



City of
Peterborough

TO: Members of the Joint Services Steering Committee

FROM: Ken Doherty, Director of Community Services

MEETING DATE: September 9, 2010

SUBJECT: Report CSSSJSSC10-006
Discretionary Benefit Update

PURPOSE

A report to inform the Joint Services Steering Committee of the anticipated service demand and financial projections for discretionary benefits over the next five years.

RECOMMENDATION

That the Joint Services Steering Committee endorse the recommendation outlined in Report CSSSJSSC10-006 dated September 9, 2010, of the Director of Community Services, as follows:

That the report be received.

BUDGET AND FINANCIAL IMPLICATIONS

There are no immediate financial implications in receiving this report.

BACKGROUND

The Ontario Works Act allows for the provision of discretionary benefits to be delivered at the discretion of each Consolidated Municipal Service Manager (CMSM) to persons in receipt of Ontario Works (OW) and Ontario Disability Support Plan (ODSP). Funding is cost-shared with the province, and by 2018 the provincial government will assume full

responsibility to fund this program. Table 1.0 outlines the phased upload of the expenditures for discretionary benefits.

Table 1.0 - Ontario Works Cost Sharing

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Municipal Share	19.4%	18.8%	17.2%	14.2%	11.4%	8.6%	5.8%	2.8%	0%
Provincial Share	80.6%	81.2%	82.8%	85.8%	88.6%	91.4%	94.2%	97.2%	100%
Non-Health Average Monthly Cap*	\$7.05	\$7.10	\$7.25	\$7.50	\$7.75	\$8.00	\$8.25	\$8.50	\$8.75

*Cost of non-health discretionary benefits is capped at an average annual monthly amount.

In December 2009, the Minister of Community and Social Services created the Social Assistance Review Advisory Council to report on the scope and terms of reference that would guide the development of a social assistance review. In May 2010, the report was released and, subject to the decision of the Minister, a consultative review could be underway that takes 12 to 18 months to complete and provides recommendations to determine the future of social assistance/income security in Ontario. Discretionary benefits may be part of this review, and at some point, the government may implement a cap on the cost of health-related discretionary benefits. Increasing the health-related discretionary benefit costs before any cap were to be implemented allows client needs to be better addressed, while at the same time the upload is resulting in a decrease of municipal contributions. In addition, clients spend many of the payments for goods and services covered through Discretionary Benefits payments at businesses in our community.

Since the inception of discretionary benefits in 1998, these benefits have been extremely important to alleviate financial hardship to social assistance recipients and their families. In the summer of 2008, City Council approved an updated discretionary benefit policy that provided a range of items and services to assist clients and their families. Most of the changes were initiated effective October 2008, and Ontario Works, ODSP clients and community partners received notification of the new provisions. The demand for these benefits increased in 2009, as more families became aware of the changes. At the same time, caseloads began increasing with the downturn in the economy and more people applied for Ontario Works. The need for these discretionary benefits was evident, as families struggled to meet their financial obligations or were faced with new costs for which they had no money.

Survey of some basic discretionary benefits (funerals, dental, dentures, vision and transportation) from the other CMSMs within the Central East region, (Durham Region, York Region, Kawartha Lakes, Northumberland County and Simcoe County) suggests

that Peterborough’s benefits are slightly better in some areas when compared to the others.

Table 2.0 - Discretionary Benefit Comparison with Central East CMSMs						
Item or Service	Durham	York	Kawartha Lakes	Northumberland	Simcoe County	Peterborough
Vision	Rate table for lenses and up to \$42.20 for frames	MCSS Fees every 3 years	Cost of basic lenses and \$150 for frames every 24 months	Maximum of \$150 every 24 months	Rate Schedule of Optometrist 1989 and Dispensing Optician 1990. Once every 2 years.	Maximum \$250 for frames and lenses every 24 months.
Hearing Aids	\$2,500 per aid to maxim \$5,000	\$1,000 per aid after ADP every 3 years	\$600 maximum	Up to \$400 per member	Up to \$250 beyond ADP amount.	Up to \$500 per aid in a 36-month period
Dentures	Up to \$978.05	Currently being reviewed	\$1,000 per person per 12 month period	Included with dental to max \$1,000 every 12 months.	April 2008 Denturist Fee Guide	Up to \$750 for upper and \$750 for lower dentures in a 5-year period.
Transportation	Will assist with bus tickets and payments	Issue bus passes	None	\$100 per family	Did not report	Subsidize \$34 of a monthly adult bus pass for those adults who are eligible.

During the 2010 budget deliberations, Council approved the Ontario Works discretionary benefit budget at the 2009 budgeted level. After closely monitoring the expenses, it was apparent that reallocation of funds between various discretionary benefit lines would not be sufficient to come in on budget by year end and a significant reduction of services would be necessary to come in on budget. Approval was obtained to continue present service levels and the committee would be updated on this decision through the June Quarterly Financial Report CPFRRAS10-012. The following is an excerpt from the report:

Ontario Works (OW) Mandatory and Discretionary Benefits

”As of June 30, 2010, OW caseloads continue to grow but at a slower rate than budgeted. For 2010, the budgeted caseload for the City is 3,402, but the current projection for year-end average caseload is 3,037. Based on the current projection, it is

estimated that there will be approximately a \$640,000 surplus for the City in the OW Mandatory Benefits.

Discretionary benefits are in the opposite position. The 2010 budget for discretionary benefits was kept the same as the 2009 budget, although it was expected that OW and ODSP caseloads would continue to grow. Projections determine that in order to maintain the same level of discretionary benefits as outlined in the benefit policy for the growing caseload, the City would require an additional expense in gross dollar terms of \$349,000, which would result in an additional net cost to the City of \$67,700. Although no additional net municipal budget is being requested, in order to maintain prior years benefit levels, some of the OW Mandatory benefit surplus will be used to offset the deficit in the Discretionary accounts.”

As a result of the review of 2010, staff was requested to complete a report on the projected caseload growth and the cost of discretionary benefits for the next five years.

The following tables 3.0 (City) and 4.0 (County) provide a historical context from 2005 on the cost of discretionary benefits and the caseload and offers estimated projections using preliminary numbers for 2011 to project caseload and cost for the next five years.

Anticipated Cost Projection 2011 - 2015

Estimates of anticipated cost of the Discretionary Benefit Policy for the 2011-2015 budget years is provided. The projections are based on the following assumptions:

- OW projected caseload growth of 5.5% in 2012, 4.5% in 2013 and 0% in 2014 and 2015. The tentative 2011 increase is approximately 12.5% but will be finalized through the budget process. ODSP growth is estimated at 6% each year to 2015.
- For years 2012 onwards, assumed a 2% inflationary increase per year for the average cost per case.
- No changes to the services outlined in Schedule A of the Discretionary Benefit policy. (Appendix A)

The exact cost of the policy is difficult to project as the specific items actually provided depend on the individual needs and the requests made in any given month.

Based on best available data as of August 2010, municipal cost share by 2015 will return to 2008 levels.

City Discretionary Benefits Comparison-Table 3.0
Actuals 2006-2009, Projected 2010-2015

Benefit Type	Year	Projected Gross Expenditures	Avg Annual OW & ODSP Caseload	Average Monthly Cost Per Case	Municipal Cost
Health	2006	\$669,904	4864	\$11.48	\$133,981
	2007	\$621,392	4955	\$10.45	\$124,278
	**2008	\$890,869	5163	\$14.38	\$178,174
	2009	\$1,216,927	5636	\$17.99	\$243,385
	2010	\$1,355,984	6038	\$18.71	\$263,061
	2011	\$1,492,650	6634	\$18.75	\$280,618
	2012	\$1,609,782	7014	\$19.13	\$276,882
	2013	\$1,727,701	7380	\$19.51	\$245,334
	2014	\$1,815,456	7603	\$19.90	\$206,962
	2015	\$1,909,285	7839	\$20.30	\$164,199
Non-Health	2006	\$265,207	4864	\$4.54	\$53,041
	2007	\$273,758	4955	\$4.60	\$54,752
	2008	\$327,491	5163	\$5.29	\$65,498
	2009	\$410,408	5636	\$6.07	\$82,082
	2010	\$457,522	6038	\$6.31	\$88,759
	2011	\$503,919	6634	\$6.33	\$94,737
	2012	\$543,462	7014	\$6.46	\$93,476
	2013	\$583,272	7380	\$6.59	\$82,825
	2014	\$612,898	7603	\$6.72	\$69,870
	2015	\$644,575	7839	\$6.85	\$55,433

Notes:

1. Average Annual Caseload consists of the ODSP annual average plus the OW annual average.
2. 2008 health totals are reduced by the one-time fall benefit paid out to clients with children.
3. For years 2012 onwards, assumed 2% inflationary increase per year for average cost per case.
4. ODSP Caseload projected to increase 6% per year.
5. OW Caseload projected to increase 5.46% in 2012, 4.45% in 2013 and 0% in 2014 and 2015.
6. Projections for 2010 based on first quarter actuals and projected caseload increase (as per Discretionary Benefit Report dated May 17, 2010).
7. Gross expenditures for City do not include revenue received from transit.
8. City budgeted \$981,059 for Health and \$483,411 in Non-Health in 2010 but transferred funds from Mandatory to Discretionary in response to demand.
9. 2011-2015 Projected Gross Expenditures are subject to budget approval.

County Discretionary Benefits Comparison-Table 4.0
Actuals 2006-2009, Projected 2010-2015

Benefit Type	Year	Projected Gross Expenditures	Avg Annual OW & ODSP Caseload	Average Monthly Cost Per Case	Municipal Cost
Health	2006	\$122,412	1035	\$9.86	\$24,482
	2007	\$117,290	1048	\$9.33	\$23,458
	**2008	\$151,236	1107	\$11.38	\$30,247
	2009	\$238,709	1207	\$16.48	\$47,742
	2010	\$272,986	1347	\$16.89	\$52,959
	2011	\$312,951	1518	\$17.18	\$58,835
	2012	\$337,505	1605	\$17.52	\$58,051
	2013	\$361,954	1688	\$17.87	\$51,398
	2014	\$379,518	1735	\$18.23	\$43,265
	2015	\$398,271	1785	\$18.60	\$34,251
Non-Health	2006	\$11,074	1035	\$0.89	\$2,215
	2007	\$13,388	1048	\$1.06	\$2,678
	2008	\$15,653	1107	\$1.18	\$3,131
	2009	\$21,292	1207	\$1.47	\$4,258
	2010	\$24,350	1347	\$1.51	\$4,724
	2011	\$27,870	1518	\$1.53	\$5,240
	2012	\$30,057	1605	\$1.56	\$5,170
	2013	\$32,235	1688	\$1.59	\$4,577
	2014	\$33,799	1735	\$1.62	\$3,853
	2015	\$35,469	1785	\$1.66	\$3,050

Notes:

1. Average Annual Caseload consists of the ODSP annual average plus the OW annual average.
2. 2008 health totals are reduced by the one-time fall benefit paid out to clients with children.
3. For years 2012 onwards, assumed 2% inflationary increase per year for average cost per case.
4. ODSP Caseload projected to increase 6% per year.
5. OW Caseload projected to increase 5.46% in 2012, 4.45% in 2013 and 0% in 2014 and 2015.
6. Projections for 2010 based on first quarter actuals and projected caseload increase (as per Discretionary Benefit Report dated May 17, 2010).
7. Projections based on assumption that there will be no changes to Schedule A in Discretionary Benefits policy.
8. County budgeted \$189,715 for Health and \$24,055 in Non-Health in 2010 but transferred funds from Mandatory to Discretionary in response to demand.
9. 2011-2015 Projected Gross Expenditures are subject to budget approval.

SUMMARY

The need for discretionary benefits is evident. Municipal commitment to stay the course to provide these benefits supports the goals of the Peterborough Poverty Reduction Network. Municipal savings are achieved as the municipal contribution phases out by 2018.

Submitted by,

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Attachments: Appendix A-Schedule A of the Discretionary Benefit Policy

CSSSJSSC10-006 - Appendix A

SCHEDULE A – SUMMARY OF DISCRETIONARY BENEFITS				
No.	Benefit or Service	Health	Non-health	Application/ Detail
1	Basic dental services for OW adults and ODSP dependent adults	Yes		OW adults are eligible for basic dental services as per MCSS Schedule of Dental Services and Fees and the MCSS Schedule of Services and Fees for Dental Hygienists Who Self-Initiate as well as approval from the Dental Plan Administrator for “pre-determination” of any procedures that exceed \$400 per treatment plan
2	Dentures	Yes		Coverage for a maximum of \$750 per upper and \$750 per lower denture for OW and ODSP clients, every 5 years, when prescribed to relieve pain or for medical or therapeutic purposes or to increase employability.
3	Vision care for OW adults and ODSP dependant adults	Yes		Coverage for a maximum of \$250 in a 24-month period for the cost of vision care and an additional \$200 within the 24 months for the replacement of lenses if there is a change in prescription. Glasses may also be replaced if lost or destroyed at a cost up to \$200 during the 24-month period.
4	Prosthetic Appliances	Yes		Coverage for the cost of prosthetic appliances not covered under any other program up to a maximum of \$300 per item. Coverage includes braces, orthotics alerting devices for hearing impaired and air conditioners for respiratory or other severe medical conditions.
5	Hearing Aids and batteries	Yes		OW Adults and dependent children are eligible for up to \$500 per hearing aid in a 3-year period; and for on-going costs of hearing aid batteries up to \$15/month and for an additional \$500/ 3 year period for the replacement of hearing aids if there is a change in prescription.
6	Travel and Transportation		Yes	<p>Coverage for a subsidy of \$34/ month for OW and ODSP adults, not eligible for other funding to purchase a monthly City transit pass.</p> <p>Coverage for the reasonable and cost effective transportation costs to assist a recipient to move to another municipality</p> <p>Coverage for the transportation costs for clients to attend court in another municipality for the purposes of pursuing spousal or child support and</p> <p>Coverage for the travel costs for an OW or ODSP client to attend a hospital or funeral for a parent, child or sibling.</p>
7	Basic funeral and burials services	Yes		Maximum fees include: up to \$2,250 towards funeral services and up to \$1,000 towards the cost of cemetery and burial fee; cost of the crypt if required by cemetery.
8	Baby Supplies and equipment	Yes		<p>Benefits to include infant car seat to a maximum of up to \$125 and booster seats up to \$50 once per family (unless multiple children are in car seats at the same time)</p> <p>Coverage also includes cost of a CSA approved crib to a maximum of \$200 once per family (unless multiple children are in cribs at one time) and the cost of purchase or rental of breast pumps.</p>

SCHEDULE A – SUMMARY OF DISCRETIONARY BENEFITS				
No.	Benefit or Service	Health	Non-health	Application/ Detail
9	Paternity testing		Yes	Covers the cost of DNA testing of OW recipients and the dependent child to establish paternity in order to pursue child support – one time only, with the intent of recovering costs.
10	Prescription Drugs	Yes		Covers the cost of prescribed medications for benefit unit members of OW and ODSP when cost not covered under Ministry of Health and Long Term Care Drug formulary and there is no alternative that can be prescribed for up to three months
11	Moving and storage costs		Yes	Covers up to \$500 once in a calendar year towards the reasonable costs of moving and/or storage fees less any amount previously issued in the preceding 24-month period under the mandatory benefit “Community Start-up and Maintenance Benefit.”
12	Home repairs for OW families who own their own homes	Yes		Up to \$3,000 for necessary repairs for the preservation and maintenance of the dwelling place when no providing the support would be to the detriment of the health and wellbeing of the client or dependants. This benefit is available one in a lifetime but additional occurrences may be considered under exceptional circumstances by a supervisor.
13	Vocational training		Yes	Consider on a case-by-case basis if not eligible under mandatory benefits or employment related expenses.
14	Birth Verification		Yes	To assist with the cost of obtaining a birth certificate only up to the amount following the fees of the Ontario Office of the Registrar General for dependent children of OW or ODSP, once per child
15	Replacement or repair to fridge or stove	Yes		Up to \$200/ appliance in a 12-month period for the replacement or repair of a fridge or stove
16	Replacement of household contents in an emergency situation	Yes		Up to \$200/ member of the family per event for the replacement of personal effects in emergency situations, such as floods or fires, when other benefits and insurance are not available.
17	Rent deposits	Yes		Covered for OW or ODSP clients, if deposit required as condition of tenancy and other mandatory benefits are not available, up to maximum shelter allowance under OW Reg 42.
18	Heat and utility deposits or payment to prevent eviction or disconnection of services	Yes		Covers up to \$600 per service or \$1,200 if the heat and utility are with the same service provider, in a calendar year less the amount previously issued in the preceding 24-month period under the mandatory benefit “Community Start-up and Maintenance Benefit.”
19	Recreation and social activities subsidies for children		Yes	Provides up to \$200 per OW or ODSP dependent child in a calendar year to participate in recreational or social activities.
20	2008 only Children’s Fall Health Benefit	Yes		Provides \$250/child on OW or ODSP for warm seasonal clothing and funding for social inclusion in community activities.