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MEMORANDUM TO: Ontario Works Administrators
- CMSMs and DSSABs

FROM: Erin Hannah
Director, Ontario Works

RE: Revised Ontario Works Funding Approach

As you are aware, through the Provincial-Municipal Fiscal & Service Delivery Review (PMFSDR), the province committed to working with our Ontario Works delivery partners to review Ontario Works funding and recommend principles to guide revisions to the funding approach.

Over the past year, the Ministry of Community and Social Services has worked with its municipal and First Nations delivery partners to review the current approach to funding Ontario Works. I would like to take this opportunity to thank members of the provincial-municipal Ontario Works Funding Principles Working Group for their input in this process under the umbrella of the Human Services Implementation Steering Committee. The discussions provided the ministry the opportunity to hear from our delivery partners on the challenges with the current approach to funding and the opportunities to revise our approach.

With respect to the current approach to funding, the key challenges raised during the course of the funding review included:

- Funding is historically based and unresponsive to key program cost drivers, which has led to an inequitable distribution of available funding;
- Funding does not wholly account for evolving program responsibilities and legislated requirements;
- Funding does not account for unique program delivery needs, particularly in low-population density areas; and,
- The funding approach adds complexity to program management.

As per the PMFSDR commitment, the ministry's funding review partners developed principles to underpin a coherent Ontario Works funding approach that supports equity, responsiveness and effective program delivery. Please see Appendix for the guiding principles.

Based on the input received from our funding review partners, the ministry is planning to implement a revised funding approach for Ontario Works effective April 1, 2011. The following are the key elements of the revised approach:

- Ontario Works administration and employment assistance funding are consolidated into one Program Delivery funding allocation for the purposes of program management. This change provides delivery agents the flexibility to determine how best to allocate funding for all aspects of program delivery, while simplifying program operations (e.g., financial reporting).
- Current cost-sharing, cost-recovery and upload commitments are upheld within the single Program Delivery funding allocation by identifying a portion which is cost-shared at 50/50 and a portion that is subject to the upload.
- Provincial expenditure requirements and the distribution of funding utilize an established provincial subsidy per case of \$2,016.
- Caseload is determined based on the standard Ontario Works caseload and a supplementary caseload made up of mandatory service requirements that are not reflected in the standard caseload. This includes:
 - Applicants found ineligible during the intake process or who discontinued their application during intake;
 - Emergency assistance recipients;
 - ODSP participants participating in Ontario Works employment assistance; and,
 - Cases referred by Ontario Works delivery agents to ODSP.
- Program Delivery funding allocations are derived based on a two-year monthly average standard and supplementary caseload (September 2008 – October 2010) and the provincial subsidy per case.
- Program Delivery funding allocations are aligned with the two-year Ontario Works business cycle and updated at the start of each new cycle. However, the ministry will continue to flow the municipal share of the upload on an annual basis.
- Outcomes will be expanded to include service delivery measures over time.

With these changes, the ministry will be replacing a funding approach that was developed under General Welfare Assistance with a modernized approach that will support effective and efficient program delivery.

Consistent with the principles endorsed by the funding review partners, the planned funding approach:

- Provides for a consistent, partnership-based approach to funding Ontario Works across the service delivery network that treats all municipal and full delivery First Nations the same when determining the provincial and delivery partner shares.
- Creates equity in the distribution of program funding to support effective program delivery by establishing a set provincial cost per case.
- Upholds the commitment to upload the municipal share of overall employment assistance costs.
- Allows for greater flexibility and simplicity in budget planning and reporting through a single funding allocation. This means delivery partners will determine where funds are used to best support program delivery and have the ability to reallocate among eligible costs as needed.
- Provides for a transparent and responsive approach by linking program funding to key program cost drivers, including recognition of northern and rural/remote factors.
- Supports effective service planning and stability in program delivery by aligning funding with the two-year Ontario Works business cycle.

Achieving an equitable and reasonable funding approach that can best support the overall program goal of helping people prepare for and find jobs comes with the need for increased investments for the ministry and delivery partners.

In fact, the revised funding approach entails a significant investment into 50/50 cost-shared funding by the ministry, which generally means delivery partners will need to increase their investment to fully leverage the increase in available provincial funding.

As you know, many municipal delivery partners experienced fiscal pressures in 2010 as a result of the economic downturn and Ontario Works caseload growth. Recognizing these pressures, the ministry recently provided one-time in-year funding to those municipalities that contributed above the cost-shared funding for Ontario Works administration in 2010.

Leading up to the implementation of the new funding approach, the ministry will also be providing additional one-time in-year funding to address municipal expenditures above the cost-shared administration funding in the first quarter of 2011.

Despite the increase in available provincial funding, there are a small number of delivery partners that will see a decrease in overall provincial funding. There will also be some delivery partners that will need to invest more to maintain 2010 funding levels, before leveraging any new funding.

Recognizing the challenges inherent in introducing a revised funding approach as of April 1, 2011, the ministry has identified a transition strategy to support planning for and alignment with the new funding approach. Under this strategy, the ministry will provide a portion of the municipal contribution at 100% provincial cost for the first two-year funding cycle to those delivery partners that will see a decrease in overall provincial funding or need to invest more to maintain their current funding level.

The transition strategy is aimed at assisting delivery partners in adapting their local service planning to the new funding approach by allowing a full two years for adjustment. The ministry will continue to work together with delivery partners over the course of the first funding cycle to support the transition going forward.

As you may know, the Ontario Municipal Partnership Fund (OMPF) is designed to respond to the individual circumstances of each municipality, including the municipal share of social programs costs such as Ontario Works program delivery. To ensure that the OMPF remains up to date and responsive to changing local circumstances, the most recent data that are available prior to the annual release of the program are included in the calculation of individual OMPF allocations. As a result, changes resulting from this new funding approach to Ontario Works program delivery costs will be reflected in the OMPF calculations starting with the 2012 program year. Please note that decisions regarding 2010 and 2011 reconciliation have not yet been finalized. Should you have questions regarding the OMPF, please contact the Ministry of Finance.

The ministry will be sending individual communications to each delivery partner later this week. This will identify your notional Program Delivery planning allocation for 2011/12 and details regarding the transition strategy where applicable. We are also working with our Regional Offices to coordinate regional sessions over the course of February and March 2011, which will provide the opportunity to present the planned funding approach in detail and review the changes to related business products (e.g., Consolidated Budget Package).

We are looking forward to our discussions during the regional sessions in February and March, 2011. Should you have questions in the interim, please contact your Regional Office representative.

Sincerely,

Original signed by

Erin Hannah

- c. Maxine Daley, Director, Social Assistance and Municipal Operations Branch
MCSS Regional Directors
Municipal and First Nations Service Managers
Kira Heineck, OMSSA
Jeff Bowen, Manager, Ontario Works Branch
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Appendix: Guiding Principles

- Partnership-Oriented – Recognizes the Province, municipalities, district social services boards and First Nations work in partnership in the delivery of the Ontario Works program.
- Flexible – Recognizes differences in service delivery models and varying local capacity, and supports integrated service planning and delivery at the community level.
- Outcome-Focused – Performance-based, focusing on the achievement of client outcomes, providing an incentive for service delivery partners to pursue continuous improvement, allowing for in-year realignment based on unanticipated events, and supporting corrective action where required.
- Equitable - Reflects a fair distribution of funding across the provincial service delivery system.
- Stable – Recognizes funding stability is critical for efficient and effective program management.
- Responsive – Anticipates and responds to key cost drivers, as well as unique caseload and geographic characteristics.
- Transparent – Simple and logical, clearly indicating the basis on which funding is distributed.
- Accountable – Respects the roles and responsibilities of delivery partners and the Ministry in the accountability relationship.
- Cost-Effective – Promotes value for money in the use of public funds to support agreed upon service delivery standards.