

Toronto 2017 BUDGET



OPERATING BUDGET NOTES



Toronto Employment and Social Services

2017 OPERATING BUDGET OVERVIEW

Toronto Employment and Social Services (TESS) manages the third largest social assistance delivery system in Canada. Under the authority of the Ontario Works (OW) Act and Regulations, TESS provides employment services, financial assistance and social supports to Toronto residents to strengthen their social and economic well-being in their communities.

2017 Operating Budget Highlights

The total cost to deliver these services to Toronto residents is \$1,083.234 million gross and \$110.551 million net as shown below:

(in \$000's)	2016 Budget	2017 Preliminary Budget	Change	
			\$	%
Gross Expenditures	1,100,879.9	1,083,233.8	(17,646.1)	(1.6%)
Revenues	963,136.6	972,682.6	9,546.0	1.0%
Net Expenditures	137,743.3	110,551.2	(27,192.1)	(19.7%)

TESS has met the budget reduction target of -2.6% and captured the entire \$23.6 million savings from the Provincial upload of OW benefits. The 2017 caseload has been set at 84,000 cases, down 6,000 cases from the 2016 Budget and in-line with current caseload levels.

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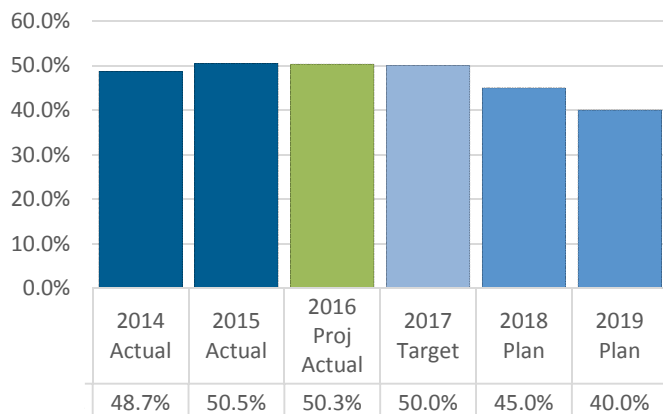
Fast Facts

- 3rd largest social assistance delivery system in Canada, providing benefits and services through a network of 19 offices across the City.
- Contracts with 59 community agencies and organizations across the City to deliver a broad range of employment programs.
- Implementation lead for the City’s Workforce Development Strategy, which aims to assist employers to address their workforce challenges and actively support job seekers to compete in the labour market.
- Supports Social Development, Finance & Administration in developing/implementing the City’s Poverty Reduction Strategy.
- Will be co-locating with ODSP at multiple sites in order to improve and streamline services to mutual clients
- Supported 27,600 clients to either exit OW for employment or start a job placement.
- Assessed 50,000 applications for OW.
- Developed / updated 199,000 individual service plans.

Trends

- Caseload has gradually declined since 2012 and is projected to be 83,750 in 2016, 6,250 cases or 6.9% lower than the approved budget of 90,000.
- Increasingly people remaining on OW are more distant from the labour market, remain on social assistance longer and require more intensive supports to transition to employment. The % of people on assistance for more than 2 years is declining as shown below.
- On average in 2016, 67.5% of OW clients are on assistance for more than 1 year and 50.3% for more than 2 years. The target is to reduce the % of people on assistance for more than 2 years as shown below.

% of Caseload on Assistance More Than 2 Years



Key Service Deliverables for 2017

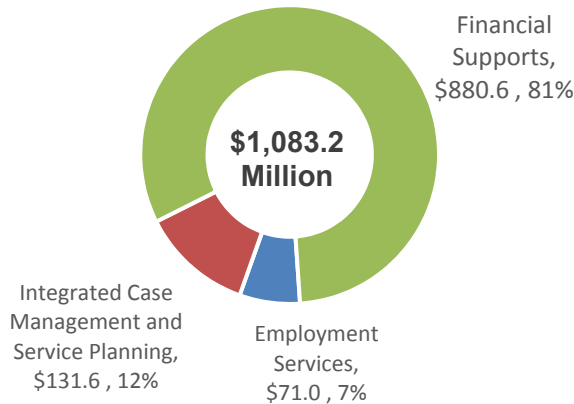
Toronto Employment and Social Services (TESS) offers financial assistance for basic needs like shelter, food, clothing and health related items for clients and their families. In addition, it provides employment assistance such as one on one service planning, and skills/job-specific training.

The 2017 Operating Budget will:

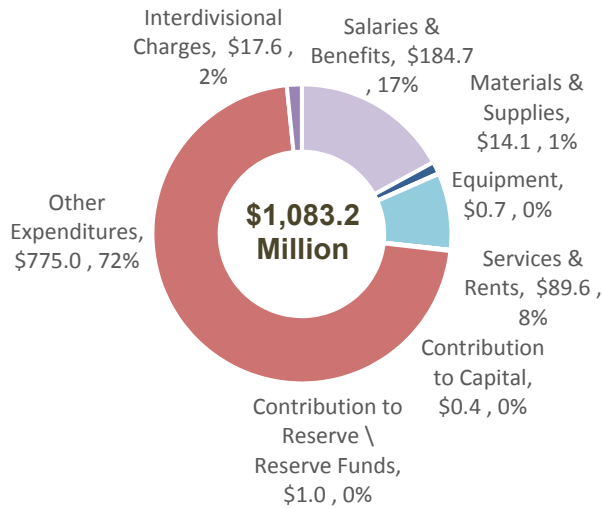
- Manage an average caseload of 84,000 and assist 28,000 unemployed City residents find and/or sustain employment.
- Increase the profile and success of the City’s Workforce Development Initiatives:
 - Through the Partnership to Advance Youth Employment (PAYE) program increase the number of employers offering employment opportunities to youth
 - Increase work-based learning opportunities for Toronto youth (18-29) through the implementation of the City’s Youth Employment Action Plan
 - Work with employers to develop new sector based approaches to expand job opportunities for unemployed low income Toronto residents, specifically OW clients
- Implement key recommendations in the 2017 City of Toronto Poverty Reduction Work plan as well as support the implementation of broader Poverty Reduction Strategy objectives.
- Continue to modernize the delivery of Ontario Works in Toronto to improve effectiveness and efficiency.

Where the money goes:

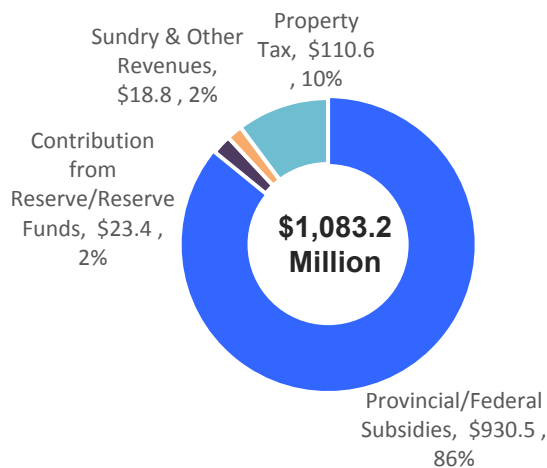
2017 Budget by Service



2017 Budget by Expenditure Category



Where the money comes from:



Our Key Issues & Priority Actions

- **The Provincial Social Assistance Management System (SAMS)** is now more stable and less disruptive, although it remains administratively cumbersome. While a "steady state" has been achieved, a variety of workload issues remain.

 - ✓ In light of caseload changes and service modernization, the 66 temporary SAMS related positions added in 2016 have been eliminated.
 - ✓ Continue to advocate with the Province to add an inflation adjustment mechanism.

- **Provincial program delivery funding will be down a projected \$12 million in 2017** as a result of the declining caseload.

 - ✓ The impact of this reduction has been mitigated through a combination of efficiency gains (\$3.5 million) and reserve draws (\$8.5 million).
 - ✓ Continue development and implementation of the City's Human Service Integration initiative.
 - ✓ Continue to modernize the delivery of OW to improve effectiveness and efficiency.

- **OW recipients are increasingly more distant from the labour market**, remain on social assistance longer and require more intensive supports to transition to employment.

 - ✓ Increase the profile and success of the City's Workforce Development initiatives, including the Partnership to Advance Youth Employment (PAYE) program, work-based learning opportunities for Toronto youth (18-29), and new sector based approaches to expand job opportunities.

2017 Operating Budget Highlights

- The 2017 Preliminary Operating Budget of \$1,083.234 million in gross expenditures and \$110.551 million net provides funding for 3 services: Employment Services, Integrated Case Management & Service Planning and Financial Supports.
- The budget represents a decrease of 19.7% to the 2016 Approved Net Operating Budget primarily through taking the following measures:
 - ✓ Base expenditure reductions (\$1.154 million).
 - ✓ Efficiency savings (\$2.993 million).
 - ✓ Provincial upload (\$23.610 million).
- Staff complement decrease of 108.0 from 2016 to 2017.

Actions for Consideration

Approval of the 2017 Preliminary Budget as presented in these notes requires that:

1. City Council approve the 2017 Preliminary Operating Budget for Toronto Employment and Social Services of \$1,083.234 million gross, \$110.551 million net for the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Employment Services:	70,983.3	18,719.4
Financial Supports:	880,646.9	37,880.1
Integrated Case Management & Service Planning:	<u>131,603.6</u>	<u>53,951.7</u>
Total Program Budget	<u>1,083,233.8</u>	<u>110,551.2</u>

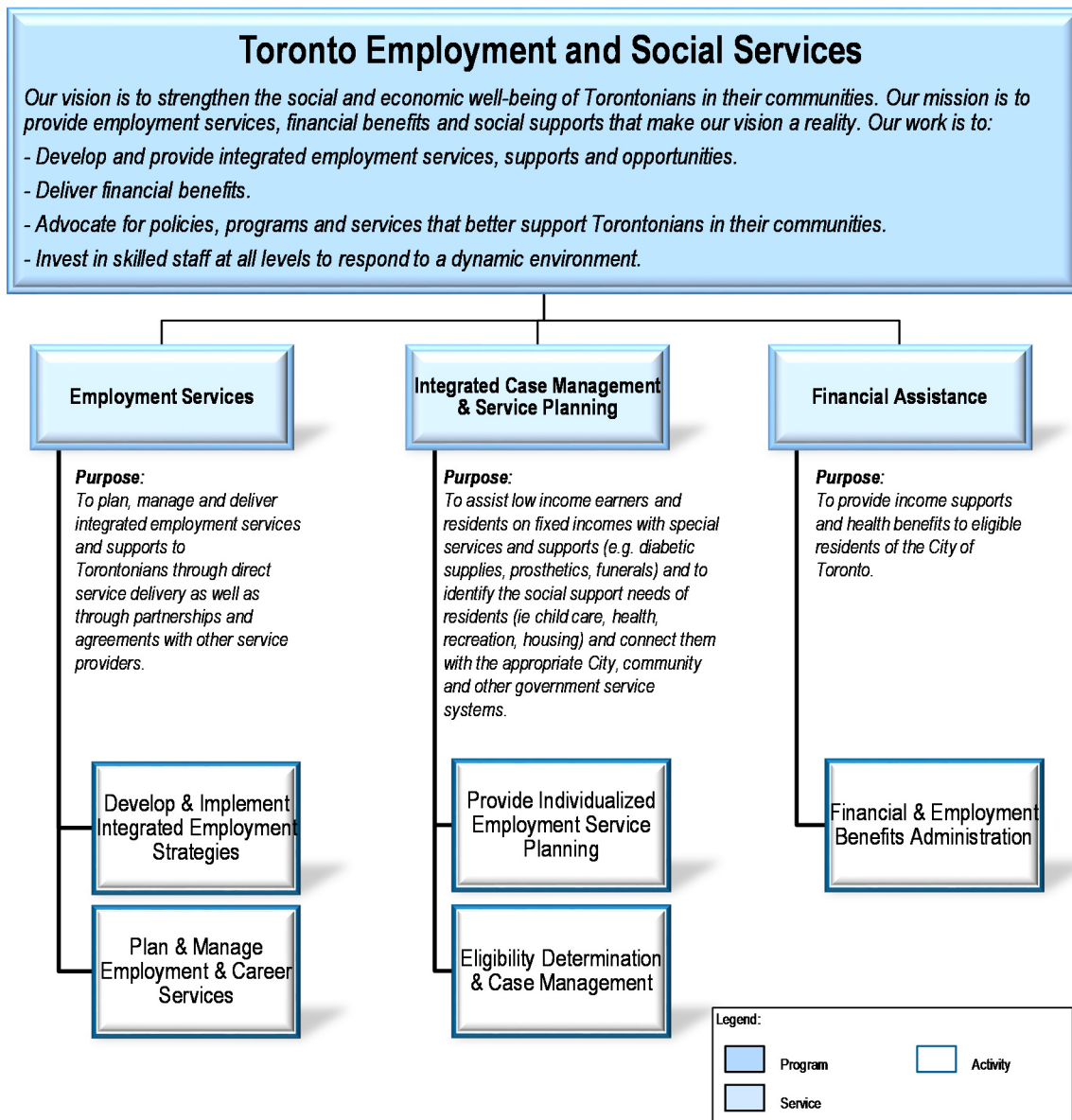
2. City Council approve the 2017 service levels for Toronto Employment and Social Services as outlined on pages 16, 20, and 24 of this report, and associated staff complement of 2,012.0 positions.



Part 1:

2017-2019 Service Overview and Plan

Program Map



Service Customer

Employment Services

- Low Income Toronto Residents
- Unemployed & Under-employed Toronto Residents
- Ontario Works Program Recipients & Adult Dependents
- Ontario Disability Support Program Recipients & Adult Dependents
- Employers
- Indirect (Beneficial)
 - Community Agencies & Network
 - Service Canada
 - City Divisions & Agencies
 - Provincial Ministries

Integrated Case Management & Service Planning

- Low Income Toronto Residents
- Ontario Works Program Recipients & Dependents
- Ontario Disability Support Program Recipients & Dependents
- Indirect (Beneficial)
 - Community Agencies
 - Service Canada
 - City Divisions & Agencies
 - Ministry of Community & Social Services

Financial Assistance

- Low Income Toronto Residents
- Ontario Works Program Recipients & Dependents
- Ontario Disability Support Program Recipients & Dependents
- Indirect (Beneficial)
 - Community Agencies
 - Service Canada
 - City Divisions & Agencies
 - Ministry of Community & Social Services

Table 1
2017 Preliminary Operating Budget and Plan by Service

(In \$000s)	2016		2017 Preliminary Operating Budget			2017 Preliminary vs. 2016 Budget Change		Incremental Change			
	Budget	Projected Actual	Base	New/ Enhanced	Total Budget	\$	%	2018 Plan		2019 Plan	
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Employment Services											
Gross Expenditures	71,127.4	68,345.1	70,983.3		70,983.3	(144.2)	(0.2%)	(471.8)	(0.7%)	59.9	0.1%
Revenue	52,167.8	49,989.6	52,263.8		52,263.8	96.0	0.2%	(1,052.3)	(2.0%)	(839.4)	(1.6%)
Net Expenditures	18,959.6	18,355.5	18,719.4		18,719.4	(240.1)	(1.3%)	580.5	3.1%	899.3	4.7%
Financial Supports											
Gross Expenditures	889,940.4	855,128.8	880,646.9		880,646.9	(9,293.5)	(1.0%)	96.4	0.0%	76.0	0.0%
Revenue	825,647.0	791,173.2	842,766.8		842,766.8	17,119.8	2.1%	20,691.7	2.5%	(791.1)	(0.1%)
Net Expenditures	64,293.4	63,955.6	37,880.1		37,880.1	(26,413.3)	(41.1%)	(20,595.4)	(54.4%)	867.1	5.0%
Integrated Case Management and Service Planning											
Gross Expenditures	139,812.1	134,343.1	131,603.6		131,603.6	(8,208.4)	(5.9%)	(2,462.4)	(1.9%)	(1,448.2)	(1.1%)
Revenue	85,321.7	81,759.2	77,651.9		77,651.9	(7,669.8)	(9.0%)	(5,166.5)	(6.7%)	(4,051.4)	(5.6%)
Net Expenditures	54,490.4	52,583.9	53,951.7		53,951.7	(538.7)	(1.0%)	2,704.1	5.0%	2,603.3	4.6%
Total											
Gross Expenditures	1,100,879.9	1,057,817.0	1,083,233.8		1,083,233.8	(17,646.1)	(1.6%)	(2,837.8)	(0.3%)	(1,312.2)	(0.1%)
Revenue	963,136.6	922,922.0	972,682.6		972,682.6	9,546.0	1.0%	14,472.9	1.5%	(5,681.9)	(0.6%)
Total Net Expenditures	137,743.3	134,895.0	110,551.2		110,551.2	(27,192.1)	(19.7%)	(17,310.8)	(15.7%)	4,369.7	4.7%
Approved Positions	2,120.0	2,068.0	2,012.0		2,012.0	(108.0)	(5.1%)	(79.0)	(3.9%)	(60.0)	(3.1%)

The Toronto Employment and Social Services' 2017 Preliminary Operating Budget is \$1,083.234 million gross and \$110.551 million net, representing a 19.7% decrease to the 2016 Approved Net Operating Budget. TESS has met the budget reduction target of -2.6% as set out in the 2017 Operating Budget Directions approved by Council and captured the entire \$23.610 million in savings as a result of the 2017 provincial upload.

- Base pressures are mainly attributable to the inflationary increases for staff salaries and benefits common across all services, Ontario Works (OW) legislated rate increases, decrease in provincial program funding due to lower caseload, followed by additional local area office lease costs.
- The above pressures were more than offset by a phased-in approach of uploading OW benefit costs to the Province since 2010, expenditure savings related to a reduction in average caseload (6,000 cases) from 2016 budgeted levels, and additional draws from various reserves, consistent with their purposes, to bring expenditures in line with Provincial funding.
- In addition, the Program was able to identify base expenditure savings through a comprehensive line-by-line review of base expenses and achieve efficiency savings through optimizing the office space use of Wellesley Place, centralizing the pre and post eligibility review process, greater diligence and management of contracts, and reducing the number of summer part-time positions, all without service level impacts.
- Approval of the 2017 Preliminary Operating Budget will result in Toronto Employment and Social Services reducing its total staff complement by 108.0 positions from 2,120.0 to 2,012.0.
- The 2018 and 2019 Plan reflect inflationary increases in salaries and benefits which are expected to be more than offset by OW benefits budget savings as a result of the final year of the provincial upload in 2018 as well as a long-term strategy to reduce staff complement in light of caseload changes and service modernization in the coming years.

The following graphs summarize the operating budget pressures for this Program excluding the \$23.610 million of upload savings and the measures/actions taken to offset these pressures and meet the budget target.

Key Cost Drivers (excluding Upload Savings)



Actions to Achieve Budget Reduction Target

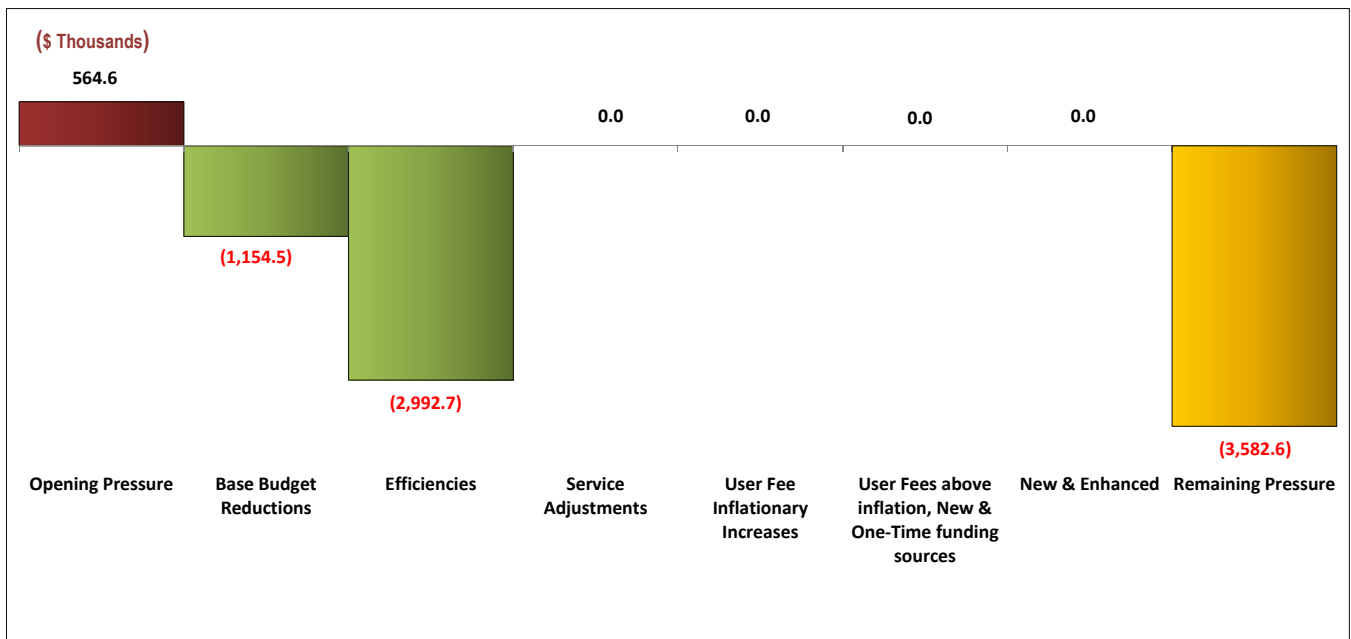


Table 2
Key Cost Drivers

(In \$000s)	2017 Base Operating Budget						Total	
	Employment Services		Financial Supports		Integrated Case Management and Service Planning			
	\$	Position	\$	Position	\$	Position	\$	Position
Gross Expenditure Changes								
Prior Year Impacts								
Reversal of Positions Added for SAMS in 2016	(58.7)	(9.9)	414.5	0.4	(473.9)	(56.6)	(118.1)	(66.0)
Capital Project Delivery								
Human Service Integration Capital Project	21.0		30.3		65.3		116.6	
Salaries and Benefits								
COLA, Progression Pay, Step Increases, Benefits	739.0		278.2		(586.6)		430.6	
Economic Factors								
Inflationary Increases for Utilities	7.4		5.3		30.7		43.4	
Other Base Changes								
Legislated OW rate increase			508.3				508.3	
OW Caseload Reduction from 90,000 cases to 84,000			(1,031.2)				(1,031.2)	
Increase in Local Office Lease Costs	126.1		63.7		592.2		782.1	
Provincial Family Support Policy Change			(155.7)	(3.0)	(555.7)	(3.0)	(711.4)	(6.0)
IDC/IDR (mainly for Children's Dental)	271.9		(340.9)		101.3		32.3	
Total Gross Expenditure Changes	1,106.7	(9.9)	(227.5)	(2.6)	(826.7)	(59.6)	52.5	(72.0)
Revenue Changes								
OW Reserve Draw to Fund Change in Program Delivery Envelope	(1,528.8)		(1,255.5)		(5,680.5)		(8,464.8)	
Capped OW Benefits Funded from SAS Reserve			(1,500.0)				(1,500.0)	
Housing Stabilization Fund (HSF) funded from SAS Reserve			(1,525.4)				(1,525.4)	
Decline in Program Delivery Funding due to Drop in Caseload	1,198.2		1,290.2		9,514.0		12,002.3	
Total Revenue Changes	(330.7)		(2,990.7)		3,833.4		512.1	
Net Expenditure Changes	776.1	(9.9)	(3,218.2)	(2.6)	3,006.7	(59.6)	564.6	(72.0)

Key cost drivers for Toronto Employment and Social Services, excluding the impact of OW Benefit Upload of \$23.610 million, are discussed below:

- **Prior Year Impacts:**
 - Reversal of 66.0 temporary positions added for Social Assistance Management System (SAMS) during 2016 that will not be required going forward will result in a budget relief of \$5.581 million gross and \$0.118 million net as these positions were primarily funded from the Ontario Works reserve.
- **Capital Project Delivery:**
 - An assessment of City's income support programs, which was completed in 2015, identified a need to enhance the delivery of human services programming to better meet client needs. A new capital project *Human Services Integration* has been created in the 2017 Preliminary Capital Budget for this initiative, with funding of \$0.117 million provided from the Operating Budget.
- **Salaries and Benefits**
 - Staff salaries and benefits associated with cost of living allowance, union step increases and non-union progression pay common across all services will create a pressure of \$0.431 million net.
- **Economic Factors:**
 - Increases in utilities expenditures reflect the anticipated rising utilities rate adjustments for electricity, natural gas and water.

- Other Base Changes:

- Legislated Ontario Works (OW) Rate Increase*

- On October 1, 2016, social assistance rates increased by 1.5 per cent for adults receiving Ontario Works. Singles without children received a further top-up, bringing their total increase to \$25.00 per month. The change will increase the amount of OW benefits paid to these clients in 2017 by \$18.153 million gross and \$0.508 million net.

- OW Caseload Reduction*

- The 2017 budgeted OW caseload has been set at 84,000 cases on a monthly basis in line with the 2016 projections. This represents a decrease of 6,000 cases when compared to the 2016 budgeted level, thus resulting in a corresponding budget reduction of \$38.677 million gross and \$1.031 million net.

- Increase in Local Office Leasing Costs*

- Increase in office leasing costs as a result of higher property taxes and operating costs across various TESS local offices added a pressure of \$0.782 million net.

- Provincial Family Support Policy Change*

- In the 2016 Provincial Budget, the government announced that effective February 1st, 2017, child support would be fully exempt as income and would no longer be deducted from social assistance benefits. This policy change will add pressure in the amount of \$14.286 million gross and \$0.400 million net for additional income supports.
 - This policy change, however, will also reduce administration, resulting in a complement reduction of 6.0 (5.0 permanent and 1.0 temporary vacant) Family Support Worker positions and budget savings of \$1.111 million gross and net.
 - Overall, the net budget impact of the policy change on benefits and administration will be total savings of \$0.711 million net.

- Revenue Changes:

- OW Reserve Draw to Fund Changes to Program Delivery Funding*

- The Provincial Program Delivery funding envelope supports program administration and the provision of employment services to eligible OW and ODSP recipients. Eligible costs include salaries and benefits, office lease costs, travel, staff training, general office expenses, direct employment benefits for clients and employment services purchased from community agencies.
 - Annual provincial funding is based on a subsidy per case, with caseload reset at the beginning of each two-year Ontario Works business cycle. Based on the incomplete caseload data available from the province, the City's projected caseload in the next business cycle, which commences April 1st, 2017, will be down 8,550 cases or 9.6% while the total provincial caseload will be down less than 2%.
 - As a result, 2017 provincial funding is projected to decline by \$12.002 million to \$178.6 million. Actual funding will be confirmed by the Province early in 2017.
 - The Program is absorbing the 2017 reduction in provincial funding by a combination of efficiency savings (as illustrated in Table 3 in the next section) and draws from the Ontario Works (OW) reserve. Consistent

with the purpose of the reserve, the OW reserve fund contribution of \$8.465 million will provide the necessary flexibility to manage resources to bring expenditures in-line with lower provincial funding.

- Please see further discussion of this topic on page 31 under Issues for Discussion section.

Capped OW Benefits

- Under the authority of the OW Act, a range of benefits are available to eligible OW and ODSP recipients, including adult dental, funerals, vision care, hospital beds, wheelchairs, orthotics, and prosthetics.
- Prior to 2012, provincial funding for these benefits was open-ended and demand-based with no funding cap. In 2012, the province introduced a funding cap based on a fixed per case amount. Expenses up to the funding cap are cost shared at the legislated cost sharing ratio (i.e. 97.2% province, 2.8% City in 2017) while expenses above the cap are 100% funded by the City.
- OW capped benefits are budgeted to be \$1.500 million above the funding cap in 2016, with expenses above the cap 100% funded by property taxes. As expenses were below the cap in 2015 and are projected to be below the funding cap in 2016 due to lower demand and changes to the maximum reimbursement for orthotics (approved by Council in 2015), the 2017 Preliminary Operating Budget includes a provision of \$1.500 million should the expenses exceed the cap, with funding provided from the Social Assistance Stabilization (SAS) reserve rather than property tax base, if necessary.

Housing Stabilization Fund (HSF)

- Using mainly Community Homelessness Prevention Initiative (CHPI) funding, and consistent with the objectives of that program, the HSF provides resources to prevent evictions and assist OW and ODSP clients to obtain housing, retain their housing or relocate to more appropriate or affordable accommodation. Specifically, the Fund assists social assistance recipients with their emergency housing needs by providing assistance with rental or moving costs (e.g., last month's rental deposit to secure housing or rental arrears) and household related costs (e.g., support to obtain essential household furnishings).
- The budget for the HSF has been set at \$28.0 million since its inception in 2013, funded by \$26.5 million from the Provincial Community Homelessness Prevention Initiative (CHPI) and \$1.5 million from property taxes. Projected actual expenditures for 2016 are \$24.2 million down from \$24.873 million in 2015 and \$24.487 million in 2014.
- While policy changes are being made to encourage the take-up of the HSF and fully utilize the budget, the 2017 Preliminary Operating Budget includes a provision of \$1.500 million, should expenses exceed the cap, with funding provided from the Social Assistance Stabilization (SAS) reserve rather than property tax base, if necessary.

In order to achieve the budget reduction target, the 2017 service changes for Toronto Employment and Social Services consists of base expenditure savings of \$1.155 million net and service efficiency savings of \$2.993 million net, for a total of \$4.147 million net as detailed below.

Table 3
Actions to Achieve Budget Reduction Target
2017 Preliminary Service Change Summary

Description (\$000s)	Service Changes						Total Service Changes			Incremental Change			
	Employment Services		Financial Supports		Integrated Case Management and Service Planning		\$	\$	#	2018 Plan		2019 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:													
Base Expenditure Changes													
Line by Line Expenditure Savings	(194.0)	(194.0)	(158.2)	(158.2)	(802.4)	(802.4)	(1,154.5)	(1,154.5)					
Base Expenditure Change	(194.0)	(194.0)	(158.2)	(158.2)	(802.4)	(802.4)	(1,154.5)	(1,154.5)					
Service Efficiencies													
Centralized Divisional Eligibility Review	(365.1)	(365.1)	(176.4)	(176.4)	(1,658.1)	(1,658.1)	(2,199.7)	(2,199.7)	(27.0)	(98.8)		(110.7)	
Rent from Wellesley Place Co-location		(24.9)		(12.0)		(113.1)		(150.0)		(150.0)			
Staffing Changes	(1.6)	(1.6)	430.6	430.6	(932.0)	(932.0)	(503.0)	(503.0)	(9.0)	(11.3)		16.9	
Payment Processing			(140.0)	(140.0)			(140.0)	(140.0)		(140.0)			
Sub-Total	(366.7)	(391.6)	114.2	102.2	(2,590.2)	(2,703.3)	(2,842.7)	(2,992.7)	(36.0)	(400.2)		(93.8)	
Total Changes	(560.7)	(585.6)	(44.0)	(56.0)	(3,392.5)	(3,505.6)	(3,997.2)	(4,147.2)	(36.0)	(400.2)		(93.8)	

Base Expenditure Changes (Savings of \$1.155 million gross & net)

Line by Line Review

- A thorough review of expenditures over the last three years was completed, and several adjustments were made to better align the budget with actual spending patterns. These changes will result in a budget reduction of \$1.155 million gross and net with no impact on service levels.

Service Efficiencies (Savings of \$2.843 million gross & \$2.993 million net)

Centralized Divisional Eligibility Review Model

- The Program will be implementing a centralized model for eligibility review and post-eligibility management to provide a transparent and consistent, division-wide approach for managing eligibility reviews. As a result, 27.0 permanent vacant Caseworker positions will be eliminated, with associated savings of \$2.200 million gross and net.

Rent from Wellesley Place Co-location

- Leveraging opportunities to more efficient delivery of services, TESS and ODSP will be co-locating at the City's Wellesley Place office. As such, the Province will pay the City \$0.150 million in rent commencing in 2017 and the annual rent will rise to \$0.300 million in 2018. Work is under way to explore opportunities for additional co-locations.

Staffing Changes

- Other staff changes, mainly a reduction of summer Receptionist vacant temporary positions with savings of \$0.502 million gross and net.

Payment Processing Changes

- Changes in the process for issuing client payments will reduce costs by \$0.140 million gross and net in 2017 and \$0.280 million gross and net in 2018 and onwards.

Approval of the 2017 Preliminary Operating Budget for Toronto Employment and Social Services will result in a 2018 incremental net savings of \$17.311 million and a 2019 incremental net cost of \$4.370 million to maintain the 2017 service levels, as discussed in the following section.

Table 5
2018 and 2019 Plan by Program

Description (\$000s)	2018 - Incremental Increase					2019 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	Position	Gross Expense	Revenue	Net Expense	% Change	Position
Known Impacts:										
Prior Year Impact										
Reversal of Human Services Integration Project	(350.0)	(233.3)	(116.7)	(0.1%)						
Payment Card Processing	(140.0)		(140.0)	(0.1%)						
Co-location of Wellesley Office		150.0	(150.0)	(0.1%)						
Salaries and Benefits										
COLA, Step Increases, Progression Pay and Benefit	4,862.7		4,862.7	4.4%		4,645.3		4,645.3	5.0%	
Other Base Changes (specify)										
IDC/IDR's Changes	(192.3)	(200.0)	7.7	0.0%		(191.8)	(200.0)	8.2	0.0%	
Revenue										
Program Delivery Funding		(4,035.4)	4,035.4	3.7%						
OW Benefit Upload (97.2% to 100%)		21,774.6	(21,774.6)	(19.7%)						
OW Reserve Draw		(2,982.9)	2,982.9	2.7%			(5,481.9)	5,481.9	5.9%	
Sub-Total	4,670.5	14,556.3	(10,292.5)	(9.3%)		4,453.5	(5,681.9)	10,135.4	10.9%	
Anticipated Impacts:										
Others										
Paperless Office Initiative						(1,228.4)		(1,228.4)	(1.3%)	(14.0)
Long-Term Plan to Reduce FTE	(7,018.3)		(7,018.3)	(6.3%)	(79.0)	(4,537.3)		(4,537.3)	(4.9%)	(46.0)
Sub-Total	(7,018.3)		(7,018.3)	(6.3%)	(79.0)	(5,765.7)		(5,765.7)	(6.2%)	(60.0)
Total Incremental Impact	(2,347.8)	14,556.3	(17,310.8)	(15.7%)	(79.0)	(1,312.2)	(5,681.9)	4,369.7	4.7%	(60.0)

Future year incremental costs are primarily attributable to the following:

Known Impacts:

- Reversal of one-time seed funding to develop telephony requirements and complete a gap analysis as well as to identify digital tools to enhance the delivery of human services in 2017 will reduce the budget by \$0.117 million net.
- Full year impact of savings of \$0.140 million generated through changes in the process of issuing client payments and leasing revenues from ODSP in the amount of \$0.150 million as a result of co-locating Wellesley Office from 2017.
- The cost of living allowance (COLA), progression pay, and step and associated benefit increases will create a pressure of \$4.863 million gross and net for 2017 and \$4.645 million gross and net for 2018.
- The 2017 Preliminary Operating Budget includes a contribution of \$8.465 million from OW reserve to bring expenditures in line with the lower provincial funding. The required reserve contribution in 2018 will be \$2.983 million lower than 2017. No contribution has been forecasted for 2019.
- The City's share of OW benefits will decrease from 2.8% in 2017 to 0% in 2018, the final year of the provincial upload, resulting in a budget savings of \$21.775 million.

Anticipated Impacts:

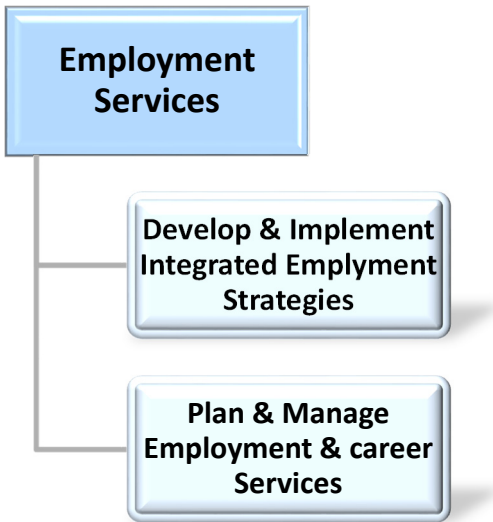
- The paperless office project is expected to generate savings of \$1.228 million and 14.0 FTE in 2019 through eliminating manual activities by staff to prepare files for archival and search for misplaced files and reducing paper usage and physical storage costs.
- Continuing the long-term plan to reduce complement in light of caseload changes and service modernization, TESS is forecasting an estimated 79 FTE reductions in 2018 and another 46.0 FTE reductions in 2019 respectively through a number of modernization and transformational initiatives, bringing the 3-year total staff complement reduction to 247 positions. All reductions are projected to be achieved through attrition.



Part 2:

2017 Preliminary Operating Budget by Service

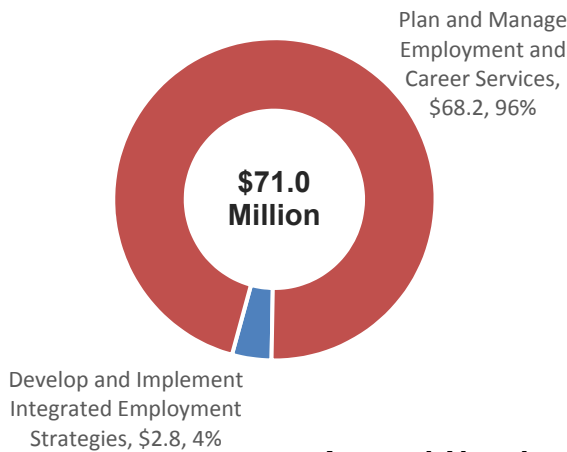
Employment Services



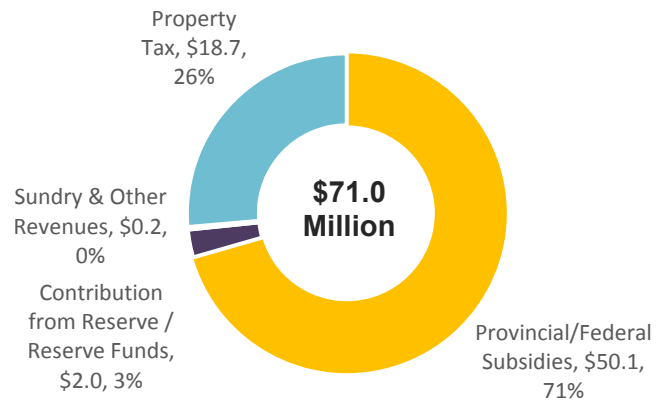
What We Do

- Plan, manage and deliver employment services.
- Provide employment services to City residents and employers in partnerships with community agencies.
- Work with other governments to create an integrated employment service system for the City.

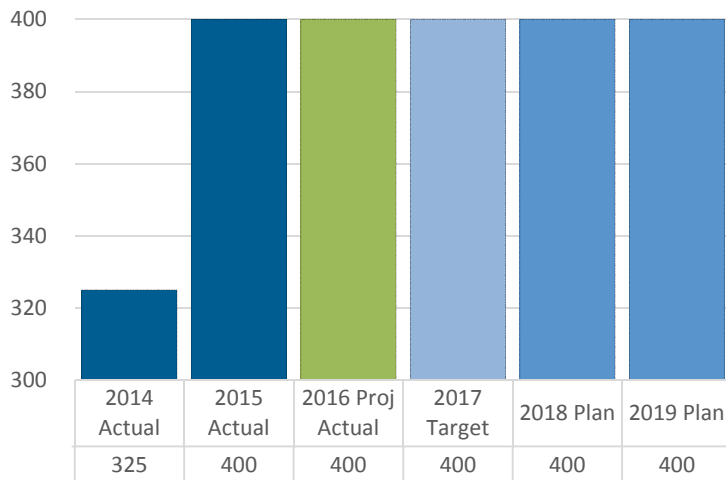
2017 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



Annual Number of Employer Partnerships



- The number of employer partnerships, a key element of the Workforce Development Strategy, is projected to remain at current levels from 2017 through 2019.

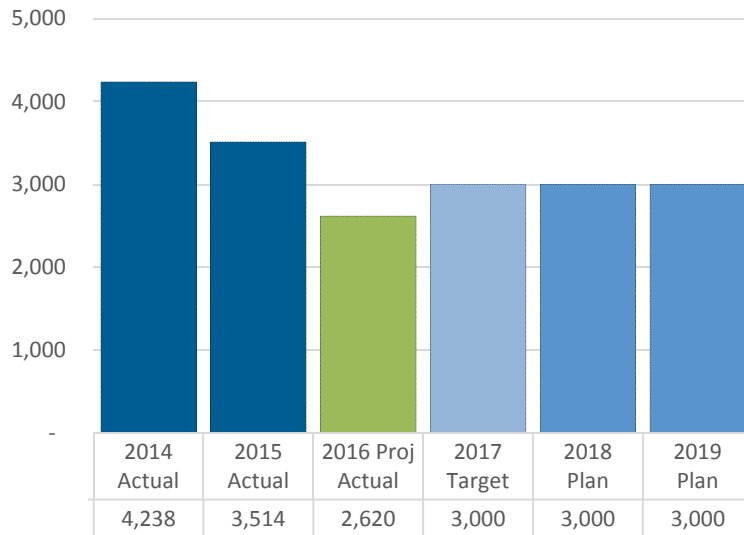
2017 Service Levels Employment Services

Activity	Type	Status	2014	2015	2016	2017
Develop and Implement Integrated Employment Strategies	Coordinated and accessible employment service system that meets the needs of employers, residents and communities.	Approved	Continue implementation of plan	Discontinued		Discontinued
	# of workforce development projects and initiatives that connect employers and job seekers	Approved	23 employment initiatives			23 employment initiatives
	# of employers with job opportunities	Approved	Provide a range of recruitment services from job matching to job fairs with 400 individual employers			Provide a range of recruitment services from job matching to job fairs with 400 individual employers
	Local Employment Service Plans	Approved	Continue implementation of 18 local employment service plans	Discontinued		Discontinued
	Government Partnerships; Interdivisional partnerships	Approved	Continue existing inter-governmental planning and co-ordination groups	Discontinued		Discontinued
Plan and Manage Employment and Career Services	External training program and employment placements (Private Sector and Non-Profit) to increase job prospects and employment	Approved	38,700 people attend education / upgrading programs	Discontinued		Discontinued
	# of OW recipients participating in a structured employment related activity	Approved		47,500 clients		47,500 clients
	# of employment centre service visits	Approved	255,000 visits to employment centres	260,000 visits to employment centres	265,000 visits to employment centres	235,000 visits to employment centres
	% of OW clients who left for employment and accessed extended employment health benefits	Approved	700 cases per month receive extended employment health benefits	11% of eligible recipients receive extended employment health benefits		11% of eligible recipients receive extended employment health benefits
	# of PAYE Employers Offering Jobs to Youth	Approved	n/a		120 employers offering jobs to youth (through PAYE)	120 employers offering jobs to youth (through PAYE)

Overall, the 2017 Service Levels are consistent with the approved 2016 Service Levels for Employment Services. The Plan and Manage Employment and Career activity service level for the number of client visits to the employment centres is projected to decline to 235,000 visits in 2017 reflecting the drop in the caseload in line with the 2016 actual experience.

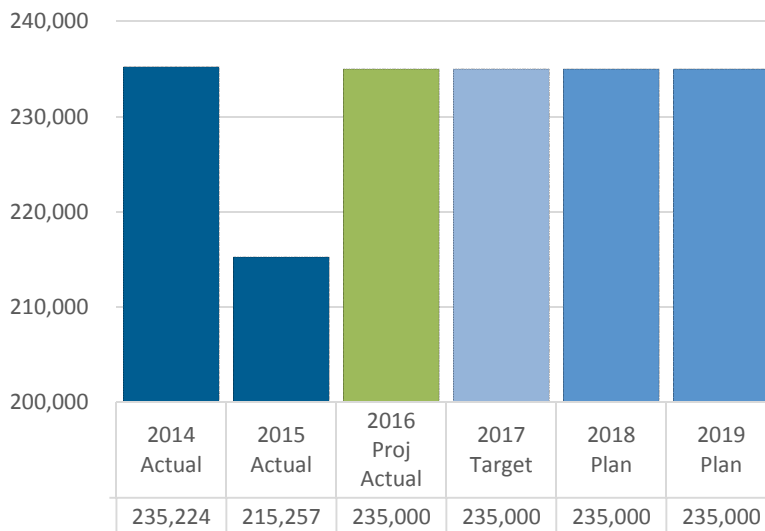
Service Performance Measures

Number of Jobs through Employer Partnerships (WFDS)



- Number of Jobs through Employer Partnerships (WFDS) is projected to increase from 2,620 in 2016 to 3,000 in 2017.

Annual Number of Visits to City Employment Centres



- The number of OW and ODSP clients and other City residents who utilize services in the City's employment centres decreased in 2015 due to the drop in the caseload and the impact of SAMS.
- While caseload declined in 2016, visits increased as employment service levels returned to normal levels post implementation of SAMS. Visits are projected to remain at the same level in 2017.

Table 6
2017 Preliminary Service Budget by Activity

(\$000s)	2017 Preliminary Operating Budget										Incremental Change						
	2016	Base Budget		Prelim. Base		Budget vs. 2016 Budget		New/Enhanced	Prelim. Budget	2017 Prelim. Budget vs. 2016 Budget		2018 Plan		2019 Plan			
	Budget	\$	\$	\$	\$	\$	%			\$	%	\$	%	\$	%		
GROSS EXP.																	
Develop and Implement Integrated Employment Strategies	2,141.3	2,826.1	(12.7)	2,813.4	672.1	31.4%		2,813.4	672.1	31.4%	107.2	3.8%	123.6	4.2%			
Plan and Manage Employment and Career Services	68,986.1	68,523.9	(354.1)	68,169.8	(816.3)	(1.2%)		68,169.8	(816.3)	(1.2%)	(578.9)	(0.8%)	(63.7)	(0.1%)			
Total Gross Exp.	71,127.4	71,350.0	(366.7)	70,983.3	(144.2)	(0.2%)		70,983.3	(144.2)	(0.2%)	(471.8)	(0.7%)	59.9	0.1%			
REVENUE																	
Develop and Implement Integrated Employment Strategies	1,295.5	1,750.2		1,750.2	454.7	35.1%		1,750.2	454.7	35.1%	(55.5)	(3.2%)	(28.6)	(1.7%)			
Plan and Manage Employment and Career Services	50,872.3	50,488.8	24.9	50,513.7	(358.7)	(0.7%)		50,513.7	(358.7)	(0.7%)	(996.8)	(2.0%)	(810.8)	(1.6%)			
Total Revenues	52,167.8	52,238.9	24.9	52,263.8	96.0	0.2%		52,263.8	96.0	0.2%	(1,052.3)	(2.0%)	(839.4)	(1.7%)			
NET EXP.																	
Develop and Implement Integrated Employment Strategies	845.8	1,075.9	(12.7)	1,063.3	217.5	25.7%		1,063.3	217.5	25.7%	162.7	15.3%	152.2	12.4%			
Plan and Manage Employment and Career Services	18,113.8	18,035.1	(379.0)	17,656.2	(457.6)	(2.5%)		17,656.2	(457.6)	(2.5%)	417.8	2.4%	747.1	4.1%			
Total Net Exp.	18,959.6	19,111.1	(391.6)	18,719.4	(240.2)	(1.3%)		18,719.4	(240.2)	(1.3%)	580.5	3.1%	899.3	4.5%			
Approved Positions	357.4	352.6	(5.9)	346.7	(10.7)	(3.0%)		346.7	(10.7)	(3.0%)	(13.1)	(3.8%)	(9.9)	(3.0%)			

Employment Services plans, manages and delivers integrated employment services and supports to Torontonians through direct service delivery as well as through partnerships and agreements with other service providers.

The Employment Service's 2017 Preliminary Operating Budget of \$70.983 million gross and \$18.719 million net is \$0.240 million or 1.3% under the 2016 Approved Net Budget.

- Base budget pressures in Employment Service are primarily due to salary and benefit changes, partially offset by the impact of the OW benefit costs upload, OW reserve draw in response to reduced funding from the Province, and a line by line review to reflect actual experience.
- In order to offset the above pressures, the service was able to achieve service efficiency savings of \$0.392 million net mainly through the implementation of a centralized model for eligibility review and post-eligibility management.

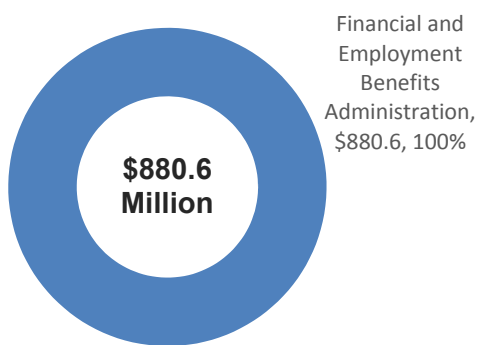
Financial Supports



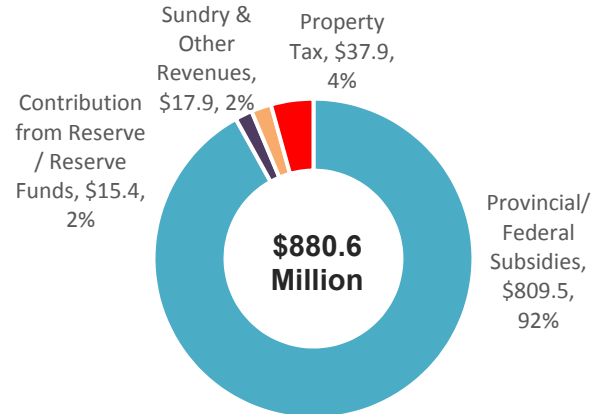
What We Do

- Deliver Ontario Works financial assistance and employment benefits to eligible residents.

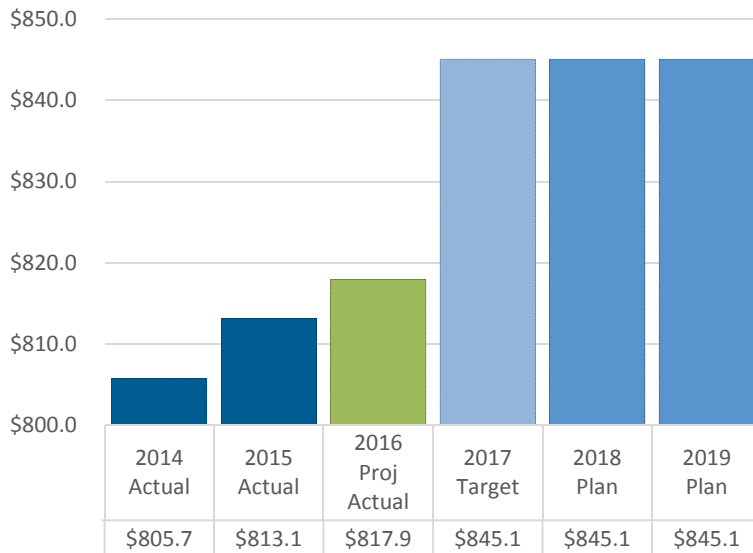
2017 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



Total Amount of Benefits Paid to OW Recipients (\$ Millions)



- Client benefits have steadily increased due to legislated provincial rate increases.
- Payments are determined by provincial policies, demand and caseload dynamics (i.e. singles versus families).

2017 Service Levels

Financial Supports

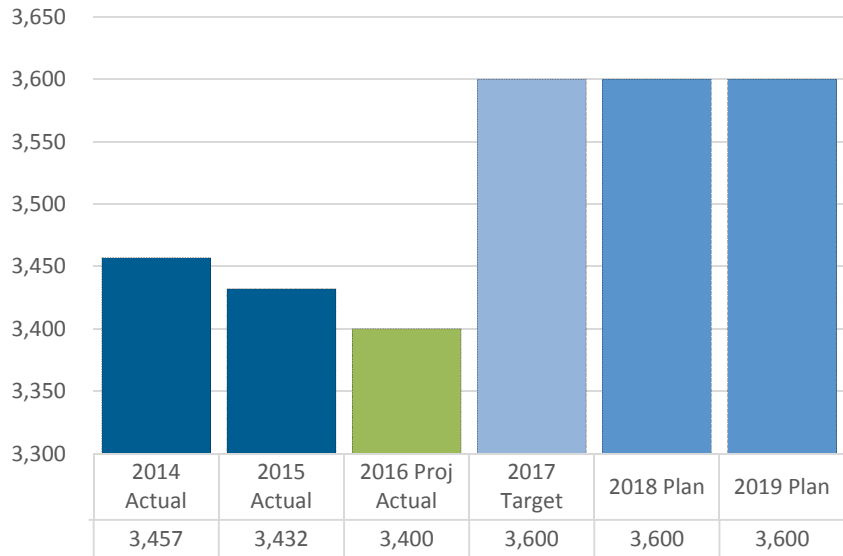
Activity	Type	Status	2014	2015	2016	2017
Financial and Employment Benefits Administration	# of financial and employment benefit payments processed annually	Approved	1.5 million benefit payments per year	1.3 million benefit payments per year	1.1 million benefit payments per year	1.3 million benefit payments per year
	Creation and maintenance of internal control systems, policies and procedures	Approved	Maintain a reasonable level of compliance and program integrity	Discontinued		Discontinued
	\$ of overpayment recoveries per year	Approved	Maintain a reasonable level of compliance and program integrity	\$15 million in overpayment recoveries per year		\$25 million in overpayment recoveries per year
	% of client fraud allegations investigated	Approved	Investigate approximately 10,000 allegations (100% of allegations received)			Investigate approximately 10,000 allegations (100% of allegations received)
	Disclosure of information and personal privacy	Approved	100% compliance to all requests	Discontinued		Discontinued
	Record Management System	Approved	100% compliance to legislated documentation requirements	Discontinued		Discontinued
	Regular Internal Audits/Reviews to monitor program delivery, staff practices and to identify areas for improvement and validate compliance	Approved	Comply with provincial directives	Discontinued		Discontinued
	% of single parent families receiving support	Approved	24,200 single parent families	27% of single families covered by support		Discontinued
	Employment Related Expenses (ERE)	Approved	Comply with provincial directives	Discontinued		Discontinued
	# of monthly Housing Stabilization Fund payments	Approved	n/a	3,600 monthly payments to OW & ODSP		3,600 monthly payments to OW & ODSP

The 2017 Services Levels are consistent with the approved 2016 Service Levels except for the following changes:

- The number of financial and employment benefit payments processed annually was decreased in 2016 due to a lower budgeted caseload. Based on actual experience the service metric has been increased to 1.3 million for 2017.
- The annual overpayment recoveries have been increased to reflect 2016 actual experience. Due to the implementation of Social Administration Management System (SAMS), data on this metric was not available during the 2016 budget process.
- The Percentage of Single Parent Families Receiving Support service level will be discontinued in 2017 as child support payments will be fully exempt from social assistance benefit calculations starting February 1, 2017. Child care support payments are currently treated as income and deducted dollar-for-dollar from benefits. Clients will also no longer be required to pursue child support as a condition of eligibility for social assistance.

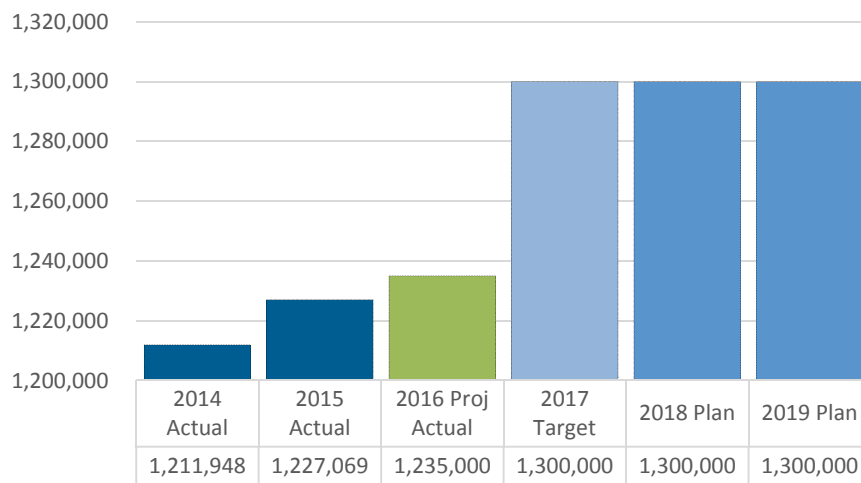
Service Performance Measures

Number of Monthly Housing Stabilization Fund Payments



- The number of Housing Stabilization Fund payments that have remained flat from 2014 to 2016, are projected to increase by 200 payments to 3,600 payments in 2017 and onwards due to proposed changes in eligibility criteria.
- HSF provides resources to prevent evictions and assists OW and ODSP clients to obtain housing, retain their housing or relocate to more appropriate or affordable accommodation.

Number of Payments Issued



- The total number of cheques, direct banking deposits and City Services Benefit Card payments have remained flat between 2014 and 2016.
- The number of payments issued to clients is expected to increase to 1,300,000 in 2017 and beyond.

Table 6
2017 Preliminary Service Budget by Activity

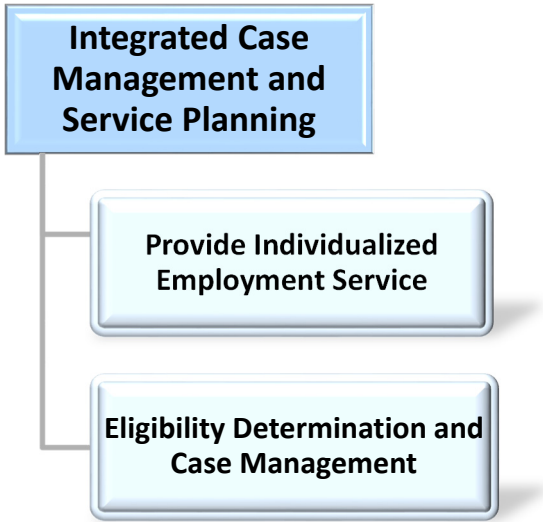
(\$000s)	2016	2017 Preliminary Operating Budget							Incremental Change						
	Budget	Base Budget	Service Changes	Preliminary Base	Prelim. Base Budget vs. 2016 Budget	% Change	New/Enhanced	Prelim. Budget	2017 Prelim. Budget vs. 2016 Budget		2018 Plan		2019 Plan		
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%	
GROSS EXP.															
Financial and Employment Benefits Administration	889,940.4	880,532.6	114.2	880,646.9	(9,293.5)	(1.0%)		880,646.9	(9,293.5)	(1.0%)	96.4	0.0%	76.0	0.0%	
Total Gross Exp.	889,940.4	880,532.6	114.2	880,646.9	(9,293.5)	(1.0%)		880,646.9	(9,293.5)	(1.0%)	96.4	0.0%	76.0	0.0%	
REVENUE															
Financial and Employment Benefits Administration	825,647.0	842,754.8	12.0	842,766.8	17,119.8	2.1%		842,766.8	17,119.8	2.1%	20,691.7	2.5%	(791.1)	(0.1%)	
Total Revenues	825,647.0	842,754.8	12.0	842,766.8	17,119.8	2.1%		842,766.8	17,119.8	2.1%	20,691.7	2.5%	(791.1)	(0.1%)	
NET EXP.															
Financial and Employment Benefits Administration	64,293.4	37,777.9	102.2	37,880.1	(26,413.3)	(41.1%)		37,880.1	(26,413.3)	(41.1%)	(20,595.4)	(54.4%)	867.1	5.0%	
Total Net Exp.	64,293.4	37,777.9	102.2	37,880.1	(26,413.3)	(41.1%)		37,880.1	(26,413.3)	(41.1%)	(20,595.4)	(54.4%)	867.1	4.8%	
Approved Positions	295.5	294.1	3.3	297.4	2.0	0.7%		297.4	2.0	0.7%	(6.4)	(2.1%)	(4.8)	(1.7%)	

Financial Supports provides income supports and health benefits to eligible Torontonians.

The Financial Supports' 2017 Preliminary Operating Budget of \$880.647 million gross and \$37.880 million net is \$26.413 million or 41.1% under the 2016 Approved Net Budget.

- The main driver for the significant year-over-year net decrease is attributed to the provincial upload of OW benefits, which will reduce the City's share from 5.8% in 2016 to 2.8% in 2017 and provide \$23.139 million in savings to the service.
- In addition, the 2017 OW Caseload has been set at 84,000, the same level as projected for 2016 and 6,000 cases lower than the 2016 approved budget. Therefore, the 2017 Preliminary Operating Budget includes a decrease of \$38.677 million gross and \$1.031 million net to reflect the 6,000 decrease in the average monthly caseload.
- Furthermore, expenditures related to Housing Stabilization Fund (HSF) and capped OW benefits such as prosthetics, adult dental and funerals that exceed the provincial cap for these programs, previously funded from the property tax base will now be funded from the Social Assistance Stabilization (SAS) reserve in the event the actual expenditures exceed the funding cap.
- The above reductions, however, were partially offset by the legislated OW rate increase of 1.5 per cent for adults receiving Ontario Works effective October 1, 2016. Singles without children receiving Ontario Works received a top-up, bringing their total increase to \$25 per month. This adds a budget pressure of \$18.153 million gross and \$0.508 million net.

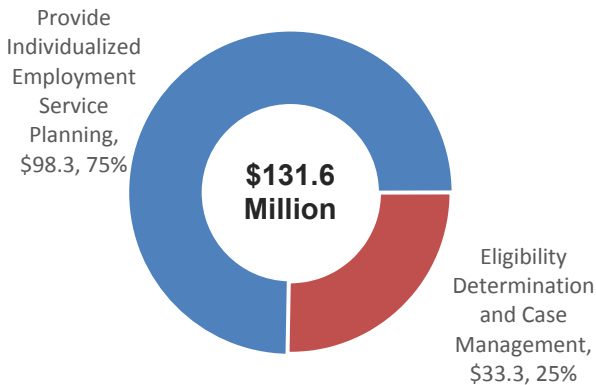
Integrated Case Management and Service Planning



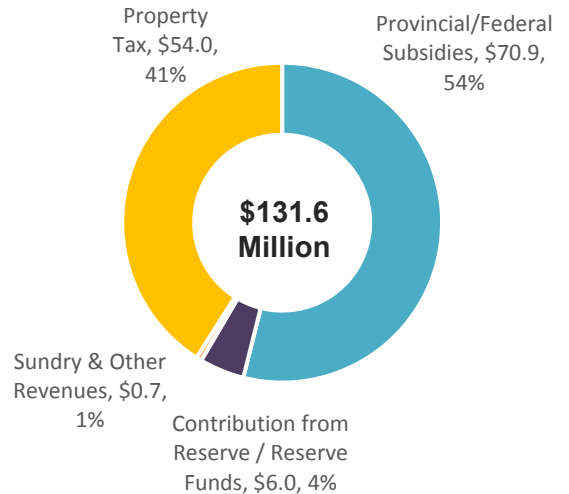
What We Do

- Access eligibility for OW benefits and services for City residents.
- Develop and update service plans that support employment goals and link individuals and families to key social supports.

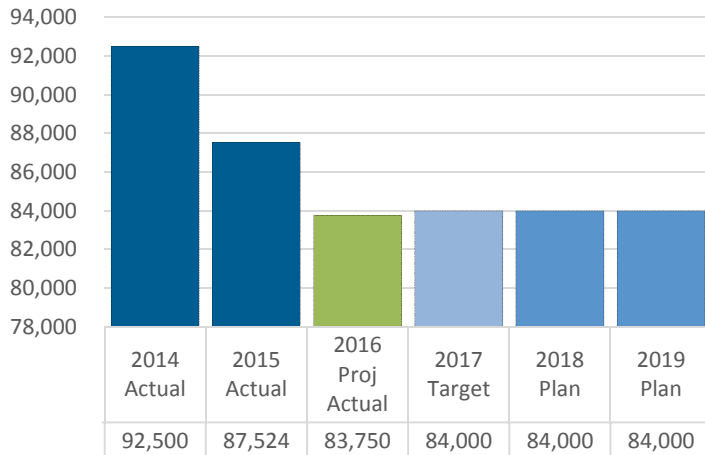
2017 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



Ontario Works Average Monthly Caseload



- The OW caseload is primarily determined by the City's economic environment and provincial policies.
- The average monthly caseload dropped from 92,500 in 2014 to 83,750 in 2016 as a result of the economic recovery in the aftermath of the 2008/09 recession.
- Caseload has been set at 84,000 for 2017, down 6,000 from the 2016 budget and in-line with current projections for 2016.

2017 Service Levels

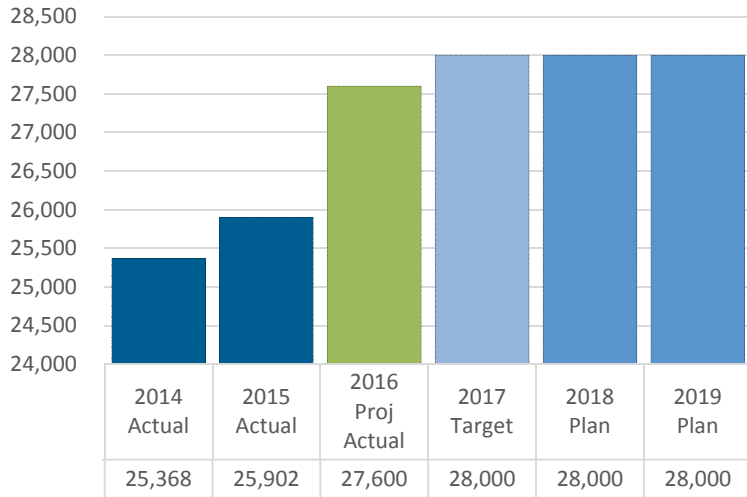
Integrated Case Management and Service Planning

Activity	Type	Status	2014	2015	2016	2017
Provide Individualized Employment Service Planning	# of individual service plans developed and updated	Approved	260,000 individual plans	245,000 individual plans	245,000 individual plans	200,000 individual plans
	% of clients with employment income	Approved	n/a	9.0% of clients with employment income	9.0% of clients with employment income	10.5% of clients with employment income
Eligibility Determination and Case Management	% of eligibility decisions reached within 4 business days	Approved	An eligibility decision within 7.0 business days	An eligibility decision within 5.0 business days	80% of eligibility decisions reached within 5 business days	60% of eligibility decisions reached within 4 business days
	Referrals to other relevant services and supports (i.e. shelter, ODSP, food banks, etc.)	Approved	100% of referrals identified through completed service plans	Discontinued		Discontinued
	% of appeals and Internal Reviews reviewed within legislated 30 day timeframe	Approved	Maintain 100% of all appeals and Internal Reviews reviewed	100% of all appeals and Internal reviews reviewed within legislated time frames (30 days)		100% of all appeals and Internal reviews reviewed within legislated time frames (30 days)
	# of OW and ODSP recipients receiving medical benefits	Approved	20,000 residents receive medical benefits	25,000 OW and ODSP recipients receive medical benefits		25,000 OW and ODSP recipients receive medical benefits
	# of families and single Torontonians assessed for eligibility for OW financial assistance	Approved	176,000 families and single Torontonians	172,500 families and single Torontonians	Discontinued	
	Provide assessment and referrals to appropriate social supports (e.g. Housing, Addictions Counselling, etc)	Approved	176,000 families and single Torontonians	Discontinued		Discontinued
	Extended Employment Health Benefit (EEHB)	Approved	Housing Stability Plan to be submitted to Council in Fall 2013	Discontinued		Discontinued
	# of approved welcome policy applications	Approved	n/a	150,000 approved applications		150,000 approved applications
	% of caseload on assistance more than 2 years	Approved	n/a	50% of caseload on assistance more than 2 years		50% of caseload on assistance more than 2 years
	average monthly OW cases served	Approved	n/a	average monthly caseload of 93,500	average monthly caseload of 90,000	average monthly caseload of 84,000
	# of OW applications processed annually	Approved	n/a	55,000 OW applications processed annually	55,000 OW applications processed annually	50,000 OW applications processed annually

- The service levels for number of service plans and OW applications have been reduced to 200,000 individual plans and 50,000 OW applications on an annual basis to reflect the lower average monthly caseload of 84,000.
- The eligibility decisions reached within 5 business days metric is no longer available. The metric in SAMS is eligibility decisions reached within 4 business days. The 2017 service level is consistent with 2016 experience.
- The percentage of clients with employment income metric was not available in the 2016 budget process due to SAMS reporting issues. The 2017 service level is consistent with the 2016 experience.

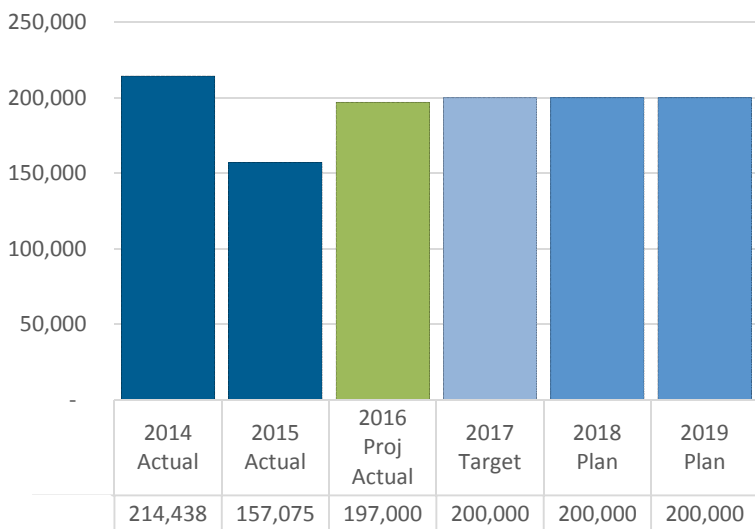
Service Performance Measures

Number of Ontario Works Clients Placed in Jobs



- The number of OW clients that exited OW for employment increased in 2016 as service levels returned to normal post implementation of SAMS.
- An increasing number of people on OW are more distant from the labour market, and require more intensive supports to transition to employment.
- The 2017 number is projected to increase to 28,000 and remain at that level going forward.

Number of Individual Service Plans Developed and Updated



- Service plans support employment goals and link individuals and families to key social supports.
- Caseworkers develop and document Individual Service Plans, including referrals to employment programs, education, language and accreditation service and funds to eligible individuals to participate in employment or skills training.

Table 6
2017 Preliminary Service Budget by Activity

(\$000s)	2017 Preliminary Operating Budget													
	2016	2017 Preliminary Operating Budget						2017 Prelim. Budget vs. 2016 Budget		Incremental Change				
	Budget	Base Budget	Service Changes	Preliminary Base	Prelim. Base Budget vs. 2016 Budget	% Change	New/Enhanced	Prelim. Budget	\$	%	2018 Plan	2019 Plan	\$	%
	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
GROSS EXP.														
Provide Individualized Employment Service Planning	38,673.5	34,274.5	(976.3)	33,298.2	(5,375.3)	(13.9%)		33,298.2	(5,375.3)	(13.9%)	(899.6)	(2.7%)	(479.2)	(1.5%)
Eligibility Determination and Case Management	101,138.6	99,919.3	(1,613.8)	98,305.4	(2,833.1)	(2.8%)		98,305.4	(2,833.1)	(2.8%)	(1,562.8)	(1.6%)	(969.0)	(1.0%)
Total Gross Exp.	139,812.1	134,193.8	(2,590.2)	131,603.6	(8,208.4)	(5.9%)		131,603.6	(8,208.4)	(5.9%)	(2,462.4)	(1.9%)	(1,448.2)	(1.1%)
REVENUE														
Provide Individualized Employment Service Planning	25,713.6	21,890.5	45.8	21,936.3	(3,777.3)	(14.7%)		21,936.3	(3,777.3)	(14.7%)	(2,206.0)	(10.1%)	(1,757.0)	(8.9%)
Eligibility Determination and Case Management	59,608.1	55,648.3	67.4	55,715.7	(3,892.4)	(6.5%)		55,715.7	(3,892.4)	(6.5%)	(2,960.5)	(5.3%)	(2,294.5)	(4.3%)
Total Revenues	85,321.7	77,538.9	113.1	77,652.0	(7,669.8)	(9.0%)		77,652.0	(7,669.8)	(9.0%)	(5,166.5)	(6.7%)	(4,051.4)	(5.9%)
NET EXP.														
Provide Individualized Employment Service Planning	12,959.9	12,384.0	(1,022.1)	11,361.9	(1,598.0)	(12.3%)		11,361.9	(1,598.0)	(12.3%)	1,306.4	11.5%	1,277.8	10.1%
Eligibility Determination and Case Management	41,530.4	44,270.9	(1,681.2)	42,589.8	1,059.3	2.6%		42,589.8	1,059.3	2.6%	1,397.6	3.3%	1,325.5	3.0%
Total Net Exp.	54,490.4	56,655.0	(2,703.3)	53,951.7	(538.7)	(1.0%)		53,951.7	(538.7)	(1.0%)	2,704.1	5.0%	2,603.3	4.4%
Approved Positions	1,467.2	1,401.3	(33.5)	1,367.9	(99.3)	(6.8%)		1,367.9	(99.3)	(6.8%)	(59.6)	(4.4%)	(45.2)	(3.5%)

Integrated Case Management and Service Planning develops individual service plans to support social assistance recipients in obtaining the financial, social, and employment services they require to stabilize their lives and achieve independence

The Integrated Case Management and Service Planning's 2017 Preliminary Operating Budget of \$131.604 million gross and \$53.952 million net is \$0.539 million or 1.0% lower than the 2016 Approved Net Budget.

- Base budget pressures are primarily due the decline in provincial program delivery funding of \$9.514 million, partially offset by increased OW reserve draw of \$5.680 million to fund the shortfall and \$0.802 million in line-by-line review savings.
- In order to offset the above pressures, the service was able to achieve efficiency savings of \$2.703 million net mainly through the implementation of a centralized model for eligibility review and post-eligibility management and other staff changes, followed by additional leasing revenues from ODSP to co-locate at Wellesley Place in order to improve and streamline services to mutual clients.



Part 3:

Issues for Discussion

Issues Impacting the 2017 Budget

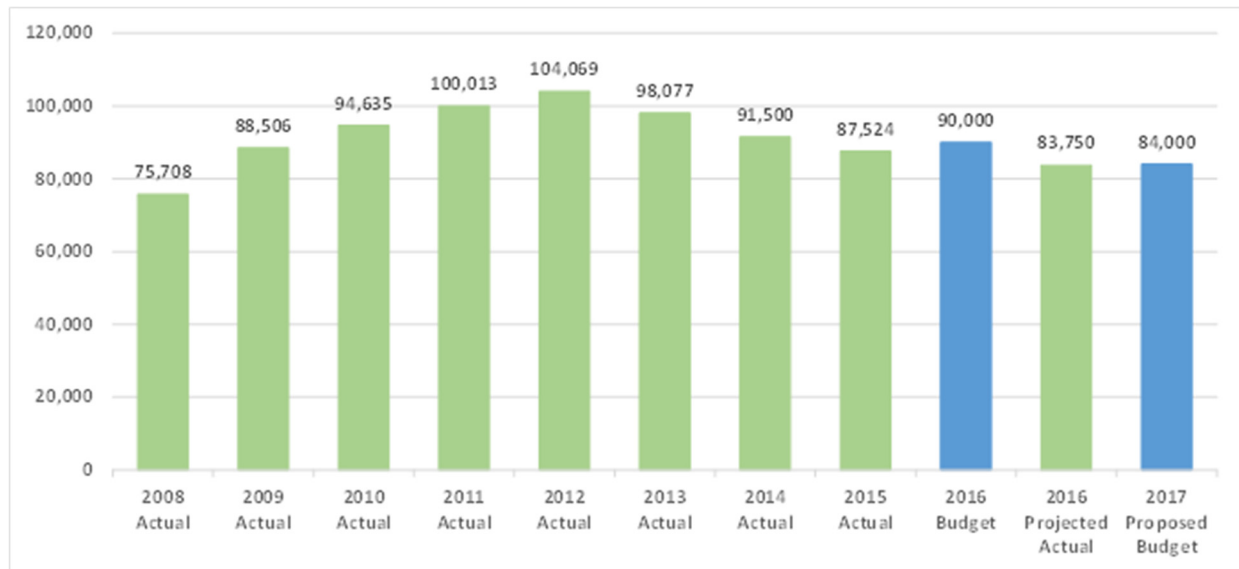
Budget Reduction Target

- At its meeting on July 12, 2016, the "2017 Budget Process: Budget Directions and Schedule" staff report (EX16.37) was submitted for consideration and adopted by City Council regarding the establishment of the 2017 Budget Process and the scheduling of the review and approval of the Tax and Rate Supported 2017 Operating Budget and 2017 – 2026 Capital Budget and Plan for the City of Toronto. (<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-94519.pdf>)
- City Council adopted an across the board budget reduction target of -2.6% net below the 2016 Approved Net Operating Budgets for all City Programs and Agencies utilizing strategies including but not limited to controlling expenditures through cost saving measures, and exploring all services for efficiency savings including opportunities from business process reengineering, streamlining, transformation and innovation to service delivery.
- The Toronto Employment and Social Services' 2017 Preliminary Operating Budget is \$1,083.234 million gross and \$110.551 million net, representing a 19.7% or \$27.192 million decrease from the 2016 Approved Net Operating Budget of \$137.743 million. The Program has exceeded the budget reduction target of -2.6% as set out in the 2017 Operating Budget Directions approved by Council for all City Programs, Agencies and Accountability Offices.
- These budget reductions were achieved by a combination of measures including a line-by-line review of expenditure based on actual experience, optimizing the office space use of Wellesley Place with ODSP, centralizing the pre and post eligibility review process, greater diligence and management of contracts, and reducing the number of summer part-time positions, all without service level impacts.
- In addition, the 2017 Preliminary Operating Budget for TESS includes a further budget savings in the amount of \$23.610 million due to the fact that the City's share of OW benefit costs is scheduled to drop to 2.8% in 2017 from 5.6% in 2016 and the entire budget savings has been fully captured in 2017.

Ontario Works Caseload

- Ontario Works (OW) is a mandatory province-wide program delivered under the OW Act and regulations that provides financial assistance to eligible Torontonians to help cover the costs of basic needs such as food and housing, and employment assistance to help social assistance recipients find a job.
- The average annual monthly caseload represents the number of families and singles served during the year and is the Program's key budget driver. As presented in the chart below, the caseload increased by 37% between 2008 and 2012 due to the recession. The subsequent recovery in Toronto's economy has seen a significant number of residents exiting OW and smaller numbers of residents needing assistance, resulting in declining caseloads.

Average Monthly Caseload 2008 – 2017



- The caseload has gradually declined since 2012 and is projected to be 83,750 cases in 2016 which is 6,250 cases or 6.9% lower than the 2016 budgeted average caseload of 90,000.
- Increasingly people remaining on OW are more distant from the labour market, remain on social assistance longer and require more intensive supports to transition to employment.
 - 50.3% of cases were on assistance more than 24 months in 2015 versus 34% in 2011.
 - A higher percentage of clients feel they cannot participate in the work force.
 - The top challenges to finding and/or keeping a Job as identified by OW recipients are poor health (temporary), lack of education and/or skills, transportation, lack of "Canadian" work experience, and language skills.
- The caseload budget is developed using a broad range of factors, including:
 - Historical trends, including previous recession experience,
 - Economic forecasts related to Toronto's labour market
 - Broader macroeconomic trends
 - Trends in caseload demographics
 - Provincial social assistance policy changes that impact caseload, and
 - Program objectives and initiatives.
- After careful consideration of the above factors, the caseload in the 2017 Preliminary Operating Budget has been set at 84,000 cases, the same level as projected for 2016 and 6,000 cases lower than the 2016 approved budget.

- The 2017 Preliminary Operating Budget includes a decrease of \$38.677 million gross and \$1.031 million net to reflect the 6,000 decrease in the average monthly caseload, as shown in Table 2 Key Cost Drivers.
- There are many forecast risks that could materially impact the caseload in 2017, notably the economic environment, Canadian exchange rates, oil prices and geopolitical events. Changing global and domestic economic conditions could significantly impact the labour market in Toronto, either positively or negatively, employment opportunities and hence caseload.
- If the caseload exceeds the budgeted 84,000 cases in 2017, the impact on the City could be mitigated by a draw from the Social Assistance Stabilization (SAS) Reserve Fund.
 - SAS was established by City Council in 1999 to stabilize social assistance costs and avoid unfunded pressures on the operating budget resulting from changes in caseload due to economic downturn or other such events.
 - The impact on the City in 2017 of an unbudgeted 10,000 caseload increase would be \$96.7 million gross and \$2.7 million net (excludes any potential increase in complement). The projected 2017 year-end balance in the SAS reserve is \$13.2 million.

Upload of ODSP/ODB and OW Benefits and the accelerated loss in Provincial funding assistance

- In August 2007, the Province announced that it would assume responsibility for funding Ontario Disability Support Program (ODSP) and Ontario Drug Benefit (ODB) client benefits and ODSP administration costs in a phased approach over the 2008 to 2011 time period.
- In the fall of 2008, the Province announced it would assume responsibility for funding Ontario Works benefits costs in a phased-in approach over the 2010 to 2018 time period. The City share of costs, which was 20% before the uploading commenced, is 5.8% in 2016 and is scheduled to drop to 2.8% in 2017 and 0% in 2018.
- The Province also confirmed through the "Provincial-Municipal Fiscal and Service Delivery Review" report in fall 2008 that "... Ontario Municipal Partnership Fund (OMPF) remains responsive to changes in municipal circumstances, such as upload of the ODB, and ODSP and OW Benefit and would be adjusted to reflect the reduction in municipal costs for these programs as the uploads are phased in".
- In 2013, the withdrawal of the social services component of the OMPF was \$20.8 million and it was expected that the remaining \$35.4 million would be withdrawn at a rate of approximately \$6.8 million per year through 2018.
- In June 2013, and without notice, the Province announced that it would accelerate the phase-out of the social services component over a three year period commencing in 2014. Under the revised schedule, the \$35.4 million was reduced at a rate of \$11.8 million per year, as opposed to \$6.8 million in the previous Provincial schedule.
- The following table illustrates the impact of the provincial upload from 2008 through 2018, net of the claw-back of the OMPF.
 - The budget savings from uploading is \$23.610 million in 2017 has been captured entirely in the 2017 Preliminary Operating Budget, thus resulting in a decrease of approximately 17% from the 2016 Council Approved Net Operating Budget.

- In 2018, the last year of the upload, the budget savings to the City is projected to be \$21.8 million. The aggregate budget savings to the City from 2008 through 2018 is \$244.9 million.

	City Cost Share Before Uploading %	2008 (\$M)	2009 (\$M)	2010 (\$M)	2011 (\$M)	2012 (\$M)	2013 (\$M)	2014 (\$M)	2015 (\$M)	2016 (\$M)	2017 (\$M)	2018 (\$M)
Ontario Drug Benefits	20%	(39.1)	0%									
Ontario Disability Support Program (Administration Costs)	50%		(20.0)									
Ontario Disability Support Program (Benefits Costs)	20%			(77.5)	(77.5)							
Ontario Works Benefit Upload (Benefits Costs)	20%			(5.8)	(5.4)	(15.1)	(28.3)	(24.0)	(23.0)	(22.1)	(23.6)	(21.8)
Savings from Upload		(39.1)	(20.0)	(83.3)	(82.9)	(15.1)	(28.3)	(24.0)	(23.0)	(22.1)	(23.6)	(21.8)
Original OMPF Clawback			19.7	20.8	20.8	20.8	20.8	6.8	6.9	6.8		
Accelerated loss in Provincial funding assistance								5.0	4.9	5.0		
Incremental Savings		(39.1)	(0.3)	(62.5)	(62.1)	5.7	(7.5)	(12.2)	(11.2)	(10.3)	(23.6)	(21.8)
Commulative Savings		(39.1)	(39.4)	(101.9)	(164.0)	(158.3)	(165.8)	(178.0)	(189.2)	(199.5)	(223.1)	(244.9)

Program Delivery Funding Envelope

- The Provincial funding envelope supports program administration and the provision of employment services to eligible OW and ODSP recipients. Eligible costs include salaries and benefits, office lease costs, travel, staff training, general office expenses, direct employment benefits for clients and employment services purchased from community agencies.
- Annual provincial funding is based on a subsidy per case, with caseload reset at the beginning of each two-year Ontario Works business cycle.
 - The caseload is calculated as the average monthly caseload for 24 months before the beginning of the business cycle and is fixed for the two-year business cycle.
 - The funding formula does not provide for annual inflationary increases.
- The table below shows the caseload used to calculate provincial program delivery funding for the last three OW business cycles as well as the caseload estimate for the next business cycle, which commences April 1st, 2017 and runs through March 31st, 2019.

	April 2011 March 2013	April 2013 March 2015	April 2015 March 2017	April 2017 - March 2019
Caseload	83,453	94,954	89,201	80,652
Increase / (Decrease)		11,502	(5,753)	(8,550)

- Based on the incomplete caseload data available from the Province, the Program is projecting caseload in the next business cycle will be down 8,550 cases or 9.6% to 80,652.
 - The total provincial caseload is projected to be down only 2%.
 - Actual caseload and provincial funding will be confirmed by the Province early in 2017.

- With a projected 8,550 case reduction in the caseload, 2017 provincial program delivery funding is projected to be down \$12.002 million to \$178.6 million.
 - The Program is absorbing the \$12.002 million reduction in provincial funding by a combination of efficiency savings (as illustrated in Table 3) and OW reserve draws of \$8.465 million.
- If the province had built an inflationary adjustment in the funding formula from its inception in 2011, there would be no funding short-fall in 2017.

Business Modernization & Transformation Initiatives

- The *Service Delivery Model (SDM) Renewal* project focuses on the processes and paths by which TESS delivers services to City residents. It will provide a framework for transformation and continuous improvement to simplify, streamline and increase system access to services for public.
 - Organizes the system from the client perspective;
 - Recognizes the client as the central driver of service planning;
 - Increases access and offers choice with multiple channels of access that are based on client needs, characteristics and goals;
 - Facilitates the connection of the applicant with his/her ongoing caseworker from the first point of contact;
 - Service needs determination and monitoring is initiated at the first point of contact; and
 - Client tells their story once, TESS reuses the information.
- The *Human Services Integration* project which is included in the 2017 – 2026 Preliminary Capital Budget and Plan for TESS is a partnership between Children's Services, Shelter, Support and Housing Administration, and TESS that is focused on transforming delivery of services across the primary income support programs: rent geared to income (RGI) housing subsidies (SSHA), Child Care Fee Subsidy (TCS), and OW (TESS). Transformation will be achieved through integrated strategies across channels, supported by technology-based solutions and a robust change management strategy
 - Each program has a set of common functions (information, application, eligibility, waitlist management, placement, and case management) that are largely delivered separately from each other. As a result, clients are forced to navigate multiple and distinct service pathways to access the services that they need, clients must repeat their story multiple times within and across Divisions, clients are not informed of the broad range of human services and are at risk of falling through the cracks, staff skills are inefficiently and ineffectively utilized, and there is duplication in service delivery.
 - Through integration, the HSI project seeks reduce the amount of time spent on manual administrative processes to value-add case management and service navigation with clients.
 - Seed funding of \$0.350 million is included in the 2017 Preliminary Capital Budget which will enable the Program to begin research, planning and scoping of the Channel and Identity Management Strategies, develop telephony requirements, and complete a gap analysis as well as to identify digital tools that will enhance the delivery of human services through the *Human Services Integration* project in 2017.
- The *Paperless Office* project objective is to transition the Program's client file management practice from its existing paper driven nature into a more efficient digitalized operation by delivering a solution consisting of

organizational change management, business process automation, and an electronic document and records management system.

- The Program produces and maintains physical case files for individual clients. These case files contain a collection of documents, such as signed application form for social assistance, photocopies of birth certificates, supporting documentation, other personal documents and information required to establish a client's eligibility for assistance.
 - Currently, there are approximately 170,000 OW client case files stored at local offices.
 - Inactive files, which are the files of clients who are no longer on social assistance, are retained in the City of Toronto Record Center for 7 years.
 - Upon completion at the end of 2018, the project will eliminate costs associated with file creation, photocopying, filing, and retrieval of physical files, reduce paper usage and over the longer term, reduce space requirements in the Program's offices. The *Paperless Office* project is expected to generate future savings of \$1.228 million in 2019, as shown in the Table 5 2018 and 2019 Plan, through eliminating manual activities by staff to prepare files for archival and search for misplaced files, reduce paper usage and physical storage costs.
- The *Two Way Secure Email Communication* project will expand the existing channels of communication available for clients and staff to include the use of two way secure e-mail communication.
 - The Program's current forms of communication are limited to "in person" and "phone" channels. Two-way e-mail communication will be used to set up appointments, confirm appointments, submit required documents, request mandatory benefits, receive reminders to submit information and receive information on agencies and/or referrals to other agencies.
 - Email communication between staff and OW clients can include attachments such as letters and forms and allows users to send, track, and receive emails securely.
 - Once implemented, the system will reduce administration, increase staff productivity, decrease the number of lost documents, and improve customer service for residents accessing the OW program.



Appendices

Appendix 1

2016 Service Performance

Key Service Accomplishments

In 2016, Toronto Employment and Social Services accomplished the following:

- ✓ Supported 27,600 clients to either exit OW for employment or start a job placement.
- ✓ Managed an average monthly caseload of 83,750 and assessed 50,000 applications for Ontario Works (OW).
- ✓ Issued \$818 million in financial, employment and medical benefits.
- ✓ Developed / updated 197,000 individual service plans.
- ✓ Implemented key recommendations of the City's 2016 Poverty Reduction Plan:
 - Expanded access to dental services through the 23 Toronto Public Health dental clinics.
 - Introducing new intensive case management programs aimed at reducing the proportion of long-term cases on social assistance.
 - Exceeding our PAYE targets of serving over 2,000 youth and working with more than 120 employers to connect 600 youth to jobs.
 - Developed an information sharing agreement with TCHC to reduce/prevent evictions.
- ✓ Leveraging opportunities to more effectively and efficiently deliver social assistance to City residents:
 - TESS and ODSP will be co-locating at multiple sites to improve and streamline services to mutual clients,
 - Introduced innovative business solutions including expansion of e-services for OW clients, automated registration services and paperless office strategies.
 - Exploring opportunities to expand co-located sites with other City Cluster A divisions.
- ✓ In conjunction with TCS, and SSHA continue to advance the City's Human Services Integration initiative:
 - Development and implementation of an integrated web presence.
 - Development and implementation of an online benefits and services finder (November 2016).
- ✓ Continue to advance the objectives of the City's Workforce Development Strategy:
 - Improved strategies to engage employers.
 - Pursuing sector focused approaches to increase employment opportunities for social assistance clients,
 - Advanced work-based learning opportunities for youth.
 - Launching new youth internship program with Corporate HR (October 2016).
 - Leading the City's Workforce Development Month activities including 30+ events held across the City, held in partnership with a range of City Divisions and Community partners.
- ✓ Increasing access to employment related benefits to support OW clients search for work and obtain training and education.
- ✓ Recipient of Toronto Ombudsman Award for the new Decision Review Model.

Appendix 2

2017 Preliminary Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2014	2015	2016	2016	2017	2017 Change		Plan	
	Actual	Actual	Budget	Projected	Preliminary	from 2016		2018	2019
	\$	\$	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	185,179.5	185,842.3	194,106.9	185,944.1	184,739.3	(9,367.7)	(4.8%)	182,577.0	181,616.2
Materials and Supplies	13,851.4	12,437.2	14,297.3	11,881.2	14,134.9	(162.4)	(1.1%)	14,134.9	14,134.9
Equipment	177.7	907.4	281.3	668.8	731.3	450.0	160.0%	715.3	251.3
Services & Rents	77,575.3	76,774.8	90,121.1	81,569.8	89,613.6	(507.4)	(0.6%)	89,489.6	89,953.6
Contributions to Capital	586.4				350.0	350.0	-		
Contributions to Reserve/Res Funds	20,685.8	7,828.2	1,028.2	1,028.2	1,028.2			1,028.2	1,028.2
Other Expenditures	740,736.3	748,492.6	782,763.3	761,833.4	775,025.5	(7,737.8)	(1.0%)	775,325.5	775,425.5
Interdivisional Charges	19,041.5	23,055.8	18,281.7	14,891.4	17,610.9	(670.8)	(3.7%)	17,125.4	16,673.9
Total Gross Expenditures	1,057,833.9	1,055,338.3	1,100,879.9	1,057,817.0	1,083,233.8	(17,646.1)	(1.6%)	1,080,395.9	1,079,083.7
Interdivisional Recoveries	218.2	425.6	396.4	396.4	875.3	478.9	120.8%	642.0	642.0
Provincial Subsidies	851,495.1	878,020.6	925,796.9	899,972.3	930,507.0	4,710.1	0.5%	948,638.1	948,638.1
Federal Subsidies							-		
Other Subsidies	23,704.6	11,852.1					-		
User Fees & Donations	147.7	87.7		26.8	150.0	150.0	-	300.0	300.0
Transfers from Capital Fund	499.9						-		
Contribution from Reserve/Reserve Funds	7,757.9	8,558.1	19,143.3	4,885.1	23,350.3	4,207.0	22.0%	19,775.4	14,093.5
Sundry Revenues	17,016.5	17,784.5	17,800.0	17,641.4	17,800.0			17,800.0	17,800.0
Total Revenues	900,839.9	916,728.6	963,136.6	922,922.0	972,682.6	9,546.0	1.0%	987,155.5	981,473.6
Total Net Expenditures	156,994.0	138,609.7	137,743.3	134,895.0	110,551.2	(27,192.1)	(19.7%)	93,240.4	97,610.1
Approved Positions	2,062.0	2,042.0	2,120.0	2,068.0	2,012.0	(108.0)	(5.1%)	1,933.0	1,873.0

* Based on the 2016 9-month Operating Variance Report

The 2016 average monthly caseload is projected to be 83,750, 6,250 cases or 6.9% lower than budget. The year-end net under-expenditure is projected to be \$2.8 million or 2.1 % primarily due to lower caseload driven client benefits and program delivery expenditures, partially offset by lower expenditure based provincial subsidies and lower draws from reserves.

For additional information regarding the 2016 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "*Operating Variance Report for the Nine-Month Period Ended September 30, 2016*" considered by City Council at its meeting on December 13, 2016.

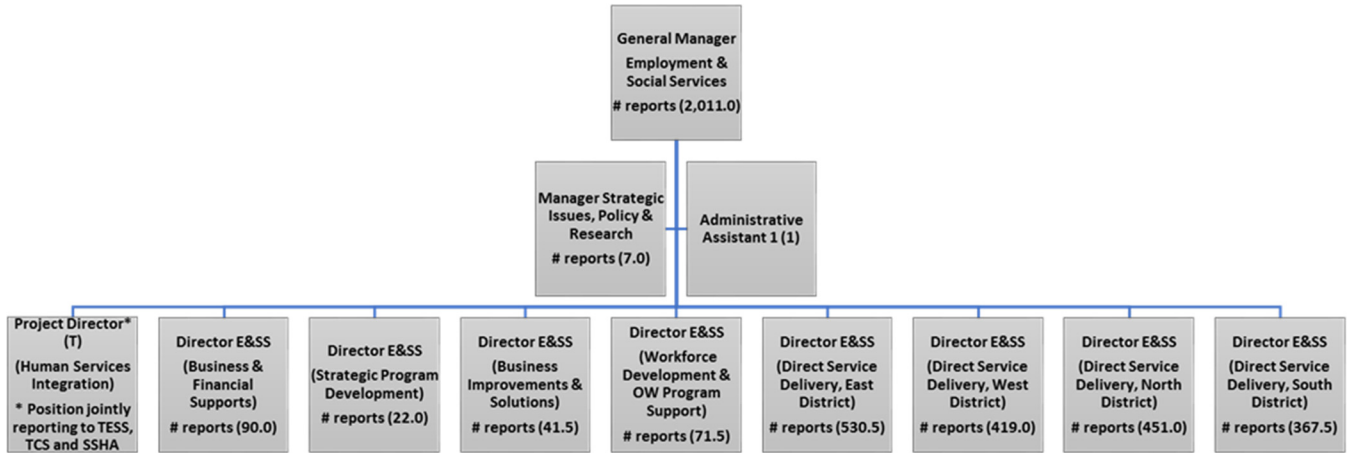
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.BU26.4>

Impact of 2016 Operating Variance on the 2017 Preliminary Operating Budget

- The favourable 2016 year-end variance is largely due to lower caseload. The 2017 caseload budget has been adjusted to 84,000 cases, the same level as projected for 2016 and 6,000 cases lower than the 2016 approved budget. As such, the 2017 Preliminary Operating Budget includes a decrease of \$38.677 million gross and \$1.031 million net to reflect the 6,000 decrease in the average monthly caseload.

Appendix 3

2017 Organization Chart



2017 Total Complement

	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	9	298	1	1,659	1,967
Temporary	1	19		25	45
Total	10	317	1	1,684	2,012

Appendix 4

Summary of 2017 Service Changes

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance			35,552.6	25,696.9	16,530.4
National Child Benefit Supplement	XR2102				
<i>Proposed Withdrawals (-)</i>			(10,211.2)	(9,423.5)	(9,123.5)
<i>Contributions (+)</i>			355.5	257.0	165.3
Total Reserve / Reserve Fund Draws / Contributions		-	25,696.9	16,530.4	7,572.2
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		35,552.6	25,696.9	16,530.4	7,572.2

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance			5,666.6	4,214.6	2,750.6
Kids at Computer Scholarship Project	XR2104				
<i>Proposed Withdrawals (-)</i>			(1,500.0)	(1,500.0)	(1,500.0)
<i>Contributions (+)</i>			48.0	36.0	36.0
Total Reserve / Reserve Fund Draws / Contributions		-	4,214.6	2,750.6	1,286.6
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		5,666.6	4,214.6	2,750.6	1,286.6

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance			22,588.3	14,349.4	9,011.0
Ontario Works	XR2101				
<i>Proposed Withdrawals (-)</i>			(8,464.8)	(5,481.9)	
<i>Contributions (+)</i>			225.9	143.5	90.1
Total Reserve / Reserve Fund Draws / Contributions		-	14,349.4	9,011.0	9,101.1
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		22,588.3	14,349.4	9,011.0	9,101.1

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance			21,543.2	13,171.9	9,700.6
Social Assistance Reserve Fund	XQ1054				
<i>Proposed Withdrawals (-)</i>			(8,371.3)	(3,471.3)	(3,471.3)
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		-	13,171.9	9,700.6	6,229.3
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		21,543.2	13,171.9	9,700.6	6,229.3

* Based on 9-month 2016 Reserve Fund Variance Report

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance		36,287.6	36,287.6	36,551.2	36,814.8
Sick Leave Reserve Fund	XR1007				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			263.6	263.6	263.6
Total Reserve / Reserve Fund Draws / Contributions		36,287.6	36,551.2	36,814.8	37,078.4
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		36,287.6	36,551.2	36,814.8	37,078.4

* Based on 9-month 2016 Reserve Fund Variance Report

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2016 *	Withdrawals (-) / Contributions (+)		
			2017	2018	2019
		\$	\$	\$	\$
Projected Beginning Balance		19,645.5	19,645.5	20,410.1	21,174.7
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>			764.6	764.6	764.6
Total Reserve / Reserve Fund Draws / Contributions		19,645.5	20,410.1	21,174.7	21,939.3
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		19,645.5	20,410.1	21,174.7	21,939.3

* Based on 9-month 2016 Reserve Fund Variance Report