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2021 OPERATING BUDGET BRIEFING NOTE

Ontario Works (OW) Rates and Increases Since 2001, compared with inflation and the cost of living in Toronto

Issue/Background:

- At its meeting of January 22, 2021, the Budget Committee requested the General Manager, Toronto, Employment & Social Services to prepare a briefing note on:
 1. Ontario Works rates and increases in the past 20 years as compared with inflation and the cost of living in the City of Toronto.
 2. The current gaps in access to information regarding the legal rights for tenants, and how this can be addressed through the Tenant Defence Fund.
- This Briefing Note is in response to recommendation #1 above. Another Briefing Note, #25 entitled, "Tenant Defence Fund and Tenant Information Programs" prepared by SSHA is included in the package for the Budget Committee meeting on February 4th, 2021.
- This Briefing Note details the changes to OW rates since 2001 and how rates compare to various measures, including inflation. It also highlights a number of recent Council positions calling on Ontario to increase OW rates.
- Ontario Works (OW) benefit rates ("rates") are set by the provincial government through social assistance legislation and regulations. Ontario does not index OW rates to inflation and there is no legislated formula for determining rate increases. Changes are made on an *ad hoc* basis by the province.
- Over the past 20 years, OW rates have not kept pace with inflation. During this period, inflation in Toronto increased 39.4%, while OW rates for families increased 22% and OW rates for singles increased 33.1%.
 - Between 2014 and 2017 OW rates for singles were increased more quickly than rates for families, as low income families – including those on social assistance -- were able to access enhanced federal child benefits.
- In December 2017, City Council passed a motion endorsing the recommendations of the "*Income Security: A Roadmap for Change*" report, commissioned by the previous provincial government, which called for increasing OW rates by 22%.

Key Points:

Changes to Ontario Works (OW) Rates

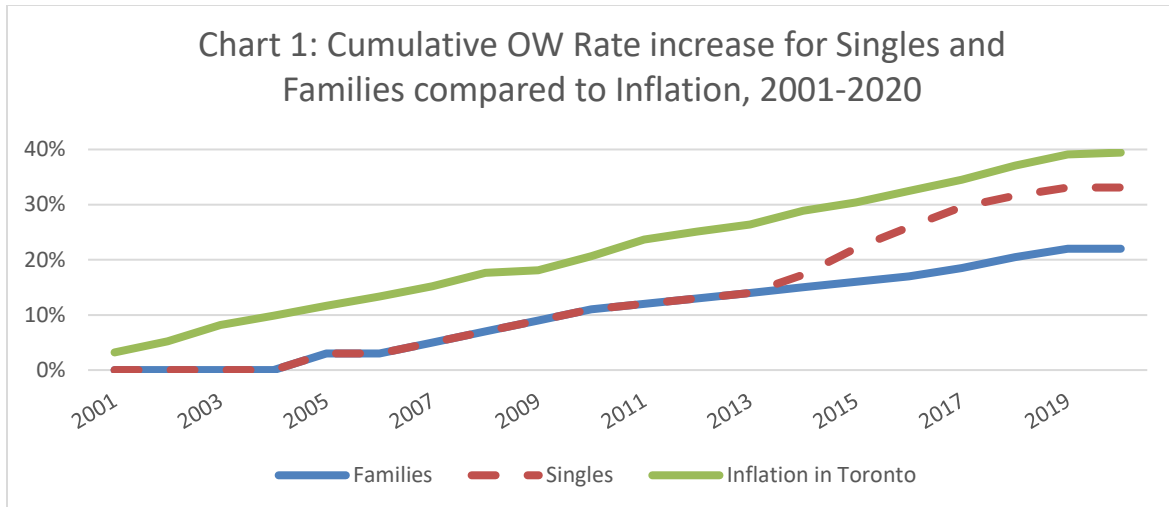
- OW rates include separate amounts for basic needs and shelter. Attachment 1 shows the maximum amounts for single recipients since 1998. The current combined maximum amount for basic needs and shelter for a single recipient is \$733 per month.
- Prior to the introduction of the OW program in the mid-1990s, social assistance rates were increased regularly. In 1995, however, OW rates were cut by 21.6% and subsequently frozen at this level until 2005.
- Since 2005, rates have typically been increased at or below the rate of inflation. The last rate increase was in 2018.
- As a result, OW rates have lost value over time relative to general inflation and especially the cost of living in Toronto (i.e. in effective purchasing power terms).

Comparison to Consumer Price Index (CPI)

- The Consumer Price Index (CPI) represents changes in prices as experienced by average Canadian consumers. It measures price change by comparing, through time, the cost of a fixed basket of goods and services.¹
- Since 1995, when OW rates were last reset at a significantly lower level, inflation in Ontario, as measured by CPI has risen 56%.² During this same period, the OW rate for singles has risen by 41%.
 - 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.
- Since 2001, inflation in Toronto has increased 39.4%, while the OW rate for families has increased 22% and the OW rate for singles has increased 33.1%.

¹ The goods and services in the CPI basket are divided into 8 major components: food; shelter; household operations, furnishings and equipment; clothing and footwear; transportation; health and personal care; recreation, education and reading; and alcoholic beverages, tobacco products and recreational cannabis.

² https://openpolicyontario.s3.amazonaws.com/uploads/2020/10/The-Welfare-Diet-turns-25_R9.pdf



Comparison to Key Expenses

- In October 2000, the average monthly rent of a bachelor and 1 bedroom apartment in Toronto was \$683 and \$830 respectively. By 2019, these rates had increased to \$1142 and \$1361, representing increases of 67% and 64%.³
- The cost of food as a whole in Ontario has increased 65% over the past 25 years compared to the OW single rate increase of 41%. Some categories like vegetables and fruits have increased as much as 143%.⁴
- Toronto Public Health (TPH) gathers information annually on the costs of a Nutritious Food Basket (NFB) to show the ability of different households to meet basic needs. TPH found a 28.6% increase in the cost of the NFB between 2009 and 2019 with costs rising 7.6% between 2018 and 2019, the largest year-over-year increase in a decade.⁵
- Because very low income residents tend to spend most of their income on basic necessities such as shelter (rent), food, and transportation, the effective purchasing power of OW financial benefits can decline even when rate increases are pegged to (CPI-based) inflation, especially for residents in cities like Toronto experiencing significant increases in average rental housing prices year over year.

Key Council Positions on Social Assistance Rates

Toronto City Council has adopted several positions with regard to the need to increase social assistance rates. Notable recent Council positions include:

³ <https://www03.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/Table?TableId=2.2.11&GeographyId=2270&GeographyTypeId=%203&DisplayAs=Table&GeographyName=Toronto>

⁴ https://openpolicyontario.s3.amazonaws.com/uploads/2020/10/The-Welfare-Diet-turns-25_R9.pdf

⁵ HL10.3: *Food in Toronto: Affordability, Accessibility and Insecurity*

- Endorsement, in 2015, of a core recommendation of Toronto's *Poverty Reduction Strategy*, to "Improve the Quality of and Access to Income Supports."⁶
- Endorsement, in December 2017, of the recommendations of the "*Income Security: A Roadmap for Change*" report, including its call to increase OW rates by 22% and introduce a new Standard Flat Rate which does not distinguish between basic needs and shelter.⁷
- Adoption, in 2019, of Member Motion 13.11 which included a request to the provincial government to increase social assistance rates.⁸

In addition, in October 2020, the "*COVID-19: Impacts and Opportunities*" report, prepared for Council by the Toronto Office of Recovery and Rebuild, included the following recommendation (#23) which was referred by the City Manager to the General Manager of Toronto Employment & Social Services:⁹

*"Provide recommendations and enable methods to improve on the various income supports that senior levels of government fund to ensure the City's perspective is considered regarding the most effective combination and funding of those supports to improve Torontonians' overall economic conditions (e.g.: Basic Needs and Shelter components of Social Assistance). Monitor the changes announced by the federal government to the Employment Insurance system so the City can offer recommendations for continuous improvement."*¹⁰

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⁶ <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX9.5>

⁷ <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD24.8>

⁸ <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM13.11>

⁹ <https://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-157346.pdf>

¹⁰ <https://www.toronto.ca/legdocs/mmis/2020/ex/bgrd/backgroundfile-157348.pdf>

Attachment 1: Ontario Works Rates over Time

Ontario Works financial assistance rates include separate amounts for basic needs and shelter:

- The basic needs component helps with the cost of food, clothing and other necessary personal items. The amount for basic needs is based on family size and composition.
- The shelter amount helps with utilities, mortgage or rent, property taxes, and home insurance premiums. The shelter amount is based on actual costs up to a maximum set according to family size.

The amount of assistance a recipient receives each month may be higher or lower than the basic rates (“basic needs + shelter”) depending on whether they qualify for any special purpose allowances, other benefits, or have other non-social assistance income.

The following rates are based on a single individual with no children.

| Year | Basic Needs Allowance | Maximum Shelter Allowance | Maximum Payment |
|-------------|------------------------------|----------------------------------|------------------------|
| 1998 | \$195 | \$325 | \$520 |
| 2005 | \$201 | \$335 | \$536 |
| 2006 | \$206 | \$342 | \$548 |
| 2007 | \$211 | \$349 | \$560 |
| 2008 | \$216 | \$356 | \$572 |
| 2009 | \$221 | \$364 | \$585 |
| 2010 | \$224 | \$368 | \$592 |
| 2011 | \$227 | \$372 | \$599 |
| 2012 | \$230 | \$376 | \$606 |
| 2013 | \$250 | \$376 | \$626 |
| 2014 | \$280 | \$376 | \$656 |
| 2015 | \$305 | \$376 | \$681 |
| 2016 | \$330 | \$376 | \$706 |
| 2017 | \$337 | \$384 | \$721 |
| 2018 | \$343 | \$390 | \$733 |

Attachment 2: Ontario Works Rate Increase Compared to Inflation

| Year | Effective Date | Rate Increase Families | Rate Increase Singles | Inflation Canada | Inflation Ontario | Inflation Toronto |
|--------------------------|----------------|------------------------|-----------------------|------------------|-------------------|-------------------|
| 2001 | N/A | 0.0% | 0.0% | 2.5% | 3.0% | 3.2% |
| 2002 | N/A | 0.0% | 0.0% | 2.2% | 2.0% | 2.0% |
| 2003 | N/A | 0.0% | 0.0% | 2.8% | 2.6% | 3.0% |
| 2004 | N/A | 0.0% | 0.0% | 1.8% | 1.9% | 1.7% |
| 2005 | 01-Mar-05 | 3.0% | 3.0% | 2.2% | 2.2% | 1.8% |
| 2006 | N/A | 0.0% | 0.0% | 2.0% | 1.8% | 1.7% |
| 2007 | 01-Dec-06 | 2.0% | 2.0% | 2.1% | 1.8% | 1.8% |
| 2008 | 01-Dec-07 | 2.0% | 2.0% | 2.4% | 2.3% | 2.4% |
| 2009 | 01-Dec-08 | 2.0% | 2.0% | 0.3% | 0.4% | 0.4% |
| 2010 | 01-Dec-09 | 2.0% | 2.0% | 1.8% | 2.5% | 2.6% |
| 2011 | 01-Dec-10 | 1.0% | 1.0% | 2.9% | 3.1% | 3.0% |
| 2012 | 01-Dec-11 | 1.0% | 1.0% | 1.5% | 1.4% | 1.5% |
| 2013 | 01-Dec-12 | 1.0% | 1.0% | 0.9% | 1.0% | 1.2% |
| 2014 | 01-Oct-13 | 1.0% | 3.3% | 2.0% | 2.4% | 2.5% |
| 2015 | 01-Oct-14 | 1.0% | 4.8% | 1.1% | 1.2% | 1.5% |
| 2016 | 01-Nov-15 | 1.0% | 3.8% | 1.4% | 1.8% | 2.1% |
| 2017 | 01-Nov-16 | 1.5% | 3.7% | 1.6% | 1.7% | 2.0% |
| 2018 | 01-Nov-17 | 2.0% | 2.0% | 2.3% | 2.4% | 2.5% |
| 2019 | 01-Nov-18 | 1.5% | 1.5% | 1.9% | 1.9% | 2.0% |
| 2020 | N/A | 0.0% | 0.0% | 0.7% | 0.6% | 0.3% |
| 2021 | N/A | 0.0% | 0.0% | N/A | N/A | N/A |
| Cumulative change | | 22.0% | 33.1% | 36.5% | 37.8% | 39.4% |

Notes:

- 1: On October 1, 1995 rates were reduced 21.6% and the first increase after that reduction was on March 1, 2005.
- 2: OW rates for families from 2001 to 2020 were 17.4% below inflation. OW rates for singles were 6.3% below inflation.
- 3: Earnings exemptions of \$200 flat rate for each adult family member and then an additional 50% exemption has been in place since September 2013.
- 4: The restructuring of social assistance with the introduction of the Ontario Child Benefit took place on August 1, 2008.
- 5: OW singles rates increased by \$20 in 2014, \$30 in 2015, and \$25 in both 2016 to 2017 and are reflected in the % rate increases.
- 6: Inflation rates in Toronto over the past 20 years have been higher than in both Ontario and Canada.