

REGION OF OTTAWA-CARLETON
RÉGION D'OTTAWA-CARLETON

REPORT
RAPPORT

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DATE 10 April 2000

TO/DEST. Co-ordinator, Community Services Committee

FROM/EXP. Social Services Commissioner

SUBJECT/OBJET **RECENT CHANGES TO THE ONTARIO WORKS PROGRAM**

RECOMMENDATION

That Community Services Committee and Council receive this report for information.

BACKGROUND

A series of changes to the Ontario Works (OW) program have been introduced by the Ministry of Community and Social Services (MCSS) since November 22, 1999. These changes will impact:

1. penalties for social assistance fraud (zero tolerance),
2. funding for employment assistance,
3. earnings exemptions under the Support to Employment Program (STEP),
4. lien requirements related to principal and secondary properties, and
5. staffing for family support program.

This report presents an overview of the proposed changes and assesses their potential impacts on social assistance recipients and service delivery.

DISCUSSION

Zero Tolerance for Social Assistance Fraud

New regulations requiring the imposition of a lifetime ban on individuals convicted of social assistance fraud were released in late February 2000. The new "Zero Tolerance" regulations require that the ban be triggered by the first conviction where the offence occurred in whole or in part after April 1, 2000. Both Ontario Works (OW) and Ontario Disability Support Program (ODSP) beneficiaries are subject to the requirements of the new policy.

Prior to the introduction of the new regulations, individuals convicted of social assistance fraud were subject to a three-month ineligibility penalty for first convictions and a six-month ineligibility penalty for any subsequent convictions. The convicted individual was also banned from accessing drug or dental benefits for the period of ineligibility. Further to this, the court could order restitution and / or jail time.

The following scenarios demonstrate how the new zero tolerance policy might impact different OW family units.

Situation	Result	Maximum Total Social Assistance Income before Conviction	Maximum total Social Assistance Income after Conviction
Single participant convicted	Participant made permanently ineligible.	\$520/month	\$0/month
Sole support parent convicted (assume 1 parent and 1 child under 13)	Parent permanently ineligible. Assistance continues for child only.	\$957/month	\$576/month
Couple, 1 spouse convicted	Convicted spouse permanently ineligible. Assistance continues at reduced rate.	\$901/month	\$520/month
Couple with children, 1 spouse convicted (assume 2 children under 13)	Convicted spouse permanently ineligible. Assistance continues at reduced rate.	\$1,178/month	\$935/month
Couple with children, participant and spouse both convicted (assume 2 children under 13)	Assistance continues for children only.	\$1,178/month	\$697/month

OW and ODSP are emergency programs which serve as a last resort to persons and families who have no other sources of income. Both programs meet basic needs and provide basic necessities to those in need including benefits such as access to prescription drugs, wheelchairs, eye glasses, work related transportation, moving expenses and certain household appliances on an emergency basis. Therefore individuals or families will be at risk of extreme poverty and / or homelessness if their access to the safety-net provided by the OW and ODSP programs becomes permanently limited or banned.

In other words, permanent disqualification from social assistance will jeopardise the ability of the affected individuals and their families to adequately feed, house and clothe their members. This will include the inability of families to afford other basic necessities such as school lunch for children, health

care, personal care and employment related transportation. Once the life time ban is imposed the affected individual will in effect have no income support safety-net in Ontario; even if the individual has served other related penalties including jail terms and/or restitution. Permanent loss of eligibility for social assistance may also have particularly serious consequences for persons with a disability who may face life threatening situations if they cannot access income and other social supports. Possible long term impacts to the municipality as a whole may include increased community funding as a result of:

- increased use of hostels, food banks, and crisis centres;
- increased health concerns, as adults are ineligible to access drug and dental benefits;
- increased levels of poverty resulting in increased health problems, homelessness, crime / policing and family stress.

In view of the potential implications for individuals, families and municipalities, Social Services is concerned that the new policy is unduly harsh and unnecessarily punitive. This concern is shared by a number of Ontario municipalities including Toronto, London and Waterloo who have submitted resolutions to dissuade the Province from proceeding with the zero tolerance policy.

Funding for Employment Assistance

Under the current OW regulations, applicants for basic financial assistance are required to participate in one or more employment assistance activities as a condition of eligibility. The Act further requires that participation in employment activities be tailored to the participants' work experience, skills and circumstances as well as local labour market conditions.

Employment assistance activities include community placement, independent and structured job search, basic education, skills training, employment placement and self-employment development. Prior to 2000, costs associated with employment assistance services were billed on a cost-recovery basis; with the Province's share being 80% of the cost. Beginning in the year 2000, the existing funding formula will be replaced by two separate formulae. The first formula (or base funding formula) will fund all employment assistance activities including community placement. The second formula will calculate bonuses payable to municipalities that exceed provincially set minimum targets for community placements.

a) Base Funding Formula

The base funding formula will fund employment assistance service levels rather than specific activities. To this end, the Province has classified employment assistance activities into three categories or levels - basic, intermediate and intensive as shown in Annex I.

The basic level includes OW participants who undertake independent or structured job-search, or participate in employment / training information sessions. Participation in this level of service will be capped at a maximum of 60% of the total active OW participants. This includes participants in basic employment assistance only (40%) and basic employment assistance

participants who are employed full or part-time (20%). The basic level of employment assistance will be funded at a maximum unit rate of \$250 per participant.

The intermediate service level refers to OW participants who, in addition to participating in the basic level, are involved in community placement of less than 30 hours per month, or participate in the enhanced employment placement without incentives, basic education, skills or literacy training. Participation in this level of employment assistance will be funded at \$1,000 per participant.

OW participants who participate in the intensive level of employment assistance will, in addition to basic employment assistance, be involved in community placements of 30 hours or more per month, enhanced employment placement with incentives, self-employment development or LEAP (Learning, Earning and Parenting Program) placement. Participation in this level of employment assistance will be funded at \$2,500 per participant.

MCSS has indicated that further details of the new funding formula will be provided in the near future for implementation in the year 2000. Tentatively, however, the base funding formula has been used by Social Services to estimate a total employment assistance funding envelope of close to \$14.6M in the year 2000. This estimate assumes a total of 24,000 employment assistance participants. If this number of participants is not achieved the province will hold back a corresponding amount of its share of the estimated funding.

b) Bonusing Community Placement

The main focus of the new policies affecting funding for community placement is to increase funding to municipalities that will exceed provincially set minimum targets for community placement. This increased funding or bonus will be on top of the Province's regular 80% share of the cost of community placement.

According to MCSS, the 2000/2001 minimum target has been calculated by applying a 22.5% rate to the 1999 last quarter average OW caseload with mandatory requirements.

In Ottawa-Carleton, this translates into a provincial minimum target of 5,215 community placements for the 2000/2001 fiscal year. Placements in excess of the minimum target will attract a bonus of \$1,000 per placement. During the second and third phases of the provincial action plan, municipalities that exceed the previous year's minimum target will also receive an extra bonus of \$500 per placement up to the current year's target.

The bonus or increased funding will be 100% provincial dollars and will be payable to municipalities in the first quarter of the following fiscal year. Social Services has learned that municipalities cannot use this bonus to finance any of their cost-sharing for other OW activities. However, subject to regular ministry reporting requirements, municipalities will be able to make choices about how to invest the bonus in local human services priorities.

To facilitate the implementation of the community placement action plan, MCSS has established a \$10M Community Placement Innovation Fund to be administered by a newly created Community Placement Secretariat. The Secretariat will provide **one-time** funding to municipalities who submit an approved business plan for the expansion of their community placement programs. These proposals are required to include a description of how the funding will generate innovative community placement development initiatives and rapid increases in the number of opportunities for OW participants.

Three types of community placement initiatives are implemented in Ottawa-Carleton. The Type 1 community placement refers to the matching of OW participants to appropriate placement opportunities including ongoing support to participants and sponsoring agencies. Participants must be engaged in this activity for at least one hour per month. Currently, there are 200 community agencies which have agreed to participate in the Type 1 community placement initiative. A recent study demonstrates that 36% of all community placement participants find employment after the placement. The study further documents high levels of satisfaction among Type 1 community placement agencies and participants.

The Type 2 community placement refers to the volunteer community service activities which OW participants have arranged for themselves and in which they are engaged for at least one hour per month. It includes any volunteer activity which is unpaid and which is of service to individuals in the community or to the community as a whole. The Type 2 placements will be counted toward the provincial minimum targets.

The Type 3 are community improvement projects. Although there have been a few projects to date, there has not been an emphasis on this type of project.

Social Services recognises that employment assistance, including community placement has several important components which are vital in preparing OW participants for employment. It assists clients in upgrading or improving work skills through current work-related experience. Social Services therefore intends to take advantage of the opportunities provided by the welfare-to-work action plan in order to expand the Region's employment assistance initiative. To support this objective, Social Services submitted a proposal to the Community Placement Secretariat in February, 2000.

Support-to-Employment Program (STEP)

Prior to the proclamation of the OW legislation on May 1, 1998, social assistance beneficiaries who worked were allowed to retain 25% of their net earnings after certain basic exemptions. This policy was changed under OW to require that the percentage of earnings that a participant can retain (also known as the retainable amount) be decreased by five percentage points each year, or from 25% to 0% over 5 years of employment earnings.

Beginning in the fall of 2000, OW regulations will be changed to require that the retainable amount rate be phased out over two years instead of the current 5 year period. To initiate the implementation of this requirement, STEP participants with more than 12 months of employment

earnings will be subject to a retainable amount rate of 15% on October 1, 2000. This rate will be further reduced to 0% by October 1, 2001.

There were about 4,900 STEP participants in Ottawa-Carleton in January this year; representing approximately 22% of the OW caseload. About 67% of the STEP participants are heads of families with 44% (or 2,349 participants) being sole-support parents. Social Services believes that the proposed policy change defeats the original intent and purpose of the STEP initiative which is to ensure that OW participants with employment earnings are always better off than participants who did not work. In the case of sole-support parents, the proposed changes will simply reduce the overall household income to a point where it would no longer be feasible for participants to maintain employment. It is estimated that, by October 1, 2001; between 300 (6%) and 550 (10%) of current STEP participants will experience difficulties in maintaining employment as a result of the implementation of the new STEP policies.

Liens Against Principal and Secondary Properties

Existing OW regulations require that, in specified circumstances, a lien be applied to any real property in Ontario in which a participant has an interest. If the real property is used as the principal residence of the participant, a consent to apply the lien must be signed by the participant within 12 months of granting assistance. The existing regulations further require that the lien on a principal residence takes effect from the thirteenth month, and that the lien on a secondary residence takes effect from the seventh month of assistance. In both cases, the lien can only be exercised when the property is sold. Participants cannot be forced to sell or loose their homes as a result of the lien.

Beginning in the spring of 2000, regulation changes will be introduced to require the signing of lien consents at the point of application; and as a condition of eligibility. The new regulations will also include provisions requiring the applicant to immediately put the secondary residence up for sale. Assistance will be granted while the secondary property is being sold, but will have to be repaid from the proceeds of the sale. In the case of principal residences the lien will continue to take effect from the thirteenth month of the granting of assistance.

In December 1999, approximately 310 OW participants (or 1.3% of the total caseload) in Ottawa-Carleton were identified to own their principal residences. Ownership of secondary residences is not captured on any of the department's existing data systems. The following example illustrates the possible impact of the new policy on OW participants who own their principal residence:

assumed sale price of principal property	\$100,000
assumed mortgage balance	\$ 60,000
therefore value of participant's interest (Equity)	\$ 40,000
less exemption amount (=10% of Equity Plus \$5,000)	\$ 9,000
therefore equity available to discharge lien	\$ 31,000
if assistance is provided over a period of 24 months at \$1,300 per month, the assistance provided will be equal to \$1,300 x (24-12)	\$15,600
therefore amount required to discharged lien	\$15,600

The new regulations will continue to require that the maximum value of the lien be determined by the equity available to discharge the lien rather than the total amount of assistance provided beyond the twelfth month of assistance. The 10% plus \$5,000 exemption and the 12 month grace period provisions will also continue to apply to principal residences only.

Staffing for Family Support Functions

Current OW regulations require sole-support parents who are deserted or separated from their spouses to, as a condition of eligibility, agree to make reasonable efforts to obtain compensation or realise any financial resource to which they may be entitled. In certain cases, the need to pursue support may be waived because of violence. To facilitate the implementation of these support payment regulations, Family Support Workers (FSW) are designated under the OW Act to assist participants and dependants in taking whatever action is necessary to pursue financial support from persons with a legal obligation to provide it. FSWs have prescribed powers and duties including the authority to collect and disclose personal information for the purposes of assisting in legal proceedings for support. They also have prescribed powers to enforce agreements, orders and judgements relating to support payments.

MCSS is concerned that OW sole-support parents with child support agreements currently make up only about 45% of the sole-support parent caseload in Ontario. On this basis, MCSS is proposing to provide 100% funding to municipalities to enhance their family support functions. This is anticipated to increase the total number of FSWs in Ontario by 50 over two years beginning in the spring of 2000.

The family support program in Ottawa-Carleton currently has a staff complement of 9 FSWs. In October 1999, the 9 workers were jointly responsible for over 560 active cases or about 62 cases per worker. The nine workers dealing with over 560 active cases in October made 16 court appearances in that same month. For the period of May to October 1999, a total of over \$62,000 was recovered by the Ottawa-Carleton Family Support program through out-of-court agreements, court orders and assignments related to over 2,700 cases representing about 30% of sole-support cases. Social Services therefore believes that the Province's decision to provide 100% funding to municipalities to enhance their Family Support function is a step in the right direction. However, the impact of this initiative on Ottawa-Carleton's Family Support program cannot be determined until the actual amount of funding support is known.

FINANCIAL IMPLICATIONS

The specific financial implications of the proposed changes will be submitted to Committee and Council as part of program funding proposals and budget reviews.

PUBLIC CONSULTATION

As the proposed changes will be mandated by the provincial government, public consultation is not considered necessary at this time.

*Approved by
Dick Stewart*

SERVICE LEVELS OF EMPLOYMENT ASSISTANCE - TEMPLATE

Average monthly active participants

EMPLOYMENT ASSISTANCE SERVICE LEVELS	% of average monthly active participants	# of average monthly active participants	Maximum unit price per annum	Provincial share of funding
<p>Basic Employment support services: resource centre services for independent job search; structured job search services (e.g. job clubs and job search/retention workshops); info & referral service to available employment and training services (e.g. federal government programs); group information sessions on available supports and the local labour market; referral to substance abuse treatment services; follow-up job retention support (TBD)</p>	negotiable up to 40% plus earners (see note 1)		\$250 (see note 4)	
<p>Intermediate Community participation placements of up to 30 hours per month; skills training; basic education and literacy training; employment placement without incentives; PLUS basic employment assistance</p>	% negotiable (see note 2)		\$1000 (see note 4)	
<p>Intensive Community participation placements of 30 or more hours per month; LEAP placements; employment placement with incentives; self-employment development; PLUS basic employment assistance</p>	% negotiable (see note 3)		\$2500 (see note 4)	

Notes:

- Basic:** Active participants are those participants who are receiving basic level of employment assistance only, at 35 or more hours per week.
Also includes participants who are working full or part time and are receiving basic employment assistance.
- Intermediate:** Active participants are those participants who are in the described placements (intermediate-level training, community, job).
Where placement is not full time (i.e. 35 or more hours per week), participants may also be receiving basic employment assistance.
- Intensive:** Active participants are those participants who are in the described placements (advanced-level training, community, job). Where placement is not full-time (35 or more hours per week), participants may also be receiving basic employment assistance.
- Unit prices include Employment Related Expenses (ERE), Community Placement Expenses (CPE), and supports to people with disabilities, but not employment start-up benefit.