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TO:	CHAIR AND MEMBERS COMMUNITY PROTECTIVE SERVICES COMMITTEE MEETING ON MARCH 18, 2013
FROM:	LYNNE LIVINGSTONE ACTING ONTARIO WORKS ADMINISTRATOR
SUBJECT:	SOCIAL ASSISTANCE REVIEW COMMISSION REPORT: “ BRIGHTER PROSPECTS: TRANSFORMING SOCIAL ASSISTANCE IN ONTARIO”

RECOMMENDATION

That, on the recommendation of the Acting Ontario Works Administrator, the following report **BE RECEIVED** for information purposes.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- Presentation for the Community Services Committee: Commission for the Review of Social Assistance in Ontario: Discussion Paper 2: Approaches for Reform (CNC, February 13, 2012)
- Child and Youth Network's Position Paper: "Clearing the Path out of Poverty"... Step 2: Immediate Policy Changes to the Ontario Disability Support Program (CNC, May 30, 2011)
- London Community Housing Strategy (CPSC, June, 2010)
- Child and Youth Network's Position Paper: First Steps to "Clearing the Path out of Poverty" (CPSC, February 8, 2010)
- Child and Youth Agenda (CPSC, October 6, 2008)
- Social Assistance Restructuring, (CPSC, March 17, 2008)
- Towards an Anti-Poverty Strategy for London (CPSC, December 10, 2007)
- Social Policy Issues (CPSC, January 29, 2007)
- COL Social Policy Framework Income Security Policy Paper (CPSC, October 30, 2006)
- Social Policy Framework - Income Security Policy Paper Update, (CPSC, May 29, 2006)
- Social Policy Framework - Income Security Policy - Draft Report. (CPSC, August 21, 2006)

BACKGROUND

Introduction

In October 2012, the Commission for the Review of Social Assistance in Ontario released its final report: *Brighter Prospects: Transforming Social Assistance in Ontario*. The report is the culmination of a two year information gathering and extensive consultation process. It arose out of the Province's commitment to review social assistance as part of its Poverty Reduction Strategy.

The report sets a long term vision for the transformation of social assistance into a simpler, more effective and more accountable system that removes barriers to employment and increases opportunities to work. The report urges the Province to select a number of communities to initially implement changes and then expand the reforms province wide. While most of the over 100 recommendations made fall within the scope of social assistance program, full transformation requires supporting changes outside of social assistance. The recommendations focus on four areas:

- A single, integrated social assistance program delivered at the local level;
- A simplified benefit structure;
- Strengthening accountability; and,
- Acting on income security beyond the social assistance program.



A more detailed summary of the recommendations can be found in the Appendix A: *Brighter Prospects: Highlights of Proposed Reforms*.

Municipalities have a shared interest with the Province in the transformation of social assistance given the crucial role that income and employment support programs play in promoting community health, reducing poverty, and enhancing economic competitiveness (AMO, February 5, 2013). For these reasons, ongoing municipal engagement with the Province, the Association of Municipalities Ontario (AMO) and the Ontario Municipal Social Services Association (OMSSA) is important as social assistance transformation moves forward.

Key Themes and Issues

The breadth and complexity of the report presents a challenge for assessing the potential implications of the recommendations. In general terms, the report's recommendations are consistent with submissions made by the City to the Commission and the Province over the past number of years. It is believed that many of the recommendations made in the report could result in positive change for the delivery of Social Assistance in Ontario as well as helping to improve the lives of people who need social assistance; however, there are also potential risks. As social assistance transformation moves forward, consideration of the following is needed:

- The recommendations could amount to significant change, in many cases increases, to the municipal role in service delivery and service system management. Joint implementation planning, adequate transitional and ongoing funding, and respect for the municipal role will be pivotal to the successful implementation of system integration;
- Social assistance transformation must adhere to the principles and commitments of the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) 2008 agreement. It must not result in new costs to municipalities;
- The report needs to be considered in its entirety, not as a menu of options. Implementation of the recommendations must be done thoughtfully and with thorough analysis of potential impacts in order that social assistance recipients are not worse off than the status quo. For every recommendation that is implemented, key supporting recommendations must also be implemented or a transition strategy must be developed. For example, the Special Diet Allowance should not be eliminated until rate increases are in place and responsibility for Special Diet is transferred to the Ministry of Health and Long Term Care (recommendations 32 and 50), and the impacts of the change on different groups should be assessed (recommendation 102);
- There is a need, with the recommendation for the integration of the Ontario Works and Ontario Disability Support Programs, to make certain that the new program understands and addresses the full range of needs of the people who will be served. The program should not marginalize or penalize people who experience barriers attaching to the labour force and who may never attach to the labour force. Municipalities will need adequate transitional and ongoing funding when they assume the integrated program as municipal social assistance caseloads could more than double based on current OW and ODSP caseload sizes; and
- While the Commission has identified a number of "early implementation priorities", moving forward quickly should be done cautiously, with analysis and consultation. To ensure system re-engineering success, a high level of coordination between programs and Ministries is needed. For example, the timing and the manner in which the Province eliminated the Community Start Up and Maintenance Benefit and transferred half the funds from this program to municipal administration for housing and homelessness services is an example of a significant policy change that needed a higher level of coordination, communication, and consultation.

Current Status of Report

Reforming social assistance is a top priority for the new Provincial Liberal government and the Progressive Conservative and New Democrat parties have indicated that the recommendations for social assistance reform made by the Commission are part of their respective platforms.

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The Province announced on February 11, 2013 that Ted McMeekin, the new Minister of Community and Social Services will begin to implement the recommendations of the Social Assistance Review panel and the Throne Speech identified some initial steps that will likely appear in the next Provincial budget including:

- Promises to support unemployed individuals in finding work;
- Allowing social assistance recipients to keep more of the money they earn;
- Expanding access to mental health services; and
- Shifting the Accessibility Directorate from the Ministry of Community and Social Services to the Ministry of Economic Development, Trade and Employment as a strategy to help increase the number of people with disabilities in the workforce, particularly in the private sector.

Conclusion

Our community and the City have long been advocating for simplified and equitable benefits so that resources are directed to those requiring them. Our approach to Ontario Works service delivery is consistent with the accountability expectations expressed in the report. Our initiatives continue to focus on sustainability, outcomes and customer focus, aligning with the Commission's recommendations. As a follow up to its previous submissions to the Commission for the Review of Social Assistance, the Child & Youth Network through its Ending Poverty group has sent a letter to all three political parties encouraging action on the Commission's report.



The City is supportive of the spirit of the Commission's vision and looks forward to opportunities for continued dialogue with the Province in implementing the vision. A strong, collaborative provincial-municipal partnership is needed to achieve the goal of an efficient and effective service that considers the unique needs of all the people to be served, and is sufficiently flexible to enable local innovation and efficiency in service delivery. Moving forward, the Province will need to work closely with AMO, OMSSA and municipalities to successfully implement change and mitigate risks to municipalities and social assistance recipients.

FINANCIAL IMPACT

At this time, it is too early to anticipate financial impacts. Along with AMO and OMSSA, we will continue to monitor political activity on the report and assess any financial impact as information becomes available.

Acknowledgments

This report was prepared with the support of Gerda Zonruiter, Research and Policy Development.

SUBMITTED BY:	RECOMMENDED BY:
	
<p>Elisabeth K. White Manager Employment and Strategic Initiatives Housing and Social Services</p>	<p>Lynne Livingstone Acting Administrator Ontario Works</p>

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 Momodou S. Jeng, Manager, Research and Policy Development
 Elaine Sauve, Program Supervisor, Ministry of Community and Social Services
 Minister McMeekin, Minister of Community and Social Services
 Francis Lankin, Commissioner. Commission for the Review of Social Assistance
 Munir A. Sheikh, Commissioner. Commission for the Review of Social Assistance
 Tim Hudak, Progressive Conservative Party of Ontario
 Andrea Horwath, Ontario New Democratic Party



APPENDIX A: Commission for the Review of Social Assistance. *Backgrounder: Highlights of Proposed Reforms.* <http://www.socialassistancereview.ca/final-report>

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.
- 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 on 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.

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- 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.

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- 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 be 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

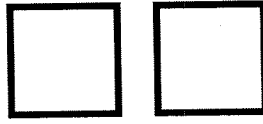
- Social Assistance cannot be seen in isolation from other income security programs and the broader economic environment.
- The prevalence of temporary and part-time jobs, often at low wages and without opportunities for career advancement, limits the ability of social assistance recipients to obtain 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 (SDA), 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 SDA 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.
 - Based on modeling 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.
 - 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.