

The City's Position on Provincial Income Security Reform and Basic Income

Date: March 23, 2017

To: Community Development and Recreation Committee

From: General Manager, Toronto Employment and Social Services

Wards: All

SUMMARY

Over the past year, the Province has moved forward with two important initiatives to advance income security reform and reduce poverty. First, it established the Income Security Reform Working Group to undertake comprehensive social assistance reform. Second, it committed to implementing a basic income pilot. Together, these initiatives provide an important opportunity to advance system level changes that better meet the needs of low income residents in Toronto, including the need for an integrated response to the provision of income supports and key services to low income residents.

This report begins by highlighting significant changes to Toronto's labour market and social assistance caseload and situating the Province's efforts within the pressing need to rethink and modernize the broader income security architecture to address growing and emerging social risks and opportunities. Next, it provides an update on the work undertaken by the Province to date on income security reform and basic income. Third, reflecting the approaches and principles embedded in the City's Poverty Reduction Strategy, this report recommends City positions on income security reform and basic income to inform Ontario's future work and directions in these areas. Finally, the report identifies potential implications of these reforms for the City and for city residents, while noting the steps Toronto is undertaking to modernize service delivery, enhance service planning and better connect residents to a range of critical human services.

RECOMMENDATIONS

The Community Development and Recreation Committee recommends that:

1. City Council adopt the principles and positions set out in Attachment 1 with regard to provincial efforts to reform income security and pilot a basic income;
2. City Council support the launch, implementation and rigorous evaluation of a basic income pilot in Ontario as a way of testing new approaches to the provision of financial benefits which will inform future decisions with regard to social assistance and income security reform;

3. City Council support both Toronto's participation in the design and evaluation of the provincial basic income pilot and the city as an appropriate location for residents selected to participate in a Randomized Control Trial; and
4. City Council direct the City Manager to forward this report to the Ministry of Community and Social Services.

FINANCIAL IMPACT

There are no financial implications arising from this report beyond what is included in the 2017 Approved Operating Budget for City Divisions.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on September 30, 2016, the Board of Health requested the Ontario government to "prioritize development and implementation of a basic income guarantee pilot to help reduce poverty and improve income security" as part of its report on the Cost of the Nutritious Food Basket:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.HL14.3>

At its meeting on December 13, 14 and 15, 2016, City Council requested the General Manager, Toronto Employment and Social Services to report to the Community Development and Recreation Committee in the first quarter of 2017 on the City's position for submission to the Provincial Social Assistance Reform consultation and Basic Income proposal.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX20.10>

ISSUE BACKGROUND

In Budget 2016, the Government of Ontario made two important commitments to advance income security reform and reduce poverty. First, it announced its intention to establish an Income Security Reform Working Group to undertake comprehensive social assistance reform that "effectively reduces poverty, supports people in their efforts to participate in the economy, and provides human services in a way that makes sense to the people who need them." The Working Group's recommendations are expected by fall 2017.

Second, as part of its work to reform income security, the Province committed to piloting and evaluating a basic income. The goal of the pilot is to test "whether a basic income would provide a more efficient way of delivering income support, strengthen the attachment to the labour force, and achieve savings in other areas, such as health care and housing supports." Subsequently, in June 2016, the Honourable Hugh Segal was

appointed as Special Advisor on Basic Income and tasked with developing a discussion paper to inform the design, implementation and evaluation of the pilot.

The Province has noted that while the Income Security Reform Working Group and the basic income pilot are two separate projects, they are complementary and the findings in one area will inform actions in the other. As a result, they provide an important opportunity to advance system level changes that better meet the needs of low income residents in Toronto, including the need for an integrated response to the provision of income supports and key services to low income residents.

The appetite and impetus for deep and meaningful changes to income security programs is now significant. With steady increases in the growth of precarious jobs and associated increases in working poverty and employment insecurity, there is widespread recognition that many current income security programs, and current approaches, no longer work well. Moreover, slowness to adopt new technologies that have the potential to modernize service delivery are often frustrating service users, who see such changes being introduced in other areas.

The City has long made the case for social assistance and employment services reform and has not only worked closely with the Province to design and deliver positive changes, but has also led the way in many areas. Toronto's Poverty Reduction Strategy, with its focus on a range of service and system-level changes, as well as the City's Workforce Development Strategy and various population-specific strategies for newcomers, youth and others, demonstrate this leadership and commitment.

The directions being proposed by the Province offer the prospect for transformational changes to existing programs, like social assistance, as well as the introduction of wholly new ways of addressing poverty. The need for these reforms and policy innovations is briefly discussed in the first section of the report.

Next, the report sets out clear City positions related to income security reform and a basic income pilot in Ontario. The focus is to inform provincial changes to income security programs so that they better respond to the new world of employment facing Toronto residents, and better address poverty and precarity. Finally, the report also identifies potential implications of these reforms for the City and for city residents, while noting the steps the City is undertaking to modernise service delivery, enhance service planning and better connect residents to a range of critical human services.

Toronto's Changing Labour Market and Ontario Works Caseload

The backdrop against which efforts for reform are being considered, and, indeed, one of the key factors driving the need for real changes to income security programs, is a rapidly transforming economy and labour market.

As the City's recent Poverty Reduction Strategy update report noted, poverty continues to deprive too many Torontonians of a life of dignity and opportunity.¹ Toronto's high levels of poverty are the result of dramatic changes to labour markets and social programs. The shift away from full-time continuous employment relationships to

precarious employment with limited job security is well documented. In the three decades up to 2015, for example, the number of part-time jobs in the city more than doubled to 24%. Meanwhile, precarious employment in the GTA-Hamilton region increased by nearly 50% in the last 20 years, resulting in 40% of workers being in jobs with some degree of precariousness. If anything, these changes have accelerated since the 2008 recession.

Further, recipients of social assistance in Toronto, as well as residents who are working poor, live in a region with the highest cost of living in Canada and the second-most expensive housing market in Canada. In this high-cost environment, earnings from full-time employment, or even from multiple jobs, are often not enough to escape poverty. Although average hourly wages rose in nominal terms by 10.8% between 2008 and 2014, once adjusted for inflation, they lost value.² Recent research found that two working parents with two children would each need to earn more than \$18 an hour and work 37.5 hours per week to meet their basic needs.³

Despite a series of small increases to social assistance rates in recent years, as well as the provision of additional amounts to singles, Ontario Works (OW) recipients, notably single individuals, are living in a greater depth of poverty now than a generation ago.⁴ Recent research shows that the poverty gap -- the distance between total benefit income and the poverty line -- has worsened over time.⁵ For example, in 1989, a single person on Ontario Works faced a poverty gap of just under 40%. By 2014, the gap had widened dramatically to 59% and it would take an additional \$12,301 to close the gap. Meanwhile, the poverty gap for a single parent qualifying for Ontario Works was 35% and it would take an additional \$10,386 to close the gap. This is important given that singles comprise a majority of the social assistance caseload and unlike sole support parents, for example, have access to fewer financial supports outside social assistance.

Significantly, reflecting the ways in which labour markets are being affected by inter-related forces, such as automation and globalization, the average length of stay on OW in Toronto has steadily increased over the past decade. As a result, a much larger proportion of OW clients now face greater barriers to obtaining employment, exacerbated by the length of time they have been out of the labour market. Many on the caseload require more intensive supports to find and keep work, while for others, employment, at least in the near term, is not a realistic goal. For example, over 60% of OW clients identify multiple barriers to employment and less than 50% have Canadian work experience. These clients need to access a broader range of services, including mental and physical health services and childcare, and the system needs to be rebalanced to meet these needs.

The inadequate nature of social assistance benefits, coupled with the increasing lengths of stay and the need for more intensive services, plus the reality that significant numbers of the caseload may be unable to work in the near term given current labour market realities, highlight the critical importance of current efforts to reform social assistance. Indeed, there is a sense that a tipping point has been reached. As the report briefly notes below, the persistent nature and extent of poverty, the disruptive changes to the economy and labour market, and the inadequacy of existing responses which were created under very different conditions, mean that conventional approaches to social assistance and income security reform are no longer sufficient.

The Bigger Picture: Emerging Labour Markets and Income Security Programs

Twenty-first century labour markets vary significantly from those that were the norm just two or three decades ago. Driven by globalization, the emergence of a knowledge-based economy, demographic shifts, technological advances, including the application of Artificial Intelligence, and the rise of outsourcing and contracting, among others, labour markets everywhere are becoming increasingly polarized. This new 'hourglass' or 'two-tier' economy is characterized by the disappearance of 'mid-level' jobs and the expansion of higher-skilled and well-paying knowledge jobs, alongside lower skilled and lower paid entry level positions.⁶ It is also apparent in the emergence of increasingly varied and often precarious forms of employment.

Some of these developments, such as the emergence of more flexible working arrangements, can be positive for workers, especially those with more advanced skills who work in non-routinized jobs. In general, however, the risk of labour market marginalization and exclusion disproportionately affects those with limited education and skills.⁷ More specifically, certain populations -- such as recent immigrants, racialized minorities and Aboriginal Peoples -- face multiple layers of disadvantage as well as systemic barriers to work.

There is no consensus about the scale of impending change, nor the impact. However, the continued rise of platform economies and task routing will see many more people transition from working a single steady job to managing multiple income streams from gig-based work.⁸ As some workers gain greater access to new opportunities, many others will face new vulnerabilities, such as a lack of benefits and income stability. At the very least, the dramatic changes that have already occurred, coupled with the rapid transformations that are now anticipated, make clear that this is not business as usual.

Indeed, many commentators have noted the need to rethink and modernise key pillars of Canada's aging social architecture.⁹ Many of these services, programs and benefits have their origins in the middle of the last century and they have not adequately evolved to address the risks generated by changing labour markets. As expressed by a number of notable public policy organizations, "Canada's social architecture is at a crossroads" and there is a pressing need to reimagine and reconfigure social safety nets.¹⁰

A more integrated, multi-dimensional approach is required to help people rapidly adjust to new economic environments. Among other things, forward-thinking policies must include better, more stable and more secure ways of providing decent incomes to people between jobs or in certain low paying jobs. In addition, investments in programs and services that will truly help people adapt to and take advantage of existing and new opportunities are essential. And, finally, new ways of designing and delivering government and community programs will be required. While much of this work requires the leadership and commitment of the federal and provincial governments, partnerships and collaboration are critical and local governments have a vital role to play.

The Current Reform Effort

Through its recent announcements and actions, the Government of Ontario has recognized the need for new approaches, pursuing two related reform paths through the creation of the Income Security Reform Working Group and the basic income pilot.

Significant work has been undertaken on social assistance reform over the past decade or more. In Ontario, the two social assistance programs -- Ontario Works and Ontario Disability Support Program -- have been the subject of numerous government reviews and various recommendations have been put forward to improve adequacy, simplify rules, streamline benefits and better support people into (and outside of) employment. Attachment 2 provides a concise overview of these reform initiatives.

Informed by this work, the Government of Ontario, working collaboratively with the City of Toronto, other municipalities, and a wide range of stakeholders, has intensified its efforts to undertake meaningful social assistance reforms. Concrete steps have been taken, for example, to simplify asset rules, increase earnings exemptions and modestly increase the rates for single people who face the deepest poverty. Through a range of major reports, the City has also made the case that the social assistance system should provide adequate core financial benefits, in the simplest manner possible, with key benefits provided outside of social assistance to all low-income individuals.¹¹

At the same time, these reviews have not resulted in the kinds of sweeping changes that have often been called for. The Province itself has recognized the need to pursue more significant reforms to existing programs as well as to explore innovative ways to better respond to rapidly changing economic and social conditions, including challenging labour markets. With other municipal jurisdictions and community stakeholders, the City has consistently argued for the elimination of redundant and unnecessary rules to reduce barriers for clients and enable staff to focus their time on planning more effectively with recipients to help them to stabilize their lives and improve their employment prospects.

To co-ordinate its ongoing income security reform efforts with municipal service managers, the Province established the Provincial-Municipal Social Assistance and Employment Committee (PMSAEC). Consisting of provincial and municipal staff, the Committee supports the ongoing focus on modernizing service delivery, transforming Ontario's employment and training programs and services system and more effectively integrating human services. The City plays a prominent role in this Committee, with the General Manager of Toronto Employment and Social Services (TESS) serving as co-chair of PMSAEC. As demonstrated below, the City of Toronto has also made significant efforts to support the Province's reform efforts, as well as to make positive changes to the way it delivers OW to city residents.

Reflecting this work, the remainder of this report outlines key principles and recommends City positions related to social assistance reform and a basic income pilot in Ontario. Importantly, rather than seeing basic income and other income support programs as wholly distinct from human services, from the line of sight of local governments, and from the perspective of meeting people's needs, these different interventions represent a continuum of responses that should have broad common objectives and should be aligned to achieve them.

COMMENTS

Consistent with the approaches and goals of the City of Toronto's Poverty Reduction Strategy -- with its focus on addressing immediate needs, creating pathways to prosperity and driving systemic change -- and based on the City's extensive experience as a service planner and deliverer, it is recommended that Council adopt the following principles to guide current reform efforts underway with regard to basic income, social assistance and other human services. Overall, benefits, programs and services for residents living in poverty should:

- Identify, meet and respond to the changing and different needs of service users;
- Be simple to understand, easy to access and, wherever possible, involve service users as active participants in ongoing design and delivery;
- Provide benefit levels that significantly reduce poverty and are inflation adjusted;
- Be provided outside of social assistance, where appropriate, so that low income residents can access them through much less onerous eligibility processes;
- Minimize administrative costs and modernize service provision by capitalizing on new technologies and new service delivery channels;
- Significantly reduce or eliminate conditionality, while expanding the use of evidence and risk-based approaches to maintaining program financial integrity; and
- Provide the right incentives and the right supports for clients, working with staff, to address immediate needs and build pathways to a better life.

Clearly, there are other objectives that speak to the affordability of programs, and to governmental roles and responsibilities. While these are important, the focus here is on the needs of service users, and the provision of effective services to these individuals and families. From the perspective of developing next generation income security systems, these are critical, first order considerations.

Basic Income

Basic income as a concept and program has received extensive exposure recently, primarily as a result of the emerging issues outlined above. Prominent public and private sector individuals, from former US president Barack Obama to Elon Musk, have touted the concept. Local pilot projects of various types have been undertaken in India, Brazil and the Netherlands, among other places, while Finland has launched a national experiment. Other pilots are planned or underway in Oakland, Aquitaine and Catalonia, and discussions are ongoing in Fife and Glasgow. A US not-for-profit, GiveDirectly, is also raising \$30 million for a 12-year experiment in Kenya.¹²

At its simplest, a basic income provides all members of society with an income sufficient to meet their basic needs and live with dignity, regardless of their work status.¹³ To achieve this, government transfers regular payments to individuals or households irrespective of personal circumstances or need and subject to no or very few conditions of eligibility.¹⁴ This kind of model is how basic income is most commonly understood – as a straightforward way of replacing an array of existing programs which are complex, expensive or punitive and giving people more control to meet their needs. In practice,

however, there are many versions of basic income, with key differences with regard to the amounts involved, the source of funding, the nature and size of the reductions in other transfers, and along many other dimensions. The specific purpose and design details of any basic income are therefore critically important. Attachment 3 provides an overview of basic income, including the various goals and key design issues.

Ontario's Basic Income Pilot

In November 2016, the Hon. Hugh Segal released *Finding a Better Way: A Basic Income Pilot Project for Ontario*, which provides a reasonably detailed roadmap for launching a pilot. Attachment 4 lists his recommendations in full. Key recommendations include that the pilot test:

- a Basic Income as a Negative Income Tax (NIT);
- a Basic Income that replaces Ontario Works and Ontario Disability Support Program (ODSP), and that can be supplemented by earned income;
- a Basic Income that is more generous than the income support provided through Ontario Works and ODSP;
- a Basic Income for working age individuals 18 to 64 years of age;
- two benefit amounts, at 75% and 100% of the Low Income Measure (LIM);
- two different tax back rates to apply to earned income; and
- both a randomized controlled trial and saturation site studies.

Following the release of Segal's report, the Province undertook a three-month public consultation consisting of in-person sessions with targeted groups, including people with lived experience, an online survey and written submissions. In addition, municipalities were engaged through existing forums and processes, while a separate indigenous engagement process is to take place in winter 2017. The Province released a report summarizing the input from the public consultations in March.¹⁵

The announcement of the pilot and the release of Senator Segal's recommendations have generated significant and often enthusiastic interest. There have also been numerous questions and concerns. Understandably, some of these reflect the current lack of detail with regard to the design of the pilot and what the main objectives will be, the form that the pilot will take, the level of income that will be provided and the population that will be targeted.

Overall, the provincial pilot represents a bold initiative in keeping with the need for innovative approaches. While there are significant considerations and decisions to be made regarding the final design of the pilot, it represents a truly positive development that provides a valuable opportunity to explore the provision of unconditional financial supports to low income individuals and families, and to test the benefits and challenges in doing so.

Below, the report focuses primarily on the broader objectives and outcomes that the pilot can achieve. It does so in the context of the City's long standing interest in reformed income support programs that are accessible, reduce poverty and support

economic and social inclusion and that work in tandem with an integrated system of key human services.

The City's Position on Basic Income

First and foremost, it is recommended that City Council strongly support the provincial decision to pilot a basic income. There is ample evidence that the current approach to social assistance is not working. It exerts too much energy and cost on monitoring excessive rules and traps people in poverty rather than building their capacity to progress. As Segal noted:

Our present social assistance system imposes limits on economic progress, often keeping welfare recipients from entering the economic mainstream. Well-meaning and hard-working public servants ... operate in a system that focuses as much (if not more) on monitoring and policing than on advising and helping ... The complexity of the system makes it difficult to navigate for a vast portion of the population. While well-intentioned, neither Ontario Works nor ODSP allow, in and of themselves, individuals to be lifted out of poverty ... The limits on earnings and assets that are imposed on benefit recipients often hinder their capacity to build resilience and emerge from continuous financial and personal crisis.¹⁶

This current approach is even less well suited to the changing labour market context and changing caseload described in this report. It is long past the time for a new approach which is less conditional, less punitive and more streamlined. Indeed, there is strong evidence that where less conditional approaches have been introduced through the tax system, notably with benefits for children and seniors, they are more effective. These examples provide models of what a modern approach should look like. The pilot provides an exciting opportunity to test this approach and to determine whether the positive benefits associated with basic income, such as lower levels of poverty, greater income security, and less bureaucracy, can be realized in Ontario. Similarly, it provides an opportunity to assess whether potential negative impacts, such as reduced work incentives, occur and if so whether they do so to a significant degree.

However, a number of broader considerations and caveats are important to note:

- The focus on basic income could suggest that people living in poverty only need additional income. In fact, people living in and around poverty require not just adequate and predictable income, but also a range of services that both stabilize their lives (housing, childcare, mental health services) and enable them to pursue pathways that will improve their prospects (education, employment services). Thus, efforts to improve income supports should not in any way result in the reduction of needed services to low income residents.
- Given the network of services that are important to low income people, they also require supportive service planning, assistance navigating through complex service systems and ongoing case management and support to enhance positive outcomes. Again, income alone is not sufficient.
- Significantly, the pilot should not distract from current progress on social assistance reform and the integration of human services, notably employment and training

services. It is essential that efforts continue to transform and integrate a range of human services with the goal of better meeting the needs of people living in poverty, including housing, social assistance, employment services and childcare modernization.

Finally, given the complexity involved in undertaking such a pilot and the current lack of detail on its final design, there are not surprisingly numerous issues outstanding, many of them highly technical and methodological. Both the Association of Municipalities of Ontario (AMO) and the Ontario Municipal Social Services Organization (OMSSA), for example, have commented on specific aspects of Segal's recommendations. City staff provided input into the comments put forward by AMO.

Consistent with the positions adopted by OMSSA and AMO, and with the approaches to supporting low income residents which Council endorsed through its adoption of the Poverty Reduction Strategy, it is recommended that Council adopt the following positions with regard to a basic income pilot:

- The pilot should consist of people on social assistance, as well as other low income people, and there should be clear information about what participation means;
- The pilot should provide benefit amounts that are at least equivalent to those described in Segal's report (namely, at 75% and 100% of the Low Income Measure) and ensure that payments are sensitive to the real cost of living in different communities;
- No one should be worse off as a result of participating. This will mean that there is clarity about the relationships between the pilot and existing social assistance and related systems, with close attention paid to the treatment of other subsidies that people receive, such as childcare and housing;
- The pilot should be structured as a Randomized Controlled Trial to enhance the reliability and value of findings. It is not possible to standardize conditions in saturation sites, limiting the value of findings;
- Related to this there should be a robust research and evaluation strategy, conducted by an independent third party, that focuses not only on impacts with regard to labour market attachment but also to issues of access to and connections between a broad range of health, social and educational services; and
- The City supports the adoption of Toronto as a pilot site in terms of having Toronto residents be selected to participate in a Randomized Control Trial (as opposed to Toronto, or any specific neighbourhood therein, be identified as a saturation site), while recognising the complexity associated with this, compared, for example, to a smaller municipality. Regardless of the choice of location, the City is committed to working with the Province to support the effective design, implementation and evaluation of the pilot.

The City's Position on Income Security Reform

The Income Security Reform Working Group, which has been meeting since June 2016, is comprised of 15 experts from across Ontario. It is led by George Thomson, Senior Director of the National Judicial Institute and former Ontario Provincial Court Judge, and includes Toronto's Deputy City Manager, along with representatives from advocacy

organizations, people with lived experience of social assistance, delivery partners, front line staff and subject matter experts. To date, the Province has released only a brief terms of reference for the Working Group. The mandate includes developing a roadmap for an income security system that is based on fairness, adequacy and simplicity; recommending priorities for reform, including on the structure of a future social assistance system; and providing advice on how the Province can improve the client experience for those receiving income supports.

In the absence of specific details about its approach or specific foci, this report outlines and recommends that City Council adopt a number of key positions for improving social assistance as part of a broader reform of income security programs. These positions are informed by the considerable work the City has done over many years to advance social assistance and employment services reform and the work it is currently engaged in to modernize services, enhance service planning and better connect residents to a range of critical human services.

There is a clear need and an important opportunity to take a significant step forward in addressing issues that have long plagued social assistance. The over-arching goals must be to increase adequacy, streamline access, remove excessive rules and invest much more time and effort in providing effective service planning and comprehensive and integrated supports. These actions will have significant implications for the current allocation of resources within social assistance and income security systems more broadly. The City is already involved in innovative work, described below, that is advancing this evolution and re-balancing of social assistance. In conjunction with this work, the basic income pilot provides a system-wide opportunity to move away from conditionality and to allocate more resources where they can have the most positive impact.

(1): Increasing Adequacy and Aligning Incentives

- The first, immediate step in the reform of social assistance must be to address income inadequacy. People in receipt of social assistance, especially single individuals, live in deepening levels of poverty. This is dramatically so in Toronto, given rising costs of living. Whether this is through a direct increase in social assistance rates, and/or through other measures such as a housing allowance, concerted efforts must be made to raise the incomes of people on assistance to accepted poverty lines at the very least.
- In addition, the structure of social assistance must provide people with incentives that enable them to improve their circumstances. Currently, for example, people on social assistance face high marginal effective tax rates which create barriers to work.¹⁷

(2): A Simpler, Fairer Program

- As noted in a report produced by TESS a decade ago, OW has become the first program of last resort for too many city residents.¹⁸ Currently, OW provides a diverse range of benefits that could and should be more effectively provided elsewhere. Reforms should simplify social assistance so that it provides a standard basic rate for adults, with supplements, for example, for disability, children and lone

parents, while increasing access to a range of health supports (e.g. dental, eyeglasses, mobility aids), and housing benefit/allowance, outside social assistance.

- In addition, other components of the income security system must be adapted to better respond to changes. For example, Employment Insurance must be changed to reflect the growth of part-time and otherwise precarious employment. In addition, the Working Income Tax Benefit should provide working people with a more secure income. This would ensure that people are supported before reaching social assistance.
- Further, there is a need for better alignment across childcare, housing and other areas with greater consistency with regard to eligibility criteria. While this is complex and certain trade-offs will need to be made, such alignment is essential to remove disincentives and establish a fairer approach that reflects the realities facing low income people.
- Such changes would much more effectively support the City's long standing efforts to place client centred service planning at the heart of the OW program, with staff time and divisional resources primarily geared to helping people obtain the supports and services they need to stabilize their lives, and subsequently build the skills and connections required to re-enter or remain in the labour market.

(3): Modernizing Service Delivery

- People who need social assistance should have access to the kinds of multiple, modern and user-friendly service channels that are commonplace in many other service settings.
- Currently, both the City and the Province, often in collaboration, are making progress on the use of new technologies and service channels to modernize service delivery. They are also revising policies and procedures to enable more effective streamlining and to reduce redundancies. While such efforts are often seen as secondary to the reform of social assistance, this work will support the creation of a more seamless, integrated service delivery model that directly benefits clients.
- Moving forward, it is important that the Province overhaul or where appropriate eliminate policies and rules that hinder the progress of this work and that create unnecessary barriers for clients and unproductive work for staff.
- Finally, it is essential that the Province work closely with municipal service managers to modernize social assistance. The Province is committed to co-designing solutions in this way. City staff are now working with provincial colleagues in a number of areas to explore new program delivery designs and new channels of access.

(4): Providing More and Better Support to OW Service Users

- Increased emphasis on service planning must be the basis for a transformed OW program. As the social assistance caseload continues to change, those who are on longer and who have multiple needs require different and often more intensive supports to stabilize their lives, often with employment a longer term objective. The focus of staff time must be on understanding client needs, helping them to navigate complex systems and connecting them to appropriate supports, rather than simply issuing benefits and referrals.
- TESS is itself reviewing service planning and developing an approach based on much more collaborative relationships between clients and workers. Core to

effective service planning are holistic assessments of need, leading to mutually developed plans, with ongoing supports provided to better connect people to the services they need. Advancing this work, TESS has implemented a number of intensive case management pilots focused on groups with complex barriers, such as people with addictions, lone parents and youth with criminal records, who have received OW for more than 3 years.

(5): Coordinated and Integrated Approaches

- People who are in receipt of social assistance also often rely on other programs, notably subsidized housing and childcare. However, there are many inconsistencies and contradictions across these programs, making access onerous and complicated. Reform efforts must therefore coordinate and integrate processes and procedures across various programs, especially around eligibility criteria and program policies.
- The City's Poverty Reduction Strategy sets out a framework for an integrated approach to improving the lives of Toronto's low income residents. In doing so, it recognizes that programs delivered by the City, whether provincially legislated or not, must work together to accomplish mutual goals. Integrated approaches also underpin the City's workforce development initiatives, with strong partnerships with employers and sectors key to helping employers and jobseekers reach their goals.
- Most recently, the City has moved forward with a multi-year Human Services Integration project, a partnership among Toronto Children's Services, Shelter Support & Housing Administration and Toronto Employment & Social Services, to improve client experiences accessing Ontario Works benefits, child care fee subsidies and rent geared to income housing subsidies. The goal is to create a more intuitive, easy to navigate system that allows clients to access services from a variety of different channels (online/phone/in-person) that meet their service needs in an effective, streamlined manner.

Conclusion

Against the background of a rapidly transforming economy and labour market, there is a pressing need to reimagine and reconfigure our safety nets to better meet the challenges our residents, communities and businesses now face. Obviously, this cannot be done by local governments. However, it also increasingly cannot be done without them. Better, more stable and more secure ways of providing decent incomes to people between jobs, and sometimes in certain jobs, are needed; new investments in programs and services that will truly help people adapt to and take advantage of existing and new opportunities are essential; and new ways of designing and delivering government and community programs are pivotal.

Through its recent announcements and actions, the Government of Ontario has recognized this need for new approaches, pursuing two related reform paths through the creation of the Income Security Reform Working Group and the basic income pilot.

The principles and positions set out in this report, based on the City's long experience as a service planner and deliverer, are intended to support this work. A subsequent staff report will provide an update on this work as more information is released on the

detailed design of the basic income pilot and the recommendations of the Income Security Reform Working Group later in 2017.

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SIGNATURE

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ATTACHMENTS

Attachment 1: City of Toronto Principles and Positions Related to Provincial Income Security Reform and Basic Income

Attachment 2: Recent Social Assistance Reform Initiatives in Ontario

Attachment 3: Basic Income: Key Issues and Considerations

Attachment 4: Finding a Better Way: A Basic Income Pilot Project for Ontario
- Recommendations

ENDNOTES

- 1 <http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-98515.pdf>
- 2 <http://www.toronto.ca/legdocs/mmis/2015/ed/bgrd/backgroundfile-76322.pdf>
- 3 https://www.policyalternatives.ca/sites/default/files/uploads/publications/Ontario%20Office/2015/04/CCPA-ON_Making_Ends_Meet.pdf
- 4 <https://www.policyalternatives.ca/sites/default/files/uploads/publications/Ontario%20Office/2016/05/CCPA%20ON%20Ontario%27s%20social%20assistance%20poverty%20gap.pdf>
- 5 There is no official poverty line in Canada. The study uses the after-tax Low Income Measure (LIM-AT) to measure the poverty gap. This is the same measure used by the Government of Ontario in its first poverty reduction strategy. LIM-AT is a fixed percentage (50%) of median adjusted after-tax income of households observed at the individual level, where 'adjusted' indicates that a household's needs are taken into account.
- 6 <http://metcalffoundation.com/wp-content/uploads/2011/05/working-better.pdf>
- 7 Good, L. and Strong, E., (2015), "Reimagining Workforce Policy in the United States", in Transforming US Workforce Development Policies for the 21st Century" Van Horn, C. Edwards, T. and Greene, T (eds), W.E. Upjohn Institute for Employment Research: Michigan.
8. Recent research by the World Economic Forum, for example, estimated a net loss of 5 million jobs across a number of leading economies by 2020, while an Oxford University study estimated the automation of about half of all existing jobs by 2033. Some analysts believe that these technologies will replicate changes that have happened in the past -- destroying many jobs and industries, but creating new ones to replace them. Others believe that there is no guarantee that similar numbers of new jobs will be developed, that there may be a significant lag before that takes place and that even if jobs are developed a large proportion of them will be low skilled and therefore low paying.
- 9 See, for example, https://mowatcentre.ca/wp-content/uploads/publications/132_working_without_a_net.pdf; <http://www.caledoninst.org/Publications/PDF/1025ENG.pdf>; https://www.competeprosper.ca/uploads/WITB_September09.pdf; https://mowatcentre.ca/wp-content/uploads/publications/43_making_it_work.pdf; <http://www.caledoninst.org/Publications/PDF/1001ENG.pdf>; https://mowatcentre.ca/wp-content/uploads/publications/RCSA_Framing_Paper.pdf; <http://www.caledoninst.org/Publications/PDF/906ENG.pdf>
- 10 https://mowatcentre.ca/wp-content/uploads/publications/RCSA_Framing_Paper.pdf
- 11 Notable reports include http://tssapps.toronto.ca/docs/tss/action_plan.pdf; <http://tssapps.toronto.ca/docs/tss/startingright.pdf>; <http://tss.toronto.ca/10/gmo/WorkingAsOne.pdf>
- 12 <https://www.theguardian.com/commentisfree/2017/jan/12/universal-basic-income-finland-uk>
- 13 <http://www.opho.on.ca/getmedia/898edb4a-a5e2-406c-9add-8ad4b1f1c75f/alpha-OPHA-HEWG-Basic-Income-Backgrounder-Final-April-2016-Updated.pdf.aspx?ext=.pdf>
- 14 https://www.policyalternatives.ca/sites/default/files/uploads/publications/reports/docs/CCPA_Guaranteed_Income_Nov_2009.pdf
- 15 <https://www.ontario.ca/page/basic-income-consultations-what-we-heard>
- 16 <https://www.ontario.ca/page/finding-better-way-basic-income-pilot-project-ontario>
- 17 Marginal effective tax rates are the rates at which income-tested tax credits and benefits are withdrawn, combined with the impact of income taxes, as incomes rise through increased earnings
- 18 http://tssapps.toronto.ca/docs/tss/action_plan.pdf