



City Budget 2012

Toronto Employment & Social Services Operating Budget Analyst Notes

The City of Toronto's budget is presented by program and service, in Analyst Note format. The City's Operating Budget pays the day-to-day operating costs for City services.

2012 Operating Budget

2012 OPERATING BUDGET ANALYST BRIEFING NOTES BUDGET COMMITTEE NOVEMBER 28, 2011

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PART I: RECOMMENDATIONS

2012 Recommended Operating Budget

(In \$000s)

(In \$000s)	2011		2012 Recommended Operating Budget			Change - 2012 Recommended Operating Budget v. 2011 Appvd. Budget		FY Incremental Outlook	
	2011 Appvd. Budget	2011 Projected Actual	2012 Rec. Base	2012 Rec. New/Enhanced	2012 Rec. Budget		%	2013	2014
	\$	\$	\$	\$	\$			\$	\$
GROSS EXP.	1,208,370.3	1,144,317.1	1,225,120.8	0.0	1,225,120.8	16,750.5	1.4	1,088.3	(10.1)
REVENUE	1,007,695.3	950,302.7	1,027,366.7	0.0	1,027,366.7	19,671.4	2.0	1,751.2	19,486.4
NET EXP.	200,674.9	194,014.4	197,754.1	0.0	197,754.1	(2,920.8)	(1.5)	(662.8)	(19,496.5)
Approved Positions	2,289.0	2,256.0	2,190.5	0.0	2,190.5	(98.5)	(4.3)	2,189.0	2,189.0

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 10% Reduction vs. 2012 Rec'd Reduction	Target %
2012 Reductions	(20,022.2)	(25,070.8)	(5,048.6)	12.5%

Recommendations

The City Manager and Chief Financial Officer recommends that:

1. City Council approve the 2012 Recommended Operating Budget for Toronto Employment and Social Services of \$1,225.121 million gross and \$197.754 million net, comprised of the following services:

<u>Service(s):</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Financial Assistance	1,085,388.4	153,016.2
Employment Services	135,760.1	43,843.2
Social Supports	3,972.4	894.7
Total Program Budget	1,225,120.8	197,754.1

2. The General Manager of Toronto Employment & Social Services pursue discussions on funding the Hardship Fund with the Provincial Government and report back as appropriate.
3. The General Manager of Employment & Social Services pursue discussions with external agencies for the transfer of operational and financial responsibility of the Christmas Bureau and report back as appropriate.

PART II: 2012 SERVICE OVERVIEW AND PLAN

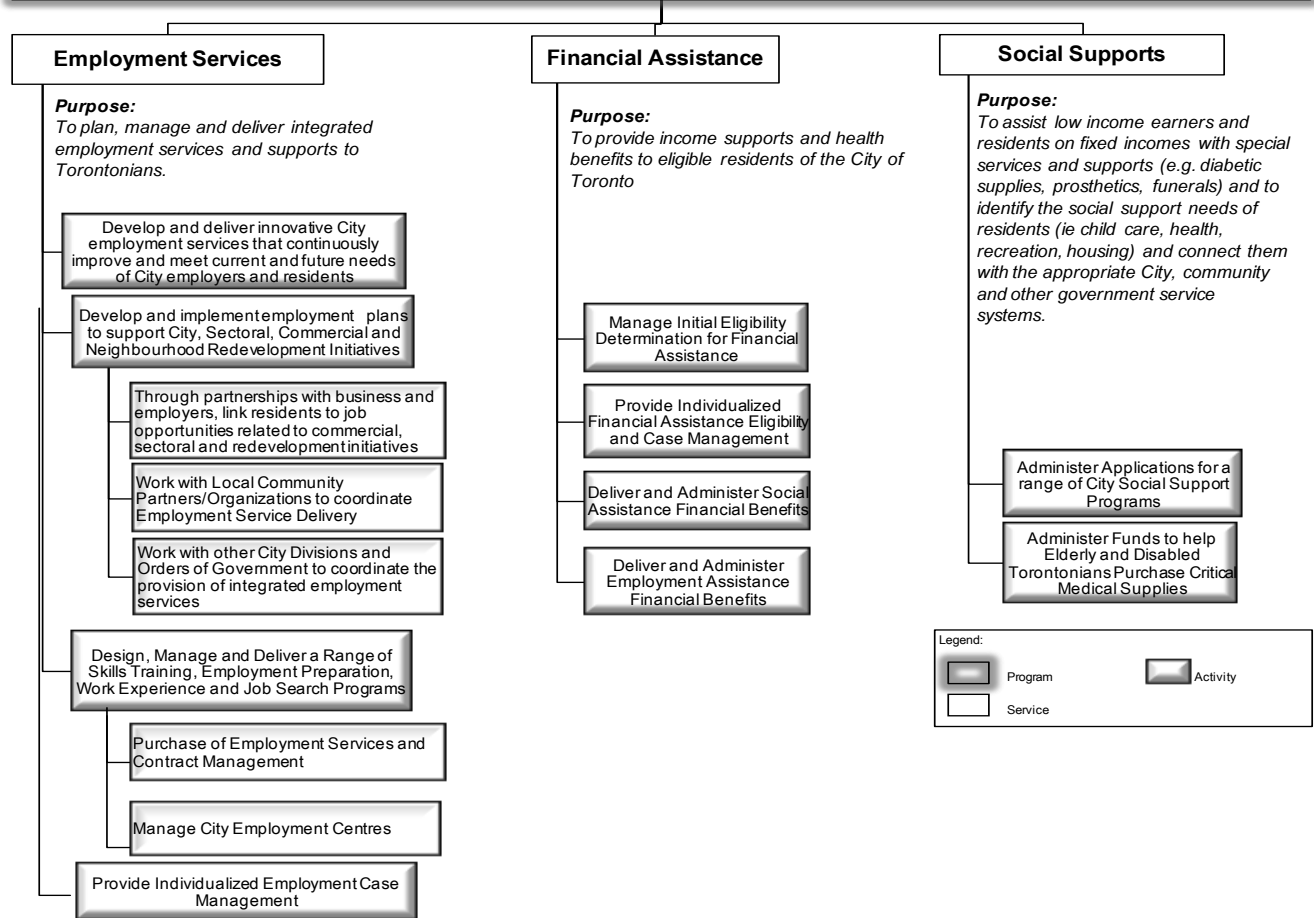
Program Map and Service Profiles

Toronto Employment and Social Services

Our vision is to strengthen the social and economic well-being of Torontonians in their communities. Our mission is to provide employment services, financial benefits and social supports that make our vision a reality.

Our work is to:

- Develop and provide integrated employment services, supports and opportunities.
- Deliver financial benefits.
- Advocate for policies, programs and services that better support Torontonians in their communities.
- Invest in skilled staff at all levels to respond to a dynamic environment.



Service Customer

Employment Services

- Low income Toronto Residents
- Unemployed & under-employed Toronto Residents
- Ontario Works (OW) Program Recipients and Adult Dependants
- Ontario Disability Support Program (ODSP) Program Recipients and Adult Dependants
- Community Agencies and Networks
- Employers
- Provincial Ministries (Ministry of Community & Social Services, Ministry of Training, Colleges and Universities, Ministry of Citizenship and Immigration)
- Service Canada
- Other City divisions / Agencies

Financial Assistance

- Ontario Works (OW) Program Participants and Dependants
- Ontario Disability Support Program (ODSP) Program Participants and Dependants
- Ministry of Community & Social Services

Social Supports

- Low-Income Residents, including seniors and youth
- Ontario Works (OW) Program Participants and Dependants
- Ontario Disability Support Program (ODSP) Program Participants and Dependants
- Ministry of Community & Social Services
- Other City divisions / Agencies
- Community Agencies

2012 Recommended Service Levels

The 2012 Proposed Service Levels for TESS' Services and Activities are summarized as follows:

Service	Activity	Sub-Activity	Type	2011 Current Service Level	2012 Proposed Service Level
Employment Services	Develop and deliver innovative City employment services that continuously improve and meet current and future needs of City employers and residents.		Coordinated and accessible employment service system that meets the needs of employers, residents and communities	Plan under development.	Initiate implementation of plan
	Develop and implement employment plans to support City, Sectoral, Commercial and Neighbourhood Redevelopment Initiatives.	Through partnerships with business and employers, link residents to job opportunities related to commercial, sectoral and redevelopment initiatives.	Employer Partnerships Redevelopment, Commercial and Sectoral Employment Plans	13 designated initiatives/plans	Ongoing implementation of 13 designated initiatives
		Work with Local Community Agencies / Organizations to coordinate Employment Service Delivery	Local Employment Service Plans	5 plans in progress and 13 more to be developed	Complete implementations of 5 plans and begin implementation of remaining 13.
		Work with other City Divisions and Orders of Government to coordinate the provision of integrated employment services	Government Partnerships; Interdivisional partnerships	1 Inter-divisional planning committee coordinated with 1 inter-governmental planning group.	Continue existing inter-governmental planning and co-ordinating groups
	Design, Manage and Deliver a Range of Skills Training, Employment Preparation, Work Experience and Job Search Programs	Purchase of Employment Services and Contract Management	External training program and employment placements (Private Sector and Non-Profit) to increase job prospects and employment	28,500 people attended education / upgrading programs. 104 financial incentive placements and 452 Investing in Neighbourhood placements. 102 training programs through 69 agencies.	30,000 people attend education / upgrading programs.
		Manage City Employment Centres	Range of activities to help people find jobs (eg Job Search Assistance, Skill Training / Upgrading, Self-employment programs, Career Planning, Job Matching, Workshops/Job Fairs, labour market information/ job search support, referral to employment programs)	208,000 visits to employment centres	214,200 visits to employment centres
			Recruitment Services for Employers	Provide a range of recruitment services from job matching to job fairs with 150 employers	Provide a range of recruitment services from job matching to job fairs with 200 employers
			Provision of job retention services and supports (eg extended employment health benefits, support referrals and case management)	600 cases per month receive extended employment health benefits	700 cases per month receive extended employment health benefits

Service	Activity	Sub-Activity	Type	2011 Current Service Level	2012 Proposed Service Level
Employment Services	Provide Individualized Employment Case Management		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	256,000 personal service plans completed or updated	269,000 personal service plans completed or updated
Financial Assistance	Manage Eligibility Determination for Financial Assistance		Taking applications, assessing eligibility for financial assistance and rendering an eligibility decision	An eligibility decision within 7.4 business days	An eligibility decision within 7.0 business days
			Referrals to other relevant services and supports (i.e. shelter, ODSP, food banks, etc.)	100% of referrals identified through completed service plans	Maintain 100% of referrals identified through completed service plans
			Review of appeals regarding ineligibility decisions	100% of all appeals and Internal Reviews reviewed	Maintain 100% of all appeals and Internal Reviews reviewed
			Deliver and administer medically related benefits to eligible Toronto residents who have long-term physical disabilities	18,150 residents receive medical benefits	18,500 residents receive medical benefits
	Provide Individualized Financial Assistance Eligibility and Case Management		Manage ongoing eligibility for financial assistance (eg Basic Living Allowance, Shelter Allowance, and Other Benefits mandated by the Province)	161,000 families and single Torontonians	169,000 families and single Torontonians
			Provide assessment and referrals to appropriate social supports (e.g. Housing, Addictions Counselling, etc.)	161,000 families and single Torontonians	169,000 families and single Torontonians
	Deliver & Administer Social Assistance Financial Benefits		Payment issuance and reconciliation	1.4 million benefit payments per year	1.5 million benefit payments per year
			Creation and maintenance of internal control systems, policies and procedures.	A reasonable level of compliance and program integrity.	Maintain a reasonable level of compliance and program integrity.
			Management of overpayments and collections	A reasonable level of compliance and program integrity.	Maintain a reasonable level of compliance and program integrity.
			Detection, prevention and prosecution of fraud;	100 percent of allegations are investigated.	100 percent of allegations investigated.
			Disclosure of information and personal privacy	100% compliance to all requests	100% compliance to all requests
			Record Management System	100% compliance to legislated documentation requirements	100% compliance to legislated documentation requirements
			Regular Internal Audits/Reviews to monitor program delivery, staff practices and to identify areas for improvement and validate compliance.	Achieved compliance with provincial directives	Comply with provincial directives
Assisting single parents on OW obtain legal child support agreements.			20,000 single parent families	21,000 single parent families	
Deliver & Administer Employment Assistance Financial Benefits		Employment Related Expenses (ERE) Extended Employment Health Benefit (EEHB)	Achieved compliance with provincial directives	Comply with provincial directives	

Service	Activity	Sub-Activity	Type	2011 Current Service Level	2012 Proposed Service Level
Social Supports	Administer Applications for a range of City Social Support Programs		Welcome Policy	30,000 applications processed in Fall 2010	50,000 applications processed in 2012
			Kids @ Computers scholarship program	2,000 families received scholarships	1,600 families to receive scholarships
	Administer Funds to help Elderly and Disabled Torontonians Purchase Critical Medical Supplies		An eligibility determination for medically required item.	Eligible Torontonians receive support to purchase critical medical supplies	Provide service up to approved budget

2012 Service Deliverables

- The 2012 Recommended Operating Budget of \$1,225.121 million gross and \$197.754 million net provides funding to:
 - ✓ Manage an average monthly caseload of 106,000;
 - ✓ Provide consultation and support to approximately 214,200 client visits at Employment Centres (EC) across the City, and continue the implementation of an EC model that supports necessary services and supports for unemployed residents;
 - ✓ Enhance access to ODSP for homeless/vulnerable people, connecting the homeless with ongoing medical support, and linking homeless people to other service providers through the Homeless to ODSP Project Engagement (HOPE).
 - ✓ Implement the City Services Benefit Card subject to a successful vendor process; and,
 - ✓ Develop a City Workforce Development Strategy with recommendations for implementation for consideration by Economic Development Committee and City Council.

PART III: RECOMMENDED BASE BUDGET

2012 Recommended Base Budget

(In \$000s)

(In \$000s)	2011 Appvd. Budget	2012 Recommended Base	Change		FY Incremental Outlook	
			2012 Recommended Base v. 2011 Appvd. Budget		2013	2014
	\$	\$	\$	%	\$	\$
GROSS EXP.	1,208,370.3	1,225,120.8	16,750.5	1.4	1,088.3	(10.1)
REVENUE	1,007,695.3	1,027,366.7	19,671.4	2.0	1,751.2	19,486.4
NET EXP.	200,674.9	197,754.1	(2,920.8)	(1.5)	(662.8)	(19,496.5)
Approved Positions	2,289.0	2,190.5	(98.5)	(4.3)	2,189.0	2,189.0

Target Comparison	10% Reduction Target	2012 Rec.'d Reduction	2012 Rec'd Reduction vs. 2012 10% Reduction Target	Target %
2012 Reductions	(20,022.2)	(25,070.8)	(5,048.6)	12.5%

2012 Recommended Base Budget

- The 2012 Recommended Base Budget of \$1,225.121 million gross, \$197.754 million net is \$2.921 million or 1.5% below Toronto Employment & Social Services' 2011 Approved Operating Budget of \$200.675 million net.
- The 2012 Recommended Base Budget of \$197.754 million net includes recommended Program budget reductions of \$25.071 million, consisting of \$19.867 million in base budget reductions, and \$5.204 million in service efficiency savings. The 2012 recommended budget reduction of \$25.071 million is \$5.049 million or 2.5% above the 10% reduction target of \$20.022 million. (*Please refer to 2012 Recommended Service Change Summary on P.10 for further information*).
- Approval of the 2012 Recommended Base Budget will result in a reduction of 98.5 positions, decreasing the Program's total approved complement from 2,289.0 to 2,190.5 approved positions mainly due to:
 - the implementation of Local Office Service Delivery Initiatives to automate various business processes to achieve anticipated savings of \$6.172 million gross and \$3.086 million net and a reduction equivalent to 85 temporary positions;
 - technology solutions deployed over time and those under production combine to improve efficiencies and productivity in areas of legislative compliance resulting

in operational efficiency savings of \$4.032 million gross and \$2.016 million net and a reduction of 43 positions

- the relocation of TESS' office (currently on the 27th floor at Metro Hall) to a new location within Metro Hall will result in improved operational efficiencies and service delivery resulting in savings of \$0.206 million gross and \$0.103 million net for a reduction of 3 positions
 - the reduction in the Hardship Fund will result in operational savings of \$0.588 million gross and \$0.517 net for a reduction of 1.5 positions
 - The reversal of prior year impacts for the Enhanced Employment Services program following the end of federal stimulus funding and the TESS Office Expansion Initiative will result in a reduction of 19 positions.
 - These reductions in staff positions are partly offset by the increased funding of \$50.207 million gross and \$11.656 million net for a rise in the OW average monthly caseload of 101,000 to 106,000 (53 temporary caseload contingent staff).
- Approval of the 2012 Operating Budget will result in the 2011 approved staff complement decreasing as highlighted below:

2012 Recommended Staff Complement – Base Budget Summary

Changes	Staff Complement
2011 Approved Positions	2,289.0
-2011 In-year Adjustments	
2011 Approved Staff Complement	2,289.0
2012 Recommended Staff Complement Changes	
-Reversal of Prior Year Impact	(19.0)
-2012 Caseload Increase (5,000 cases)	53.0
-2012 Temporary Positions - Capital Project Delivery	
-2012 Operating Impact of completed Capital Projects	
-2012 Service Changes	(132.5)
Total Recommended Positions	2,190.5

2012 Recommended Service Change Summary

(In \$000s)

Description	2012 Recommended Service Changes				Net Incremental Impact			
	Position Changes	Gross Expense	Net Expense	% of 2012 Budget Reduction Target	2013		2014	
	#	\$	\$	%	\$	# Pos.	\$	# Pos.
Base Changes:								
Base Expenditure Changes								
Adjustment to Caseload		(4,700.0)	(883.6)	0.4%				
Adjustment to Provincial OW Benefit Restructuring Initiatives		(6,195.6)	(6,315.6)	3.2%				
Adjustment to Reflect Actual Expenditures		(10,000.0)	(1,880.0)	0.9%				
Absorb Consulting Costs		(97.0)	(48.5)	0.0%				
Core Service Review - Transfer Hardship Fund to Province	(1.5)	(588.2)	(516.9)	0.3%	(516.9)	(1.5)		
Core Service Review - Transfer Christmas Bureau to External Agency		(302.7)	(151.4)	0.1%				
Base Expenditure Changes	(1.5)	(21,883.5)	(9,796.0)	4.9%	(516.9)	(1.5)		
Base Revenue Changes								
Increase in Provincial Subsidies			(10,070.5)	5.0%				
Base Revenue Changes			(10,070.5)	5.0%				
Sub-Total Base Budget Changes	(1.5)	(21,883.5)	(19,866.5)	9.9%	(516.9)	(1.5)		
Service Efficiencies								
Local Office Service Delivery	(85.0)	(6,171.5)	(3,085.8)	1.5%				
Office Relocation	(3.0)	(205.7)	(102.8)	0.1%				
Compliance and Overtime	(43.0)	(4,031.5)	(2,015.7)	1.0%				
Sub-Total Service Efficiencies	(131.0)	(10,408.7)	(5,204.3)	2.6%				
Revenue Adjustments:								
Sub-Total Revenue Adjustments								
Minor Service Impact:								
Sub-Total Minor Service Impacts								
Major Service Impact:								
Sub-Total Major Service Impacts								
Total Service Changes	(132.5)	(32,292.2)	(25,070.8)	12.5%	(516.9)	(1.5)		

2012 Recommended Service Changes

- The 2012 service changes consist of base budget changes and service efficiencies that total \$25.071 million net.

Base Expenditure Changes

Adjustment to Case Costs

- The 2012 Recommended Operating Budget includes a base budget reduction of \$4.700 million gross, \$0.884 million net, or 0.4%, primarily to reflect lower case costs due to case mix trends (more singles cases vs. family cases).

Adjustment to Provincial OW Benefit Restructuring Initiatives

- The 2012 Recommended Operating Budget includes a base budget reduction of \$6.196 million gross, \$6.316 million net, or 3.2% of the reduction target, to reflect lower program delivery expenses resulting from restructuring of Child Benefit initiatives within the Ontario Works program.

Absorb Consulting Costs

- The 2012 Recommended Operating Budget includes a base budget reduction of \$0.097 million gross and \$0.049 million net, as TESS will absorb 50% of the total consulting expenditures budget of \$0.197 million gross and \$0.099 million net in 2012 to planned work such as process re-engineering, job design, caseload research, and strategic planning and analysis. TESS will absorb the \$0.049 million net consulting requirement through on-going monitoring of expenditures.

Reduction to Reflect Actual Experience

- TESS has completed an in-depth review of actual expenditures and has identified reductions in the Special Diet program totaling \$10.000 million gross and \$1.880 million net to reflect actual experience. The downward trend of Special Diet expenditures is mainly attributable to the additional eligibility criteria for both clients and medical practitioners introduced by the Province in 2010, which requires attestation by client and medical practitioners that all information provided is correct, as well as the revision of the Special Diet Schedule.
- This recommended base budget change will not impact TESS' 2012 service levels.

Core Service Review – Transfer Hardship Fund to the Province

- On September 26, 27, 2011 City Council referred the recommendation to eliminate the Hardship Fund and request the Province to fund these services back to the City Manager for consideration as part of the 2012 and 2013 budget process. The 2011 approved operating budget includes \$1.2 million gross and \$1.0 million net for the Hardship Fund, and three positions to manage over 1500 cases. The 2012 Recommended Operating Budget includes funding to continue the Hardship Fund until June 2012, resulting in a reduction of \$0.588 million gross and \$0.517 million net (1.5 permanent positions) in 2012. The General Manager, Employment & Social Services will pursue discussions on funding the Hardship Fund with the Provincial Government and report back as appropriate.

Core Service Review – Transfer Christmas Bureau to External Agency

- As part of the final consideration of Core Service Review on September 26, 27, 2011, City Council adopted a recommendation to transfer the operational and financial responsibility of the Christmas Bureau to an appropriate external agency or group. The 2012 Recommended Operating Budget has been reduced by \$0.303 million gross and \$0.151 million net to reflect this recommended service change. Depending on whether or not an external agency will continue the distribution of gifts and donations, the current level of service delivery may not be impacted in 2012. The General Manager of Employment & Social Services will pursue discussions with external agencies for the transfer of operational and financial responsibility of the Christmas Bureau and report back as appropriate.

Base Revenue Changes*Additional Subsidy from Province*

- In April 2011 the Province implemented a new funding approach for Ontario Works program delivery by consolidating subsidies supporting OW Cost of Administration (COA) and Employment Assistance (EA) into one program delivery funding allocation. From April 2011 to March 2013, the consolidated provincial subsidy for COA and EA is \$2,016 per case per year. The new funding approach eliminates the COA subsidy shortfalls that have existed over the past 10 years, and is reflected in the increase in provincial subsidies of \$10.071 million in 2012.

Service Efficiencies*Local Office Service Delivery – Automation through Technology Investments*

- The administrative processes of the OW Program include managing ongoing eligibility for OW, financial reviews, benefit payment, and maintaining up-to-date documentation. As part of its continuous improvement initiative, technology solutions deployed over time and those under production will combine to improve the efficiency of these processes.
- The solutions include an implementation of a technology solution that will eliminate the manual production and management of cheques, a physical plant infrastructure strategy and plan, a capacity realignment strategy, and job and role changes as part of TESS's business transformation strategy, continuous improvement initiatives within the business transformation framework and service changes to maximize available resource capacity.

- Thus, TESS can reduce administrative workload and cost savings of \$3.086 million net and 85 temporary staff can be realized in 2012, with no impact on current service levels.

Office Relocation to Ground Floor Metro Hall

- The relocation of TESS' office (currently on the 27th floor at Metro Hall) to a new location within Metro Hall will result in improved operational efficiencies and service delivery as staff will be in close proximity to the existing reception/interview areas located on the main floor of Metro Hall. This service efficiency initiative will enable TESS to reduce 3.0 FTEs while maintaining the current level of service delivered.

Compliance and Overtime

- To be in compliance with the rules and regulations of the Ontario Works program, TESS has established capacity with specialized expertise in the areas of overpayments, fraud, initial and ongoing eligibility and training. Technology solutions deployed over time and those under production combine to improve efficiencies and productivity in these areas of legislative compliance.
- By focusing on higher risk of overpayment cases or fraud allegation and reconfiguring customer service, TESS can reduce its budget by \$3.232 million gross and \$1.616 million net, resulting in reduction of 42 temporary positions and 1 permanent position, while maintaining a reasonable level of compliance with provincial regulations.
- Overtime is generally spent on legislative compliance reviews such as overpayment and fraud investigation. Approval of the recommended efficiency will result in reduction of overtime budget by \$0.800 million gross and \$0.400 million net..

2013 and 2014 Outlook:

- Approval of the 2012 Recommended Base Budget for Toronto Employment & Social Services will result in 2013 incremental savings of \$0.663 million net and 2014 incremental savings of \$19.497 million net. TESS' staff complement will be reduced by 1.5 positions in 2013 due to the potential elimination of the Hardship Fund. Future years' net savings/costs are primarily attributed to the following:
 - The favourable 2013 Outlook of \$0.663 million reflects:
 - Upload savings of \$7.584 million as the reduced City share of OW Benefit costs from 17.2% to 14.2% of \$28.384 million, which is partially offset by the OMPF claw-back of \$20.800 million;
 - reversal of the one-time 2012 recommended contribution of \$7.033 million from the SAS Reserve Fund;
 - 2012 progression pay and step increases of \$0.335 million;

- 0.9% OMERS rate increase of \$0.586 million;
 - contribution of \$0.516 million to the SAS Reserve Fund to reimburse the retrofit costs for an office relocation;
 - rent reduction pertaining to an office relocation of \$1.032 million; and,
 - elimination of Hardship Funds of \$0.517 million by June 2012.
- The favourable 2014 Outlook of \$19.497 million is mainly attributable to:
 - Upload savings of \$19.691 million as the reduced City share of OW Benefit Costs from 14.2% to 11.4% of \$26.491 million is partly offset by the OMPF claw-back of \$6.800 million; and,
 - 2014 progression pay and step increases of \$0.195 million.
 - The 2013/2014 Outlooks exclude any potential changes in the OW caseload and any potential OW rate increases. These factors will be reviewed and presented to Budget Committee in 2013 and 2014.
 - The 2013/2014 Outlooks also exclude Cost of Living Adjustment as the increase is subject to future negotiations.

Part V: ISSUES FOR DISCUSSION

2012 and Future Year Issues

2012 Issues

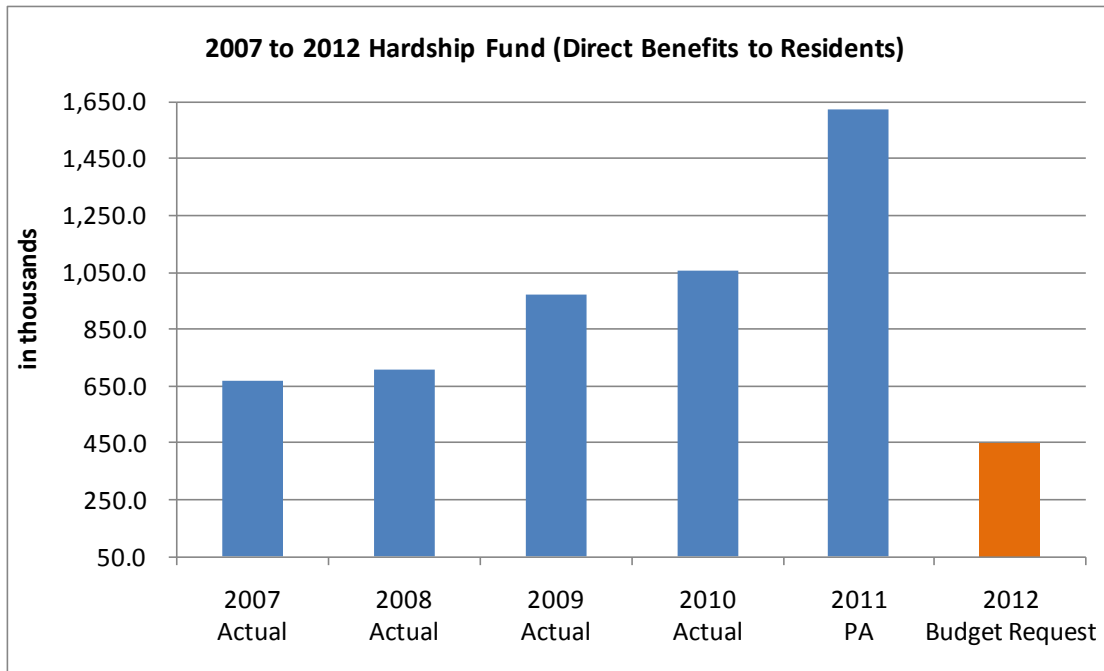
Core Service Review Approvals

On September 26, 27, 2011 City Council adopted from the City Manager with his final recommendation on the finding of the Core Service Review conducted by KPMG. Council approved specific recommendations regarding Toronto Employment and Social Services and service levels; namely:

- *Referred the recommendation in the report (September 9, 2011) from the City Manager, "Eliminate the Hardship Fund, and request the Provincial Government to fund these services, and items", back to city Manager for consideration as part of the 2012 and 2013 budget process.*

Background:

- In 1998, the General Welfare Assistance Act (GWA) was replaced by the Ontario Works (OW) Act and Ontario Disability Support Program (ODSP) Act. As a result, a number of benefits available to non-social assistance recipients through the former Special Assistance and Supplementary Aid programs under GWA were eliminated. Many of the residents impacted by this change were low-income, elderly residents who were not eligible for financial assistance through any other income support program.
- The Hardship Fund was established by the City in 1999 to provide financial assistance to cover the costs of specific benefits including prescription drugs, medically based items (i.e. prosthetics), dental and denture needs, eyeglasses, and funerals for low-income individuals who are ineligible for OW or ODSP. Due to the recent changes to the health care system (patients must now purchase medical supplies and equipment that were once free of charge), rising medical costs, and an increasingly aging population, the expenditures under the Hardship Fund have increased significantly by \$0.479 million or 83%, from \$0.578 million in 2006 to \$1.057 million in 2010.



- The TESS' 2011 Approved Operating Budget includes \$1.2 million gross and \$1.0 million net, of which \$0.9 million gross/net represents direct benefits to residents (fully funded by the City) and \$0.3 million gross and \$0.150 million net (50/50 cost shared by the Province) funds administration costs (equivalent of 3 staff positions) to manage over 1,500 cases.

Status:

- The 2012 Recommended Operating Budget includes a base budget reduction of \$0.588 million gross and \$0.517 million net (1.5 staff positions) to reflect the possibility that the Province will fund the Hardship Fund program after June 2012. The General Manager of Employment & Social Services will pursue discussions on transferring the funding of the Hardship Fund with the Provincial Government and report back as appropriate.
- As part of Core Service Review, City Council recommended that:

"Toronto Employment and Social Services transfer operational and financial responsibility for the activities of the Christmas Bureau to an appropriate external agency or group, and once the transfer is completed, reduce the internal resources allocated within the division for this function."

Background:

- The Christmas Bureau coordinates with partners including TESS, Toronto Fire Services, CHUM Christmas Wish and the Toronto Star to distribute gifts and donations to many children and their low income families receiving social assistance in the City. Together with its partners, the Christmas Bureau distributed the followings in 2010:
 - 99,680 children (under the age of 13) received toys and stocking stuffers from CHUM Christmas Wish;
 - 22,000 children received Toronto Star Gift Boxes;
 - 9,600 children received toys from Toronto Fire Services;
 - 1,300 children (13 and 14 years of age) received HBC gift certificates and 1,000 children (15 and 16 years of age) received movie passes; and,
 - 5,300 OW recipient families (of four members or more) received grocery store gift certificates.
- TESS' 2011 Approved Operating Budget includes \$0.303 million gross and \$0.151 million net to fund the Christmas Bureau, distributing gifts and donations through 250 agencies, reaching 100,000 children and families.

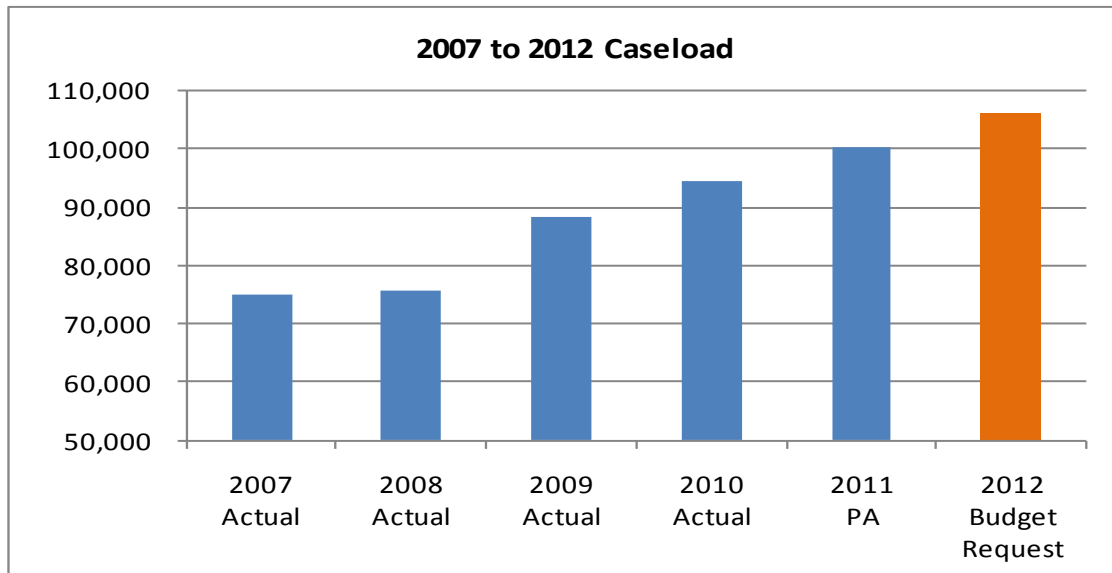
Status:

- The 2012 Recommended Operating Budget includes a reduction of \$0.303 million gross and \$0.151 million net to reflect the transfer of operational and financial responsibility of the Christmas Bureau to an external agency or group prior to the Winter of 2012. The General Manager of Employment & Social Services will continue to pursue discussions with external agencies for the transfer of operational and financial responsibility of the Christmas Bureau and report back as appropriate.

Increase in Ontario Works

- The 2012 Recommended Operating Budget includes \$50.207 million gross and \$11.656 million net to fund an increase of 5,000 in the OW average monthly caseload, from 101,000 to 106,000.
- The recommended monthly average caseload of 106,000 cases for 2012 is based on a corporate finance model that focuses on unemployment rates in Toronto, which are projected to be in the range of 8.0% to 10.2% based on current economic factors plus other factors such as historical trends and analysis of case mix and trends, and a review of Ontario Works policy changes likely to impact caseloads.

- Caseload in January 2011 was 97,308 and TESS projects the caseload will reach 103,150 by December 2011. TESS is projecting an average monthly caseload of 100,300 for 2011, 700 cases below the budgeted caseload of 101,000. Given the latest economic forecast and data on unemployment rate, TESS forecasts the OW caseload will reach 109,000 by December 2012.
- The 2012 average monthly caseload is recommended to increase by 5,000 cases, from 101,000 cases in 2011 to 106,000 cases in 2012.



Upload of ODSP/ODB and OW Benefits

- In August 2007, the Province announced that it would assume responsibility for funding ODSP/ODB 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 approach over the 2010 to 2018 time period.
- The 2011 Approved Operating Budget included a full upload of ODSP Benefits costs of \$77.5 million. However, the Province also has confirmed through the “Provincial–Municipal Fiscal and Service Delivery Review” report in Fall 2008 stating that“.... OMPF remains responsive to changes in municipal circumstances, such as upload of the ODB, and ODSP and OW Benefits.... The social programs’ grants will be adjusted to reflect the reduction in municipal costs for these programs as the uploads are phased in.”

- The OMPF claw-back will be \$20.8 million per year in 2012 and in 2013 and \$6.8 million per year from 2014 to 2018.
- The savings from the OW Benefit cost upload of \$15.1 million is offset by the OMPF upload of \$20.8 million, resulting in budget pressure of \$5.7 million net in 2012.
- The financial impacts to TESS from 2008 to 2018 are summarized as follows:

	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)	(26.5)	(26.5)	(26.5)	(28.4)	(26.5)
Savings from Upload		(39.1)	(20.0)	(83.3)	(82.9)	(15.1)	(28.3)	(26.5)	(26.5)	(26.5)	(28.4)	(26.5)
OMPf Clawback		0	19.7	20.8	20.8	20.8	20.8	6.8	6.9	6.8	6.9	6.8
Incremental Savings		(39.1)	(0.3)	(62.5)	(62.1)	5.7	(7.5)	(19.7)	(19.6)	(19.7)	(21.5)	(19.7)
Commulative Savings		(39.1)	(39.4)	(101.9)	(164.0)	(158.3)	(165.8)	(185.5)	(205.1)	(224.8)	(246.3)	(266.0)

New Funding Approach for Cost of Administration and Employment Assistance

- The OW Cost of Administration (COA) subsidy from the Province is calculated on the basis of the legislated cost-sharing of 50/50. Since 2001, the Province capped their subsidy to the City, which created a COA subsidy funding shortfall that has been managed through provincial one time incentive funding and property tax funding.
- In 2010, the Province communicated to the City that it would honour its legislative cost-sharing portion (50%) of the Cost of Administration commencing in 2010 and provide additional subsidy of \$53.7 million to reach full 50/50 COA cost-sharing. The 2011 Approved Budget reflected full 50/50 cost sharing of COA. Effective April 2011, the Province consolidated the subsidies that support OW Cost of Administration (COA) and Employment Assistance (EA). Key elements of the revised funding approach include:
 - Subsidies for full 50/50 cost-sharing for COA and Employment Assistance (82.8/17.2) are consolidated into one program delivery funding allocation; The Provincial commitment to upload the municipal share of OW Benefits costs will continue, notwithstanding the recent changes to the funding formula;

- The subsidy is determined to be based on an established provincial subsidy of \$2,016 per case per year;
- The subsidy is fixed for a two year OW business cycle. The first cycle is from April 1, 2011 to March 31, 2013. The subsidy will be revised in April 2013 based on the caseload from October 2010 to September 2012. The first \$65.0 million of eligible costs will be cost shared 82.8/17.2 (\$7.0 million higher than under the previous allocation methodology) and the remaining eligible costs will be cost shared 50/50. The maximum subsidy the City can receive in 2012 is \$169 million.
- TESS does not anticipate a provincial funding shortfall in the foreseeable future resulting from the maximum subsidy of \$169 million per year from April 1, 2011 to March 31, 2013, based on the most recent caseload trend and forecasts. Future budget implication arise from the new funding formula will be considered in the future years' budget process.

Depletion of City's Social Assistance Stabilization (SAS) Reserve Funds

- The SAS Reserve Fund was established by Council at its meeting on April 29 and 30, 1998 to protect the City against the property tax impact of future caseload increases. Initially, the reserve fund was anticipated to receive the savings resulting from the social assistance average monthly caseload dropping below 88,000. The last contribution to the SAS Reserve Fund was in 2009 of \$2.4 million, although caseload was below this threshold level through much of the decade.
- During the 2002 budget process, City Council approved a limit to the level of property tax funding to be used towards the Ontario Works average monthly caseload to a maximum of 60,000 cases, with any additional caseload to be funded from the SAS Reserve Fund. This funding strategy continued into 2003. However, in 2004, Council approved that the maximum baseline be reduced to 57,000 cases and this strategy continued into 2011.
- The 2011 Approved Operating Budget included a budgeted withdrawal of \$6.782 million from the SAS Reserve Fund as caseload reached the budgeted average monthly caseload of 101,000 cases. The monthly average caseload is projected to be approximately 100,300 cases in 2011, 700 cases below the 2011 approved caseload of 101,000 cases. The financial benefits are projected to be under spent in 2011 as single cases require less financial benefits than family cases, and therefore the budgeted withdrawal from the SAS Reserve Fund will not be required

in 2011. Thus, it is possible to utilize \$7.033 million in SAS Reserve Fund for 2012 to mitigate base budget pressures.

- TESS' 2011 Approved Capital Budget included a 2011 planned withdrawal of \$3.105 million from the SAS Reserve Fund to provide funding for the one-time retrofit/purchase of furniture and fixtures (\$2.992 million) and moving expenses (\$0.113 million) for the TESS Office Relocation Capital Project. The capital project has experienced a delay as Real Estate Services is evaluating options for the relocation of a TESS office.
- Below is a table summarizing SAS reserve fund activity from 2006 to 2012. As the reserve fund will be depleted in 2012, there will be no source (other than the tax base or savings from future cost uploads) to fund Toronto Employment and Social Services budget pressures in the future.

SOCIAL ASSISTANCE STABILIZATION RESERVE FUND ACTIVITY FROM 2006 TO 2012							
	2006	2007	2008	2009	2010	2011 Projected Actual	2012 Budget
Beginning Balance	57,277,489	32,665,676	8,271,408	7,433,610	9,226,186	11,884,055	10,573,375
Add:							
Contributions from Operating Surplus				2,433,000	2,958,000		
Investment income/Proj. income	2,941,085	1,766,433					
Total additions	2,941,085	5,364,133	-	2,433,000	2,958,000	-	-
Less:							
Ontario Works Caseload (from baseline to actual average monthly caseload)	1,889,644	25,701,457					7,032,500
French Services					300,131		
IT set-up costs for new office							113,250
Retrofit costs for new office							2,992,000
Corporate draw to balance 2006/2007 Budget	25,302,100	3,500,000					
After School Recreation and Care Program *	361,154	556,944	837,798	640,424		1,310,680	
Total withdrawals	27,552,898	29,758,401	837,798	640,424	300,131	1,310,680	10,137,750
Ending Balance	32,665,676	8,271,408	7,433,610	9,226,186	11,884,055	10,573,375	435,625

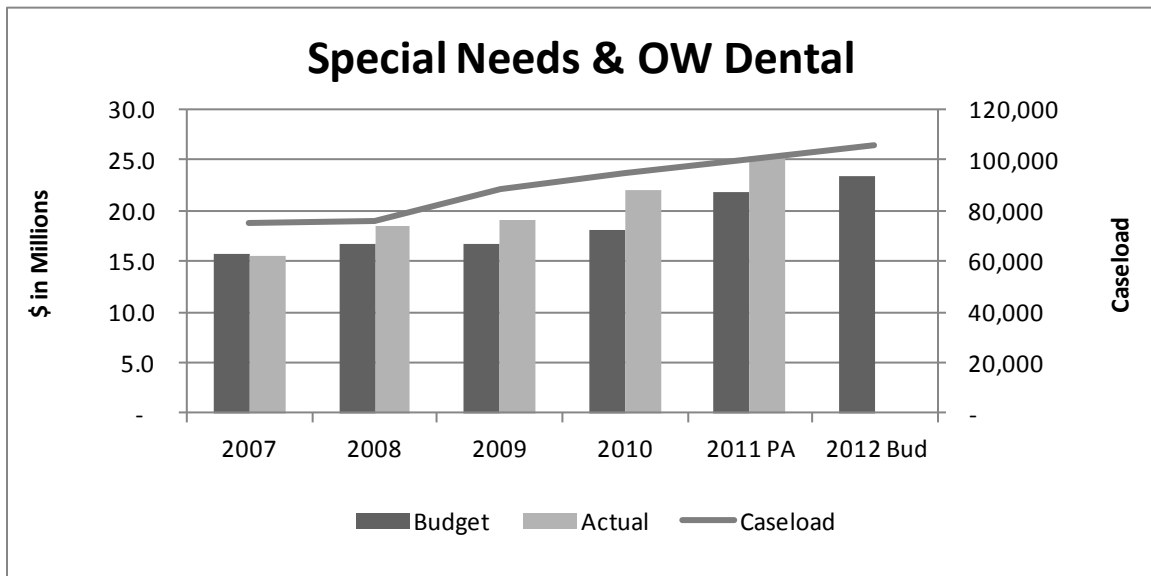
* \$3.7 million is to be drawn from 2006 to 2011 by Children's Services

Increase in Special Needs and OW Dental Program Costs

Special Needs and OW Dental Programs provide eligible OW clients with the following benefits:

- Medical Benefit costs such as diabetic supplies, hearing aids and alerting systems, incontinence supplies, surgical supplies and dressings, orthotics, compression garments and prosthetic devices;
- Newborn child allowances for up to \$260 for the purchase of a crib and \$100 for the purchase of other required items such as clothing;
- Dental/dentures including dental for dependent children; and,
- Funeral costs.

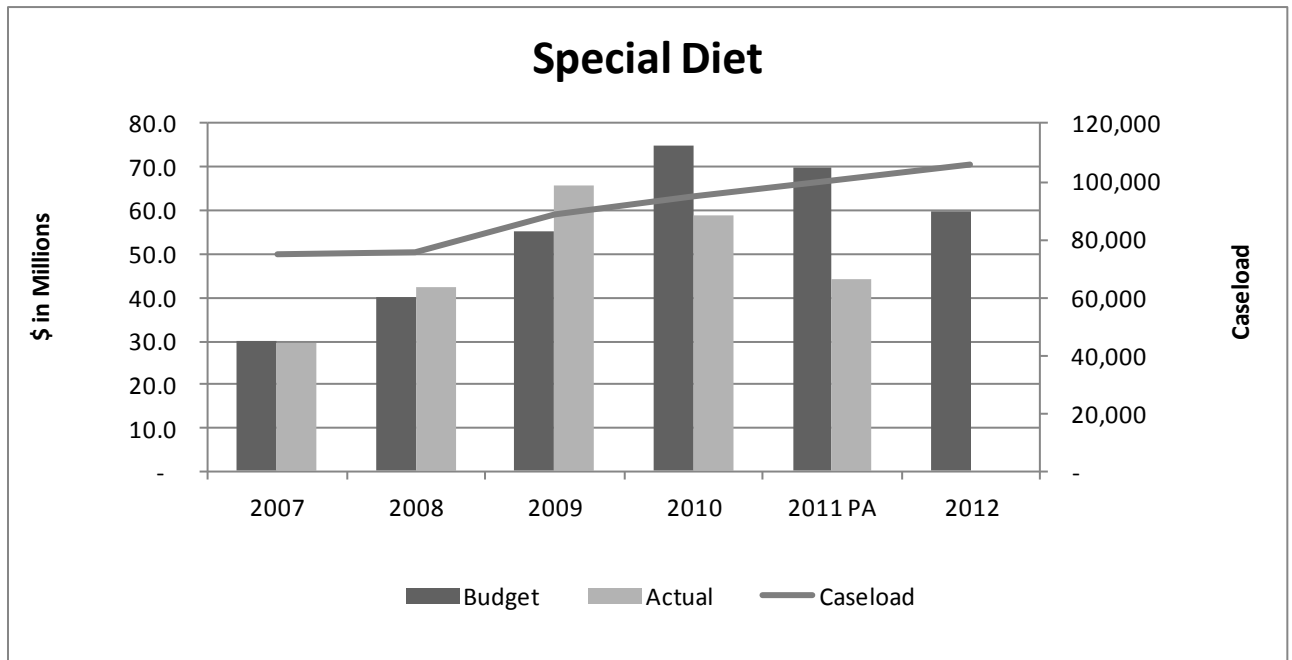
- This provincially mandated program will be cost-shared 82.8% by the Province and 17.2% by the City in 2012. The 2012 Recommended Operating Budget includes additional funding of \$1.683 million gross and \$0.316 million net to address the escalating demands for these services due to the increase in caseload. The following chart summarizes the gross expenses for Special Needs and OW Dental versus OW caseload for 2007 to 2012.



- The programs' costs have increased significantly from \$16.2 million in 2007 to \$25.0 million projected by December 2011 due primarily to the significant OW average monthly caseload increase (from 75,000 cases in 2007 to the projected 100,300 cases in 2011). Thus, the 2012 Recommended Operating Budget provides an additional funding of \$1.683 million gross and \$0.316 million net to manage the increased caseload.

Reduction in Special Diet Allowance Costs

- This Provincially mandated program, which helps people pay for extra food costs related to specific medical conditions, increased significantly from \$29.5 million in 2007 to a projected \$44.1 million gross in 2011.
- In response to the Auditor General of Ontario report that recommended the government review the Special Diet Allowance the Province introduced a revised Special Diet schedule in 2010.
- The gross expenses for Special Diet versus OW caseload for 2007 to 2012 are summarized on page 23.



- The Special Diet Allowance changed on April 1, 2011 to make the program more accountable and comply with a Human Rights Tribunal of Ontario decision. Changes include revisions to the list of eligible medical conditions (allowances for some medical conditions have increased, others have decreased and medical conditions that the Special Diet Expert Review Committee determined to not require a special diet that involves additional costs were removed), requiring recipients to consent to the release of relevant medical information to support their application, and putting stronger tracking methods in place to improve accountability.
- To receive a Special Diet Allowance after July 31, 2011, all clients, including those clients previously receiving the benefit, had to submit a new application for an eligible medical condition.
- To better reflect the reduction in actual expenditure levels due to the recent revisions of Special Diet Allowance, the 2012 Recommended Operating Budget includes a reduction of \$10.0 million gross and \$1.880 million net. TESS will closely monitor the actual expenditure levels of Special Diet Allowance in 2012, and further revision on funding requirements will be considered during the 2013 budget process.

Appendix 1 2011 Performance

2011 Key Accomplishments:

In 2011, TESS accomplished the following:

- ✓ Assisted approximately 27,500 people to obtain employment;
- ✓ Managed an Ontario Works average monthly caseload of 100,300;
- ✓ Assessed approximately 71,200 residents for financial assistance and provided over 161,000 individual OW cases with employment/financial assistance under the Ontario Works Act;
- ✓ Supported 25,500 social assistance recipients to attend education/upgrading programs;
- ✓ Sponsored and conducted 60 job fairs that connect 11,700 residents with potential employers;
- ✓ Provided service to approximately 52,700 residents at Employment Centres and supported approximately 631,000 in persons visits by Torontonians at TESS' facilities across the City; and,
- ✓ Processed 16,600 on-line applications for Ontario Works through Web Access to Your Services (WAYS).

2011 Performance

Effectiveness Measure: Client Visits to Employment Centres:

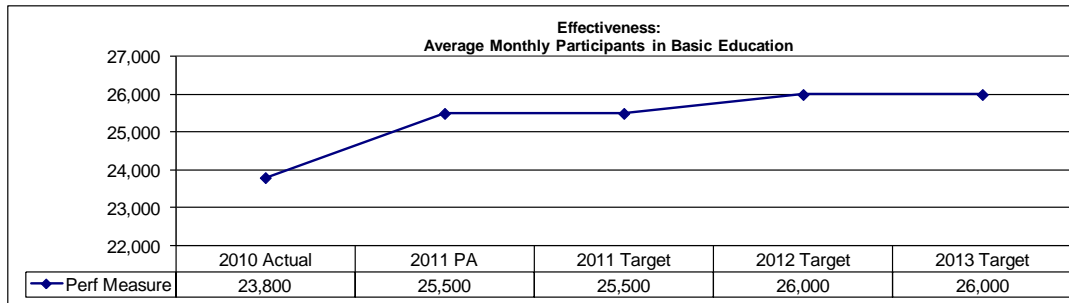


The trend in EC's service level is associated with OW caseload trend.

- Each of TESS' 15 offices has an Employment Centre to assist OW clients' searching for employment.

- Employment Centres provide the unemployed/under-employed Torontonians with tools such as computers, internet, telephones and faxes to research for employments, and staff is also available to provide additional assistance when needed.

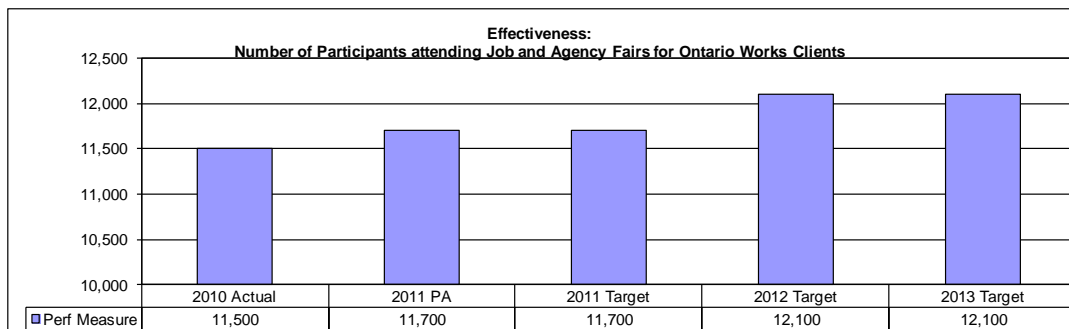
Effectiveness Measure: Average Monthly Participants in Basic Education:



TESS continues to encourage clients to upgrade their education.

- More than 40% of OW clients have not completed high school. A basic precondition for finding sustainable work for many of these clients is completion of Grade 12 or equivalencies. TESS has made maximizing the number of clients participating in basic education a service priority.

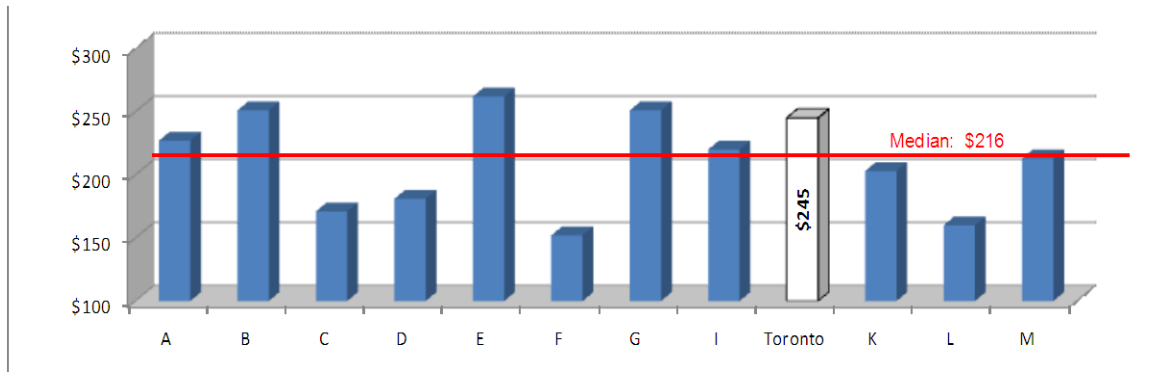
Effectiveness Measure: Number of OW Clients Attending Job and Agency Fairs:



Job and Agency Fairs increase opportunities for OW clients to obtain employment.

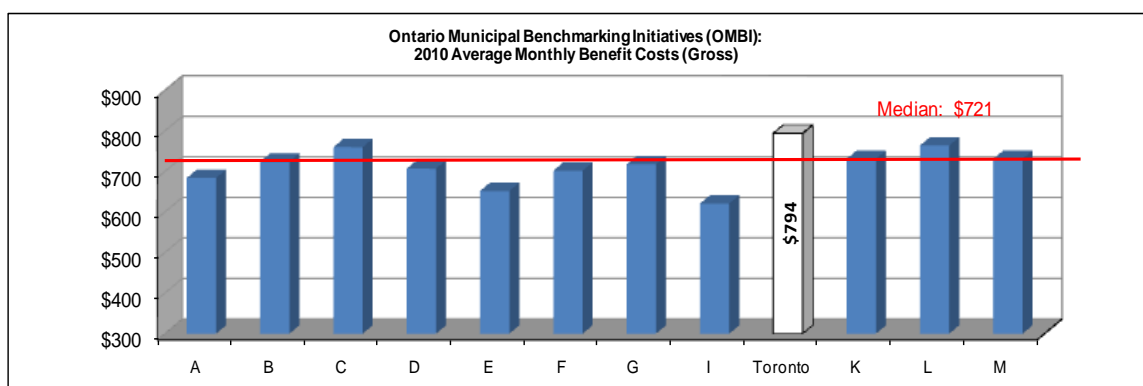
- TESS sponsors and conducts job and agency fairs for OW clients across the city which helps to connect OW clients with potential employers.

Comparison of Toronto's administrative cost per social assistance case to other municipalities as shown in the Ontario Municipal Benchmarking Initiative (OMBI):



- The administration costs in supporting a social assistance case represent costs to deliver and administer the programs, which includes working with clients to determine their most effective employment option(s), as well as quality assurance, fraud prevention and control activities. The above chart compares the 2010 monthly administration cost per case in Toronto to other municipalities as an indicator of efficiency. TESS's average monthly administration cost per case of \$245 is 13% higher than the median of the 11 other municipalities participating in the OMBI survey.
- Key factors that can influence administration costs in municipalities include different models of service delivery, the service provided, demographics, client employability and available community supports.

Comparison of Toronto's average monthly benefit cost and total cost per social assistance case to other municipalities as shown in the Ontario Municipal Benchmarking Initiative (OMBI).



- Monthly benefits include all client payments for social assistance and employment programs. When these benefits costs (76% of total costs in Toronto) are combined with the administration costs discussed earlier, they represent the total cost per social assistance case.

- The above chart compares the 2010 monthly benefit and total cost per social assistance case to other municipalities. TESS's average monthly benefit cost per case of \$794 is 10% higher than the median of the 11 other municipalities participating in the OMBI survey. This is mainly attributed to the fact that Toronto manages approximately one third of the Provincial caseload, and this encompasses unique variables in the case mix (e.g. higher rental costs compared to other municipalities).

2011 Budget Variance Analysis

2011 Budget Variance Review (In \$000s)

(In \$000s)	2009 Actuals	2010 Actuals	2011 Approved Budget	2011 Projected Actuals*	2011 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	\$	%
GROSS EXP.	1,134,511.8	1,156,629.5	1,208,370.3	1,144,317.1	(64,053.1)	(5.3)
REVENUES	826,170.5	912,556.0	1,007,695.3	950,302.7	(57,392.6)	(5.7)
NET EXP.	308,341.3	244,073.5	200,674.9	194,014.4	(6,660.5)	(3.3)
Approved Positions	2,148.0	2,245.0	2,289.0	2,256.0	(33.0)	(1.4)

* Based on the Third Quarter 2011 Operating Budget Variance Report.

2011 Experience

- Toronto Employment & Social Services' year-end favorable variance (based on Third Quarter 2011 Operating Budget Variance Report) is projected to be \$6.661 million or 3.3% below the 2011 Approved Operating Budget of \$200.675 million, primarily due to lower Ontario Works (OW) social assistance costs and Cost of Administration as summarized in the following table:

2011 Projected Year-End Variances	Net Variances (\$ millions)	Comments
(1) <i>Ontario Works:</i>		
Caseload Impact	(0.9)	The 2011 average monthly caseload is projected to be 100,300, 700 cases below budget.
Cost of Administration	(7.5)	
	(8.4)	
(2) Special Needs & Hardship Fund	1.7	2011 projected expenditures are higher than budget due to an increase in the number of requests for medically based items for OW and ODSP clients.
Total Variance	(6.7)	

Impact of 2011 Operating Variance on the 2012 Recommended Budget

- Despite the favorable variance projected for 2011, it is anticipated that the following 2011 cost pressures will continue into 2012:

- Ontario Works Caseload increase of \$50.207 million gross and \$11.656 million net (53.0 temporary caseload contingent staff): TESS is projecting an average monthly caseload of 100,300 for 2011; 700 cases below the 2011 approved average monthly caseload of 101,000. The 2012 recommended average monthly caseload is 106,000 cases, 5,000 cases higher than the 2011 approved budgeted caseload to reflect 2012 projected unemployment rates between 8.0% to 10.2% and other factors including historical trends, analysis of case mix and trends, and other policy changes that may impact caseloads.
- OW Rate Increase of \$7.506 million gross and \$1.411 million net: In the March 2011 budget, the Province announced a rate increase of 1% for OW clients effective December 1, 2011, with 100% provincial funding for the month of December only.
- Special Needs and OW Dental Costs Increase of \$1.683 million gross and \$0.316 million net: this provincially mandated program provides medical benefits (i.e. diabetic supplies, hearing aids, prosthetic devices), newborn child allowances, dental/dentures, dental for dependent children and funerals to OW and ODSP clients. The program's cost and caseload has increased significantly from 75,021 cases in 2007 to the projected 100,300 cases in 2011.

The following 2011 cost savings are expected to continue into 2012:

- *Ontario Works Benefit Cost Reduction:* The Ontario Work's caseload is comprised of four categories: singles, single parent families, two parent families, and couples with no children. The 2011 Approved budget was developed with the assumption that caseload increase would be concentrated in the family categories. However, through 2011, single cases increased slightly to 65.0% of the total caseload (from 64.3% in 2010) while the family categories remained constant. This is consistent with the trend for the past few years, and as such, the 2012 Recommended Operating Budget includes a reduction of \$4.700 million gross, \$0.884 million net to reflect the actual OW benefit costs/case mix experienced in 2011.
- *Special Diet Allowance Reduction:* This provincially mandated program helps OW clients pay for extra food costs related to specific medical conditions. Since the Province introduced new eligibility criteria and measures in 2010, the actual rate of expenditures has slowed compared to the budget, with projected actual gross expenditures of \$44 million is approximately \$26 million below the 2011 Approved Operating Budget of \$70 million. Thus despite the increase in caseload, the 2012 Recommended Operating Budget includes a reduction of \$10.0 million gross and \$1.880 million net in expenditures to reflect the actual utilization of the Special Diet Allowance experienced in 2011.

Appendix 2

2012 Recommended Operating Budget by Expenditure Category and Key Cost Drivers

Program Summary by Expenditure Category (In \$000s)

Category of Expenses	2009	2010	2011	2011	2012	2012 Change from		2013	2014
	Actual	Actual	Budget	Projected Actual	Recommended Budget	2011 Approved Budget	%	Outlook	Outlook
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	155,301.0	184,892.7	190,697.7	190,697.7	186,332.6	(4,365.1)	(2.3%)	188,036.4	188,426.3
Materials and Supplies	13,317.9	15,835.1	14,714.1	14,714.1	15,816.6	1,102.5	7.5%	15,816.6	15,816.6
Equipment	953.8	729.2	417.4	417.4	500.8	83.4	20.0%	500.8	500.8
Services & Rents	32,780.3	40,936.9	65,269.3	57,152.1	51,890.6	(13,378.7)	(20.5%)	50,182.1	50,182.1
Contributions to Capital	1,700.0	0.0	60.0	60.0	923.0	863.0	1438.3%	1,500.0	1,100.0
Contributions to Reserve/Res Funds	23,087.5	19,629.4	20,519.1	20,519.1	15,729.5	(4,789.6)	(23.3%)	16,245.5	16,245.5
Other Expenditures	873,162.4	869,650.7	888,422.4	832,486.5	925,328.6	36,906.2	4.2%	925,328.6	925,328.6
Interdivisional Charges	34,209.0	24,955.3	28,270.2	28,270.2	28,599.0	328.9	1.2%	28,599.0	28,599.0
TOTAL GROSS EXPENDITURES	1,134,511.8	1,156,629.5	1,208,370.3	1,144,317.1	1,225,120.8	16,750.5	1.4%	1,226,209.1	1,226,199.0
Interdivisional Recoveries									
Provincial Subsidies	683,029.8	787,508.7	878,546.6	836,224.8	919,390.8	40,844.2	4.6%	949,087.7	975,374.1
Federal Subsidies									
Other Subsidies	118,241.5	97,810.2	76,979.5	76,979.5	56,179.5	(20,800.0)	(27.0%)	35,379.5	28,579.5
User Fees & Donations	(0.2)								
Transfers from Capital Fund	258.4	319.9	556.5	556.5	563.7	7.2	1.3%	563.7	563.7
Contribution from Reserve Funds	10,886.8	11,069.7	36,612.8	21,542.0	36,232.8	(380.0)	(1.0%)	29,087.0	29,087.0
Contribution from Reserve									
Other Revenues	13,754.1	15,847.5	15,000.0	15,000.0	15,000.0	0.0	0.0%	15,000.0	15,000.0
TOTAL REVENUE	826,170.5	912,556.0	1,007,695.3	950,302.7	1,027,366.7	19,671.4	2.0%	1,029,117.9	1,048,604.3
TOTAL NET EXPENDITURES	308,341.3	244,073.5	200,674.9	194,014.4	197,754.1	(2,920.8)	(1.5%)	197,091.3	177,594.8
APPROVED POSITIONS	2,148.0	2,245.0	2,289.0	2,256.0	2,190.5	(98.5)	(4.3%)	2,189.0	2,189.0

2012 Key Cost Drivers

Salaries and Benefits:

- The Ontario Works (OW) average monthly caseload has increased substantially from 88,506 cases in 2009 to 100,300 projected by December 2011. In order to manage the increase in caseload, additional staff, and additional office locations were required during the previous years' budget processes. As illustrated in the above table, expenditures such as salaries and benefits (including COLA, progression pay and step increases, and fringe benefits changes), materials and supplies, equipment, services and rents, and other expenditure have increased in the past three years to reflect the OW caseload increase experienced from 2009 to 2011.

- The decrease in salary and benefit costs in 2012 is due to a reduction of 98.5 positions achieved through the implementation of service change initiatives including Local Office Service Delivery, Office Relocation, Compliance with Ontario Works, and the potential elimination of Hardship Fund, partially offset by the increase in the budgeted average monthly caseload of 106,000 cases, OMERS rate increase, and progression pay and Step increases.

Provincial Subsidies:

- The increase in Provincial subsidies from 2009 to 2011 reflects the increase in social assistance benefit costs and the provincial upload of OW benefits

Contribution to Capital:

- The 2012 increase in the contribution to capital reflects adjustments TESS has made to focus on capital projects that can be completed over the next few years, based on the project's readiness to proceed experienced in previous years. The capital budget is fully funded by provincial subsidies.

Contribution from Reserve Funds:

- The increase in contribution from reserve experienced from 2008 to 2011 is primarily due to withdrawals from the National Child Benefits Supplement Reserve fund to finance eligible Child Benefit Restructuring Reinvestment initiatives within the OW program, such as Investing in Families and Investing in Neighborhoods.

Appendix 3
Summary of 2012 Recommended Service Changes

Appendix 5

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve/Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Description	2012*	2013	2014
			\$	\$	\$
Social Assistance Stabilization Reserve Fund	XQ1054	Projected Beginning Balance*	10,573.4	435.6	951.6
		Proposed Withdrawals (-)	(10,137.8)		
		Contributions (+)		516.0	516.0
SAS Reserve Fund (XQ1054) BALANCE AT YEAR-END			435.6	951.6	1,467.6

* Projected Balance (uncommitted) as of December 2011

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Description	2012*	2013	2014
			\$	\$	\$
National Child Benefits Supplement Reserve Fund	XR2102	Projected Beginning Balance	26,400.0	14,423.0	-
		Proposed Withdrawals (-)	(26,887.0)	(26,733.0)	(9,882.0)
		Contributions (+)	14,910.0	12,310.0	9,882.0
National Child Benefits Supplement Reserve Fund (XR2102) BALANCE AT YEAR-END			14,423.0	-	-

* Projected Balance as of December 2011

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund	Description	2012*	2013	2014
			\$	\$	\$
Kids at Computer Scholarship Reserve Fund	XR2104	Projected Beginning Balance	11,211.6	9,011.6	6,811.6
		Proposed Withdrawals (-)	(2,200.0)	(2,200.0)	(2,200.0)
		Contributions (+)			
Kids at Computer Scholarship Project Reserve Fund (XR2104) BALANCE AT YEAR-END			9,011.6	6,811.6	4,611.6

* Projected Balance as of December 2011

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of December 31 2011*	Proposed Withdrawals (-) / Contributions (+)		
			2012	2013	2014
		\$	\$	\$	\$
Sick Leave Reserve Fund	XR1007	14,404.4	555.9		
Insurance Reserve Fund	XR1010	72,772.9	263.6		
Total Reserve / Reserve Fund Draws / Contributions			819.5	0.0	0.0

* Based on 3rd Quarter Variance Report