



City of
Peterborough

TO: Members of the Joint Services Steering Committee

FROM: Ken Doherty, Director of Community Services

MEETING DATE: October 8, 2009

**SUBJECT: Report CSSSJSSC09-016
2010 Ontario Works Discretionary Benefit Report**

PURPOSE

A report to present funding options for the 2010 Discretionary Benefit Program.

RECOMMENDATIONS

That the Joint Services Steering Committee endorse the recommendations outlined in Report CSSSJSSC09-016 dated October 8, 2009, of the Director of Community Services, as follows:

- a) That the amended local Ontario Works (OW) discretionary benefit policy clarifying the authority the OW Administrator retains to ensure expenditures come in on budget be approved. (Appendix A)
- b) That Option 1, maintain at 2009 Discretionary Benefits budget level for 2010, with the total gross \$1,678,191; the City gross \$1,464,421 and the City net \$212,871; and the County gross \$213,770 and the County net \$41,472 be approved.

BUDGET AND FINANCIAL IMPLICATIONS

Three options were considered for the development of the 2010 Discretionary Benefits budget as follows:

Option 1 – Maintain at 2009 Discretionary Benefits Budget Levels

Option 2 – Set 2010 Budget at the 2009 Revised Projected Numbers

Option 3 – Set 2010 Budget at 2010 Projected Demand Levels

.Discretionary Benefits (Health and Non-Health) - Table 1			
	Option 1	Option 2	Option 3
	<u>2009 Approved Budget</u>	<u>2009 Revised Budget</u>	<u>2010 Projected Expenditures</u>
Gross Total	\$1,678,191	\$2,106,538	\$2,446,324
City Gross	\$1,464,421	\$1,798,248	\$2,095,177
County Gross	\$213,770	\$308,290	\$351,147
City Net **	\$212,871	\$277,633	\$335,238
County Net	\$41,472	\$59,809	\$68,123

**City 19.4% share reduced by revenue received from transit for City ODSP and OW Bus Pass Program.

Option 1 represents a “0” increase over 2009. Option 2 represents a net increase of \$64,762 for the City and \$18,337 for the County and, if approved, will be funded from reserves in 2009. Option 3 represents a net increase of \$122,367 for the City and \$26,651 for the County. The increases proposed in either option 2 or 3 would be funded as either draws from reserves or as increases to the tax levy in 2010. See Table 2 for more details.

BACKGROUND

Staff submitted Report C555J55S09-013 to the September 10, 2009 Joint Services meeting recommending increases to the 2009 Discretionary Benefits Budget (\$428,347 gross increase; \$66,765 City net increase; \$18,904 net County increase). This increase is the result of higher caseloads and more clients accessing the range of items and services available under the local Discretionary Benefit policy updated in October 2008. While Joint Services endorsed the recommended increases, funded through reserves for the balance of 2009, it also directed staff to prepare a report for the next meeting outlining options to contain the 2010 discretionary benefit costs at the level of the original 2009 budgeted amount despite the continuing caseload increases.

Proposed Amendments: Ontario Works Discretionary Benefits Policy

The local Ontario Works discretionary benefit policy was revised as recommended in Report C555S08-008 on June 30, 2008 and became effective October 1, 2008. Discretionary benefits are provided to ODSP clients as well as OW clients. During the preparation of this report the policy was reviewed and the proposed amendments are recommended to ensure that it explicitly outlines the authority of the OW Administrator to amend the benefits and dollar values listed in Schedule A in order to stay within approved budget.

- 1.1. Section 4.1 of the approved policy outlines the authority of the OW Administrator as follows:

Within the authority of the OW Administrator, discretionary benefits shall be provided to eligible recipients to support them in times of crisis or with costs that cannot be accommodated within regular financial assistance, subject to available funding and as outlined in Schedule A of the Discretionary Benefits Procedure under Section 5.0.

This section has been both clarified and expanded in the proposed amendments as follows:

- 4.1 The OW Administrator may provide for discretionary benefits to eligible recipients to support them in times of crisis or with costs that cannot be accommodated within regular financial assistance, subject to available funding and as outlined in Schedule A of the Discretionary Benefits Procedure Section 5.0.
- 4.2 The OW Administrator shall have the discretion to amend the benefits and dollar values listed in Schedule A, as necessary to stay within the approved budget.

A copy of the revised policy is included in Appendix A.

Funding Options for 2010

Option 1: Maintain at 2009 Discretionary Benefits Level

As the number of people on assistance increases, the demand for discretionary benefits also increases, but unlike the mandatory benefits, there is an element of control on the discretionary benefits. To maintain the cost of discretionary benefits within the 2009 budget level, staff has considered a number of approaches including:

- a) Approve funds for all discretionary benefits until the approved budget is spent. For example: Based on current caseload projections funds would be spent by August or September of 2010 and therefore no discretionary benefits would be issued for the remainder of the year.
- b) Reduce the amount approved towards specific items and services requiring the client to pay the increased amount owing in order to obtain the item or service. For example: Staff approves \$150 towards the cost of glasses for an adult instead of \$250.
- c) Establish a cap for each budgeted line discretionary benefit and once that amount is reached, stop issuing for that item for the remainder of the year. For example: If the budgeted amount for dentures is \$100,000, once that amount is spent, no more dentures are approved in 2010.
- d) Remove items and services from Schedule A, the approved list of items or services, thus reducing those expenditures. Example: Eliminate all non-health related items and services from Schedule A. A copy of Schedule A is included as Appendix B.
- e) Divide the annual budget allocation by 12 and monitor discretionary benefit spending on a monthly basis capping items within the schedule of benefits monthly or quarterly as necessary to remain within the overall allocation.

Based on the proposed revised authority in the local discretionary benefit policy, the local OW Administrator recommends strategy (e) to stay within the 2009 budget level. Approval of Option 1 will result in no net increase in the tax levy for either City or County residents.

Option 2: Set 2010 Budget at the 2009 Revised Projected Numbers

During the 2009 budget process, the caseloads for Ontario Works clients was projected to remain static from 2008, but the economic downturn late in 2008 has resulted in an increased caseload in 2009 of approximately 16%, as of the end of August 2009. Staff projected an increased caseload of 560 (440 City and 120 County) for an estimated total of 3,524 cases as opposed to the original budget projection of 2,964.

In anticipation that the full discretionary benefits budget would be fully expended early in the fall of 2009 as a result of increased demand, staff requested that the budget be increased by \$428,347, resulting in net increases of \$66,765 for the City and \$18,904 for the County in 2009, with the additional funding to come from the respective reserves. Joint Services endorsed this increase and it is currently under consideration by the respective Councils. As a result of a partial upload to the province, the net increases in 2010 would be slightly less at \$64,762 for the City and \$18,337 for the County.

If Joint Services prefers to endorse this option, then it should amend recommendation b) as follows:

That Option 2, Set 2010 Budget at the 2009 Revised Projected Numbers, with the total gross \$2,106,538; the City gross \$1,798,248 and the City net \$277,633; and the County gross \$308,290 and the County net \$59,809 be approved.

Option 3: Set 2010 Budget at 2010 Projected Demand Levels

This option uses the actual estimated cost per case (the average amount of discretionary benefits spent on each OW and ODSP client per month) and the estimated OW and ODSP caseloads that have been projected for the 2010 year. This option allows all clients to receive the level of discretionary benefits that they have been receiving since the new policy came into effect October 1, 2008. This option would increase the gross discretionary budget by \$768,133 to \$2,446,324, resulting in City gross of \$2,095,177 and net \$335,238; and a County gross of \$351,147 and net \$68,123. The budget is cost shared with the Province (80.6% in 2010), leaving the Municipal share to increase \$122,367 for the City and \$26,651 for the County.

If Joint Services prefers to endorse this option, then it should amend recommendation b) as follows:

That Option 3, Set 2010 Budget at the 2010 Projected Demand Levels, with the total gross \$2,446,324; the City gross \$2,095,177 and the City net \$335,238; and the County gross \$351,147 and the County net \$68,123 be approved.

Summary of Options & Financial Impact Table 2 Discretionary Benefits (Health and Non-Health)			
	Option 1	Option 2	Option 3
	<u>2009 Approved Budget</u>	<u>2009 Revised Budget</u>	<u>2010 Projected Expenditures</u>
Gross Total	\$1,678,191	\$2,106,538	\$2,446,324
City Gross	\$1,464,421	\$1,798,248	\$2,095,177
County Gross	\$213,770	\$308,290	\$351,147
Gross Increase over 2009		\$428,347	\$768,133
City Gross Increase		\$333,827	\$630,756
County Gross Increase		\$94,520	\$137,377
Net Municipal Share	\$254,343	\$337,442	\$403,361
City Net Contribution **	\$212,871	\$277,633	\$335,238
County Net Contribution	\$41,472	\$59,809	\$68,123
Net Municipal Increase		\$83,099	\$149,018
City Net Increase		\$64,762	\$122,367
County net Increase		\$18,337	\$26,651

**City 19.4% share reduced by revenue received from transit for City ODSP and OW Bus Pass Program.

Client Survey

To provide further background information, as part of the 2010 budget process, staff initiated a survey to all Ontario Works clients in July 2009. The purpose was to obtain feedback from clients regarding the discretionary benefit program. The following is a summary of the survey responses:

- Survey was mailed to 3103 City and County OW clients and provided to community partners to make available to their clients who are on social assistance. The clients had approximately two weeks to complete it via on-line or in hard copy.
- 317 responses were received (10.2% response rate)
- Approximately 52% of the respondents were aware of the discretionary benefit program.
- Subsidized transit passes and dental services were the best known services. Staff assume this may be in part because an eligibility card for each service is included with each monthly assistance cheque.
- 45% of the respondents reported being on OW for less than one year.
- 58% of the respondents accessed at least one discretionary benefit within the past six months.
- There were requests to expand the list of available items and services not presently approved but there were no commonly requested item from the respondents.

SUMMARY

The City and County have considerable discretion in the provision of discretionary benefits to eligible clients in the region. As directed by Joint Services, staff has identified ways to contain the 2010 discretionary benefit costs at the original 2009 level as well as provided several increase funding options to respond to the increased caseload.

Submitted by,

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Attachments:
Appendix A- Local Discretionary Benefit Policy
Appendix B- Schedule A