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About our Presenter

Jennefer Laidley is Research and Policy Analyst at the Income Security Advocacy Centre and has been with ISAC for the past 5 years. A major focus of her work over the past two years has been providing analysis and explanation of the content and implications of Review's discussion papers. Most recently Jennefer has also been providing materials, information and advice to groups across the province who are fighting back against the elimination of the Community Start-Up and Maintenance Benefit.



The Commission's Report and Next Steps for Social Assistance Reform

Jennefer Laidley, Income Security Advocacy Centre
Webinar for Ontario's Community Legal Clinics and
their community-based partners

3 December 2012



Purpose of the Webinar

Provide you with:

- the content of the report of the Commission for the Review of Social Assistance in Ontario
- an analysis of the impact of the report recommendations;
- the policy and political context surrounding the report; and,
- thoughts on opportunities for action over the short, medium, and longer term.



ISAC's Partners on the Social Assistance Review

- Campaign 2000
- Colour of Poverty - Colour of Change
- The Ontario Council for Agencies Serving Immigrants
- ODSP Action Coalition
- Metro Toronto Chinese & Southeast Asian Legal Clinic
- The community legal clinic system's Steering Committee on Social Assistance
- YWCA Toronto



“Brighter Prospects” released Oct 24

- One step in many years of work toward reform
- Not a culmination of the work
 - Mixed bag of reasonably good, questionable, and bad recommendations
- Background and context important
 - Helps understand where to go next



Social Assistance Review in Context

- Poverty Reduction Strategy commitment to review Social Assistance – 2008
 - Crisis in OW the focus of advocacy
- Inside the Ministry – 2008 / 2009
 - Concern over growth of ODSP caseload
 - Increasing push to restrict access
- Appointment of SARAC – 2009
 - Recommended income security review, not just social assistance – 2010
 - Focus of recommendations on fixing OW



... more context

- International Trends - 2006-2011 reports
 - “Mutual obligation” for disability benefits – OECD
- Global financial crisis – late 2008
 - By 2010 stimulus ends, focus on austerity begins
 - Drummond report – Feb 2012
 - Budget 2012: cuts to CSUMB, Discretionary Benefits
- Commission appointed – late 2010
 - MCSS review (i.e., not inter-ministerial)
 - Narrow mandate:
 - Move people into work, simplification, ensure “long-term viability” of system



Report Content - overview

- Short- and long-term recommendations
 - 10 year time horizon
- Replace OW/ODSP with one integrated program
 - Delivered by municipalities / First Nations
- Work is route out of poverty & social exclusion
 - Focus on getting people into labour market



Employment / Employment Supports

- Strengthen employment services
 - Muni's & First Nations deliver; provincial standards
 - Increase access to Employment Ontario programs
 - Increase access for people with disabilities
 - Pre- & post-employment supports
 - Alternative forms of employment (social enterprise)
 - Integrate with other services (housing, childcare)
- "Distance from labour market" approach to determine degree of supports required
 - Recognizes that not everyone is "employment ready" and "first available job" is not for everyone – some need more services, training, etc.



... employment

- No significant moves to improve labour market
 - “Work with” employers so training leads to job
 - Employer councils
 - Corporate “champions”
 - Corporations, province, municipalities, and NGOs should hire more recipients
 - Degraded labour market used as benchmark for setting rates
- Accelerate Mental Health and Addictions Strategy
 - Employment should be key outcome
 - Develop service models that integrate treatment and employment programs



... employment

- “Participation Agreements” replaced by “Pathways to Employment Plans”
 - Collaborative agreements
 - Employment goals and requirements on clients AND services to be provided by the system
 - PEPs required for ALL recipients
 - Flexible requirements for First Nations
 - No change to income contingency in OW
 - Temporary deferrals continue
 - People with disabilities would not have income benefits cut off / reduced “in short term”



Questions?

- Please ask questions of clarification on the material we've covered up to this point.



Benefit Structure

- Replace complex rate structure with simple building blocks

Sole Support
Parent Supplement

Children's
Supplement

Disability
Supplement

Standard Rate



- Standard Rate

- The “basic unit” of social assistance benefits
 - Replaces:
 - separate basic needs and shelter amounts
 - boarder / lodger amounts
 - Living with Parents amounts
 - Future increases for regional differences
- Value
 - Initially \$100 / month more than single OW rate
 - Paid for by eliminating Special Diet Allowance
 - Adjust value upwards in future to move closer to the “Basic Measure of Adequacy”
 - If implemented now, Standard Rate would be $\$599 + \$100 = \$699$



- Disability Supplement

- Eligibility:
 - “the current definition of disability used in ODSP”
- Value:
 - Difference between standard rate and maximum single adult ODSP rate at time of implementation
 - If implemented now = $\$1064 - \$699 = \$365$
 - No increase in rates for single people on ODSP
- Over longer term, create benefit for all low-income Ontarians with disabilities



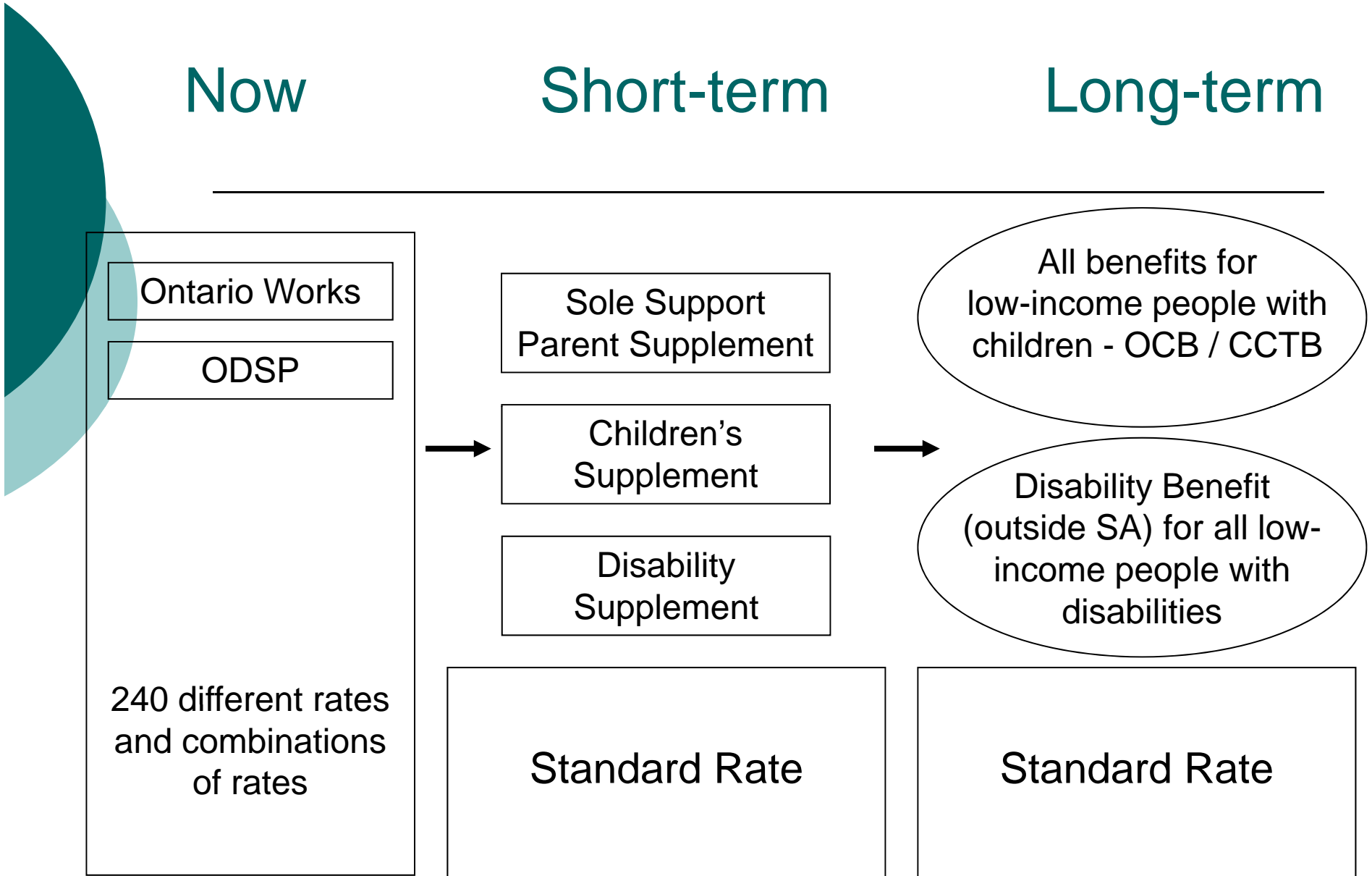
- Children's / Sole Support Supplements

- "Uniform supplement" for children
 - No distinction in value for age of children or for disabled parent
 - Value to decrease as amounts from OCB / CCTB rise (i.e., clawback built into the system)
- "Uniform supplement" for sole support parents
 - No distinction in value for disabled parent
 - Phased out eventually

Now

Short-term

Long-term





Modified Standard Rate (“sharer’s rate”)

- Provide a modified rate – 86% of the standard rate – to any person living with one or more other adults, regardless of the nature of the relationship between them
 - For OW = $\$599 + \100
= $\$699 \times 86\% = \601
 - For ODSP = $\$699 \times 86\% = \601
+ $\$365$ disability supplement = $\$966$
- Note: current single rate is $\$1064 =$ loss of $\$98$



Benefit Methodology

I.e., the calculations used to set rates

- Adopt a rational methodology for setting social assistance rates that achieves a balance among three objectives:
 - **Adequacy** of rates to cover healthy food, secure housing, and other basic necessities;
 - **Fairness** between social assistance recipients and people with low-incomes who are working;
 - **Financial incentive to work.**



- Adequacy

- Develop a Basic Measure of Adequacy (BMA) as benchmark for the adequacy of rates
 - Government to do more work to determine level of BMA
 - Take into account regional cost differences
- Issues:
 - Lower than other measures of poverty / adequacy
 - Specifically excludes some costs, e.g. internet
 - Specifically reduces housing amount to 25th percentile instead of regional average rent
 - No recognition of additional costs of disability



- “Fairness”

- Review minimum wage in way that would allow it to be used as an appropriate reference wage benchmark. Until then, use current minimum wage.
- Means maximum income while on social assistance must be below minimum wage – even for people with disabilities



- Financial incentive to work

- Do research on impact of benefit withdrawal rates on work incentive to establish a benchmark for the rate of withdrawal of social assistance benefits.
 - Benefit withdrawal rate = how much is clawed back from earnings
 - Picked *average* rate of 50%
 - first \$200 exempt; 57% reduction thereafter
 - OW – variation on status quo
 - ODSP – with loss of Work Related Benefit = worse off



Advisory group

- Establish an advisory group to help in the work on the three benchmarks and make recommendations on rates and how to make rate adjustments.



Special Benefits

- Health Benefits
 - First, make consistent across province
 - Then move to Ministry of Health
 - Then make available to all low-income people
- Employment Benefits and “Other” Benefits
 - Block funds to municipalities for discretionary use
 - Loss of mandatory benefits and appeal rights
 - Loss of needs-based funding



... special benefits

- Elimination of Special Diet Allowance and ODSP \$100 Work-Related Benefit
 - To be “rolled in” to the new Standard Rate
 - Small portion of SDA to Min Health for wasting
- No new benefits within social assistance that are not provided to all low-income Ontarians
- If Housing Benefit introduced
 - Make it available to all people with low-incomes
 - Take into account the impact of Marginal Effective Tax Rates (i.e., clawbacks)



Questions?

- Please ask questions of clarification on the material we've covered up to this point.



Rule change recommendations

- Treat child support the same as earnings (50%)
 - Voluntary pursuit
- Make definition of spouse consistent with *Income Tax Act*
 - From 3 months to 1 year
 - Partially undermined by “Sharer’s Rate”
- Changes to gift exemption rules
- Self-employment income clawback same as for employment income (i.e., \$200 then 57%)
 - Good for OW – current 100% reduction
 - Not for ODSP with earnings over \$200



... rule changes

- Increase asset levels
 - To \$5000 for singles and \$7500 for families
 - Same as ODSP, so good for OW
 - Then increase if no impact on caseloads
- Total exemption for savings vehicles \$60,000
 - I.e., RRSPs, RESPs, etc
- Flexibility in assets for First Nations / the north
- Other current exemptions not discussed
 - E.g.. RDSP, pain and suffering, residential school compensation, etc.



First Nations

- Discussions between province, feds, and First Nations on funding implications of report and implications for 1965 Indian Welfare Agreement
- Tripartite, senior discussions on greater role for First Nations in designing and managing social assistance system in their communities
 - Consistent with principles from All Ontario Chiefs' Assembly



Accountability

- Provincial Commissioner for reform
 - Coordinating council
 - Stakeholder advisory board (SA clients, advocates, employers etc.)
- Service agreements between province and municipalities / First Nations
 - Outcomes, targets, performance measures
- Public reporting of outcomes
 - Annual performance reports
 - Annual Report Card on reform
 - Tabled in Legislature as part of reporting on Poverty Reduction Strategy



Monitoring and Surveillance

- Good discussion of need to reduce monitoring and surveillance
 - Few concrete recommendations to make this a reality
- Standard Rate reduces need to produce rent receipts
- Child support changes
 - Eliminates government forcing women to pursue



Reducing ODSP Caseloads

- Set a target for reducing the rate of growth in the number of people on ODSP
 - Invest savings in new disability benefit outside social assistance
- Concern:
 - Reducing caseload as a “target” and not an “outcome” of a better program



Questions?

- Please ask questions of clarification on the material we've covered up to this point.



Analysis

- Supposed to be about transforming OW
 - Improvements for OW but no “transformation”
 - Instead, significantly transforming ODSP
- New benefit structure / methodology
 - Standard Rate not a bad idea – amounts not good
 - At best neutral for ODSP (singles not sharing)
 - Red flag: “grandparenting” recommendation 103
 - Child benefit clawback institutionalized
- Better access / quality re: employment supports
 - Good idea
 - No need to make PEPs mandatory for people with disabilities, putting incomes at risk



... analysis

- Disability benefit and health benefits outside SA
 - Good idea in the long-run
 - Depends on willingness to make necessary investments and which health benefits included
- Simplifying admin procedures, structure, etc.
 - Primarily simpler within and for MCSS
 - Other ministries / municipalities would have to create new procedures, etc.
- Major Risks:
 - Benefit restructuring and cuts are easy to implement
 - Improved employment services and change to supportive culture expensive and complex



Where are we now?

- Response to report:
 - No wholesale endorsement
 - Emphasis on need for reform generally
 - Minister has distanced from recommendations
- In ODSP
 - Government concerns about growth remain regardless of review – ODSP is “unsustainable”
 - Changes to program will occur – question is which changes
- In OW
 - Status quo is unacceptable, but little pressure to improve



Next Steps for Action

- Issue becomes:
 - Moving positive reform of social assistance forward, while mitigating against the risks in the report
- Changes happening internal to the programs
 - Program changes will occur over medium and longer term
- Upcoming Opportunities:
 - Leadership race
 - Budget 2013
 - Spring election likely
- Engage with these opportunities
 - E.g., 25 in 5 Network report release tomorrow
 - Contact your MPPs / Leadership candidates to forward priorities for immediate action
 - ISAC to produce written materials on the SAR report



Questions?

- Any further questions?



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