipal service managers will be able to access this funding. • Could provide community agencies in York Region with capital dollars to improve service access and delivery depending on how funding is allocated across the province.
<u>Reforming Ontario Sales Tax</u> • Move to a single federally administered value-added sales tax by blending the current Ontario Retail Sates Tax (RST) of 8% with the	• More analysis would be needed to assess the impact of sales tax changes on lower income households. Exemptions proposed for the new sales tax will provide some partial relief. However, the addition

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5% federal Goods and Services Tax (GST) for a combined new rate of 13% effective July 1, 2010. • As with the current GST, the new sales tax will not be charged on a range of items, such as basic groceries, prescription drugs, and medical devices. • Items currently exempt under the Ontario RST will have a point-of-sale rebate under the provincial portion of the new sales tax (i.e. 8%) for purchases of children's clothing and footwear, children's car seats and car booster seats, books, diapers and feminine hygiene products. • Purchases of new homes of up to $500,000 will receive a housing rebate on the provincial portion of the new sales tax.	of a number of other items that are currently not taxed will be an issue. The federal government already provides a refundable GST tax credit for low-income households. See section below on provincial measures proposed in the Ontario Budget.
<u>Other Tax Changes</u> The Ontario 2009 Budget proposes a number of transitional and permanent measures to help address the impact of the new sales tax on low and moderate income households. These include: • An Ontario Sales Tax Transition Benefit providing up to $1,000 for families and up to $300 for single people over three payments in June 2010, December 2010, and June 2011. Benefits would be received to all eligible tax filers aged 18 and over. The maximum benefit will be reduced by 5% for income over $80,000 for singles and over $160,000 for families. Up to 6.5 million individuals and families will receive the transition benefits. • A new and permanent refundable sales tax credit for low to middle income people of up to $260 annually for each adult and child paid quarterly starting in July 2010. This will be reduced by 4% of adjusted family income net income over $20,000 for singles people and over $25,000 for families. • An enhanced refundable property tax credit for low to middle income people of up to $250 annually for non-seniors or $625 for seniors -	• The Ontario 2009 Budget indicates that these measures will provide $10.6 billion in tax relief over three years and taken together will increase the progressivity to the tax system by providing a greater share of tax relief to low-to middle income households. As part of the agreement to move toward a single sales tax, the federal government is providing the Province with transitional funding to support part of these measures. • The Ontario Budget indicates that the new sales and property tax credits will provide an increase of more than $1 billion a year of income support to between 2.3 and 2.9 million families and individuals in Ontario. • The Province already provides a combined income-tested property and sales tax credit. The proposed new measures appear to extend the tax credits to more Ontario households and improves on the timeliness of when payments are received (e.g. from income tax refunds to quarterly advance payments). Unlike the current tax credit, the maximum benefits and income thresholds will be indexed for inflation.

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plus 10% of occupancy costs (property tax paid or 20% of rent paid). The credit will not exceed occupancy costs and be will subject to a maximum of $900 for non-seniors and $1025 for seniors. It will be reduced by 2% of adjusted family net income over $20,000 for singles people and over $25,000 for families. • Reducing income taxes on the first bracket tax rate from 6.05% to 5.05%.	• Clarification will be required from the Province on how these new benefits will be treated under provincial income and needs tested programs.
<u>Community Hubs</u> • Invest $3 million in 2009-10 to help establish community hubs in selected low-income neighborhoods. The hubs will bring together a range of community partners to identify and provide social, community, and educational supports.	• Funding Community Hubs is part of the Ontario Poverty Reduction Strategy. The Strategy calls for $7 million of annual funding to support community hubs. • Clarification will be required on which neighborhoods will be targeted to assess potential impact on York Region. • OMSSA indicates that the Province will also increase funding for the Community Use of Schools program and expand the number of Parenting and Family Literacy Centres for students in high-needs neighborhoods, both which are part of the Ontario Poverty Reduction Strategy. More information will be needed to confirm if these will include more supports to York Region schools or communities. • The Minister of Children and Youth Services has also indicated the Ontario Budget will provide more than $35 million over two years to enhance the Youth Opportunity Strategy, which helps youth in high-risk neighborhoods through jobs, training, and outreach.
<u>Minimum Wage</u> • Confirms already planned increases to the Ontario minimum wage.	• On March 31, 2009, the minimum wage increased to $9.50 per hour. This will increase to $10.25 per hour in 2010. • Supports increased market income for low-income residents employed in minimum wage jobs, including Community and Health Services clients, and reduces reliance on social benefit payments. • The Province has also indicated that it will invest an additional $4.5 million annually for employment standards officers to reduce the

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	backlog of claims and proactively enforce the Employment Standards Act.
<u>Enhance Co-operative Education Tax Credit (CETC) and Apprenticeship Training Tax Credit (ATTC)</u> • Increases CETC rate from 10% to 25% and from 15% to 30% for small businesses and increases maximum tax credit available from $1,000 to $3,000 per work placement. • Increases ATTC rate from 25% to 35% and 30% to 45% for small businesses and increases maximum annual tax credit from $5,000 to $10,000. The ATTC will also extend the months payable from the first 36 months to the first 48 months of an apprenticeship program.	• Both the CETC and ATTC provides refundable tax credits to businesses that either employ postsecondary students enrolled in qualified co-operative education programs or pay salaries or wages to eligible apprentices. • The Ontario Budget indicates that this will provide an additional $50 million annually. • These could improve the incentive to York Region employers to hire youth, including those who access Community and Health Services programs, in supporting workplace skill development and employment outcomes.