

1. 2012 PROVINCIAL BUDGET IMPACTS FOR THE COMMUNITY AND SOCIAL SERVICES DEPARTMENT

INCIDENCES DU BUDGET PROVINCIAL DE 2012 SUR LES SERVICES SOCIAUX ET COMMUNAUTAIRES

COMMITTEE RECOMMENDATIONS

That Council approve that:

1. The City of Ottawa maintain discretionary benefits to social assistance recipients at existing levels for the balance of 2012, and
2. Staff complete a review of the Community and Social Services Department's social investments and priorities to ensure the 2013 budget aligns to the Council endorsed budget strategies outlined in the Long Range Financial Plan IV document and report back as part of the 2013 budget process.

RECOMMANDATIONS DU COMITÉ

Que le Conseil approuve que:

1. la Ville d'Ottawa maintienne les prestations discrétionnaires accordées aux prestataires de l'aide sociale pour le restant de l'année 2012, et
2. le personnel effectue un examen des placements sociaux et des priorités des Services sociaux et communautaires pour veiller à ce que le budget de 2013 concorde avec les stratégies budgétaires reconnues par le Conseil et présentées dans le Plan financier à long terme IV, et qu'il présente ses conclusions dans le cadre du processus budgétaire de 2013.

DOCUMENTATION / DOCUMENTATION

1. General Manager, Community and Social Services report dated 21 June 2012 (ACS2012-COS-CSS-0009).
Rapport du directeur general, Services sociaux et communautaires, daté du 21 juin 2012 <<ACS2012-COS-CSS-0009>>
2. Extract of Draft Committee Minutes of 21 June 2012.
Extrait de l'ébauche du procès-verbal du Comité du 6 juin 2012.

Report to/Rapport au :

Community and Protective Services Committee
Comité des services communautaires et de protection

and Council / et au Conseil

June 21, 2012
21 juin 2012

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CITY WIDE / À L'ÉCHELLE DE LA VILLE

Ref N°: ACS2012-COS-CSS-0009

SUBJECT: 2012 PROVINCIAL BUDGET IMPACTS FOR THE COMMUNITY AND SOCIAL SERVICES DEPARTMENT

OBJET: INCIDENCES DU BUDGET PROVINCIAL DE 2012 SUR LES SERVICES SOCIAUX ET COMMUNAUTAIRES

REPORT RECOMMENDATIONS

That the Community and Protective Services Committee recommend that Council approve that:

1. The City of Ottawa maintain discretionary benefits to social assistance recipients at existing levels for the balance of 2012, and
2. Staff complete a review of the Community and Social Services Department's social investments and priorities to ensure the 2013 budget aligns to the Council endorsed budget strategies outlined in the Long Range Financial Plan IV document and report back as part of the 2013 budget process.

RECOMMANDATIONS DU RAPPORT

Que le Comité des services communautaires et de protection recommande que le Conseil approuve que:

- 1. la Ville d'Ottawa maintienne les prestations discrétionnaires accordées aux prestataires de l'aide sociale pour le restant de l'année 2012, et**
- 2. le personnel effectue un examen des placements sociaux et des priorités des Services sociaux et communautaires pour veiller à ce que le budget de 2013 concorde avec les stratégies budgétaires reconnues par le Conseil et présentées dans le Plan financier à long terme IV, et qu'il présente ses conclusions dans le cadre du processus budgétaire de 2013.**

EXECUTIVE SUMMARY

The 2012 Provincial Budget includes changes that affect social assistance recipients and have financial and service implications for the City. This report presents an overview of the key areas of the Provincial Budget that impact on the Community and Social Services Department and the community at large, including a change in the funding formula for discretionary benefits that caps the expenditures that the Province will cost share with the City. As a result of this cap, the provincial cost share for discretionary benefits is \$2.5M lower than anticipated when Council set the 2012 budget.

The report identifies various options to address this change, and recommends that existing discretionary benefits be maintained in 2012, resulting in an additional cost to the City of up to \$2.5M. Staff proposes to complete a review of the Community and Social Services Department's social investments and priorities, in light of any clarifications provided by the Province, and report back with recommendations as part of the 2013 Budget.

BACKGROUND

There are two social assistance programs in the Province of Ontario. These include the Ontario Disability Support Program (ODSP), delivered and 100% funded by the Province and the Ontario Works Program (OW), delivered by municipalities and currently cost shared with the province 82.8%/17.2%. The City of Ottawa is the Consolidated Municipal Service Manager for the Ontario Works program, Housing and Childcare programs and is accountable to the Province and local taxpayers for management of these programs within the policies and standards established by the Province.

In 2011, the average monthly ODSP caseload in the City of Ottawa was 21,134 and the average monthly Ontario Works caseload was 16,190.

The *Ontario Works Act* and the *Ontario Disability Support Program Act* define the range of benefits available to eligible recipients. There are four categories of benefits as noted below:

- **Basic Needs and Shelter:** assists with the cost of food, clothing, rent, heat and hydro.
- **Mandatory Benefits:** these benefits must be provided to recipients if they meet defined eligibility criteria. Mandatory benefits include prescription drugs, eye glasses and dental care for children and the Community Start Up and Maintenance Benefit (CSUMB). CSUMB assists social assistance recipients with the cost of securing or maintaining permanent accommodation. The City of Ottawa issues mandatory benefits to Ontario Works recipients and the Province issues these benefits to ODSP recipients.
- **Discretionary Benefits:** municipalities are not required to provide discretionary benefits. The *Ontario Works Act, 1997* (the "Act") states that the City, as a delivery agent under the Act, may pay or provide one or more of the benefits listed in the Act to a recipient of basic financial assistance under the Act or a person eligible to receive income support under the *Ontario Disability Support Program Act, 1997*, in the amount determined by the City and the benefits paid out are cost-shared with the Province. The City of Ottawa has provided a range of health and non health related items including:
 - Emergency dental and dentures
 - Vision care
 - Mobility aids and prosthetics
 - Funerals and burials
 - Hearing aids
 - Emergency heat and hydro assistance
 - Transportation
 - Job skills training
- **Employment Benefits:** these benefits are provided to Ontario Works recipients and the non-disabled recipients of ODSP (spouses and adult dependants) to support activities that will lead to sustainable employment.

In 1995, the rates for basic needs and shelter for Ontario Works recipients were reduced by 21.6% and the ODSP rates were frozen. Rates remained at this level for 11 years. The rates have increased slightly since 2005; however they have not kept up with the rising cost of basic necessities. It has become increasingly difficult for social

assistance recipients to afford essential items such as food and shelter. Ottawa has the fourth highest rents in Canada and in 2011, 45,000 residents accessed the Ottawa Food Bank every month. In addition, hydro rates in Ontario have more than doubled since 2002.

Social assistance recipients live below Statistics Canada's Low Income Cut Off (LICO). Please see Annex 1 for information related to the maximum monthly OW and ODSP social assistance rates and comparisons to Statistics Canada LICO levels. Monthly social assistance rates are insufficient to provide for other basic needs, such as essential health related items. When emergencies or other life events occur, social assistance recipients may request additional supports through the mandatory and discretionary benefits.

Essential Health and Social Supports (EHSS) program

The City also delivers a 100% City funded Essential Health and Social Supports (EHSS) program. This program provides the same range of essential health related benefits to low-income residents as are provided to social assistance recipients through discretionary benefits. In 2011, approximately 10,000 items were provided to low income residents, primarily seniors. The budget for the City funded EHSS is \$2.34M.

The EHSS program was approved by Council in 1998 to fill the gap created when the Province eliminated the Special Assistance and Supplementary Aid programs. These were cost-shared programs that had existed as part of the General Welfare Act and the Family Benefits Act. Many EHSS applicants have one-time requirements for the above-mentioned items or services, while others have longer-term needs.

DISCUSSION

Ontario's 2012 Provincial budget impacts social assistance recipients and the City's Community and Social Services Department. The key impacts are summarized below:

1. **Discretionary Benefits**

- The 2012 City budget includes \$10.3M for discretionary benefit items. The Provincial cost-sharing was expected to be at 82.8% or \$8.5M for a net City cost of \$1.8M.
- Effective July 1st, 2012, there is a change in the funding formula for discretionary benefits resulting in a cap on the total expenditures that the Province will cost share with the municipality. As a result, municipalities will need to prioritize, based on local needs, the discretionary benefits in order to stay within the new capped amounts.

- In 2011, discretionary benefits were issued to approximately 18,000 Ontario Works and ODSP recipients in the City of Ottawa.

2. Community Start Up and Maintenance Benefit

- The mandatory Community Start Up and Maintenance Benefit (CSUMB) will be eliminated as a benefit from the OW and ODSP programs effective January 2013. While details are not currently known, the Provincial budget indicates that a portion of the existing funding will be added to Housing and Homelessness funding in a new consolidated program, administered by municipalities as outlined in the 2011 Housing Services Act.
- In 2011, the Community and Social Services Department issued \$5.37M (gross) in CSUMB to approximately 10,000 Ontario Works recipients. The Province issued \$2.19M to City residents receiving ODSP.

3. Rate Increases:

- There will be a 1% increase to social assistance rates beginning December 1st, 2012. The Province will provide additional funding for the rate increase in December.
- There will be no increase to the Ontario Child Benefit in 2012. This benefit is provided to low income people. The promised maximum of \$1,310 per child per year by 2013 is now delayed to 2014. There is no direct impact to the City as this benefit is funded and administered by the Province.

4. Employment Services

- The Province will be exploring opportunities to integrate the Ontario Works and ODSP employment services with the broader Employment Ontario Network.

5. Childcare

- Over the next three years, the Province will be transferring additional investments to the Consolidated Municipal Service Managers to assist the child care sector with the transition to full-day kindergarten. Staff are awaiting further information to determine the allocation to the City and to assess how these funds may be used.

Options for 2012 Budget Year

In order to address the impact of the Provincial budget changes, staff have identified three options for the balance of 2012:

Option 1. Continue Discretionary Benefits Spending after July 1, 2012

Council could choose to maintain \$10.3M for discretionary benefits for the balance of 2012, as approved in the 2012 budget, resulting in an additional cost to the City of up to \$2.5M. This option would maintain the status quo for social assistance recipients for the rest of the year and give staff the opportunity to complete a review of the Community and Social Services Department's social investments and priorities in advance of the 2013 Budget. This review would ensure that the 2013 budget aligns to the Council-endorsed budget strategies outlined in the Long Range Financial Plan IV document. Staff would report back during the 2013 budget process.

Option 2. Reduce Discretionary Benefit Spending as of July 1, 2012.

Alternatively, Council could opt to deliver discretionary benefits only up to the Provincial cap. For 2012, this requires a \$3M reduction of discretionary benefit spending from \$10.3M to \$7.3M. The net City requirement is reduced to \$1.3M, resulting in a City savings of approximately \$500K. This option has significant implications for social assistance recipients and community partners.

It should be noted that as the 100% City funded EHSS program provides the same range of health related items to low income residents of Ottawa as are available to social assistance recipients through discretionary benefits, any changes to the discretionary benefits schedule should also be considered as changes to the EHSS benefit schedule.

Option 3. Fund Only Priority Areas after July 1, 2012

The third option is to identify those items that are considered the highest priority and fund any priority expenditures above the Provincial cap at 100% municipal cost. In this scenario, expenditures would be greater than the capped annual amount of \$7.3M, but less than the current spending level of \$10.3M, which would mitigate the additional cost to the City. This approach would give staff limited time to determine which priority areas to maintain.

Staff Recommendation

Given the impact on social assistance recipients and community partners and the compressed timeframe within which to make decisions, staff are recommending that Council approve Option 1 for the remainder of 2012, and report back on the Community and Social Services Department's social investments & priorities as part of the 2013 budget process.

RURAL IMPLICATIONS

Implications apply to rural, urban and suburban communities.

CONSULTATION

Staff consulted with the Poverty Issues Advisory Committee. The Ottawa Poverty Reduction Network (OPRN) has been provided with a copy of this report and advised of the date that it will be considered by the Community and Protective Services Committee.

LEGAL IMPLICATIONS

There are no legal impediments to the implementation of the report recommendations.

RISK MANAGEMENT IMPLICATIONS

There are no risk implications associated with this report.

FINANCIAL IMPLICATIONS

With approval of the recommendations in this report the Community & Social Services Department may incur a deficit of up to \$2.5M. Staff will explore mitigating opportunities and report progress in the Quarterly Status reports and the year-end disposition report. The 2013 impacts will be included in the 2013 Budget for Council consideration.

ACCESSIBILITY IMPACTS

The Essential Health and Social Support program and the Discretionary Benefits include funding and supports for people with disabilities and seniors. Approval of recommendation 1 will result in funding of those initiatives being maintained at current levels.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with the recommendations in this report.

TERM OF COUNCIL PRIORITIES

The provision of the Community Start Up and Maintenance Benefit, the Essential Health and Social Support program and Discretionary Benefits support the City's Strategic Priority of a Healthy and Caring Community, specifically the strategic objective: Achieve equity and inclusion for an ageing and diverse population.

SUPPORTING DOCUMENTATION

Annex 1: Maximum Monthly Social Assistance Rates

DISPOSITION

Staff will action any direction received as part of consideration of this report.