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RECOMMENDATIONS FOR AN ONTARIO INCOME SECURITY REVIEW

REPORT OF THE ONTARIO SOCIAL ASSISTANCE REVIEW ADVISORY COUNCIL

May 2010

The Social Assistance Review Advisory Council

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Quotations in the report from Ontario Works and Ontario Disability Support Program recipients were drawn from the “Peoples’ Review,” which brings together a representative group of persons from across Ontario currently or recently living on social assistance as peer researchers. The purpose of the Peoples’ Review is to generate innovative solutions for social assistance reform based on a research process conducted by those who have lived through the system.

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Letter of Transmittal

May 2010

Hon. Madeleine Meilleur
Minister of Community & Social Services
Hepburn Block
6th Floor, 80 Grosvenor St
Toronto ON M7A1E9

Dear Minister:

I am pleased to submit the Social Assistance Review Advisory Council's recommendations for a scope and terms of reference of an Ontario Income Security Review. Our report proposes a comprehensive assessment of income security, employment supports and related services for working age adults, which builds on the foundation laid out in *Breaking the Cycle* and its vision "of a province where every person has the opportunity to achieve his or her full potential and contribute to and participate in a prosperous and healthy Ontario."

The Council's journey since our appointment in December 2009 has reinforced a deep and continuing dissatisfaction with the existing approach to social assistance from all quarters: community groups, business, labour, policy makers, the people who run the system and those who receive its benefits.

We believe that now is the time to engage Ontarians from all sectors and walks of life in constructing a long-term vision of an income security system that can guide a coherent, purposeful and focused strategy for reform by successive governments over the next decade and beyond.

The Council thanks you for this opportunity to contribute to Ontario's Poverty Reduction Strategy and for the support that the government has provided in completing our task. We remain ready to offer our assistance as Ontario takes the next steps in the review.

Respectfully submitted,



Gail Nyberg
Chair, Social Assistance Review Advisory Council

Executive Summary

There is deep and continuing dissatisfaction with the existing approach to social assistance from all quarters: community groups, business, labour, policy makers, the people who run the system and those who receive its benefits.

Ontario's core social assistance programs – Ontario Works and the Ontario Disability Support Program - together with the other programs that make up Ontario's income security system, continue to fall short in providing an economic safety net for individuals and families as well as promoting opportunity to ensure everyone can contribute to the long-term prosperity of the province.

The current social assistance system is based on the budget deficit model. By its nature, the budget deficit model is intricate, rule-bound, complicated, hard to understand and difficult to administer fairly. The consequences are stigma, a high degree of invasiveness into the personal lives of recipients and the enforcement of rules placed above real support. The system requires applicants to deplete most financial assets, making it harder to recover from an economic setback. Once in the system, recipients live on substandard incomes, and often become trapped in a cycle of poverty.

The income security system as a whole fails to provide effective alternatives to social assistance. Lack of Employment Insurance coverage, inadequate workforce development and lack of income benefits to ease recipients' transition to independence all make social assistance the first program many people turn to in times of financial hardship.

While a need for reform is widely acknowledged, a consensus about how to fix the system does not yet exist.

With these challenges in mind, the Ontario government's poverty reduction strategy, entitled *Breaking the Cycle*, undertook to initiate: "[A] review of social assistance with the goal of removing barriers and increasing opportunity – with a particular focus on people trying to move into employment from social assistance. The review will seek to better align social assistance and other key programs and initiatives and better communicate program rules to achieve the aims of increasing opportunity for the individual."

In December 2009, the Ontario government created the Social Assistance Review Advisory Council, made up of eleven members. The Council was asked to report on the "scope and terms of reference that would guide the development of the social assistance review."

The Social Assistance Review Advisory Council concludes that Ontario does not need a review solely of social assistance – it needs a comprehensive review of Ontario's

income security system. Ontario Works and the Ontario Disability Support Program represent 23 percent of all provincial and federal income security program spending that serves working-age adult Ontarians. Social assistance is but one piece of a patchwork of income security, employment and social supports.

The Social Assistance Review Advisory Council is fully cognizant of the current difficult fiscal situation facing the province. We recommend transforming the income security system not despite Ontario's fiscal situation but because of it. The province needs a plan for the income security system it wants to build as part of its economic recovery. Ontario needs to articulate its interests and perspective to the federal government and the other provinces and territories.

Now is the time to develop a coherent, purposeful and focused strategy for reform to guide successive governments over the next decade and beyond. A transformed income security system in Ontario should:

- Contribute to labour market opportunities to ensure jobs provide real pathways out of poverty;
- Provide workforce development and related services to help all Ontarians do better, including support for out-of-work and underemployed Ontarians to transition into sustainable employment;
- Support Ontarians in good and bad times, through liveable incomes and community supports.

Below is the summary of our recommendations for the substance and process of a review which, we believe, can create such a vision. The full report of the Social Assistance Review Advisory Council that follows sets out the recommendations and explains their background and rationale.

Recommended Terms of Reference

Scope of the Ontario Income Security Review

The Social Assistance Review Advisory Council recommends that Ontario initiate the Ontario Income Security Review, pursuant to its commitment in *Breaking the Cycle* and its vision “of a province where every person has the opportunity to achieve his or her full potential and contribute to and participate in a prosperous and healthy Ontario.”

The Social Assistance Review Advisory Council recommends that the Ontario Income Security Review be asked to undertake a comprehensive assessment of income security, employment supports and related services for working-age adults. The Review should include federal programs such as Employment Insurance, provincial programs such as

Ontario Works and the Ontario Disability Support Program, as well as municipal, local and community roles. The review should also include a plan to deal with financial and other mechanisms required to navigate through a changed income security system.

The process of transformation will necessarily involve other orders of government: the federal government must eventually be engaged. Lack of federal government co-operation, however, should not impede Ontario's work to define the reforms needed in federal programs to meet Ontario's interests.

Key Strategies to Guide the Ontario Income Security Review

The Social Assistance Review Advisory Council recommends the Ontario Income Security Review explore the following six strategic directions for reform. These strategies should form the basis for consultations with Ontarians. Based on the results of those consultations and research, the review would then develop a detailed 'road map' for implementing a transformed system.

- a. Building on the approach of the Ontario Child Benefit, develop an expanded range of income and services to be available to all low-income Ontarians.
- b. Strengthen initiatives such as minimum wage increases, enhanced employment standards, fair employment initiatives and the federal Working Income Tax Benefit to ensure the labour market offers effective pathways out of poverty.
- c. Replace short term coverage in Ontario Works with more appropriate financial support outside of the social assistance system for those who are temporarily unemployed.
- d. Re-engineer long-term coverage in Ontario Works as an opportunity planning program to support achieving full labour market potential through skills building, education, training, employment and related support.
- e. Develop standards for a liveable income and a process to use those standards to assess the adequacy of Ontarians' incomes.
- f. Improve income and social supports for those whose reasonable prospects of earning liveable incomes from employment are limited by disability or other circumstances, including a possible new vision for the Ontario Disability Support Program and exploring options for alternative models of financial assistance.

Specific reforms which could follow from each strategy are noted in the body of this report.

Measurable Outcomes

The Social Assistance Review Advisory Council recommends seven outcomes as a basis for measuring the performance of the system. These outcomes should form the basis for consultations with Ontarians on the development of a set of practical measurements for the new system – metrics – so that they may then be used to monitor the income security system.

- a. Social and economic inclusion
- b. Autonomy, responsibility and dignity of recipients
- c. Income for all Ontarians that at least meets a liveable income standard
- d. Human capacity development and its optimal employment to contribute to the economic prosperity of Ontarians
- e. Public and fiscal sustainability
- f. Fairness, equity and transparency
- g. Empowerment of recipients to improve their economic circumstances.

The Review Process

The Social Assistance Review Advisory Council recommends that the Ontario Income Security Review be structured with two commissioners and an advisory council. The Review would be supported by a small full-time Secretariat. The Review should develop a five part consultation process: a panel of persons with experience of being on assistance; public and province-wide consultation; separate and substantive discussions with First Nations to ensure reforms reflect their needs and priorities; expert panels; and written input. The Review should be completed within 12-18 months of being constituted.

Why Ontario Needs an Income Security Review

Introduction

There is deep and continuing dissatisfaction with the existing social assistance system from all quarters: community groups, business, labour, politicians the people who run the system and those who receive its benefits. But there is not yet a province-wide consensus about what to do.

A review of Ontario's income security system is needed because social assistance, and the wider income security programs around it, is not doing the job it needs to do in Ontario's modern economy: neither in supporting those who need assistance nor in promoting long-term prosperity in the province.

Ontario needs a well-functioning income security system as a core element of its 'social infrastructure' just as much as it needs roads and bridges as part of its physical infrastructure. The ability of every Ontarian to contribute to his or her full potential is required. A good income security system is for all Ontarians, and all Ontarians have a stake in it functioning properly.

One of the most basic purposes of an income security system is to support people through periods of economic disruption and transition. Ontarians turn to their income security system for a variety of reasons: a lost job, birth of a child, marriage breakdown, the search for a first job after graduation, job discrimination, the onset of a disability, through illness or accident, including a mental illness, care-giving for aging parents, a death in the family.

Any of these circumstances may occur in any of our own lives, or to our family, friends and neighbours. Our income security system needs to provide reasonable support so individuals and families can preserve stability through these changes – and, in turn, so that the province can maintain a stable, growing economy within a well-functioning society where everyone has the opportunity to make their contribution count. Transformation of Ontario's income security system is as much about setting the stage for economic prosperity as it is about ensuring an economic safety net for individual Ontarians and their families.

This is all the more important as a tumultuous global economy threatens a predictable and secure working life for many Ontarians. The nature of work has changed from what it was in the 1950s and 1960s, yet today's income security system has not adequately kept up with the new reality. Precarious forms of work such as temporary, contract and casual work that depart from the standard full-time, full-year job increasingly define the labour market. A TD Bank study reports that "traditional manufacturing industries are giving way to service-based sectors and full-time, well paid jobs with benefits are being replaced by part-time, temporary jobs." [Drummond and Fong 2010 1.] Some groups are

"People want real opportunities, and in the long run educating them helps everybody. ... Many people are hungry for more and are frustrated that they cannot grow and become what they have to offer."

-Ontario Disability Support Program recipient, Toronto

particularly vulnerable to becoming the working poor, such as youth, women, recent immigrants, racialized Ontarians and First Nations. Family incomes will often fluctuate greatly over time.

A carefully designed review will provide a shared vision of a better income security system that reflects the Ontario Poverty Reduction Strategy's vision "of a province where every person has the opportunity to achieve his or her full potential and contribute to and participate in a prosperous and healthy Ontario." [Poverty Reduction Act 2009]

It should assess the role of federal programs such as Employment Insurance, provincial programs such as Ontario Works and the Ontario Disability Support Program, as well as municipal and First Nations, local and community roles.

A transformed income security system in Ontario should seek to:

- Contribute to labour market opportunities to ensure jobs provide real pathways out of poverty.
- Provide workforce development and related services to help all Ontarians do better, including support for out-of-work and underemployed Ontarians to transition into sustainable employment.
- Support Ontarians in good and bad times through liveable incomes and community supports.

The Social Assistance Review Advisory Council's role is to recommend the scope and terms of reference for a review that will provide a practical road map for pursuing this vision.

The Social Assistance Review Advisory Council is fully cognizant of the current difficult fiscal situation facing the province. We recommend transforming income security not despite Ontario's fiscal situation and a changing global economy but because of it. As part of its road map for future growth the province needs a plan for the income security system it wants to build. Ontario needs to articulate its interests and perspective to the federal government and the other provinces and territories. Now is the time to construct a long-term vision so that we do not find ourselves making piecemeal and reactive reforms.

We hope that the review process can lead to a substantive and detailed consensual vision for Ontario to guide successive governments over the next decade and beyond.

From Social Assistance to Income Security

The income security system in Ontario is much more than social assistance, but social assistance is at the core of the system. Since 1998, social assistance in Ontario has consisted of two programs: Ontario Works and the Ontario Disability Support Program.

Ontario Works is administered by 37 Consolidated Municipal Service Managers, 10 District Social Services Administration Boards and 111 First Nations. In 2010 municipal governments pay 19.4 per cent of the benefit costs and 50 percent of the administrative costs, with the remaining costs paid by the province. The municipal share of benefit costs is being phased out gradually until it disappears in 2018, and the future of the share of administration costs are currently being negotiated. The province sets the rules and regulations under the Ontario Works Act 1997, leaving the Ontario Works administrators in municipalities and First Nations some flexibility, if limited, in areas such as eligibility and discretionary benefits. The province also administers all central functions, such as statistical reporting and the data management system.

On reserves, Ontario Works is administered by First Nations under the terms of the 1965 Canada-Ontario Indian Welfare Services Agreement. This Agreement provides for Ontario Works and some social services to be delivered by First Nations, but financed about 95 per cent by the federal government. For historical reasons, this agreement is unique to Ontario. Many First Nations see the 1965 Agreement as having resulted in a fuller range and better financed services for reserves in Ontario than in other provinces.

Ontario Works is for people who are in financial need but not deemed to have a long-lasting disability preventing employment.

Table 1 shows the number of cases and beneficiaries of Ontario Works as of March 2010.

Table 1: Cases and beneficiaries of Ontario Works as of March 2010		
	Cases	Beneficiaries
Singles	148,594	148,594
Couples	28,208	101,916
Sole Support Parents	74,955	206,372
All Households	251,757	456,882
Source: Ministry of Community and Social Services Monthly Statistical Report: Ministry Website		

Ontario Works applicants must have exhausted all other alternative sources of income and must have cashed any Registered Retirement Savings Plans in order to qualify for assistance. Aside from a tiny amount of savings and some specific types of liquid assets, only personal assets such as clothes and a car below a specified value are allowed. Homeowners are allowed to keep their homes, although in practice only 1 to 2 per cent of recipients of Ontario Works are homeowners.

Most recipients of Ontario Works are required to make reasonable efforts to accept and maintain full-time, part-time or casual employment for which they are physically

capable, as a condition of receiving income benefits. Participation agreements are mandatory and include employment preparation, training or volunteer activities. Some Ontario Works recipients, however, such as lone parents with children not yet of school age, are exempt from mandatory participation. Recipients can also be exempted because of illness or temporary disability. About 11 per cent of Ontario Works recipients are working, usually part-time, while receiving benefits.

Aside from financial benefits, there are a number of health and other services available to those on Ontario Works. For example, recipients are covered for prescription drugs and emergency dental care, as well as basic dental care for children.

Table 2 shows the number of cases and beneficiaries of the Ontario Disability Support Program.

Table 2: Cases and beneficiaries of Ontario Disability Support Program as of March 2010		
	Cases	Beneficiaries
Singles	207,747	207,747
Couples	37,817	107,038
Sole Support Parents	23,296	58,361
All Households	268,860	373,146
Source: Ministry of Community and Social Services Monthly Statistical Report: Ministry Website		

The Ontario Disability Support Program is similar to Ontario Works, but differs in several important aspects. Like Ontario Works, the Ontario Disability Support Program is for those in financial need; however, it is only for those with a disability of more than one year's duration which is deemed to substantially restrict the individual's ability to attend to personal care, function in the community or function in a workplace. This program has seen some growth as a result of de-institutionalization, and aging of the population.

While the financial needs test for the Ontario Disability Support Program is less stringent than Ontario Works, Ontario Disability Support Program applicants must also verify a disability and the restrictions caused by the disability. Applicants must find doctors or other health care professionals to complete the required forms. A frequently heard complaint is the requirement for multiple specialists' reports and expensive diagnostic reports. The high success rate of appeals to the Social Benefits Tribunal suggests problems with the application process and the initial adjudication of applications.

Once admitted, the Ontario Disability Support Program pays much more than Ontario Works and also allows a higher level of financial assets – \$5,000 for a single adult on the Ontario Disability Support Program versus \$585 on Ontario Works. The Ontario

Disability Support Program recognizes the limitations that recipients may face in their ability to find a job by not requiring job searches or participation agreements. The Ontario Disability Support Program, however, does encourage recipients to seek employment and may also provide employment supports to some recipients. Non-disabled spouses and dependent adults without care-giving responsibilities receiving Ontario Disability Support Program payments are, however, required to participate in Ontario Works employment programs.

The province directly administers the Ontario Disability Support Program and finances 90 percent of its costs, with municipal governments paying the remaining 10 percent until January 2011 when the upload of Ontario Disability Support Program costs to the province will be complete. The same is true for First Nations. The Ontario Disability Support Program offers a range of employment and social supports along with many critical disability-related services and supports that would otherwise have to be paid by recipients, and which assist in off-setting some of the additional costs faced by people living with disabilities. About 11 percent of those on the Ontario Disability Support Program are also working, although mainly part-time.

There is very limited data on the ethnic or other characteristics of social assistance recipients. However, we do know that some groups are at greater risk, including lone parents (overwhelmingly women), unattached males and females aged 45 to 64, recent and non-status immigrants, racialized groups, Aboriginal peoples and persons with disabilities. There are particularly high rates of low income among racialized groups, who make up 26 percent of the population but represent 41 percent of the population in low-income households. Low income is especially concentrated among families with children in racialized groups, who make up 29 percent of all children in Ontario, but account for 51 percent of children in low-income families.

Income of Social Assistance Recipients

Table 3 below compares total income for some types of households on Ontario Works and the Ontario Disability Support Program with three of the most commonly used low-income standards.

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May 2010

Table 3
Total income from all sources compared to common poverty measures for selected households on Ontario Works and the Ontario Disability Support Program Toronto April 2010

Household	Total income	Percent of common poverty measures for Toronto		
		After tax low-income measure	After tax low-income cut-off	Market Basket Measure
Ontario Works				
Single adult	\$7,878	(\$16,810) 47%	(\$18,930) 42%	(\$16,642) 47%
Two adult couple	\$13,669	(\$23,534) 58%	(\$23,039) 60%	(\$23,298) 57%
Lone parent - one child	\$18,351	(\$23,534) 78%	(\$23,039) 80%	(\$23,298) 79%
Lone parent - two children	\$23,384	(\$28,578) 82%	(\$28,688) 82%	(\$28,292) 83%
Two adult - one child	\$20,141	(\$28,578) 70%	(\$28,688) 70%	(\$28,292) 71%
Ontario Disability Support Program				
Single adult	\$13,362	(\$16,810) 80%	(\$18,930) 71%	(\$16,642) 80%
Two adult couple	\$20,557	(\$23,534) 87%	(\$23,039) 89%	(\$23,298) 88%
Lone parent - one child	\$24,795	(\$23,534) 105%	(\$23,039) 108%	(\$23,298) 106%
Lone parent - two children	\$29,996	(\$28,578) 105%	(\$28,688) 105%	(\$28,292) 106%
Two adult - one child	\$27,197	(\$28,578) 95%	(\$28,688) 95%	(\$28,292) 96%
<p>Source and assumptions: Calculations by Social Assistance Review Advisory Council; two adult couple on Disability Support assumes one with disability; one child under 6; two children one under 6 and one over 6; no earned or other income; Low income measure from 2007 up-dated to 2010 by CPI; Low income cut-off from 2008 updated to 2010 by CPI; Market Basket Measure from 2007 up-dated to 2010 by CPI. The Market Basket Measure and the low-income cut-off are geographically specific. We chose Toronto as the highest cost and most populous region in Ontario. The poverty measures listed do not take account of the additional costs of disability and so overstate the relative financial position of the Ontario Disability Support Program.</p>				

“With the first wave of the wand I would like to increase the income of social assistance recipients. When one has to expend that much energy to juggle their every expense on the four basic tenets of food, housing, clothing and transportation the stress on one’s health and the economy is tremendous.”

–Ontario Disability Support Program recipient, Toronto

Some households, especially those with children, are not far off poverty standards. While some Ontario Disability Support Program families are closer to or above the poverty line, the additional costs of living with a disability must be taken into account in assessing the adequacy of living standards.

Single unattached individuals and couples on Ontario Works are in especially straitened circumstances. For a single person living in non-subsidized housing in one of Ontario’s major cities, it is barely if at all possible to live on the amount available through Ontario Works and the few available tax credits.

For this reason the Social Assistance Review Advisory Council recommends that government address with urgency the need to improve the incomes of unattached individuals and couples without children on Ontario Works. The government has a number of options for immediately increasing the incomes of unattached individuals and couples without children, through new tax credits, Ontario

Works rates or a new housing benefit. As we shall recommend later in this report, a well-designed housing benefit for all low-income households that includes substantial gains for the incomes of those on social assistance would provide the next step towards comprehensive transformation of Ontario's income security system.

Moving Ontarians from the Margins into the Mainstream

Ontario Works and the Ontario Disability Support Program share a fundamental similarity: Each is a social assistance program of last resort. Both are intended to provide a final safety net for Ontarians and their dependent children who find themselves with little or no income from other sources, having exhausted all other alternatives. Both programs use the budget deficit method of calculating payments, subtracting the total income of the applicant, less allowable amounts, from an allowable budget for the applicant's household structure.

Last resort social assistance programs using the budget deficit method are by their nature intricate, rule-bound, complicated, hard to understand and difficult to administer fairly. Administrators must spend much of their time policing the system, determining benefits and imposing sanctions with little time for helping recipients to become more self-reliant.

Administering a system with many such detailed rules also means delving deeply into the personal lives of recipients. This is stigmatizing and robs recipients of their dignity and control of their own lives. One example is that since social assistance payments are made on behalf of a family, rather than on behalf of an individual, Ontario Works and the Ontario Disability Support Program administrator become involved in deciding the circumstances under which two adults constitute a family. While escape from poverty is often achieved through a common-law or marital partnership, the rules of social assistance may make such choices more difficult. For example, those rules impose support obligations on adults who live together for a much shorter period of time than as defined in Ontario's *Family Law Act*.

While much can be done to improve the experience of Ontario Works and Ontario Disability Support Program beneficiaries by reducing the intrusion into their lives, last resort programs using a budget deficit method will never avoid their inherent paternalistic nature. A strategy to minimize the use of such programs - focusing on prevention and more acceptable alternatives - should be central to Ontario's goals for reforming income security.

"You feel like you never get ahead, Ontario Works is always clawing back your income."

– Ontario Works recipient, Windsor

"I would allow for clients keeping their assets: car, RRSP, and homes. Clients need cars for work, RRSP for the future. Do not punish the client, it pushes them into poverty they cannot get out of."

– Ontario Disability Support Program recipient, Ottawa

The Role of Refundable Tax Credits

When the system was first set up in the 1960s, there were no other broad-based government programs that paid income to all recipients of social assistance. This began to change in the 1980s. Today, most persons receiving Ontario Works or the Ontario Disability Support Program have other income from both the federal and provincial governments, particularly in the form of refundable tax credits.

Table 4 shows ten types of households receiving Ontario Works or Ontario Disability Support Program benefits and the amounts of income from various sources. Tax credits now account for one third or more of income for single parents on social assistance. Most are child-related tax credits, such as the Canada Child Tax Benefit and the new Ontario Child Benefit. A smaller contribution is made up of various property and consumption tax credits at both the federal and provincial levels.

Table 4 Tax credits as a percent of total annual income for households on social assistance Ontario 2010						
Household	Social assistance	Federal tax credits	Ontario tax credits	Total tax credits	Total income	Tax credits % of total income
Ontario Works						
Single adult	\$7,020	\$248	\$595	\$ 858	\$7,878	11%
Two adult couple	\$12,120	\$496	\$1,053	\$1,549	\$13,669	11%
Lone parent - one child	\$10,956	\$5,242	\$2,153	\$7,395	\$18,351	40%
Lone parent - two children	\$11,532	\$8,549	\$3,303	\$11,852	\$23,384	51%
Two adult - one child	\$12,696	\$5,242	\$2,203	\$7,445	\$20,141	37%
Ontario Disability Support Program						
Single adult	\$12,504	\$248	\$595	\$858	\$13,362	6%
Two adult couple	\$19,008	\$496	\$1,053	\$1,549	\$20,557	8%
Lone parent - one child	\$17,400	\$5,242	\$2,153	\$7,395	\$24,795	30%
Lone parent - two children	\$18,144	\$8,549	\$3,303	\$11,852	\$29,996	40%
Two adult - one child	\$19,752	\$5,242	\$2,203	\$7,445	\$27,197	27%
Source and assumptions: Calculations by the Social Assistance Review Advisory Council; two adult couple on the Ontario Disability Support Program assumes one with disability; for two children one is under age 6 and one is age 6 or older; no earned or other income.						

Income from tax credits is paid as a result of filing an income tax return, something which almost everyone is expected to do. There are fewer rules to navigate beyond the ordinary challenges facing every resident filing a tax return, although barriers remain for

some low-income groups in filing their taxes. Tax credits have proven popular and sufficiently attractive to governments that they have chosen to increase these programs and protect them from inflation. All tax credit programs, except the federal Universal Child Care Benefit and the Ontario Child Benefit, are indexed so their real value does not erode due to inflation. The real after-inflation value of tax credit programs has risen over time with various ad hoc improvements. In contrast to social assistance, tax credits have proven non-stigmatizing and sustainable.

The history of modern welfare in Canada reveals the futility of attempting to achieve the goal of ‘income security’ solely through increasing social assistance rates. In the last few decades broad-based income tested programs outside of social assistance have emerged that provide more reliable and publicly acceptable sources of income. Tax credit programs also have an added advantage: they are not cut off when a family finds work. For this reason, the tax credit strategy also reduces barriers to employment.

Jobs as Pathways Out of Poverty

If social assistance rates are extremely low, work will always be financially rewarding compared to assistance. This simple maxim – sometimes known as the principle of ‘less eligibility’ – was the guiding design principle of income security in Canada until at least the 1960s, and some would argue that it remains the design principle today. The Social Assistance Review Advisory Council unequivocally rejects the principle of less eligibility in all its guises. The goal instead is an income security system which simultaneously provides decent incomes for those not working while ensuring that work is financially rewarding.

As Tables 3 and 4 show a lone parent in Ontario with one child under six years of age, and no earned income, has a total income of \$18,351. Table 5 shows that a lone parent working 37.5 hours per week at the minimum wage will realize an annual after-tax income of \$26,797. The financial gain in income would be \$8,446.

“From my perspective, and I have just recently received it (Ontario Works) for the first time, the challenge is that people get used to the struggle of being on it, and do not see how they can get off of it. It is difficult to transition from being on social assistance, and then get a job directly after with enough additional pay to make it worthwhile ending assistance. You must make many adjustments, and there are many additional costs and lifestyle and routine changes that must occur when you go from living and struggling to survive ON social assistance, to working full time OFF assistance. So I think the challenge is making sure that those who get off of it have an easier time adjusting, making that transition, so that they can comfortably and confidently be off of it, and onto being self-supportive and sufficient.”

-Ontario Works recipient, Toronto

Table 5 Lone parent with one child under six living in Toronto, Ontario 2010	
Full time minimum wage based on 37.5 hours at \$10.25	\$19,988
Canada Pension Plan contributions	\$816
Employment Insurance premiums	\$347
Income tax paid	\$0
Subtotal taxes	-\$1,163
Child Tax Benefit	\$1,340
National Child Benefit Supplement	\$2,076
Ontario Child Benefit	\$1,100
Universal Child Care Benefit	\$1,200
GST tax credit	\$626
Ontario tax credits	\$320
Harmonized Sales Tax credit	\$635
Working Income Tax Benefit	\$857
Subtotal credits	+\$8,154
Total Net Income	\$26,797
Low-Income Cut-Off	\$23,039
Low Income Measure	\$23,534
Market Basket Measure	\$23,298
Source and assumptions: Calculations by Social Assistance Review Advisory Council. Rent is assumed at \$1,000 per month.	

That increase in income is substantial, but does not account for the cost of child care. Even if a fully subsidized space is available, this will cost at least the full amount of the Universal Child Care Benefit. In addition, a working parent who has moved on from Ontario Works will not have supplementary health benefits after a short period of time, such as drug benefits, but will have additional costs such as transportation to work and clothing for work. This implies that the true net gain is considerably less than \$8,446.

Nevertheless, working full-time will result in financial improvement, mostly due to tax credits which are available to all Ontarians, whether they work or not.

A lone parent with one child is one example, but the situation is not atypical for families with children. To achieve an income security system that provides *both* an adequate income and ensures work results in financial reward for all Ontarians, the solution lies in making more financial and other benefits *portable*. By portable, we mean paying benefits to both working and non-working Ontarians.

Ontario has already made important strides in this area. The Ontario Child Benefit, for example, is a portable benefit. It is paid to parents receiving Ontario Works and the Ontario Disability Support Program as well as low-income working Ontarians. Benefits such as the refundable GST tax credit are also portable between work and social assistance. When Ontario's new Harmonized Sales Tax comes into effect in 2010, it will be accompanied by tax credits for low-income households which have been calculated by independent organizations to more than compensate for additional taxes paid. These portable benefits have the effect of removing barriers in the system that can discourage people from working, while also supporting people in low-wage work.

Other programs, such as the federal government's Working Income Tax Benefit, help offset the cost of employment and supplement low wages. Ontario has also made a number of changes to Ontario Works and the Ontario Disability Support Program to make it easier for people to work, such as decreasing the percentage of earnings deducted and allowing prescription drug benefit cards to be retained for a period after exiting welfare. Ontario's increases in the minimum wage, now at \$10.25, and better enforcement of employment laws will improve incomes from work and also result in better working conditions for many working for low wages. Ontario's Early Learning initiatives are also expanding access to affordable early learning and child care, which will provide crucial supports for families with children, including low-income households.

"I worked for eight hours, requiring a babysitter for nine hours. Half of my earnings had to go to the babysitter and half was deducted from my Ontario Works equalling an income from the part time job of nearly zero. It was not worthwhile working financially only socially."

– Ontario Works recipient, Windsor.

Employment Supports and Related Services

Employment and related supports have a key role to play in supporting the skill-building and training needs of individuals, which in turn contribute to a productive and competitive workforce.

As in most provinces, Ontario has three streams of training and education. One is the mainstream education system for Ontarians looking to obtain a degree, diploma or certificate.

Another stream is the programs and supports available through Employment Ontario, for which all those eligible for Employment Insurance can access, as well as those no longer eligible for Employment Insurance but who were in the past (the so-called 'reach-back' provisions).

A third stream is employment programs available to those in receipt of social assistance (Ontario Works and Ontario Disability Supports Program and First Nations). The latter are less comprehensive and, again, their quality and availability range across Ontario. There are also different programs for new Canadians and immigrants under the Canada-Ontario Immigration Agreement delivered by the Ministry of Citizenship and Immigration through Local Immigration Partnerships.

New federal-provincial labour market agreements have increased funding for the social assistance stream, but employment supports, training and education for those on assistance remain inadequate and often unhelpful. Overall, employment supports remain a patchwork of uneven access, quality and for the most part not delivered in an integrated way, thereby creating gaps, duplication and instability.

Despite funding and legislative challenges, there is an emerging recognition across different levels of government and community agencies that a more effective approach to workforce development services is needed.

The provincial government, municipal service deliverers, as well as community agencies, are individually and collaboratively implementing new approaches to respond to increasingly complex human service needs. A related theme in this emerging approach is recognition of the value of integrating employment services, financial assistance and related supports including public health, dental services, recreation, child care, and housing.

At the local level there are some practices that have emerged that have found ways to sidestep or push ahead of regulation to best respond to local needs, issues, challenges and mandates particularly in the area of employment services and supports. For example, the City of Toronto has recently opened a new employment opportunity centre in Metro Hall with a professional business-like setting and a clear mandate to assist clients in finding employment.

There are also initiatives relating to coordinating services for individuals and families. The Algoma District Social Services Administration Board, for example, is implementing a one-stop shopping strategy where applicants are directed to Client Services Coordinators who have access to a full range of services, from child care to employment and training, including mental health assistance, in an attempt to turn their service into a 'helping' function.

Innovative community initiatives have also been launched that create employment for those often classified as "permanently unemployable." For example, the Ontario Council of Alternative Business is a psychiatric consumer survivor run organization that creates economic and leadership opportunities for psychiatric survivors and marginalized individuals in Toronto. Currently, the Ontario Council of Alternative Business operates four businesses (The Raging Spoon, Green Thumb Enterprises, Out of This World Café, and Grassroots Research) which provide employment to over 100 psychiatric survivors.

Seeds of change may be found in these local initiatives. The goal should be to increasingly provide multiple service access points and work with individuals to offer a continuum of responsive services. These changes should be guided by an emerging international consensus of best practices, as cited in research by Dean Herd, [Herd 2006] that include:

- Good assessment of individual and local labour market strengths and needs.
- Rapid job placement for those closest to the labour market, plus ongoing training and support for those who require additional help to find work.
- Engaged local employers.
- Job retention and progression, placement in the right job, with suitable hours, skills and location.
- Holistic interventions that address housing, health, child care and substance use issues as well as labour market needs, which are more effective than those that simply address work needs in isolation.

In addition, the province and municipalities have been working jointly for the last few years to redefine the provincial and municipal roles in the delivery of social assistance and employment supports. The two directly related recommendations of the Provincial-Municipal Fiscal and Service Delivery Review are:

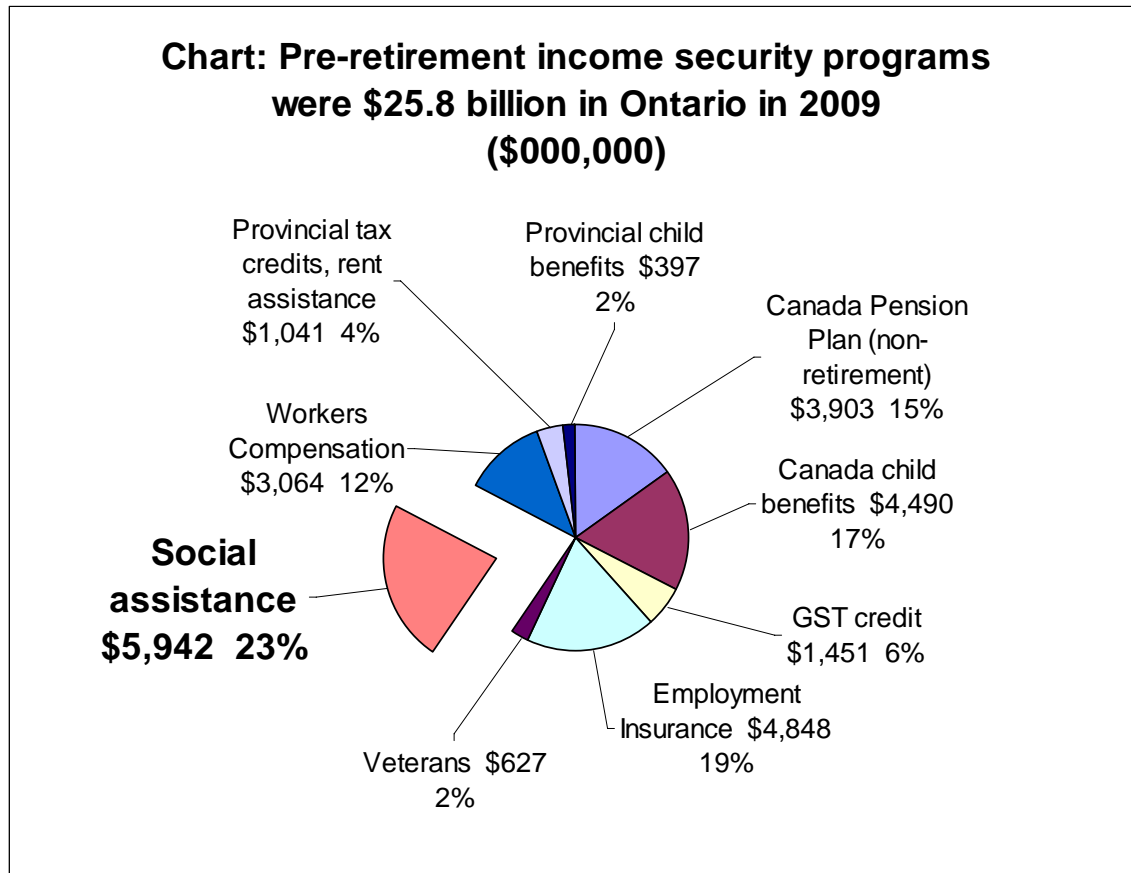
- The province and municipalities agree to work together to simplify and modernize delivery of income assistance and employment-related supports.
- The province and municipalities further agree to better integrate Ontario Works, Ontario Disability Support Program and Employment Ontario employment services to improve employment outcomes for clients and to make better use of resources.

A provincial-municipal Human Services Implementation Steering Committee has been established to look at how to implement these recommendations.

Recommended Terms of Reference

Scope of the Ontario Income Security Review

The Social Assistance Review Advisory Council was asked to report on the “scope and terms of reference that would guide the development of the social assistance review.” But social assistance is at the bottom of the hierarchy of income security programs. A review of social assistance for working age adults without also accounting for the impact of other programs that surround it at all levels of government would be too narrow and would not address the pressing needs of Ontarians. Other programs that should be examined in the review include: Employment Insurance, the Canada Pension Plan Disability benefit, Workplace Safety and Insurance Board, federal and provincial child benefits and other tax and income security programs operated by the federal and Ontario governments.



Employment Insurance: In 2009, only 37.9 percent of unemployed workers in Ontario received regular Employment Insurance benefits. Ontario, with its younger and newer population, has many immigrants, new labour market entrants and re-entrants, many of whom do not qualify for Employment Insurance. As it stands, Employment Insurance is not doing its job and increasing numbers of unemployed workers have nowhere else to turn but to social assistance with its maze of rules, including stripping away most assets. Ontario Works is not an appropriate alternative for these workers.

Disabilities: Similarly, many working-age persons with disabilities have no other means of obtaining needed income and services, or access to programs such as the Workplace Safety and Insurance Board or the Canada Pension Plan Disability benefits. They have no choice but the Ontario Disability Support Program.

As such, the Social Assistance Review Advisory Council recommends the Ontario government initiate an Income Security Review with the goal of transforming the current outdated models of social assistance. The goal of the review should be to develop a detailed road map with key milestones that lays out the core steps required to achieve a comprehensive, modernized income security system.

The Income Security Review should undertake a comprehensive assessment of income security, employment and social supports for working-age adults. It should include federal programs such as Employment Insurance, provincial programs such as Ontario Works and the Ontario Disability Support Program, as well as local and community roles. The review should also include a plan to deal with financial and other mechanisms required to navigate through a changed income security system.

It is our hope that a new income security system will act as a springboard to opportunity, help ensure jobs provide real pathways out of poverty, and support Ontarians in good times and bad through liveable incomes, employment and related services, so people can get back on their feet and participate in their community.

Key Strategies to Guide the Ontario Income Security Review

The Social Assistance Review Advisory Council recommends the Ontario Income Security Review explore the following six strategic directions for reform. These strategies should form the basis for consultations with Ontarians. Based on the results of those consultations and research, the review would then develop a detailed ‘road map’ for implementing a transformed system.

Building on the approach of the Ontario Child Benefit, develop an expanded range of income and services to be available to all low-income Ontarians.

Rather than social assistance, wherever possible, programs paying financial benefits should be available to all low-income households through a simple income test.

The development of a housing benefit paid outside of social assistance should be a priority. Affordable and safe housing is as important as financial assistance and should be an integral component of any new income security system. The relationship between individual housing programs - housing benefits, the shelter allowance in social assistance, rent-geared-to-income and others - should be better integrated.

Health, social services and other services such as drug and dental benefits should be de-linked from social assistance and made available based on an income or needs test. Where feasible, benefits should be delivered through mainstream mechanisms such as the income tax system, the Trillium Drug program or Ontario Health Insurance Plan.

Barriers to low-income people accessing benefits paid through the income tax system should be addressed, building on successful outreach and public education initiatives by governments and the community sector.

Strengthen initiatives such as minimum wage increases, enhanced employment standards, fair employment initiatives, and the federal Working Income Tax Benefit to ensure the labour market offers effective pathways out of poverty.

As part of the Poverty Reduction Strategy, Ontario has already made strides to ensuring better paying work through its increases in the minimum wage, better enforcement of employment standards and the appointment of a fairness commissioner. Continuous improvements in the standards of employment and their enforcement are needed, especially for those most vulnerable to exploitive work relations such as lower wage workers, recent immigrants, racialized groups, Aboriginal peoples (especially First Nations), and new entrants into the labour market.

Replace short-term coverage in Ontario Works with more appropriate financial support outside of the social assistance system for those who are temporarily unemployed.

As well as an improved federal Employment Insurance plan, the review should consider whether an income-tested, non-contributory unemployment assistance plan is needed.

Re-engineer long-term coverage in Ontario Works as an opportunity planning program to support achieving full labour market potential through skills building, education, training, employment and related support.

Ontario Works should be turned upside down. Today it is a program that provides financial assistance with some employment supports. The new program should be primarily focused on human capacity development, with financial assistance as just one of the tools available to assist low income Ontarians.

The review should examine how a transformed Ontario Works can provide access to critical services and supports to unemployed and underemployed residents. It should also study how local service delivery can provide a means of quickly adapting to changing labour markets and supporting workforce development initiatives. The review should build on the lessons learned from the recently completed demonstration projects of Local Workforce Development Reference Group, co-chaired by the Ministry of Community and Social Services, and the Ontario Municipal Social Services Association. Pilots and demonstration project should be encouraged by supporting integrated approaches, increasing flexibility in program design, and facilitating knowledge sharing.

While financial assistance will be the ‘secondary’ task of a re-engineered opportunity planning program [Government of Ontario 1988], such assistance will still be required. In the new opportunity planning program and elsewhere the guiding principle should always be ‘least intervention’ requiring the least intrusion into recipient’s lives.

“We become a very transient group, always looking to find better housing. I believe that affordable, safe, decent housing in a diversified community is the most important ingredient for someone who needs to rely upon social assistance. With a healthy, permanent roof overhead, they can establish roots in a community and build a good foundation for their other needs.”

–Ontario Disability Support Program recipient, Toronto

Develop standards for a liveable income and a process to use those standards to assess the adequacy of Ontarians' incomes.

Such an assessment process should also identify how to more effectively resolve negative interactions between income programs and benefits, such as the disproportionate impact of high marginal effective tax rates on low-income Ontarians.

Most urgently, Ontario needs to consider immediate implementation of measures that will increase the incomes for unattached individuals and couples without children receiving Ontario Works. Ontario's options include expanded refundable tax credits, raising basic rates, or introducing new core benefits for all low-income Ontarians. A well-designed housing benefit for all low-income households that includes substantial gains for the incomes of those on social assistance would provide the next step towards comprehensive transformation.

Improve income and social supports for those whose reasonable prospects of earning liveable incomes from employment are limited by disability or other circumstances, including a possible new vision for the Ontario Disability Support Program and exploring options for alternative models of financial assistance.

There will continue to be people who cannot reasonably be expected to earn an adequate income from employment as a result of disability or other barriers. The Ontario Income Security Review should consider strategies to improve financial and social supports to those outside of the labour market, including improvements to the Ontario Disability Support Program. The Ontario Disability Support Program should be re-envisioned to improve the application process, minimize intrusion into people's lives, and to support the aspirations of people with disabilities through the provision of better training and employment supports, including access to meaningful education opportunities to address the barriers to employment and community participation faced by people with disabilities.

The review should explore the provision of disability support services and benefits outside social assistance to be available to those receiving income support from other programs or employment. The review should also examine alternative models of financial assistance, such as the Guaranteed Income Supplement or the Canada Pension Plan Disability benefit.

The task of Ontario's Income Security Review is to work out the design of a reformed income security system, what it would look like in practice, what it would cost, how to pay for it and how Ontario and other partners, including the federal government, could build it in stages.

The process of transformation will necessarily involve other orders of government; the federal government must eventually be engaged. Lack of federal government co-operation, however, should not impede Ontario's work to define the reforms needed in federal programs to meet Ontario's interests.

As part of the transformation of income security, the province and the government of Canada will need to undertake separate and substantive discussions with First Nations to ensure that the new system on First Nations reserves reflects their needs and priorities. The review will need to establish conditions for these discussions and recommend on how they can proceed.

Measurable Outcomes

The Social Assistance Review Advisory Council recommends seven outcomes as a basis for measuring the performance of the system. These outcomes should form the basis for consultations with Ontarians on the development of a set of practical measurements for the new system – metrics – so that they may then be used to monitor the income security system.

- a. Social and economic inclusion.
- b. Autonomy, responsibility and dignity of recipients.
- c. Income for all Ontarians that at least meets a liveable income standard.
- d. Human capacity development and its optimal employment to contribute to the economic prosperity of Ontarians.
- e. Public and fiscal sustainability.
- f. Fairness, equity and transparency.
- g. Empowerment of recipients to improve their economic circumstances.

The Review Process

Commissioners

The government should appoint two commissioners to lead Ontario's Income Security Review, reporting to a committee of relevant ministries. The commissioners should be responsible for delivering a plan with recommendations for transformation of Ontario's income security, employment and related supports based on the recommended Terms of Reference as outlined in the Social Assistance Review Advisory Council report. The commissioners should be recognized leaders in their field who are civically engaged and who are knowledgeable about social policy in Ontario.

The Advisory Council

The government should appoint an advisory council that should draw on diverse geographic, sectoral, and social perspectives from across Ontario, including representatives with lived experience drawn from groups at heightened risk of poverty. The advisory council should be convened by the commissioners to advise and validate critical aspects of the review.

The Secretariat

The review should be supported by a small secretariat. Its role should involve administration and coordination, including a Secretary of the Review who reports to the commissioners, research, outreach and consultations, and communications.

Dialogue and Consultation Strategy

The review should build a process for a public dialogue on income security, based on the following four goals:

- Engage in a dialogue with a representative group of Ontarians with lived experience of social assistance.
- Draw on the expertise of people receiving income security benefits, system stakeholders, key informants, policy experts and researchers.
- Implement mechanisms to ensure all Ontarians have an opportunity to provide suggestions, advice and opinions.
- Engage Members of Provincial Parliament and other political leaders in the review.

With these goals in mind, the review should develop the following streams of consultation:

Panel of experience: We recommend an approach modeled on, or continuing, the Peoples' Review for this purpose. The Peoples' Review is bringing together a representative group of persons from across Ontario who are currently or recently living on social assistance as peer researchers to generate new ideas and strategies that can increase pathways out of poverty for those currently on assistance. If The Peoples' Review is not available, then a similar group should be established to provide ongoing advice and input.

Public consultation: A series of consultations should be convened by the co-chairs to review the directions, including the strategies recommended by the Social Assistance Review Advisory Council. Meetings should be coordinated to ensure regional coverage, including engaging remote, rural and isolated delivery sites. Members of Provincial Parliament should be engaged and provided support to lead their own consultations locally. Outreach to specific groups and populations should be coordinated with local partners to ensure a comprehensive dialogue across all social sectors.

First Nations: Separate and substantive discussions with First Nations to ensure reforms reflect their needs and priorities.

Expert panels: Consultation should include roundtables of experts and key stakeholders in various aspects pertaining to the review.

Written input: Welcome via internet and regular mail.

Connection to other Processes

In conducting their work, the commissioners should consider and build on the in-depth community consultation process already undertaken by the Ontario government regarding, for example, the Poverty Reduction Strategy and other mechanisms such as the Long-Term Affordable Housing Strategy.

The commissioners should also build on related initiatives, such as the provincial-municipal work underway through the Human Services Implementation Steering Committee and the Long-Term Affordable Housing Strategy. The review could also share learning with the Mowatt Centre for Policy Innovation's Employment Insurance Task Force and the Law Commission of Ontario's research project: The Law as it Affects Persons with Disabilities.

Timelines

The review should be conducted over a process of 12 - 18 months.

Appendix A: Mandate and Process

The Social Assistance Review Advisory Council's Mandate:

The Social Assistance Review Advisory Council role was twofold:

1. Submit recommendations to the Minister of Community and Social Services regarding the scope and terms of reference for a review of Ontario's social assistance system.
2. Advise the Minister of Community and Social Services regarding possible short-term changes to social assistance rules that would improve the program for beneficiaries without adding substantial costs.

The Social Assistance Review Advisory Council was not asked to produce a report on how to reform social assistance. The Council represents an interim step in the government's commitment in *Breaking the Cycle*.

The Social Assistance Review Advisory Council's Process:

The Social Assistance Review Advisory Council's deliberations were entirely independent of the government. All the members of the Social Assistance Review Advisory Council served without compensation from the Ontario government. The Ontario government provided support through facilitating meetings with officials, maintaining a website for the Social Assistance Review Advisory Council, and supplying reports and other information as requested.

The Social Assistance Review Advisory Council employed five strategies to fulfil its mandate.

First, it developed a list of short-term reforms reflecting the challenges facing Ontarians relying on social assistance which were submitted to the government in early February.

Second, it engaged with the Peoples' Review, which brings together a representative group of persons from across Ontario currently or recently living on social assistance as peer researchers to generate new ideas and strategies that can increase pathways out of poverty for those currently on assistance. Through the Peoples' Review, the Council was able to meet with and hear from Ontarians who have had recent personal experience of living on social assistance.

Third, it organized an intensive round of meetings to address specific areas of policy requiring extra knowledge and attention. These meetings involved experts, advocates and groups of people with experience as consumers of services. Topics included:

- The Ontario Disability Support Program (ODSP) and other disability programs.
- A detailed review of Ontario Disability Support Program and Ontario Works caseload over the last few decades.
- Training and education opportunities available for persons on assistance and others in need across three orders of government and in the community sector.
- A review of the experience of the Transitions Report in Ontario [Government of Ontario 1988].
- A review of particular groups with higher prevalence of poverty, including women and lone parents, people with disabilities, racialized communities, newcomers and other topics.

Fourth, it considered public contributions on the website set up by the Ontario government for this process. These included comments from those on assistance, their parents, relatives and the general public.

Finally, the Council met with government officials and Ministers who gave generously of their time.

Short-Term Outcomes

In late March 2010, The Social Assistance Review Advisory Council was informed that the government will implement four of the short-term recommendations from its longer list submitted in February. The longer list included recommendations such as increasing assets. The four recommendations that will be implemented are:

- Expanding the exemption of small payments and in-kind gifts;
- Shortening the suspension periods for non-compliance with participation requirements;
- Clarifying the rules for disposing of assets in relation to eligibility (e.g., for persons paying off a government debt; and
- Changing the shelter allowance calculation for people who share the cost of their accommodation.

Appendix B: Letter on Special Diet Allowance

SOCIAL ASSISTANCE REVIEW ADVISORY COUNCIL

April 30, 2010

Hon. Madeleine Meilleur
Minister of Community & Social Services
Hepburn Block
6th Floor, 80 Grosvenor St
Toronto ON M7A1E9

Dear Minister:

In the 2010 provincial budget, the Ontario government announced that it had decided to wind down the Special Diet Allowance and to create a new program under the Ministry of Health and Long Term Care. As your government considers its options for this transition, I am writing on behalf of the Social Assistance Review Advisory Council with the following advice regarding the design and principles of the new nutritional supplement program:

- An overarching policy objective of the new program should be to ensure that low-income Ontarians, including those on social assistance, who have medical conditions that require special dietary needs over and above the cost of a healthy diet can afford their dietary needs.
- Current recipients of the special diet allowance should be grand parented into the new program, so long as they were in receipt of the special diet allowance through a proper application of the existing rules and regulations.
- Key stakeholders should be engaged to ensure a coherent policy and delivery framework, including special diet allowance recipients, health care experts, community agencies, advocates, municipalities and social services delivery agents.
- The unique conditions among First Nations should be recognized, as social Assistance on reserve is delivered under Ontario laws and policies. While Ontario Works is cost-shared with the federal government, there is no corresponding agreement, delivery mechanism or cost sharing on reserves for health programs. Transferring the special diet program to the health ministry may leave First Nations with no program at all, despite the high incidence of diabetes and other chronic illnesses, and the high cost of food. Ontario has to open discussions with First Nations and the federal government on the program transfer and not proceed until a positive resolution is agreed upon.

REPORT OF THE SOCIAL ASSISTANCE REVIEW ADVISORY COUNCIL
May 2010

We would be pleased to discuss this matter further at your convenience and we look forward to submitting our report on terms of reference and scope for a social assistance review in the coming days.

Sincerely,

A handwritten signature in black ink, appearing to read "Gail Nyberg". The signature is written in a cursive, flowing style.

Gail Nyberg
On behalf of the Social Assistance Review Advisory Council

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