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ONTARIO WORKS PROGRAM AND ONTARIO DISABILITY SUPPORT PROGRAM ALLOWANCE AND BENEFIT RATE INCREASES

The Community Services and Housing Committee recommends the adoption of the recommendation contained in the following report, September 8, 2004, from the Commissioner of Community Services and Housing:

1. RECOMMENDATION

It is recommended that:

1. This report be received for information by Committee and Council.

2. PURPOSE

The purpose of this report is to provide Committee and Council with client and financial impact information pertaining to the provincial decisions to increase Ontario Works (OW) and Ontario Disability Support Program (ODSP) allowance and benefit rates. The increases include initial changes in 2004 that will be funded 100% by the province and have no regional budget impact and a 3% rate increase to basic needs and shelter rates to be introduced in February and March of 2005 for ODSP and OW respectively that will increase regional costs. Information pertaining to changes in Domiciliary Hostel and Emergency Shelter Per Diems and Personal Needs Allowances are covered in a separate report, "Rate Increase in the Domiciliary and Emergency Hostel Programs".

3. BACKGROUND

As part of the 2004-2005 Provincial budget package introduced in May 2004, the Province proposed allowance and benefit increases for both the OW and ODSP programs. Through subsequent information releases, the Ministry of Community and Social Services (MCSS) have provided details related to all program areas affected, along with required actions and dates of implementation. Allowance and benefits noted in this report, with the exception of 100% provincially funded Assistance for Children with Severe Disabilities (ACSD) benefits and in-year 2004 OW and ODSP special payments, will continue to be cost shared 80:20 between the province and municipalities.

3.1 Ontario Works Rate Increases

The Province has approved a 3% increase to the basic needs and maximum shelter allowances for all classes of OW recipients, (singles, single parent families, two-parent families). The implementation of this increase will not occur until March 2005 as the Province's Service Delivery Model Technology (SDMT) is currently not able, without extensive changes, to process the increases on the monthly cheques. The increases in 2005 will be cost shared 80:20 in keeping with the current cost sharing arrangements. In the interim, the Province will be issuing two lump sum payments to eligible social

assistance recipients in their October 2004 and December 2004 regular monthly allowances. These special payments will be automated and covered 100% by the Province. Each of the two payments will be as follows:

Table 1
Payments to Ontario Works Recipients

Recipient	Amount
Single OW Recipient	\$ 65.00
OW Family (regardless of size)	\$130.00
Temporary Care	
• 1 Child	\$ 25.00
• 2 or more children	\$ 45.00

In addition to the more significant changes noted above, the province has also announced other, more limited funding increases to be implemented in 2004. These include the restoration of the Pregnancy Nutritional Allowance of \$40.00 per month (\$50.00 for medically required non-dairy diet version) to be paid each month beginning with the month of confirmation of pregnancy, and provisions that allow families on OW to retain the July National Child Benefit Subsidy (NCBS) increase. In the past, NCBS, which is treated as income, has been deducted from client's allowances. The July increase will be exempt as income, meaning a family will retain \$4.00 a month for a first child, \$3.41 for a second child, and \$3.25 for each additional child.

3.2 Ontario Disability Support Program Rate Increases

The Province has also approved a 3% increase to ODSP basic needs and shelter allowances to commence with regular payments in February of 2005 and funded 80:20 as per current cost sharing arrangements. As with OW, two special payments will be included in client's regular allowances in September and November of 2004. Each of the two payments will be as follows:

Table 2
Payments to Ontario Disability Support Program Recipients

Recipient	Amount
Single ODSP Recipient	\$110.00
ODSP Family (regardless of size)	\$200.00

Again, as with OW, these special payments will be automated and funded 100% by the Province.

The Province has also announced increases to the Assistance for Children with Severe Disabilities (ACSD) rates from a maximum of \$375.00 to \$400.00 per child per month effective July 1, 2004. This program assists families who are caring for children with severe disabilities at home, and is 100% funded by the Province. It is included here for information and there is no financial impact to the municipality.

4. ANALYSIS AND OPTIONS

4.1 Application of Rate Increases – OW and ODSP

The application of the 3% basic needs and shelter increases to begin in February and March of 2005, for ODSP and OW clients respectively, means that each “classification” of client group based on family size will see a monthly increase. These ongoing rate changes are outlined below.

Table 3
New Maximum Monthly OW Rates* for Selected Case Types
Effective March 2005

	Current Maximum Monthly Rate	New Maximum Monthly Rate**	Increase To Maximum Monthly Rate
Single employable	\$ 520	\$ 536	\$16
Sole support parent with 1 child under 12	\$ 957	\$ 987	\$30
Couple with 2 children under 12	\$1,178	\$1,215	\$37
Boarders (single person)	\$ 407	\$ 420	\$13
Temporary Care Assistance (1 child)	\$ 214	\$ 221	\$ 7
Pregnancy Nutritional Allowance ***	A flat \$40.00 per month payment (\$50.00 for non-dairy) from confirmation of pregnancy		

* Amount that recipients receive per month depends on actual shelter costs and deductions for other income.

** Increased amount may exceed 3% due to rounding of each component – basic needs and shelter allowance.

*** Pregnancy Nutritional Allowance increased in 2004

Table 4
New Maximum Monthly ODSP Rates* for Selected Case Types
Effective February 2005

Maximum Monthly ODSP Rates* Effective February 2005			
	Current Maximum Monthly Rate	New Maximum Monthly Rate**	Increase To Maximum Monthly Rate
Single disabled	\$ 930	\$ 959	\$29
Sole support parent with 1 child under 12	\$1,424	\$1,468	\$44
Couple with 2 children under 12	\$1,770	\$1,825	\$55
Boarders (single person)	\$ 708	\$ 730	\$22
ACSD***	\$ 375	\$ 400	\$25

- * Amount that recipients receive per month depends on actual shelter costs and deductions for other income.
- ** Increased amount may exceed 3% due to rounding of each component – basic needs and shelter allowance.
- *** ACSD rates increased in 2004 – 100% provincially funded – ongoing.

These charts provide a summary reference to the specific increases by classification and provide information which supports the client and financial impacts outlined in the sections that follow.

4.2 Quality of Life Impacts for OW and ODSP Clients

The cumulative impact of changes to OW and ODSP rates will be to provide more income to participants in each of these programs. OW clients in particular have experienced an extended period of constraint. OW rates were decreased by 21.6% in 1995 and frozen at those levels. As a result, recipients had seen their ability to manage housing and basic subsistence costs eroded by inflationary impacts. The rate increases, while relatively small at 3%, will assist participants to manage their expenses.

Also of assistance to clients is the restoration of the Pregnancy and Nutritional Allowance for women on OW. This will have a positive impact on the health of mothers and infants across the province. It must be noted, however, that while provincial funding for this allowance was previously discontinued, York Region continued to provide a range of pre and post-natal supports. These supports, both a level of monetary support and service, have been provided in conjunction with the Region's Health Services Department staff in recognition of the important role that diet and other supports play in healthy infant development. While the Province's decision to fund this benefit again at 80:20 is positive, any savings that may be achieved will be very minimal as the Region will continue to pay 20% of the new higher rates for a longer period of time. If any minimal savings are realized, they will be applied to assisting residents with other emergency supports that could not have otherwise been covered.

4.3 Potential Impacts on Caseload Size

Increases to OW and ODSP allowances have the potential to increase the number of residents who are financially eligible for these programs. As an example, eligibility for Ontario Works is premised on need and the applicant's current status as it pertains to available income and assets to support themselves. Currently a single applicant is generally allowed to have no more than \$520.00 in defined income and assets in order to be eligible. This \$520.00 is equivalent to one month maximum current allowances and benefits. Under the new rates, a single person's threshold would increase to \$536.00. The same will be true for ODSP participants as it pertains to financial eligibility. The announced rate increases of 3% are relatively small, however, and it is anticipated that any eligibility level increases based on these new amounts should be minimal. Caseloads will continue to be monitored closely in 2005 to track any potential impacts.

4.4 Regional Financial Impacts

As allowances and benefits are costs shared 80:20, changes to the rates outlined in this report will have financial implications for York Region based on the 2005 OW increase, the ODSP increase, and potential cost impacts related to the GTA pooling.

The changes introduced in 2004, including the announced one-time payments will result in no budgetary increases. This is due to the fact that York Region had continued to budget for supports to pregnant women on social assistance after the previous curtailment of this program, the NCBS changes only allow for income retention, and the one-time payments will be 100% provincially funded. The 3% basic needs and shelter rate increases to be implemented in 2005 will have a financial impact based on the Region's requirement to cost share 20% of allowances, however, and details are outlined below using an analysis based on current ODSP and OW caseloads.

Table 5
OW and ODSP 3% Allowance Increase Projections

Program	2004 Caseload Actual	Impact of 3% Increase Net
OW	4,340	\$209,778
ODSP	5,638	\$333,066
Total		\$542,844

The financial impact noted above would be further influenced by caseload increases in 2005, including any increases tied to expanded eligibility based on the new rates. As well, ODSP costs are also increasing based on factors outside of the scope of this report related to costs of administration and drug and other benefits. As part of the Regional budget process, however, all of these factors, including any impacts to pooling are being looked at and information is being sought from the provincially administered ODSP program to assist with 2005 forecasting.

4.5 Relationship to Vision 2026

The efficient implementation of the provincially directed OW and ODSP rate changes supports the Vision 2026 objectives of being responsive to the needs of vulnerable residents.

5. FINANCIAL IMPLICATIONS

The Province has introduced increases to OW and ODSP allowances and benefits. The changes taking place in 2004 will result in no increases for the municipal budget. Projected net cost increases in 2005 related to the basic need and shelter increases of 3% are projected to be approximately \$540,000 based on initial analysis. Further analysis, including an analysis of potential GTA pooling impacts, is currently underway as part of the Department's 2005 budget process.

6. LOCAL MUNICIPAL IMPACT

There is no direct impact on local municipalities.

7. CONCLUSION

The Province has indicated it is increasing OW and ODSP allowance and benefit rates. These rate changes, which will have a limited but positive impact for vulnerable residents, include a range of limited changes in 2004 and a more substantial 3% increase to basic needs and shelter allowance maximum rates in 2005.

These rates, with the exception of the 100% provincially funded Assistance for Children with Severe Disabilities (ACSD) program and in-year 2004 special payments, will continue to be cost shared at 80:20 under the current cost sharing formula. The Department is anticipating a potential net Regional cost impact of approximately \$540,000 in 2005 based on a first stage analysis and will continue to refine and address these projected amounts as part of the Department's 2005 budget request.

The Senior Management Group has reviewed this report.