

**REPORT FOR ACTION****Additional Incremental Ongoing Costs Associated with the Implementation of the Social Assistance Management System (SAMS)**

Date: March 16, 2017

To: Government Management Committee

From: General Manager, Toronto Employment and Social Services

Wards: All

SUMMARY

As part of the provincial government's efforts to modernize and improve social assistance, the Ministry of Community and Social Services implemented a new social assistance delivery technology – the Social Assistance Management System (SAMS) – in November 2014. A series of significant issues were experienced by Toronto and other municipalities post-implementation related both to the implementation process as well as to system defects which were not resolved prior to testing. Previous reports to Council addressed these issues.

At its meeting on January 23, 2017, the Government Management Committee directed the General Manager, Toronto Employment & Social Services (TESS) to report back to the April 3, 2017 meeting with an update on the additional incremental ongoing costs associated with the implementation of SAMS, including the inflationary increase of TESS' administrative costs, and any recommendations for changes to the provincial funding formula.

This report outlines the ongoing incremental costs in the 2017 approved operating budget related to SAMS and proposes changes to the provincial program delivery funding formula to better reflect the actual cost to deliver the program.

RECOMMENDATIONS

The General Manager, Toronto Employment and Social Services, recommends that:

1. City Council request the City Manager to write the Minister of Community and Social Services (MCSS) to convey City Council's request that the Government of Ontario work with municipal delivery agents to address identified issues with the current funding model and to develop a new funding model that is indexed to inflation, reflects changes to the caseload volume and composition and addresses additional costs associated with the Social Assistance Management System (SAMS).

FINANCIAL IMPACT

The 2017 Approved Operating Budget for TESS includes funding for 25 SAMS related positions at a cost of \$1.75 million, funded 100% by the City as budgeted expenditures are above the provincial program delivery funding envelope cap. There are no additional financial implications arising from the recommendations included in this report.

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

DECISION HISTORY

At its meeting on November 9, 2015, the Government Management Committee requested the General Manager, Toronto Employment and Social Services to report to the January 4, 2016 Government Management Committee on the impact of the introduction of the Province of Ontario's Social Assistance Management System (SAMS) on Toronto Employment and Social Services.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM8.11>

At its meeting on February 3 and 4, 2016, City Council requested the Government of Ontario to recognize the impact Social Assistance Management System has had on municipalities and provide necessary funding to offset the incremental costs of Social Assistance Management System for 2015 and 2016 (currently estimated at \$7.25 million annually) and directed the General Manager, Toronto Employment and Social Services to report back on the status of the Social Assistance Management System implementation in Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM9.8>

At its meeting on January 23, 2017, the Government Management Committee requested the General Manager, Toronto Employment and Social Services to report to the April 3, 2017 Government Management Committee with an update on the additional incremental ongoing costs associated with the implementation of the Social Assistance Management System (SAMS), including the inflationary increase of Toronto Employment and Social Services administrative costs, and any recommendations for changes to the provincial funding formula.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM17.4>

ISSUE BACKGROUND

In 2011, based on input from municipal service managers, the Province introduced a new funding model for Ontario Works (OW) that addressed the ongoing funding shortfalls which the City had previously experienced. It also provided a solid base for the continued transformation of the delivery of employment services and financial benefits in Toronto and across Ontario.

Nevertheless, there are certain issues with the current model. These issues are briefly identified in the following section.

COMMENTS

In conjunction with the additional workload in the aftermath of the introduction of SAMS, the lack of inflation adjustments and changes in the makeup of the City's OW caseload, have highlighted issues that are emerging with respect to the current OW program delivery funding model. Each of these issues is discussed below.

As noted in the division's January 27th report to Government management Committee, SAMS is an administratively complex and cumbersome system.¹ Reflecting the province's intention to modernize social assistance delivery with a high-performing information management system, SAMS was designed to capture significantly more data than previous systems. In an environment as dynamic as social assistance, however, this has also caused additional workload issues (e.g. SAMS generated letters that can confuse clients and require staff to spend additional time clarifying eligibility and benefit payment decisions).

Recognizing the issues related to SAMS, City Council approved the addition of 25 temporary caseworker positions to TESS' 2015 operating budget. These positions were reclassified as base complement in the 2016 operating budget due to the ongoing need for additional staff to perform key eligibility and case management functions under SAMS. The cost of these 25 positions in the 2017 operating budget is \$1.75 million, funded 100% by the City as budgeted expenditures are above the provincial program delivery funding envelope cap.

In addition to the ongoing issues with SAMS, there are also two further significant limitations to the funding model.

The current funding model for the program delivery component of Ontario Works is based on a subsidy per case, which does not recognize the impact of inflation on the costs of program delivery.

The funding model operates in two year cycles, with the average caseload for these two years multiplied by the case cost determining the total provincial funding available to deliver the program. As caseloads drop, so too does the funding available from the province.

Based on the best currently available data, TESS is projecting that the caseload in the next business cycle (2107–2019) will be down 8,550 cases or 9.6% to 80,652 compared to the past cycle (2015–2107), resulting in a projected \$12.0 million drop in provincial subsidy in the 2017 approved operating budget. At this point, it should be noted that the average caseload and provincial funding envelope for the next business cycle has not yet been confirmed by the Province.

1 <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.GM17.4>

If the provincial subsidy per case had been increased annually for inflation (based on the national Consumer Price Index) since the inception of the new model in 2011, it would be approximately 9% or \$200 per case higher in 2017. On a caseload of 80,652, that would increase provincial funding by \$16 million, which would be sufficient to fully cover the budgeted subsidy shortfall in 2017.

The second issue relates to significant recent changes in the make-up of the OW caseload in Toronto. While it is positive that there are fewer people in receipt of social assistance in Toronto, the changing composition of the caseload means that more people require more intensive services to make progress. Reflecting changes in the labour market, the average length of stay on OW in Toronto has steadily increased over the past decade. Many clients receiving OW now require more intensive case management and service planning supports to first stabilize their lives, and then to find and keep work. 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. Those who are on assistance longer and who have multiple needs require different and often more intensive supports to stabilize their lives, often with employment a longer term objective. This means that to effectively service plan with clients, additional staff time is required to obtain a deeper understanding of client needs, help them to navigate complex systems and connect them to appropriate supports, rather than simply issuing benefits and making referrals. This reality is not reflected in the subsidy per case.

Conclusion

The absence of inflation indexing combined with the increased workload in the aftermath of the implementation of the provincial Social Assistance Management System (SAMS) and changes to the makeup of the caseload have created additional pressures on the City's property tax base that are projected to grow as time goes on. To offset the impact of these issues, the City accessed its reserves to address these pressures, while developing and implementing plans to reduce costs to better align with available funding.

Given this, and the limitations of the current funding model, the City believes that the province should seek municipal input to revise the funding model in ways that best support the development of a new, modernised social assistance program and that can best meet the multiple and complex needs of a larger proportion of the caseload.

Thus, it is recommended that City Council request that the Government of Ontario work with municipal delivery agents to address identified issues with the current funding model and to develop a new funding model that is indexed to inflation, reflects changes to the caseload volume and composition and addresses additional costs associated with SAMS.

Beyond SAMS, the province is continuing to modernise social assistance in other ways and is committed to moving towards a more client-centred and integrated approach. Among other things, the focus is on creating efficiencies that reduce the administrative workload, streamline current eligibility and benefits management processes, thereby enabling staff to focus their efforts on building supportive relationships with clients, developing effective service plans and helping them to progress. At this time, however, it is not possible to assess the implications for the City of these modernization initiatives.

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SIGNATURE

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