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*2012 Provincial Budget
Initial Analysis*

March 27, 2012

The [Ontario budget for 2012-2013](#) was released today with a [late afternoon speech](#) by Provincial Finance Minister Dwight Duncan in the legislature.

Much of what was already released through media stories in recent weeks was confirmed today, and details follow below. OMSSA was watching the budget speech in particular to see what its tone and direction could tell us about how the provincial government's plans to proceed in response to the [Commission on the Reform of Ontario's Public Services](#) (Drummond Report) which was released last month.

While the spirit and key themes of the Drummond report are felt throughout the budget, the speech itself stressed sustainability and transformation while only once actually invoking the Commission by name. It did reiterate the government's much stated orientation to the deficit and commitment to balancing the budget by 2017-18, but also took a more collaborative tone in terms of framing some of its contents as proposals instead of directions. This is unsurprising given that the Liberal government is tabling this budget in a minority government context and will need the support of at least one of the other parties to pass it.

Other general themes in the speech and budget include the prioritization of education, health care and job creation/employment strategies. At the same time it includes proposals to reduce provincial spending by \$17.7 billion in 3 years. Another lens to their general approach is the statement that for every dollar of new spending, there will be four dollars of cuts.

One point of almost everyone's analysis immediately after the release of the Drummond Commission report is that it was only asked to tell one side of the story: the expense side. One important step today that the government took to also move on the revenue side was to freeze the scheduled Corporate Income Tax cuts as well as the education taxes for business until the budget is balanced, bringing in an additional 1.5 billion over the next 3 years.

It also was clear today that the really interesting information about what this budget will entail for Ontario, including all the human services that OMSSA members deliver, was contained in the [addendum to the budget](#). This is the first time that a budget has been accompanied by details outlining changes to programs ministry by ministry. This addendum also tells us that in this budget, the devil is certainly in the details.

Time today does not allow for OMSSA to analyse each item, but highlights are included in the sector by sector analysis below, and a more thorough review of each, including further exploration with ministry contacts on the true impact of each, will be part of OMSSA's continuing work on understanding this budget. This will include a more in-depth look at the particular impacts on rural, northern and remote areas as well.

Integration

One point that will interest OMSSA members is the unmistakable emphasis put throughout the budget documents today on integration, streamlining and minimizing duplication. This again picks up on earlier language in the Drummond report as well the work to date of [the Commission on Social Assistance Review in Ontario](#) (CSARO.) While there are few details today from which to gauge how closely the province's overall sense of integration matches our own – little jumped out regarding putting clients at the centre of an integrated approach for example – this is an area through which OMSSA can continue to engage our provincial counterparts in the discussion of a robust and sustainable approach to service integration. This is particularly important where the concepts of streamlining or integration may be currently understood as little more than strategies to reduce costs by removing overlaps and duplication without an eye to impacts on effective service delivery.

Next Steps

Next steps after today include a period of debate on the budget, during which the opportunity exists for budget amendments by all parties to be tabled. It is also fair to expect that this budget, much more than others in recent years, will be shopped across Ontario to gauge public support for some of its more controversial elements. Ministries will also, in the coming weeks, be given directives on how to implement the budget and this will be another chance for OMSSA to find out more about what this budget means in concrete terms for human services.

Finally, there is an invitation for good ideas to be shared with the government in the coming period, perhaps referencing earlier talk of a provincial-wide consultation as recommend by Don Drummond and others, on how to best move forward. OMSSA, as part of its overall government relations strategy, will be involved in the opportunities this next phase presents as much as possible. Central to OMSSA's message throughout this work will be that to effectively bring the integration and transformation talked about in today's budget, as well as the other documents, about, the province needs the municipal sector at the table with the accountability we bring to local governments and tax payers and our expertise in implementation.

As you read through this first bulletin and analyse the budget more yourselves, please share with us at OMSSA your questions and priority concerns to assist us in focusing our work on your behalf

in the most pressing areas.

Key sector highlights

Below is a high-level overview of areas of interest to OMSSA members. More will follow as we deepen our understanding of details and impacts.

Employment and income security

- *Integrate employment and training services across government with Employment Ontario.* This includes the employment services under Ontario Works and ODSP, and again follows on both of the recent Commissions as well as resonates with recent OMSSA positions. We learned today that OMSSA and the municipal sector will be engaged in further discussions in implementing this integration.
- *Drive reforms to benefit programs to create a more efficient, integrated system that helps low-income Ontarians get back to work.* OMSSA confirmed today that this too speaks to the ongoing work of the CSARO. Details in one part of the budget today are gathered under the plan to *transform delivery of income-based benefit programs according to a framework that includes:*
 - *more efficient program administration and delivery*
 - *seeking to reduce duplication*
 - *introducing a My Benefits Account to allow simplified access to multiple income-based benefits and programs*
 - *modernizing privacy frameworks to support program transformation*
- *The government is not proposing any increased to social assistance rate this time.* It is interesting that there are no other details on the time span for which rates would be maintained. While OMSSA has always said that current rates are punishingly low and an overhaul of how they are set and at what rates is needed as part of broader transformation, the sense today is that this too will be part of ongoing discussion related to the CSARO's work.
- *Slowing down the rate of increase to the Ontario Child Benefit.* Delaying the planned increase of the OCB to \$1,310 (from the current \$1,110) the government will now phase the increase in over two years, to \$1,210 in July 2013 and \$1,310 in July 2014.
- *A new Jobs and Prosperity Council to work with government to create jobs.* In the context of this new council current programs to business to support job growth will be consolidated into a new Jobs and Prosperity Fund, with an eye to saving \$250 million by 2014-15 through "administrative savings."
- *Community Start Up and Maintenance Benefit (CSUMB) and Home Repair Benefit will be removed from social assistance, with housing supports delivered as part of the Long Term Affordable Housing Strategy (LTAHS.)* OMSSA was able to confirm today that what this means is that the CSUMB will now be added to the five programs being consolidated through the housing and homelessness work, and that only 50% of its current funding will

follow the change. Work through a partnership table with the provincial and municipal service managers continues on what the exact funding model for these consolidated programs will be and OMSSA will be following up closely on what the addition of this sixth program means. This budget move also means that the Home Repair Program – which made \$3 million available in the last fiscal year - will cease to exist and be replaced, where available, by Ontario Renovates.

- In the area of children and social services, the budget commits to a growth rate of 2.7% spending, despite the Drummond report recommendation to hold growth at 0.5%. It is important to remember, however, that child care services are no longer part of this area as its funds are now allocated through the Ministry of Education as part of the education budget.

Early learning and child care

- Previous commitments to maintain the current Full-Day Kindergarten program and class sizes were reiterated.
- There is nothing in today's budget to indicate cuts or new funding for child care services, but OMSSA did learn that EDU will be communicating with OMSSA and CMSMs and DSSABs in the coming weeks with more details. This could be interesting as education funding is one of the few areas where there are modest increases, but the line by line details of where additional funding is are not yet available. We will be watching this closely and sharing information with members.
- The government will change board allocations to encourage consolidation of underutilized school sites. Beginning in 2013-14 school boards will be directed to work with communities and to take regional circumstances into account in moving forward.
- The province will pursue amalgamation of school boards, in particular in areas with lower population growth and declining enrolment and will encourage economies of scale. The ministry will consult and work with board and their communities to put students first. This could be of interest to OMSSA members if the opportunities arise to better align board boundaries with CMSM and DSSAB boundaries and we will again follow this development.

Housing and homelessness

Overall, there is little mention of housing in today's budget, and none that is apparent so far, of homelessness. Items of interest include:

- In the addendum on expense cuts, a reduction in the social housing transfer payments under the Canada-Ontario Social Housing Agreement (SHA) of \$15 million over the next three years is noted. OMSSA was able to confirm that this is due to administrative savings stemming from provincial allocation practices and will *not* affect the allocations to municipal service managers.
- In the section on service delivery innovations under provincial work with municipalities, their work with the City of Toronto on a housing allowance program is highlighted. OMSSA will report on the overall benefit of the proposed approach in the delivery of this program in the province.

OTHER

- The 30% Off Ontario Tuition grant will be maintained
- A new income test for the Ontario Drug Benefit will be implemented for seniors with \$100,000+ incomes and senior couples with \$160,000+ incomes. These seniors will now pay more of the cost of their prescription drugs and the government expects this will effect 5% of the senior population
- The upload of social assistance costs through PMFSDR will continue as originally committed to, ending in 2018.
- Regarding the Ontario Municipal Partnership Fund (OMPF), it will continue to be phased down to \$500 million per year by 2016. In the coming months today's budget papers commit to reviewing how the OMPF works and to seek advice from municipal partners on "how to more effectively meet their needs while remaining within the program's identified envelope."
- All but the Polar Bear Express will be cancelled from the Ontario Northland Transportations Commission's operations
- The government will propose legislation for public-private partnership models for ServiceOntario
- They will keep the Ontario Clean Energy Benefit, but not for larger consumers
- MPP and broader public sector executive salary freezes continue for another 2 years
- There will be a review of pension funding, in consultations with effected stakeholders. This is one area where OMSSA will provide more analysis and information to members as it will affect most of you as individuals as well.

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