



REPORT FOR ACTION

A Profile of Toronto's Evolving Ontario Works Caseload Profile

Date: May 12, 2017

To: Economic Development Committee

From: General Manager, Toronto Employment and Social Services

Wards: All

SUMMARY

Though the size of the Ontario Works (OW) caseload has decreased in recent years, other changes to the caseload are occurring that have implications for the delivery of Ontario Works in Toronto.

This report presents an overview of the OW caseload, providing a description of the people served in 2016. As well, the report highlights key changes in caseload composition since 2010. The most important trend over this period is the increase in the length of time people remain on OW and the accompanying increases in the range of intensity of client need. These trends indicate a growing intensity of need among OW clients. However, over the same periods overall caseloads have declined.

Given the increased length of stay of people on OW, the associated shift in client's needs and recent changes in the labour market, this report discusses the significant implications for TESS, from the impacts on the division's ability to move people into jobs, to the efforts to design and put in place approaches, services, supports and partnerships that will effectively meet the needs of people currently receiving OW. The report also addresses the challenges related to adapting TESS's service delivery and service planning models to meet new and emerging needs in the context of provincial funding models that focus exclusively on caseload volumes.

RECOMMENDATIONS

The General Manager, Employment and Social Services recommends that:

1. City Council receive this report for information.

FINANCIAL IMPACT

There are no financial implications arising from this report.

The Deputy City Manager and Chief Financial officer have reviewed this report and agree with the financial impact information.

EQUITY IMPACT

Poverty in Toronto is more likely to affect the most vulnerable residents, including racialized groups, female lone-parent families, recent immigrants, people with disabilities, and Indigenous people. Similarly, relative to the overall city rate, unemployment rates are approximately twice as high for newcomers, older workers, racialized groups, and young people.

Toronto Employment and Social Services (TESS) seeks to support the most vulnerable members by providing innovative programs and services that will help clients find and maintain employment. TESS is also working to address holistic needs of OW clients, such as those related to life stabilization, which will benefit Toronto's vulnerable residents.

DECISION HISTORY

Not applicable.

ISSUE BACKGROUND

As is widely recognized, the labour market context within which the City and TESS are working to address issues of poverty and employment for many Torontonians is changing rapidly. Difficulty finding good jobs in the current labour market is heightened for specific populations, such as newcomers and racialized Torontonians, as well as for lower income, unemployed residents in general. These shifts include:

- disruptive technologies and the emergence of a "two-tier" or "hourglass" economy;
- Increased prevalence of precarious jobs and the emergence of the "gig economy"; and
- Long-term unemployment and high unemployment rates among vulnerable groups.

Compounding the difficulties for those seeking to enter or re-enter the labour market, changes to the income security system continue to limit access to key programs. For example, just over 20% of Toronto residents can access Employment Insurance.¹ Overall, reduced access to adequate income support programs further disadvantages vulnerable population's efforts to find stable, long-term work and escape poverty.

The above factors are now directly impacting Toronto's OW caseload in unprecedented ways. This report describes how the City's caseload is changing and what these changes mean for social assistance clients in terms of the services and supports they

¹ <http://www.toronto.ca/legdocs/mmis/2015/ex/bgrd/backgroundfile-84626.pdf>

need. It is evident that, while caseloads are declining, these reductions in overall caseloads are being offset by equally evident increases in the intensity and range of needs experienced by clients, who are remaining on OW for much longer periods and who are more distant from the labour market. Such changes represent an opportunity and impetus for TESS to reevaluate and change its response to programming and service delivery to meet the needs of a changing caseload.

At the same time, these caseload changes have a number of significant implications for the delivery of OW in Toronto, which will be discussed in this report. These include the following challenges:

- With more clients further from the labour market, potentially fewer clients can leave OW to take jobs and remain off of OW, especially without more intensive services and supports;
- Designing, introducing and delivering new approaches, programs and services, as well establishing the new partnerships, is key to supporting people currently receiving OW; and
- Working with the Province to ensure that OW program delivery funding formulas take into account the more intensive and varied needs of current OW clients versus simply reducing funding as caseloads decrease.

COMMENTS

Changes in the Ontario Works Caseload in Toronto

In 2016, TESS served a total of 109,780 unique cases, representing an 11% decrease from the 2010 caseload (see Attachment 1 for a more detailed overview of changes in Toronto's OW caseload).² This decline has been driven by a number of factors including the City's increased emphasis on workforce development, a gradually improving economy, as well as changes to federal and provincial benefits to families (e.g., increases to the Canada Child Benefit and Ontario Child Benefit, as well as indexation of the latter to Consumer Price Index) that have made it easier for them to leave OW.

At the same time, however, there have been other changes that have significant impacts on the needs OW clients have, and the types of program and service responses that are required to meet those needs. These changes are contributing to a caseload that is comprised of:

- an ever growing population of clients that have been unemployed for long periods, that are distant from the labour market, often have significant barriers to employment and need a wide range of services and supports, beyond conventional employment services, to stabilize their lives and enable them to improve their capacity to prepare for a return to the labour market, where possible;

² Note that "cases" represent the family unit that is applying for assistance. As such, cases may consist of more than one person. The number of cases does not represent the total number of individuals in receipt of OW. Demographic characteristics represent the primary applicant.

- over 29,000 younger OW clients (18-29 years of age), who face growing challenges in the labour market, which are compounded for racialized youth and for youth with lower levels of education;
- a majority of women, including singles and single parents, who often face isolation and whose specific needs may not always be served by generic service models;
- individuals with a wide range of educational levels, with more than a third of individuals having less than high school but 30% having at least some post-secondary education, with many of this latter group having obtained their educations outside of Canada; and
- a majority of individuals and families born outside of Canada, who are often but not exclusively members of racialized communities, and who also tend to have higher levels of education than their Canadian born counterparts.

Thus, as a direct result of changes in the labour market and the erosion of other income support programs, OW is no longer merely a short term program of last resort. In 2016, 44% of clients had been on assistance for over 2 years, and the average length of stay for all cases was nearly three years (i.e. 35.5 months).

Long absences from the labour market are increasingly problematic for workers, and make re-entry significantly more difficult.³ For instance, physical and mental health problems have the potential to emerge or worsen while unemployed, limiting the ability of individuals to get back into the labour market.⁴

Currently, unemployed older adults in general face particularly difficult challenges, including stigma, as they work to re-enter the labour market. The longer older OW clients are out of the labour market, the more difficult it is to overcome structural and lack of recent work experience barriers that are compounded by long term unemployment. Moreover, research has found that many unemployed older adults feel that employment services and training programs are more geared toward a younger audience.⁵

For younger workers, long bouts of unemployment can have a distinct scarring effect, reducing lifelong earnings and making it difficult to build the skills necessary to compete in a rapidly changing labour market.⁶

Long-term unemployment, and the risk of entrenched poverty associated with it, also has a negative impact on children and families. Young children living in neighbourhoods with higher degrees of inequity⁷ are more likely to experience delays or vulnerabilities in

³ <http://www.statcan.gc.ca/pub/11f0019m/11f0019m2014355-eng.pdf>

⁴ <http://www.urban.org/sites/default/files/publication/23921/412887-Consequences-of-Long-Term-Unemployment.PDF> ;

<http://ec.europa.eu/social/main.jsp?langId=en&catId=1196&newsId=2324&furtherNews=yes>

⁵ <http://workforceinnovation.ca/wp-content/uploads/2016/10/95-Months-Later-Turbulent-Times-in-Toronto-Labour-Market.pdf>

⁶ <https://ejournals.library.ualberta.ca/index.php/CJS/article/view/23863/20545>

⁷ Inequity, in this case, represents a measure of socioeconomic barriers including poverty, unemployment, and core housing need among other factors.

communication and general knowledge development, language and cognitive development, physical development, and emotional maturity.⁸

Experiencing difficulty in these factors during childhood can have a negative impact on physical and mental health, as well as academic achievement and success, in adolescence and adulthood.⁹ The experience of poverty and long-term unemployment among parents therefore increases the risk that children may experience negative social, economic, and health outcomes, and the risk of poverty being handed down to the next generation.

Overall, the reality, as TESS front line staff can readily attest, is that a growing proportion of OW clients face significant health, personal, housing and employment challenges, which are reflected in the data TESS collects to assess client's employability.

In addition to increasingly longer absences from the labour market, other barriers prevent individuals from re-entering the labour market. The top five barriers to finding or maintaining employment identified by OW clients in 2016 were:

- Poor health (including both mental and physical health conditions);
- A lack of education and/or skills;
- The lack of "Canadian" work experience;
- Transportation; and
- Language skills.

Housing and homelessness was also a common barrier cited by approximately 1 in 10 applicants.

A companion report submitted to the May 8 Economic Development Committee (Improving Services to Youth with Experience in the Criminal Justice System) describes other recent changes to legislation governing access to pardons plus evolving employment practices that are making it much more difficult for individuals with criminal records to return to the labour market. These changes are profoundly impacting certain individuals and communities.

While the level of educational attainment of the OW caseload has remained fairly steady from 2010 to 2016, this is one area where the lack of change is itself an issue. Given that over two-thirds of the caseload (nearly 70%) had a high school diploma or less in 2016, many individuals are at risk of becoming stuck in a low-wage precarious job. Lower levels of education are thus an increasing barrier for OW recipients who need to compete in a labour market that is increasingly producing good jobs primarily for knowledge workers.

⁸<https://www1.toronto.ca/wps/portal/contentonly?vgnextoid=7e897d2c41527510VgnVCM10000071d60f89RCRD>

⁹<https://www1.toronto.ca/wps/portal/contentonly?vgnextoid=7e897d2c41527510VgnVCM10000071d60f89RCRD>

Finally, it must be noted that, given current social assistance rates, notably for single individuals, people live in deep poverty longer as the length of time on OW increases.

The term *harder to serve* has in the past been used to describe the clients who are becoming a majority of the OW caseload in Toronto. In fact, this term is very unfair to people who are poor for long periods and who confront numerous and increasing challenges stabilizing their lives and returning to work. It also does not reflect the resilience and strength of people on OW, who with the appropriate assistance and supports, will improve their situations.

The issue is not that people on OW are hard to serve. What is apparent is that different approaches and supports are needed to respond to the changing needs of OW clients, that these changes will require different ways of designing and delivering services and potentially new ways of funding services.

The following section highlights these implications. Subsequently, the report provides a concise overview of the steps the division is taking, with its delivery partners, to address the changing service and support needs of those receiving OW.

Implications of Changing Caseload Demographics for the Delivery of OW in Toronto

With increasingly challenging labour markets and with clients remaining on OW for significantly longer periods, a wider range of services and supports, plus innovative approaches to designing and delivering services, will be required to address their needs. Further, given the barriers that many clients are facing who are distant from the labour market, there may be individuals for whom employment is a longer term prospect, at best.

Based on the division's recent experience working with OW clients, the following trends are evident:

- Many clients require a broader range of supports to address personal and social issues (mental and physical health, isolation) that can become more serious with longer stays on OW
- Client pathways to success (in terms of greater life stability or employment readiness) are more protracted than previously, requiring more intensive case management approaches and the co-ordination of more and different services, often over an extended period
- Difficulty accessing key supports and services, such as mental health services, child care and/or stable housing, is an increasing challenge for clients who need stability as a foundation for preparing to seek employment
- Wrap around supports are required for a larger number of clients to assist them to successfully participate in employment service programs
- Life coaching, mentoring and peer based supports are needed and sought by clients who often have limited networks and limited exposure to broader social workplace environments.

Given these trends, there are several challenges facing TESS as it takes steps to transform its delivery system to respond to these changes. First, it is likely that the number of clients who leave OW for employment may decrease over the next several years as the proportion of clients who are distant from the labour market increases. While this has been a core outcome for the division, the success of its work with clients will require measures which better capture the progress clients are making to stabilize their lives and move towards employment.

Second, increasing lengths of stay do have financial impacts on the OW program. For example, if length of stay was reduced by one month in 2017, this would represent a potential caseload reduction of roughly 2.8% and, as such, would yield monthly savings in TESS' gross caseload costs of \$21.7 million gross (\$600 thousand net) in 2017. Abating ongoing increases in length of stay is a priority for TESS, and for clients who want to move out of poverty, but doing so, given existing labour market conditions and client characteristics, will require innovative program and delivery solutions.

Third, these solutions, in turn, will require the division to refocus its resources. This will need to be done within a provincial funding envelope that is being reduced significantly as a result of caseload declines over the past two years. In its 2017 approved budget, TESS anticipated a reduction in provincial funding for program administration of \$12 million net.

TESS has successfully absorbed these reductions in its 2017 budget. It should be noted however that these funding reductions, which are based on caseload volumes exclusively, do not take into account meaningful changes in caseload composition, such as increasing proportions of clients who are further from the labour market. They also negate the division's ability to reinvest any program savings resulting from lower caseloads into innovative programs and services that must now serve clients who require more intensive supports over longer periods.

Any further reduction in provincial funding for program delivery, without corresponding and appreciable reductions in administrative effort as a result of provincial social assistance modernization strategies, will make it difficult for TESS to adequately respond to the challenges facing OW clients in Toronto.

Notwithstanding these challenges, TESS has been taking significant steps to re-focus its services and to transform its delivery model to respond to client needs, and to better support clients in achieving their goals. These steps are briefly discussed below.

Responding to a Changing Caseload and Changing Client Needs

In response to the evolving nature of Toronto's caseload, TESS is actively working to:

- streamline and modernize access to OW and to the determination of eligibility and delivery of financial benefits
- strengthening service planning with clients, and
- designing and introducing new program and service approaches to supporting OW clients.

Underlying each of these efforts is the recognition that, for many clients, a greater emphasis on life stabilization must be a key outcome of the services TESS provides, as well as being a pivotal step towards securing employment. Life stabilization focuses on addressing the personal and social barriers facing clients and addressing needs relevant to the whole person so that he or she is better able to achieve positive outcomes.

Modernizing Service Delivery

Social assistance is a complex, rule based, administratively cumbersome program that is challenging both for clients to access and for staff to manage. TESS and the Province, working together and separately, are exploring the use of new technologies and service channels to modernize service delivery, as well as revising policies and procedures to streamline the eligibility determination process and reduce administrative effort related to managing the delivery of financial benefits to clients.

TESS is currently piloting a new model for assessing eligibility and managing financial benefits delivery. The model will simplify the OW application process for clients, provide new channels for clients to access services and communicate with staff, and provide a more consistent service experience for clients across TESS' delivery sites. It will also reduce the administrative burden on staff associated with managing eligibility determination and financial benefits provision. Further improvements to the model will be made based on the ongoing work TESS is undertaking with the Province.

Beyond providing better initial services to clients, the most important benefit of this work will be to enable front line staff to more quickly assess client's needs and begin to develop service plans with clients. When fully implemented, the aim is to increase the time and resources that staff have to do service planning. This is a long time objective of TESS' efforts to streamline and modernize the delivery of OW. With the Province's commitment, and access to new tools and technologies, this objective is now achievable.

Strengthening Service Planning

Better service planning is essential to improving the lives of social assistance clients in the short and longer term. It reflects the reality that staff time is best spent understanding client needs, helping them to navigate complex systems and connecting them to needed supports, rather than simply issuing benefits and making referrals. This is ever more critical, given the characteristics of the current caseload, with more individuals further from the labour market and facing greater personal and employment challenges.

Recognising this, TESS, based on existing best practices, has established a vision for future service planning that focuses on building strong collaborative relationships between clients and front line staff.

This approach recognizes that, for many clients, access to mental health supports, help with finding stable housing, addictions treatment or interventions that improve

psychological wellbeing or reduce feelings of isolation are crucial to preparing people to even begin looking for work or upgrading their skills. In fact, these life stabilization supports must be part of any meaningful service plan for most clients who are distant from the labour market.

Overall, this approach to service planning with clients who are increasingly distant from the labour market is more focused and individualized; it also requires sufficient caseworker time, as well as the right mix of supports and services.

Implementing Innovative Approaches to Meeting Clients Needs

TESS provided an extensive overview of the steps it is taking to continue implementing the City's Workforce Development strategy in its Annual Report, which was presented to the April 2017 meeting of the Economic Development Committee. Among the initiatives that were discussed are those that are focused on supporting individuals who are more distant from the labour market. These include providing mentoring and work based learning opportunities for OW clients, as well as taking steps to ensure that the services purchased through the division's Purchase of Employment Services program better address the needs of longer term OW clients.

TESS has also developed a number of intensive case management pilots that are specifically intended to explore different approaches to providing services and supports to clients who are distant from the labour market.

Intensive case management is part of a continuum of service planning approaches that recognize the need to increase intensity while customizing packages of interventions that address mental health, inclusion, resilience and capacity building issues. These interventions and intensive case management practices have not recently been emphasized in social assistance systems focused on a quickest route to a job approach for most clients.

The goal of these pilots was not employment (at least not in the short term) but providing the necessary supports and services to address barriers that presently impede employment. This includes issues such as addictions, social isolation, mental health issues and criminal records. The pilots explored how to better support the increasing proportion of longer term OW clients for whom sustainable employment will depend on addressing those issues. For every pilot, each participant has an action plan in place and is pursuing additional training, educational upgrading, employment or counselling/mental health supports. A brief description of the pilots is provided in Attachment 2.

Early results of the pilots have yielded positive outcomes for the over 100 individuals involved, with most clients having made significant strides to improve their current situation, including obtaining employment. A survey to program participants indicated significant improvements in the following areas:

- Mental health (90%)
- Stress levels (90%)
- Confidence and motivation (90%)
- Outlook on life (86%)

- Sense of personal and professional goals (80%)

In each of these initiatives, TESS is partnering with other city divisions or a range of community based agencies and service providers. These partnerships are essential to the success of these efforts, and will form the basis for the division's ongoing actions to better support OW clients who are more distant from the labour market.

The learnings from these pilots are currently leading to changes in the way TESS delivers a range of services. For example, as part of its renewal of its Purchase of Employment Programs, the division will ensure contracted service partners offer a broader range of customized activities and supports that can be adapted to meet the unique needs of individuals and groups, as well as address barriers clients face that make it difficult for them to take advantage of training and skills upgrading opportunities.

Conclusion

The composition and characteristics of the OW caseload are changing and these changes have happened in the context of a rapidly shifting labour market. As a result, many clients have more diverse and intense needs. In response, TESS is evolving its approach to serving OW clients, giving greater consideration to life stabilization as a precursor to entering the labour force. In particular, TESS is focusing its efforts to enhance service planning, modernize service delivery, and advance the City's poverty reduction and workforce development strategies.

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SIGNATURE

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ATTACHMENTS

Attachment 1: Changes in Toronto's OW Caseload
Attachment 2: Overview of Intensive Case Management Pilots

Attachment 1: Changes in Toronto's OW Caseload

Length of Time on Assistance

The most dramatic and unprecedented change in Toronto's caseload over the past 6 years is the increase in the length of time people remain on OW. Between 2010 and 2016, the average length of time on assistance increased from 26 months to 36 months. In the same time span, the proportion of cases on assistance for less than a year dropped from 43% to 38% while the proportion of cases on assistance for more than 36 months rose from 22% to 34%. This trend has been primarily driven by the increasing length of time older clients are receiving OW.

A larger number of older adults (i.e. 50 to 64 years) made up a disproportionately larger share of the cases that had been on OW for three years or more. Although 50 to 64 year olds made up about 23% of the overall caseload in 2016, they comprised 31% of those on assistance for 3 years or more. This is an increase from 2010 when older adults made up 24% of cases receiving OW for three years or more.

Age

Between 2010 and 2016, the average age of the caseload increased from 38 to 39 years.¹⁰ However, in this timeframe, the share of younger applicants on the caseload decreased while the share of older applicants increased. That is, the proportion of primary applicants under 25 years dropped from 17% to 13% while the proportion of primary applicants aged 50 to 64 increased from 18% to 23%.

Gender

The ratio of male to female OW applicants remained fairly consistent from 2010 to 2016. In 2010, 49% of primary applicants were female while 51% were male. In 2016, the proportion of women rose marginally to 51%, whereas men made up 49% of OW applicants.

Education

The level of education attained remained fairly consistent between 2010 and 2016, with slight changes in high school and post-secondary completion. In 2010, 38% of primary applicants did not complete high school, 34% had a high school diploma only, and 28% had obtained post-secondary credentials. By 2016, the share of OW applicants who did not obtain a high school diploma dropped by one percentage point to 35% while the proportion of those who completed post-secondary training increased by two percentage points to 30%. The proportion of OW applicants in 2016 who had a high school diploma only remained steady at 34%.

¹⁰ Between 2010 and 2016, the median age increased from 36 to 38 years.

Country of Origin

In 2016, 38% of OW applicants were born in Canada whereas 61% of applicants were born outside of Canada. Statistics on the country of origin are not available for the 2010 caseload.

Attachment 2: Overview of Intensive Case Management Pilots

1. Addressing Isolation among Single Parents

- This pilot explored new ways of supporting single parents who were suffering from mental health issues by combining group based therapy with mindfulness and career coaching.

2. Life Coaching and Tools for Positive Change

- This pilot provided a group of single women who were long term OW client the opportunity to participate in 15 group sessions and 15 individual life coaching sessions with a registered life coach.

3. Empowering Clients to Offer Peer Based Service

- The pilot participants received extensive peer training and mentoring and participated in a learning opportunity in a TESS office as a peer, supporting service delivery to clients

4. Pathways to Employment for Barrired Clients

- This pilot connected black youth with experience in the justice system with construction skills training and culturally sensitive intensive case management.

5. Systems Navigation and Support for Clients with Addictions

- This pilot connected participants who had been referred to an addiction treatment program with a Social Worker from CAMH to receive an assessment to determine specific treatment needs, to provide case management supports to bridge the period between referral to and actual commencement of the program, and to provide follow up services.