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## 2007 BUDGET BRIEFING NOTE

### Ontario Works Average Monthly Caseload

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#### Issue:

As part of the yearly budget process, TSS staff review and adjust, when appropriate, the average monthly caseload estimate included in the budget based on year-to-date actuals. The 2007 budget Analyst's Notes for Toronto Social Services (TSS) recommended that:

*"The General Manager of Social Services report to Budget Committee during the 2007 Operating Budget wrap-up meeting on actual year-to-date Ontario Works monthly caseload with possible revisions to the 2007 recommended average monthly caseload estimate of 77,500"*

#### Background:

The 2007 caseload projection was established using:

- Historical trends and analysis of caseload dynamics;
- Economic forecasts related to Toronto's labour market;
- Review of Provincial OW program/regulation changes that are likely to impact caseload.

Based on the above factors, Corporate Finance's caseload forecast derived from their economic model, OW regulation changes related to employment support and slightly expanded OW eligibility regulation changes, TSS budgeted an average monthly caseload of 77,500 in the summer of 2006. The 2006 actual average monthly caseload was 71,626 versus the 2006 budget of 75,000. Provision has been made in the 2007 forecast for a slightly higher average than experienced in 2006 to accommodate potential changes in the economy, recent program changes and new program changes that could occur through the year.

The caseload costs are funded 80% from the Province with remainder from a combination of reserve draws and the municipal tax base. During the 2002 budget process, City Council recommended to limit the tax levy funding of Ontario Works average monthly caseload to a maximum baseline of 60,000 cases. In 2004, Council recommended the maximum baseline be reduced to 57,000 cases and this strategy continued into 2006. There is insufficient balance in the Social Assistance Stabilization Reserve Fund (SASRF) the Ontario Works (OW) reserve Fund to continue this practice into 2007.

Thus, the 2007 Recommended Operating Budget for Social Services represents an \$18.1 million or 6.5% increase over the 2006 Approved Operating Budget. This \$18.1 million pressure will be funded from municipal property taxes. Included in the 2007 Recommended Operating Budget are draws of \$31.2 million from the Social Assistance Stabilization (SAS) and the Ontario Works (OW) reserve funds. These draws will exhaust both reserve funds and result in a pressure in 2008 of \$31.2 million.

**Key Points:**

*OW Caseload Review*

Caseload as of March 31, 2007 was 71,508, up 1,082 from the end of December 31, 2006. Based on actual trends in the first quarter of 2007, it is appropriate to adjust the caseload assumed in the Recommended Operating Budget from 77,500 to 75,000.

Reducing the caseload by 2,500 to 75,000 would result in a decrease in the TSS Recommended Operating Budget by \$24.1 million gross and \$5.3 million net.

**Conclusion:**

*Budget Impact*

As the practice of funding caseload beyond 57,000 ended in 2006 and the current draw from reserves included in the 2007 Recommended Budget will result in a significant starting budget pressure of \$31.2 million in 2008 (representing the reversal of draws from reserve funds recommended in 2007), any further budget adjustment arising from adjusting caseload should be carefully reviewed.

If the 2007 net budget for TSS is reduced by the full \$5.3 million arising from the reduction in caseload of 2,500, the beginning pressure in 2008 would remain at \$31.2 million. Thus, it would be prudent to reduce the reserve draw rather the municipal property tax contribution from the proposed change in the caseload (by \$5.3 million net) to help offset budget pressures in 2008.

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