



**City of Kingston
Information Report to Council
Report Number 19-006**

To:	Mayor and Members of Council
From:	Peter Huigenbos, Acting Commissioner, Community Services
Resource Staff:	Sheldon Laidman, Director, Housing & Social Services
Date of Meeting:	February 19, 2019
Subject:	Social Assistance Reform

Executive Summary:

The purpose of this report is to provide an overview of the plan for social assistance reform as recently announced by Ontario's Minister of Children, Community and Social Services, and to provide information to Council on how this reform could potentially impact service delivery in the City of Kingston. A broad framework and principles for Social Assistance Reform were announced by the Minister on Thursday, November 22, 2018.

The Minister announced the Province's intent to move forward with reforms in a coordinated and measured way, guided by the following priorities:

- **Supporting People with Disabilities with Dignity:** Redesigning the Ontario Disability Support Program (ODSP) to provide annualized support income, with fewer reporting requirements for Ontarians with severe disabilities.
- **Cutting Red Tape and Restoring Accountability:** Eliminating barriers for people receiving social assistance and for those delivering support by simplifying rates, reducing administration, cutting unnecessary rules and restoring service accountability through a simplified system to better focus on improving outcomes.
- **Moving People to Employment:** Reducing administration and paperwork so that people receiving Ontario Works (OW) and front-line staff can focus on individual action plans which set out a path to health, wellness and preparations to return to work.
- **Locally Focused Social Services:** Streamlining social assistance and employment programs, and increasing local responsiveness and flexibility in order to help all job seekers reach their potential.

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The Minister outlined that design and implementation of specific reforms will be phased in over the course of the government's mandate, particularly towards 2020 and onwards. In planning for potential changes to OW and other social service program delivery in our community, this report outlines anticipated changes and impacts, pending a concrete implementation plan from the Province.

On February 12th, the Province announced a plan to transform Employment Ontario services across the province. To quote directly from the Provincial announcement the intent is to “create a new service delivery model that will integrate social assistance employment services into Employment Ontario to help the province’s most vulnerable, including people with disabilities, to break free from the poverty cycle. A new model will be introduced to manage the employment service system more effectively to meet the needs of job seekers, businesses and communities. The selection of service system managers will be determined through a new, competitive process and open to any public, not-for-profit and private sector organization, as well as consolidated municipal service managers and district social services board service managers.” Staff have not had an opportunity to include any analysis of this announcement’s impact on the Ontario Works function and its associated employment programs and funding in this report but will look to include such information in a future report.

Recommendation:

This report is for information purposes only.

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Authorizing Signatures:

**Peter Huigenbos, Acting Commissioner,
Community Services**

**Lanie Hurdle, Acting Chief
Administrative Officer**

Consultation with the following Members of the Corporate Management Team:

Jim Keech, President & CEO, Utilities Kingston	Not required
Desirée Kennedy, Chief Financial Officer & City Treasurer	
Deanne Roberge, Acting Commissioner, Corporate & Emergency Services	Not required

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Options/Discussion:

OW is a provincial program that offers financial, employment and emergency assistance to local residents in need. The Province has a legislated application and ongoing eligibility process for the assistance program; however, there are many discretionary elements as each of the 47 Consolidated Municipal Service Managers (CMSM) have unique contexts for program delivery. The City of Kingston employs 39 Case Managers, 5 Community Case Managers and 20 Clerical staff to administer on average \$2M of provincial social assistance funding each month to approximately 2,550 recipients. The municipal expense of OW is 50% of the administrative cost to deliver the program, which was \$4.4M in 2018. All client benefit costs are currently paid for by the Province.

On November 22, 2018, Ontario's Minister of Children, Community and Social Services, Lisa MacLeod, stated that "Ontario's social assistance system has not seen significant changes in over ten years. Changes will be implemented gradually to update the system so it can better meet the needs of those who need it the most. As a first step, the government will work closely with municipalities to develop a plan to phase in changes, giving them flexibility to meet local needs in the context of their local economies."

Details on specific program changes, implementation timelines, funding models and accountability frameworks remain to be seen, but the Province has shared details outlined under the four priority areas for change below.

Supporting People with Disabilities with Dignity

Ontario's definition of 'disability', as described, is to be more closely aligned with federal government guidelines.

The re-designed ODSP program will be simplified to support people with severe disabilities, including the consolidation of benefits and the replacement of monthly financial reviews with annual ones.

For ODSP, a \$6,000 flat annual exemption will be introduced plus a 25% exemption for earnings above \$6,000 instead of the current approach which reduces support after monthly earnings exceed \$200.

Potential Implication for the City of Kingston:

It can be expected that redefining 'disability' in order to align with federal definitions, may result in those with mild, moderate and episodic disabilities no longer being supported under the ODSP. These individuals in turn may come to the OW program for assistance and those who formerly would have left OW for ODSP assistance will remain on the OW program. The Ministry is not planning large-scale reviews under the new definition so it may be several years before the full impact of a redefinition is clear; however, there will immediately be a marked decrease in the number of cases exiting OW for ODSP. As regular medical reviews are conducted, it should be anticipated that some ODSP recipients will be transitioning to OW. The full impact may be expected to lead to increased OW caseloads, clients with more employment barriers, an overall caseload that is more difficult to exit to employment and therefore be more difficult for the City's

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OW program to meet Ministry performance outcome measures. This re-design will not only add increased pressure to the City's Housing & Social Services Department budget and staff resourcing, but also to individual social assistance recipients, given that a person on ODSP receives an average of \$300-\$400 more per month than an individual on OW. Additionally, with the overall amount of monthly income support reduced for those who do move from ODSP to OW, housing subsidies will need to increase, resulting in a higher municipal cost for housing.

Cutting Red Tape and Restoring Accountability

Rates and benefits are proposed to be simplified and a new, flexible local discretionary fund created so OW delivery partners can tailor benefits to improve people's outcomes with a focus on employment.

As described, front-line staff would be able to spend more time working with people to address complex needs, as the plan will provide people receiving assistance with more options to access information and services by computer or smartphone.

The Province would be accountable for designing a simplified system that focuses on outcomes, helps people instead of trapping them, and uses risk-based approaches to ensure that those who receive assistance are eligible.

Accountability will be emphasized at the provincial, municipal and individual level through better oversight, risk-based approaches, public reporting and individual action plans.

Cross Ministry approaches will provide wrap-around services to clients; partners will include Ministry of Health and Long Term Care, Ministry of Finance, Ministry of Education, and the Ministry of Training, Colleges and Universities.

Potential Implication for the City of Kingston:

In the Ontario budget due in spring 2019, staff anticipate a reduction in OW Administration funding, which is a 50/50 cost share between the Province and the Municipality. As a result, staff are beginning to prepare contingency plans to reduce departmental costs, as well as optional proposals to increase the municipal contribution of program delivery in future years. The Auditor General's Provincial Value for Money report was released in December 2018, which outlined a provincial concern over allocated costs for internal services (i.e. legal, finance, human resources, IS&T) among the 47 CMSMs. These costs will be reviewed for the City of Kingston as it could cause implications for other internal departments if a standard threshold is set. The Auditor General's report was overall very critical of social assistance program delivery across Ontario. From this report it is evident that future program delivery and funding will directly link to outcomes and performance measures which are yet to be defined. While staff await the changes ahead, criticisms in the report are being reviewed against local performance measures (i.e. in 2017/2018, 16% of the provincial caseload received a Special Diet Allowance while in Kingston it was 7%, and the provincial rate of case deferrals is 19.6% while in Kingston it is 6.8%).

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Moving People to Employment

New OW earnings exemptions will be introduced, enabling recipients to earn up to \$300 per month without reducing their assistance, up from the current \$200 flat rate. 25% of subsequent earnings would be exempt (reduced from the current 50% excepted), and exemptions would start after one month on assistance, quicker than the current three month waiting period.

The plan aims to incentivize people on OW to find jobs, particularly by allowing lower income workers to keep more of what they earn through the Low-Income Individuals and Families Tax Credit (LIFT). If passed, this credit would provide low-income and minimum wage workers up to \$850 in Ontario Personal Income Tax relief and couples up to \$1,700.

The website <https://www.ontario.ca/page/open-business> has been launched to make matching job seekers with businesses easier. This idea is coupled with simplifying rules to promote and encourage self-employment, along with better coordination of Employment Ontario services.

People receiving OW will complete individual action plans and file their taxes so they are maximizing all available benefits.

Potential Implications for the City of Kingston:

Where the Province is allowing earnings exemptions up to \$300, clients will only keep 25% of any subsequent earnings. This may deter clients from moving forward on their plan of change as the 'cliff effect' of leaving social assistance will become greater, since any earnings over \$500 per month will result in less money in their pocket under the new structure. Linking client eligibility to annual income tax submissions could be a beneficial incentive for clients as they must file taxes to remain eligible for the Canada Child Benefit (CCB) and the new LIFT credit, if it is passed. However, for those individuals with access barriers to income tax filing, this could be detrimental to their social determinants of health.

Locally Focused Social Services

Caseworkers would be expected to spend more of their time working directly with clients, including developing individual action plans.

Municipal partners are to be empowered with a modern approach to OW service delivery that focuses on increased local decision-making and reduced paperwork.

Local services coordination, as proposed, would better connect and deliver supports for people on their path to self-reliance, such as helping people on OW access mental health and addictions supports.

Service coordination, as described, would also be multi-ministerial, including psychological and cognitive testing, in conjunction with the Ministry of Health and Long Term Care, in an effort to create a structured mental health strategy for those on assistance.

Potential Implications for the City of Kingston:

CMSMs expect to be given greater authority over the discretionary benefits in each local municipality, which could mean less funding, and a need to develop new policies and/or

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approaches to administer the funds available. The Province emphasized coordinating local services, heavily indicating that more outcome-based reporting would result; however, such details have yet to be released. There are no reporting mechanisms between Employment Ontario and local CMSMs at this time, but we can expect that this may become a new expectation.

The Province has commented that additional details about the changes to social assistance will become available in the coming months. Changes will be implemented gradually over the next few years with regular communications to help staff and recipients prepare for social assistance reform.

Existing Policy/By-Law:

Not applicable

Notice Provisions:

As the provincial government outlines details of specific reforms and provides associated timelines, a communication and implementation plan will be developed to announce funding and service implications for the City of Kingston.

Accessibility Considerations:

Not applicable

Financial Considerations:

The 2019 municipal budget for the administration of OW is \$8,983,044. The current Administration funding model is a 50/50 cost share with the provincial government, with a funding cap of \$4,648,000. If there were no increases to the current funding model or funding cap, the Housing & Social Services Department would reach its current Ministry imposed funding cap in 2021 based on projected budget amounts. The funding cap is the maximum amount that the City can charge back to the provincial government for cost shared administrative services (i.e. wages, accommodation fees, IS&T costs, etc.). Any costs above the funding cap are fully the responsibility of the municipality. Exhibit A outlines projected funding shortfalls if the funding cap is reduced by 5%, 7% or 10% over the next four years, based on the current funding cap of \$4,648,000. The projected funding reductions in Exhibit A are static across 2019-2022 as the calculation is based on a reduction of the current funding cap and continuation of the 50/50 cost share funding model.

Based on the forecasted information, it is evident that a 5% reduction in the administrative funding cap would have an immediate financial implication in 2019. In anticipation of forecasted funding changes, staff are beginning to prepare contingency plans and options. These strategies will be further considered once definitive plans and timelines are released by the Province and local program delivery is able to be assessed as a result.

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Other City of Kingston Staff Consulted:

Laura Rabbie, Manager, Social Services, Housing & Social Services

Lana Foulds, Manager, Financial Planning, Financial Services

Exhibits Attached:

Exhibit A 2019-2022 Administration Funding Forecast

2019-2022 Administration Funding Forecast

	2019	2020	2021	2022
50% of Total Budget	\$4,491,522	\$4,573,107	\$4,684,579	\$4,798,342
2018/19 Funding Cap	\$4,648,000	\$4,648,000	\$4,648,000	\$4,648,000
5% Funding Cap Reduction	\$4,415,600	\$4,415,600	\$4,415,600	\$4,415,600
Provincial Funding Shortfall	\$75,922	\$157,507	\$232,400	\$232,400
7% Funding Cap Reduction	\$4,322,640	\$4,322,640	\$4,322,640	\$4,322,640
Provincial Funding Shortfall	\$168,882	\$250,467	\$325,360	\$325,360
10% Funding Cap Reduction	\$4,183,200	\$4,183,200	\$4,183,200	\$4,183,200
Provincial Funding Shortfall	\$308,322	\$389,907	\$464,800	\$464,800