3
ONTARIO WORKS CASELOAD PRESSURES

The Community Services and Housing Committee recommends the adoption of the recommendation contained in the following report dated June 8, 2009 from the Commissioner of Community and Health Services.

1. RECOMMENDATION

It is recommended that:

1. Staff report back to Council in the fall and provide an update on the caseload pressures and potential trends in the Ontario Works program.

2. PURPOSE

This report provides Council with information on recent and projected growth in the Ontario Works caseload related to the economic downturn and measures being taken by the Community and Health Services Department to mitigate the impact of caseload growth.

3. BACKGROUND

York Region administers the Province's Ontario Works program which provides financial assistance and employment supports to eligible residents

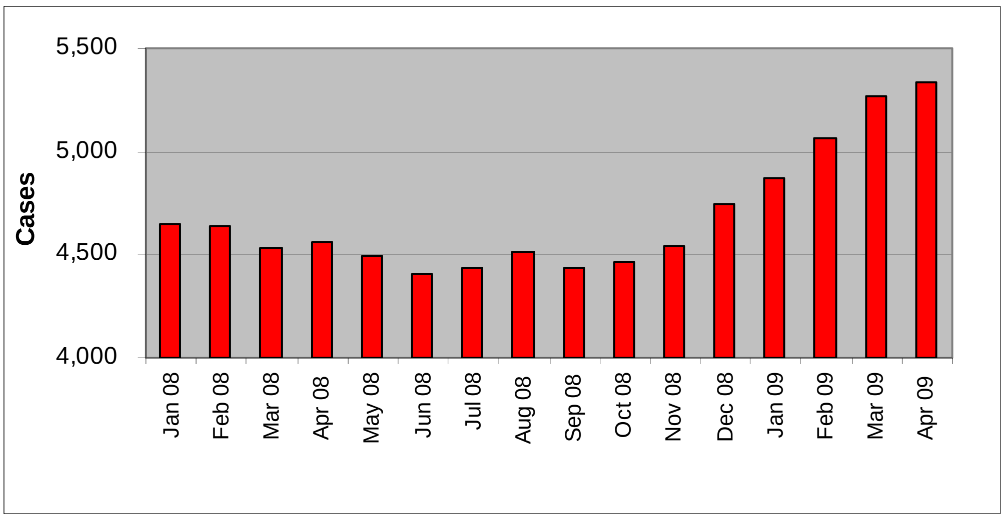
York Region is one of 47 Consolidated Municipal Service Managers (Service Managers) mandated to administer the Province's Ontario Works program. Ontario Works is an income-tested program that provides financial assistance and short-term employment supports to eligible residents. The goal of Ontario Works is employment.

The Ontario Works monthly caseload remained generally stable in 2008, but began to grow late in the year and through the first four months of 2009 as more people found themselves out of work

In 2008, York Region's Ontario Works caseload remained relatively constant, averaging 4,535 cases per month, due in large part to opportunities in the local economy, effective case management and our employment programs. The number of cases coming onto assistance each month (applicants granted) was generally balanced by the number of cases leaving assistance (program exits). However, the caseload began to rise toward the end of 2008 with an increase of 201 cases from November 2008 to December 2008.

In the first quarter of 2009, as more people found themselves out of work, York Region's Ontario Works caseload increased by 521 cases, up almost 11% over December 2008. This is consistent with caseload trends observed across the province during this period. Caseload growth continued in April but at a slower pace than previous recent months with an increase of 72 cases or 1.4% over the prior month. Case increases will continue to be monitored closely in the coming months to determine potential future trends. Graph 1 shows caseload activity for the period from January 2008 to April 2009.

Graph 1
Caseload Activity January 2008 – April 2009



4. ANALYSIS AND OPTIONS

ECONOMIC PRESSURES, PROJECTED CASELOAD GROWTH AND MITIGATION STRATEGIES

The economic downturn is exerting upward pressure on the Ontario Works caseload in York Region

Statistics Canada reports that nationally, employment grew by 36,000 in April 2009, resulting from an increase in self-employment activity. Despite this improvement, Canada's overall employment has declined by 321,000 jobs since October 2008. The national unemployment rate was 8% in March 2009 and 8.4% in April 2009.

For 2009, Ontario experienced a record one month drop of 71,000 jobs in January, followed by a loss of 35,300 jobs in February. This was followed by a decline of 10,800 jobs in March and a more modest decrease of 3,000 jobs in April. Despite a decline in the rate of job loss, Ontario's overall employment has fallen by 184,000 jobs since

November 2008. Table 1 provides an overview of provincial employment activity for the period November 2008 to April 2009.

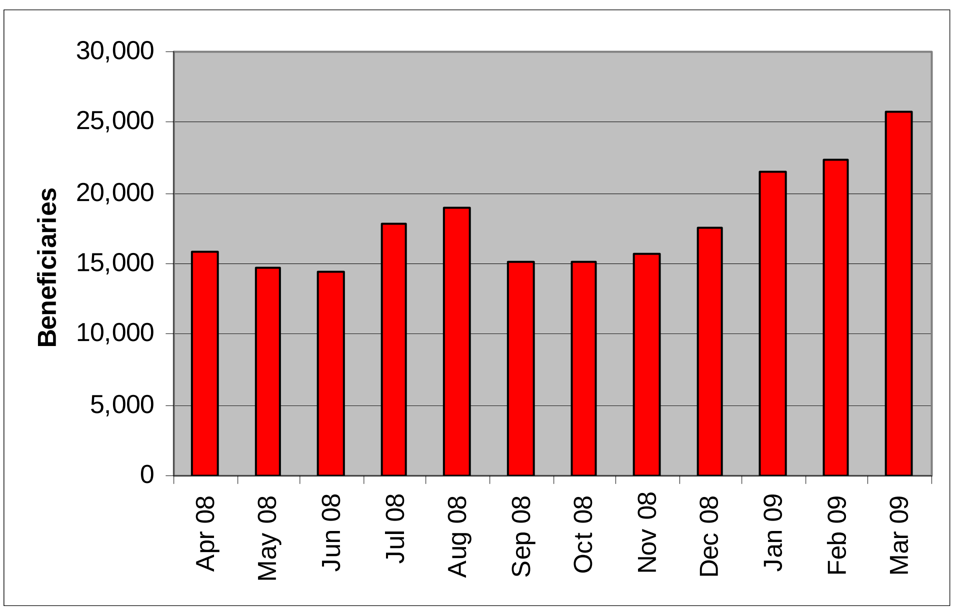
Table 1
Provincial Employment Activity
November 2008 – April 2009

	Nov. 08	Dec. 08	Jan. 09	Feb. 09	Mar. 09	Apr. 09
Job Starts/ Losses	-66,000	+1,800	-71,000	-35,000	-10,800	-3,000
Unemployment Rate	7.1%	7.2%	8.0%	8.7%	8.7%	8.7%

Increasing Employment Insurance (EI) applications plus stricter rules for eligibility and access to EI benefits places additional pressure on the Ontario Works caseload

When comparing year-over-year, 47% more Canadians received regular EI benefits in March 2009 than in April 2008, while 69% more Ontarians received benefits from one year to the next. Using the same year-over-year comparison, York Region experienced a 62% increase in beneficiaries. Graph 2 shows Employment Insurance trends in York Region for the period from April 2008 to March 2009.

Graph 2
York Region Employment Insurance Beneficiary Trends
April 2008-March 2009



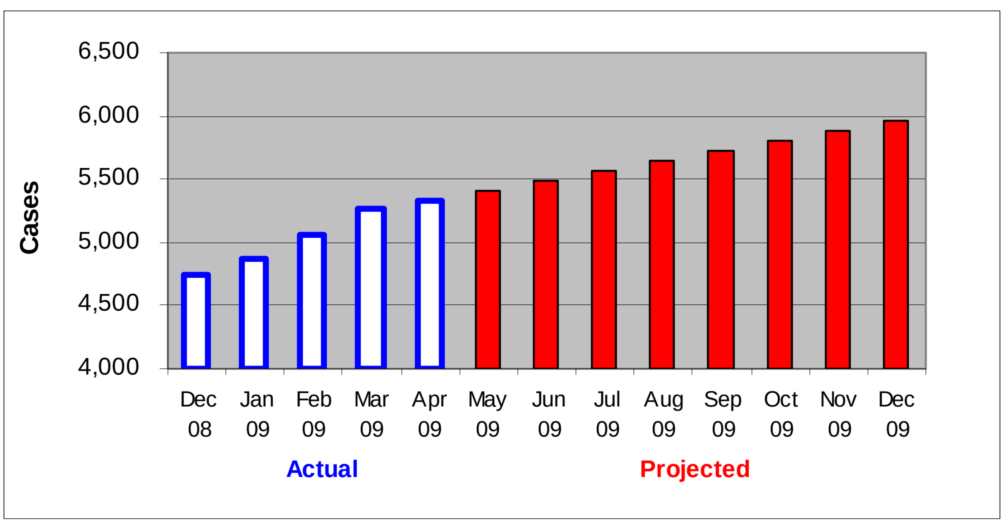
EI recipients commonly seek Ontario Works while their EI claim is being processed and after their EI benefits have become exhausted (in the GTA, the maximum a worker could be entitled to, barring extended retraining benefits, would be about 38 weeks), so an increase in EI beneficiaries often signals an increase in the Ontario Works caseload, early on, and potentially later as well, in a period of prolonged unemployment.

In addition, concerns have been noted from a number of sources about the impact of EI changes in recent years related to qualifying hours. Young workers and newcomers, those who are in the workforce for the first time, require 910 hours to qualify for EI. In the GTA Region, as a whole, which includes York Region, non-first time workers currently require 630 hours. These qualifying periods often restrict access to EI as income support. In some cases those who cannot access EI will apply for Ontario Works as a means of support, increasing pressure on the system.

Based on analysis of these pressures and recent caseload trends, the Ontario Works caseload could reach approximately 6,000 cases by year-end 2009, a 26% increase over December 2008.

Over a four-month period, December 2008 to March 2009, the Ontario Works caseload grew by 722 cases (an average of 181 cases per month), a 15.9% increase in the total caseload. However, in April of 2009 the pace of growth slowed to 72 cases or 1.4% over the prior month. Based on a consideration of this slowing trend, it is currently projected that the Ontario Works caseload could reach 5,963 cases by year-end 2009. Graph 3 depicts caseload activity from December 2008 to April 2009 and caseload projections to year-end 2009.

Graph 3
Caseload Activity December 2008 – April 2009 /
Projected Caseload May – December 2009



As noted above, these projections are based on data which suggests a slowing rate of job loss, a trend that will need to be carefully monitored in light of the continued potential for volatility in the economy. Staff will continue to monitor relevant indicators over the coming months.

Rising caseloads can impact staff deployment and areas of focus, resulting in the potential for unnecessary program expenditures

York Region generally targets for a caseload in the range of 90–110 cases per Social Assistance Case Coordinator (case coordinator to households) to manage the complex workload associated with new applicants and existing recipients. Among Ontario Works delivery agents, this is generally recognized as the optimum ratio for maintaining good program integrity, ensuring those who are eligible for assistance get the help they need and those who are not eligible do not.

As the caseload increases, staff become increasingly focussed on meeting the critical basic financial needs of applicants and recipients. Time customarily dedicated to file reviews, eligibility verification and case management is diverted to the provision of food, shelter, medication and critical referrals. With continued growth, there can be the potential for administrative error and in some situations client misrepresentation, resulting in additional, unnecessary program expenditures. Though the Province has committed to fully uploading Ontario Works allowance and benefit costs by 2018, the Region currently cost shares 20% on any program inefficiencies.

A focus on only financial need also competes with the ability to provide vital employment assistance services, a key factor in ensuring individuals and families continue to exit the system and become independent. As a result, recipients can remain on assistance longer than usual and the Region runs the risk of underachieving on critical employment outcomes, leading to the potential clawback of Ontario Works employment funding from the Province.

The higher the caseload to worker ratio grows the greater the risk becomes for financial and program integrity impacts

It is generally accepted that at a ratio of 125:1 or more, there is an increased risk of non-compliance with program standards and underachievement of targets, resulting in greater potential for clawback of provincial funding, something that has not occurred to date in York Region. Each year, the Ministry of Community and Social Services (MCSS) audits the Ontario Works program to assess the Region's compliance with provincial legislation, policy and performance standards. Traditionally, the Region has performed exceedingly well in these audits. As risk of financial and program impacts grows, the intake volumes and overall caseload workload increases. In April 2009, York Region's caseload to staff ratio was 112:1. Staff will closely monitor caseload to worker ratios in the coming months.

Caseload growth can also impact customer service, placing additional pressure on families and causing increased potential for customer complaints

Though every effort is made to maintain client service during peak periods of demand, customer service is also directly impacted by caseload growth. Increased demand for assistance can result in longer wait times for new applicants and delays in responding to the needs of existing recipients as resources become focused on intake. This can result in an increased number of crisis situations (where clients need to access certain supports and information from their caseworker) and heightened pressure on already vulnerable individuals and families. During periods of caseload growth, there is, therefore, the potential for an increase in customer complaints.

Caseload growth also impacts Business Operations and Quality Assurance Branch workload volumes

As the caseload has increased, there has been a corresponding increase in the number of vendor payments being made on behalf of Social Assistance clients for dental services, vision care, medical supplies and other program related benefits that clients are eligible for under the *Ontario Works Act*. The monthly volume of dental payments processed has doubled compared to the first half of 2008, resulting in delays in payments being issued to community dentists, which may impact the ability of clients to access these services.

The caseload increase also results in an increase in the number of recipients expected to pursue income from other sources. Over the past three years, the Region has recovered $1 million annually by assigning the income due from other sources and collecting overpayments. It is essential to manage due diligence activities related to the pursuit of other income on a timely basis in order to reduce the overall cost of the program to taxpayers. Since the beginning of 2009, there has been a 36% increase in the number of EI assignments and a 16% increase in Family Support referrals.

Community and Health Services is taking proactive steps to mitigate the effects of a rising caseload

As part of a cost conscious and proactive approach, the Community and Health Services Department has been taking a number of steps in recent months to mitigate the effects of the rising caseload on client service and program integrity. Table 2 provides a summary of recent activities.

Table 2
Summary of Caseload Growth Mitigation Activities

Activity	Impact
• Sharing of staff resources between local offices	• Provides prompt and efficient use of staff resources in responding to local variability in service demand
• Triaging requests from new applicants and existing recipients	• Avoids situations of potential hardship by responding to requests for assistance on a priority basis
• Making prompt and effective community referrals	• Builds on existing community capacity and reduces demand on staff
• Deferring non-critical work	• Enables staff to focus on addressing critical client need and funding-related program activity
• Reviewing and actively renegotiating performance targets with the province	• Facilitates critical target achievement and the avoidance of funding clawback
• Discussions with MCSS local office, Ontario Municipal Social Services Association (OMSSA) and other municipalities about the need for a provincial mitigation strategy to address rising caseload costs	• Elevates the need for the Province to respond to escalating program and administrative costs associated with rising caseloads

Like York Region, many municipalities are experiencing caseload growth and some have found it necessary to add additional staff resources using a phased prior approval approach to meet the increasing demand for service

Municipalities throughout the province are experiencing caseload pressures as a result of the economic downturn. Like York Region, many municipalities have initially responded by introducing proactive strategies to mitigate caseload pressures using existing staff resources. Some municipalities (such as Waterloo, Hamilton and Simcoe) have found it necessary to introduce temporary staffing positions to maintain manageable caseload ratios (100-125:1) during periods of sustained caseload growth using an approach whereby prior approval has been granted by their Councils to increase these positions as the caseload grows in a phased-in manner.

5. FINANCIAL IMPLICATIONS

Increased allowance and benefit costs may result in a net increase of up to $1.55 million in 2009 which may result in the utilization of the Reserve fund established for this purpose

Based on current projections, if the caseload were to reach 5,963 cases by December 31, 2009, the Region could incur an over-expenditure of up to $8.86 million gross and $1.55 million net for client allowances and benefits. However, The Region has approximately $25 million in its Social Assistance Reserve that could be used if required to offset the net regional over-expenditures.

6. LOCAL MUNICIPAL IMPACT

The provision of provincially mandated social assistance services assists residents who find themselves in hardship due to economic changes in all areas of York Region and helps to ensure caring and safe communities for all.

7. CONCLUSION

York Region is mandated to administer the Province's Ontario Works program which provides financial assistance and short-term employment supports to eligible residents. Recent economic conditions have placed upward pressure on the Ontario Works caseload, creating increased workload for staff and a potential impact on client service. The growing caseload can also place pressure on program integrity and the achievement of key performance outcomes, resulting in greater risk of funding clawback.

There have been recent reports suggesting the economy is showing some signs of improvement. These trends will be closely monitored to determine their overall impact on the Ontario Works caseload. In the interim, staff are closely tracking caseload trends and taking proactive steps to mitigate the effects of a rising caseload on program integrity and client service.

For more information on this report, please contact David Rennie, General Manager, Social Services at Ext. 2013.

The Senior Management Group has reviewed this report.