

MEMORANDUM

TO: Members of Community and Health Services Committee

FROM: Adelina Urbanski, Commissioner of Community and Health Services

DATE: September 12, 2012

RE: **Ontario Works Discretionary Benefits – Provincial Funding Changes
Effective July 1, 2012**

This memorandum provides an update on recent changes by the Province to cap provincial funding to Ontario Works (OW) discretionary benefits. It also highlights the Community and Health Services Department's (C&HS) strategy to respond to these changes while maintaining supports to clients.

OW discretionary benefits help fill health and employment support gaps to meet the needs of OW clients

Under the *Ontario Works Act*, C&HS acts as the Administrator for the OW program, including the provision of cost-shared benefits. OW benefits include both mandatory and discretionary benefits. Mandatory benefits are provided to all eligible Ontario Works clients and include such items as drug coverage, dental and vision care to children, eye examinations for adults, and supports to full-time and part-time employment.

Discretionary benefits are provided on a case-by-case basis to OW and Ontario Disability Support Program (ODSP) clients who have a need for important supports that are not ordinarily covered. Discretionary benefits include both health and non-health related items.

Non-health related discretionary benefits include items such as:

- Moving expenses
- Travel and transportation
- Layettes and baby supplies

Health related discretionary benefits include items such as:

- Dental care for adults
- Vision care for adults

- Prosthetic appliances
- Funerals and burials
- Orthopaedic shoes and foot orthotics
- Beds and cribs

OW Administrators have the flexibility to determine the discretionary benefits, as well as the amounts and frequency they are provided.

In York Region, C&HS provides a range of discretionary benefits that help OW and ODSP clients meet their basic health needs and find employment. These benefits also address barriers that prevent some clients from being actively included in their communities. The provision of OW discretionary benefits supports a number of the key goals/objectives of the C&HS Multi-Year Plan and the Corporate Strategic Plan – including helping low income residents access basic needs and employment, and fostering social inclusion of a growing and diverse community.

In 2012 and 2013, the gross costs of OW discretionary benefits for C&HS are projected at \$3.769 million and \$3.842 million respectively.

The Province has introduced changes in OW discretionary benefit funding that will increase costs to C&HS in 2012 and 2013

In the 2012 Ontario Budget, the Province announced changes to the way OW discretionary benefits are funded. Previously, provincial cost-shared funding for non-health discretionary benefits was capped at \$8.75 multiplied by the OW and ODSP average monthly caseload within an OW Administrators' geographic area. There was no cap on health-related discretionary benefits.

Effective July 1, 2012, the Province has capped funding for the **combined non-health and health** discretionary benefits at \$10 per case. In York Region, this will result in an estimated funding short-fall of \$787,863 for 2012 and \$1.696 million for 2013.

The change in OW discretionary benefits funding is being positioned by the Province as a measure to control long-term growth of social assistance costs. The Province projects savings of \$14 million and \$20 million in 2012-2013 and 2013-2014 respectively.

C&HS is taking short-term actions to maintain the level of discretionary benefits provided to clients until details of Provincial social assistance reform are released and fully assessed

As reported to Council in May 2012, the Province has appointed a commission to recommend broad reform to social assistance in Ontario with the aim of improving outcomes for clients and ensuring the long-term viability of the system. The commission is expected to report to the Province in September 2012. A review of the commission's recommendations and the Provincial response will be forthcoming to Council in fall 2012/ winter 2013.

The provincial reform initiative will have potentially important implications to C&HS programs and clients. Possible changes include a restructuring of social assistance benefits and a more integrated approach between the Province and municipalities in delivering employment and case management services to social assistance clients.

The **long-term impact** of the recent changes to OW discretionary benefits on C&HS program costs and clients will depend on the scope of the broader reform initiatives. Once the details of these are clearer, municipalities will be better able to assess if local changes to OW discretionary benefits are needed.

In the interim, the new cap on OW discretionary benefits places York Region, like many municipalities, in the position to either spend municipal dollars to maintain service levels or reduce the benefits provided. Given the adverse effect a sudden reduction in services would have on clients, C&HS has developed a **short-term strategy** to manage the new funding cap in the 2012 and 2013 Regional Budgets. The objective is to ensure stability in the supports provided to clients with no tax levy impact until the implications of provincial social assistance reform are known.

The short-term strategy includes:

- Maintain the current level and range of discretionary benefits for 2012 and 2013 with the provincial funding reduction funded by the Social Assistance Reserve.
- Report to Community and Health Services Committee in 2013 on local policy options for OW discretionary benefits in context with other provincial reform initiatives that could impact on C&HS programs and costs. As a first step, C&HS staff will explore policy adjustments or efficiencies to manage OW discretionary benefits costs with minimal impact on service to clients.

C&HS staff have reviewed how other municipalities are responding to the new cap on OW discretionary benefit funding. Because each municipality has discretion over the benefits they provide, a range of approaches have been taken based on local needs and priorities. York Region's approach is similar to several others who are maintaining current service levels with additional municipal funding while undertaking a more fulsome review of local OW discretionary policy for 2013.

More details on the Regional cost implications of the short-term strategy will be provided to Council through the 2013-2014 budget process and through a report in the fall outlining the direction of the Social Assistance Review.

Adelina Urbanski
Commissioner of Community and Health Services

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