

Ontario's Social Assistance and Employment Service System Transformation Plans

Date: April 12, 2021

To: Economic and Community Development Committee

From: General Manager, Toronto Employment and Social Services

Wards: All

SUMMARY

On February 11, 2021, the Ministry of Children, Community and Social Services (MCCSS) released "Recovery and Renewal: Ontario's Vision for Social Assistance Transformation."¹ Ontario's new Social Assistance Recovery and Renewal (SARR) plan and vision for social assistance builds on previous announcements and work underway to transform the employment services system across the province and provide more efficient, person-centered supports for low-income residents.

It is anticipated that these changes will take place in three phases over the next four years. In the near-term this will result in changes to provincial and municipal roles for social assistance - both Ontario Works (OW) and Ontario Disability Support Program (ODSP). When fully implemented, Ontario's SARR plan will shift the functional focus for municipal delivery partners from eligibility determination and the administration of benefits and employment supports to the provision of life stabilization supports and service navigation for social assistance clients. The Province's longer term vision includes broader human services integration that extends life stabilization and service navigation for all low-income residents.²

This report provides details on Ontario's social assistance and employment service system transformation plans, highlighting key elements, opportunities, gaps and risks. Overall, many aspects are positive, including the emphasis on life stabilization supports and human services coordination, the focus on expediting access to benefits and streamlining administrative processes and enhanced case management support for ODSP clients. Indeed, many such changes reflect previous City positions and actions, especially given the City's focus in recent years on enhanced service planning with OW clients, greater investment in life stabilization activities and the City's own Human Service Integration initiative. They are also aligned with *TO Prosperity: Toronto's Poverty Reduction Strategy* (PRS) which, among other things, highlights the need to improve the quality of and access to income supports, foster inclusive economic growth,

¹<https://www.ontario.ca/page/recovery-renewal-ontarios-vision-social-assistance-transformation>

²https://www.msdsb.net/images/ADMIN/correspondence/2021/MCCSS_A_working_vision_for_SA.pdf#:~:text=A%20working%20vision%20for%20social%20assistance%20Vision:%20To,employment%20and%20independence.%20How%20we%20will%20realign:%20Province

create a seamless social support system and increase employment opportunities for low-income residents. To a large extent, therefore, the City has a firm foundation to build on and is well-positioned to work with the Province to inform and advance future system change.

However, the significant nature of change means that there are additional issues and potential risks which the City will need to monitor and address going forward. As a result, this report recommends principles to guide City engagement with the Province with regard to the process of co-design and implementation of social assistance renewal plans and the Province's broader end term vision of human services integration. Recognizing that in addition to improving service delivery a modern approach to social assistance should also ensure that social assistance clients can better meet their basic needs, it also recommends that the Province engage with municipalities on the introduction of a new and modernized rate structure and implement an evidence-based approach to annual social assistance rate changes that reflects locally specific costs of living. Finally, this report recommends that key City divisions, engaging community and workforce development stakeholders as appropriate, assess how the City can best advance its workforce development priorities and support residents in a transformed employment services system, including whether the City should pursue the new employment service system manager role and, if so, in what configuration.

RECOMMENDATIONS

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

1. City Council approve the five principles below which are detailed in Attachment 1 to inform Toronto's engagement with the Province of Ontario on the process of co-design and implementation of Ontario's Social Assistance Recovery and Renewal plan, including the end vision of an integrated human services delivery system that includes social assistance, children's services, and housing:
 - a. Prioritize client well-being and progression;
 - b. Commitment to engagement and collaboration;
 - c. Recognition of Toronto's unique size, diversity, and complexity;
 - d. Adequate and sustainable funding to drive best outcomes; and
 - e. Promoting local economic and social inclusion.
2. City Council direct the General Manager, Toronto Employment and Social Services to report in the second quarter of 2022 on the co-design and implementation of Phase 1 of Ontario's Social Assistance Recovery and Renewal plan, including updates on the impact of the centralization of Ontario Works financial assistance application administration on related roles and functions at the City of Toronto's Application and Support Centre and Toronto Employment and Social Services, budget implications for the City of Toronto, and progress on the Provincial plan for human services integration.
3. City Council, recognizing that a modern approach to social assistance should not only improve service delivery but also address the ability of social assistance clients to meet their basic needs, request the Province of Ontario to address the adequacy and

structure of social assistance by implementing a new and modernized rate structure that uses an evidence-based approach to annual social assistance rate increases.

4. City Council direct the General Manager, Toronto Employment and Social Services to engage with other divisions and Toronto Public Library, as well as community and workforce development stakeholders, as appropriate, to assess how the City can best advance its workforce development priorities and support residents in a transformed employment services system, including whether the City should pursue the new employment service system manager role and, if so, in what configuration and report on findings and recommendations in the second quarter of 2022.

FINANCIAL IMPACT

There are no financial impacts resulting from the recommendations in this report.

The financial implications of changes to City roles and functions related to Ontario's Social Assistance Recovery and Renewal plan and Employment Service System Transformation will be incorporated in future year's budget submissions.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

EQUITY IMPACT

The Social Assistance Recovery and Renewal (SARR) plan will directly impact low-income residents including racialized communities and those with disabilities. The focus on expediting access to social assistance benefits and streamlining administrative processes and enhanced case management support for ODSP clients will benefit low-income residents. However, a truly client-centred system also requires changes that address inadequate rates, provides sufficient breadth and depth of life stabilization services and supports and ensures that residents are suitably connected to the services they require.

Over time, as more details become available, it will be possible to fully assess the impact of changes to social assistance and employment services on City roles and functions that work to support low-income residents. Subsequent reports will therefore include a detailed equity analysis of the impact of these changes on low-income residents.

DECISION HISTORY

In November 2015, City Council adopted the vision, objectives, recommendations, and actions contained in TO Prosperity: Toronto Poverty Reduction Strategy, including Recommendation 10 which calls for improvements to the quality of and access to income supports.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX9.5>

In December 2017, City Council passed a motion to endorse the recommendations of the "Income Security: A Roadmap for Change" report commissioned by the Province, including increasing OW and ODSP rates by 22 and 15 percent, respectively, and introducing a new Standard Flat Rate which does not distinguish between basic needs and shelter. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD24.8>

COMMENTS

On February 11, 2021 the Ministry of Children, Community and Social Services (MCCSS) released "Recovery and Renewal: Ontario's Vision for Social Assistance Transformation." Ontario's new Social Assistance Recovery and Renewal (SARR) plan and vision for social assistance builds on previous announcements and work underway to transform social assistance and employment services in the province.

Changes to social assistance program delivery in Ontario are expected to unfold in three phases over the next four years. In the near-term this will result in changes to provincial and municipal roles for social assistance -- both OW and ODSP. When fully implemented, Ontario's SARR plan will shift the functional focus for municipal delivery partners from eligibility determination and the administration of benefits and employment supports to the provision of life stabilization supports and service navigation for social assistance clients.

Critically, in this new model, some residents in receipt of ODSP – not just those in receipt of OW -- will have access to life stabilization and service planning supports from a municipal delivery partner. While the number of ODSP clients who access municipal life stabilization supports cannot be forecast with precision at this time, the City's social assistance caseload is expected to increase and to be comprised of residents with more diverse and complex service needs than is the case today. Similarly, over the long-term, the Province's vision for broader human services integration will enable additional low-income residents to access life stabilization and service navigation supports without needing to apply for financial assistance.

After describing the current approach to social assistance and employment services in Ontario, this report highlights major elements of the provincial vision and plan for social assistance renewal and discusses specific implications for Toronto.

Current Approach to Social Assistance and Employment Services

Currently, social assistance in Ontario consists of two programs: (i) Ontario Works (OW), which is delivered by municipalities, and (ii) the Ontario Disability Support Program (ODSP) which is delivered by the Province.

Toronto Employment and Social Services (TESS) is the designated administrator of OW in Toronto. In this capacity, TESS provides financial and employment benefits, employment supports, and connections to community services to approximately 150,000 residents annually. More specifically, as an OW delivery partner, TESS is mandated under the legislation to perform the following three main functions:

1. Assessing initial and ongoing eligibility for and administering OW financial and employment benefits;
2. Providing case management, including undertaking need assessments with clients and developing a service plan to address them; and then referring and connecting clients to "life stabilization" supports and service providers for health and mental health, housing, child care, legal assistance; etc.; and
3. Delivering, contracting for, and connecting clients to employment services to help them build skills and work experience, and then secure and retain employment.

In addition, TESS has historically used its resources and expertise in employment assistance to support the City's broader workforce development priorities, including employer and sector engagement activities and recruitment support for community benefit initiatives, revitalization projects and large-scale hiring opportunities, as examples.

Overview of Current Employment Service System

Ontario's existing employment and training services "ecosystem" is complex. It involves multiple provincial ministries and a large network of community, private sector and government stakeholders who plan, manage, and deliver varied - often overlapping – employment and training programming for residents and clients of OW and ODSP.

Employment assistance through OW includes a range of activities and services such as participation in basic education and literacy programming, sector-focused and job-specific skill training, support with job search, employment placement, volunteering, and self-employment. These services are offered directly by OW service partners and/or contracted by third-party service providers. OW also offers clients a suite of financial benefits to help cover the cost of participation in key employment activities, such as transportation and equipment costs.

As one of the 47 OW service managers across the province, TESS operates 17 service locations across the city and is responsible for serving an average monthly caseload of 91,000 cases that include individuals at various levels of employability and wellness who are preparing for, looking for and trying to maintain employment.

Employment Ontario (EO), funded through the Ministry of Labour, Training and Skills Development (MLTSD), is a system of programs and services designed to assist individuals and employers with a wide range of employment, skills training and workforce development needs. Organized by four service categories – employment services, foundational skills, apprenticeship and labour market programs – EO is comprised of a large service delivery network of contracted service providers, primarily consisting of: municipalities, public colleges, school boards and not-for-profit organizations. In Toronto alone, the EO network serves almost a quarter of Ontario's EO assisted clients or approximately 45,500 Toronto residents through approximately 40 EO funded community organizations.

Unlike for OW, there is no local service system manager function for EO. Instead EO service delivery and planning activities are organized and overseen by four regional MLTSD offices across the province. On the ground, EO employment service sites offer one-stop access to a range of programs and services. With participation in EO programming being voluntary, service users have a range of employment needs and characteristics. While OW and ODSP clients are eligible to access EO services, historically services have neither been designed nor funded to support individuals who have multiple barriers and are furthest from the labour market. As such, only a small portion of OW clients currently access EO programming. EO client data for the period 2019-2020, indicates serving 43,521 clients in Toronto through EO assisted services, with 18% (7833 clients) reporting OW as their income source.³

While the EO and OW systems are major components of the employment service landscape provincially, there are a range of other training and employment programs funded by other provincial ministries, as well as federal departments, which target programs to youth, newcomers, Indigenous peoples and people with disabilities.

The roles and responsibilities of each of these stakeholders and the scale and scope of their actions vary enormously, particularly with respect to their distribution across rural and urban communities. As such, rather than a coherent and integrated system, it may more accurately be described as a collection of related yet independent employment service systems, which have not proven to necessarily work effectively for job seekers or employers across Ontario.

Ontario's Vision for Social Assistance and Employment Services System

This new vision and plan for social assistance has evolved from and is linked to certain elements of previously announced reform initiatives, including:

- In November 2018, following a 100 day review, the provincial government announced its intention to transform Ontario's social assistance system, including employment services.
- In February 2019, a plan was released to transform employment services for all job seekers through the integration of social assistance (OW/ODSP) employment services currently funded by MCCSS with the provincial Employment Ontario (EO) network overseen and funded by the Ministry of Labour, Training and Skills Development (MLTSD). The plan includes the introduction of a new service delivery model with the selection of service system managers through a competitive process.
- On September 30, 2020 MCCSS announced that it will move forward with a multi-phase, multi-year Social Assistance Recovery and Renewal plan to help people get back to work and help the economy recover from the COVID-19 crisis.
- In February 2021, MCCSS released its vision document providing further details about the multi-phase plan and Ontario's overarching vision for social assistance renewal.

³2019-20 Employment Ontario Data Reports, prepared for Local Boards and Literacy and Basic Skills Regional Networks, Ministry of Labour, Training and Skills Development (2020).

Changes to social assistance program delivery in Ontario are expected to unfold in three (3) phases over the next four years:

Phase 1: Late 2020- 2022: Realign Functions

The focus during Phase 1 will be on realigning functions between the Province and municipalities. Financial assistance applications and eligibility determination will be centralized provincially, supported by a new Social Assistance Digital Application (SADA) and a risk-based eligibility determination framework, all managed through a recently established provincial Intake and Benefits Administration Unit (IBAU). The introduction of a risk-based approach at application and for ongoing, monthly financial eligibility determination is expected to support faster decision making and focus resources where needed to improve program integrity.

For Toronto, it is anticipated that intake functions - currently performed by the Human Services Integration (HSI) Application and Support Centre (ASC) (phone applications) and TESS (online applications) - will begin to be centralized and moved to the Province no earlier than Q3 2021. Meanwhile "person-centred" supports – i.e. the provision of life stabilization services and service navigation for social assistance clients - will continue to be delivered locally through OW and ODSP offices, respectively.

In addition, amendments to the Ontario Works Act, 1997 are expected to be introduced in Spring 2021 to enable a formal change in roles – for both the Province and municipalities – with respect to social assistance delivery.

Phase 2: 2022- 2024: Realign Delivery

During Phase 2 the focus is on realigning delivery, with the exact timing of changes linked to the full centralization of financial assistance (including the issuance of mandatory benefits and payments to clients) and the transformation of employment services. "Person-centred" supports will continue to be delivered locally, but with at least two significant changes:

- First, municipalities will deliver these supports to both Ontario Works clients and some ODSP clients.
- Second, local (municipal) caseworkers will increasingly focus on providing "life stabilization" supports and service navigation, including connecting clients to a broader range of services, such as mental health and addictions, child welfare, youth programs, healthcare and housing.

While the number of ODSP clients who choose to avail themselves of municipally provided case management and life stabilization services cannot be forecast with precision at this time, the City's social assistance caseload is expected to increase and be comprised of residents with more diverse and complex service needs than is the case today.

Phase 3 – Human Services Model (2024 and beyond)

Phase 3, with no fixed completion date, focuses on the integration of human services with broader access to casework support beyond social assistance to enable early intervention and diversion.

Currently within social assistance people do not gain access to one-on-one support unless they qualify for financial assistance. Similarly, as soon as they find work and no longer qualify for financial assistance, they lose access to case management support. A key long-term goal of Ontario's SARR plan is for residents in need to be able to access one-on-one support from a caseworker (and get connected to a range of local human services) without having to meet the eligibility criteria for social assistance financial benefits.

Integrating Employment Services

This realignment of social assistance delivery and functional responsibilities over the next several years is linked in part to Ontario's previously announced plan to integrate Ontario Works employment assistance and ODSP employment supports into Employment Ontario (EO). Key changes include:

- The Province has established 15 EO service areas (Toronto is a single service area) and intends to select an Employment Services System Manager (ESSM) for each area through a competitive process.
- The ESSM can be a municipality, a non-profit or a for-profit organization, or a consortium of two or more such organizations. Since January 2021, this approach has been piloted in 3 prototype jurisdictions.⁴
- Under the new system, the relationship between current EO service providers and the Province will change, with ESSMs paid for achieving specific outcomes and managing local system performance. The service system managers will contract with and oversee EO service providers and may also directly deliver services.
- Critically, responsibility and funding for employment services currently delivered through OW (in Toronto by TESS) and ODSP will transition to the ESSM in this new integrated model. OW delivery agents will retain responsibilities for the provision of life stabilization services for individuals in receipt of social assistance and will be responsible for joint case planning with the new ESSM for common clients.
- This process will be underpinned by a common assessment of client needs, skills and work experience. Information collected through a common assessment tool will be used to segment clients into one of three streams for employment services (from low to high risk of long-term unemployment) according to estimated service intensity needs. Available per-client funding will vary according to each stream with additional resources intended for clients who are more "distant" from the labour market and require more intensive support.⁵

The Province has not yet confirmed the timeline for the competitive processes to support the rollout of integration across the province (including Toronto). City staff will

⁴The selected ESSMs are: Region of Peel: WCG is a Canadian subsidiary of The International APM Group Pty Ltd (APM), a private sector global human service organization based in Australia; For Hamilton-Niagara: A consortium led by Fedcap Inc., a member of a growing global network of non-profit agencies, located largely in the US and UK. The consortium includes two current EO service providers (Canadian Council on Rehabilitation and Work, Operation Springboard) and two current providers of Ontario Disability Support Program Employment Supports (Corbrook, Community Living Toronto); For the Muskoka-Kawartha region: Fleming College. Fleming College has more than 50 years of experience delivering education, skills training and employment services to students, job seekers and employers.

⁵<http://www.tcu.gov.on.ca/eng/eopg/publications/cm-est-call-for-proposal-cfp-en.pdf>

engage with provincial officials to advocate for an appropriate ESSM selection timeline for Toronto which will allow for proper consultation and engagement, analysis, decision-making by Council, coordination with other elements of social assistance transformation, and consideration of the City's own workforce development priorities.

A recent report on the changing workforce development landscape in Toronto has also called for a clear consultation and options analysis process to inform the impending call for proposals for the Toronto ESSM.⁶ The report signals that the Toronto ESSM would not only have the largest client population in the province, it would serve at least twice as many clients as the second largest Services System Manager (SSM) in Ontario. Given this scale and the complexity of the issues under consideration, it would be beneficial to explore the different roles which the City and the community sector could undertake, having regard to the different functions required of the SSM. As such, this report recommends that TESS, working with other City divisions and community and workforce development stakeholders, assess how the City can best advance its workforce development priorities and support residents in a transformed employment service system manager role.

Initial Analysis – Five Highlights

When fully implemented, Ontario's Social Assistance Recovery and Renewal (SARR) plan will basically shift the functional focus of municipal delivery partners from eligibility determination and the administration of benefits and employments support to the provision of life stabilization supports and service navigation for social assistance clients. Attachment 2 of this report summarizes the current state, as well as the Province's vision for a more integrated and streamlined Human Services model.

Below is a summary of staff's initial analysis of the Province's plan and vision for social assistance transformation.

1. More Time and Focus on Life Stabilization Supports, including for ODSP Clients and for all low-income residents over the longer term

Many aspects of Ontario's new social assistance vision – such as its emphasis on life stabilization supports (including for some ODSP clients), increased human services coordination, and its focus on expediting access to benefits and streamlining administrative processes – reflect feedback shared with MCCSS by residents in receipt of social assistance, the experience and advice of local government delivery partners, and positions articulated by Toronto and other municipalities over many years.

These new directions are welcome and in certain cases long-overdue. In addition, the Province's longer term vision of broader human services integration, aligns with the City's ongoing work in this area described later in this report.

⁶Zizys, T. (2021) Advancing a Workforce Development Agenda for Toronto, available at: <https://www.icecommittee.org/research/>

2. No Change to Social Assistance Rates or Rate Structure

Although the SARR plan and vision have broad implications for social assistance *administration* and how residents will access financial benefits or other supports, they do not at this time include any changes to Ontario's social assistance (core) benefits rate structure, the amount or adequacy of benefit rates, or the suite of ancillary benefits made available to residents in need of financial assistance.

Since 1995, when OW rates were reduced by 21%, inflation in Ontario, as measured by CPI has risen 56%. During this same period, the OW rate for singles has risen by 41%. The last rate increase was in 2018. If the OW single rate had been increased at the rate of inflation since 1995, the single rate would today be \$812 per month instead of \$733 per month.

City Council has previously called for changes to social assistance benefit rates and structure, most recently through its adoption of *TO Prosperity: Toronto's Poverty Reduction Strategy – Recommendation #10* and endorsement of the *Income Security: A Roadmap for Change* report, commissioned by the previous provincial government, which recommended increasing OW and ODSP rates by 22 and 15 percent, respectively, and using a Standard Flat Rate in lieu of separate rates for basic needs and shelter (i.e. housing) costs.

The absence of any commitment to adjust rates means that most residents in receipt of OW and many on ODSP will continue to live in deep poverty, especially single working age adults who do not have access to federal child benefits and/or who are not earning any supplementary income.⁷ This report recommends that City Council request the Province to address the adequacy and structure of social assistance by implementing a new and modernized rate structure that uses an evidence-based approach to annual social assistance rate increases.

3. Positive Commitment to Co-Design Implementation of the Social Assistance Plan and Vision with Municipalities

To enable changes to which order of government (provincial or municipal) performs different functions associated with the delivery of OW, the provincial government is expected to introduce enabling legislation (i.e. amendments to the *Ontario Works Act, 1997*) in Spring 2021.

Looking ahead, MCCSS has constructively indicated that it will work closely with municipalities on the implementation of system changes necessary to realize its vision, including through the use of co-design engagement, pilots, and dialogue at the Provincial-Municipal Social Assistance and Employment Committee (PMSAEC⁸), which is co-chaired respectively by staff representatives from MCCSS, the City of Toronto and the Association of Municipalities of Ontario (AMO).

⁷<https://irpp.org/wp-content/uploads/2020/09/Canada-Forgotten-Poor-Putting-Singles-Living-in-Deep-Poverty-on-the-Policy-Radar.pdf>

⁸As PMSAEC members are subject to a non-disclosure agreement, communication of implementation plans to municipal councils will be subject to provincial approval.

Given the degree of change envisioned, collaboration of this kind, coupled with a willingness on Ontario's part to afford Toronto flexibility with regard to implementation approaches and timelines (i.e. to allow for stakeholder engagement, operational planning and alignment with municipal functions and priorities) will be essential.

To guide and inform the City's engagement with the Province on the co-design and the implementation of Ontario's Social Assistance Recovery and Renewal plan, this report recommends that City Council endorse the principles detailed in Attachment 1.

4. More Attention on Service Planning and Life Stabilization, but Risk of "Hand-off" Challenges between Different Service Providers

To work effectively for residents, the proposed new function-focused (as opposed to program – OW or ODSP - focused) model for delivering social assistance in Ontario will require multiple service partners to work together in an integrated system. Collaboration between different organizations and clear communication with clients will be needed to ensure seamless "hand-offs" between delivery partners. Collaboration and communication will also be necessary to support residents' ability to obtain the resources and services they need to stabilize their lives, develop needed skills, and pursue employment, while also living in dignity.

For example, while the separation of benefit eligibility determination and payment administration (provincial) from service planning (municipal) functions is expected to streamline benefit access for clients and free up time for caseworkers to focus on clients' life stabilization needs, the related technologies, processes and protocols that bridge these two distinct functions will need to be tightly linked to ensure timely and appropriate financial benefits are delivered in alignment with local service planning needs. Additionally, the forthcoming introduction of a new Employment Service System Manager (ESSM) for Toronto, selected through a competitive process, could potentially generate service navigation or "hand off" challenges for clients if not properly managed, as a given resident may need to access three different kinds of supports – i.e. financial benefits; service planning and life stabilization; and employment assistance – from three different entities (Province, City, ESSM) at the same time.

5. Decoupling One-on-One Case Management and Life Stabilization Support from Eligibility for Social Assistance

Phase 3 of Ontario's SARR plan and vision foresees one-on-one case management and life stabilization support from (local/municipal) caseworkers being made available to a wider group of residents in need, not only those who have been deemed eligible for and are in receipt of social assistance (OW/ODSP) financial benefits.

Municipalities will be enabled to provide integrated life stabilization supports not only to social assistance clients but also more broadly to people in crisis and to other low-income clients of other municipal programs. Some residents will benefit from being able to access (early) case management support without needing to strip themselves of assets to qualify for assistance or meet strict rules and participation requirements as part of social assistance. Moreover, upstream investments in services and supports

may help to reduce costs in other areas such as health and criminal justice that result from high and persistent levels of poverty.⁹

Preliminary Assessment of Opportunities, Issues and Risks

City staff from TESS, Shelter Support and Housing Administration (SSHA), Toronto Children's Services (TCS), Social Development, Finance Administration (SDFA), and Economic Development and Culture (EDC), and, as appropriate, other divisions, will continue to assess, identify and report to Council any significant anticipated service, financial or organizational impacts resulting from the phased implementation of changes to Ontario's social assistance and employment services systems as well as the Province's vision for broader human services integration.

Based on currently available information, the following near and longer-term opportunities, issues and risks - for residents and the City as a service provider - stand out.

For Residents and Social Assistance Clients

In the near-term, there is an expectation that changes will result in faster eligibility determination and initial payments for clients and fewer requirements for paperwork.¹⁰ However, the absence of changes to core social assistance benefit rates (i.e. basic needs or shelter) or the rate structure is a notable gap in the current plan and means that social assistance clients will continue to receive benefits that are inadequate to meet their basic needs.

Over the medium term, clients are anticipated to benefit from more attention and support from caseworkers focused on service planning and making connections to relevant life stabilization supports. Clients could however face a lack of coordination between -- or seamless service from -- three different service providers (for financial benefits; service planning and life stabilization supports; and employment assistance). Finally, over the longer-term, there are opportunities to provide broader access to a better integrated and coordinated suite of human services and local supports, including for residents in need who are *not* in receipt of social assistance financial benefits.

Funding for TESS and Human Service Integration's (HSI) Application and Support Centre – Medium Term Risk

While Ontario has committed to maintaining OW municipal delivery partners' funding at current levels through 2021, a new funding model is anticipated to be introduced in either 2022 or 2023.

⁹<https://feedontario.ca/wp-content/uploads/2019/09/Feed-Ontario-Cost-of-Poverty-2019.pdf>

¹⁰This approach also aligns with recommendations on the integrity of the OW program made by the provincial Auditor: https://www.auditor.on.ca/en/content/annualreports/arreports/en18/v1_311en18.pdf

At present, a significant portion of the funding for the City's own Human Services Integration (HSI) office Application and Support Centre comes from funding which TESS receives to provide eligibility determination and related "intake" functions for OW. Accordingly, any reductions in funding to TESS for intake related activities will have impacts on the resources available not only to TESS but to the City's HSI Application and Support Centre.

Funding and Embedded Capacity to Support Workforce Development – Medium Term Risk

TESS has historically leveraged its expertise and resources to support the City's workforce development activities, in particular with respect to community benefits and social procurement. There is the potential for the withdrawal of provincial funding related to the integration of OW employment services into Employment Ontario, although the timeline for this remains uncertain. Toronto (TESS) receives \$175.4 million in program delivery funding from Ontario annually of which \$58.6 million funds employment-related programs and benefits for OW clients. In the three Employment Service System Manager prototype sites provincial program delivery funding is being reduced initially by 20%. It is also important to note that none of the selected ESSMs in the prototype regions is a municipality, thereby pointing to the need to adequately assess the potential impact of funding withdrawal locally as well as options for enhanced partnership and coordination across multiple stakeholders.

While the redirection of this employment services funding into an integrated employment services system will have an impact on the ability of TESS to directly perform City workforce development activities, there remains a variety of options for how the City can meet its inclusive economic development goals within a new employment service system. Recommendation 3 of this report proposes the key City divisions work together to assess these various options and report back to Council in Q2 2022 with recommendations on how the City can best proceed. As part of this process, City staff will engage key community stakeholders and take stock of relevant City directions focused on workforce development activity to ensure recommendations consider current system capacity realities and relevant recovery and inclusive economic development priorities moving forward.

The Organization of Human Services within the Toronto Public Service – Opportunity and Risk

Ontario sets the broad policy framework and provides funding for three large income-tested social programs (Ontario Works financial assistance, Child Care fee subsidy, and Rent-Geared-to-Income housing support). Municipalities are responsible for program delivery and administration.

In some municipalities, these programs are integrated structurally within a single community and social services / health services division. Historically, reflecting the city's size and the diversity of community and resident needs, Toronto has delivered these three programs through three separate City divisions – TESS, Toronto Children's Services (TCS), and Shelter Support and Housing Administration (SSHA).

Across these three income-tested programs there are differences related to eligibility determination, income testing, technology platforms and reporting requirements, among others. These issues highlight the complexity involved and the potential benefits of achieving fuller Human Services coordination or integration in order to improve service access and quality, while potentially reducing cumulative administrative costs. In 2019, the City established a Human Services Integration office and Application and Support Centre (HSI – ASC), housed within the Social Development, Finance and Administration division, to support common functions (starting with program eligibility / access) across the three large income-tested programs (Ontario Works, Rent Geared to Income housing and Child Care Fee subsidy) administered respectively by TESS, SSHA and TCS, and to streamline the delivery of other City funded benefits.

In the near term (2022 - 2023), Ontario's SARR plan and vision -- especially the implementation of centralized intake and changes to the OW funding model -- will require staff to review the functions performed at the Application and Support Centre in support of OW administration, and reassess how the City (currently via TESS) delivers certain benefits, such as the Hardship Fund and Funeral Benefits, to residents who are not in receipt of social assistance. It should also be noted that the centralization of intake eligibility and, eventually, benefit administration at the provincial level is intended to result in increased program integrity, which aligns with previous auditor recommendations.

In the medium and longer term (2023 and beyond), the broader human service model envisioned by Ontario provides Toronto with an impetus and opportunity to reassess its current approach to human services program organization and delivery, and potentially introduce more effective ways to support vulnerable residents in need, including people experiencing homelessness, individuals who are socially isolated, and Torontonians living in deep poverty.

Overall, while the provincial vision for integrated human services will necessarily create opportunities for greater collaboration between key ministries, fully realizing the benefits of integration for Toronto residents will require both careful alignment of City actions and provincial recognition of the benefits of the steps Toronto has already undertaken to integrate locally. Notably, the critical work and investments that Toronto has made to integrate human services systems and technologies represents not only an important foundation that future efforts in Toronto should build on, but also offers a best-practice HSI model that can inform provincial work.

The provincial human services integration vision will require not only intentional and focused collaboration across key ministries horizontally, but in parallel and connected vertically with municipalities. For Toronto -- with its well-established HSI structures and functions, as well as its position on several municipal-provincial collaboration tables -- there is tremendous opportunity to inform this work and ensure critical alignments are incorporated into the future model.

Other Considerations

Moving forward, as progress continues on the co-design and implementation of the phases of SARR, City staff will continue to monitor and assess any additional impacts

and implications on other human services at the City. For example, as a Service System Manager, Children's Services has a transfer payment agreement with the province that sets out service targets and funding levels. These targets include providing 1,800 fee subsidies to Ontario Works (OW) clients. Currently 3,000 OW clients are in receipt of a fee subsidy to support the cost of child care. Children's Services and TESS have established streamlined processes which reduce duplication of work between the two divisions and improve customer service for our mutual clients. At this point there are no details as to how this shift in roles from TESS to the province will impact Children's Services allocation of fee subsidies for families in receipt of OW or ongoing legislative requirements to conduct annual eligibility reviews for this group of families.

Next Steps

The Province's commitment to modernizing and streamlining social assistance and to work closely with municipalities to co-design the changes necessary to realize its vision are positive and welcome. Over the coming months, as more details are released and the co-design process with the Province unfolds, staff from TESS, SSHA, TCS, SDFA, EDC, and other divisions as appropriate, will continue to identify and assess any significant anticipated service, financial or organizational impacts resulting from Ontario's plan for social assistance recovery and renewal.

In addition, staff from TESS, the City Manager's Office, EDC and SDFA, engaging with other divisions and Toronto Public Library, as well as community and workforce development stakeholders as appropriate, will assess how the City can best advance its workforce development priorities and support residents in a transformed employment services system.

Staff will report back to Council on both areas of work in Q2 2022.

CONTACT

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ATTACHMENTS

Attachment 1: Proposed City of Toronto Principles to Inform Social Assistance Recovery and Renewal (SARR) Plan Co-Design and Implementation

Attachment 2: A Working Vision for Social Assistance