
Note from Interim Acting CAO:

The Ontario Municipal Social Services Association has developed a briefing paper related to proposed changes to Ontario Works Administrative cost sharing. This Board's Director of Social Services Fern Dominelli provided direct input to this paper.

Ontario Works Cost-of-Admin Working Group Briefing Note June 30, 2009

Background

The Provincial-Municipal Fiscal and Service Delivery Review, released in October 2008, recommended that “AMO, the City of Toronto and the Province of Ontario will form a work group to discuss concerns with the current approach to funding Ontario Works administration and to recommend principles for future revisions and opportunities to simplify and strengthen accountability by January 1, 2010.”

With the province proceeding with its upload of Ontario Works over the next 10 years, and with various other employment and income support-related initiatives emerging from the ministries of Training, Colleges, and Universities, and Community and Social Services, it is essential that there be clarity as to what a social assistance administrative funding structure should look like, particularly as it relates to issues of shared accountability and local flexibility.

This briefing note provides that clarity for those OMSSA members who are serving on the Human Services Implementation Steering Committee’s OW Funding Working Group. The goal of this note is to allow OMSSA members to bring forth a unified and coherent service manager voice to the HSISC’s Working Group. The principles and ideas communicated in this note were developed by an internal OMSSA Working Group on OW Cost-of-Administration and reflect the consensus of this group.

Principles

We believe that the formal 50-50 administrative cost-sharing ratio between the provincial and municipal governments has proven to be unworkable and financially untenable for local service system managers.

Our position is that any new funding structure for social assistance administration must be based on 6 principles:

1. Sustainability
2. Affordability
3. Equity
4. Accountability
5. Stability
6. Flexibility

We note that these 6 principles are identical to those that support the model for public education in Ontario. This is not accidental. Ontario provides sustainable funding for education in all parts of the province—rural, suburban, urban, northern—in ways that allow school boards to develop schools that are appropriate for the local communities. All school boards receive a level of base funding to support an educational infrastructure, along with board-specific funding allocations depending on geographical size, demographic variation, socio-economic needs. As well, Ontario's education system is funded with clear definitions about such issues as school size and appropriate teacher-student ratios.

We believe that funding for Ontario's social assistance system must follow a similar model. All regions must receive a sustainable base funding envelope for the administration of Ontario Works, as well as locally appropriate allocations depending on local circumstances. There must be clearly defined standards for caseload ratios and the system must be funded to support those ratios.

Principle 1: Sustainability

Base funding must be provided within a sustainable, indexed, multi-year envelope for the standard administrative costs borne by service managers.

The current system of allocating costs-of-administration is unsustainable.

The true administrative cost-sharing ratios are far from 50-50. In some communities, the municipal portion is reaching as high as 80 percent, meaning that a local property tax base is supporting ever-increasing costs of human services in unsustainable ways. Communities cannot continue to raise property taxes to support these services and even if they could, the Provincial-Municipal Review made it clear that an income redistribution program should not be supported by property tax funds.

A sustainably funded system of social assistance administration must take into account the many factors that drive costs. Foremost among them are the administrative costs of delivering services to clients that every service manager faces. For example, the basic intake process requires a caseworker in an office. Job training classes must happen in a

physical space (training room) with a physical person (job trainer). These staff, rent, and equipment costs all require resources provided at on-going, sustainable levels.

Principle 2: Affordability

The costs of administering the social assistance system must be developed within an affordable framework that delivers positive outcomes for individuals and the community.

Because the costs of administering Ontario Works are borne by taxpayers, we must develop a framework that is affordable. The money must be spent wisely with transparency and affordability, and must move the Ontario Works system towards a goal of quality service. Having these parameters in place helps to justify the use of public funds to support the administration of our social assistance system.

One way that administrative affordability can emerge is through a clearly designed administrative and service delivery accountability framework that is based on clear outcomes for clients and the community. As the provincial and municipal partners identify the desired outcomes, the administrative costs of achieving those outcomes become clarified.

Principle 3: Equity

The Ontario Works administrative funding system must be structured to support every reasonable effort to ensuring that all residents have the access to the same levels of service.

All of Ontario's residents deserve the equitable access to Ontario Works services and to the services that will help them reattach to the labour market. The reality is, however, that where in the province one lives makes a difference to the administrative costs of an OW service system. A rural community with population clusters spread far apart from one another might opt for a series of small OW offices across the different centers to ensure that services are close to local residents. (The alternative, having a single centrally located office might be administratively cost-efficient but is not particularly client-centred.) In contrast, an urban service manager, with a dense population might have fewer physical service centres that are more heavily staffed to deal with the higher numbers of clients. The former example is a heavy-office-light-staff situation, while the latter is a light-office-heavy-staff situation; each will have different administrative costs depending on local office and labour markets.

As well, equity issues arise because of variations in how municipalities conduct their business. Each municipality relates to its service system managers differently. Some house their OW offices within a single municipal government building, while others are stand-alone offices. Some workers are unionized, with annual cost-of-living increases that are non-negotiable for the service manager. These variations account for varied

administrative costs, and no service manager should be disadvantaged because of how its municipal government conducts its business practices.

Principle 4: Accountability

The municipal and provincial partners must develop a structure and expectation of shared accountability for the Ontario Works system.

Although the announcement of the OW upload of allowances and benefits has been greeted with general enthusiasm by service managers, these same service managers recognize a degree of risk that such an upload creates. Specifically, they fear a situation of the service managers being caught in the middle of a tug-of-war between a program funder (the province) who might one day look to reduce its own program costs and an administrative funder (municipalities) who might wish to reduce investments in a program that they have no financial stake in.

By creating a structure and an expectation of shared accountability, both the provincial and municipal funders will have a shared stake in the highest levels of quality for the OW system. They will be accountable to each other—and to their constituents—for administering a system that continuously delivers quality service for the citizens being served. This might mean investing in additional staff during periods of high caseloads, as well as reducing staff during periods of caseload contraction. However the accountability framework is structured, service managers are willing to be measured on their ability to deliver successful outcomes.

Principle 5: Stability

Administrative funds must be provided in stable, consistent budgets that are negotiated separately from program budgets.

The current system of allocating administrative funding for Ontario Works is not a stable system. Although an initial formula was used to identify costs-per-case and to allocate administrative funding based on this formula, the reality is that there are widely inconsistent funding levels across Ontario. Some service managers receive allocations based on cost-per-case formulas, others do not. Some have seen their administrative funding increase in relation to rising caseloads, others have not.

The general sense among service managers is that the regional offices do the best they can to allocate administrative funds fairly, yet because allocations are capped provincially, there is a limited amount of money in the system, creating a competition for scarce resources. These allocations, therefore, rarely meet the administrative needs of local service managers. They also rarely meet the planning needs of those managers, who must await their allocation announcements each year. Stability and consistency in

administrative funding should be a normal, expected part of a shared accountability framework; the governmental partners should create a structure that each can rely on.

Finally, stability will emerge when costs-of-administration budgets are negotiated separately from the program funding budgets. Administrative budgets must be assessed on their own merits, based on agreements as to the quality and outcomes being sought, rather than being tied in lockstep to caseload and other fluctuations. The alternative is administrative budgets that reflect neither the real costs of administration nor the realities of cost-of-living increase, forcing service managers to draw upon other non-administrative funds to supplement their administrative budget and adding a high degree of budget instability.

By separating administration budgets from program budgets—and by keeping those administrative funding levels stable—service managers will be able to plan their system more consistently.

Principle 6: Flexibility

Service system managers must have the flexibility to manage their social assistance system in locally appropriate ways, including the ability to provide discretionary benefits.

Flexibility is relevant both in terms of the regional system variations discussed earlier and in terms of the local ability to oversee discretionary disbursements. As beneficial as the OW upload will be, service managers have concerns at the potential disappearance of discretionary funding. Currently, service managers have access to discretionary funds to be used for clients as needed. Because of local investments into the OW program, service managers can reasonably see their use of discretionary benefits as being their prerogative as a funding partner. As the province assumes the entire program cost for Ontario Works, it must reassure local service managers that those discretionary opportunities will remain, thus maximizing the local flexibility that is valued by local OW service managers.

The imperative of quality

An administrative funding structure that encompasses these 6 principles noted above will move the management and delivery of Ontario Works towards the singular goal of consistent quality of service for all clients.

Service quality is directly linked to the amount of resourcing provided to the service managers. With appropriate resources, service managers can hire the right amount of staff to work with clients. An overburdened caseworker is an ineffective caseworker, and perhaps more relevant to this discussion, becomes an expensive caseworker.

Too many cases mean that the caseworker will be unable to work as intensively—or as productively—with the client, and that that client will be less likely to move from income assistance to viable employability. It might seem financially prudent to limit the investments in administration, but if the result is that clients receive poorer service and stay on the caseload longer, then the costs will be much higher in the long run.

Lessons from human resource management make clear that workers have a finite “span of control” over their workload. Too small a span of control means that the worker could take on more responsibility. Too large a span of control, however, means that the worker will not have enough time and energy to meet all his responsibilities—resulting in some work not being completed. Translate the notion of “span of control” to the social assistance environment, and one can see the potential ineffectiveness of an overburdened caseworker.

A clear example of the shortsightedness of the short-term savings approach is the Consolidated Verification Process. The province provides 100 percent funds to service managers to conduct CVPs on client files. In the context of rising caseloads, however, many municipalities are suspending their CVP work because they have reallocated staff to work directly with intakes and caseload management. The result is that service managers are foregoing longer-term quality control measures in favour of ensuring that people are brought into the social assistance system immediately—despite the fact that some of those people might not be eligible for social assistance in the first place.

As service managers and the province work out a new shared accountability framework for OW administrative funding, it is incumbent that they identify appropriate spans of control for caseloads and then fund the system to support those spans of control. Just as the education system funds sets teacher-student ratios and the child care system sets caregiver-child ratios, the social assistance system must have similar caseworker-client ratios.

Finally, the provision of sustainable administrative funding will also encourage quality by allowing service system managers to provide a high degree of service integration for clients. OMSSA is committed to the principles of human services integration, which we define as a system of services that is coordinated, seamless, and tailored to the needs of people so they can maximize their potential, enhance their quality of life, and contribute to their community. Individuals receiving social assistance often have a range of other human service needs. Integration of employment and income support services into the broader human services system makes clear that a person’s employment, income, child care, and housing needs are connected and that a human services system cannot function in fragmented silos. Such service integration can offer solutions for clients that will ultimately be financially advantageous to clients, municipal service managers, and the province.

Constructive solutions

To help the Review partners develop a workable funding structure of cost-of-administration, there must be clear understanding of what it actually costs to administer the local social welfare system. Knowing the exact costs of additional caseworkers (and the financial benefits that such additional staff provide) can serve as the foundation for concrete discussions between provincial and municipal funders.

Service managers have a responsibility, then, to develop an accurate understanding of the 3 types of costs they bear:

1. Uncontrollable costs
2. Marginally controllable
3. Fully controllable costs

Once the actual costs of managing the social assistance system locally are identified, the municipal and provincial partners must then set out reasonable parameters for quality work and identify the funding levels necessary to maintain these levels of quality.

Returning to the “span of control” model, the partners must ask what are reasonable spans of control for all who are involved in managing and delivering social assistance.

- What is a reasonable span of control for caseload worker to ensure quality?
- What is a reasonable span of control for supervisors and managers?
- What reasonable levels of overhead and infrastructure do service managers need to enable those spans of control and, therefore, to ensure quality? (Such infrastructure includes allocated costs such as those related to IT, HR, quality assurance, training, property management, and other supports that are critical to effective service.)
- How do the partners take into account local variations to maintain equity and quality?

With these answers, the partners can develop a funding structure that is appropriately shared between the province and municipalities. Such a funding structure should be put in place of a set period of time—say, five years—to provide a level of stability and to facilitate long-term community planning.

In the end, sustainable administrative funding for a social assistance system will directly enable the provincial and municipal partners to make a real difference in the fight to eliminate poverty from Ontario. At a time of economic uncertainty in Ontario and across Canada, Ontarians are looking for solutions to help build a foundation of economic certainty, confidence, and sustainability into the future. Improving the ways

that the administration of social assistance is funded will allow service managers to provide the necessary supports to that lead to poverty reduction.

These investments in economic security, together with investments in affordable housing and the expansion of early learning and child care options will strengthen individuals and families, help our schools and businesses, and give more people the opportunity to make meaningful contributions to our society. Through these efforts, poverty reduction will improve the quality of life for all Canadians, thus strengthening Canada's overall prosperity.