



City of
Peterborough

TO: Members of the Joint Services Steering Committee

FROM: Ken Doherty, Director of Community Services

MEETING DATE: June 14, 2012

**SUBJECT: Report CSSSJSSC12-004
Discretionary Benefit Report**

PURPOSE

A report to recommend amendments to the Ontario Works Discretionary Benefit Program as a result of the changes in the provincial cost share announced as part of the 2012 Ontario budget.

RECOMMENDATIONS

That the Joint Services Steering Committee endorse the recommendations outlined in Report CSSSJSSC12-004 dated June 14, 2012, of the Director of Community Services, as follows:

- a) That the presentation on the Discretionary Benefit policy and impact of changes in the provincial funding cap be received.
- b) That letters be sent from the Mayor and Warden to the premier, appropriate provincial ministers and local MPPs to advocate for basic health benefits be fully funded and delivered by the provincial government and available to low income individuals and further to request allocations to the Consolidated Housing and Homelessness Fund anticipated for 2013 take into consideration the impact of reducing mandatory and discretionary housing benefits and the local housing needs in the municipality.
- c) That Option 1, which continues the current range of benefits as outlined in Schedule A of the discretionary benefit policy and will require additional

municipal investment of \$300,140 from the City and \$14,368 from the County for 2012 be approved. **OR**

- d) That Option 2, which reduces the current range of benefits as outlined in Schedule A of the discretionary benefit policy to only include the following health related benefits: adult dental, dentures, hearing aids, adult vision care and funeral and burial expenses be approved at an increased City municipal cost of \$77,868 for 2012. There is no additional County municipal cost required. **OR**
- e) That Option 3, which reduces the current range of benefits as outlined in Schedule A of the discretionary benefit policy to the health related benefits as outlined in Option 2, as well as the housing retention and recreational/social fund, be approved at an increased municipal City cost of \$127,897 and a County cost of \$1,472 for 2012. **OR**
- f) That the Social Services and Transit division staff explore the feasibility of adopting a new monthly fare rate of \$33 for OW/ODSP clients with a \$12 subsidy from Social Services and the existing \$21 contribution by the clients for a September 1, 2012 start.

BUDGET AND FINANCIAL IMPLICATIONS

In 2012, the monthly cost per case for the Discretionary Benefit Program is budgeted at \$24.60. This results in a gross program budget of \$2,480,049, with the provincial share of \$2,109,333 and an approved municipal share of \$370,716 (\$315,383 City; \$55,333 County, based on projected).

To comply with the province's new \$10 per month cost per case for the balance of the year, with no change to the range of discretionary benefits, would result in projected gross expenditures of \$1,950,438, with a revised provincial share of \$1,189,670. Including Transit revenue of \$75,544, this would require a municipal contribution of \$685,224 (\$615,523 City and \$69,701 County or an additional \$300,140 and \$14,368 respectively). The additional municipal cost for each month a decision is deferred will be \$50,023 for the City and \$2,395 for the County.

The full impact in 2013 would result in a program budget reduction by approximately \$1.5 million to \$924,000.

The elimination of transportation subsidies from the Discretionary Benefit Program effective July 1, 2012 would result in a transit revenue loss of \$294,912 but would require no additional funds from the City for this service as a discretionary benefit.

If the current subsidy program is ended September 1st, 2012, there will be a loss of \$196,608 to the transit division and would cost the City an additional \$56,304, which covers the cost of the subsidy for July and August.

If the cost of the bus pass for OW/ODSP clients is reduced from the current \$55 per month to \$33 effective September 1st, the Transit division will lose \$88,000 in revenue and would cost the City an additional \$104,304, which covers the cost of the higher subsidy for July and August and the reduced subsidy for the balance of the year. Under this scenario, the client continues to pay \$21 for the pass, and the Social Services Division provides a subsidy of \$12.

Total elimination of the transit subsidy for 2013 would result in an annual loss of approximately \$600,000 in City transit annual revenue.

Based on January to April 2012 Mandatory Benefit Program expenditures, staff project a City surplus of \$135,000 and County surplus of \$30,000 at year end. These funds could be used to cover costs that in excess of the approved municipal share for Discretionary Benefits. For the balance of 2012, if there is not enough municipal savings from mandatory benefits, the remaining municipal share should be taken the City Social Services Reserve and the County general operating budget.

This report provides a range of strategies to implement the new provincial cap on Discretionary Benefits mid year while maintaining some of the most critical benefits. It also sets the stage for more detailed discussions as part of the 2013 budget deliberations. Councils will decide if any of the social assistance uploaded savings will be reinvested to contribute to the municipal share of the costs.

BACKGROUND

The Ontario Budget released March 27, 2012, announced changes effective July 1, 2012 impacting the Ontario Works Discretionary Benefit Program. This report addresses the impacts for 2012 and decisions will guide staff in the development of the 2013 municipal budget.

Currently, the maximum provincial cost-share for **non-health** related discretionary benefits expenditures is determined by using \$8.75 per case per month multiplied by the combined Ontario Works and ODSP monthly caseload within the delivery agent's geographic area. There is no cost shared cap on the **health related** discretionary benefit items.

The City's Ontario Works discretionary benefits currently fall within one of two streams of benefits and services as noted in Chart 3:

Chart 3

Current Discretionary Benefit Items and Services	
Health Related	Non-Health Related
Adult Dental	Transportation costs & monthly City Transit subsidies
Dentures	Paternity Testing Fees
Adult Vision Care	Moving and Storage Costs
Hearing Aids	Cost for Birth Verification
Basic funeral and burial services	Recreational and Social Activities Subsidies for Children.
Prosthetic Appliances	
Baby Supplies & Equipment	
Prescription Drugs	
Home Repairs*	
Replacement or repairs to fridge and stove*	
Household content replacement in Emergency Situations. *	
Rent deposits*	
Payments to prevent eviction or disconnection of heat or utility services. *	

*Identifies items related to housing security

**Bolded items are proposed for future

The existing formula for determining the maximum provincial share of non-health related discretionary benefits will be replaced with a new formula of \$10 per case of the combined Ontario Works and ODSP caseload for all non-health **and** health related discretionary benefits effective July 1, 2012. It is still unclear which caseload numbers the Ministry will consider for use to determine the monthly cap. Until this is confirmed, staff has projected the cap based on estimates from the province. The cost share of this cap amount in 2012 is 82.8% provincial and 17.2% municipal and will continue to be uploaded fully to the province by 2018. Any cost above the cap will require 100% municipal funding.

With the provincial funding changes, the program cannot be sustained without major changes in policy **or** significant municipal investment. Council has the discretion to decide whether to deliver this program at all and what benefits to provide. The discretionary program allows municipalities to leverage the cost shared dollars, which will be part of the upload, to provide important benefits to residents.

Option 1

If Council wishes to continue with the current policy and range of benefits as noted in Schedule A, it will require an additional municipal investment of \$300,140 for the City and \$14,368 for the County in 2012.

Revised Discretionary Benefit Policy

The new funding cap on Discretionary Benefits imposed by the Province requires rethinking of which items or services to provide should the decision be made not to continue with all the current benefits outlined in Schedule A of the policy. The Social Services Division Manager, in her role as OW Administrator can revise the local policy and schedule and set out the new eligibility criteria and amounts that allow expenditures to remain within approved annual budgets based on the option selected.

Staff will work with the dental consultant for the Peterborough County-City Public Health Unit to develop a dental procedures fee guide for adults to contain the overall expenditures. Health Unit staff are currently providing analysis of 2011 dental expenditures to estimate the expenditures should a reduced dental program be required. This will assist staff to more accurately project dental costs for the last half of 2012. An emergency dental plan can be considered along with the possible pre-determination of additional preventative procedures depending on the results of the analysis. To contain the cost of dentures, the OW Administrator may determine to cap the number of requests in year.

The Health Unit expects a loss in revenue by any decision to reduce adult dental treatment services. Approximately 68% of the revenue from their combined George St clinic and mobile service comes from Ontario Works. The Health Unit administers a small donation based “Dental Treatment Assistance Fund” for low income residents. The Health Unit will continue to provide opportunities for the public to donate funds to this program with their charitable status designation. The public could also be encouraged to donate funds to the Health Unit to assist with funding baby supplies that will no longer be covered through the cuts in services.

If funeral and burials costs under discretionary benefits to eligible OW or ODSP clients who decease must be reduced, the recommendation is to only approve expenditures necessary to “dispose” of the body to meet the municipality’s obligations for persons who die in hospital or unclaimed bodies as required under the Public Hospital Act and the Anatomy Act and to remove the benefit of a funeral service. The City has also provided funds to eligible low-income City and County residents, who were not receiving OW or ODSP at the time of death. While these costs were paid 100% municipally, the recommendation is to follow the same criteria as for discretionary benefits.

Another impact is the end of the monthly subsidized City transit pass to Ontario Works and ODSP adults. The elimination of the discretionary benefit contribution (\$28.15 per pass per month paid by Ministry cost share) toward public transit passes will have a

negative effect on public transit fare box revenues. For approximately 40 years Peterborough has provided eligible persons who receive ODSP the opportunity to purchase a transit pass at a discounted rate. At the same time the subsidy for this service has not come directly through the transportation budget. The transit division receives full pass sale value for each pass sold. In recent years and based upon the same successful model, the service has been extended to eligible OW clients. In 2012 there are combined eligible client base purchases of 1,000 passes per month (650 ODSP and 350 OW). These sales generate annual net fare revenue (after administrative fee) of approximately \$600,000. Without the reduced sale price (client pays \$21 for a \$55 monthly pass) it is unlikely that a significant portion of these clients will continue to purchase passes or utilize conventional public transit and the Handi-Van service.

Implementation of the Revised Discretionary Benefits

If Option 2 or Option 3 is approved, it is necessary to communicate the changes to staff, clients and community partners. A September 1 implementation date allows for timely communication and implementation of the revised policy with the delay in start and pre-commitments in the first half of the year that will need to be paid in the last half of 2012.

Option 2

This option calls for a scaled back discretionary benefit policy to include only the 4 health related items: adult dental, adult vision care, hearing aids and dentures and mandated funerals and burials, shown in Appendix A. This recommendation is guided by the following criteria:

- a) Priority is given to health related discretionary benefits as outlined in the Ontario Works Directive 7.1 Summary of Benefits.
- b) Priority is given to Ontario Works adults and ODSP dependent adults to cover the cost of dental care, vision care and hearing aids as these same services are provided to ODSP clients under their mandatory benefit program.

The additional municipal contribution for 2012 for Option 1 is \$77,868 for the City. There is no additional contribution required from the County.

Option 3

The benefits outlined in Option 2 are recommended. In recognition of the number of current benefits that are not included in option 2 and the impact that this reduction will have on people on assistance, Council may wish to invest additional municipal funding. The benefit coverage could extend to housing retention benefits items: moving and storage costs, replacement or repair of fridge and stove, replacement of household contents in emergency situations,

rent deposits and heat and utility deposits and funds to prevent evictions or disconnection of service and a recreation/social fund.

Estimated additional City contribution for Option 3 would be \$127,897 and \$1,472 for the County.

Transit Consideration

To consider a continuation of a City transit subsidy for social assistance adults, staff of the Social Services and Transit division could present options for a new monthly fare cost shared by Transit Division, the Social Services Division and a contribution by the customer. The Social Services Division's contribution would be funded 100% by the City. The County has expressed an interest in continuing the current subsidy arrangement.

Financial Implications

Assuming a September 1 change to any policy and the pre-commitments in benefits such as dental, Chart 1 and Chart 2 outline the municipal cost based on the various scenarios presented in the report.

Chart 1

City Projected Discretionary Benefits-2012 (new cap effective July 1)			
	Option # 1 Existing Schedule A	Option #2	Option #3
Gross Expenditures	\$1,714,794	\$1,467,341	\$1,517,370
Provincial Share	\$1,023,727	\$1,023,727	\$1,023,727
Transit Revenue	\$75,544	\$50,363	\$50,363
Revised Contribution	\$615,523	\$393,251	\$443,280
Current Budget	\$315,383	\$315,383	\$315,383
Additional Funds Required	\$300,140	\$77,868	\$127,897

Chart 2

County Projected Discretionary Benefits-2012 (new cap effective July 1)			
	Option # 1 Existing Schedule A	Option #2	Option #3
Gross Expenditures	\$235,644	\$214,038	\$222,748
Provincial Share	\$165,943	\$165,943	\$165,942
Revised Contribution	\$69,701	\$48,095	\$56,805
Current Budget	\$55,333	\$55,333	\$55,333
Additional Funds Required	\$14,368	\$0	\$1,472

*Option 1 continues full Transit subsidy; Options 2 & 3 do not include the Transit subsidy.

Additional Impact of the Provincial Budget

The budget announced that, as part of the first phase of consolidation under the Long-Term Affordable Housing Strategy, the Community Start-up and Maintenance Benefit (Community Start Up) and Home Repairs is being removed from social assistance (Ontario Works and Ontario Disability Support Program) effective January 2013, with a 50% portion of funding to be included in a new consolidated program administered by municipalities to provide housing and homelessness services and supports. This mandatory benefit is currently used to assist recipients of Ontario Works or ODSP to pay for the initial costs to establish themselves in a new address (last month's rent, heat/hydro deposits, moving costs) and/or to pay costs to prevent eviction or disconnection of heat or utilities.

In 2011, total expenditures for Community Start-up in Peterborough were \$1.9 M for Ontario Works clients and \$0.6 M for ODSP clients. The proposed 50% reduction will result in \$1.25 M less to address housing related needs. This is also a significant loss of supports to people in Peterborough given that 50.43% of renters that are defined as having core housing needs, the highest in Canada.¹ The combined impact of changes in discretionary benefits policy and the Community Start-up is an important contextual piece to be considered as part of the longer term planning that the municipality is required to engage in related to Homelessness and Housing Services. Housing and Homelessness Plan Project Report PLHDJ55C12-002 dated June 14, 2012 provides additional information.

Staff sought feedback from the basic needs and income security sub-committees of the Peterborough Poverty Reduction Network, the County-City Health Unit and Social

¹ Source Statistics Canada, Census of Population – Definition of Core Housing need 30% and over of income spend on Housing Costs

Services staff. While understanding the context for these cost cutting measures, all express serious concerns for the physical, emotional and social well-being of some of our most vulnerable residents in our community. They were reluctant to prioritize as most of the benefits played a strategic role to address a health and social well-being need for the families accessing these services. There was unanimous agreement that all the benefits need to be maintained at their current levels.

As part of the 2013 budget process, Council may wish to consider some provision of 100% municipally funded benefits to assist with some emergency needs. With the removal of Community Start-up Benefit from mandatory benefits, the municipal savings are approximately \$270,000 in 2013 along with the additional projected mandatory benefit savings due to the municipal cost share reducing from 17.2% to 14.2%.

Correspondence with the Province

The Social Assistance Review Commission is expected to release its long awaited report June 30 that is anticipated to change the way social assistance programs are delivered. Staff met with the commissioners in the summer of 2011 and strongly recommended that discretionary benefits are too important to be considered optional for Ontario Works clients. Staff proposed that basic health related benefits be considered as mandatory benefits and the full cost subject to the upload **or** these benefits be delivered by the Ministry of Health and be available to all low income people. Staff also recommended to the Commission that consideration be given to providing more Housing Allowances and that the actual rates of benefits should be reflective of the local market basket cost for food and average market rents in the community.

It is recommended that the Mayor and Warden jointly submit a letter to the premier, appropriate provincial ministers and local MPPs to advocate for adequately addressing the health needs of low income people as part of any future system of social assistance especially given the change in funding of discretionary benefits and to also express concerns about the impact of reducing various housing related mandatory and discretionary benefits for people on assistance.

SUMMARY

The government's decision to establish a discretionary benefit cap impacts the municipality's financial ability to deliver crucial benefits to social assistance families. Families will not have the ability to assume the added financial cost to receive these benefits on their own. Destabilizing housing benefits and discretionary benefits will impede the expected employment outcomes for our clients. Despite the reduced

provincial funding available to the municipality, Council is presented with some options for consideration to mitigate the funding cuts by the province.

Submitted by,

Ken Doherty
Director of Community Services

Linda Michelson
Social Services Division Manager

Contact Name:

John Coreno, Program Manager
Phone: 705-748-8830 Ext. 3886
Fax: 705-876-4610
E-Mail: jcoreno@peterborough.ca

Attachment:

Appendix A – Current Discretionary Benefits Schedule with amounts spent on various categories
Appendix B – Discretionary Benefit Policy-Schedule A