



City of
Peterborough

TO: Members of the Joint Services Steering Committee

FROM: Ken Doherty, Director of Community Services

MEETING DATE: April 14, 2011

**SUBJECT: Report CSSSJSSC11-004
Ontario Works Administration Funding**

PURPOSE

A report to provide the Joint Services Steering Committee with information about the changes to the Ontario Works Program and Administration Funding and several options to consider.

RECOMMENDATIONS

That the Joint Services Steering Committee endorse the recommendations outlined in Report CSSSJSSC11-004 dated April 14, 2011, of the Director of Community Services, as follows:

- a) That the 2011 operational budget be adjusted to reallocate \$250,000 in corporate costs to Ontario Works/Employment Administration to leverage \$125,000 (50%) in provincial funding;
- b) That the After Hours and Trustee programs be improved and three staff be hired at a cost of \$125,503 to leverage \$62,752 (50%) in provincial funding at a cost of \$62,752 to the County and City, using the provincial funding obtained in (a);
- c) That the discretionary budget be increased by \$167,300 to leverage \$135,848 (81.2%) in provincial funding.

- d) That staff be directed to bring a future report to Council that outlines the financial implications of the administration funding, the benefit uploads and provide recommendations related to the use of these savings for the next three years.

BUDGET AND FINANCIAL IMPLICATIONS

The budget and financial implications of Option 1, the preferred option of staff, is an overall municipal savings to the corporate budget of \$30,796. It recommends a reallocation of \$250,000 of current approved 2011 expenditures to earn 50% provincial subsidy of \$125,000. It recommends additional resources of \$125,503 to address key service pressures and additional spending of \$167,300 in the discretionary benefit budget. Additional subsidy will be received from these expenditures of \$62,752 (50%) and \$135,848 (81.2%) respectively. No additional municipal dollars are required. Of the \$30,796 of savings, \$5,145 is for the County and \$25,651 is for the City.

Option 1- 2011

Row	Activities	Additional Expenses Col.2	Additional Provincial Subsidy Col.3	Revised 2011 Municipal Contribution Col.4
A	OW Admin/ES Admin and Client Costs	250,000	125,000	125,000
B	Other Corporate Accounts (100% municipal costs)	(250,000)	-	(250,000)
	OW/ES Administration (Option 1)	-	125,000	(125,000)
C	3 new caseworkers (sal/ben)-6 mos.	100,503	50,252	50,252
D	After Hours/Trustee improvements	25,000	12,500	12,500
E	Discretionary Benefits	167,300	135,848	31,452
F		292,803	323,599	\$(30,796)

County Share of Municipal Savings	5,145
City Share of Municipal Savings	25,651
	\$ 30,796

Notes:

- Col.1 Municipal Contribution budgeted for 2011 for OW Admin and Employment Admin and Client costs
- Col.3 Provincial Subsidy for OW/ES costs is at a rate of 50%, for discretionary benefits for 2011 is 81.2% (part of upload)
- Col.4 Results from Col.1 + Col.2 - Col.3

BACKGROUND

Process Leading to New Funding Model

In October 2008, The Provincial Municipal Fiscal Service Delivery Review (PMFSDR) was released, outlining the agreement reached between the Province of Ontario, the Association of Municipalities and the City of Toronto for a new cost-sharing formula for the provision of Ontario Works (OW). The agreement outlined a graduated timetable for the upload of Ontario Works mandatory, discretionary benefits and the employment program to 100% to be paid by the Province by the year 2018, but leaving service delivery and planning with the municipalities. It was also agreed that the administration costs of the OW program would continue to be cost-shared between the Province and municipalities as well as perform a review of the administration funding model.

The challenges to be addressed by the review included (as per MCSS memo dated February 7, 2011):

- Funding is historically based and unresponsive to key program cost drivers, leading to inequitable distribution of available funding to delivery agents (according to AMO, the OW cost per case across the province is estimated to range from \$593 to \$1334; employment services cost is estimated to range from \$458 to \$1461)¹
- Funding does not wholly account for evolving program responsibilities and legislated requirements
- Funding does not account for unique delivery needs, particularly in low-population density areas
- Funding approach adds complexity to program management

There have been minor changes to the provincial subsidies received over the years, but not enough to keep up with the costs of administering the programs, especially to offset

¹ Cost per Case here refers to the Provincial Subsidy – Peterborough’s 2010 OW \$698.89 Employment \$651.47

cost of living increases or to properly handle increases in caseloads. While Peterborough has been contributing more than 50% towards OW administration, the amount budgeted over the Ministry cap is not as high as many other municipalities. Despite caseloads that have significantly risen over the past four years, the Social Services Division has continued to keep administration costs down as much as possible, knowing that any further costs would have required 100% municipal dollars.

New Funding Approach

The review was completed in 2010 and the province has chosen to move forward with a new funding model. Beginning April 1, 2011, the new funding approach for OW administration and employment services will include:

- OW administration and employment assistance will be funded under one single allocation to give delivery agents the flexibility to determine the best allocation for all aspects of program delivery, while simplifying program operations, such as financial reporting
- Current cost-sharing, cost recovery and upload commitments are upheld within the funding approach
- All delivery agents are eligible to receive a provincial subsidy of up to \$2,016 per case
- Caseload is based on the standard OW caseload and a supplementary caseload made up of mandatory service requirements
- Funding allocations will be derived based on a two-year monthly average standard and supplementary caseload (September 2008-October 2010)
- Funding allocations will be aligned with the two-year OW business cycle and updated at the start of each new cycle
- Outcomes will be expanded to include service delivery measures over time

Financial Analysis

As stated in the Memo to OW Administrators from MCSS on February 7, 2011, "...the revised funding approach entails a significant investment into 50/50 cost-shared funding by the Ministry, which generally means delivery partners will need to increase their investment to fully leverage the increase in available provincial funding".

The Ministry has provided the notional provincial and municipal funding contribution for the delivery of services in the City and County of Peterborough for the period April 1, 2011 to March 31, 2012 as follows:

	Notional Provincial Funding Allocation	Notional Municipal Funding Contribution	Total	Comparison to Current 2011 Budget
Total Program Delivery Funding	\$7,248,100	\$5,463,754	\$12,711,854	8,887,911
Amount Subject to 50/50 Cost-Sharing	\$4,944,000	\$4,944,000	\$9,888,000	5,856,130
Amount Subject to Upload	\$2,304,100	\$519,754	\$2,823,854	3,031,781

The average gross cost per case for Peterborough in 2010 for Ontario Works was \$1,401.28 and Employment Assistance was \$833.69 for a total of \$2,234.96. The cost per case could rise to \$3,535.89 and the province would still be contributing a full 50% of the costs. An increase of approximately \$1,500,000 municipal contributions above the current 2011 budget would be required to receive the full provincial funding allocation.

It is also apparent that the OW administration budget did not fully represent all costs that could legitimately fall within this budget line. Examples of this is an allocation of salary and benefit dollars for the Director of Community Services, and a corporate administration charge that accurately reflects the services provided for by legal, human resources and finance. Since the Province's share was capped, there was no advantage to the municipality to reflect expenditures in this line; however, our cost per case may have been appeared lower than other municipalities' as a result.

A single funding allocation for program delivery has been established that consolidates the administration funding and employment assistance. Program delivery costs can include staffing, accommodation, travel, training, office expenses, technology, internal services such as legal costs, purchase of services of employment programs and other employment-related client expenses.

Positives of this funding announcement

The assumption made in the 2011 budget process that the province would provide a full 50% subsidy is confirmed.

In review of the details of the OW Cost of Administration Directive 11.3, there are other costs that could be included in the OW Admin line and further provincial subsidy could be received.

There is a commitment from the Ministry to continue to provide their share of the cost of admin and the new formula has been articulated so budgeting the provincial subsidy for at least the next three years will be more predictable.

The combining of OW administration funding and the employment program funding into one program allocation, albeit with different costs shares, should allow for some simplification of the reporting process.

Service Pressures as a result of the Current Funding Allocations

The only staff increases to the Ontario Works program budget in the past four years has been one Employment position in 2007 and the temporary supervisor position added effective April 1, 2011. The case load has increased 27% since 2007 from an average of 2900 to 3680 in 2010 and a further increase of 11% is projected for 2011. The increased demand for service has been managed by reallocating internal resources to priority tasks, but there are areas where legislative requirements and quality of service have been impacted, such as the response time to completion of intake occasionally going outside of the four day standard.

The amount of intensive employment counselling has also been reduced in the past few years due to the increased caseload. The number of participants engaged in employment planning has risen from 3287 in 2007 to 4286 in 2010, a 30 % increase. Participation agreements are to be reviewed at a minimum of every three, four or six months, depending on individual case circumstances, and a full financial eligibility review is to occur every 12 months. In June 2009, the Province amended these requirements because of workload pressures due to increased caseloads. However, it is expected that we will be required to return to these service levels in 2011. With our current caseload and staffing levels, it will not be possible to meet all of these legislated requirements.

Options

There are costs within the existing municipal budget that could be allocated to the central administration costs of the Ontario Works program and this will allow for increased provincial subsidy. The options presented all look at reallocating expenses to OW administration and Employment Services to leverage new 50% provincial subsidy, but offer different ways to use this money.

There are three options related to the 2011 budget presented for consideration as described below.

Option 1- (Preferred)

Reallocate \$250,000 of the 2011 budget to OW Administration/Employment Services to obtain further 50% provincial subsidy of \$125,000. Use the additional provincial subsidy

in three ways: to implement Service Delivery Improvements, offset the Discretionary benefits program and reduce the overall corporate budget.

A portion of the additional provincial subsidy of \$125,000 received from could be applied to cover the municipal cost in investment in Ontario Works programming. This would allow for improved legislative compliance to address service pressures highlighted above and for strategic program improvements. If all these short-term service delivery improvements were implemented effective July 1, 2011, the municipal contribution would be \$62,752 and the same amount of additional provincial subsidy would be received. Overall, there would still be a net savings to the municipal budget of \$30,796 from increased subsidy due to administration costs that can be claimed for cost share.

Option 2

Reallocate \$250,000 from other areas of the 2011 budget and add \$1,001,911 additional municipal dollars from the City and \$250,478 from the County on the OW program to obtain the full provincial subsidy of \$7,248,100. It is recognized that this is a significant increase in municipal spending. Should this option be approved in whole or part, as well as the immediate service delivery improvements outlined below, there would be many other service delivery opportunities. Some of the ideas to date are outlined below under the heading of Longer Term Opportunities of the Funding Framework.

Should the committee wish to endorse Option 2, a motion is required as follows:

That recommendation (a) of Report J55CC55S11-004 be defeated and replaced as follows:

- a) Reallocate \$250,000 from other areas of the 2011 budget and add \$1,001,911 additional municipal dollars from the City and \$250,478 from the County on the OW program to obtain the full provincial subsidy of \$7,248,100 that is available. Staff to bring a future report to outline possible options related to the specifics of this additional spending.

Option 3

Reallocate \$250,000 of 2011 approved expenditures from other areas of the municipal budget to the OW budget and use all of the \$125,000 of additional provincial subsidy to reduce the corporate bottom line. Make no service delivery improvements or offset to the discretionary benefit budget.

This option holds potential risk of not meeting legislated service delivery expectations and the quality of the services provided in Peterborough would get further behind other municipalities in the province.

Should the committee wish to endorse Option 3, a motion is required as follows:

That recommendation (a) of Report JSSCCSSS11-004 be defeated and replaced as follows:

a) Reallocate \$250,000 of 2011 approved expenditures to OW budget and use all of the \$125,000 of additional provincial subsidy to reduce the corporate bottom line. Make no service delivery improvements or offset to the discretionary benefit budget.

Impact of Options 1 or 2

Should Options 1 or 2 be approved, immediate service delivery improvements are recommended in three key service areas; Homelessness Outreach; County Outreach and Employment counselling.

Description of Recommended Short-term Immediate Service Delivery Improvements

- a) **Homelessness Program** – An additional Hostel Liaison Worker to provide Ontario Works case management and employment supports to prevent homelessness through outreach, expanded to occur on site at Our Space. This would help address some of the challenges related to the drop-in program due to limited staff resources, by adding a regular presence of trained municipal staff. A small increase in the financial allotment to the contracted services for the After Hours and Trustee Program would allow for enhanced case planning evenings and weekends and existing Trustee Programs operated by Salvation Army or CMHA could be expanded through a purchase of service to work with some of the homeless or at risk of homeless population.
- b) **County Outreach Worker** – 1 FTE to provide access to Ontario Works Caseworker through a combination of home visits and/or at various locations such as township offices, community centres, medical centres, help centres.
- c) **Employment** – 1 Additional FTE Employment Counsellor – Addition of 1 FTE in this area would help ensure that access to timely employment counselling and legislated reviews of participation agreements is occurring within legislated time lines.

These short-term program improvements could be achieved without increasing the bottom line of the City's budget, but would require increasing the 2011 Social Services budget in order to obtain the Provincial Subsidy. It is recommended that the requested staff positions be added as temporary positions effective July 1, 2011 for a nine month period. Pending Council approval, all positions could be extended through 2012 as per Chart below.

Opportunities Resulting from the New Funding Framework for 2012 and Beyond

Option 1 - 2012

Row	Activities	Additional Expenses Col.2	Additional Provincial Subsidy Col.3	Revised 2012 Municipal Contribution Col.4
A	OW Admin/ES Admin and Client Costs	250,000	125,000	125,000
B	Other Corporate Accounts (100% municipal costs)	<u>(250,000)</u>	-	<u>(250,000)</u>
	OW/ES Administration (Option 1)	-	125,000	(125,000)
C	3 new caseworkers (sal/ben)-full yr	205,529	102,764	102,764
D	Service delivery improvements	25,000	12,500	12,500
E	Discretionary Benefits	<u>167,300</u>	138,524	28,776
F		<u>397,829</u>	378,789	\$19,040
G	County Share of Additional Cost			3,180
H	City Share of Additional Cost			15,860
				<u>\$ 19,040</u>

Notes:

Result made on the assumption that no changes in Rows A&B, caseworkers stay for full year

Col.1 Municipal Contribution budgeted for 2012 for OW Admin and Employment Admin and Client costs

Col.3 Provincial Subsidy for OW/ES costs is at a rate of 50%, for discretionary benefits for 2012 is 82.8% (part of upload)

Col.4 Results from Col.1 + Col.2 - Col.3

Office lease or purchase costs for Ontario Works are eligible to be cost-shared with the province under the Cost of Administration Directive. These expenses must occur within the year claimed and a capital reserve is not allowed. This does provide for the possibility of developing partnerships to co-locate with other service providers in various community hubs within the City and County and provide a more predictable stream of revenue to these hubs through the Ontario Works administration funding.

Partnerships and hubs are being discussed in many forums and service sectors currently including the Child and Family Centre Hub service model, the Poverty Reduction Network neighbourhood hub, and multiservice delivery centres for Employment Providers, and in the Mental Health and Addictions service sector. County Outreach locations could be established that would allow for Ontario Works and Employment programming to be more accessible for rural residents and could also help to allow other agencies/services to locate along with Ontario Works in outreach locations increasing service accessibility significantly.

As the upload of benefits continues through 2012 to 2018, as long as caseloads begin to level off, there will be savings to the municipality. A full service model review will be undertaken prior to the 2012 budget being finalized to include caseload projections, a detailed financial calculation of the impact of the new funding framework and the impact of the upload of benefits and program costs. The workload implications of the legislated requirements will be reviewed to determine the caseload ratio necessary to meet these requirements and program outcomes. Also, service delivery options will be considered and further details of the feasibility and desirability of various approaches outlined in a future report for consideration.

SUMMARY

The new Provincial Cost of Administration Funding Framework has resulted in a review of the 2011 OW budget. More subsidy could be received but this would require greater municipal contribution. The preferred Option 1 ensures that Social Services has captured all legitimate program costs to obtain full provincial subsidy and recommends that part of the additional provincial subsidy received be used to address service pressures and offset anticipated shortfall in discretionary benefits. It is also recommended that further analysis of the framework and anticipated increased provincial revenues for 2012 be conducted and a future report outlining further recommendations be brought back.

Submitted by,

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