

Provincial Changes to Ontario Works

(City Council on December 14, 15 and 16, 1999, adopted this Clause, without amendment.)

The Community Services Committee recommends the adoption of the following report (November 30, 1999) from the Commissioner of Community and Neighbourhood Services:

Purpose:

This report briefly discusses changes to the Ontario Works (OW) program announced by the Provincial Government in mid-November. Key implications for the City are identified based on the information currently available.

Financial Implications and Impact Statement:

It is anticipated that certain Provincial changes will result in reduced social assistance costs for the City in the year 2000. Increased funding flexibility within the OW program, which was announced as part of the package of changes, may also affect the Division's year 2000 budget. However, insufficient information is available at this time to determine precise impacts. The Division will communicate further details regarding the Provincial changes through the Operating Budget process.

Recommendations:

It is recommended that:

- (1) on the basis of further information and clarification obtained from Provincial staff, the Department prepare a report for the February Community Services Committee meeting discussing the changes to the OW policy and funding framework contained in the recent Provincial announcements, and the implications for the year 2000 budget; and
- (2) the appropriate City officials be authorized and directed to take the necessary action to give effect hereto.

Background:

Based on the commitments made in the Provincial Government's Blueprint and recent Throne Speech, a number of separate announcements were made in mid-November that affect key social programs managed and delivered by the City. On November 18, 1999, Chris Hodgson, the Chair of Cabinet Board, released a statement announcing a series of measures aimed at reducing government spending by approximately \$300 million. The key impacts for the Community and Neighbourhood Services Department of the Provincial Savings Announcements lie in the social housing, social assistance and child care program areas.

On November 22, 1999, the Minister of Community and Social Services, John Baird, announced a number of initiatives aimed specifically at Ontario Works. The purpose of the initiatives is to

rapidly increase placements available to Ontario Works clients under the Community Participation (CP) component of the program. Identified collectively as the Welfare-to-Work Action Plan for Workfare Community Placements, the changes include doubling municipalities' CP targets, establishing new financial incentives and sanctions for municipalities related to achieving designated targets, and providing increased funding flexibility in the OW program.

All changes are to be implemented or to take effect by the beginning of the Province's next fiscal year - April 2000. In some cases, as will be noted, the timelines for specific activities require more immediate action.

The following report provides some additional details on both announcements. However, additional details will be required in certain key areas before a more precise assessment of the impacts of these changes can be made.

Comments:

(I) Provincial Announcements:

New Program Savings:

Provincial savings in the social assistance area are to be derived primarily from caseload decline and from the transfer of sole support parent cases to municipalities. Additional savings are to be realized as a result of what are referred to as streamlining or taxpayer protection measures. These include reducing fraud, capping Provincial contributions to municipal non-health discretionary benefits, changing the Supports to Employment Program (STEP) by reducing the period in which social assistance recipients are able to retain earnings to two years, and increasing the number of child and spousal awards for social assistance recipients.

As noted, the bulk of the provincial savings in the social assistance area will be realized through anticipated caseload declines. Provincial savings of \$75.0 million are projected for fiscal year 2000. The City's projected savings, based on the fact that Toronto's caseload is about 30 percent of the provincial total, are estimated to be approximately \$22.5 million gross/\$4.5 million net. Based on the September 1999 Variance Report, the Social Services Division is anticipating a net under expenditure of \$6.0 million (annualized) due to caseload decline - suggesting the City is within the provincial target.

The City will also realize savings through the proposed policy changes. However, further details and clarification are required to more accurately assess the specific impacts on the City. It is expected that implementation guidelines will be made available in the first part of 2000.

Welfare-to-Work Action Plan:

The Minister's statement indicated that the aim of the Action Plan is to "increase the number of placements across the Province so that more people on welfare will have the opportunity to participate, and benefit from, a community placement."

The Plan comprises six elements:

- (a) doubling CP targets for municipalities by 2002;

- (b) introducing new financial incentives and sanctions for municipalities that exceed or fall short of their targets, respectively;
- (c) introducing a new \$10 million workfare CP Innovation Fund to support new and innovative placement activities;
- (d) streamlining OW funding to give municipalities greater flexibility; and
- (e) establishing a workfare CP Secretariat to lead the action plan.

Additional details are provided in the Ministry's News Release and Backgrounder, which are attached (see attachment No. 1).

According to the provincial announcement, municipal targets for CP placements will increase from 15 percent of eligible participants in 1999/2000, to 22.5 percent in 2000/2001, and ultimately to 30 percent in 2001/2002.

The targets are based on a provincially determined percentage of each delivery agent's caseload with mandatory participation requirements. For the years 1999/2000, targets have been established by the Ministry based on the average participation rate in the OW program in the last three months of 1998. Included in the material released by the Ministry were CP targets for all delivery agents across Ontario. Toronto's target requires the municipality to achieve 10,154 CP placements on a cumulative basis for 1999/2000. This target must be achieved by March 2000, which is the end of the Provincial fiscal year. At that time, municipalities that exceed target levels will be eligible for financial incentives.

The same process for establishing minimum targets will be used in subsequent years. Year 2000/2001 targets will, for example, be based on provincial statistics for the average participation rate in the OW program for the last three months of 1999. Municipalities that exceed their CP targets will also receive a range of financial incentives. The new streamlined funding formula will also have built in penalties if service levels are not met.

The OW Community Participation Innovation Fund is intended to provide 100 percent provincial funding over the next two years to assist municipalities expand their CP programs. Funds are to be used for one-time start-up and related costs of establishing new placements. Ongoing costs of maintaining these placements are to be managed within the municipality's OW budget.

General guidelines governing the fund were released on November 22. All proposals must make a clear business case for the funds sought, with the emphasis on achieving rapid increases in CP placements. Extremely short timeframes have been established for submitting proposals, with the first round to be received by December 15, 1999, and the second round by February 15, 2000.

With regards to increased funding flexibility, the Province's stated goal is to create simpler rules and give municipalities more flexibility to manage their OW resources. As will be discussed below, this is potentially a welcome change, although additional details have not yet been provided about how the new rules will work.

The Province also announced that the Ontario Public Service will take a lead role in increasing the number of placement opportunities available to OW recipients. However, no commitment

has been made concerning the number of placements anticipated or the timeframes within which they will be developed.

Finally, a Community Placement Secretariat will be established by the Ministry to implement the Action Plan, promote community placements and administer the CP innovation fund. At this time, no information is available regarding the make-up of the Secretariat or its specific mandate

(II) Implications for the City:

(A) Positive Changes:

In a number of key areas, the changes announced by the Province are positive and welcome. They support both the City's directions regarding the delivery of OW, as well as key recommendations made by the consulting firm KPMG in their Operational Review of Ontario Works.

As the Operational Review noted, in implementing OW, the City had successfully complied with the policy and program guidelines established by the Province. As of the completion of the Review in late 1998, the consultants concluded that the City was delivering a "reasonably balanced program," providing opportunities for clients in each of the three OW program streams (Employment Supports, Employment Placement and Community Participation). The Review also recommended a number of key changes to the OW program. Among these was the call for increased funding flexibility within the program.

Particularly welcome, therefore, is the Province's intention to provide greater funding flexibility to delivery agents. As stated in the material released by the Ministry, funding will now be focused on levels of service, rather than specific activities. This direction is consistent with the City's position that optimal program delivery at the municipal level is dependent on the ability to flexibly use available resources across program streams.

Currently, OW funds cannot be moved between program streams. Consequently, TSS has not had the flexibility to reallocate funds from underexpended areas to other program components. It is anticipated that the new funding rules will enable resources to be used across the program, in conjunction with the delivery agents' priorities and certain basic Provincial stipulations regarding program performance. Due to the new streamlined funding rules, it is possible that an adjustment to the Division's year 2000 budget submission will be required. However, detailed implementation guidelines, as in several other areas, will not be available until early 2000.

Also positive is the Province's position that OW's emphasis includes learnfare and earnfare, as well as workfare. Thus while CP is seen as an important part of OW, education and training activities and obtaining employment earnings are recognized as key elements of successful program delivery, a direction strongly supported by municipalities, including Toronto.

Finally, Provincially funded incentives to delivery agents who achieve targets, and the availability of resources through the Innovation Fund, are welcome supports, and recognize that resources are required to successfully enroll large numbers of clients in CP.

(B) Key Questions and Issues Regarding Provincial Announcements:

The Department has a number of questions and potential concerns, particularly related to establishment of CP targets for the City. In certain instances, further information is required to adequately assess the impacts of the announcements on the City.

(1) Increased CP Targets:

Before addressing the changes to CP targets proposed by the Province, it is useful to share the City's success to date in placing OW clients in CP. Given the evidence that such placements can positively benefit certain clients, TSS clearly recognizes the potential value of CP activities. To date in 1999, Toronto Social Services has been successful in meeting its targeted outcomes. As Table 1 illustrates (see attachment No. 2), as of mid-November, over 7,000 clients have participated in, or are currently engaged in, CP activities; over 2,000 clients have completed training programs; and approximately 6,200 participants have been referred to EP agencies with over 1,000 clients placed in jobs. In addition, as of October, over 22,000 individual clients have been served through the Division's Employment Resources Centres. Finally, in 1999 to date, over 17,000 clients have left social assistance for employment.

In its delivery of CP, the City has to date in 1999 had a number of notable successes. One innovative example involves the City's own Homes for the Aged Division. As a result of their positive experience working with social assistance recipients in the past, Toronto's Homes for the Aged Division has participated in the CP program by supporting clients who approach the Homes on a self-initiated basis. Since January 1999, 92 clients have volunteered in the Homes, performing a range of tasks: friendly visiting, escorting residents to programs, assisting with rehabilitation and recreational activities and assisting on resident units as helpers.

Based on success to date, the Homes intends to formalize its relationships with the OW program and sign an agreement with Toronto Social Services to become a CP sponsor. It is anticipated that the number of clients participating in the program will increase to a total of 150 per annum. The program has been very successful both from the Homes for Aged Division's and clients' perspectives. A report to the Community Services Committee's December 1, 1999, meeting, entitled "Volunteer Services in Homes for the Aged and the Ontario Works Program," provides additional detail.

A number of other agencies have also offered substantial numbers of valuable placements to OW clients. Baycrest Centre for Geriatric Care currently has 56 OW clients involved in placements, gaining experience both as administrative assistants and as client support workers. Over 162 placements have been offered to clients in 1999. Another agency in the educational sector (Learning Support Council of Canada) currently has nearly 20 clients in placements, performing a range of activities: receptionist, shipper receiver, computer technician, computer monitor tester. Over 100 placements have been offered by the agency in 1999. A wide range of other agencies also provide placement opportunities to the City's OW clients.

It is evident, however, that continued success in placing clients in training courses or placements, including CP activities, will be significantly affected by the changing nature of the caseload, and by the availability of key program supports, notably child care.

The Department's first question relates to the Provincial formula for calculating CP targets for the City. At this time, further details about the formula have not yet been provided. In determining how many clients in total are available to participate in CP, it appears that certain groups of clients have rightly been excluded (e.g., clients with program deferrals). Conversely, however, clients with employment earnings have apparently been included in this total. Including these clients in the calculation of targets would be disadvantageous to the City, given that they are involved in a value-added activity that decreases their availability to participate in CP, and given that approximately 20 percent of the City's cases already have some earnings from employment. Therefore, it remains that the Department's position that clients with earnings should not be included in the calculation of CP targets.

Also of critical importance to program success in Toronto are the types of supports, notably child care, necessary to enable clients to participate in OW program activities. In its August 23 report to the Community Services Committee, entitled "Ontario Works Caseload Profile," the Division highlighted the rapidly increasing proportion of the OW caseload comprised by families with children, specifically single parents. Currently, single parents constitute nearly 45 percent of total cases in receipt of OW, more than double their proportion four years earlier. All families with children now comprise nearly 60 percent of the caseload (see attachment No. 3). It is also clear that the overall length of stay has increased, especially for families with children (see attachment No. 4), resulting in an emerging long-term caseload, comprised primarily of families with children, notably single parent families.

As a result of these changes in the caseload, substantial numbers of potential OW participants require child care supports to facilitate their active involvement in OW activities. As of September 1999, TSS's data indicates that more than 22 percent of potential OW participants, almost exclusively single parents, were not accessing child care supports, which presumably affects the type of OW activities they can participate in, and the time of day in which participation is possible.

These findings reflect the recommendations from the Operational Review completed by KPMG, which acknowledged that additional child care supports are required to facilitate program participation by the large number of families, and particularly single parents, that are in receipt of OW in Toronto. At this time, no additional childcare resources have been included as part of the announcements, and all 2,050 childcare spaces funded through the OW program are currently filled.

Given that the majority of the City's caseload will continue to be comprised of families with children, realizing CP targets will require that a significant number of placements be developed which can accommodate client's childcare responsibilities, particularly single parents. To that end, the Division will further explore strategies that result in the development of placement opportunities that allow clients to participate in CP activities during school hours. One thrust will be to continue to support, and capitalize on, clients' voluntary activities.

(2) Funding Flexibility:

While the Ministry's announcement indicates that increased funding flexibility and new rules governing OW funding will be forthcoming, no additional details have yet been provided. In the near term, the Department will consult with appropriate Provincial staff to obtain clarification on the revised OW policy and funding framework. On the basis of this information, a report will be forwarded to the Community Services Committee's February meeting with the aim of providing a more concrete assessment of the impacts of the Provincial changes, including further details on the effects of the initiatives introduced as part of the Provincial Savings Announcement.

(3) CP Innovation Fund:

As mentioned above, very short timeframes have been established for developing proposals for funding. At this point, TSS is reviewing the guidelines provided by the Province. Over the next two months, TSS will explore innovative opportunities for expanding CP placements in conjunction with its community partners, or with other institutions or service providers. It is unlikely proposals can be developed for the first round of submissions, the deadline for which is December 15, 1999. However, potentially viable options will be identified and assessed with the possibility of making submissions for the second round in February 2000.

Conclusions:

The recent announcements by the Province indicate efforts to seek greater program savings, as well as to alter key parts of the OW program, notably by doubling CP targets and increasing funding flexibility.

Initial information about the level of program savings sought is very general. However, the bulk of the savings in the social assistance area will be realized through anticipated caseload declines, with Provincial savings of \$75.0 million projected for fiscal year 2000. The City's projected savings are roughly estimated to be approximately \$22.5 million gross/\$4.5 million net. Based on the September 1999 Variance Report, the Social Services Division is anticipating a net under expenditure of \$6.0 million (annualized) due to caseload decline - suggesting the City is within the provincial target. The City will also realize savings through a number of other changes. However, further details and clarification are required to more accurately assess the specific impacts on the City.

A number of key changes being made to the OW program are welcome by the City, and support both the City's directions and key recommendations made by KPMG in its Operational Review of Ontario Works. The City is particularly supportive of increased funding flexibility. At the same time, some critical questions remain related to how the new funding rules will work. Similarly, the Department requires more information about how the new CP targets are being calculated. It is also clear additional supports, notably child care, are vital to enabling many families to actively participate in OW activities.

Departmental staff will seek additional information and clarification from the Province related to the changes announced in November. Based on this process, a report will be forwarded to the Community Services Committee's February meeting discussing the revised OW policy and

funding framework outlined in the recent Provincial announcements, and assessing the implications for TSS's year 2000 budget.

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List of Attachments:

Attachment No. 1	MCSS News Release and Backgrounder
Attachment No. 2	TSS Training and Placement Activities
Attachment No. 3	Caseload Comparison by Family Type
Attachment No. 4	Average Length of Stay

(A copy of each of the attachments referred to in the foregoing report was forwarded to Members of the Community Services Committee for its meeting on December 1, 1999, and a copy thereof is on file in the office of the City Clerk.)