

May 1, 2014

2014 Provincial Budget Highlights

Poverty Reduction is a focus as social assistance reform remains unclear

The Honourable Charles Sousa, Minister of Finance, delivered Ontario's 2014 provincial budget on May 1, 2014.

Building Opportunity, Securing our Future seeks to balance "competiveness and compassion". With a plan on balancing the budget by 2017-2018, the budget focuses on building a strong economy through modernizing early learning and education and developing programs and services that support Ontario's economy, getting people into and staying in jobs, and supporting low income Ontarians to leave poverty behind. The budget also contains a strong infrastructure commitment.

The government identifies its plan over the next 10 years as threefold:

- Creating jobs and growing the economy by investing in people;
- Building modern infrastructure; and
- Supporting a dynamic and innovative business climate

The budget contained a number of clear good news pieces for OMSSA member delegates including:

- The \$42m Community Homelessness Prevention Initiative (CHPI) mitigation funding will become permanent bringing the total CHPI funding to \$294m annually.
- Under the Poverty Reduction Strategy, \$50m over 5 years will be dedicated to creating a new poverty reduction fund that will focus on local solutions to local issues.

OMSSA was pleased to see that the \$42m mitigation funding has been made permanent in CHPI. This is an important development in supporting OMSSA member delegates in their efforts to prevent homelessness.

A number of budget items, while reflecting the government's commitment to transform aspects of social assistance, are less clear in their implications. These include:

- Integration of seven separate employment benefits into a consolidated benefit structure within both the Ontario Disability Support Program (ODSP) and Ontario Works (OW).
- The role of integrated employment programs and services in assisting social assistance recipients.

Investing in People-Areas of Interest to OMSSA Member Delegates:

The following provides a high level overview of budget items that effect the work of Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs).

Employment Program and Services Integration:

The government remains committed to government wide integration of employment and training programs. The intention for doing so is “ensuring all Ontarians have access to programs and services that align with their individual needs and that employers can make more effective use of government services to support recruitment and workplace training”. While the budget reiterates the commitment to improved employment programs and services such as individualized approaches to support, common assessment and streamlined and coordinated access, two elements of the budget bring into question exactly what integration and coordination will look like and who will do what.

In addition to the commitment to “government wide integration” of programs, these include:

- Through improved coordination, provide connections to other economic and social supports such as income supports for social assistance recipients and language and/or bridge training for newcomers; and
- Better serve Ontario’s most vulnerable populations, including social assistance recipients, people with disabilities, new Canadians, Aboriginal people and youth at risk.

The government has firmly stated that the integration of ODSP and OW will not happen in the near future. The above statements as well as the commitment to “government wide integration”, meaning all programs under one Ministry, imply CMSMs and DSSABs can expect changes in service and program provision. No clear indication on a mature state was provided but there are clear indications of change to come.

The budget committed to ongoing consultation with key stakeholders including municipalities as transformation continues.

Early years and modernizing child care:

The government remains firmly committed to investing in early learning, specifically fully implementing Full Day Kindergarten (FDK) with all 4 and 5 years in by September 2014.

Early learning is captured in the government’s vision for a new education system that seamlessly integrates services from early years to adulthood. Supporting its efforts to build a stronger economy, the budget commits to continuing to build a strong education system that is tied to a strong labour force and getting people ready for work.

In addition to the recent announcement to provide an on average \$2 per hour wage increase by 2016 for front line workers and Early Childhood Educators (ECEs) in licensed and First Nations centres as well as licensed home day care, one additional item was announced today:

- An additional \$33.6m over the next 3 years to help preserve child care spaces and keep parent fees stable.

Details on the specific allocations of the funding were not provided other than the funding will support the previously announced \$346m to help preserve child care spaces and protect parent fees. The funding will also support the implementation of the proposed Bill 143, *Child Care Modernization Act* in the area of licensing, investigation and enforcement.

Fair Ontario

In advance of the budget, the government announced a number of commitments to helping Ontarians to earn better wages and make ends meet. These included:

- The government will increase the minimum wage from \$10.25 to \$11 per hour on June 1, 2014. Tied to this, the province will introduce the Fair Minimum Wage Act, which, if passed, will tie future minimum wage increases to Ontario's Consumer Price Index.
- As of April 1, 2014 the Healthy Smiles Program will be expanded to reach approximately 70,000 additional kids from low-income families. The program will further evolve in August 2015 when six publicly funded dental programs will be integrated into one program to make it easier for eligible children to receive care.
- The province is making an investment of \$32 million over the next three years to enhance the Student Nutrition Program. 340 new breakfast programs will be established in elementary and secondary schools that need it most across Ontario. The program will also be expanded to on-reserve First Nations schools.
- A commitment to invest in the recruitment and retention of personal support workers (PSWs) by increase the hourly wage of publicly-funded PSWs who work in home and community care settings by \$4.00 over the next three years. Ontario is also setting a new base wage for these PSWs that will increase alongside the hourly wage to \$16.50/hour by April 1, 2016.
- The government will invest \$810 million over the next three years in the developmental services system in Ontario in an effort to eliminate the current waitlist for the Special Services at Home program for children in two years and the Passport program for adults in four years.
- An investment of \$60 million in community health infrastructure over the next three years to increase access to high-quality health services in communities across the province.

Other budget highlights include:

- Continuing with the social assistance upload;
- Increasing the Ontario Child Benefit to a maximum of \$1,310 annually per child as of July 2014;
- Increasing social assistance rates by 1% as of September 2014 with municipal and DSSAB cost sharing waived for 2014;
- Expanding health benefits for low income children including prescription drugs, assistive devices, vision care and mental health services.

These budget items are intended to support the government's commitment to poverty reduction. The government is yet to release its second poverty reduction strategy but OMSSA was pleased to see the commitment to \$50m for local solutions to poverty reduction. OMSSA advocated for this approach and looks forward to further details on this and an opportunity to work with the government on implementation.

Infrastructure and the Ontario Municipal Partnership Fund (OMPF)

The budget included good news for transit funding with the government committing to \$29b over 10 years. This includes \$15b for the Greater Toronto Area (GTA) and \$14b for communities outside the GTA. Included in the \$29b is the previously announced \$100m infrastructure funding for smaller communities.

Also in the budget is the government's intention to reduce the OMPF at a rate faster than previously indicated. The government had advised municipalities and DSSABs that the OMPF would be reduced by \$25m in 2014. The budget revealed that a further reduction of \$15m, for a total of \$35m, will occur in 2014.

This reduction is occurring at a time when many municipalities and local government are struggling with rising policing costs putting untenable pressures on the local property tax base.

Going forward:

OMSSA will continue its review of the budget and advise member of additional areas of interest and implications.