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Toronto Employment and Social Services

2016 OPERATING BUDGET OVERVIEW

Toronto Employment and Social Services (TESS) manages the third largest social assistance delivery system in Canada. TESS provides employment services, financial assistance and social supports to Toronto residents to strengthen their social and economic well-being in their communities.

2016 Budget Highlights

The total cost to deliver these services to Toronto residents is \$1,099.305 million gross and \$136.168 million net as shown below.

(in \$000's)	2015		Change	
	Approved	2016 Budget	\$	%
Gross Expenditures	1,113,252.9	1,099,305.1	(13,947.8)	(1.3%)
Gross Revenues	956,823.6	963,136.6	6,312.9	0.7%
Net Expenditures	156,429.2	136,168.51	(20,260.7)	(13.0%)

Savings from child benefits restructuring, caseload reduction and the upload of Ontario Works (OW) financial benefits has helped offset the Program's base budget pressures, mainly due to increases in salary and non-payroll expenditures and legislated OW rate changes.

2015 Fast Facts

- TESS is the 3rd largest social assistance (SA) delivery system in Canada with 19 Employment Centres (EC).
- TESS contracts with 60 community agencies and organizations across the City to deliver a broad range of employment programs.
- TESS leads the implementation of the City's Workforce Development Strategy, which aims to assist employers to address their workforce challenges and actively support job seekers to compete in the labour market
- Assessed 50,000 applications for OW.
- Assisted 18,924 OW clients find work.
- 222,317 clients visited Employment Centres.
- 40,000 participants are enrolled in employment readiness programs.

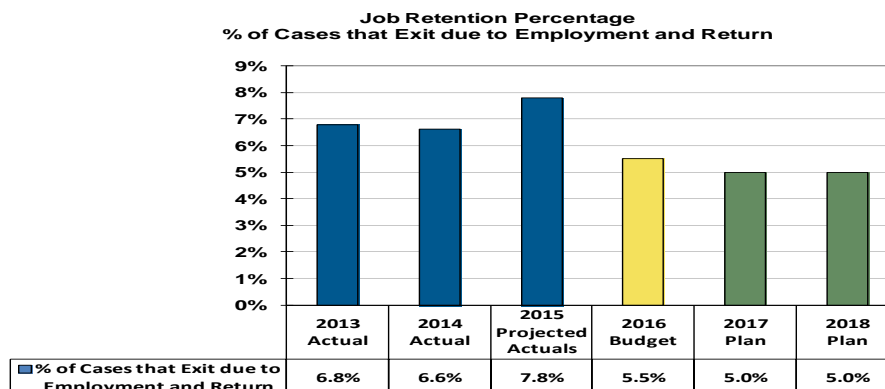
Trends

- Cases that exit to employment and return have increased from 6.6% in 2014 to 7.8% in 2015.
- The percentage of clients that return to OW after leaving for employment are projected to steadily decline over the next three years due to a range of responsive employment service strategies available to OW clients that will allow them to realize their career goals and transition to sustainable employment.
- On an average, OW clients are on assistance for more than 2 years.

Our Service Deliverables for 2016

Toronto Employment and Social Services (TESS) offers financial assistance for basic needs like shelter, food, clothing and health related items for clients and their families. In addition, it provides employment assistance such as one on one service planning, and skills and job-specific training. The 2016 Operating Budget will:

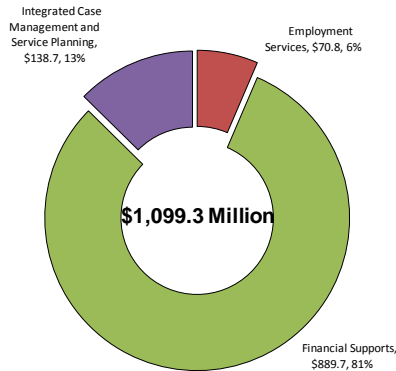
- Manage an average caseload of 90,000 and assist 27,000 unemployed City residents find and/or sustain employment;
- Increase the profile of the City's Workforce Development Initiatives such as Partnership to Advance Youth Employment (PAYE), ongoing career management and referral to employment services programs and training, and leveraging employment centres to provide employment services to low income residents.
- Enable TESS to lead the City's Youth Employment Action Plan, focused on increasing work-based learning opportunities for Toronto youth (18-29);
- Ensure high quality employment service plans are in place for all clients;
- Support the continued implementation of key City strategies:
 - Toronto Youth Equity Strategy
 - Strong Neighbourhood 2020 Strategy
 - Newcomer Strategy
 - Collaborating for Competitiveness



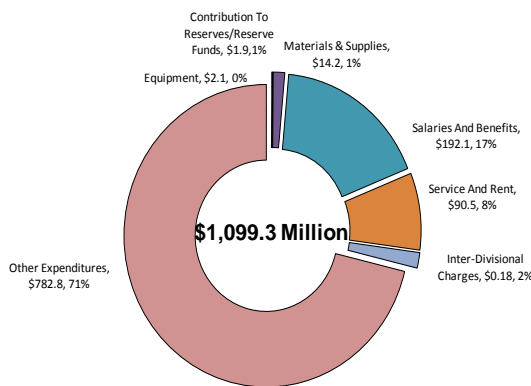
2016 Operating Budget Expenses & Funding

Where the money goes:

2016 Budget by Service

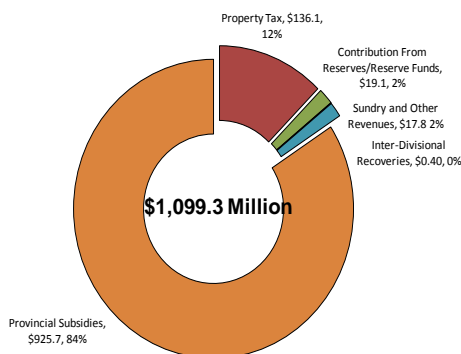


2016 Budget by Expenditure Category



Where the money comes from:

2016 Budget by Funding Source



Our Key Issues & Priority Actions

- **The Social Assistance Management System (SAMS) continues to pose challenges for the Program.**
 - ✓ The 2016 Operating Budget includes one-time funding of \$5.463 million gross funded from the Ontario Works Reserve to add 66 temporary positions.
 - ✓ TESS will continue to work closely with the Province through various working groups to identify system related issues and work towards solutions and improve SAMS.
 - ✓ Advocate with the Province to adjust the program delivery funding model to address the additional work required to deliver the OW program in the post-SAMS world.
- Reducing length of stay on social assistance
 - ✓ Continue to advance the City's Workforce Development Strategy by connecting job seekers to employers and job opportunities arising from local and City-wide initiatives.
 - ✓ Expand the Partnership to Advance Youth Employment (PAYE) program.
 - ✓ Provide consultation and support to 265,000 Employment Centre visits

2016 Operating Budget Highlights

- The 2016 Operating Budget for TESS of \$1,099.3 million in gross expenditures provides funding for 3 services, Employment Services, Financial Supports and Integrated Case Management and Service Planning.
- The Program has achieved the budget target of a 1% decrease from the 2015 Approved Budget through the following measures :
 - ✓ The identification of sustainable, on-going savings - line by line reductions (\$0.673 million net);
 - ✓ Savings due to lower caseload (\$2.309 million net).

II: COUNCIL APPROVED BUDGET

City Council approved the following recommendations:

1. City Council approve the 2016 Operating Budget for Toronto Employment and Social Services of \$1,099.305 million gross, \$136.168 million net for the following services:

	Gross	Net
<u>Service:</u>	<u>(\$000s)</u>	<u>(\$000s)</u>
Employment Services:	70,827.3	18,659.5
Financial Supports:	889,716.5	64,069.5
Integrated Case Management and Service Planning:	138,761.2	53,439.5
Total Program Budget	<u>1,099,305.0</u>	<u>136,168.5</u>

2. City Council approve the 2016 service levels for Toronto Employment and Social Services as outlined on pages 16, 20, and 24 of this report, and associated staff complement of 2,120.0 positions.

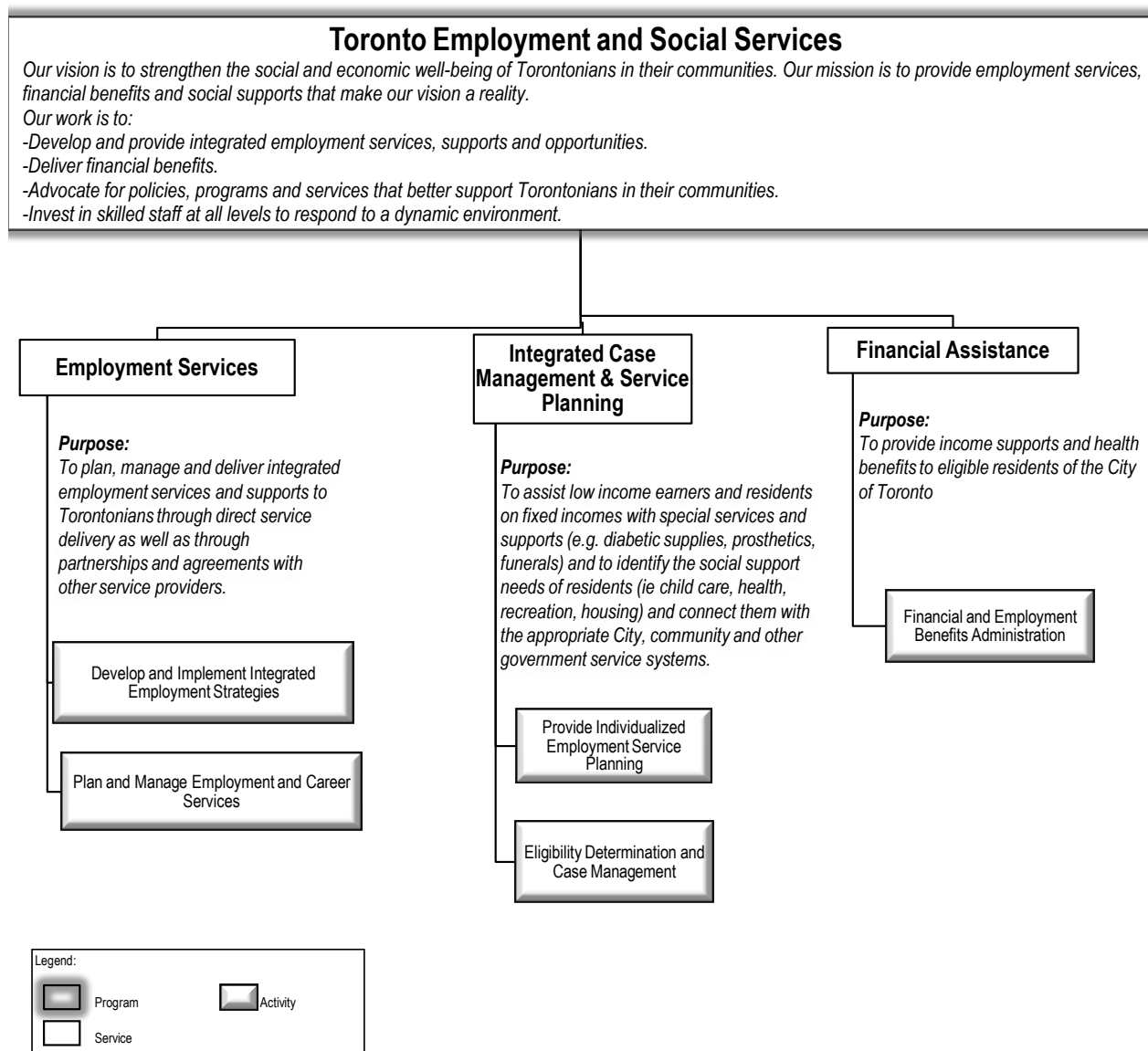


Part I:

2016 – 2018

Service Overview and
Plan

Program Map



Service Customer

Employment Services

- Low income Toronto Residents
- Unemployed & under-employed Toronto Residents
- Ontario Works (OW) Program Recipients and Adult Dependents
- Ontario Disability Support Program (ODSP) Program Recipients and Adult Dependents
- Community Agencies and Networks
- Employers
- Provincial Ministries (Ministry of Community & Social Services, Ministry of Training, Colleges and Universities, Ministry of Citizenship and Immigration)
- Service Canada
- Other City divisions / Agencies

Financial Assistance

- Ontario Works (OW) Program Participants and Dependents
- Ontario Disability Support Program (ODSP) Program Participants and Dependents
- Ministry of Community & Social Services

Social Supports

- Low-Income Residents, including seniors and youth
- Ontario Works (OW) Program Participants and Dependents
- Ontario Disability Support Program (ODSP) Program Participants and Dependents
- Ministry of Community & Social Services
- Other City divisions / Agencies
- Community Agencies

Table 1
2016 Operating Budget and Plan by Service

(In \$000s)	2015		2016 Operating Budget				Incremental Change 2017 and 2018 Plan					
	Approved Budget	Projected Actual	2016		2016 vs. 2015 Budget		2017		2018			
			2016 Base	New/Enhanced	2016 Budget	Approved Changes						
By Service	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%	
Employment Services												
Gross Expenditures	71,580.1	66,599.0	69,751.5	1,075.8	70,827.3	(752.8)	(1.1%)	(779.1)	(1.1%)	237.4	0.3%	
Revenue	52,314.2	49,867.1	51,392.0	775.8	52,167.8	(146.4)	(0.3%)	(379.6)	(0.7%)	399.3	0.8%	
Net Expenditures	19,265.8	16,731.9	18,359.5	300.0	18,659.5	(606.4)	(3.1%)	(399.5)	(2.1%)	(162.0)	(0.9%)	
Financial Supports												
Gross Expenditures	907,953.3	861,822.9	889,339.6	377.0	889,716.5	(18,236.7)	(2.0%)	808.8	0.1%	(2,220.6)	(0.2%)	
Revenue	822,651.5	781,870.2	825,270.0	377.0	825,647.0	2,995.6	0.4%	21,540.5	2.6%	21,388.9	2.5%	
Net Expenditures	85,301.8	79,952.7	64,069.5	(0.0)	64,069.5	(21,232.3)	(24.9%)	(20,731.8)	(32.4%)	(23,609.4)	(54.5%)	
Integrated Case Management and Service Planning												
Gross Expenditures	133,719.6	131,080.7	134,450.7	4,310.5	138,761.2	5,041.7	3.8%	(4,286.8)	(3.1%)	915.6	0.7%	
Revenue	81,858.0	83,522.6	81,011.2	4,310.5	85,321.7	3,463.8	4.2%	(4,355.7)	(5.1%)	70.8	0.1%	
Net Expenditures	51,861.6	47,558.1	53,439.5	0.0	53,439.5	1,577.9	3.0%	68.9	0.1%	844.8	1.6%	
Total												
Gross Expenditures	1,113,252.9	1,059,502.6	1,093,541.8	5,763.3	1,099,305.1	(13,947.8)	(1.3%)	(4,257.2)	(0.4%)	(1,067.6)	(0.1%)	
Revenue	956,823.6	915,259.9	957,673.3	5,463.3	963,136.6	6,312.9	0.7%	16,805.2	1.7%	21,859.0	2.2%	
Total Net Expenditures	156,429.2	144,242.7	135,868.5	300.0	136,168.5	(20,260.7)	(13.0%)	(21,062.4)	(15.5%)	(22,926.6)	(19.9%)	
Approved Positions	2,091.1	2,044.0	2,053.9	66.0	2,119.9	28.9	1.4%	(66.0)	(3.1%)	(0.0)	0.0%	

The Toronto Employment and Social Services' 2016 Operating Budget is \$1,099.3 million gross and \$136.168 million net, representing a 13% decrease from the 2015 Approved Net Operating Budget that significantly exceeds the -1% reduction target as set out in the 2016 Operating Budget Directions and Guidelines.

- Base pressures are mainly attributable to non-union step and merit increases, non-salary inflationary increases and Ontario Works (OW) legislated rate increases.
- The above pressures were mainly offset by savings related to the reduction in average caseload (3,500 cases) from 2015 levels, the integration of Children's Dental Program under the Healthy Smiles Ontario banner, reduced contribution to the National Child Benefit Supplement (NCBS) reserve fund and base budget reductions following line by line review of accounts.
- Other base adjustments include revenue changes of \$22.064 million which reflect OW benefit upload savings, offset by lower program delivery funding envelope for the two year OW business cycle that commenced on April 1st, 2015.
- Toronto Pooling Compensation phase out revenue loss is \$11.800 million, of which \$6.800 million is in TESS's 2016 budget. The accelerated portion of the phase-out, \$5.0 million, has been transferred to the Non-Program Revenue Budget.
- The 2016 Operating Budget includes funding of \$5.463 million for an enhanced priority to add 66 additional temporary caseworkers 100% funded from a draw from the Ontario Works reserve to maintain service levels due to operational challenges with the Social Assistance Management System (SAMS) and funding of \$0.3 million to continue the Employment Program for Single Parents and to pilot providing additional support for other initiatives such as the Partnership to Advance Youth Employment (PAYE) and the Job Incentive Program (JIP) as well as provide enhanced dental service to OW recipients.

- The 2016 Operating Budget will result in Toronto Employment and Social Services increasing its total staff complement by 29 positions from 2,091 to 2,120.
- The 2017 and 2018 Plans reflect inflationary increases for non-union salary adjustments and non payroll expenditures. The base pressures are expected to be more than offset by OW benefit upload savings from the continuing provincial uploading and lower contributions to the NCBS reserve fund.

Table 2
Key Cost Drivers

(In \$000s)	2016 Operating Budget						2016 Base Budget	
	Employment Services		Financial Supports		Integrated Case Management and Service Planning		Total	
	\$	Position	\$	Position	\$	Position	\$	Position
Gross Expenditure Changes								
Economic Factors								
Economic Factors (mainly for utilities)	2.8		2.0		10.9		15.8	
Salary and Benefit Changes								
Progression Pay, Step Increase and Benefits	(1,033.2)	(7.8)	(308.7)	(8.5)	2,382.9	16.2	1,041.0	(0.1)
Other Base Changes								
Child Benefit Restructuring Savings			(2,193.0)				(2,193.0)	
OW Rate Increase (social assistance rate increase of 1% for adult OW clients and top-up for single adults without children of \$25 per month)			1,016.6				1,016.6	
Special Diet			(116.0)				(116.0)	
Mandatory Employment Benefits			(162.4)				(162.4)	
3,500 Caseload Reduction	(250.5)	(5.7)	(823.8)	(2.7)	(1,234.8)	(28.6)	(2,309.2)	(37.0)
IDC/IDR Changes	732.4		204.6		(1,507.5)		(570.5)	
Reduction to the National Child Benefit Reserve			(4,607.0)				(4,607.0)	
Total Gross Expenditure Changes	(548.6)	(13.5)	(6,987.7)	(11.2)	(348.5)	(12.4)	(7,884.8)	(37.1)
Revenue Changes (Increase) / Decrease								
Toronto Pooling Compensation (based on previous schedule)			6,799.5				6,799.5	
OW Benefit Upload	(689.4)		(21,288.4)		(86.4)		(22,064.2)	
Program Delivery Funding - Upload Portion	208.5		161.9		777.7		1,148.0	
SAMS FTE Reserve Funding	145.3		70.0		659.8		875.0	
Program Delivery Funding - 50/50 Portion	667.3		643.2		(71.2)		1,239.3	
Total Revenue Changes	331.6		(13,613.8)		1,279.8		(12,002.4)	
Net Expenditure Changes	(216.9)	(13.5)	(20,601.5)	(11.2)	931.3	(12.4)	(19,887.2)	(37.1)

Key cost drivers for Toronto Employment and Social Services are discussed below:

- Salary and Benefit Changes:
 - Non-union progression pay, union step increases and other known salary adjustments of \$2.082 million gross, \$1.041 million net are included in 2016. COLA is not included as it is subject to collective bargaining.

- Other Base Changes:

Child Benefit Restructuring Savings

- In July 2008, the Province restructured social assistance rates and removed benefits paid to children. The Province directed municipalities to reinvest their share of their savings, which is based on the cost sharing ratio of Ontario Works benefits, in programs that benefit families with children on social assistance.
- Savings are contributed annually to the National Child Benefit Supplement (NCBS) Reserve Fund and drawn as required to fund initiatives such as Investing in Families, Investing in Neighborhood, Welcome Policy and child care spaces.

- In 2016, the cost sharing ratio of Ontario Works benefits will be reduced from 8.6% to 5.8%, therefore the contribution to the NCBS Reserve Fund will be reduced by \$6.800 million gross/net.

Ontario Works (OW) Rate Increase

- In its 2015 Budget, the Province announced a 1% increase in social assistance rates for adult Ontario Work clients. In addition, single adults without children will get a further top-up to bring their total increase to \$25 per month. This will create a pressure of \$17.527 million gross and \$1.016 million net.

Special Diet

- The Special Diet Allowance (SDA) aids eligible recipients with the extra costs of foods that result from an approved medical condition such as celiac disease, chronic wounds or burns, diabetes and hypertension among others.
- Based on current spending levels, the Program has reduced the SDA budget to \$45.000 million gross, \$2.000 million lower than the 2015 approved budget. The impact is \$2.000 million gross, \$0.116 million net.

Mandatory Employment Benefits

- Under the Ontario Works Act, there are 2 mandatory employment benefits: The Other Employment and Employment Assistance Activities Benefit (OEEAAB) and the Full-Time Employment Benefit (FTEB).
- Based on current spending levels, the Program has reduced the 2016 budget by \$2.800 million gross and \$0.162 million net.

3,500 Caseload Reduction

- The budgeted caseload for 2016 has been reduced by 3,500 cases to 90,000, slightly higher than the projected caseload for 2015 of 89,750. The impact of the caseload reduction is \$15.404 million gross and \$2.309 million net plus 37 caseload contingent FTE. The caseload budget is discussed in greater detail on page 28.

Integration of Children's Dental under Healthy Smiles

- As per Provincial direction, the Ontario Works dental program for children will be integrated under the Healthy Smiles Ontario banner resulting in savings of \$5.931 million gross and \$0.570 million net.

▪ Revenue Changes:

Toronto Pooling Compensation

- Toronto Pooling Compensation (TPC) is an equalization mechanism established by the province in order to mitigate the impact of social assistance and social housing costs on the City. As the program was designed to be responsive to changes such as the upload of Ontario Works and

ODSP benefits, Provincial funding has decreased in lock-step with the upload of social assistance costs.

- TESS' share of TPC funding fell from \$139.1 million in 2008 to \$35.4 million in 2013, and based on a schedule provided by the Province in 2008, was to be completely phased-out by 2018.
- In 2013, the Province announced that the remaining TPC funding would be phased-out equally over the following three years, increasing the annual decrease in TCP funding from \$6.8 million to \$11.8 million.
- The loss in funding of \$6.799 million is included in the 2016 Operating Budget for TESS, reflecting the original amortization schedule. The accelerated funding loss of \$5.0 million is reflected in the Non-Program Revenue Budget.

OW Benefit Upload

- In the fall of 2008, the Province announced it would assume responsibility for funding Ontario Works benefits costs in a phased-in approach over the 2010 to 2018 time period. The City share of costs, which was 20% before the uploading commenced, is 8.6% in 2015 and is scheduled to drop to 5.8% in 2016, 2.8% in 2017 and 0% in 2018.
- Social Assistance costs subject to the upload include financial, employment and medical benefits budgeted to be over \$800 million in 2016. For 2016, the net impact of the upload is \$22.064 million.

Program Delivery Funding

- Program delivery expenditures eligible for cost sharing with the province include program administration, discretionary employment services for OW and ODSP recipients and indirect costs allocated to the OW program through the Full Costing Model adopted by Council.
- The annual Provincial funding envelope for program delivery is based on a subsidy per case, with caseload adjusted every two years at the beginning of the two-year Ontario Work's business cycle. The present cycle commenced in April 1st, 2015 and will end in March 31st, 2017.
- Toronto's caseload in the current business cycle dropped by 6.1% compared to a 1% decrease for the rest of the province and as a result the funding envelope for the current cycle is \$320.2 million in comparison to \$344.8 million in the previous cycle.
- Provincial funding is divided so that a portion is cost shared 50/50 and a portion is subject to the provincial upload (cost shared 94.2%/5.8% in 2016). As per the business cycle, every two years, the portion subject to the upload is distributed to the municipal delivery agents based on caseload.
- As Toronto's share of caseload dropped in the current business cycle, upload funding for 2016 will be \$64.3 million, down from \$66.9 million in the 2015 budget. The impact of the lower funding envelope and the lower amount of upload funding is \$2.387 million.

SAMS FTE Reserve Funding

- In 2015, 25 temporary positions at a cost of \$1.750 million gross, zero net were included in the 2015 Approved Operating Budget to support the continued implementation and impact of the provincial Social Assistance Management System (SAMS) in Toronto Employment Social Services and Social Development Finance and Administration Divisions. These positions were funded 50/50 with the province, with the City's portion of \$0.875 million funded from the Ontario Works Reserve Fund.
- As a result of the ongoing issues with SAMS, these temporary positions have been included in the 2016 Operating Budget, with the City's 50 per cent share funded from property taxes.
- The 2016 Operating Budget includes funding of \$5.463 million, funded from the Ontario Works Reserve for an additional 66 positions to help address ongoing issues with SAMS and bring service levels back to pre-SAMS levels. Please refer to Enhanced Service priorities section.
- In order to offset the above net pressures, the 2016 service changes for TESS consist of base expenditure savings of \$6.618 million gross and \$0.674 million net as detailed below.

Table 3
2016 Total Service Change Summary

Description (\$000s)	2016 Service Changes						Total Service Changes			Incremental Change			
	Employment Services		Financial Supports		Integrated Case Management and		\$	\$	#	2017 Plan		2018 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Pos.	Net	Pos.	Net	Pos.
Base Changes:													
Base Expenditure Changes													
<i>Line by Line Review</i>	(810.9)	(689.4)	(5,574.1)	(630.8)	217.1	646.6	(6,167.9)	(673.6)					
Base Expenditure Change	(810.9)	(689.4)	(5,574.1)	(630.8)	217.1	646.6	(6,167.9)	(673.6)					
Total Changes	(810.9)	(689.4)	(5,574.1)	(630.8)	217.1	646.6	(6,167.9)	(673.6)					

Base Expenditure Changes (Savings of \$6.167 million gross & \$0.673 million net)

Line by line Review

A thorough review of the expenditures over the last three years was completed. As a result, several adjustments were made to better align the budget with actual spending mainly in service and rents and materials and supplies.

Table 4
2016 Total New & Enhanced Service Priorities

New/Enhanced Service Description (\$000s)	New and Enhanced						Total New and Enhanced			Incremental Change			
	Communtiy Based Long-Term Care		SS-Financial Supports		SS-Integrated Case Management and		\$ \$		Position	2017 Plan		2018 Plan	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	#	Net	Pos.	Net	Pos.
Caseload Contingent Staff	775.8		377.0		4,310.5		5,463.3		66.0		(66.0)		
Poverty Reduction	300.0	300.0					300.0	300.0					
Sub-Total	1,075.8	300.0	377.0		4,310.5		5,763.3	300.0	66.0		(66.0)		
Total	1,075.8	300.0	377.0		4,310.5		5,763.3	300.0	66.0		(66.0)		

Enhanced Service Priorities (\$5.763million gross & \$0.300 million net)

Caseload Contingent Staff (SAMS)

- Municipalities are required to use the Social Assistance Management System (SAMS) to manage all aspects of social assistance, ranging from administration, and delivery of benefits and supports to OW clients to internal data collection and planning for programmatic reporting and accountability with the province.
- SAMS was implemented in November 2014. As noted in the recent Provincial Auditor General's report, there are a large number of defects that have not yet been fixed and may not be fixed in the near future given the complexity and the number of outstanding issues requiring remediation.
- As a result of SAMS functionality issues, city staff have had to spend an inordinate amount of time manually correcting errors that are identified or developing workarounds to complete routine tasks.
- This has led to greater time being spent on administrative tasks rather than with helping clients. Consequently, staff are spending less time service planning with clients which has in turn ultimately led to less residents moving towards employment.
- To bring employment service levels and client service back to pre-SAMS levels, the 2016 Operating Budget includes one-time funding of \$5.5 million from the Ontario Works reserve to add 66 temporary caseworkers which will be reversed in 2017.
- TESS continues to work with the Province and other municipalities to identify issues for resolution and thereby improve system performance. The Program is also advocating with the Province to adjust the funding model to address the additional work required to deliver the OW program in the post-SAMS world.

Toronto Poverty Reduction Strategy

- At its meeting of November 3rd, 2015, City Council adopted EX 9.5 "TO Prosperity: Toronto Poverty Reduction Strategy" which included the recommendation to implement the 2016 Annual Work Plan and forward recommended initiatives with financial impacts to the City Manager for consideration as part of the 2016 Budget Process.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX9.5>
- The City's 2015 Approved Operating Budget provided funding for several Poverty Reduction Initiatives, including \$0.2 million gross and net for the Employment Program for Single Parents.

- The 2016 Operating Budget includes funding of \$0.300 million to continue the Employment Program for Single Parents and to pilot additional supports for PAYE (notably to non OW participants), increase incentives to support Job Incentive Program (JIP) participants and provide enhanced dental service to OW recipients.

The 2016 Budget for Toronto Employment and Social Services will result in a net cost reduction of \$25.669 million in 2017 and \$22.926 million in 2018 to maintain the 2016 service levels, as discussed in the following section:

Table 5
2017 and 2018 Plan by Program

Description (\$000s)	2017 - Incremental Increase					2018 - Incremental Increase				
	Gross Expense	Revenue	Net Expense	% Change	# Positions	Gross Expense	Revenue	Net Expense	% Change	# Positions
Known Impacts:										
Salary and Benefit Adjustments	162.2		162.2			1,512.5		1,512.5		
IDC/IDR's	(1,368.1)	(1,085.5)	(282.6)			(140.7)	92.8	(233.5)		
Child Benefit Restructuring Savings	(2,193.0)		(2,193.0)			(2,414.0)		(2,414.0)		
OW Rate Increase		525.8	(525.8)				490.8	(490.8)		
Special Diet		(60.0)	60.0				(56.0)	56.0		
Mandatory Employment Benefits		(84.0)	84.0				(78.4)	78.4		
3,500 Caseload Reduction	(2.0)	(366.5)	364.5			(25.3)	(347.1)	321.8		
Caseload Contingent Staff	(5,463.3)	(5,463.3)			(66.0)					
OW Benefit Upload		23,522.1	(23,522.1)				21,454.1	(21,454.1)		
Program Delivery Funding - 50/50 Portion		(183.5)	183.5				302.8	(302.8)		
Reduction to NCBS reserve	4,607.0		4,607.0							
Sub-Total	(4,257.1)	16,805.2	(21,062.3)		(66.0)	(1,067.6)	21,858.9	(22,926.5)		
Sub-Total										
Total Incremental Impact	(4,257.1)	16,805.2	(21,062.3)	(0.01%)	(66.0)	(1,067.6)	21,858.9	(22,926.5)	(0.02%)	

Future year incremental costs are primarily attributable to the following:

Known Impacts:

- Salaries and benefit changes of \$0.162 million for 2017 and \$1.512 for 2018 are due to progression pay, step and increases in benefits for non-union positions. These estimates do not include provision for COLA which is subject to the outcome of collective bargaining.
- IDC/IDR changes are mainly related to the *Integration of Children's Dental under Healthy Smiles Ontario Program*.
- Child Benefit Restructuring and Ontario Works (OW) Benefit Upload savings will decline due to the reduction in the City's share of Ontario Work benefits. The City share of the savings and hence the contribution to the NCBS reserve will be eliminated in 2018.
- Ontario Works Benefit Upload savings to reflect the lower municipal share of social assistance cost of 2.8% in 2017 and 0% in 2018.
- Special Diet and Mandatory Employment Benefit savings to reflect actual spending levels.
- 3,500 Caseload Reduction to reflect actual trend in caseload levels.

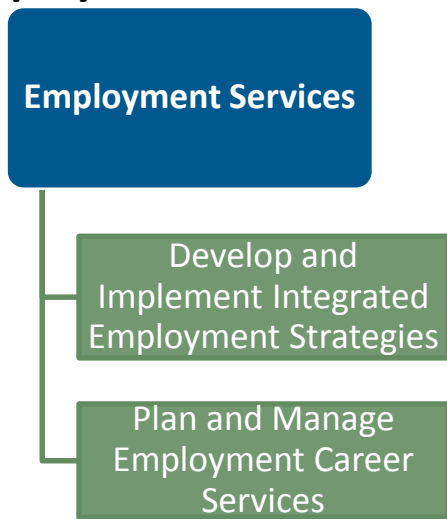
- One-time funding provided from OW reserve to add 66 temporary positions for SAMS will be reversed in 2017 with no net impact.
- The OW Benefits Upload adjustment relates to the increase in provincial subsidies for financial, employment and medical benefits.
- There will be a reduction in the Program Delivery Funding (50/50) to reflect the lower program delivery funding envelope resulting from lower caseload in 2017 and 2018.



Part II:

2016 Budget by Service

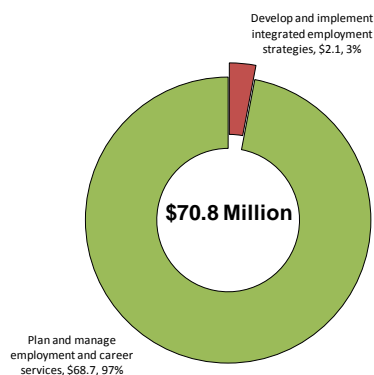
Employment Services



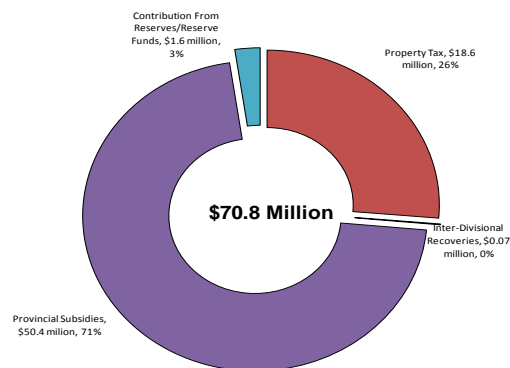
What We Do

- Plan, manage and deliver employment services.
- Provide employment services to city residents and employers in partnership with community agencies.
- Work with other governments to create an integrated employment service system for the City.

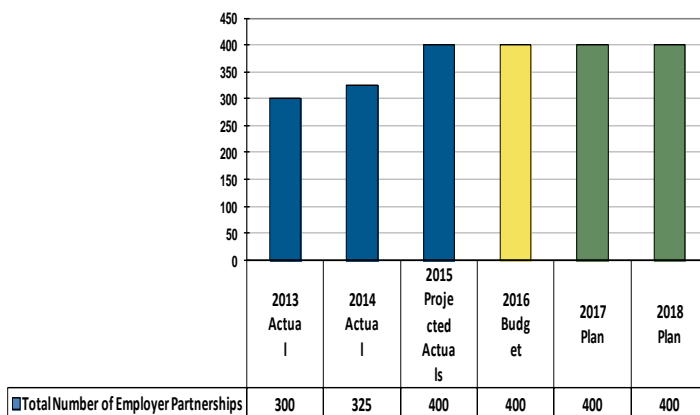
2016 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



Annual number of employer partnerships



- The number of employer partnerships in 2015 is projected to increase from 2014 levels in order to advance the Workforce Development Strategy.
- In the next 3 years, 2015 levels are expected to be maintained.

2016 Service Levels

Employment Services

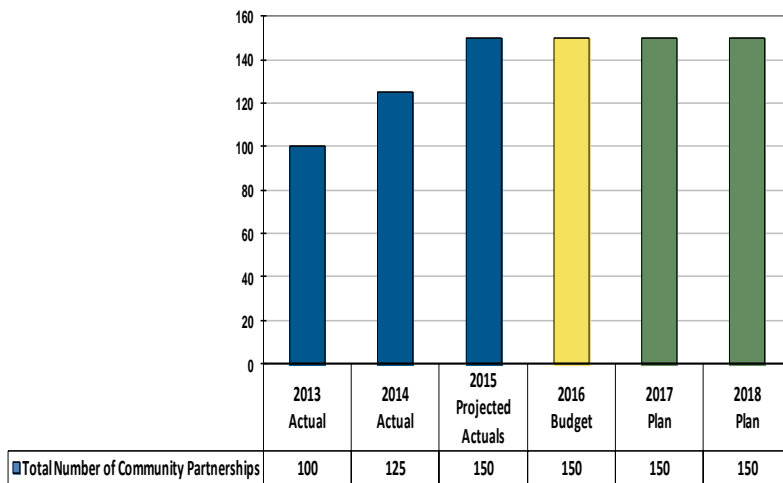
Service Levels						
Activity	Type	Status	2013	2014	2015	2016
Develop and Implement Integrated Employment Strategies	Coordinated and accessible employment service system that meets the needs of employers, residents and communities.	Approved	Initiate implementation of plan	Continue implementation of plan	Discontinued	
	# of workforce development projects and initiatives that connect employers and job seekers	Approved	Ongoing implementation of 13 designated initiatives	23 employment initiatives	23 employment initiatives	23 employment initiatives
	# of employers with job opportunities	Approved	Provide a range of recruitment services from job matching to job fairs with 200 individual employers	Provide a range of recruitment services from job matching to job fairs with 400 individual employers	Provide a range of recruitment services from job matching to job fairs with 400 individual employers	Provide a range of recruitment services from job matching to job fairs with 400 individual employers
	Local Employment Service Plans	Approved	Continue implementation of 18 local employment service plans	Continue implementation of 18 local employment service plans	Discontinued	
	Government Partnerships; Interdivisional partnerships;	Approved	Continue existing inter-governmental planning and co-ordination groups	Continue existing inter-governmental planning and co-ordination groups	Discontinued	
Plan and Manage Employment and Career Services	External training program and employment placements (Private Sector and Non-Profit) to increase job prospects and employment	Approved	30,000 people attend education / upgrading programs	38,700 people attend education / upgrading programs	Discontinued	
	# of OW recipients participating in a structured employment related activity	Approved			47,500 clients	47,500 clients
	# of employment centre service visits	Approved	214,200 visits to employment centres	255,000 visits to employment centres	260,000 visits to employment centres	265,000 visits to employment centres
	% of OW clients who left for employment and accessed extended employment health benefits	Approved	700 cases per month receive extended employment health benefits	700 cases per month receive extended employment health benefits	11% of eligible recipients receive extended employment health benefits	11% of eligible recipients receive extended employment health benefits
	# of PAYE Employers Offering Jobs to Youth	New				120 employers offering jobs to youth (through PAYE)

Overall, the 2016 Service Levels are consistent with the approved 2015 Service Levels.

The *Plan and Manage Employment Career* activity service level for the number of client visits to the employment centres will increase to 265,000 visits in 2016 reflecting the advancement of Workforce Development Strategy by the Program.

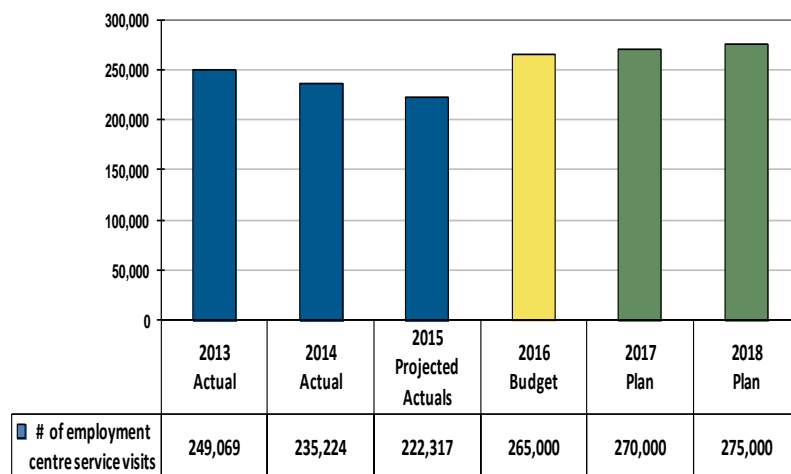
Service Performance

Annual Number of Community Partnerships



- The number of community partners involved in employment planning or employment service initiatives has steadily increased from 100 in 2013 and is expected to be maintained for 2016.

Annual number of visits to City Employment Centres



- The number of OW and ODSP clients and other City residents who utilize services in the City's employment centres decreased from 235,224 in 2014 to 222,317 in 2015 due to the caseload decrease and the implementation of SAMS.
- The number of visits to City Employment Centres is planned to increase to 275,000 by 2018 to better support the transition to employment for OW recipients and Torontonians.

Table 6
2016 Service Budget by Activity

	2015	2016 Operating Budget							Incremental Change					
	Approved Budget	Base Budget	Service Changes	2016 Base	Base Budget vs. 2015 Budget	% Change	New/Enhanced	2016 Budget	2016 Budget vs. 2015 Budget		2017 Plan		2018 Plan	
	(\$000s)	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
GROSS EXP.														
Develop and implement integrated employment strategies	2,459.4	2,112.3		2,112.3	(347.0)	(14.1%)		2,112.3	(347.0)	(14.1%)	(1.1)	-0.1%	19.8	0.9%
Plan and manage employment and career services	69,120.7	67,639.2		67,639.2	(1,481.5)	(2.1%)	1,075.8	68,715.0	(405.7)	(0.6%)	(778.0)	-1.1%	217.6	0.3%
Total Gross Exp.	71,580.1	69,751.5		69,751.5	(1,828.6)	(2.6%)	1,075.8	70,827.3	(752.8)	(1.1%)	(779.1)	-1.1%	237.4	0.3%
REVENUE														
Develop and implement integrated employment strategies	2,528.8	1,295.5		1,295.5	(1,233.3)	(48.8%)		1,295.5	(1,233.3)	(48.8%)	(3.8)	-0.3%	(1.3)	(0.1%)
Plan and manage employment and career services	49,785.4	50,096.6		50,096.6	311.1	0.6%	775.8	50,872.3	1,086.9	2.2%	(375.8)	-0.7%	400.7	0.8%
Total Revenues	52,314.2	51,392.0		51,392.0	(922.2)	(1.8%)	775.8	52,167.8	(146.4)	(0.3%)	(379.6)	-0.7%	399.3	0.8%
NET EXP.														
Develop and implement integrated employment strategies	(69.5)	816.8		816.8	886.3	(1276.1%)		816.8	886.3	(1276.1%)	2.6	0.3%	21.1	2.6%
Plan and manage employment and career services	19,335.3	17,542.6		17,542.6	(1,792.7)	(9.3%)	300.0	17,842.6	(1,492.7)	(7.7%)	(402.2)	-2.3%	(183.1)	(1.0%)
Total Net Exp.	19,265.8	18,359.5		18,359.5	(906.4)	(4.7%)	300.0	18,659.5	(606.4)	(3.1%)	(399.5)	-2.1%	(162.0)	(0.9%)
Approved Positions		361.5	348.0	348.0	(13.5)	(3.7%)	9.4	357.4	(4.1)	(1.1%)	(7.3)	-2.0%	(0.0)	(0.0%)

The Employment Services plans, manages and delivers integrated employment services and supports to Torontonians through direct service delivery as well as through partnerships and agreements with other service providers.

The Employment Service's 2016 Operating Budget of \$70.827 million gross and \$18.659 million net is \$0.606 million or 3.1% under the 2015 Approved Net Budget.

- Base budget pressures in Employment Service are primarily due to known salaries and benefit changes and non-payroll inflationary increases.

In order to offset the above pressures, the service was able to achieve base budget savings of \$0.689 million net through a line by line review and revenue changes due to reduced caseload and OW benefit upload savings.

- The 2016 Operating Budget for TESS includes funding of \$5.463 million funded from the OW Reserve for one new initiative, to add 66 new temporary positions to address on-going issues with SAMS and bring service levels back to pre-SAMS levels which will create a budget pressure across all services.

Financial Supports

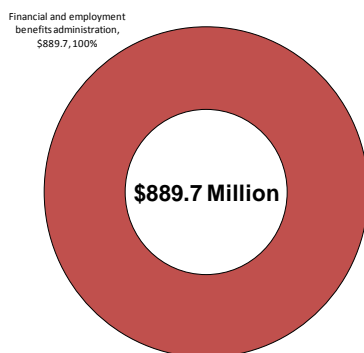
Financial Supports

Financial and Employment Benefits Administration

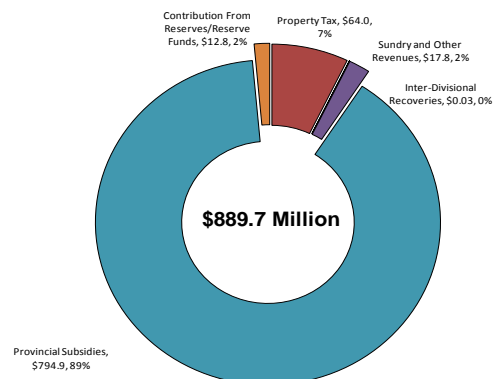
What We Do

- Deliver Ontario Works financial assistance and employment benefits to eligible residents.

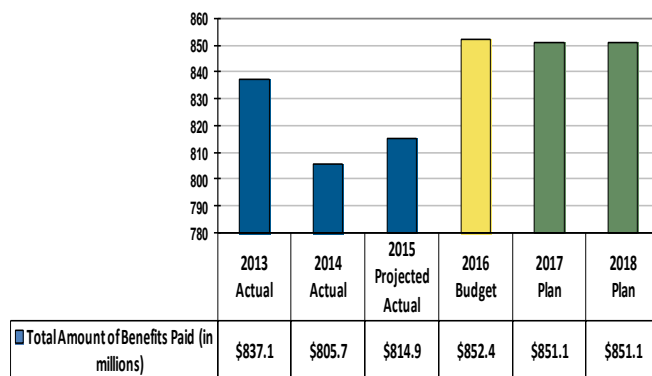
2016 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



Total amount of benefits paid to OW recipients



- Client benefits have steadily increased due to increases to provincial rate increases.
- Payments are determined by provincial policies, demand and caseload dynamics (i.e. singles versus families.)

2016 Service Levels

Financial Supports

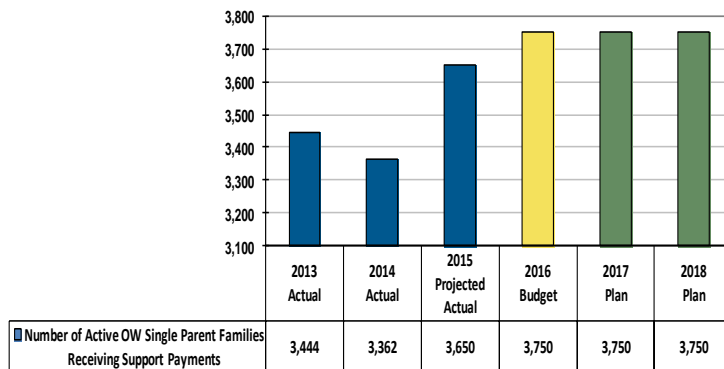
Service Levels						
Activity	Type	Status	2013	2014	2015	2016
Financial and Employment Benefits Administration	# of financial and employment benefit payments processed annually	Approved	1.5 million benefit payments per year	1.5 million benefit payments per year	1.3 million benefit payments per year	1.1 million benefit payments per year
	Creation and maintenance of internal control systems, policies and procedures.	Approved	Maintain a reasonable level of compliance and program integrity.	Maintain a reasonable level of compliance and program integrity.	Discontinued	
	\$ of overpayment recoveries per year	Approved	Maintain a reasonable level of compliance and program integrity.	Maintain a reasonable level of compliance and program integrity.	\$15 million in overpayment recoveries per year	\$15 million in overpayment recoveries per year
	% of client fraud allegations investigated	Approved	100% of allegations are investigated	Investigate approximately 10,000 allegations (100% of allegations received)	Investigate approximately 10,000 allegations (100% of allegations received)	Investigate approximately 10,000 allegations (100% of allegations received)
	Disclosure of information and personal privacy	Approved	100% compliance to all requests	100% compliance to all requests	Discontinued	
	Record Management System	Approved		100% compliance to legislated documentation requirements	Discontinued	
	Regular Internal Audits/Reviews to monitor program delivery, staff practices and to identify areas for improvement and validate compliance.	Approved	Comply with provincial directives	Comply with provincial directives	Discontinued	
	% of single parent families receiving support	Approved	21,000 single parent families	24,200 single parent families	27% of single parent families covered by support	27% of single parent families covered by support
	Employment Related Expenses (ERE)	Approved	Comply with provincial directives	Comply with provincial directives	Discontinued	
	# of monthly Housing Stabilization Fund payments	Approved			3,600 monthly payments to OW & ODSP	3,600 monthly payments to OW & ODSP

Overall, the 2016 Service Levels are consistent with the approved 2015 Service Levels.

The Financial and Employment Benefits and Administration activity service level for the number of financial and employment benefit payments processed annually will decrease to 1.1 million benefit payments due to lower caseload.

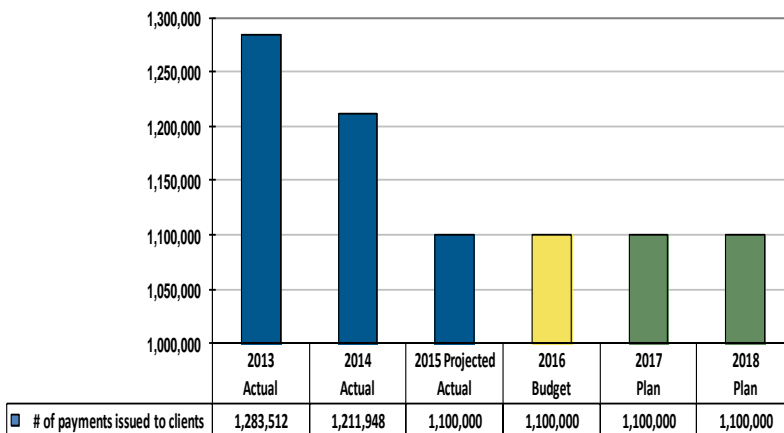
Service Performance

Number of single parent families with child support agreements



- The number of cases with support payments will increase from 2015 to 2016 and will remain steady afterwards.
- Increasing the number of cases with support payments reduces the social assistance benefits paid by the City. The support payments stay with the family after they leave OW, which improves their chances of remaining off assistance in the long-term.

Number of payments issued



- The total number of cheques, direct banking deposits and City Services Benefit Card payments decreased from 2014 to 2015 due to lower caseload.
- The number of payments issued to clients is expected to be 1,100,000 in 2015 and expected to remain the same in future years.

Table 6
2016 Service Budget by Activity

(\$000s)	2015		2016 Operating Budget							2016 Budget vs. 2015 Budget		Incremental Change			
	Approved Budget	Projected Actual	Base Budget	Service Changes	2016 Base Budget	Base Budget vs. 2015 Budget	% Change	New/Enhanced	2016 Budget			2017 Plan		2018 Plan	
	\$	\$	\$	\$	\$	\$	%	\$	\$	\$	%	\$	%	\$	%
GROSS EXP.															
Financial and employment benefits administration	907,953.3		889,339.6		889,339.6	(18,613.7)	(2.1%)	377.0	889,716.5	(18,236.7)	(2.0%)	808.8	0.1%	(2,220.6)	(0.2%)
Total Gross Exp.	907,953.3		889,339.6		889,339.6	(18,613.7)	(2.1%)	377.0	889,716.5	(18,236.7)	(2.0%)	808.8	0.1%	(2,220.6)	(0.2%)
REVENUE															
Financial and employment benefits administration	822,651.5		825,270.0		825,270.0	2,618.6	0.3%	377.0	825,647.0	2,995.6	0.4%	21,540.5	2.6%	21,388.9	2.5%
Total Revenues	822,651.5		825,270.0		825,270.0	2,618.6	0.3%	377.0	825,647.0	2,995.6	0.4%	21,540.5	2.6%	21,388.9	2.5%
NET EXP.															
Financial and employment benefits administration	85,301.8		64,069.5		64,069.5	(21,232.3)	(24.9%)	(0.0)	64,069.5	(21,232.3)	(24.9%)	(20,731.8)	-32.4%	(23,609.4)	(54.5%)
Total Net Exp.	85,301.8		64,069.5		64,069.5	(21,232.3)	(24.9%)	(0.0)	64,069.5	(21,232.3)	(24.9%)	(20,731.8)	-32.4%	(23,609.4)	(54.5%)
Approved Positions	302.1		290.0		290.0	(12.1)	(4.0%)	4.6	294.5	(7.5)	(2.5%)	(4.6)	-1.5%		

Financial Supports provides income supports and health benefits to eligible Torontonians.

The Financial Supports' 2016 Operating Budget of \$889.716 million gross and \$64.069 million net is \$21.232 million or 24.9% under the 2015 Approved Net Budget.

- In addition to the base budget pressures common to all services this service is experiencing pressures due to: higher client benefits due to Provincial policy changes (1% for adult OW clients, \$25 single adult top-up) and the loss in Provincial funding assistance based on the original schedule.
- In order to offset these pressures, the 2016 Operating Budget includes base budget savings due to line by line review, reduced contribution to the National Child Benefit Supplement (NCBS) reserve and savings in special diet expenditures.
- Revenue changes specific to this service include OW benefit savings and savings due to reduced caseload.

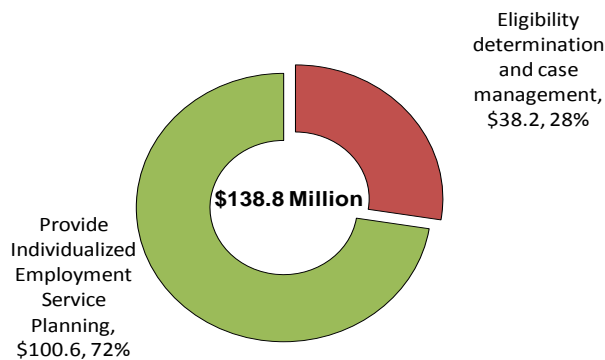
Integrated Case Management and Service Planning



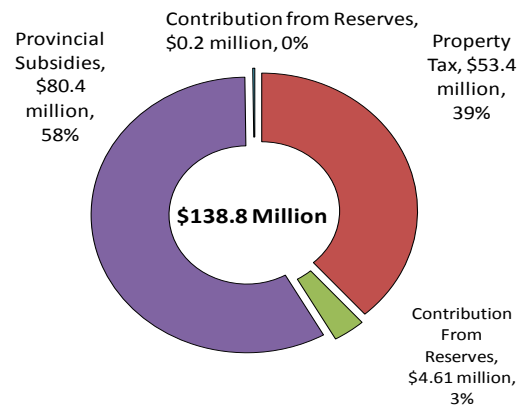
What We Do

- Access eligibility for OW benefits and services for City residents.
- Develop and update service plans that support employment goals and link individuals and families to key social supports.

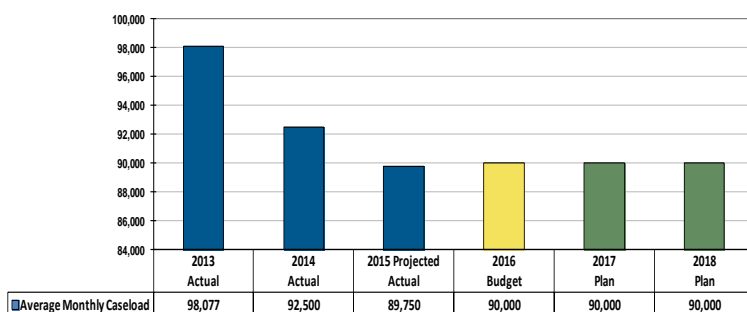
2016 Service Budget by Activity (\$Ms)



Service by Funding Source (\$Ms)



Ontario Works Average Monthly Caseload – (Including cases accessing OW)



- The OW caseload is primarily determined by the City's economic environment and provincial policies.
- The average monthly caseload dropped from 98,077 in 2013 to 89,750 in 2015 as a result of the economic recovery in the aftermath of the 2008/09 recession.
- The 2016 budget has been set at 250 cases above the 2015 projected actuals.

2016 Service Levels
Integrated Case Management and Service Planning

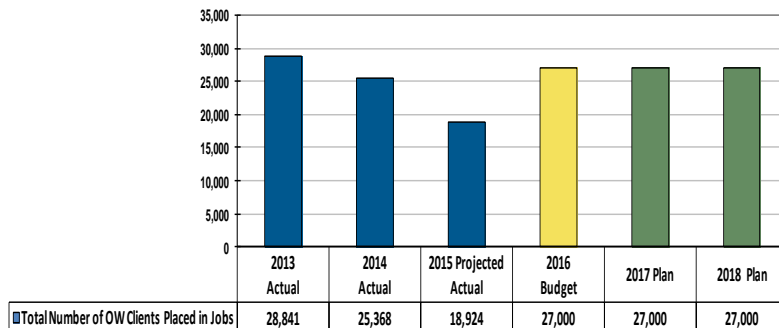
Activity	Type	Status	2013	2014	2015	2016
Provide Individualized Employment Service Planning	# of individual service plans developed and updated	Approved	269,000 personal service plans completed or updated	260,000 individual plans	245,000 individual plans	245,000 individual plans
	% of clients with employment income	Approved			9.0% of clients with employment income	9.0% of clients with employment income
Eligibility Determination and Case Management	% of eligibility decisions reached within 5 business days	Approved	An eligibility decision within 7.0 business days	An eligibility decision within 7.0 business days	An eligibility decision within 5.0 business days	80% of eligibility decisions reached within 5 business days
	Referrals to other relevant services and supports (i.e. shelter, ODSP, food banks, etc.)	Approved	100% of referrals identified through completed service plans	100% of referrals identified through completed service plans	Discontinued	
	% of appeals and Internal Reviews reviewed within legislated 30 day timeframe	Approved	Maintain 100% of all appeals and Internal Reviews reviewed	Maintain 100% of all appeals and Internal Reviews reviewed	100% of all appeals and Internal reviews reviewed within legislated time frames (30 days)	100% of all appeals and Internal reviews reviewed within legislated time frames (30 days)
	# of OW and ODSP recipients receiving medical benefits	Approved	18,500 residents receive medical benefits	20,000 residents receive medical benefits	25,000 OW and ODSP recipients receive medical benefits	25,000 OW and ODSP recipients receive medical benefits
	# of families and single Torontonians assessed for eligibility for OW financial assistance	Approved	169,000 families and single Torontonians	176,000 families and single Torontonians	172,500 families and single Torontonians	Discontinued
	Provide assessment and referrals to appropriate social supports (e.g. Housing, Addictions Counselling, etc.)	Approved	169,000 families and single Torontonians	176,000 families and single Torontonians	Discontinued	
	Extended Employment Health Benefit (EEHB)	Approved		Housing Stability Plan to be submitted to Council in Fall 2013	Discontinued	
	# of approved welcome policy applications	Approved			150,000 approved applications	150,000 approved applications
	% of caseload on assistance more than 2 years	Approved			50% of caseload on assistance more than 2 years	50% of caseload on assistance more than 2 years
	average monthly OW cases served	Approved			average monthly caseload of 93,500	average monthly caseload of 90,000
	# of OW applications processed annually	Approved			55,000 OW applications processed annually	55,000 OW applications processed annually

Overall, the 2016 Service Levels are consistent with the approved 2015 Service Levels.

The Eligibility Determination and Case Management service level for the average monthly OW cases served will decrease to 90,000 to reflect lower caseload.

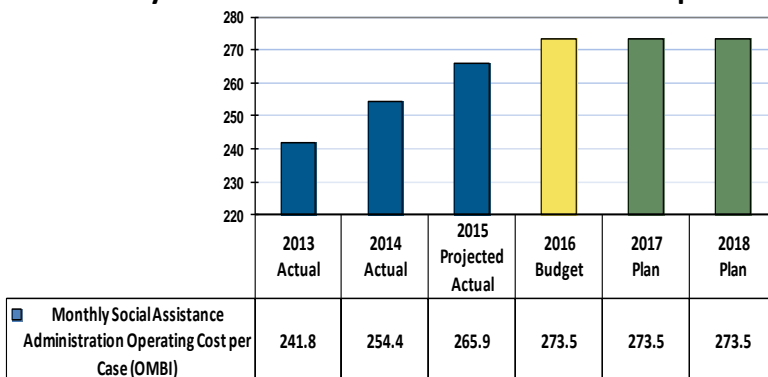
Service Performance

Number of Ontario Works clients placed in jobs



- The number of OW clients that exited OW for employment decreased from 2013 to 2015 due to the lower caseload and SAMS.
- An increasing number of people on OW are more distant from the labour market, and require more intensive supports to transition to employment.
- The 2016 number is projected to increase due to improvements in the design and delivery of employment services and the addition of staff to address SAMS issues.

Monthly Social Assistance Administration Operating cost per Case (OMBI)



- Reflects all costs associated with management and delivery of social assistance and employment programs, including salaries & benefits, material & supplies, services & rents and full share of all corporate overhead.
- In 2014, Toronto's cost per case was at the median.
- The OMBI average monthly administrative operation cost per case is expected to increase in 2016 as a result of additional SAMS staff.

Table 6
2016 Service Budget by Activity

	2015	2016 Operating Budget							Incremental Change					
	Approved Budget	Base Budget	Service Changes	2016 Base Budget vs.			New/Enhanced	2016 Budget	2016 Budget vs. 2015 Budget		2017 Plan		2018 Plan	
	(\$000s)			2016 Base	2015 Budget	% Change			\$	%	\$	%	\$	%
GROSS EXP.														
Eligibility determination and case management	36,918.3	36,787.6		36,787.6	(130.6)	(0.4%)	1,404.1	38,191.7	1,273.4	3.4%	(1,382.0)	-3.6%	431.1	1.2%
Provide Individualized Employment Service Planning	96,801.3	97,663.1		97,663.1	861.8	0.9%	2,906.5	100,569.5	3,768.2	3.9%	(2,904.9)	-2.9%	484.4	0.5%
Total Gross Exp.	133,719.6	134,450.7		134,450.7	731.2	0.5%	4,310.5	138,761.2	5,041.7	3.8%	(4,286.8)	-3.1%	915.6	0.7%
REVENUE														
Eligibility determination and case management	27,235.9	24,309.5		24,309.5	(2,926.4)	(10.7%)	1,404.1	25,713.6	(1,522.3)	(5.6%)	(1,429.2)	-5.6%	26.8	0.1%
Provide Individualized Employment Service Planning	54,622.0	56,701.7		56,701.7	2,079.6	3.8%	2,906.5	59,608.1	4,986.1	9.1%	(2,926.6)	-4.9%	43.9	0.1%
Total Revenues	81,858.0	81,011.2		81,011.2	(846.7)	(1.0%)	4,310.5	85,321.7	3,463.8	4.2%	(4,355.7)	-5.1%	70.8	0.1%
NET EXP.														
Eligibility determination and case management	9,682.4	12,478.1		12,478.1	2,795.7	28.9%	0.0	12,478.1	2,795.7	28.9%	47.2	0.4%	404.3	3.2%
Provide Individualized Employment Service Planning	42,179.2	40,961.4		40,961.4	(1,217.8)	(2.9%)	(0.0)	40,961.4	(1,217.8)	(2.9%)	21.7	0.1%	440.5	1.1%
Total Net Exp.	51,861.6	53,439.5		53,439.5	1,577.9	3.0%	0.0	53,439.5	1,577.9	3.0%	68.9	0.1%	844.8	1.6%
Approved Positions	1,427.5	1,413.8		1,413.8	(13.7)	(1.0%)	52.1	1,465.9	38.4	2.7%	(52.1)	-3.6%		

The ***Integrated Case Management and Service Planning*** assists low income earners and residents on fixed incomes with special services and supports (e.g. diabetic supplies, prosthetics, funerals) and to identify the social support needs of residents (i.e. child care, health, recreation, housing) and connect them with the appropriate City, community and other government service systems.

The Integrated Case Management and Service Planning's 2016 Operating Budget of \$138.761 million gross and \$53.439 million net is \$1.577 million or 3.0% over the 2015 Approved Net Budget.

- In addition to the base budget pressures common amongst all services, Integrated Case Management and Service Planning is experiencing pressure due to the 25 temporary positions (cost-shared with the Province) required to support the continued implementation of SAMS. These positions were approved in 2015 and are included in the base.
- In order to offset these pressures, the 2016 Budget of \$53.439 million includes base budget savings from the reduction in caseload.



Part III:

Issues for Discussion

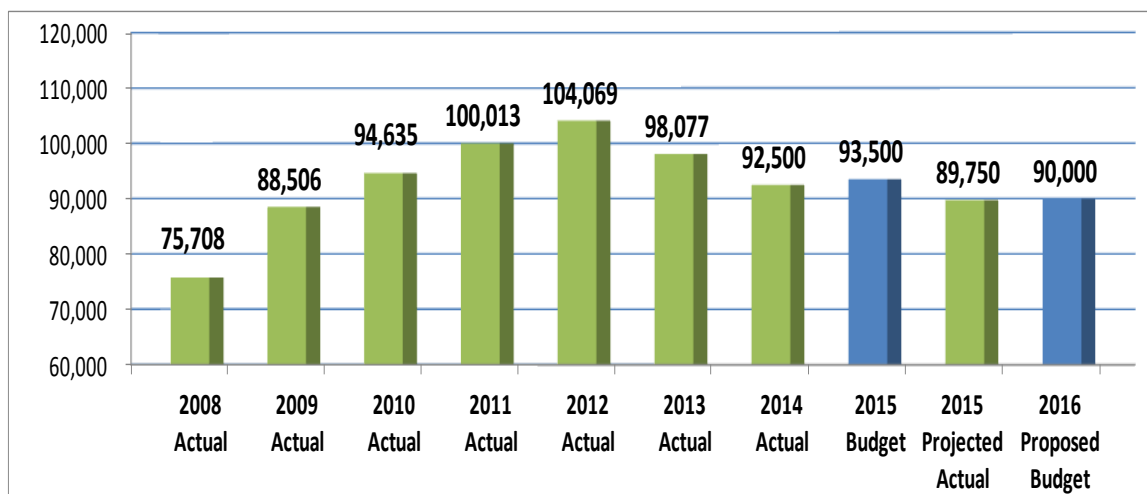
Issues for Discussion

Issues Impacting the 2016 Budget

Ontario Works Caseload

- Ontario Works (OW) is a mandatory province-wide program delivered under the OW Act and regulations that provides financial assistance to eligible Torontonians to help cover the costs of basic needs such as food and housing, and provide employment assistance to help social assistance recipients find a job.
- The average annual monthly caseload represents the number of families and singles served during the year and is the Program's key budget driver. As presented in the chart below, the caseload increased by 37% between 2008 and 2012 due to the recession. The subsequent recovery in Toronto's economy has seen a significant number of residents exiting OW and smaller numbers of residents needing assistance, resulting in declining caseloads.

**Average Monthly Caseload
2008 – 2016**



- The caseload has gradually declined since 2012 and is projected to be 89,750 in 2015 which is 4% lower than the 2015 budgeted average caseload of 93,500.
- The caseload and budget forecasts are developed using a broad range of factors, including:
 - Historical trends, including previous recession experience,
 - Economic forecasts related to Toronto's labour market
 - Broader macroeconomic trends
 - Corporate Finance's caseload model, which is based on a set of multiple-regressions of the monthly caseload with unemployment rate (UR) and participation rate (PR) over a historical time series
 - Trends in caseload demographics
 - Provincial social assistance policy changes that impact caseload, and

➤ Program objectives and initiatives.

- After careful consideration of the above factors, the caseload in the 2016 Operating Budget has been set at 90,000, 3,500 or 3.7% lower than the 2015 budget caseload of 93,500.
- The 2016 Operating Budget includes a decrease of \$15.404 million gross and \$2.309 million net, as well as a reduction of 37 FTEs in caseload contingent staff, to reflect the 3,500 decrease in the average monthly caseload.
- There are many forecast risks that could materially impact the caseload in 2016, notably the economic environment, Canadian exchange rates, oil prices and geopolitical events. Changing global and domestic economic conditions could significantly impact the labour market in Toronto, either positively or negatively, employment opportunities and hence caseload.
- The Social Assistance Stabilization (SAS) Reserve Fund was established by City Council in 1999 to stabilize social assistance costs and avoid unfunded pressures on the operating budget resulting from changes in caseload due to economic downturn or other such events
- The balance in the SAS Reserve Fund is projected to be \$20.8 million, which after the withdrawal of \$5.0 million for the Wellesley Renovation project included in the 2016 Capital Budget for TESS, would leave approximately \$15 million in the reserve that could be utilized to mitigate the impact on the City if caseload were to exceed the budgeted 90,000 level in 2016.
- The projected 2016 year-end balance in the SAS reserve of \$15.0 million is sufficient to protect the City against the impact of an unbudgeted 10,000 caseload increase and a demand driven over spending on capped funding programs such as Housing Stabilization Fund and discretionary benefits of 10%.

OW Children's Dental Program

- Effective January 1, 2016, the dental benefits for children and youth aged 17 and under in low-income families will be uploaded to the Ministry of Health and Long-Term Care (MOHLTC) for delivery under a new integrated 100 % provincially funded Healthy Smiles Ontario (HSO) Program with oversight and governance by the Ministry of Health and Long-Term Care (MOHLTC). Ontario Works Delivery Agents will no longer be required to fund or administer children's dental benefits.
- Children on social assistance will be automatically enrolled and the transition to the new program is expected to be seamless.
- Communication products for both clients and social assistance staff are being developed and clients will receive a HSO dental card and welcome package in the mail before January 2016 informing them about the changes.
- Clients will receive a cheque insert in their monthly statement informing them of the HSO Program and their automatic enrolment into it.
- The 2015 Budget for the Childrens' Dental Program was \$7.167 million gross, \$0.616 million net. The 2016 Budget includes funding of \$1.236 million gross, \$0.072 million net to allow processing of claims filed by the dental providers for services provided in 2015.

Provincial Subsidy Stabilization

- The Provincial funding envelope for program delivery supports program administration and the provision of employment services to eligible OW and ODSP recipients. Eligible costs include salaries and benefits, office lease costs, travel, staff training, general office expenses, direct employment benefits for clients and employment services purchased from community agencies.
- Annual Provincial funding is based on a provincially established subsidy per case, with caseload reset at the beginning of each two-year Ontario Works business cycle.
 - The caseload is calculated as the average monthly caseload for 24 months before the beginning of the business cycle and is fixed for the two-year business cycle.
 - The funding formula does not provide for annual inflationary increases.
 - The current business cycle commenced April 1st 2015 and will run through March 31st 2017.
- In a rising caseload environment, provincial funding will be less than required, and the OW program will either have to operate with less than optimal resources or the City will have to fund 100% of the cost of the incremental resources until the start of the next business cycle.
- In a decreasing caseload environment, resources will have to be carefully managed down to reflect a projected drop in funding in the next business cycle, which can make fully utilizing provincial funding problematical.
- To manage and mitigate the risks associated with a funding envelope based on caseload, TESS contributed \$22.000 million to the Ontario Works Reserve, \$11.000 million in each of the 2 years (2013 -2014), funded through Provincial subsidy generated by indirect costs allocated to the social assistance program based on the City's full-costing model.
- These funds will be drawn as necessary in future years to provide the necessary flexibility to manage resources as the caseload changes while protecting the City against a property tax impact.
- The projected 2015 year-end balance in the OW reserve of \$22.5 million is sufficient to protect the City against the impact of an unbudgeted 10,000 caseload increase for two years. After careful consideration of the reserve balance on hand, no additional contribution to the OW reserve is required in 2016.

Program Delivery Funding Envelope

- The program delivery funding envelope represents the maximum level of expenditures eligible for cost sharing with the Province. The funding envelope will be \$320.2 million in 2016, down from \$326.3 million in 2015 and \$344.8 million in 2014. These reductions are being driven by the declining caseload.
 - For the current business cycle, Toronto's caseload dropped by 5,753 cases or 6.1% while the caseload for the rest of the Province decreased by only 1.0%. Toronto's share of total caseload dropped from 34.1% in the previous cycle to 33.0% in the current cycle.
 - Expenses above the \$320.2 million funding cap are 100% funded by the City.
- Funding is divided so that a portion of the total envelope is cost shared 50/50 and a portion is subject to the provincial upload (i.e. cost shared 94.2%/5.8% in 2016)

- The upload funding portion is redistributed every business cycle by share of the provincial caseload. As Toronto's caseload dropped more than the rest of the Province in the current OW business cycle, upload funding will be \$64.3 million in 2016, down \$2.6 million from 2015.
- The budget impact of the reduced upload funding is \$1.2 million
- Total program delivery expenses eligible for cost sharing with the Province in 2016 are \$330.7 million, \$10.5 million above the provincial funding envelope due to the additional positions added to the 2016 Operating budget to address SAMS related workload issues and the absence of an inflationary adjustment in the funding formula.

New Social Assistance Management System (SAMS)

- As part of the Provincial government's initiative to modernize and improve social assistance, the Ministry of Community and Social Services implemented a new social assistance delivery technology in November 2014.
- The new tool – Social Assistance Management System (SAMS) – is a mandatory province-wide system used to deliver the Ontario Works (OW) and Ontario Disability Support Program (ODSP) across Ontario.
- In Toronto SAMS is used on a monthly basis to serve approximately 90,000 cases, determine eligibility for approximately 4,500 residents, issue over 95,000 payments (approximately \$65 million), and provide services to over 20,000 clients through the division's Employment Centres.
- While Toronto has been working diligently to ensure a smooth implementation, the new technology continues to present challenges in terms of meeting / maintaining service levels and achieving organizational objectives (i.e. service planning, meeting employment targets and customer service standards).
- In order to ensure applications are addressed expeditiously and clients receive the financial benefits to which they were entitled on a timely basis, TESS staff have focused on delivering financial services. As a result, employment service levels have suffered. For example:
 - 18,000 service plans were completed per month in 2014; in 2015 an average of 11,000 were completed.
 - Before SAMS was implemented, an average 19% of service plans were outdated. These now stand as high as 55%
 - The number of OW clients placed in jobs and referrals to employment programs has significantly dropped year over year. Through September, OW clients placed in jobs are down 29% from the same period last year

- The SAMS system is difficult and cumbersome to use and navigate, and inconsistent in performance and functionality. The chart below illustrates a few examples of increased work effort due to the implementation of SAMS:

Changes in Total Time per Caseworker to Perform Daily Essential Tasks Before and After SAMS' Launch

Activity	Work effort pre-SAMS	Work effort in SAMS
New application for a single person	15 minutes to complete an application	45 minutes to complete an application
Re-application for a single person (known to system)	18 minutes	70 minutes
Documenting mandatory service planning for a single person	2-3 minutes	15 minutes
Entering client monthly income	4 (mouse) clicks to complete 4 data fields	22 (mouse) clicks to complete 8 data fields
Recording child / spousal	20 (mouse) clicks to complete 16 fields Depending on client circumstances: 15 mandatory steps, 16 optional	47 (mouse) clicks to complete 10 fields. Depending on client circumstances: 29 mandatory steps, 28 are optional.

- Toronto's experience is consistent with that of municipalities across the province.
- The implementation of SAMS has also had a direct impact on TESS staff with a 31% increase in lost time due to WSIB claims from 2014 to 2015.
- To address the challenges related to SAMS, 25 temporary positions were approved in the 2015 Operating Budget at a cost of \$1.75 million gross, \$0.0 million net. These positions were funded 50/50 between the City and the Province, with the City's portion funded from the Ontario Works Reserve.
- Given ongoing issues with SAMS, these positions have been reclassified as base complement (temporary) in the 2016 Operating Budget, with the City's 50 per cent share to be funded from property taxes.
- To bring service levels back to pre-SAMS levels, TESS' 2016 Operating Budget includes one-time funding of \$5.5 million from the OW Reserve fund to add 66 temporary caseworkers thereby increasing the caseload to staff ratio from 10.8 staff per 1,000 cases to 11.5 staff per 1,000 cases.
- TESS continues to work with the Province and other municipalities to identify issues for resolution and thereby improve system performance. The Program is also advocating with the Province to adjust the funding model to address the additional work required to deliver the OW program in the post-SAMS world.

Accelerate Loss in Toronto Pooling Compensation Funding

- In 2013, the City received \$149.3 million in Toronto Pooling Compensation (TPC) funding, \$35.5 million for social services and \$113.9 million for social housing
 - The social services component of the TPC was expected to be reduced by approximately \$6.8 million per year for 2014 – 2018 at which point it would be fully phased-out.
 - The social housing component was expected to remain at the same level through 2018
- In June 2013, the Province unexpectedly announced that it would be phasing out the TPC grant over a three-year period commencing in 2014. The social services component in TESS of \$35.4 million is now being withdrawn at a rate of \$11.8 million per year, as opposed to \$6.8 million in the previous Provincial schedule, while the housing component of \$113.9 million in Shelter, Support & Housing Administration (SSHA) is being withdrawn at a rate of \$38.0 million per year.
 - The accelerated phase out negatively impacts TESS' operating budget by \$5.0 million per year for 2014 through 2016.
 - For 2014 and 2015, the accelerated loss in TPC of \$5.0 million was offset by savings from the upload of OW benefits while in 2016 the loss has been reflected in the Non-Program Revenue Budget.

Appendices:

Appendix 1

2015 Service Performance

2015 Key Service Accomplishments

In 2015, Toronto Employment and Social Services accomplished the following:

- Managed an average monthly caseload of 89,750.
- Assessed over 50,000 applications for Ontario Works (OW).
- Issued \$814.9 million in total benefits an increase from \$805.7 million in 2014.
- Put in place approximately 175,000 individual service plans.
- Supported 18,924 clients to either exit OW for employment or start a job placement while on assistance.
- Exceeded target of doubling the number of PAYE employers (target 80) and youth participants (target 1,000). As of August 2015, PAYE has 116 employer partners, 1,595 participating youth with over 700 youth finding work.
- Implemented an enhanced Purchase of Employment Services (POES) Program with intensified programming focused on multi-barriered clients. Over 60 service providers will offer more than 100 different programs. In 2015, it is anticipated that approximately 3,000 individuals in receipt of Ontario Works will benefit from participation in these programs.
- Co-led the development of the TO Prosperity: Interim Poverty Reduction Strategy with SDF&A
- Led the development of the City's Work Based Learning Strategy
- Expanded Workforce Development Week to Workforce Development Month (October 2015) which includes more than 35 employment focused events to support a range of job seekers such as youth, newcomers, mature workers and people with disabilities.
- Working with the Province and other municipalities to identify and improve performance and minimize client impacts of the new provincial technology - Social Assistance Management System (SAMS).
- Through the City's Human Services Integration (HSI) initiative, working in collaboration with Children's Services and Shelter, Support & Housing, to design a new approach for income support programs focused on improving service integration and streamlining common intake functions

Appendix 2

2016 Operating Budget by Expenditure Category

Program Summary by Expenditure Category

Category of Expense (\$000's)	2013 Actual	2014 Actual	2015 Budget	2015 Projected Actual *	2016 Budget	2016 Change from 2015 Approved Budget		Plan	
	\$	\$	\$	\$	\$	\$	%	2017 \$	2018 \$
Salaries And Benefits	189,040.4	185,179.5	187,755.9	186,308.6	192,098.1	4,342.2	2.3%	186,795.1	188,282.2
Materials & Supplies	13,923.7	13,851.4	14,773.7	12,952.7	14,297.3	(476.4)	(3.2%)	14,297.3	14,297.3
Equipment	779.0	177.7	876.5	1,013.6	281.3	(595.2)	(67.9%)	281.3	281.3
Service And Rent	77,751.7	77,575.3	91,476.6	79,087.0	90,555.1	(921.5)	(1.0%)	90,555.1	90,555.1
Contribution To Capital	141.0	586.4							
Contribution To Reserves/Reserve Funds	23,912.8	20,685.8	7,828.2	7,831.0	1,028.2	(6,800.0)	(86.9%)	3,442.2	1,028.2
Other Expenditures	770,296.3	740,736.3	786,426.9	750,419.0	782,813.3	(3,613.6)	(0.5%)	782,813.3	782,813.3
Inter-Divisional Charges	19,326.3	19,041.5	24,115.1	21,890.8	18,231.7	(5,883.3)	(24.4%)	16,863.6	16,722.9
Total Gross Expenditures	1,095,171.2	1,057,833.9	1,113,252.9	1,059,502.7	1,099,305.1	(13,947.8)	(1.3%)	1,095,047.9	1,093,980.3
Inter-Divisional Recoveries		218.2	354.4	354.4	396.4	42.0	11.9%	396.4	396.4
Provincial Subsidies	860,662.0	851,495.1	916,636.8	881,556.2	925,796.9	9,160.1	1.0%	948,630.3	971,028.5
Other Subsidies	35,375.9	23,704.6	6,799.5	6,852.1		(6,799.5)	(100.0%)		
User Fees & Donations	184.5	147.7							
Licences & Permits Revenue									
Transfers From Capital	437.8	499.9							
Contribution From Reserves/Reserve Funds	12,967.8	7,757.9	15,233.0	9,361.0	19,143.3	3,910.3		13,115.1	12,575.9
Sundry and Other Revenues	16,854.4	17,016.5	17,800.0	17,136.2	17,800.0			17,800.0	17,800.0
Total Revenues	926,482.4	900,839.9	956,823.6	915,259.9	963,136.6	6,312.9	0.7%	979,941.8	1,001,800.8
Total Net Expenditures	168,688.8	156,994.0	156,429.2	144,242.8	136,168.5	(20,260.7)	(13.0%)	115,106.1	92,179.5
Approved Positions	2,098.8	2,062.0	2,091.0	2,044.0	2,120.0	29.0	1.4%	2,054.0	2,054.0

* Based on the 9-month Operating Variance Report

For additional information regarding the 2015 Q3 operating variances and year-end projections, please refer to the attached link for the report entitled "Operating Variance Report for the Nine-Month Period Ended September 30, 2015" approved by City Council at its meeting on December 9, 2015.

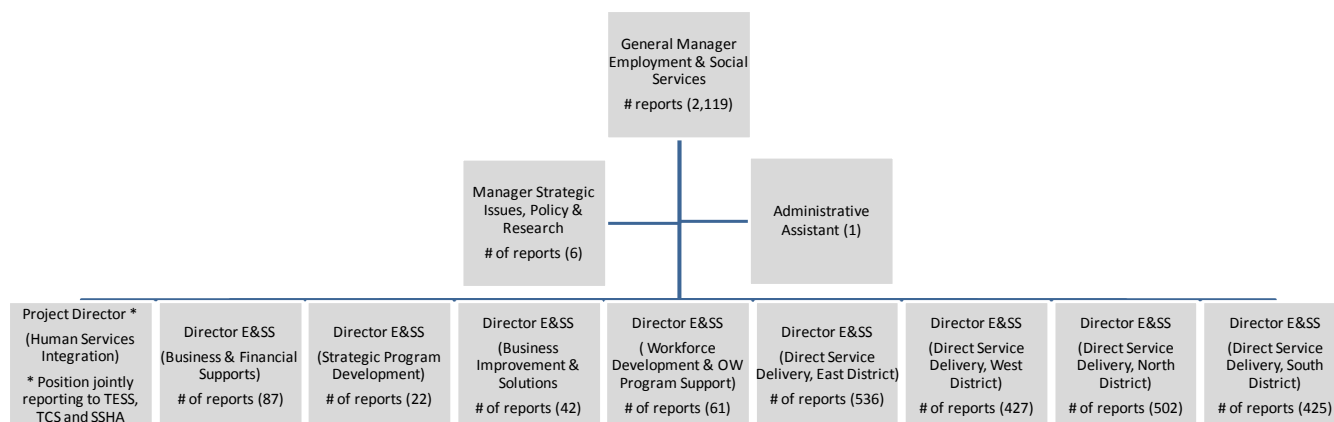
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.BU13.6>

Impact of 2015 Operating Variance on the 2016 Operating Budget

The declining trend in Ontario Works caseload experienced in 2015 is expected to continue in 2016. The 2016 Operating Budget for Toronto Employment and Social Services is based on 90,000 cases, 3,500 or 3.7% lower than the 2015 Approved Operating Budget of 93,500.

Appendix 3

2016 Organization Chart



2016 Complement

Category	Senior Management	Management	Exempt Professional & Clerical	Union	Total
Permanent	9.0	296.0	1.0	1,701.0	2,007.0
Temporary	1.0	20.0		92.0	113.0
Total	10.0	316.0	1.0	1,793.0	2,120.0

Appendix 5

Summary of 2016 New / Enhanced Service Priorities

2016 Operating Budget - Council Approved New and Enhanced Services Summary by Service (\$000's)

Form ID		Citizen Focused Services A	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
6838		Poverty Reduction						
74	0	Description:						

The City's 2016 approved operating budget provided funding for several Poverty Reduction Initiatives, including \$0.2 million gross and net for the Employment Program for Single Parents. It is proposed that TESS' Poverty Reduction Initiatives budget be increased by \$0.3 million to \$0.5 million, with the funds being used to continue the Employment Program for Single Parents and to pilot additional supports for PAYE (notably to non OW participants) and increased incentives to support Job Incentive Program (JIP) participants.

Service Level Impact:

Service: SS-Employment Services

Preliminary:	0.0	0.0	0.0	0.00	0.0	0.0
BC Recommended Change:	300.0	0.0	300.0	0.00	0.0	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved:	300.0	0.0	300.0	0.00	0.0	0.0
Preliminary:	0.0	0.0	0.0	0.00	0.0	0.0
Budget Committee Recommended:	300.0	0.0	300.0	0.00	0.0	0.0
Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved New/Enhanced Services:	300.0	0.0	300.0	0.00	0.0	0.0

7037	Caseload Contingent Staff
74	1

Description:

Prior to 2012, TESS used a staffing ratio of 12.0 FTE per 1,000 cases. As part of the 2012 budget process, the ratio was lowered to 10.5 per 1,000 cases. In order to maintain current service levels in the SAMS environment, TESS is proposing to increase the caseload staffing ratio to 11.5 FTE per 1,000 cases. The increase to the staffing ratio would add 67 caseworkers to TESS' complement at a cost of \$5.5 million gross and net as program delivery expenses are over the funding cap.

Category:

71 - Operating Impact of New Capital Projects 74 - New Services
72 - Enhanced Services-Service Expansion 75 - New Revenues

2016 Operating Budget - Council Approved New and Enhanced Services Summary by Service (\$000's)

Form ID		Citizen Focused Services A	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Toronto Employment & Social Services						

Service Level Impact:

Service: SS-Employment Services

Preliminary:	775.8	775.8	0.0	9.37	(0.0)	0.0
BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved:	775.8	775.8	0.0	9.37	(0.0)	0.0

Service: SS-Financial Supports

Preliminary:	377.0	377.0	(0.0)	4.55	0.0	0.0
BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved:	377.0	377.0	(0.0)	4.55	0.0	0.0

Service: SS-Integrated Case Management and Service Planning

Preliminary:	4,310.5	4,310.5	0.0	52.07	(0.0)	0.0
BC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
EC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
CC Recommended Change:	0.0	0.0	0.0	0.00	0.0	0.0
Total Council Approved:	4,310.5	4,310.5	0.0	52.07	(0.0)	0.0

Preliminary:	5,463.3	5,463.3	0.0	66.00	(0.0)	0.0
Budget Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0

Category:

71 - Operating Impact of New Capital Projects

74 - New Services

72 - Enhanced Services-Service Expansion

75 - New Revenues

2016 Operating Budget - Council Approved New and Enhanced Services Summary by Service (\$000's)

Form ID		Citizen Focused Services A	Adjustments				2017 Plan Net Change	2018 Plan Net Change
Category	Priority		Gross Expenditure	Revenue	Net	Approved Positions		
		Program - Toronto Employment & Social Services						
Total Council Approved New/Enhanced Services:			5,463.3	5,463.3	0.0	66.00	0.0	0.0

Summary:

Preliminary:	5,463.3	5,463.3	0.0	66.00	0.0	0.0
Budget Committee Recommended:	300.0	0.0	300.0	0.00	0.0	0.0
Executive Committee Recommended:	0.0	0.0	0.0	0.00	0.0	0.0
City Council Approved:	0.0	0.0	0.0	0.00	0.0	0.0
Council Approved New/Enhanced Services:	5,763.3	5,463.3	300.0	66.00	0.0	0.0

Category:

71 - Operating Impact of New Capital Projects
72 - Enhanced Services-Service Expansion

74 - New Services
75 - New Revenues

Appendix 6

Inflows/Outflows to/from Reserves & Reserve Funds

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 \$	Submitted Withdrawals (-) / Contributions (+)		
			2016 \$	2017 \$	2018 \$
Projected Beginning Balance		22,079.0	20,809.0	17,863.0	15,062.0
Social Assistance Stabilization Reserve	XQ1054				
<i>Proposed Withdrawals (-)</i>					
SPIDER Program		(223.0)	(229.0)	(154.0)	(79.0)
Toronto Job Corps		(213.0)	(217.0)	(147.0)	(75.0)
Wellesley Place Renovation			(2,500.0)	(2,500.0)	
After School Recreation and Care Program		(834.0)			
Total Reserve / Reserve Fund Draws / Contributions		20,809.0	17,863.0	15,062.0	14,908.0
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		20,809.0	17,863.0	15,062.0	14,908.0

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 \$	Rec'd Withdrawals (-) / Contributions (+)		
			2016 \$	2017 \$	2018 \$
Projected Beginning Balance		39,450.3	39,014.4	27,369.6	18,442.3
National Child Benefits Supplement Reserve	XR2102				
<i>Proposed Withdrawals (-)</i>		(7,630.4)	(12,035.0)	(11,615.0)	(11,223.0)
<i>Contributions (+)</i>		7,194.5	390.1	2,687.7	184.4
Total Reserve / Reserve Fund Draws / Contributions		39,014.4	27,369.6	18,442.3	7,403.7
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		39,014.4	27,369.6	18,442.3	7,403.7

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 \$	Withdrawals (-) / Contributions (+)		
			2016 \$	2017 \$	2018 \$
Projected Beginning Balance		7,767.3	6,332.3	4,892.3	3,432.3
Kids at Computers Scholarship Reserve Fund	XR2104				
<i>Proposed Withdrawals (-)</i>		(1,500.0)	(1,500.0)	(1,500.0)	(1,500.0)
<i>Contributions (+)</i>		65.0	60.0	40.0	20.0
Total Reserve / Reserve Fund Draws / Contributions		6,332.3	4,892.3	3,432.3	1,952.3
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		6,332.3	4,892.3	3,432.3	1,952.3

Program Specific Reserve / Reserve Funds

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 \$	Withdrawals (-) / Contributions (+)		
			2016 \$	2017 \$	2018 \$
Projected Beginning Balance		22,287.7	22,467.7	17,184.4	17,359.4
Ontario Works Reserve Fund	XR2101				
<i>Proposed Withdrawals (-)</i>			(5,463.3)		
<i>Contributions (+)</i>		180.0	180.0	175.0	170.0
Total Reserve / Reserve Fund Draws / Contributions		22,467.7	17,184.4	17,359.4	17,529.4
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		22,467.7	17,184.4	17,359.4	17,529.4

Corporate Reserve / Reserve Funds

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 \$	Rec'd Withdrawals (-) / Contributions (+)		
			2015 \$	2016 \$	2017 \$
Projected Beginning Balance		60,355.6	60,619.2	60,882.8	61,146.4
Sick Leave Reserve Fund	XR1007				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>		263.6	263.6	263.6	263.6
Total Reserve / Reserve Fund Draws / Contributions		60,619.2	60,882.8	61,146.4	61,410.0
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		60,619.2	60,882.8	61,146.4	61,410.0

Reserve / Reserve Fund Name (\$000s)	Reserve / Reserve Fund Number	Projected Balance as of Dec. 31, 2015 \$	Rec'd Withdrawals (-) / Contributions (+)		
			2016 \$	2017 \$	2018 \$
Projected Beginning Balance		25,335.2	26,099.8	26,864.4	27,629.0
Insurance Reserve Fund	XR1010				
<i>Proposed Withdrawals (-)</i>					
<i>Contributions (+)</i>		764.6	764.6	764.6	764.6
Total Reserve / Reserve Fund Draws / Contributions		26,099.8	26,864.4	27,629.0	28,393.6
Other Program / Agency Net Withdrawals & Contributions					
Balance at Year-End		26,099.8	26,864.4	27,629.0	28,393.6