



CITY OF KINGSTON
REPORT TO COUNCIL

Report No.: 12-227

TO: Mayor and Members of Council
FROM: Lanie Hurdle, Commissioner, Community Services
RESOURCE STAFF: Adèle Lafrance, Director, Community and Family Services
DATE OF MEETING: June 19, 2012
SUBJECT: Changes to Ontario Works and ODSP Benefits Resulting from 2012 Provincial Budget

EXECUTIVE SUMMARY:

The 2012 Ontario Budget, released on March 27, 2012, announced changes that would affect Ontario Works (OW) and Ontario Disability Support Program (ODSP) recipients. These changes include revision of the cost share formula for non-health and health-related discretionary benefits as of July 1, 2012, and the removal of the Community Start-up and Maintenance Benefit (CSUMB) and home repair from social assistance as of January 1, 2013.

Based on 2011 actual expenditures, the annual impact of these changes for social assistance recipients in the City of Kingston and the County of Frontenac is a 36% reduction (\$580K) in discretionary benefits and \$2.3M less in CSUMB funding. Discretionary benefits includes such items as dental and vision care for adults, funerals and burials, health and well-being benefits, residency benefits, newborn / child benefits, and utility benefits. CSUMB helps participants move to a new residence or maintain their current residency. Approximately fifty percent of the CSUMB funding will be reinvested by the province into the new consolidated housing and homelessness funding in January 2013 for municipalities to have discretion as to how to spend. The decrease in discretionary benefits funding is not being replaced. Both of these benefits were part of the phased upload of social assistance benefits to the province by 2018.

The City of Kingston, as Consolidated Municipal Service Manager for Ontario Works for the City of Kingston and County of Frontenac, recognizes that mandatory and discretionary benefits enhance social assistance allowances in matters of health, well being and compassion. These benefits contribute to poverty reduction for both OW and ODSP recipients.

Staff completed a financial impact analysis of maintaining these two programs at their existing policy rate. It was estimated that the City would be required to spend an additional \$1.1M in the City's operational budget should the City choose to maintain those programs. This will create

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additional budgetary pressure of about \$875,000 in 2013. The analysis completed by staff includes scenarios with various potential funding levels and their impacts on the 2013 and 2014 budgetary forecasts. The budgetary impact would depend on the policy and the level of funding that the City would choose to support by reinvesting OW upload savings. Based on the financial analysis completed in Exhibit B, it is anticipated that the City would experience OW upload savings, starting in 2014, even if it supported this program at 100%. Should the City determine that it would introduce a policy to close the gap created by the provincial decision, it will increase the impact on the existing 3.5% taxation increase forecast for 2013 and 2014 and further compound the situation in achieving a level closer to 2.5% as requested in a recent Committee of the Whole meeting held May 29, 2012.

It should be noted that this issue has been raised by the Association of Municipalities of Ontario (AMO) and Ontario Municipal Social Services Association (OMSSA) and with the Province of Ontario. As well, City staff recently had the opportunity to present these concerns to the Standing Committee on Finance and Economic Affairs regarding the Provincial budget on June 18, 2012.

RECOMMENDATION:

THAT the current OW discretionary benefit schedule be maintained to the end of the 2012 fiscal year for residents of Kingston, at a municipal cost of approximately \$206K due to the revised provincial cost sharing formula, being funded by the Social Services Stabilization Fund; and

THAT staff designate the provincial portion of Community Start-up and Maintenance Benefit funding being reinvested into the consolidated housing and homelessness funding in January 2013 to continue to be used for Ontario Works and Ontario Disability Support Program residency costs in the City of Kingston and County of Frontenac; and

THAT staff report back with a proposed plan to present community and budgetary challenges with discretionary benefits and the Community Start-up and Maintenance Benefit, prior to the 2013 operating budget submission.

AUTHORIZING SIGNATURES:

<p><u>ORIGINAL SIGNED BY COMMISSIONER</u> Lanie Hurdle, Commissioner, Community Services</p>
<p><u>ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER</u> Gerard Hunt, Chief Administrative Officer</p>

CONSULTATION WITH THE FOLLOWING COMMISSIONERS:

Cynthia Beach, Sustainability and Growth	N/R
Denis Leger, Transportation, Properties & Emergency Services	N/R
Jim Keech, President and CEO, Utilities Kingston	N/R

(N/R indicates consultation not required)

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OPTIONS/DISCUSSION:

The City of Kingston, as service manager for the delivery of Ontario Works (OW), recognizes that mandatory and discretionary benefits augment social assistance allowances in matters of health, well being and compassion. These benefits support social assistance recipients to become job ready and to ultimately exit social assistance programs. For both OW and Ontario Disability Support Program (ODSP) recipients, these benefits help contribute to poverty reduction.

The 2012 Ontario Budget, released on March 27, 2012, announced changes that would affect OW as well as ODSP. These changes include the following:

- Revision of the cost sharing formula for Ontario Works non-health and health-related discretionary benefits; and
- Removal of the Community Start-up and Maintenance Benefit (CSUMB) and home repair benefit from social assistance.

The Budget also noted that the government will be looking at opportunities to integrate Ontario Works and ODSP employment services with the broader Employment Ontario network. MCSS will be working with the Ministry of Training, Colleges and Universities and other provincial and municipal partners on this initiative. Until more information is released, any impact on the Ontario Works program is unknown.

In a subsequent announcement, the Budget was amended to add a 1% increase to social assistance rates in December 2012 but this increase will not compensate for the reduction in discretionary benefits and CSUMB.

Discretionary Benefits

The maximum provincial cost-share for non-health related discretionary expenditures is currently \$8.75 per case multiplied by the combined Ontario Works and ODSP monthly caseload within a delivery agent's geographical area. The Budget announced that effective July 1, 2012, the existing formula for determining the maximum provincial cost share on non-health and health-related discretionary benefits will be \$10 per case of the combined Ontario Works and ODSP caseload. Based on 2011 discretionary expenditures for the City of Kingston and County of Frontenac, discretionary spending for OW clients must be reduced by 36% or \$580K per year in order to receive provincial cost-share on the expenditures. Alternative options would include a portion of these benefits being funded by the municipality.

Exhibit A shows the type of benefits provided to OW clients in 2010 and 2011. Dental benefits contributed to 38% of total discretionary benefits in 2011, vision care was 8%, other health was 25% and funerals were 11%. Residency benefit and heat and utility benefit combined contributed to 11% of the total. The last two benefits are similar to the benefits covered by

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CSUMB, and could be accessed if an OW client had exhausted their CSUMB mandatory benefit.

Although funerals are noted as discretionary benefits, in most instances, the municipality must pay the cost of funerals and burial or cremation costs for OW and ODSP recipients. In addition to funeral related costs for Social Assistance recipients, municipalities are required by the statutes of the Public Hospitals Act and the Anatomy Act to cover the funeral and burial expenses for unclaimed bodies found within the boundaries of the municipality including persons who have died in hospital and remain unclaimed. The only "discretion" in the matter of these publicly funded funerals, burials and cremations, is in the maximum amount that the municipality will pay. The municipality can try to recover the cost of funerals but based on 2010 and 2011 actual expenditures net of recoveries, the City estimates approximately \$165,000 of the maximum discretionary benefit envelope will be required to pay for funerals and burials of Social Assistance recipients.

CSUMB

CSUMB is a mandatory benefit provided to recipients to assist in establishing a new principal residence, or to prevent eviction or the discontinuance of utilities or heating in an existing residence. CSUMB may also be issued where there is a threat to the health or welfare of a recipient or a member of the benefit unit in a non-start up situation.

The amount of the CSUMB payable is up to a maximum of \$1500 for recipients with one or more dependents in a 24-month period; or up to a maximum of \$799 where there are no dependents in a 24-month period.

CSUMB is issued in situations where the recipient meets eligibility criteria, and has not received, within the previous 24 months, the maximum amount of the CSUMB to which the recipient is entitled under Ontario Works or the Ontario Disability Support Program (ODSP). In 2011, the City of Kingston, as CMSM for Ontario Works for the City of Kingston and County of Frontenac, issued \$1.2M in CSUMB. This current cost share for this benefit is 82.8% provincial and 17.2% municipal and is part of the scheduled upload of Ontario Works financial assistance costs. In 2011, ODSP issued \$1.1M in CSUMB.

CSUMB will be removed from social assistance as the new consolidated housing and homelessness program is introduced in January 2013. Approximately 50% of the previous total provincial share of CSUMB funding will be included in a new consolidated program administered by municipalities to provide housing and homelessness services and supports. With more discretion with the consolidated funding, the City of Kingston as CMSM, can determine how best this funding should be used but with only half the funding amount being provided, this will have a significant impact on both OW and ODSP recipients. If this funding is not used to assist with establishing a new residence (i.e. last month's rent deposit) or assisting a benefit unit to stay in

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their current residence (i.e. utility disconnects), this could create a large strain on discretionary benefits as the need will not go away even if the funding has disappeared.

Community and Budgetary Impacts

The City of Kingston has an active role in the Community Plan for Poverty Reduction and the continued funding of these benefits throughout 2012 will assist Ontario Works recipients with their health, their well-being, with their success in finding employment, and overall quality of life. In order to maintain the same level of OW discretionary benefit throughout 2012 for the residents of Kingston, the City would be required to invest municipal funds in the program. The estimated cost to bridge the gap in 2012 is \$206K, which can be funded through the Social Services Stabilization Fund.

CSUMB is an essential benefit for both OW and ODSP recipients. Even though only 50% of the provincial CSUMB funding will be reinvested into the consolidated housing and homelessness funding in 2013, this funding should be designated for the continued use of OW and ODSP residency costs in the City of Kingston and County of Frontenac. Without this funding, recipients could end up homeless, or for those that are homeless, the lack of resources will prevent them from securing a home. Given the City of Kingston's low vacancy rate and high shelter usage, the result of discontinuing this funding could be a true detriment to the community. More people could end up homeless with no place to go. Once the province formally announces the makeup and goals of the consolidated housing and homelessness funding, staff will need to formulate new benefit schedules for both discretionary benefits and CSUMB, for inclusion in the 2013 operating budget submission, with the net City contribution to align with the projected savings of the social assistance upload in 2013.

2012 – 2014 Budgets

Provincial programs changes will reduce support to discretionary benefits by \$206K from July 2012 until December 31, 2012. Staff are recommending that this funding gap be financed by the Social Services Stabilization Fund. If this was approved, there would be no impact on the 2012 operational budget.

Both programs will experience funding changes in 2013. Staff have completed an in depth analysis which takes into consideration the continued upload of OW costs, the funding formula changes to the Discretionary Benefits and the Community Start Up and Maintenance Benefit as well as the shared cost with the County of Frontenac.

The municipal cost to fully sustain both services on an ongoing basis is estimated at \$1.1M per year. In 2013, this amount would be higher than the expected savings of \$622,431 through the OW upload. In 2014, the OW upload savings would start to exceed the service cost of \$1.1M by about \$130,000. The full financing of these two programs by the City would have significant impacts on the 2013 and 2014 operational budget forecasts presented to Council during 2012 budget process and more recently during the strategic planning session. The full funding of the programs, at \$1.1M, would change this situation of the anticipated savings of \$389,849 to an

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expenditure of \$484,789. Should full funding be included in the City operational budget, it would add an additional pressure of \$874,638 or just over an additional ½ of 1% on taxation to the 2013 and future years' operational budgets. Staff have explored options for reduced funding support to Discretionary Benefits and Start Up and Maintenance Benefit as well as their potential impacts on overall operational budget. Detailed calculations of these funding levels and budget impacts are included in Exhibit B of this report.

EXISTING POLICY/BY LAW:

Ontario Works Act, 1997

City of Kingston, Ontario Works, Local Policy Manual, Tab 4, Benefits

NOTICE PROVISIONS:

N/A

ACCESSIBILITY CONSIDERATIONS:

N/A

FINANCIAL CONSIDERATIONS:

In order for the City to maintain the current level of discretionary benefits for OW clients in the City of Kingston from July 1, 2012- December 31, 2012, the City will need to contribute approximately \$206K in municipal funds. For 2012, this can be funded through the Social Services Stabilization Fund which has a current balance of \$1.8M.

In 2013, CSUMB will be removed from social assistance which will reduce benefits to OW and ODSP recipients in the City of Kingston and the County of Frontenac by \$2.3M. Approximately 50% of the current CSUMB provincial funding will be reinvested into the consolidated housing and homelessness funding. To maintain CSUMB funding above the 50% level, this will need to be done through municipal contributions. As noted in the report, the impact will be incremental and in excess of an additional ½ of 1% on tax levy.

Both discretionary benefits and CSUMB are part of the upload of social assistance benefits to the province by 2018. The City has forecasted the OW upload in its long term financial projections to consider other investment decisions and strategies endorsed by Council. Depending on Council's decision regarding the reinvestment of OW upload savings in these two social programs, savings identified in the forecast would not be available to support other priorities of Council and the net impact would be additional costs to the property taxpayer or other net budget and program adjustments.

CONTACTS:

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OTHER CITY OF KINGSTON STAFF CONSULTED:

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Katie Clarke, Manager of Program Delivery, Community and Family Services

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EXHIBITS ATTACHED:

Exhibit A 2010 and 2011 Discretionary Benefit Types

Exhibit B 2013 and 2014 Funding Options and Budget Impacts

EXHIBIT 'A'

2010 and 2011 Discretionary Benefit Types

BENEFIT TYPE	2010 CITY & COUNTY				2011 CITY & COUNTY			
	AMOUNT	% of Total	# Issuances	AVERAGE	AMOUNT	% of Total	# Issuances	AVERAGE
Health:								
Dental	\$547,343.61	36%	1855	\$295	\$579,301.03	38%	1796	\$323
Hearing Aid/Batteries	\$516.00	0%	6	\$0	\$164.80	0%	4	\$41
Vision Care	\$115,953.65	8%	484	\$240	\$117,321.11	8%	493	\$238
Subtotal	\$663,813.26	44%	2345	\$283	\$696,786.94	46%	2293	\$304
Health & Well Being:								
Heat and Utility Benefit	\$61,960.47	4%	203	\$305	\$61,806.71	4%	201	\$307
Other Health	\$389,395.88	26%	2060	\$189	\$381,952.05	25%	2039	\$187
Special One Time	\$175.00	0%	1	\$175	\$0.00	0%	0	\$0
Prescription Medication	\$9,765.97	1%	85	\$115	\$10,220.44	1%	90	\$114
Subtotal	\$461,297.32	30%	2349	\$196	\$453,979.20	30%	2330	\$195
Other:								
Home Repairs	\$861.35	0%	4	\$215	\$800.00	0%	2	\$400
Newborn / Child Benefit	\$41,253.29	3%	193	\$214	\$25,443.42	2%	131	\$194
Other - Non Health	\$51,032.88	3%	1027	\$50	\$49,879.04	3%	964	\$52
Residency Benefit	\$112,793.98	7%	374	\$302	\$113,902.40	7%	380	\$300
Vocational Training	\$26,340.13	2%	89	\$296	\$15,168.37	1%	51	\$297
Subtotal	\$232,281.63	15%	1,687	\$138	\$205,193.23	13%	1,528	\$134
Funeral:								
Funeral & Cemetery	\$140,673.46	9%	104	\$1,353	\$164,655.82	11%	131	\$1,257
Subtotal	\$140,673.46	9%	104	\$1,353	\$164,655.82	11%	131	\$1,257
Pilot:								
Hostels to Homes	\$19,665.24	1%	79	\$249	\$0.00	0%	0	\$0
Subtotal	\$19,665.24	1%	79	\$0	\$0.00	0%	0	\$0
TOTAL	\$1,517,730.91	100%	6564	\$231	\$1,520,615.19	100%	6282	\$242

EXHIBIT 'B' - 2013 and 2014 Funding Options and Budget Impacts

Line 1 - Original 2012-2014 Budget forecast submitted to Council during 2012 budget process
 Line 2 - 2012-2014 Budget forecast with a proposed reinvestment in social programs to achieve 70% reinvestment
 Line 3 - 2012-2014 Budget forecast with a proposed reinvestment in social programs to achieve 75% reinvestment
 Line 4 - 2012-2014 Budget forecast with a proposed reinvestment in social programs to achieve 80% reinvestment
 Line 5 - 2012-2014 Budget forecast with a proposed reinvestment in social programs to achieve 100% reinvestment

	2011	2012	Variance	2013	Variance	2014	Variance
1 2012-2014 Budget Forecast							
GRAND COM FAM TOTAL (net of OMPF)	\$ 9,854,745	\$ 9,064,896	\$ (789,849)	\$ 8,675,047	\$ (389,849)	\$ 7,941,427	\$ (733,620)
Percent Change			-8%		-4.30%		-8.46%
2 70% Reinvestment							
GRAND COM FAM TOTAL (net of OMPF)	\$ 9,854,745	\$ 9,064,896	\$ (789,849)	\$ 8,776,855	\$ (288,041)	\$ 8,277,271	\$ (499,584)
Percent Change			-8.01%		-3.18%		-5.69%
3 75% Reinvestment							
GRAND COM FAM TOTAL (net of OMPF)	\$ 9,854,745	\$ 9,064,896	\$ (789,849)	\$ 8,943,529	\$ (121,367)	\$ 8,445,989	\$ (497,540)
Percent Change			-8.01%		-1.34%		-5.56%
4 80% Reinvestment							
GRAND COM FAM TOTAL (net of OMPF)	\$ 9,854,745	\$ 9,064,896	\$ (789,849)	\$ 9,110,203	\$ 45,307	\$ 8,614,707	\$ (495,496)
Percent Change			-8.01%		0.50%		-5.44%
5 100% Reinvestment							
GRAND COM FAM TOTAL (net of OMPF)	\$ 9,854,745	\$ 9,064,896	\$ (789,849)	\$ 9,549,685	\$ 484,789	\$ 9,412,885	\$ (136,800)
Percent Change			-8.01%		5.35%		-1.43%