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# *Quick Connect*

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## *Final Report from the Commission for the Review of Social Assistance in Ontario*

October 24, 2012

### **Commissioners Vision for Social Assistance Reform includes key role for CMSMs and DSSABS**

After almost two years, Commissioners Francis Lankin and Munir Sheikh, delivered today their best advice to the Government of Ontario on how to reform Ontario's social assistance system. [\*Brighter Prospects: Transforming Social Assistance in Ontario\*](#), is a far reaching report containing 108 recommendations that provide the framework to transform Ontario's social assistance system.

Important to OMSSA members, the report lands squarely on local integrated service system management as a foundation to support and drive the new system envisioned by the commissioners.

High level points of interest to OMSSA members are outlined below with further comment and analysis and include:

- the integration of Ontario Works and the Ontario Disability Support Program into a single social assistance program managed by CMSMs and DSSABs;
- The coordination and integration of employments programs and services;
- A new rate structure; and
- Cost considerations and implications of moving forward with transformation.

### **Background:**

In 2010, Premier Dalton McGuinty appointed Francis Lankin and Munir Sheikh to undertake a review of Ontario's social assistance program and to make recommendations for improvement. As a part of the government's Poverty Reduction Strategy, the undertaking was intended to move away from an overly complex, regulatory burdened system that fell far short from meeting recipient's basic needs and moving them out of poverty and into the labour market. The commissioners were tasked with developing a vision and approach for a new system that would efficiently and effectively meet the twin objectives of providing employment supports and financial supports.

The Commission for the Review of Social Assistance in Ontario (CSARO) final report was informed by two discussion papers, [\*A Discussion Paper: Issues and Ideas\*](#) and [\*Discussion Paper 2: Approaches for Reform\*](#), released

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for public comment and discussions with key stakeholders and communities of interest across the province over the two year period of the review.

The work of the commission was informed by five specific outcomes upon which to make *recommendations that will enable government to:*

- *Place reasonable expectations on, and provide supports for, people who rely on social assistance with respect to active engagement in the labour market and participation in treatment and rehabilitation;*
- *Establish an appropriate benefit structure that reduces barrier and supports people's transition into, and attachment within, the labour market;*
- *Simplify income and asset rules to improve equity and make it easier to understand and administer social assistance;*
- *Ensure the long-term viability of the social assistance system; and*
- *Define Ontario's position vis-à-vis the federal and municipal governments as it relates to income security for Ontarians.*

Social assistance in Ontario is a \$7.5 billion dollar program, cost shared by the provincial and municipal governments. The direction to find efficiencies and to improve not only the program but the outcomes for those in receipt of assistance has been welcomed by all communities of interest and Ontarians.

Some very significant events have occurred throughout the review process, most notably the economic downturn and the continuing impact on Ontario's economic and labour market prospects. The ongoing economic challenges have caused the government to reprioritize its objectives. This, along with the recent prorogation of the provincial legislature, it can be expected, will have a strong influence on how the recommendations may or may not be implemented.

The report we have before us today addresses the above five outcomes. It also, importantly, recognizes that social assistance reform is only one element of addressing poverty and growing inequality. And that a more robust and coordinated approach across government is required.

OMSSA's initial assessment of the report indicates that the recommendations would amount to a significant change, in many cases increases, in the service delivery and service system management role. However, given the breadth and complexity of the recommendations, including understanding how they work together, it is not immediately clear how the recommendations to streamline services and benefits, maximize the use of technology, the new approach to labour market entry and attachment and moving to block funding, will, in the long term impact program outcomes and outcomes for recipients.

As well, it is not clear how the recommendations, within the current and foreseeable economic context, would impact both the service delivery and funding obligations of CMSMs and DSSABs.

What is clear, is that transformation, as supported and recommended by the Commissioners in today's report must be done in partnership with OMSSA, municipalities and CMSMs and DSSABs.

## **Overview of Key Recommendations of interest to OMSSA members:**

A key theme that emerges in the recommendations that supports OMSSA's advocacy and members' interests to deliver high quality and effective services is that of service integration. It is important to note that both OW - ODSP and employment services integration have been identified by the Commissioners as "early implementation priorities".

OMSSA assumes, given the current fiscal context of the provincial government as described above, that the "early implementation priorities" are seen to not include significant upfront provincial investments. The assumptions within the report appear to be that changes such as program/service integration, simplified benefits and better services and supports, could occur within existing funding envelopes and structures, and in fact, may result in "savings".

OMSSA strongly believes that these assumptions must be tested and modeled.

### Service Integration:

OMSSA has long advocated the benefits of an integrated approach to service delivery and administration and we are pleased the Commissioners have supported this, quite significantly, throughout its recommendations including:

- Streamlined and integrated program and delivery: integration of Ontario Works and the Ontario Disability Support Program (ODSP), to be delivered by CMSMs and DSSABs (recommendation 17).
- Improved employment outcomes and employer engagement through coordinated and integrated program delivery: with municipalities as full partners with the province in managing and planning employment services in their communities (recommendation 23).

### *Integration of Ontario Works and ODSP:*

The Report has a strong emphasis on supporting ODSP recipients both in terms of appropriate benefits and supports to employment. In the envisioned fully transformed system, people with disabilities requiring support will be eligible for supplementary benefits outside of the social assistance system.

A new streamlined and effective social assistance program, in the Commissioners' vision, would include a one door approach for all individuals, those with and without disabilities, seeking financial and employment assistance.

The Commissioners concluded that CMSMs and DSSABs and First Nations "are best positioned to manage and deliver the new social assistance program" because of the understanding of local labour markets and role in the delivery of other relevant, human services.

### *Implications:*

From a programmatic and service delivery perspective, this recommendation makes sense. However it will be critical that this not result in the transfer of costs to municipalities. Lessons learned during Local Service Realignment (LSR) when the transfer of labour saw the costs and implications of salaries, benefits and union negotiations, office space, IT and liability fall to the tax payer and municipal budgets must be remembered.

An understanding of the level and intensity of case management will also be an important implication to measure.

In addition to this, a number of recommendations and assumptions require close analysis as to understanding the impact of the integration of OW and ODSP. This includes the recommendation (105) that the province, as an early implementation priority, set a target for administrative savings that “should” be achieved through the integration of OW and ODSP and implementing the new rate structure. The recommendation includes the vigorous undertaking of medical reviews with administrative and program savings to be reinvested in employment services and supports.

OMSSA believes that it will take time to get “transformation” right. And, that the implementation of “early priorities” will likely not yield “savings” in the short term. This is particularly true given full transformation is identified as a longer term undertaking. Meaning, implications of system reform, and how they play out on all aspects of CMSM and DSSAB program obligations, delivery and funding will take time to understand.

#### *Financing OW-ODSP Integration:*

The report remains largely silent on cost considerations related to the integration of OW and ODSP. There are clear recommendations however that all changes be planned in collaboration with key stakeholders such as municipalities and labour groups.

In other areas of change, the Commissioners recommend the province establish frameworks to assess impacts such as, on health of the system changes on different groups (as examples, poor, people of colour, people with disabilities). OMSSA argues that a similar framework be established between the province and municipalities to identify and understand the scope and impact of all changes against municipal capacity through the initial phase to full transformation.

#### *Employment Planning and Services: Collaboration and Integration:*

In an effort to better support all recipients of social assistance to gain employment, it is recommended that the current participation agreements be replaced by a more collaborative and responsive approach through Pathways to Employment Plans. Premised on identifying people’s “distance from the labour market” and individual’s goals that would be supported through activities, services and supports is an approach that makes sense.

CMSMs and DSSABs will continue to be responsible for local employment services.

Other recommendations to improve employment outcomes include:

- Increased eligibility for employment services (outside of Canada-Ontario Labour Market Development Agreement protocols) (21);
- Expanding the number of service managers, where there is interest and capacity, to be designated Employment Ontario deliverers (22);
- That CMSMs and DSSABs be full partners with the Province in managing and planning employment services in their communities (23); and
- Develop provincial standards for the provision of employment services (13);

*Implications:*

OMSSA has strongly advocated that employment services and planning belongs at the local level, administered and delivered by CMSMs and DSSABs. We are pleased to see this will continue and that the Commissioners have recommended a coordinated and partnership based approach, between municipalities and the province, to better coordinate and align services in the interest of clients and employers.

While OMSSA supports high standards in service provision, it will be important, while keeping in mind the very likely expansion of those seeking employment services as a result of social assistance program integration, that standards reflect local capacity and realities and are flexible and responsive to changing circumstances including demands on human resources. Important to this, will be that during early implementation and through transformation that municipalities are appropriately resourced and supported. It would make sense that service agreements based on phases of implementation be developed to support system and program changes.

We note that under the Provincial Municipal Fiscal and Service Delivery Review implementation working groups, provincial and municipal partners developed an approach to local planning through the Employment Working Group. In an effort to avoid duplication, this work led by the Association of Municipalities of Ontario and the City of Toronto and the province, should be considered in discussions on moving forward with employment services coordination and integration.

*Financing employment services and support recommendations:*

The commissioners expect that enhancing employment supports and services could primarily be funded from within the existing budget allocation for social assistance by better “targeting” existing resources and reinvesting administrative savings resulting from the integration of OW and ODSP into a single program.

The assumption that existing resources can be better targeted, again, must be tested. And, while reduction in regulations and directives, the harmonization of benefits, greater use of technology in reporting and the application processes, may in time, yield savings and efficiencies, this assumption should not be built in to the up front development of new program and service delivery approaches and funding.

**Rate and Benefit Changes:**

The vision for a transformed social assistance program includes simplifying and harmonizing benefits. This two-phased approach would see a standard rate that would be supplemented (a building block approach) dependent on disabilities, sole support parentage and number of children. The final and second phase, where the system is “fully transformed”, children’s disabilities benefits would be available to both social assistance recipients and low income earners.

A priority for the Commissioners was to create a rate that would be: adequate, fair (to low income Ontarians and recipients alike) and support people into employment (eliminating disincentives to work).

Some features of the new rate:

- A new standard rate at \$100.00 more per month than the OW rate for single adults;
- A modified rate of 86 percent of the standard rate for adults who share accommodation;
- A disability and children’s supplement on top of the standard rate (building blocks);
- Earnings exemptions of \$200.00 per month;
- Harmonization of health benefits so that all recipients receive the same benefit;
- Eliminate the ODSP Work Related Benefit
- Pilot the consolidation of employment related special benefits and other special benefits into a block fund to be used at the discretion of local service system administrators;
- Eliminate the Special Diet Allowance (SDA) and transfer responsibility to the Ministry of Health and Long Term Care (\$30 million). Reinvest the remaining SDA (\$200 million) into the standard rate; and
- Replace the rent scales for Rent-geared to Income (RGI) housing with rent based on 30 percent of household income, including from social assistance net of the “clawbacks” for social assistance recipients residing in RGI units.

The above recommendations are identified as early implementation priorities. Understanding the implication of the suite of recommendations will take time. This includes the implications for both recipients of social assistance and CMSMs and DSSABs.

Two items of immediate interest to OMSSA and its members however are:

1. moving to block funding for employment related supports; and
2. the elimination of the rent scales.

Block funding has long been of interest to service managers and seen as a tool to respond to the people we serve in the communities we live. Specifically, that service managers unrestricted by a “one size fits all” approach to funding and service requirements can respond to individual needs within local circumstances and capacity. OMSSA supports this approach but, it will be imperative that this recommended approach not result in “winners and losers” as we have often seen when new funding formulas are developed within existing funding envelopes. Moving to a reduced envelop when implications related to the potential for increased case

management and caseload is unclear, may undermine a key objective of social assistance reform: getting people into work.

The Social Reform Housing Act, 2000 included a provision that resulted in differing subsidy rates paid to social assistance recipients depending if they resided in social housing or private housing. The Ontario Works rent scales required municipalities to pay a significantly higher subsidy to recipients living in social housing rather than private housing thereby reducing the provincial cost share portion. The Commissioners have identified this amount to be approximately \$200 million annually.

Long a bone of contention for municipalities, the elimination of the rent scales is a welcome recommendation and potentially, depending if the recommendation is implemented and how, could see a savings to municipalities in the amount of \$200 million annually. The Commissioners have recommended the province and municipalities negotiate this issue. However, they are calculating the \$200 million against the cost of implementing their recommendations.

It will be critical that this issue be fairly negotiated with municipal leaders. It is estimated, that since devolution, through the rent scales, municipalities have subsidized social assistance by almost \$2 billion beyond their required cost-share arrangements.

#### *Financing Rate and Benefit Changes:*

The Commissioners acknowledge that transformation on the scale they have recommended will require new funding but that a large portion of the anticipated costs could come from reallocation of existing costs to implement the early priorities. Long term transformation, it is indicated, would come through reduced caseloads, particularly related to those with disabilities. As well, fiscal savings, tax revenues and economic returns from slower caseload growth could be used to finance the disability supplement that in the fully transformed system will be available beyond recipients of social assistance.

The Commissioners have calculated that the cost to implement phase one of the benefit structure reform (the standard rate with a \$100.00 per month increase, \$200.00 per month earnings exemptions, and disability and parent supplements) will be a gross cost of \$770 million.

The Commission indicates that over half of the gross cost can be financed through existing funding. Once the \$200 million from the elimination of the SDA, the \$30 million from the elimination of the ODSP Work –Related Benefit and the \$200 million in municipal revenue from the reduction of the rent scales are considered, the net cost to implement the benefit structure reform is \$340 million.

It is assumed that the fiscal circumstances of the provincial government will be one of a number of key factors in the government's decision to act on and implement the recommendations delivered to them in the Commissioners report.

It is important to note, that municipalities-CMSMs and DSSABs-like the province, are experiencing the same fiscal constraints and economic challenges. Recognizing, that only few of the many recommendations within the

report will not implicate municipalities in one form or another, we argue that implementation of recommendations require an understanding and analysis of municipal capacity to move forward on the government's implementation priorities.

Municipal governments will be free of the cost share funding obligation for social assistance benefit by 2012. It is important, however to understand the implications of rate and benefit changes through to that period.

**Sweeping and Complex Recommendations:**

The above highlights a number of the key and immediate areas of interest and concern to OMSSA and its members. Recognizing the complexity of the recommendations, taken in their entirety and within recommended implementation timeframes, further analysis and discussion is required and will be forthcoming.

It is important to note that the full scope of the areas comprising the 108 recommendations have not been touched on in this analysis. More time and consultation with members and subject matter experts will be required to understand the implications across the range of recommendations on CMSMs and DSSABs.

In time, OMSSA members can expect a closer examination and understanding of the recommendations related to:

- simplifying and harmonizing rules and benefits;
- strengthening accountability and new approaches to compliance;
- the role of technology; and
- our changing economic environment and labour market.

In Ontario, outcomes for recipients of social assistance are inextricably linked to CMSMs and DSSABs. While our initial analysis and feedback has been focused on the implications of the recommendations on municipalities and service managers, our responses are also driven by the role and obligations CMSMs and DSSABs have in building stronger and healthier lives and communities. The ability and capacity for service managers to implement any or all of the recommendations will be directly tied to the outcomes of the clients we serve.

The vision for reform of Ontario's social assistance program and the lives of social assistance recipients and low-income individuals and families will be dependent on a realistic plan, appropriate resources and time to implement the recommendations government chooses to move forward on. The Commissioners rightly acknowledge that the complexity of poverty requires a new way forward and the efforts of all orders of government, the private and public sectors and citizens alike.

But it is CMSMs and DSSABs who link directly with their clients in the communities where they live. Using the person-centred, human services integration approach as our starting point allows us to understand all the complicating factors at play in a person's life and the tools at hand to address these. It will be critical that all of the aspects of the recommendations are implemented in a reasonable and sustainable way and in partnership with OMSSA and service managers to ensure the outcomes envisioned in this ambitious transformation can and



will be realized.

### **Social Assistance Reform and Prorogation:**

The recent resignation of Dalton McGuinty and prorogation of parliament raises some important questions on what it means for moving forward on social assistance reform.

While there is uncertainty, proroguing only stops activities in the legislature, specifically all activity of Bills. Government Ministries can still develop Cabinet Submissions and Treasury Board can continue to make decisions on programs and activities that do not require legislation. Government can enact regulations and launch new programs or make program changes.

In short, any of the recommendations that do not require legislative changes can be put in to motion. OMSSA will work to identify what can or cannot be implemented in this current environment.

It is important to keep in mind, *Brighter Prospects: Transforming Social Assistance in Ontario* is a report to government. Government will decide which, if any of the recommendations it will implement.

### **OMSSA's Next Steps:**

We will be working with our membership, including the Employment and Income Issues Network to analyze the implications of the report recommendations and what advocacy work OMSSA will undertake to support its membership and ensure the best interest of our members and those in receipt of social assistance are best served in the new system. This includes working with Association of Municipalities of Ontario to analyze and respond to the report recommendations.

### **Links:**

[Commission for the Review of Social Assistance in Ontario's](#) website includes the full report, as well as a full composition of additional resources including SARAC recommendations, videos of the Commissioners commenting on both the final report and the process, fast facts, charts and other documents that OMSSA members may find useful.

[OMSSA's submission to the Commission's first discussion paper](#)

[OMSSA's response to Discussion Paper 2: Approaches for Reform](#)

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