



OPERATING ANALYST NOTES



Toronto Employment & Social Services 2014 OPERATING BUDGET OVERVIEW

What We Do

Toronto Employment and Social Services (TESS) provides employment services, financial assistance and social support to Torontonians to strengthen their social and economic well-being in their communities.

2014 Budget Highlights

The total cost to deliver this Program to Toronto residents in 2014 is \$1,172.129 million as shown below.

(In \$000s)	Approved 2013 Budget	Recommended 2014 Budget	Change	
			\$	%
Gross Expenditures	1,246,392.2	1,172,128.6	(74,263.6)	(6.0%)
Gross Revenue	1,058,067.4	999,764.3	(58,303.1)	(5.5%)
Net Expenditures	188,324.8	172,364.3	(15,960.5)	(8.5%)

Moving into 2014, TESS will maintain service levels at the same level as in 2013. Base pressures arising from inflationary increases to salary and non-salary expenditures, provincial policy changes to the Ontario Works program and the accelerated phase-out of the Toronto Pooling Compensation, will be more than offset by a 7,500 case reduction in the average monthly caseload budget and the next phase of the Provincial upload of Ontario Works financial benefits.

www.toronto.ca/budget/2014

Contents

I: Overview	1
II: Recommendations	4
III: 2014 Service Overview and Plan	5
IV: 2014 Recommended Total Operating Budget	14
V: Issues for Discussion	22
Appendices:	
1) 2013 Service Performance	31
2) Recommended Budget by Expense Category	33
3) Summary of 2014 Service Changes	N/A
4) Summary of 2014 New & Enhanced Service Changes	N/A
5) Inflows/Outflows to / from Reserves & Reserve Funds	36
6) 2014 User Fee Rate Changes	N/A

Contacts

Ritu Sadana
 Manager, Financial Planning
 Tel: (416) 395-6449
 Email: rsadana@toronto.ca

Jean Mondejar
 Financial Planning Analyst
 Tel: (416) 397-4531
 Email: jmondejar@toronto.ca

Fast Facts

- TESS is the 4th largest social assistance (SA) delivery system in Canada with 19 Employment Centres (EC)
- Assisted 270,500 people, 1 in 9 Torontonians
- Over 50,000 Ontario Works applications assessed
- Over 100,000 visits to EC and 400,000 visits to offices

Trends

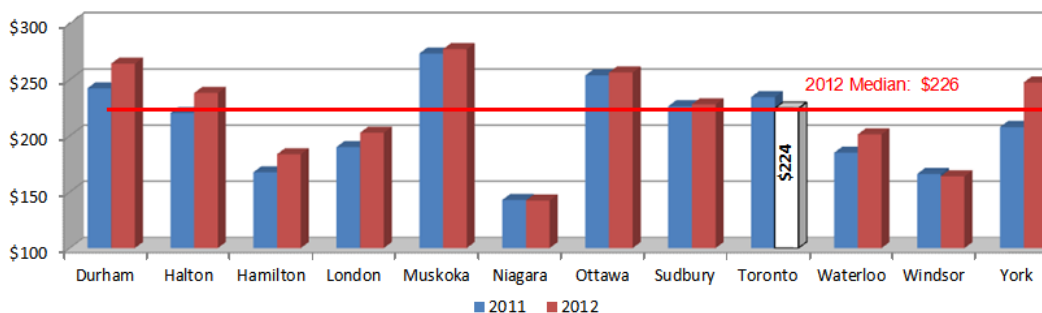
- 2012 OMBI avg. monthly admin. cost per case was \$224, one of the lowest across Ontario and below the 2012 median of \$226 (as per chart below)
- Social Assistance caseload in June – 98,640 cases, which is 5.5% less than in June 2012, compared to 75,237 cases in June 2008
- Canada's unemployment rate in October 2013 was 7.0%, for Ontario 7.4% which is a decline of 0.1 percentage points from September 2013.

Our Service Deliverables for 2014

TESS has established the following service deliverables for 2014:

- Manage an average monthly caseload of 101,000 and support over 30,000 social assistance recipients to find jobs;
- Advance the City's Workforce Development Strategy by continuing to develop employment plans for city initiatives and by working with an increasing number of employers across sectors;
- Continue to support service integration across City Divisions, including co-locations and common counters;
- Improve customer service through increased access, engaging service users, improving quality of service and measuring the effectiveness of customer service approaches and initiatives;
- Continue to provide medical benefits to OW, ODSP and Hardship Fund eligible residents at budgeted service levels;
- Extend service and technology innovations through the use of the City Services Benefit Card and other new technologies; and
- Maintain high levels of program integrity by ensuring compliance and improving quality assurance.

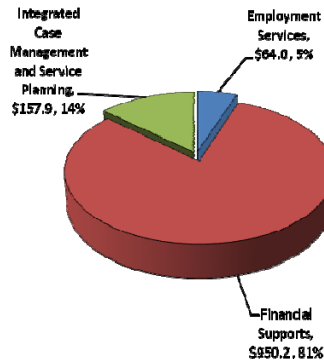
Ontario Municipal Benchmarking Initiatives (OMBI):
2012 Administration Operating cost per Case



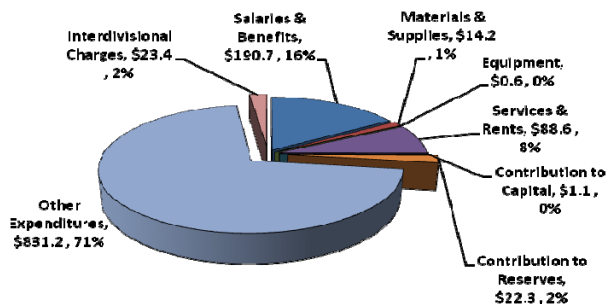
2014 Budget Expenditures & Funding

Where the money goes:

2014 Gross Operating Budget by Service
\$1,172.129 Million



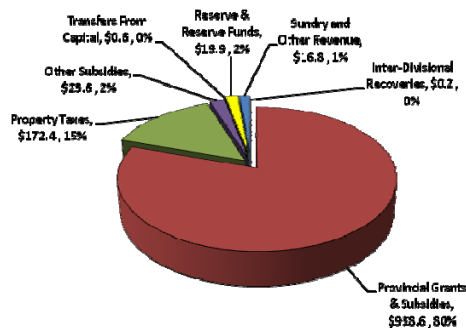
2014 Gross Operating Budget by Expenditure Category
\$1,172.129 Million



Note: Other Expenditures consists mainly of Direct Financial Benefits to Eligible Residents

Where the money comes from:

2014 Operating Budget Funding Source
\$1,172.129 Million



Our Key Challenges & Priorit Actions

- Reduced provincial funding arising from the phase-out of Toronto Pooling Compensation (TPC) and changes to the funding model in key service areas of medical benefits.
 - TESS will continue to explore new delivery models for the provision of medical benefits and seek appropriate Provincial funding and policy changes ensuring that low income residents are provided with appropriate care.
- Managing future caseload trends resulting from the economic environment and Provincial policy changes.
 - The caseloads will be monitored, while pursuing opportunities for administrative efficiencies and cost savings.
- An increasing number of people on OW are more distant from the labour market, and require more intensive supports to transition to employment.
 - TESS will provide consultation and support to approximately 255,000 visits at Employment Centres.

II: RECOMMENDATIONS

Recommendations

The City Manager and Chief Financial Officer recommend that:

1. City Council approve the 2014 Recommended Operating Budget for Toronto Employment and Social Services of \$1,172.129 million gross and \$172.364 million net, comprised of the following services:

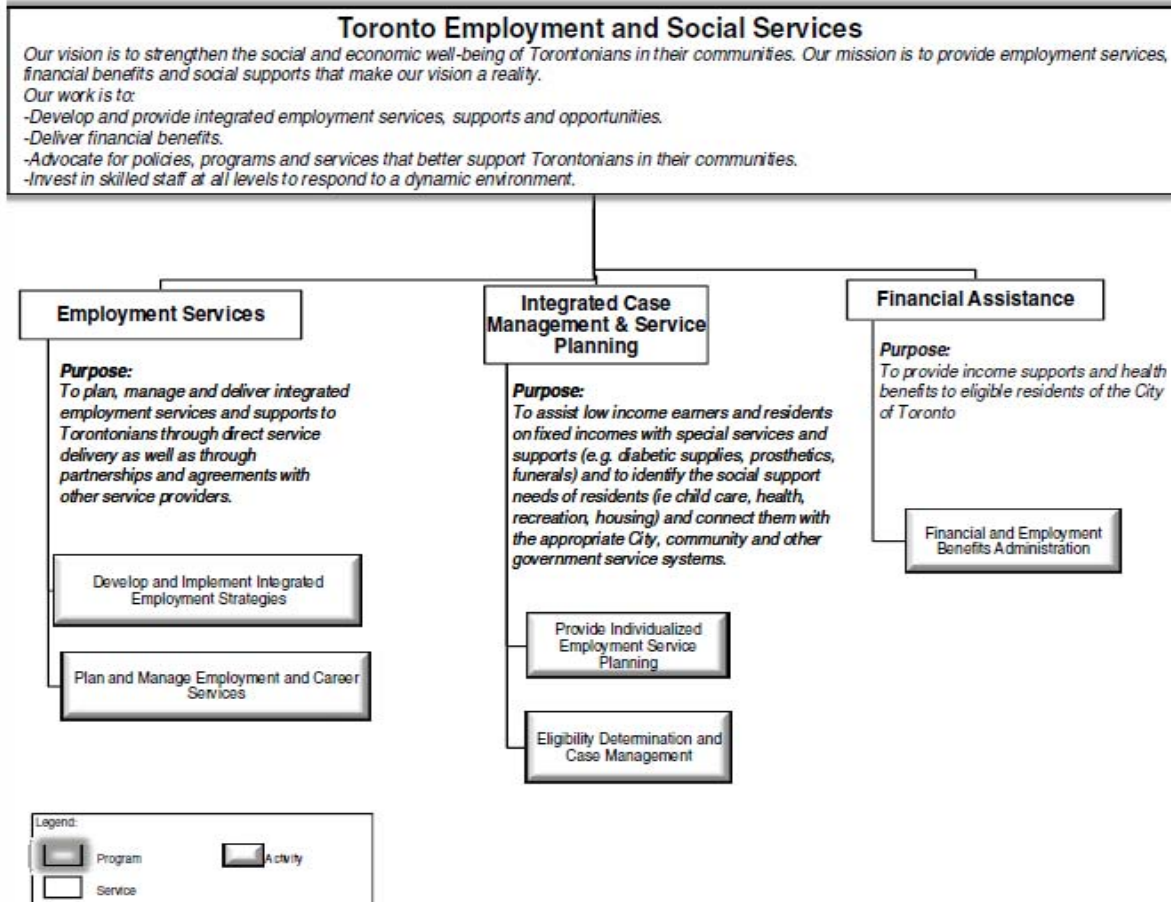
<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Employment Services	64,044.1	16,987.7
Financial Supports	950,183.5	91,653.8
Integrated Case Management and Service Planning	157,900.9	63,722.8
Total Program Budget	<u>1,172,128.6</u>	<u>172,364.3</u>

2. City Council approve the 2014 recommended service levels for Toronto Employment and Social Services, as outlined on page 8 - 12, and the associated staff complement of 2,151.5 positions.

III: 2014 SERVICE OVERVIEW AND PLAN

Program Map

Toronto Employment and Social Services strives to meet the changing needs of the community by providing the following services:



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

2014 Service Deliverables

The 2014 Recommended Operating Budget of \$1,172.129 million gross and \$172.364 million net for Toronto Employment & Social Services will provide funding to:

- Manage an average monthly caseload of 101,000;
- Work with social assistance recipients and other unemployed City residents to assist 30,000 social assistance recipients find jobs;
- Provide consultation and support to approximately 255,000 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;
- Advance the City's Workforce development Strategy by continuing to develop employment plans for city initiatives and work with employers across sectors and by further supporting the establishment of an integrated employment services system in Toronto through more effective planning, management and delivery of services to jobseekers and employers;
- Continue to introduce new technologies and approaches to streamlining the delivery and administration of social assistance benefits building on the implementation of the City Services Benefit Card;
- Enhance access to Ontario Disability Support Program (ODSP) for homeless/vulnerable people, connecting the homeless with ongoing medical support, and linking homeless people to other service providers;
- Work with the Province and other stakeholders in implementing the Social Assistance Management System (SAMS), the replacement system to SDMT;
- Manage the 2014 Housing Stabilization Fund (HSF) to meet the emergency housing need of Torontonians on social assistance (OW and ODSP);
- Continue to provide medical benefits to OW, ODSP and Hardship Fund eligible residents at current service levels; and
- Further develop integrated case management and service delivery partnerships with Children Services, Economic Development & Culture, Shelter, Support and Housing Administration and other City divisions.

Service Profile: Employment Services**What we do**

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

2014 Recommended Service Levels

Activity	Type	Status	Service Levels			
			2011	2012	2013	2014 Recommended
Develop and Implement Integrated Employment Strategies	Coordinated and accessible employment service system that meets the needs of employers, residents and communities.	Approved	Plan under development.	Initiate implementation of plan		Continue implementation of plan
	Employer Partnerships, Redevelopment, Commercial and Sectoral Employment Plans	Approved	13 designated initiatives/plans	Ongoing implementation of 13 designated initiatives		23 employment initiatives
	Local Employment Service Plans	Approved	5 plans in progress and 13 more to be developed	Complete implementation of 5 plans and begin implementation of remaining 13	Continue implementation of 18 local employment service plans	Continue implementation of 18 local employment service plans
	Government Partnerships; Interdivisional partnerships;	Approved	1 Inter-divisional planning committee coordinated with 1 inter-governmental planning group.	Continue existing inter-governmental planning and co-ordination groups		Continue existing inter-governmental planning and co-ordination groups
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	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		38,700 people attend education / upgrading programs
	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 program	Approved	208,000 visits to employment centres.	214,200 visits to employment centres		255,000 visits to employment centres
	Recruitment Services for Employers	Approved	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	Provide a range of recruitment services from job matching to job fairs with 400 individual employers	
	Provision of job retention services and supports (eg extended employment health benefits, support referrals and case management)	Approved	600 cases per month receive extended employment health benefits	700 cases per month receive extended employment health benefits	700 cases per month receive extended employment health benefits	

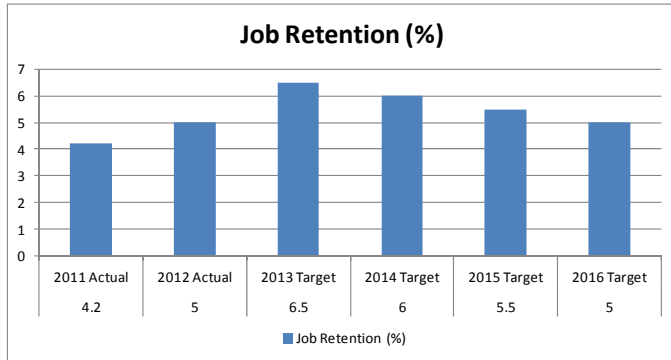
Service Performance Measures

Efficiency Measure – Annual number of employer partnerships



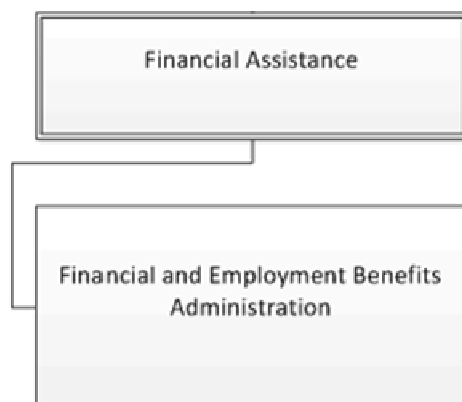
- The number of employers currently registered in the WorkOne database and participating in employment service initiatives with the City.
- TESS is projecting an increase in the number of employer partnerships to 400 in 2014 and future years.

Effectiveness Measure – Job retention (%)



- Measures the percentage of cases in a year that returned to Ontario Works after leaving for employment.
- This is a measure of employment stability for cases that exit to employment. An objective for TESS is to see residents exit to good stable employment that reduce the number of cases that return to OW.

Service Profile: Financial Assistance



What we do

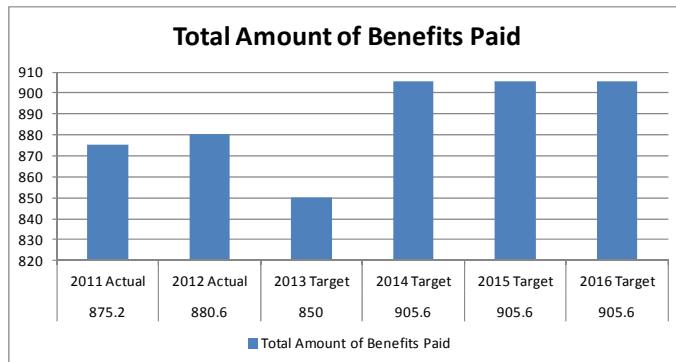
- Deliver Ontario Works financial assistance and employment benefits to eligible residents.

2014 Recommended Service Levels

Activity	Type	Status	Service Levels			
			2011	2012	2013	2014 Recommended
Financial and Employment Benefits Administration	Payment issuance and reconciliation	Approved	1.4 million benefit payments per year	1.5 million benefit payments per year		1.5 million benefit payments per year
	Creation and maintenance of internal control systems, policies and procedures.	Approved	A reasonable level of compliance and program integrity.	Maintain a reasonable level of compliance and program integrity.		Maintain a reasonable level of compliance and program integrity.
	Management of overpayments and collections	Approved	A reasonable level of compliance and program integrity.	Maintain a reasonable level of compliance and program integrity.		Maintain a reasonable level of compliance and program integrity.
	Detection, prevention and prosecution of fraud;	Approved	100 percent of allegations are investigated.	100% of allegations are investigated	Investigate approximately 10,000 allegations (100% of allegations received)	
	Disclosure of information and personal privacy	Approved	100% compliance to all requests			100% compliance to all requests
	Record Management System	Approved	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.	Approved	Achieved compliance with provincial directives	Compliance to all requests	Comply with provincial directives	Comply with provincial directives
	Assisting single parents on OW obtain legal child support agreements.	Approved	20,000 single parent families	21,000 single parent families		24,200 single parent families
	Employment Related Expenses (ERE)	Approved	Achieved compliance with provincial directives		Comply with provincial directives	Comply with provincial directives

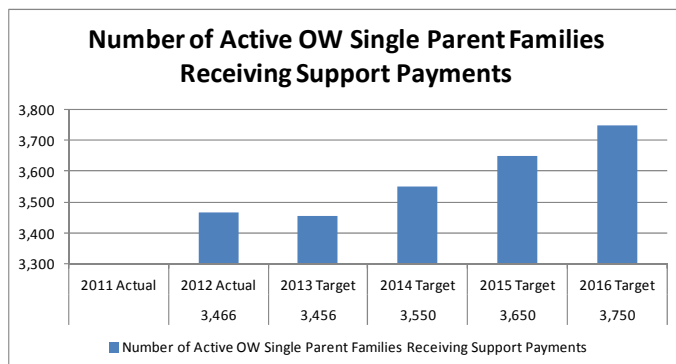
Service Performance Measures

Efficiency Measure – Total amount of benefits paid



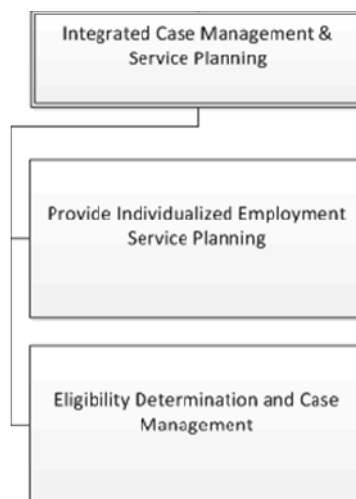
- Reflects all costs associated with client benefit payments for social assistance and employment programs (ie benefits paid to Ontario Works and Ontario Disability Support Program clients by the City).
- Payments are driven by Provincial policies, demand as reflected by the Ontario Works caseload and caseload dynamics (ie singles versus families).

Effectiveness Measure – Number of single parent families with child support agreements



- The number of active Ontario Works single parent families receiving support payments.
- Increasing the number of cases with support payments reduces the social assistance benefits paid by the City. The support payments stay with the family after they leave OW, which improves their chances of remaining off assistance in the long term.

Service Profile: Integrated Case Management & Service Planning



What we do

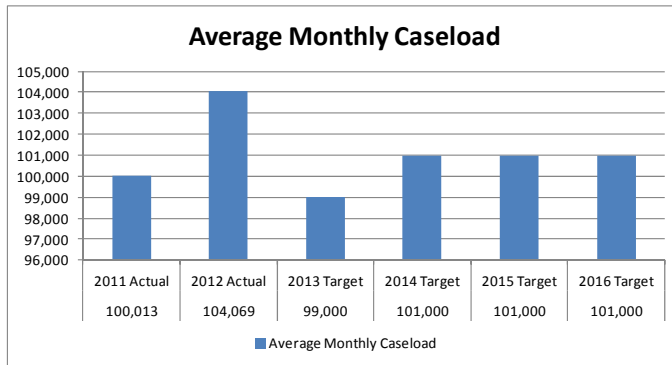
- Assess eligibility for OW benefits and services for City residents.
- Develop and update service plans that support employment goals and link individuals and families to key social supports.

2014 Recommended Service Levels

Activity	Type	Status	Service Levels			
			2011	2012	2013	2014 Recommended
Provide Individualized Employment Service Planning	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	Approved	256,000 personal service plans completed or updated	269,000 personal service plans completed or updated		260,000 individual plans
Eligibility Determination and Case Management	Taking applications, assessing eligibility for financial assistance and rendering an eligibility decision	Approved	An eligibility decision within 7.4 business days	An eligibility decision within 7.0 business days		An eligibility decision within 7.0 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			100% of referrals identified through completed service plans
	Review of appeals regarding ineligibility decisions	Approved	Maintain 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	Approved	18,150 residents receive medical benefits	18,500 residents receive medical benefits		20,000 residents receive medical benefits
	Manage ongoing eligibility for financial assistance (eg Basic Living Allowance, Shelter Allowance, and Other Benefits mandated by the Province)	Approved	161,000 families and single Torontonians	169,000 families and single Torontonians		176,000 families and single Torontonians
	Provide assessment and referrals to appropriate social supports (e.g. Housing, Addictions Counselling, etc.)	Approved	161,000 families and single Torontonians	169,000 families and single Torontonians		176,000 families and single Torontonians
	Extended Employment Health Benefit (EEHB)	Approved				Housing Stability Plan to be submitted to Council in Fall 2013

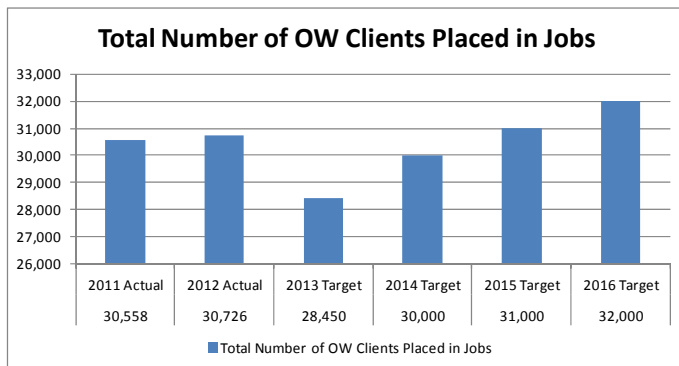
Service Performance Measures

Efficiency Measure – Ontario Works (including cases accessing OW) Average Monthly Caseload



- Reflects the demand for Ontario Works and the volume of service provided to eligible City residents during the year.
- The number of cases receiving OW is mainly driven by the City's economic environment. Caseload volumes drive both direct client benefits and administration costs.
- The average monthly caseload is expected to stay at 101,000 in 2014, 2015 and 2016.

Effectiveness Measure – Number of Ontario Works clients placed in jobs



- The number of distinct Ontario Works clients that left OW for employment or who started a job placement during the current year.

IV: 2014 Recommended Total Operating Budget

2014 Recommended Operating Budget (In \$000s)

	2013		2014 Recommended Operating Budget			2014 Recommended vs. 2013 Budget Approved Changes		Incremental Change 2015 and 2016 Plan			
	Approved Budget	Projected Actual	2014 Rec'd Base	2014 Rec'd New/Enhanced	2014 Rec'd Budget	\$	%	2015		2016	
(In \$000s)	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
By Service											
Employment Services											
Gross Expenditures	69,010.0	62,167.2	64,044.1		64,044.1	(4,965.9)	(7.2%)	523.9	0.8%	358.8	0.6%
Revenue	50,267.9	46,118.5	47,056.4		47,056.4	(3,211.5)	(6.4%)	769.3	1.6%	129.6	0.3%
Net Expenditures	18,742.1	16,048.7	16,987.7		16,987.7	(1,754.4)	(9.4%)	(245.5)	(1.4%)	229.2	1.4%
Financial Supports											
Gross Expenditures	1,018,934.6	899,086.3	950,183.5		950,183.5	(68,751.1)	(6.7%)	(4,209.7)	(0.4%)	(2,019.3)	(0.2%)
Revenue	909,722.7	800,496.5	858,529.7		858,529.7	(51,193.0)	(5.6%)	3,234.6	0.4%	10,118.6	1.2%
Net Expenditures	109,211.9	98,589.8	91,653.8		91,653.8	(17,558.1)	(16.1%)	(7,444.3)	(8.1%)	(12,138.0)	(14.4%)
Integrated Case Management and Service Planning											
Gross Expenditures	158,447.6	154,617.8	157,900.9		157,900.9	(546.7)	(0.3%)	4,377.5	2.8%	1,292.6	0.8%
Revenue	98,076.8	100,034.0	94,178.2		94,178.2	(3,898.6)	(4.0%)	745.1	0.8%	231.2	0.2%
Net Expenditures	60,370.8	54,583.8	63,722.8		63,722.8	3,352.0	5.6%	3,632.4	5.7%	1,061.4	1.6%
Total											
Gross Expenditures	1,246,392.2	1,115,871.3	1,172,128.6		1,172,128.6	(74,263.6)	(6.0%)	691.7	0.1%	(368.0)	(0.0%)
Revenue	1,058,067.4	946,649.0	999,764.3		999,764.3	(58,303.1)	(5.5%)	4,749.1	0.5%	10,479.5	1.0%
Total Net Expenditures	188,324.8	169,222.3	172,364.3		172,364.3	(15,960.5)	(8.5%)	(4,057.4)	(2.4%)	(10,847.4)	(6.4%)
Approved Positions	2,189.0	2,102.4	2,151.5		2,151.5	(37.5)	(1.7%)	(3.0)	(0.1%)		0.0%

The 2014 Recommended Operating Budget for Toronto Employment and Social Services of \$1,172.129 million gross and \$172.364 million net is comprised of the following services:

Employment Services is \$1.754 million net or 9.4% under the 2013 Approved Budget of \$18.742 million net.

- Base Budget changes are primarily attributable to savings in salaries and benefits resulting from lower caseload of 7,500 cases below the 2013 approved budget of 108,500, partially offset by inflationary increases for salary and benefits and non-payroll expenditures and increased consulting costs to undertake a comprehensive organizational review to better support the Council mandated Workforce Development Strategy and the Program's employment programs & benefits as per Auditor General's recommendation.
- Future year incremental costs are mainly due to salary and fringe benefits and anticipated economic factors for non-payroll expenditures, offset by the reduced OW benefit costs from future Provincial uploading of cost.

Financial Supports service is \$17.558 million net or 16.1% under the 2013 Approved Budget of \$109.212 million net.

- Base Budget changes are primarily attributable to savings resulting from lower caseload of 7,500 cases below the 2013 approved budget of 108,500, OW upload savings, reduced special diet allowances. These reductions are offset by inflationary increases for salary and benefits and non-payroll expenditures, Loss in Toronto Pooling Compensation and higher

client benefits due to Provincial policy changes (1% OW benefit rate increase, \$14 singles top-up and \$200 employment earnings exemption).

- Future year incremental costs are mainly due to salary and fringe benefits and anticipated economic factors for non-payroll expenditures and loss in Toronto Pooling Compensation of \$11.800 million in 2015 and 2016, offset by the reduced OW benefit costs from future Provincial uploading of costs.

Integrated Case Management and Service Planning service is \$3.352 million net or 5.6% over the 2013 Approved Budget of \$60.371 million net.

- Base Budget changes are primarily attributable to savings in salaries and benefits resulting from lower caseload of 7,500 cases below the 2013 approved budget of 108,500, partially offset by inflationary increases for salary and benefits, non-payroll expenditures.
- Future year incremental costs are mainly due to salary and fringe benefits and anticipated economic factors for non-payroll expenditures.

Approval of the 2014 Recommended Budget will result in the Program decreasing its total staff complement by 37.5 positions from 2,189.0 to 2,151.5 as highlighted below:

2014 Recommended Total Staff Complement

Changes	2014 Budget	2015 Plan	2016 Plan
Opening Complement	2,189.0	2,151.5	2,148.5
In-year Adjustments			
Adjusted Staff Complement	2,189.0	2,151.5	2,148.5
Recommended Change in Staff Complement			
Housing Stabilization	3.0	(3.0)	
OW Average Monthly Caseload	(78.5)		
Staff Realignment	10.0		
Summer Students	28.0		
Total	2,151.5	2,148.5	2,148.5
% Change over prior year			

- The additional 3 temporary positions are funded for 2014 from the Community Homelessness Prevention Initiative (CHPI) to support the development of a long term strategic plan for the Housing Stabilization Fund (HSF).
- Working as One, A Workforce Development Strategy for Toronto*, which was unanimously approved by Council in March 2012, aims to better connect jobseekers to jobs by working with employers and will increase the staff complement by 10 positions to improve the planning, management and delivery of employment services to unemployed city residents, as well as more effective ways to work with employers to meet labour force needs.
- TESS has historically budgeted for seasonal summer employees as a lump sum rather than as individual positions. As a result, it is proposed that summer employees be budgeted as individual positions for 2014, which will increase the complement by 28 FTEs.

- The net decrease of 78.5 positions is due to an overall decrease of 7,500 cases from the 2013 budgeted average monthly caseload of 108,500 cases.

**2014 Recommended Base Budget
(In \$000s)**

(In \$000s)	2013 Approved Budget	2014 Rec'd Base	Change		Incremental Change			
			2014 Recommended Base vs. 2013 Approved Budget		2015 Plan		2016 Plan	
By Service	\$	\$	\$	%	\$	%	\$	%
Employment Services								
Gross Expenditures	69,010.0	64,044.1	(4,965.9)	(7.2%)	523.9	0.8%	358.8	0.6%
Revenue	50,267.9	47,056.4	(3,211.5)	(6.4%)	769.3	1.6%	129.6	0.3%
Net Expenditures	18,742.1	16,987.7	(1,754.4)	(9.4%)	(245.5)	(1.4%)	229.2	1.4%
Financial Supports								
Gross Expenditures	1,018,934.6	950,183.5	(68,751.1)	(6.7%)	(4,209.7)	(0.4%)	(2,019.3)	(0.2%)
Revenue	909,722.7	858,529.7	(51,193.0)	(5.6%)	3,234.6	0.4%	10,118.6	1.2%
Net Expenditures	109,211.9	91,653.8	(17,558.1)	(16.1%)	(7,444.3)	(8.1%)	(12,138.0)	(14.4%)
Integrated Case Management and Service Planning								
Gross Expenditures	158,447.6	157,900.9	(546.7)	(0.3%)	4,377.5	2.8%	1,292.6	0.8%
Revenue	98,076.8	94,178.2	(3,898.6)	(4.0%)	745.1	0.8%	231.2	0.2%
Net Expenditures	60,370.8	63,722.8	3,352.0	5.6%	3,632.4	5.7%	1,061.4	1.6%
Total								
Gross Expenditures	1,246,392.2	1,172,128.6	(74,263.6)	(6.0%)	691.7	0.1%	(368.0)	(0.0%)
Revenue	1,058,067.4	999,764.3	(58,303.1)	(5.5%)	4,749.1	0.5%	10,479.5	1.0%
Net Expenditures	188,324.8	172,364.3	(15,960.5)	(8.5%)	(4,057.4)	(2.4%)	(10,847.4)	(6.4%)
Approved Positions	2,189.0	2,151.5	(37.5)	(1.7%)	(3.0)	(0.1%)		0.0%

The 2014 Recommended Base Budget of \$1,172.129 gross and \$172.364 million net is \$15.961 million or 8.5% under the 2013 Approved Budget of \$188.325 million net and exceeds the budget target of a 0% increase.

Key cost drivers resulting in base budget savings of \$15.961 million are detailed in the table below:

Key Cost Drivers

(In \$000s)

(In \$000s)	2014 Rec'd Base Budget
Net Expenditure Changes	
Prior Year Impacts	
Social Assistance Stabilization(SAS) Reserve Fund Reversal	7,319.3
Reversal Zero-based items - Management and Furniture	(232.3)
One-Time Provincial Funding	1,150.0
IDC/IDR	(605.2)
Economic Factors	
Economic Factor - Non-Salary Expenditures	524.3
COLA and Progression Pay	
COLA & Employee Benefits	4,720.8
Progression Pay	1,215.7
Other Base Changes	
OW Average Monthly Caseload Reduction	(12,388.7)
Employment Benefits	(923.2)
Special Diet	(570.0)
Ontario Works (OW) rate increase 1%	910.6
OW- Singles Top Up	881.0
OW - Earning Exemption	1,094.4
Total Changes	3,096.7
Revenue Changes	
OW Benefit Costs - Upload adjustment to Base Subsidies (to reflect 2014 Cost sharing)	(25,652.0)
Ontario Municipal Partnership Fund (OMPF) Clawback (including the Loss in Toronto Pooling Compensation)	11,780.0
SAS Reserve Fund Draw - to offset Loss in Toronto Pooling Compensation.	(4,980.0)
Client Recoveries	(205.2)
Total Changes	(19,057.2)
Net Expenditures	(15,960.5)

Prior Year Impacts

- Reversal of one-time 2013 contribution of \$7.319 million from the SAS Reserve Fund.
- Reversal of \$1.150 million one-time Provincial Funding from 2013.
- A reduction of \$0.605 million is primarily due to a decrease in telephone costs of \$0.410 million and additional revenues from the Childrens Services Malvern shared space.

Economic Factors

- An increase of \$0.524 million net is primarily due to inflationary increases to non-labour economic factors, such as Hydro and stationary.

COLA, Employee Benefits and Progression Pay

- There is an increase of \$5.937 million in salaries and benefits (including progression pay, COLA and fringe benefits).

OW Average Monthly Caseload

- A reduction of \$86.514 million gross and \$12.389 million net is achieved through a combination of adjustments to financial benefits and staffing costs, as highlighted in the table below.
- In 2014, OW average monthly caseload is reduced by 7,500 from the 2013 level. This will result in a reduction of \$79.970 million gross and \$9.116 million net on Financial Benefits and a reduction of \$6.545 million gross and \$3.272 million net on Staffing Costs.

(\$000s)	Gross Exp.	Revenue	Net Exp.
OW Average caseload - reduction of 7,500 cases			
Financial Benefits-based on the 2014 cost sharing ratio of 88.6%			
Reduction of 9,500 cases	(79,969.56)	(70,853.16)	(9,116.40)
Staffing Cost			
Reduction of 9,500 cases	(8,262.05)	(4,131.01)	(4,131.04)
OW-ODSP Participating caseload - increase of 2,000 cases	1,717.46	858.73	858.73
Total	(86,514.15)	(74,125.44)	(12,388.71)

Special Diet

- A reduction of \$5.000 million gross and \$0.570 million net to reflect current expenditure levels for Special Diet Allowance. The downward trend of Special Diet expenditures is mainly attributable to the additional eligibility criteria for both clients and medical practitioners introduced in 2010.

Provincial Policy Changes

- An increase of \$2.886 million net is a result of provincial policy changes that were implemented late in 2013 such as the provincially mandated 1% benefit rate increase, a \$14 monthly top-up for singles, and \$200 earning exemption.

OW Benefit Costs- Upload adjustment to Base Subsidies

- A decrease of \$25.652 million net is due to increased provincial subsidies for financial, medical and employment benefits to reflect 2014 cost sharing rates.

Ontario Municipal Partnership Fund (OMPF) Clawback (now known as Toronto Pooling Compensation)

- The decrease in Toronto Pooling Compensation is \$35.380 million over the 2014-2016 period, with \$11.780 million in 2014 which is offset by a one-time draw from the Social Assistance Stabilization (SAS) Reserve Fund for \$4.980 million, and an incremental impact of \$11.800 million in 2015 and \$11.800 million in 2016.

**2014 Recommended New / Enhanced Service Priority Actions
(In \$000s)**

There are no new / enhanced service priority actions recommended for TESS in 2014.

**2015 and 2016 Plan
(In \$000s)**

Description (\$000s)	2015 - Incremental Increase					2016 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
Known Impacts:										
Upload of Ontario Works Financial Benefits		23,965.8	(23,965.8)	(13.9%)			23,965.8	(23,965.8)	(13.9%)	
Claw Back of Toronto Pooling Compensation		(11,800.0)	11,800.0	6.8%			(11,799.5)	11,799.5	6.8%	
Reversal of SAS Reserve Contribution		(4,980.0)	4,980.0	2.9%					0.0%	
NCBS reduced savings and funding	(2,576.6)	(2,576.6)		0.0%		(2,576.6)	(2,576.6)		0.0%	
One-time funding for transition to CHIPI	(2,817.6)	(2,817.6)		0.0%	(3.0)				0.0%	
Salaries & Benefits (COLA, Progression Pay)	5,039.1	2,519.6	2,519.6	1.5%		1,342.9	671.5	671.5	0.4%	
Economic Factors - Non-Salary	1,046.8	438.0	608.8	0.4%		865.7	218.3	647.4		
Total Incremental Impact	691.7	4,749.1	(4,057.4)	(2.4%)	(3.0)	(367.9)	10,479.5	(10,847.4)	(6.3%)	

Approval of the 2014 Recommended Budget for Toronto Employment and Social Services will result in 2015 and 2016 incremental savings of \$4.057 million and \$10.847 million net respectively to maintain the 2014 service levels.

Future year incremental costs are primarily attributable to the following:

Known Impacts

- The reduced City share of OW Benefit costs from 11.4% to 8.6% due to the Provincial uploading of OW costs for \$23.966 million in 2015 and from 8.6% to 5.8% for \$23.966 million in 2016;

partially offset by:

- The Loss in Toronto Pooling Compensation of \$35.380 million over the 2014-2016 period, with \$11.800 million in 2015, and \$11.800 million in 2016 as the province will be phasing out this subsidy during the 2014-2016 period;
- Reversal of the one-time 2014 recommended contribution of \$4.980 million in 2015 from the SAS Reserve Fund that was used to offset the Loss in Toronto Pooling Compensation revenues in 2014;
- Employee salary and benefits are estimated to increase by \$5.039 million gross / \$2.520 million net in 2015, including COLA and progression pay, and \$1.343 million gross / \$0.672 million net in 2016, which excludes COLA.
- Non-salary economic factors of \$1.047 million gross / \$0.609 million net in 2015 and \$0.866 million gross / \$0.647 million net in 2016.

Anticipated Impacts

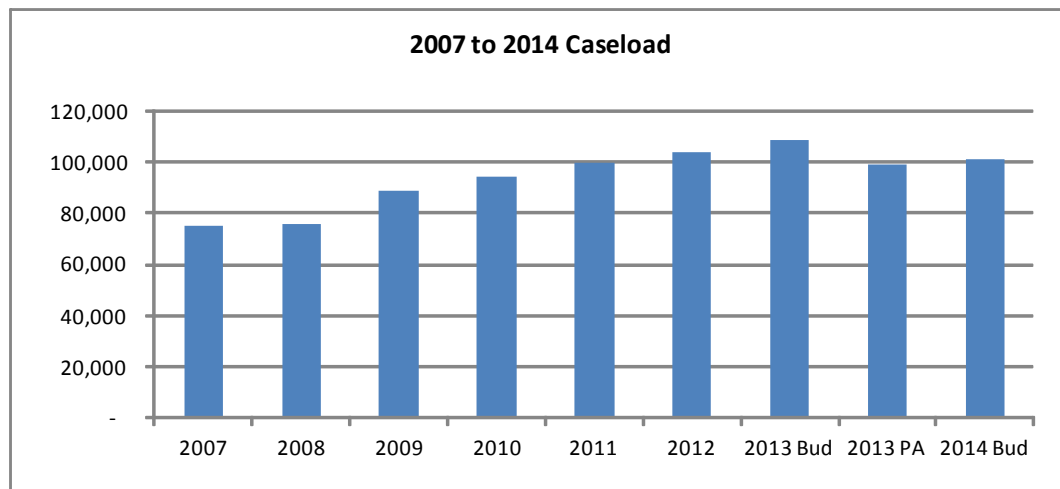
The 2015/2016 Outlooks exclude any potential changes in the OW caseload and any potential OW rate increases. These factors will be reviewed and presented to Budget Committee in 2015 and 2016.

V: ISSUES FOR DISCUSSION

2014 Issues

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 residents of the City to help cover the costs of basic needs (e.g. food) and housing costs, and employment assistance to help social assistance recipients find a job.
- The average monthly caseload represents the number of families served during the year and is the Program's key budget driver. Actual caseload was 104,069 in 2012 and was budgeted to be 108,500 in 2013. As a result of the better than expected economic environment in Toronto, caseload is currently projected to be 99,000 in 2013, 9,500 cases lower than budget.
- The 2014 Recommended Operating Budget includes a decrease of \$86.514 million gross and \$12.389 million net to reflect a decrease of 7,500 cases in the OW average monthly caseload, from 108,500 in 2013 to 101,000 in 2014. Based on a staffing ratio of 10.5 staff per 1,000 cases, the lower caseload will reduce TESS's budgeted complement by 78.5 FTEs in 2014.



- The budget of an average annual monthly caseload of 101,000 is based on many factors, including a corporate finance model that focuses on economic forecasts related to Toronto's labour market, historical trends, including previous recession experience, analysis of caseload dynamics, and a review of OW policy and program changes likely to impact the caseload.
- There are certain forecast risks, namely the pace of the economic recovery given global and domestic economic conditions, which could lead to a stalling or even reversal of the Toronto economic recovery impacting on employment and hence caseload.

- Implementation of a number of Provincial social assistance policy changes, as shown in the following table and discussed below, are expected to have an upward pressure on caseload and financial benefits in 2014 and beyond:

Description	Gross Expenses (\$000s)	Revenues (\$000s)	Net Expenses (\$000s)
Base Budget Changes			
OW rate increase 1%	7,988	7,077	911
OW Singles Top-Up	7,728	6,847	881
OW Earning Exemption	9,600	8,506	1,094
OW Participating Caseload	1,717	859	859
Net Changes to 2014 Budget	27,033	23,289	3,745

- As per the 2013 Ontario Budget, Ontario Works (OW) benefit rates will be increased by one per cent for adult OW recipients effective October 2013. The impact on the 2014 budget is \$7.988 million gross and \$0.911 million net ;
- Single OW adults without children will receive an additional top-up of \$14 per month effective in the fall of 2013. Based on a projected 46,000 singles, a monthly top-up of \$14 will increase financial benefits by \$7.728 million gross and \$0.881 million net;
- Historically, social assistance benefits were reduced by 50 cents for every dollar of employment earnings. Under new rules effective in the fall of 2013, OW recipients will be able to keep the first \$200 of employment earnings each month before their social assistance benefits are reduced. Based on a projected 8,000 cases with earnings, the \$200 earning exemption will increase financial benefits by \$9.600 million gross and \$1.094 million net;
- Currently, individuals must deplete most of their assets to qualify for Ontario Works. Effective October 2013, the limits for liquid assets, including cash, will increase for single adults receiving OW from \$606 to \$2,500, and from \$1,043 to \$5,000 for couples. While the higher asset limits will help recipients become more financially secure, the change will likely result in higher caseloads in 2014 and beyond;
- A significant number of Ontario Disability Support Program non-disabled adults are not participating in OW employment assistance activities. The Province is revising policy to emphasize participation as the default expectation, which is projected to increase the number of referrals to OW offices and hence caseload. The 2014 budget submission includes an additional 2,000 cases to reflect the increase of ODSP non-disabled adults participating in OW employment assistance activities, which will increase program delivery costs by \$1.717 million gross and \$0.859 million net. As these recipients receive financial benefits through ODSP, there are no OW financial benefits associated with these new cases.

Housing Stabilization Fund

- In July 2012, the City of Toronto was advised that beginning January 1, 2013, the Provincial government was introducing the first phase of its housing program consolidation, the Community Homelessness Prevention Initiative (CHPI), under the Long-Term Affordable Housing Strategy. Under this new program, the City receives an annual funding allocation that consolidates a range of provincial funding streams for Housing and Homelessness supports and the City is required to develop local plans.
- As part of the consolidation, the Community Start-Up and Maintenance Benefit (CSUMB), a demand driven mandatory Ontario Works benefit, was eliminated.
- In response to the elimination of CSUMB, City Council directed TESS and Shelter Support and Housing Administration to establish a Housing Stabilization Fund (HSF) effective January 2013. Using mainly CHPI funding, and consistent with the objectives of that program, the HSF provides resources to prevent evictions and assist Ontario Works (OW) and Ontario Disability Support Program (ODSP) clients to obtain housing, retain their housing or relocate to more appropriate or affordable accommodation.
- Of the \$96.4 million in total CHPI funding received by the City for 2013, \$23.9 million was allocated to the HSF. In addition, the Province announced in December 2012 a one-time grant to support the transition to CHPI, with Toronto's allocation being \$12.3 million. \$9.8 million was applied to 2013, with \$6.8 million going to the HSF and \$3.0 million going to Shelter, Support and Housing Administration and \$2.5 million held for the HSF in 2014.
- In 2013, due to the limited time to communicate the HSF to residents and community organizations, demand for the fund and usage of it was lower than anticipated. Reflecting the understanding that 2013 is a transitional year, ongoing refinements of the HSF have been undertaken to improve uptake of the funding. TESS has taken several steps to improve the HSF, including better external and internal outreach, training and communication, as well as revising the eligibility criteria to better respond to the needs of vulnerable residents.
- TESS's 2014 Recommended Operating Budget for HSF is \$27.9 million, \$4.3 million lower than the 2013 budget as only \$2.5 million of one-time provincial funding will be available versus \$6.8 million in 2013. As the one-time provincial funding will run-out in 2014, the 2015 Budget Plan for HSF will be \$25.4 million, \$2.5 million lower than in 2014 and \$6.8 million lower than in 2013.
- The drop in funding in 2014 and 2015, together with the anticipated increased uptake of the fund due to the steps TESS is undertaking, will reduce the City's capacity to assist residents who are facing housing related crises, as program criteria will be needed to prioritize services for the most vulnerable clients within the limited funds available.
- On October 8, 9, 10, and 11, City Council adopted the recommendation in the report "2014 Service Level Review - Community Development and Recreation Programs", that 2014 service levels for the HSF be maintained at 2013 service levels. Due to financial

constraints, maintaining the 2014 HSF servel levels at the 2013 level is not recommended (see page 30).

Medical Benefits for Social Assistance Recipients

- Under the authority of the OW Act, TESS provides a range of health related items to eligible OW and ODSP recipients, including dental benefits, funerals, vision care, hospital beds, wheelchairs, orthotics, etc.
- More than 50,000 households receive support for medical benefits annually, many of them seniors and people with significant health issues. Over time, changes in social assistance policies, health care and demographics have created growing demands and increasing costs for medical benefits. These demands are being exacerbated by the changing age structure in Toronto with the two fastest growing age groups aged 60-64 and 85+ years.
- Historically, provincial funding for medical benefits has been open-ended, demand-based with no cap. In its 2012 budget, the Province announced that provincial funding for medical benefits would be capped at a fixed per case amount.
- In 2013, City Council authorized expenditures at \$1.5 million above the anticipated funding cap to assist OW and ODSP recipients at the same service levels as in 2012.
- Given the number of actions in the process of being implemented to realize cost efficiencies, including purchasing items in bulk, "bundling" medical equipment, aids and supports that are currently purchased separately, and leveraging the City's purchasing processes through Requests for Proposals/Quotes, the 2014 Recommended Operating Budget provides for medical benefit service levels at the same level as in 2013. As in 2013, expenditures are projected to be \$1.5 million above the funding cap in 2014.
- Based on the growing demands and increasing costs for medical benefits, maintaining service levels beyond 2014 may result in significant budget pressures.

Upload of ODSP/ODB and OW Benefits and Loss of Toronto Pooling Compensation

- 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 approach over the 2010 to 2018 time period. The City share of costs, which was 20% before the uploading commenced, is 14.2% in 2013 and is scheduled to drop to 11.4% in 2014.
- The Province also confirmed through the "Provincial-Municipal Fiscal and Service Delivery Review" report in fall 2008 that "... Ontario Municipal Partnership Fund (now known as Toronto Pooling Compensation) 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 Toronto Pooling Compensation (TPC) claw-back is \$20.8 million and it was expected to be approximately \$6.8 million per year for 2014 to 2018 at which point it would be fully phased-out.
- In June 2013, the Province announced the Loss in Toronto Pooling Compensation. Over the 2014-2016 period, the funding gap resulting from the Loss in Toronto Pooling Compensation for the City will be \$149.3 million, with \$113.940 million for Shelter, Support & Housing Administration (SSHA) and \$35.380 million for Toronto Employment and Social Services, as highlighted in the table below.

Elimination of Toronto Pooling Compensation												
Allocation of Provincial Funding Cut between SSHA and TESS												
	2014			2015			2016			Total		
	Total	SSHA	TESS	Total	SSHA	TESS	Total	SSHA	TESS	Total	SSHA	TESS
Provincial Funding Cut:	\$ 42.5	37.5	5.0	\$ 43.1	38.2	4.9	\$ 43.2	38.2	5.0	\$ 128.8	113.9	14.9
Claw back already accounted for in TESS	\$ 6.8		\$ 6.8	\$ 6.9		\$ 6.9	\$ 6.8		\$ 6.8	\$ 20.5		\$ 20.5
Impact of Loss in Toronto Pooling Compensation	\$ 49.3	\$ 37.5	\$ 11.8	\$ 50.0	\$ 38.2	\$ 11.8	\$ 50.0	\$ 38.2	\$ 11.8	\$ 149.3	\$ 113.9	\$ 35.4

- For details on the impact on SSHA, please refer to the 2014 Recommended Operating Budget Analyst notes for SSHA.
- With the Provincial announcement in June 2013, the phase-out of the TPC would be accelerated and would be eliminated by 2016, two years earlier than originally scheduled. The accelerated phase out will negatively impact TESS's operating budget by \$5 million per year for 2014 through 2016.
 - TESS's 2014 budget submission proposes that a \$5 million draw from the Social Assistance Stabilization (SAS) reserve be used to offset the impact of the accelerated phase-out of the TPC in 2014.
- The following table illustrates the impact of the OW and ODSP upload from 2008 through 2018 net of the TPC claw-back. In 2014, the savings from the OW benefit upload of \$24.0 million is partially offset by the TPC claw-back of \$11.8 million, resulting in a net budget savings of \$12.2 million.
- As illustrated in the following table, the aggregate budget savings to the City from 2008 through 2014 is \$178.0 million and is expected to grow to \$252.1 million by 2018.

	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)	0%																
Ontario Disability Support Program (Benefits Costs)	20%	(77.5)	10%	(77.5)	0%														
Ontario Works Benefit Upload (Benefits Costs)	20%	(5.8)	19.4%	(5.4)	18.8%	(15.1)	17.2%	(28.3)	14.2%	(24.0)	11.4%	(24.0)	8.6%	(24.0)	5.8%	(25.7)	2.8%	(24.0)	0.0%
Savings from Upload		(39.1)	(20.0)	(83.3)	(82.9)	(15.1)	(28.3)	(24.0)	(24.0)	(24.0)	(24.0)	(25.7)	(24.0)						
OMPFP Clawback		0	19.7	20.8	20.8	20.8	20.8	11.8	11.8	11.8	0	0							
Incremental Savings		(39.1)	(0.3)	(62.5)	(62.1)	5.7	(7.5)	(12.2)	(12.2)	(12.2)	(25.7)	(24.0)							
Commulative Savings		(39.1)	(39.4)	(101.9)	(164.0)	(158.3)	(165.8)	(178.0)	(190.2)	(202.4)	(228.1)	(252.1)							

Provincial Subsidy Stabilization

- Under the revised OW funding approach for program delivery expenditures implemented by the Province in 2011, the City receives a fixed amount per case for each year in the two year OW business cycle. As caseload is calculated as the average monthly caseload for 24 months before the beginning of the business cycle, funding is fixed for the business cycle regardless of caseload changes during the business cycle.
 - In a rising caseload environment, provincial funding will be less than required, and the OW program will either have to be run with less than optimal resources or the City will have to fund 100% of the cost of the incremental resources until the start of the next business cycle.
 - In a decreasing caseload environment, resources will have to be carefully managed down to reflect a projected drop in funding in the next business cycle, which could make fully utilizing provincial funding problematical.
- To manage and mitigate the risks associated with a funding envelope based on caseload levels, the 2014 Recommended Operating Budget includes a \$11 million contribution to the Ontario Works Reserve funded through Provincial subsidy generated by indirect costs allocated to the social assistance program through the City's Full-Costing model.
- These funds will be drawn as necessary in future years to provide TESS with the flexibility to manage resources as caseload changes while protecting the City against a property tax impact.
- Current caseload trends suggest that caseload for the next funding cycle, which starts April 1st, 2015, will be lower than in the current funding cycle, which will result in lower provincial funding for the next cycle.

Employment Assistance Benefits

- OW clients, ODSP dependent adults and ODSP non-disabled spouses without care-giving responsibilities are required to participate in approved employment assistance activities as a condition of eligibility for financial assistance. The approved employment assistance activities are tailored to individual client needs and designed to aid clients to prepare for, find and maintain employment. Approved employment assistance activities include pre-employment development programs that help OW clients to explore career options and set goals, volunteering, skills training, and education/upgrading classes.
- Increasing number of people on OW are more distant from the labour market, and thus require more intensive interventions to help them find sustainable employment.
 - 20% of participants having been in Canada less than 5 years
 - 35% of participants having little or no English language skills
 - Almost 40% of participants with less than grade 12 or its equivalent
 - Over 60% of participants identified with multiple barriers to employment
- The 2014 Recommended Budget for employment benefits is \$57.161 million gross and \$5.034 million net. This investment will:
 - Provide services and supports to OW recipients to help them compete for and retain jobs;
 - Allow TESS to implement the recommendations in the City Council approved report "Working As One, A Workforce Development Strategy for Toronto" (e.g support individuals with the costs associated with accreditation, licensing and certification and supports to entrepreneurs to increase self-employment and business start-ups and promote job creation);
 - Manage the increasing number of ODSP cases referred to OW for employment activities, due to the Province's revision of policies to emphasize participation in employment as a default expectation and review of ODSP cases that have either not been referred to OW for employment activities or have not been granted an exception (about 27,000 non-disabled adults); and
 - Provide long term benefits to the City by generating downward pressure on the OW caseload, with the resultant savings more than offsetting the increase investment in employment benefits.

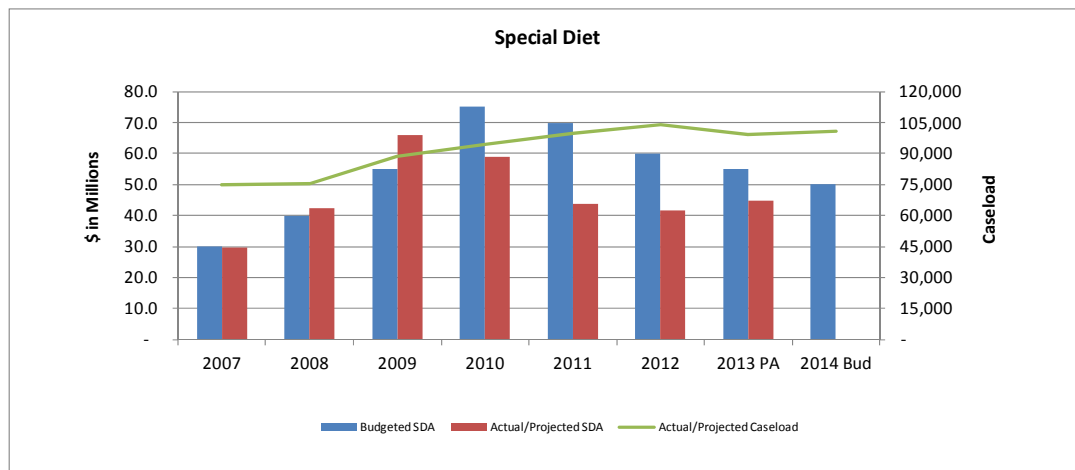
Increase in OW Dental Program Costs

- Under the OW Act, dependent children of OW recipients between the ages of 0-17 years receive mandatory basic dental coverage. The program is managed by Public Health – OW dependent children may seek dental treatment from either a private dentist or by contacting Public Dental Clinics. All claims are processed by Public Health.

- The 2014 Recommended Operating Budget includes \$0.266 million gross and \$0.030 million net in additional funding to align the budget with actual costs being incurred due to escalating demand.

Reduction in Special Diet Allowance Costs

- A Special Diet Allowance (SDA) is provincially mandated benefit under the OW Act that provides additional assistance to OW recipients to assist with the cost of a special diet that is due to an approved medical condition for which the special diet:
 - is generally considered by the Ontario medical community to be an adjuvant to the treatment of the medical condition; and
 - results in additional costs above a normal diet.
- 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.
- While expenditures fell after the introduction of the application, they have slowly began to rise albeit at a slower pace than anticipated in the 2013 Approved Budget. To better reflect this slower growth, the 2014 Recommended Operating Budget includes a reduction of \$5.000 million gross and \$0.570 million net.
- The gross expenses for Special Diet versus OW caseload for 2007 to 2014 are summarized below.



Issues Referred to the 2014 Operating Budget Process

- On October 8, 9, 10, and 11, City Council adopted the recommendation in the report "2014 Service Level Review - Community Development and Recreation Programs", that 2014 service levels for the Housing Stabilization Fund (HSF) be maintained at 2013 service levels.
- The HSF funding approved for 2013 is \$32.2 million gross , broken down as follows:
 - \$23.9 million gross and \$0 million net from the \$96.4 million in total CHPI funding received by the City for 2013;
 - \$6.8 million in one-time provincial funding; and
 - \$1.5 million in 100% City funding.
- In 2014, HSF funding is projected to be \$27.9 million, \$4.3 million lower than in 2013. The one-time provincial funding is reduced to \$2.5 million gross and \$0 million net.
- As highlighted in the table below, to maintain 2014 HSF service levels at the 2013 level, the City would be required to provide an additional \$4.3 million gross/net in HSF funding to address the drop in one-time provincial grant funding.

Standing Committee Service Level Review Impacts (In \$000s)

Description (\$000s)	2014			Net Incremental Impact			
	Gross Expenditure	Net Expenditure	New Positions	2015 Plan		2016 Plan	
				Net Expenditure	# Positions	Net Expenditure	# Positions
Service Level Changes							
Maintain Housing Stabilization Fund Service Levels	4,268.0	4,268.0		2,532.0			
Total	4,268.0	4,268.0		2,532.0			

- Due to financial constraints, maintaining the 2014 HSF at the 2013 level is not recommended.

Appendix 1

2013 Service Performance

2013 Key Accomplishments

The 2013 Operating Budget of \$1,246.4 million gross and \$188.3 million net provided funding to:

- ✓ Manage an average monthly OW caseload budget of 108,500;
- ✓ Work with social assistance recipients and other unemployed City residents to assist 28,450 SA recipients find jobs;
- ✓ Provide consultation and support to approximately 240,000 client visits at Employment Centres (EC) across the City, and continued the implementation of an EC model that supported necessary services and unemployed residents;
- ✓ Advance the City's Workforce Development Strategy by:
 - developing employment plans for city initiatives;
 - working with employers across sectors; and,
 - by working with other governments and service providers to establish an integrated employment services system in Toronto.
- ✓ Continue to introduce new technologies and approaches to streamlining the delivery and administration of social assistance benefits building on the implementation of the City Services Benefit Card;
- ✓ Enhance access to ODSP for homeless/vulnerable people, connecting the homeless with ongoing medical support, and linking homeless people to other service providers;
- ✓ Respond to the recommendations of the Provincial Social Assistance review and subsequent Provincial changes to the social assistance program;
- ✓ Work with the Province and other stakeholders in planning for the 2014 implementation of the Social Assistance Management System (SAMS), the replacement system to SDMT;
- ✓ Implement the new Housing Stabilization Fund (HSF) to meet the emergency housing needs of Torontonians on social assistance (OW and ODSP);
- ✓ Continue to provide medical benefits to Ontario Works(OW), Ontario Disability Support Program (ODSP) and Hardship fund eligible residents at current service levels;
- ✓ Realize cost efficiencies in the provision of medical benefits through bulk purchasing, tendering and establishing a schedule for Orthotics in accordance with the principles and approaches outlined in the staff report "Changes to Provincial Funding Approaches for Homeless Prevention and Social Assistance Programs: Implementation Strategies and Issues"; and

- ✓ Further develop integrated case management and service delivery partnerships with Children Service, Economic Development & Culture, Shelter, Support and Housing Administration and other City divisions.

2013 Financial Performance

2013 Budget Variance Analysis (In \$000s)

(\$000s)	2011 Actuals	2012 Actuals	2013 Approved Budget	2013 Projected Actuals*	2013 Approved Budget vs. Projected Actual Variance	
	\$	\$	\$	\$	\$	%
Gross Expenditures	1,134,186.0	1,130,435.8	1,246,392.2	1,115,871.3	(130,521.0)	(10.5)
Revenues	940,976.0	954,181.1	1,058,067.5	946,649.0	(111,418.5)	(10.5)
Net Expenditures	193,210.0	176,254.7	188,324.8	169,222.3	(19,102.5)	(10.1)
Approved Positions	2,244.5	2,148.0	2,189.0	2,102.4	(86.6)	(4.0)

* Based on the 3rd Quarter Operating Budget Variance Report

2013 Experience

- The projected year-end favourable variance for TESS is anticipated to be \$19.103 million net or 10.1% under the 2013 Approved Net Operating Budget of \$188.325 million.
- TESS is projecting lower than budgeted caseload, projected to be 9,500 lower than the budgeted caseload of 108,500, lower special diet expenditures and Housing Stabilization expenditures to year end.
- The caseload will continue to be closely monitored in relation to the current labour market, economic conditions and recent Provincial policy changes.

Impact of 2013 Operating Variance on the 2014 Recommended Budget

Provincial Policy Changes

- These policy changes, including a \$14 monthly top-up for single adults without children, a \$200 earning exemption, and an increase in asset limits; took effect in the beginning of October and are expected to have an upward pressure on caseloads well into next year.

Appendix 2

2014 Recommended Total Operating Budget by Expenditure Category

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

Category of Expense	2011	2012	2013	2013	2014	2014 Change from		2015	2016
	Actual	Actual	Budget	Projected	Rec'd	2013 Approved	%	Plan	Plan
	\$	\$	\$	\$	\$	\$		\$	\$
Salaries and Benefits	190,991.9	187,974.7	192,749.9	190,249.9	190,739.9	(2,009.9)	-1.0%	196,064.7	197,407.6
Materials and Supplies	17,946.5	15,272.2	15,753.3	9,367.6	14,157.2	(1,596.1)	-10.1%	14,209.6	14,262.2
Equipment	473.7	826.4	606.9	506.6	612.2	5.3	0.9%	617.4	622.4
Services & Rents	47,151.7	50,111.8	51,379.9	50,225.7	88,595.8	37,215.9	72.4%	89,010.9	89,816.2
Contributions to Capital	200.0		923.0		1,100.0	177.0	19.2%	1,100.0	1,100.0
Contributions to Reserve/Res Funds	20,519.1	15,736.7	24,893.7	10,486.2	22,317.1	(2,576.6)	-10.4%	19,740.5	17,163.9
Other Expenditures	830,322.2	838,622.4	936,559.7	831,509.4	831,240.3	(105,319.3)	-11.2%	828,708.3	828,708.3
Interdivisional Charges	26,580.4	21,891.6	23,525.9	23,525.9	23,366.0	(159.9)	-0.7%	23,368.8	23,371.1
Total Gross Expenditures	1,134,185.5	1,130,435.8	1,246,392.2	1,115,871.3	1,172,128.6	(74,263.6)	-6.0%	1,172,820.2	1,172,451.8
Interdivisional Recoveries	8.9				218.2	218.2		218.2	218.2
Provincial Subsidies	833,457.4	863,938.5	968,722.8	877,599.1	938,590.4	(30,132.4)	-3.1%	963,060.0	988,279.6
Other Subsidies	76,978.1	56,192.7	35,379.5	35,379.5	23,599.5	(11,780.0)	-33.3%	11,799.5	
User Fees & Donations	270.1	204.9		160.0					
Transfers from Capital Fund	364.3	376.6	616.4	616.4	616.4		0.0%	616.4	616.4
Contribution from Reserve/Reserve Funds	13,441.3	16,077.6	38,348.7	16,398.9	19,939.9	(18,408.9)	-48.0%	12,019.3	9,078.7
Sundry Revenues	16,456.3	17,390.9	15,000.0	16,495.0	16,800.0	1,800.0	12.0%	16,800.0	16,800.0
Total Revenues	940,976.4	954,181.2	1,058,067.5	946,648.9	999,764.3	(58,303.1)	-5.5%	1,004,513.4	1,014,992.8
Total Net Expenditures	193,209.1	176,254.6	188,324.8	169,222.3	172,364.3	(15,960.5)	-8.5%	168,306.9	157,459.0
Approved Positions	2,244.5	2,148.4	2,189.0	2,102.4	2,151.5	(37.5)	-1.7%	2,148.5	2,148.5

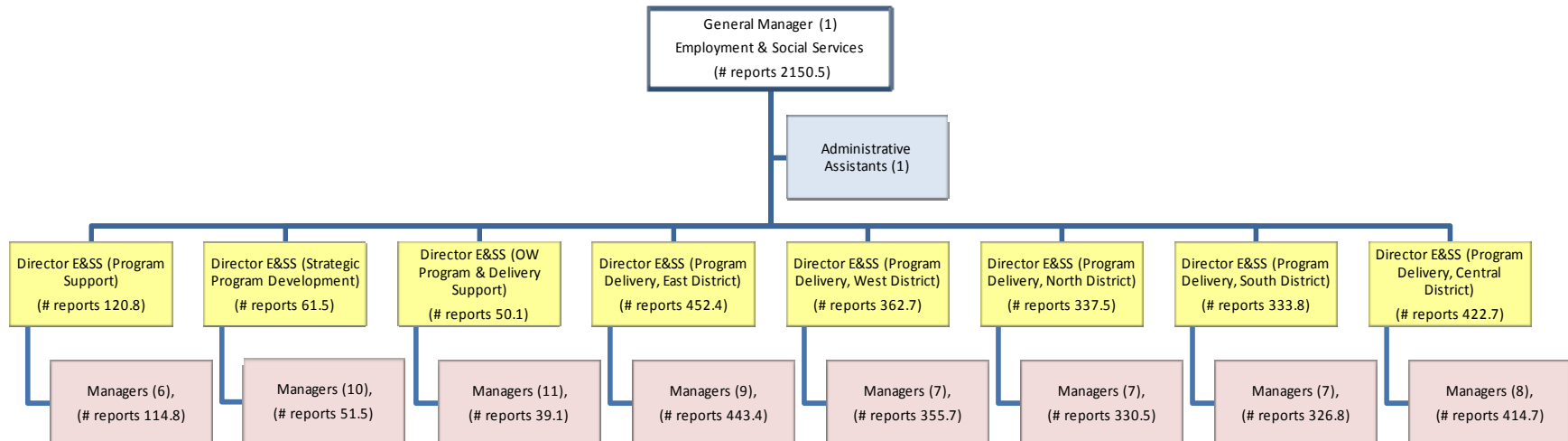
2014 Key Cost Drivers

- The Other Expenditures category is the largest expenditure category and accounts for 70.9% of total expenditures (reflecting Financial Benefits budget), followed by Salaries and Benefits at 16.3%, Service and rents at 7.6% and Contributions to Reserves and Reserve Funds at 1.9%. Provincial Subsidies are the largest revenue category and account for 93.9% of total revenues, followed by Other Subsidies (Ontario Municipal Partnership Fund) at 2.4%.
- The 2014 Recommended Base Budget is 7,500 cases lower than the OW average monthly caseload of 108,500 in 2013. This is reflected in the decreases for Other Expenditures, and Salaries and Benefits.
 - The 2014 recommended budget for salaries and benefits (including progression pay, COLA and fringe benefits) is \$2.010 million or 1% lower compared to the amount of \$192.750 million in the 2013 Approved Operating Budget.
 - The 2014 recommended budget for other expenditures of \$831.240 million is \$105.319 million lower compared to the amount of \$936.560 million in the 2013 Approved Operating Budget. Other expenditures consists mainly of direct client benefits.

- The 2014 recommended budget for materials and supplies of \$14.157 million is \$1.596 million or 10.1% lower compared to the amount of \$15.753 in the 2013 Approved Operating Budget.
 - In order to better manage mandatory and discretionary benefits new cost elements were created. This decrease is mainly attributable to a realignment of Special Needs medical supplies from Materials & Supplies to Services & Rents categories.
- The 2014 recommended budget for services and rents of \$88.596 million is \$37.216 million or 72.4% higher compared to the amount of \$51.380 in the 2013 Approved Operating Budget.
 - This increase can be attributed to a reclassification of HSF funding from Other Expenditures to Services and Rents.
- The 2014 recommended budget for contributions to reserve funds of \$22.317 million is \$2.577 million lower compared to the amount of \$24.894 million in the 2013 Approved Operating Budget.
 - This is mainly attributable to lower savings budgeted to be contributed to the NCBS reserve fund.
- Recommended positions for 2014 are budgeted at 2,151.5. The recommended decrease from 2013 of 37.5 positions are primarily due to the reduced staff requirement resulting from a decrease in the OW average monthly caseload.

Appendix 2 - Continued

2014 Organization Chart



2014 Full and Part Time Staff

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Full-Time	1.0	338.5	1.0	1,811.0	2,151.5
Part-Time	-	-	-	-	-
Total	1.0	338.5	1.0	1,811.0	2,151.5

Appendix 5

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds (In \$000s)

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2013 \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
Projected Beginning Balance		11,884.0	21,924.0	16,484.0	16,110.0
Social Assistance Stabilization Reserve Fund	XQ1054				
<i>Proposed</i>					
<i>Withdrawals (-)</i>			(4,980.0)		
<i>Contributions (+)</i>		10,500.0			
Total Reserve / Reserve Fund Draws / Contributions		22,384.0	16,944.0	16,484.0	16,110.0
Other program / Agency Net Withdrawals & Contributions		(460.0)	(460.0)	(374.0)	
Balance at Year-End		21,924.0	16,484.0	16,110.0	16,110.0

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
Projected Beginning Balance		34,469.0	33,808.0	31,702.0	27,949.0
National Child Benefits Supplement Reserve Fund	XR2102				
<i>Proposed</i>					
<i>Withdrawals (-)</i>		(11,306.0)	(10,734.0)	(9,784.0)	(9,419.0)
<i>Contributions (+)</i>		12,845.0	10,828.0	8,231.0	5,616.0
Total Reserve / Reserve Fund Draws / Contributions		36,008.0	33,902.0	30,149.0	24,146.0
Other program / Agency Net Withdrawals & Contributions		(2,200.0)	(2,200.0)	(2,200.0)	(2,200.0)
Balance at Year-End		33,808.0	31,702.0	27,949.0	21,946.0

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
Projected Beginning Balance		10,691.0	8,767.0	6,827.0	4,867.0
Kids at Computer Scholarship Reserve Fund	XR2104				
<i>Proposed</i>					
<i>Withdrawals (-)</i>		(2,025.0)	(2,025.0)	(2,025.0)	(2,025.0)
<i>Contributions (+)</i>		101.0	85.0	65.0	49.0
Total Reserve / Reserve Fund Draws / Contributions		8,767.0	6,827.0	4,867.0	2,891.0
Balance at Year-End		8,767.0	6,827.0	4,867.0	2,891.0

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Projected Balance as of \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
Projected Beginning Balance		189.0	9,208.0	20,208.0	20,208.0
Ontario Works (OW) Reserve Fund	XR2101				
<i>Proposed</i>					
<i>Withdrawals (-)</i>					
<i>Contributions (+)</i>		9,019.0	11,000.0		
Total Reserve / Reserve Fund Draws / Contributions		9,208.0	20,208.0	20,208.0	20,208.0
Balance at Year-End		9,208.0	20,208.0	20,208.0	20,208.0

**Corporate Reserve / Reserve Funds
(In \$000s)**

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
Projected Beginning Balance		36,428.0	36,428.0	37,567.3	40,670.2
Sick Leave Reserve Fund	XR1007				
<i>Proposed</i>					
<i>Withdrawals (-)</i>			(263.6)		
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		36,428.0	36,164.4	37,567.3	40,670.2
Other program / Agency Net Withdrawals & Contributions			1,402.9	3,102.9	5,402.9
Balance at Year-End		36,428.0	37,567.3	40,670.2	46,073.1

Reserve / Reserve Fund Name	Reserve / Reserve Fund Number	Projected Balance as of \$	Proposed Withdrawals (-) / Contributions (+)		
			2014 \$	2015 \$	2016 \$
Projected Beginning Balance		18,307.1	18,307.1	36,762.2	51,417.3
Insurance Reserve Fund	XR1010				
<i>Proposed</i>					
<i>Withdrawals (-)</i>			(563.1)		
<i>Contributions (+)</i>					
Total Reserve / Reserve Fund Draws / Contributions		18,307.1	17,744.0	36,762.2	51,417.3
Other program / Agency Net Withdrawals & Contributions			19,018.2	14,655.0	15,090.4
Balance at Year-End		18,307.1	36,762.2	51,417.3	66,507.7