



City of
Peterborough

TO: Members of the Joint Services Steering Committee

FROM: Ken Doherty, Director of Community Services

MEETING DATE: June 9, 2011

SUBJECT: Report C^{SS}SJSSC11-004A
Ontario Works Administration Funding and 2011 Budget Adjustment

PURPOSE

A report to recommend a budget adjustment due to changes in the Ontario Works (OW) Administration and Employment Program Funding.

RECOMMENDATIONS

That the Joint Services Steering Committee endorse the recommendations outlined in Report C^{SS}SJSSC11-004A dated June 9, 2011 of the Director of Community Services, as follows:

- a) That the 2011 Social Services Operating budget be adjusted to reallocate \$250,000 in corporate costs to Ontario Works/Employment Administration resulting in an increase in provincial funding of \$125,000;
- b) That the 2011 Ontario Works Discretionary Benefit budget be increased by \$167,300 to be funded by \$135,848 (81.2%) in provincial funding and a \$31,452 increase to the net municipal requirements;
- c) That the \$93,548 reduction in 2011 municipal requirements from (a) and (b) be added to the 2011 City and County Contingency budgets.

BUDGET AND FINANCIAL IMPLICATIONS

If recommendations (a) and (b) are adopted, 2011 municipal tax requirements will be reduced by \$93,548. (\$72,444 for the City; \$21,104 for the County)

BACKGROUND

Report C555J55C11-004, presented to the April 14, 2011 J55C (attached as Appendix A), provided an overview of recent changes to the Ontario Works Administration Funding framework. These changes came about as a result of the commitment made in the Provincial Municipal Fiscal Service Delivery Review (PMF5DR) released in October 2008 to review the administration costs of OW to address a number of the issues related to the past funding approach, including the cap of Ministry contributions towards the program which resulted in municipal spending above a 50% share. The revised framework for OW Administration and Employment Program funding is to be implemented in 2011.

At the April 14 meeting, the J55C committee passed the following motion:

That this matter be referred back for review in the current City of Peterborough 2012 budget discussions and that a further report be provided to the Joint Services Steering Committee in June 2011.

Report C555J55C11-004 had three recommendations. After further discussion, and considering the current budget pressures being discussed at the recent City 2012 Budget Presentations, the recommendation to hire three additional staff has been removed.

Staff continue to recommend that some corporate costs be reallocated to leverage some additional provincial funding.

Staff also recommend that the Ontario Works Discretionary budget be increased, which will leverage some additional provincial funding with a small increase in the municipal contribution.

The balance of this report provides the information to support these two recommendations.

Summary of New Funding Approach

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

Reallocation of Corporate Costs

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". There is a commitment from the Ministry to continue to provide their share of the cost of administration, the new formula has been confirmed and, as a result, budgeting the provincial subsidy for at least the next three years will be more predictable..."

For several years, the OW administration budget has not included all costs that could legitimately fall in 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 had been capped for a number of years, there was no financial advantage to the municipality to reflect additional expenditures in this line because they would have been 100% municipally funded. The downside of not allocating all legitimate costs is that our cost per case may have been appeared lower than other municipalities.

With this new funding announcement and the opportunity to receive subsidy on all of the Administration and Employment Program costs that we are eligible for, it is recommended \$250,000 in corporate expenditures be reallocated to Ontario Works/Employment Administration. The details of these recommended allocations are

outlined in Appendix B. This reallocation will result in additional provincial subsidy of \$125,000.

Discretionary Benefit Pressures in the Past Three Years

The current Discretionary Benefits Policy was approved by Council through Report C55508-008 dated June 30, 2008 and included the addition of dentures for adults, beyond those requiring them for employability reasons, and a subsidy towards a bus pass. The policy was implemented late in 2008. In 2009, caseloads began to increase and people were becoming aware of the new benefits and requests for these services were increasing. As a result, in 2009 the discretionary benefit expenses were exceeding budget. Report C55509-013, dated September 28, 2009, requested an additional \$333,827 gross (municipal share \$66,766) be added to the 2009 budget year and this was approved.

In 2010, the discretionary benefit budget was once again under pressure. In the June Quarterly financial report CPF55AS10-012, it was reported that a surplus of \$349,000 in the mandatory benefit line would be used to address the shortfall in the discretionary benefit line.

On September 9, 2009, Report C555J55C10-006 outlined the implications of the discretionary benefits policy and the benefit upload and developed a five-year projection of costs. This report is attached for reference as Appendix C. In that report it was anticipated that, as a result of the upload, the municipal costs of the Discretionary Benefits program would begin to decrease by 2012 and return to 2008 levels by the year 2015.

In 2011, the budget again was held at a level that would not allow for full implementation of the approved policy given the caseload. With this financial cap, once discretionary funds are depleted, clients must wait until the beginning of the next calendar year to re-apply. This only pushes the need forward and puts even more pressure on the following year.

Given the additional provincial subsidy available for the cost-share of administration at a 50/50 level, there is an opportunity to increase the municipal budget for discretionary benefits, leverage additional provincial subsidy in this area as well and align the discretionary budget with the actual 2011 projected expenditures.

Accordingly, it is recommended that the 2011 Ontario Works Discretionary Benefit budget be increased by \$167,300 to be funded by \$135,848 (81.2%) in provincial funding and a \$31,452 increase to the net municipal requirements.

Further Funding Is Available but not Recommended

Staff are not recommending any further changes to the OW/ES administration budget in 2011, however, the funding model change does allow further investment by the municipality to be matched by the province. Under the new funding formula, the municipality could invest up to \$1.2 Million more than the \$250,000 recommended in this report and receive matching funding from the province. As part of the 2012 budget, staff will continue to investigate ways of maximizing subsidy further.

2012 Budget

The reallocation of corporate costs proposed in this report will be reflected in the 2012 draft budget for Council review.

With respect to the Discretionary Benefits budget, staff will review the demand during 2011 and will recommend a 2012 funding level as part of the 2012 budget.

SUMMARY

The Provincial Government has revised the OW administration and employment program funding framework and is prepared to increase the amount of provincial subsidy available to Peterborough for these programs. It is proposed that a reallocation of some corporate expenses to the OW administration budget occur to leverage available provincial subsidy. It is also proposed to increase the discretionary benefits budget to address pressures in this area. This will also result in further provincial subsidy as a result of the cost-share of discretionary benefit expenditures with a small municipal contribution.

Submitted by,

Ken Doherty
Director of Community Services

Linda Mitchelson
Social Services Division Manager

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Attachments: Appendix A – Report C555J55C11-004
Appendix B – Proposed Expenditure Reallocations
Appendix C – Report C555J55C10-006



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

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

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 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. See Appendix A for a summary of Budget Shifts to Ontario Works, costs of proposed service expenditures and net Municipal savings.

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 JSSCCSSS11-004 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)	(250,000)	-	(250,000)
	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	167,300	138,524	28,776
F		<u>397,829</u>	<u>378,789</u>	\$19,040
G	County Share of Additional Cost			3,180
H	City Share of Additional Cost			<u>15,860</u>
				\$ 19,040

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,

Ken Doherty
Director of Community Services

Linda Mitchelson
Social Services Division Manager

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Proposed Expenditure Reallocations

1 Description	2 Originating Activity/Dept or New	3 Additional Eligible Gross Social Services Expenditures	4 Additional Provincial Subsidy (50%)	5 Additional Net Municipal Contribution to OW/ES Admin	6 Municipal Savings in Rest of Social Services Budget	7 Net Savings to Other Department Budgets	8 County Share	9 City Share Cost
1	2	3	4	5	6	7	8	9

Amounts Transferred from Other Activities/Departments

Recommendation (a)								
Charge admin fee to Employment Services for staff time administering OW fee subsidy	Children's Services	102,658	51,329	51,329	(102,658)	-	(15,399)	(35,930)
Charge portion of Director and Administrative Assistant's time to supporting OW/ES	Community Services Admin	21,073	10,537	10,537	-	(21,073)	2,107	(12,644)
Pay admin fee for Transit's time administering ODSP/OW bus pass program	Transit	36,720	18,360	18,360	-	(36,720)	3,672	(22,031)
Pay admin fee for Recreation's time administering OW recreation subsidies	Recreation	13,737	6,869	6,869	-	(13,737)	1,373	(8,242)
Move hostel worker salary and benefits back to OW administration	Emergency Hostels	17,042	8,521	8,521	(17,042)	-	(1,704)	(6,817)
Charge ES for employment work with CSP/OW clients	Community Social Plan	46,639	23,320	23,320	(46,639)	-	(18,656)	(4,664)
More realistic amount of Legal, CAO, and Corporate Services time for support to SS division	Corporate Administration	12,131	6,066	6,066	-	(12,131)	1,213	(7,278)
Subtotal Costs/(Savings)		250,000	125,000	125,000	(166,339)	(83,661)	(27,394)	\$(97,606)

Proposed Additional Expenditure Discretionary Benefits

Expenses related to Recommendation (b)		167,300	135,848	31,452			6,290	25,162
Net Costs/(Savings)		417,300	260,848	156,452	(166,339)	(83,661)	(21,104)	(72,444)



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	<i>Durham</i>	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 CPFRA10-012. 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
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
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 not 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.