



OMSSA 2018 Provincial Budget Report

March 28, 2018

Today, Finance Minister Charles Sousa delivered the 2018 provincial budget. After balancing the budget last year with a surplus over \$600M, the province has made the decision to return to deficit to invest in social services and health care. The deficit this year will be \$6.7B. This is less than 1% of the province's GDP and lower than the expected \$8B speculated in media reports. The debt-to-GDP ratio has fallen steadily since 2000. In 2000, 15.5 cents from every dollar was used to service interest on the debt. Today that number is at 8 cents, a 25-year low. The budget assumes economic growth at about 2% for the next two fiscal years.

This is an outstanding budget for the work of OMSSA members as evidenced by the pre-budget announcements relating to mental health, child care and other big ticket promises such as reducing hospital wait times. There is also money for Income Security Reform, home care, seniors, dental care and Pharmacare! At the same time, caution is required in an election year. Spending promised in this budget over future years may not materialize depending on the outcome of the election campaign. Many of the measures contained in the budget could be a re-election strategy designed to match promises made previously by the NDP and PC parties.

Despite the new spending, Ontario will spend less per capita on programs than any other province. This statement is included in the budget speech to show efficiency.

The budget highlights the 800,000 jobs created since the great recession, the increase in the minimum wage to \$14 (increasing to \$15 on January 1, 2019) and Ontario's better than expected economic growth compared to other provinces. Ontario's unemployment rate is currently at a 20 year low at 5.5%. At the same time, the budget recognizes the threats posed by protectionism, NAFTA, rising interest rates, increasing consumer debt and an aging population. The budget mentions precarious employment and the fact everyone is not necessarily benefiting from Ontario's economic growth. The 2018 Budget reflects "the values we share as Ontarians." Those values are fairness, caring and opportunity. The 2018 budget is titled, "A Plan for Care and Opportunity."

The budget builds on previous budget commitments including:

- Creating 100,000 new child care spaces with 60% of them subsidized;
- A \$7B investment in health care to reduce wait times, improve access and enhance the patient experience;
- OHIP+ that makes prescription drugs free for everyone over 25;
- Free tuition for 225,000 students with an additional 175,000 students receiving generous grants and loans;
- \$230B over 14 years for new hospitals, schools, public transit and roads;
- Increase to the minimum wage;
- Cap and trade revenues used to support green infrastructure.

New investments in the 2018-19 provincial budget will total \$20.3B over the next three years. Areas targeted include: health care, education, child care, seniors, social services, growing the economy and creating good jobs.

Child Care:

Child care is a major winner in this year's budget. Building on the previously announced 100,000 child care spaces, this budget includes free preschool child care for children aged 2.5 until they are eligible for full day kindergarten. This program will start in 2020. This could potentially save parents \$17,000 per child according to the budget. Over the next 6 years, \$534M will be invested to create an additional 10,000 more spaces in schools and another 4000 in other public spaces. The government plans to double capacity on First Nation communities by creating 4500 spaces starting in 2019. This is great news if the plan is supported by whoever wins the upcoming election. It is estimated that every public dollar invested in child care creates a \$2.47 benefit to the Ontario economy due to increases in the working hours and wages of women. Ontario will invest \$2.2B over the next three years in child care. In 2018-19, over 110,000 children will be receiving child care subsidies. This represents a 20% increase over 2016-17 numbers.

Income Security Reform:

The government is working towards simplifying social assistance programs, reducing punitive rules and removing barriers for social assistance clients. There will also be a 3% OW and ODSP rate increase per year for the next three years. This shows the government is serious about acting on the recommendations of the Income Security Working Group. This is a pleasant surprise. There are some rule changes as well. For example, the amount that can be earned per month without impacting assistance benefits increases to \$400 from \$200 this fall. In 2018-19, up to \$6000 can be earned in a

year without impacting social assistance benefits. There is a commitment to continue with the Basic Income Pilot and evaluation.

Mental Health:

The OMSSA provincial budget submission requested an additional \$2B investment into mental health. This budget includes \$2.1B investment over 4 years into mental health and addictions. This funding includes supportive housing, psychotherapy and access to services. 70% of mental health issues begin in childhood and adolescence. This funding will be targeted to early intervention to generate better outcomes. Previously, \$3.8B was spent annually on mental health and addictions. Total investment in mental health and addictions will now be \$17B over the next four years. That is the largest investment in mental health in Ontario's history. \$425M will be invested over 4 years in supportive housing, providing 2475 additional units. One quarter to one half of all homeless people live with a mental health condition.

Opioid Crisis:

The budget includes measures to support and address opioid addictions and overdoses impacting communities across Ontario. \$222M will be invested in the implementation of the Strategy to Prevent Opioid Addiction and Overdose.

Housing:

The budget does not include any new significant funding beyond what has previously been announced to address rental construction, social housing or repairs and maintenance. The government is currently investing over \$1B per year in affordable housing.

Dental Care and Pharmacare:

The budget acknowledges the government's goal of creating a universal Pharmacare program for all Ontario residents. Currently prescription drugs are free for anyone 25 and under. Starting in August of 2019, prescription drugs will be free for everyone over 65. Long term, the plan is to make prescriptions free for everyone regardless of age.

The NDP promised free dental care for everyone as part of their election campaign. The Liberals have addressed that promise in this year's budget. Starting in the summer of 2019, \$800M over two years will be invested into a new Ontario Drug and Dental Program for those without benefit plans. The government of Ontario will reimburse 80% of eligible prescription drug and dental expenses to an annual maximum of \$400 per single person, \$600 per couple and \$50 for each child in the family. A family of four could receive up to \$700 annually to cover these expenses. The provincial government will also push the federal government to move forward with a National Pharmacare program.

Hospitals:

The budget will invest an additional \$822M in hospitals to reduce wait times. This represents a 4.6% increase to hospital funding. An additional \$19B over the next 10 years will be invested in more than 40 hospital projects across the province. This includes the announcement relating to Sick Kids Hospital prior to the budget.

Seniors:

Today there are over 2M seniors in the province. That number will grow to 4.5M by 2040. To deal with an aging population and to encourage seniors to stay at home, \$1B will be invested over three years in a new Seniors' Health Home Program. For those 75 and older, this program is designed to help offset the costs with maintaining their home. Payments can be used for expenses such as snow removal, lawn care or house cleaning. An additional \$650M will also be invested in home care and community care to increase home visits from media professionals. Finally, Seniors over 65 will now see expanded Pharmacare to cover their prescription drugs. This is projected to save the average senior \$240 per year in drug costs. OHIP+ for those over 65 will start beginning in August 2019. The expected cost of this program will be \$575M per year once implemented.

Long Term Care:

5000 new long term care beds will be created by 2022 and an additional 30,000 will be created over the next 10 years. 30,000 existing beds are being redeveloped. \$300M will be invested over the next 3 years starting with \$50M next year. \$23M will be invested to increase PSWs in areas where they are needed in the province.

Employment & Economic Development:

The budget includes \$935M in new investments over the next three years to further diversify the economy, develop local talent and entrepreneurs and encourage the growth of businesses. Regional investments will be made in key areas including Northern Ontario, Southwestern Ontario and Eastern Ontario. The Northern Ontario Heritage Fund will increase 50%.

\$170M over three years will be used to modernize the new Ontario Apprenticeship System. \$63M will be invested to bring employers, employees and training institutions together to develop skills programs that are tailored to the needs of the local economy.

Special Needs Education and Supporting Schools:

An additional \$250M in new funding over three years will be invested to address special needs education. The government previously announced they would spend \$16B over 10 years for new and improved schools. This year 39 new schools will be built and an additional 40 will be renovated. \$3B will be invested to modernize Ontario's University and College campuses. The government will also move forward on a new French language University. There is some funding to expand before and after school care programs now offered by 80% of all elementary schools in Ontario.

Broadband:

\$500M over three years will be invested in rural and Northern communities to expand broadband.

Transportation:

The budget does not include any major new transportation project or increased investment for infrastructure. Previously \$230B was promised over 14 years. This funding started in 2014-15.

Conclusion:

This is a positive budget for community social services. We have not seen this kind of focus on OMSSA members' issues in any previous budget. The lack of new funding for social housing is a concern, however that is being negotiated as part of the National Housing Strategy between the province and federal government with new investments expected following those negotiations. This budget will pass as the Liberals have a majority at Queen's Park prior to the writ dropping on May 9.

While there is a lot to be excited about, the measures contained in the budget are dependent on the Liberals being re-elected or the PC/NDP supporting these priorities should they form the next government. Hopefully the new investments in social services will prove to be popular with Ontario residents and voters. This would make them more difficult to cut by future governments. We cannot afford to roll back gains we have made in recent years.

Overall, OMSSA welcomes the new funding in mental health, income security reform, child care, long term care, broadband and social services generally. We hope this budget vision becomes a reality and has the opportunity to benefit the most vulnerable residents within the 47 service manager communities.

Sincerely,

Darryl Wolk

Policy Analyst

OMSSA