



STAFF REPORT ACTION REQUIRED

Overview of a Report on an Ontario Income Security Review

Date:	July 27, 2010
To:	Community Development and Recreation Committee
From:	Heather MacVicar, General Manager, Employment & Social Services
Wards:	All
Reference Number:	

SUMMARY

On May 10, 2010, the Social Assistance Review Advisory Council (SARAC), a panel appointed by the government of Ontario to recommend a scope and terms of reference for reviewing Ontario's social assistance system, released *Recommendations for an Ontario Income Security Review*.

Noting that Ontario Works (OW) and the Ontario Disability Support Program (ODSP) represent only 23% of all Provincial and Federal income security program spending, the SARAC Report recommends that the Province look beyond OW and ODSP and undertake a comprehensive review of the full range of Ontario's income security programs and related employment supports, including Federal programs such as Employment Insurance (EI). The Report also recognizes that an investigation of the roles of municipalities and communities should be undertaken as part of the review.

Key recommendations put forward by SARAC with respect to changes to income security programs are consistent with positions adopted by City Council over the past several years.

This report provides a brief overview of *Recommendations for an Ontario Income Security Review*, identifying the major directions put forward by SARAC , as well as the steps proposed to carry out the review. This report also reviews the changes that have been proposed to the Special Diet Allowance program by the Province based on available information.

RECOMMENDATIONS

The General Manager of Employment & Social Services recommends that:

1. Consistent with positions City Council has already taken with respect to income security, employment services and social supports, City Council endorse in principle the broad directions and process proposed by the Social Assistance Review Advisory Council (SARAC) for a comprehensive and timely review of Ontario's income security system.
2. City Council request the Province of Ontario to engage and consult the City of Toronto as an order of government through the process established to review Ontario's income security system.
3. City Council request the Mayor and the Chair of the Community Development and Recreation Committee to write to the Minister of Community and Social Services conveying Council's position with respect to the directions and process proposed by SARAC, and urging the Province to commence the review as soon as possible.

Financial Impact

There are no financial implications arising from this report.

DECISION HISTORY

In December, 2008, the Provincial government released *Breaking the Cycle: Ontario's Poverty Reduction Strategy*, a strategy which set a target to reduce child and family poverty in Ontario by 25% in five years. The strategy outlined a number of steps that the government would take to meet this commitment, including a review of social assistance, "with a goal of removing barriers and increasing opportunity" and a focus on helping people move from social assistance into employment.

The Province's commitment to a social assistance review was placed within the context of a commitment to "smarter government" and a goal to, "better align social assistance and other key programs and initiatives, better communicate program rules and ensure that programs as a collective, work to achieve the aims of increasing opportunity for the individual."

As stated, on May 10, 2010 the Social Assistance Review Advisory Council (SARAC) released their report; *Recommendations for an Ontario Income Security Review*.

ISSUE BACKGROUND

There is a growing sense that current income security programs are flawed and increasingly "out of sync", given deep and pervasive changes in demographics, labour markets, social and economic institutions and systems, and the changes made to the array

of programs themselves that make up what can only loosely be called an income security system. The result has been numerous calls for reviews of various income security programs, most notably, social assistance.

The last major review of the social assistance system in Ontario was completed in 1988. Entitled *Transitions*, the report proposed major changes to social assistance. However, the devastating recession of the early 1990's meant that many of the recommendation therein were never acted upon.

Over the past several years, through a range of other reports and strategies¹, the City has set out positions across a broad array of program areas and sectors that call for more effective solutions to city social and economic issues, including changes to income security programs. In *Systems of Survival, Systems of Support: an the Action Plan for Social Assistance in Toronto*, adopted by Council in 2006, and *Starting in the Right Place: A New Approach to Employment and Social Services in Toronto*, adopted in 2008, the City has set out recommendations and actions required by all orders of government to transform the delivery of social assistance in the City of Toronto. These reports also called on the Province to take a more systematic approach to addressing poverty.

In December, 2009, on the first anniversary of the release of Ontario's Poverty Reduction Strategy, the Minister of Children and Youth Services announced that an advisory panel of 11 community leaders had been established to provide recommendations to the Province on how to proceed with a social assistance review. SARAC was given the task to "advise the Minister of Community and Social Services on possible short-term changes to social assistance rules and to provide the Province with a recommended scope for a review of Ontario's social assistance system."

In June, 2010, SARAC released *Recommendations for an Ontario Income Security Review*. In this report, SARAC called for a comprehensive review of income security in the province, rather than a more limited review of OW and ODSP that make up the Province's social assistance system.

The following section briefly discusses the direction proposed by SARAC to guide the review of income security in Ontario.

COMMENTS

I. Overview of SARAC Proposals

In *Recommendations for an Income Security Review*, SARAC states that a "bold vision" is required for a review of income security in Ontario, including but not limited to social

¹ These include but are not limited to: the City's *Community Safety Plan and Strong Neighbourhoods Initiative, Housing Opportunities Toronto*, a ten year affordable housing action plan, the *2010-2014 Toronto Child Care Service Plan*, and the City's *Prosperity Agenda*, which recognizes that economic inclusion is both a social good and an economic imperative.

assistance programs. In a covering letter to the Hon. Madeleine Meilleur, Minister of Community and Social Services, referencing the Ontario government's Poverty Reduction Strategy, Gail Nyberg, Chair of SARAC wrote:

"Our report proposes a comprehensive assessment of income security, employment supports and related services for working age adults, which builds on the foundation laid out in Breaking the Cycle and its vision "of a province where every person has the opportunity to achieve his or her full potential and contribute to and participate in a prosperous and healthy Ontario."

Citing "deep and continuing dissatisfaction with the existing approach to social assistance" in the province, the SARAC report maintains that the Province urgently needs to move from a "rule bound, complicated, hard to understand" set of programs to a transformed income security system that will:

- contribute to labour market opportunities to ensure jobs provide real pathways out of poverty;
- provide workforce development and related services to help all Ontarians do better, including support for out-of-work and underemployed Ontarians to transition into sustainable employment; and
- support Ontarians in good and bad times, through livable incomes and community supports.

The SARAC report recommends that the Ontario Income Security Review explore six "strategic directions for reform". These strategic directions should form the basis for consultations with stakeholders across the province with a view to developing a detailed "roadmap" for "implementing a transformed system". Attachment 1 provides an overview of these directions.

The Report further notes that the review should include a plan to deal with the financial implications and mechanisms required to support a transformed income security system, noting that the federal government will need to be engaged in the process. However, there is clear recognition that the absence of a willing federal partner must not impede the task of identifying the reforms required to transform Ontario's income security system.

With respect to how the review is carried out, the Report recommends the appointment of two commissioners who would be ultimately responsible for delivering a plan to transform Ontario's income security system. The commissioners would be supported by an advisory council representing diverse geographic, sectoral, and social perspectives, including persons with lived experience of poverty, and a small, full-time secretariat.

SARAC calls for a review process to be conducted over a period of 12-18 months, with wide ranging participation, including a panel of persons with lived experience; public consultations, supported by Members of Provincial Parliament, in communities across the province; separate discussions with First Nations; expert panels; and written input.

As part of its initial work, the Advisory Council proposed a list of short-term rule changes within the social assistance system, which were submitted to the Province in February 2010. In March, 2010, the Province announced that they would implement four of these short-term recommendations (see Attachment 2), involving rule changes to OW and ODSP. These changes affect a relatively small number of OW and ODSP cases. However, they do represent positive, albeit very limited, changes to social assistance.

Finally, and pivotally, while acknowledging the Province's difficult fiscal situation, SARAC strongly argues for transforming the Province's income security system, because of Ontario's fiscal situation, not despite it; noting that now is the time for Ontario to "plan for the income security system it wants to build as part of its economic recovery."

II. City's Perspectives on SARAC Recommendations

Given the City's long standing recognition of the need for a broad review of social assistance programs, the release of SARAC's report is welcome. Further, as the City has continually called for improvements to Federal and Provincial income security programs and policies, the broader scope proposed by the Advisory Committee is appropriate and necessary.

The key strategic directions detailed in the SARAC report are consistent and aligned with the direction the City has been moving in for some time, and with positions that the City has adopted. These include directions with respect to social assistance program design, the integration of employment services across program areas, the role of local governments in planning, managing and delivering effective services to residents, and the critical importance of access to programs and their adequacy.

In reality, social assistance has become an ever more critical support for people in Toronto who lose their job, who are underemployed or who are seeking assistance to enter or return to the labour market. Toronto's unemployment rate remains high, at 10.6% in June 2010, significantly above the regional, provincial and national rates.

Currently, about 1 in 9 city residents, or 235,000 people, rely on the City's social assistance delivery system at some point in a given year. In addition, thousands of unemployed and underemployed residents who are not on social assistance use TESS' employment centres and attend job fairs sponsored by the division.

Ontario Works is thus an integral part of Toronto's safety net and a significant contributor to the city's social inclusion, poverty and prosperity strategies. While the City of Toronto is mandated by the Province to deliver the OW program, Toronto's social assistance delivery system has been thoroughly shaped by its response to the needs of Toronto residents. Therefore, any review and ultimate reform or transformation of social assistance, and the larger income security system, must ensure that OW provides an adequate social safety net along with the employment services and supports required to support vulnerable city residents to participate in the labour market and share in and contribute to the long-term prosperity of the city and province.

However, the City has also noted, as has the SARAC report, the failure of social assistance to provide livable benefit levels, especially for families without children and single individuals. This issue is greatly exacerbated in Toronto, in large part due to housing costs, which are significantly higher than in most other communities.

For this reason, beyond the broader system reform positions articulated by SARAC, the Advisory Council's observation that, "at the local level there are best practices that have emerged that have found ways to sidestep or push ahead of regulation to best respond to local needs, issues, challenges and mandates...", is noteworthy.

Toronto has been actively fulfilling one of SARAC's overarching imperatives with respect to OW: that it be turned "upside down". According to SARAC, today OW "is a program that provides social assistance with some employment supports. The new program should primarily be focused on human capacity development, with financial assistance as just one of the tools available to assist low income Ontarians. This review should examine how a transformed Ontario Works can provide access to critical services and supports to unemployed and underemployed residents."

This sentiment epitomizes the efforts the City has been making to transform the planning, management and delivery of employment services and financial benefits in Toronto. Through its *Action Plan for Social Assistance*, approved by Council in 2006, and *Starting in the Right Place: A New Approach to Employment and Social Services in Toronto*, approved by Council in 2008, TESS, on behalf of the City, is promoting new approaches to workforce development, and initiating best practices, like the Metro Hall Employment Services, which is recognized in the SARAC report.

Two recent reports to Council², jointly prepared by TESS and Economic Development & Culture, outline the steps being taken to build the foundations for a more effective workforce development strategy in Toronto. These reports detail the initiatives and projects currently underway that address both the demand and supply side of the labour market and improve the planning, management and delivery of critical employment and social services to city residents.

To enable these innovative and effective local initiatives to flourish, the City strongly supports SARAC's call for encouraging pilots and demonstration projects as a very effective way of promoting and capturing local best practices.

From the City's perspective, it is also essential that local perspectives are effectively represented and local input is effectively integrated into the review process. SARAC's

² "An Update on City Actions to Promote Economic and Workforce Development", approved by the Joint Economic Development and Community Development & Recreation Committees March 2010, and "Advancing Workforce Development in Toronto: Emerging Principles, Approaches and Next Steps", adopted by City Council in July 2010 provide a detailed discussion of the need to better integrate economic and workforce development in Toronto and the steps being taken to support that.

report does not specifically mention local governments in its discussion of how the review should be conducted.

The approach employed through the Provincial-Municipal Finance and Service Delivery Review, which recognized the City as an order of government, represents a valid model for Toronto's role in such a review, particularly given the scope proposed by SARAC. This report therefore recommends that the City's participation in the proposed Provincial review, and in related consultations, reflect its role as a government and as a major contributor to the planning, management and provision of key income security and employment programs in Toronto.

III. Update on Special Diet Allowance

In addition to considering the SARAC's near-term recommendations noted above, as part of its 2010 budget, the Province announced the replacement of the Ontario Works Special Diet Allowance benefit with a new nutritional supplement program. The Province stated that the Ministry of Health and Long-Term Care (MOHLTC), on behalf of the Ministry of Community and Social Services (MCSS), would administer this new program to social assistance recipients.

To allow people to adjust to the change, the Province also announced that there would be a transition period for the implementation of the new program and that the current Special Diet Allowance benefit was to continue until further notice. At the time of the announcement, the Province indicated further details regarding the new nutritional supplement program and the transfer of administrative responsibility from MCSS and municipalities to the MOHLTC would be provided in the near future.

TESS has previously reported on the Special Diet Allowance benefit including at the December 14 and 16, 2005 Council meeting with the Community Services Committee report "Ontario Works, Special Diet Allowance Update" and at the December 11, 12 and 13, 2007 Council meeting with the Community Development and Recreation Committee report entitled Ontario Works Special Diet Allowance – 2007 Update. This issue of the special diet benefit has also been addressed by Toronto Public Health, most recently in their Update on Proposed Changes to the Special Diet Allowance report sent to the June 28 meeting of the Board of Health.

Advocacy groups and a group of sympathetic health professionals have taken the position that, as a result of inadequate social assistance rates, social assistance recipients should be entitled to the maximum \$250 monthly special diet allowance provided for under the Ontario Works Act (OWA).

The City of Toronto has long recognized and shared concerns that social assistance rates do not meet the basic needs of low income residents. Current social assistance rates do not adequately address the cost of living and make it difficult to ensure that low income residents have the ability to purchase healthy food.

In 2006, Council adopted the report “Systems of Survival, Systems of Support: An Action Plan for Social Assistance in the City of Toronto” which recommended the adjustment to the benefit rate structure to address this inadequacy. Consistent with this report and SARAC's recommendations, TESS remains committed to advocating for fair and equitable access to basic needs benefits that are adequate for all OW recipients in Toronto while maintaining a separate nutrition related benefit for those recipients suffering from chronic illnesses.

To date, the City has not received any additional information regarding the new nutritional supplement or the transferring of administrative responsibilities to the MOHLTC. As such, it is impossible at this time to assess the impact of the new program on Toronto residents.

Conclusion

Based on the steps it has been taking to improve benefits and services for underemployed and unemployed Toronto residents, the City supports the broad directions for a review of income security proposed by SARAC. A wide ranging and meaningful review of income security programs and policies in Ontario is essential to ensure that the City's efforts to continue the necessary evolution of its programs and services can be as far reaching as they need to be.

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ATTACHMENTS

Attachment 1: SARAC recommendations for six strategic directions for reform
Attachment 2: SARAC recommendations for short term outcomes