



City of  
**Peterborough**

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**TO: Members of the Joint Services Steering Committee**

**FROM: Ken Doherty, Director of Community Services**

**MEETING DATE: March 28, 2013**

**SUBJECT: Report CSSSJSSC13-003  
Discretionary Benefits**

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## **PURPOSE**

A report to seek endorsement of a revised schedule of Discretionary Benefits and expenditures effective May 1, 2013.

## **RECOMMENDATIONS**

That the Joint Services Steering Committee endorse the recommendations outlined in Report CSSSJSSC13-003 dated March 28, 2013, of the Director of Community Services, as follows:

- a) That a Revised Schedule A—Discretionary Benefits as outlined in Chart 1 be received;
- b) That \$350,000 of the municipal budget previously allocated for homelessness (\$304,801 from the City, \$45,199 from the County) be transferred to fund the revised Discretionary Benefits for the remainder of 2013.
- c) That the Discretionary Benefit expenditures be funded in 2014 for the City through the use of \$200,000 of the decrease in the municipal share resulting from the scheduled provincial upload and a draw of \$245,104 from the Social Services Reserve.

- d) That the 2015 budget be prepared with 50% of the decrease in the municipal share resulting from the scheduled provincial upload allocated towards social service priorities, including an estimated \$250,000 for discretionary benefits and \$150,000 for anticipated housing pressures from the City; and \$80,000 for housing pressures from the 50% of the County upload, subject to confirmation by the next councils through the budget process.

## **BUDGET AND FINANCIAL IMPLICATIONS**

The proposed Discretionary Benefits would be paid in 2013 through a transfer of \$350,000 of municipal funding in the 2013 budget from Homelessness to Discretionary Benefits.

A pre-commitment of the 2014 budget, is required to continue the proposed level of Discretionary Benefits recommended in this report. \$200,000 from the upload would be retained in the Social Services Division as part of the base budget. The remaining \$245,104 required in 2014 would be drawn from the City's Social Services Reserve. No additional funding would be required from the County.

In 2015, 50% of the estimated value of the upload, or \$400,000, would be retained within the Social Services Division as part of the base budget, \$150,000 of the \$400,000 would be allocated for housing and homelessness prevention. \$250,000 would be allocated to fund Discretionary Benefits and the remaining \$170,553 requirement for Discretionary Benefits would be drawn from the City's Social Services reserve. The draw on the Social Services reserves proposed here for 2014-2015 would result in an anticipated balance of approximately \$2.7M.

There would be no further funds required from the County for Discretionary Benefits in 2015. A request for 50% of savings from the upload or \$80,000 is requested as an increase in the County Subsidy to go towards anticipated client needs related to housing costs.

## **BACKGROUND**

### **1. Council Direction**

The Ontario Budget released March 27, 2012, announced changes effective July 1, 2012 impacting the Ontario Works Discretionary Benefit Program. Joint Services reports C555J55C12-004 dated June 14, 2012, C555J55C12-006 dated October 11, 2012 along with Committee of the Whole reports C55512-007 dated July 23, 2012 and

C55512-010 dated November 26, 2012 presented various options for consideration. The final resolution of Council was as follows:

That the City and County continue to fund discretionary benefits at the status quo as set out in Schedule A until April 30, 2013 at a cost of \$294,598 for the City and \$25,788 for the County.

Staff was directed to bring back a report in early 2013 with recommendations for a revised discretionary benefit policy that would take effect May 1, 2013. As part of this review, staff were tasked to “continue to work with local organizations to find a local discretionary benefit solution”; and send a letter to the premier to continue the advocacy to address the loss of funding for discretionary benefits. A letter dated January 7, 2013 was sent to the Premier. (Appendix A).

This report outlines the “made in Peterborough” response that staff was directed to prepare. It recognizes that, with the provincial funding reduction, the current range of discretionary benefits is unsustainable without major changes in policy and/or significant municipal investment. It involves a dual strategy:

- It reduces certain benefit levels to achieve a per case reduction from the greater than \$20 per case/month to \$15.65;
- It recommends the retention of some of the upload of Social Services to pay for these benefits in 2014 and 2015 along with a draw from the Social Services reserve to cover the cost of the benefits in excess of the current \$10/month provincial maximum.

**2. Discretionary Benefits to be Provided**

The local Ontario Works Administrator has the authority to establish procedures that sets out eligibility criteria and dollar values for the benefits listed below to allow for expenditures to remain within annual approved budgets.

It is proposed that the discretionary benefit schedule be amended to reduce the level of benefits effective May 1, 2013. For some of the benefits retained, the proposed expenditures are being reduced by 50%, some may stop when the budgeted amount is reached and waiting lists may be created.

<b>Chart 1 – Revised Schedule A -Discretionary Benefit Coverage</b>		
<b>No</b>	<b>Benefits</b>	<b>Description</b>
1	Basic Dental	Range of basic dental procedures covered under the MCSS Dental Schedule of Fees for OW adults only (note: dental for children covered under mandatory benefits).
2	Vision Care	Assist towards the cost of prescription glasses for OW adults. Guideline: \$250
3	Prosthetic Appliances	Assist towards the cost of prosthetic appliances not cover under another funding program. Guideline: \$300

<b>Chart 1 – Revised Schedule A -Discretionary Benefit Coverage</b>		
<b>No</b>	<b>Benefits</b>	<b>Description</b>
4	Hearing Aids	Assist towards the cost of prescribed hearing aids. Guideline: \$500 per aid.
5	Direct to Cremation or equivalent financial contribution	Establish maximum level of assistance equivalent to direct to cremation costs (\$1680 + tax) for social assistance recipients who deace.
6	Dentures	Assist towards the cost of dentures once in a five year period. Guidelines up to \$750 each upper/lower. Cap at \$60,000 annually.
7	Social Recreational	Assist with up to \$100 per child per calendar year. Cap at \$100,000 per calendar year.
8	City Transit Subsidy	Provide 50% subsidy (\$30) towards cost of 30 day pass (\$60) with the rider (OW or ODSP adult only). Estimate 1000 riders per month for the City and 15 for the County.

In the previous report, there was a recommendation to stop paying funeral and burial costs for deceased social assistance clients and low income individuals. In preparation for this report, input from providers in the community was obtained. There is recognition to balance the dignity and respect for the deceased and their family including religious and cultural sensitivity and the fiscal pressures the municipality is facing. The revised schedule calls for a direct to cremation policy that sets guidelines to assist with up to \$1680 plus applicable taxes. The next of kin is able to negotiate alternate and or enhanced services direct with the funeral or cemetery provider and is responsible for the costs above our limits. The municipality will continue to apply to Canada Pension Death Benefits to recover its cost incurred subject to the eligibility of the deceased.

There continues to be a real need for a subsidized adult transit pass for social assistance clients. One of the recommendations from the recent City Public Transit Operations Review is for the City to develop and implement a Transit Affordability program for its residents. The discretionary benefit proposed here is seen as a temporary solution until such a broader low income program could be established. The estimated gross annualized cost of the revised Discretionary Benefit is outlined in the chart below:

<b>Chart 2 – Estimated Gross Cost of Revised Discretionary Benefit</b>			
<b>No</b>	<b>Discretionary Benefits</b>	<b>Gross Cost</b>	<b>Cost per Case</b>
A	Basic Benefits: Basic Dental, Vision Care, Hearing Aids, Prosthetics, Direct to Cremation	\$1,108,747	\$10.62
B	Dentures	\$60,000	\$ 0.57
C	Social/Recreational Subsidy	\$100,000	\$ 0.96
		subtotal	\$12.15
D	City Transit Subsidy**	\$365,400*	\$ 3.50
	<b>Total</b>	<b>\$1,634,147</b>	<b>\$15.65</b>

\*Total transit revenue is approx \$731,000 with 50% of the cost received from transit rider fare.

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Using the annualized cost in Chart 2, 8/12 of the cost or \$1,089,431 is the projected remaining requirement for 2013.

### 3. Discretionary Benefits No Longer Covered

With the revised schedule, the following discretionary benefits would no longer be covered.

- a) **Exceptional prescription drugs:** The Ministry of Health and Long Term Care (MHLTC) Drug Formulary provides coverage to approximately 3,800 drug products including nutrition products and diabetic testing agents through mandatory benefits. The expectation is the client will work with their doctor to identify a drug covered under this plan.
- b) **Other Travel and Transportation Coverage:** These were costs to help a person move to another municipality, attend court in another jurisdiction for the purposes of pursuing spousal and child support as well to assist to attend a hospital or funeral for a parent, child or sibling.
- c) **Paternity Testing:** This fund assisted staff to cover the cost of DNA testing to determine paternity in order to pursue child support. It is believed staff may be able to use OW Admin costs to fund this when necessary.
- d) **Birth Verification:** This was used to assist families to obtain birth certificate for a dependent child. It is felt that the parent can access their child tax benefit to pay for this approximate \$30 fee or be considered under the Helping Hand Fund.
- e) **Vocational Training:** This expense could now be considered under mandatory employment related expenses.
- f) **Housing Related Expenses:** There are a list of discretionary benefits-moving and storage costs, replacement of fridge and stove, replacement of household contents in an emergency situation, rent deposits and heat or hydro deposits or disconnection payments that may now be considered under the new eligibility criteria of the interim Housing Stability Benefit.
- g) **Baby Supplies and Equipment:** While it is proposed that this benefit be removed from the schedule of Discretionary Benefits, \$30,000 can be made available from an existing Social Services budget line.

### 4. Transfer of Funds Required for 2013

To fund the revised schedule of Discretionary Benefits, staff recommends the transfer of \$350,000 of the municipal budget from homelessness to fund the revised discretionary benefits schedule for 2013. This is made possible by the recent provincial government one time \$1.5 million dollars to CHPI. See Report C555J55C13-004 dated March 28, 2013.

Chart 3 details the remaining contribution necessary to cover the cost of the proposed revised Discretionary Benefits Schedule.

<b>Chart 3</b>			
<b>2013 Reallocation of Municipal Funds</b>			
	<b>2013</b>		
	<b>City</b>	<b>County</b>	<b>Total</b>
Projected Discretionary Benefits Jan-Apr current policy	623,303	87,820	711,123
Projected Discretionary Benefits May-Dec new policy	915,122	174,309	1,089,431
<b>Total Discretionary Benefits for 2013</b>	<b>1,538,425</b>	<b>262,129</b>	<b>1,800,554</b>
Less: Budgeted Provincial Revenue	- 712,994	- 135,809	- 848,803
Less: Budgeted Municipal Tax Levy	- 226,032	- 55,333	- 281,365
Less: Additional Municipal Contribution Jan-Apr	- 294,598	- 25,788	- 320,386
<b>Remaining Contribution Required for 2013 (covered by reallocation of municipal CHPI funds)</b>	<b>\$ 304,801</b>	<b>\$ 45,199</b>	<b>\$ 350,000</b>

## 5. Proposed Funding Strategy for 2014

Through the continued upload of Ontario Works client benefits, the municipality projects net savings in 2014 of \$800,000 for the City and \$160,000 for the County. Staff recognizes that the original intent of the upload as agreed upon in the Provincial-Municipal Fiscal and Service Delivery Review was to remove social service costs from the property tax base and to provide municipalities the flexibility to allocate resources other municipal priorities including infrastructure.

To provide some stability for this program, however, staff recommends Council allocate some of the projected value of the upload to partially fund the City contribution for discretionary benefits for 2014 and 2015. Decisions can then be made for the distribution of the value of the upload for the years 2016 through 2018 as part of the strategic priorities set by the next Council.

In 2014 it is therefore recommended that the City portion, over and above the 2013 Municipal Tax Levy charge of \$226,032, for Discretionary Benefits be funded through a combination of \$200,000 savings from the upload and a \$245,104 draw on the social services reserve. The draw on the Social Services reserve would result in an anticipated balance of approximately \$2.9M. There would be no additional funds required from the County.

<b>Chart 4</b>			
<b>2014 Municipal Requirement</b>			
	<b>2014</b>		
	<b>City</b>	<b>County</b>	<b>Total</b>
Total Estimated Discretionary Benefits for 2014	1,448,034	186,113	1,634,147
Less: Estimated Provincial Revenue	- 776,898	- 147,980	- 924,878
Less: Estimated Municipal Tax Levy	- 226,032	- 38,133	- 264,165
Remaining Contribution Required for 2014	<u>\$ 445,104</u>	<u>\$ (0)</u>	<u>\$ 445,104</u>
Paid for by:			
Use of Upload Savings	\$ 200,000		
Draw from Social Services Reserves	<u>\$ 245,104</u>		
	<u>\$ 445,104</u>		

## 6. Proposed Funding Strategy for 2015

Staff further recommended in 2015 that a portion of the upload be used to deal with pressures in housing that are anticipated to exist following the end of the one time grant and based on priorities and needs that are being identified through the long term housing and homelessness plan.

In 2015, it is therefore recommended that the City portion of the Discretionary Benefits policy over and above the 2014 Municipal Tax Levy be covered by \$250,000 of the value of the upload, and the remaining \$170,553 from the Social Services reserve. There would be no additional funds required for the County.

<b>Chart 5</b>			
<b>2015 Municipal Requirement</b>			
	<b>2015</b>		
	<b>City</b>	<b>County</b>	<b>Total</b>
Total Estimated Discretionary Benefits for 2015	1,448,034	186,113	1,634,147
Less: Estimated Provincial Revenue	- 801,449	- 152,657	- 954,106
Less: Estimated Municipal Tax Levy	- 226,032	- 33,456	- 259,488
Remaining Contribution Required for 2015	<u>\$ 420,553</u>	<u>\$ 0</u>	<u>\$ 420,553</u>
Paid for by:			
Use of Portion of Value of Upload	\$ 250,000		
Draw from Social Services Reserves	<u>\$ 170,553</u>		
	<u>\$ 420,553</u>		

## **7. Provincial Developments**

In October 2012, the Commission for the Review of Social Assistance in Ontario released their report, Brighter Prospects: Transforming Social Assistance in Ontario. It recommends significant changes to the benefit structure of social assistance in the future including proposing health and dental benefits for all low income citizens be provided through the Ministry of health that would provide significant relief to the discretionary benefit program. The report also makes recommendations for an integrated social assistance program to be delivered by the municipality. The amount of system transformation proposed would take significant time to implement.

On December 18, 2012, Ministry of Community and Social Services minister John Milloy came to Peterborough to meet with community leaders to listen to the concerns about the impact of the funding changes to both discretionary benefits and the new Community Homelessness Prevention Initiative (CHPI). On December 27, 2012, the government announced an additional one time funding of \$1,513,219 to be used towards CHPI. The announcement did not include any new money for discretionary benefits.

Members of County Council had a meeting with Minister McMeekin the new Minister of Community and Social Services during the OGRA/ROMA Conference in February 2013. They brought to the attention of this minister the impact of funding decisions taken by the province related to Discretionary Benefits and Community Start Up and Maintenance.

There is a continued period of uncertainty arising from having a new premier, a new Minister of Community and Social Services, a spring budget and the potential for a general election given a minority government. Whether there will be any changes to the \$10 per month per case cap will not likely be known until later in 2013.

As a result of this political context, the last number of months has been very confusing for clients as they are unsure about what benefits exist now and what they will be receiving in the future.

## **8. Community Engagement**

Community groups such as the Peterborough Poverty Reduction Network along with provincial networks continue to lobby the provincial government for the reinstatement of the previous funding formula for discretionary benefits, the return of Community Start-up and Maintenance Benefits and the expansion of dental coverage under the Healthy Smiles Initiative to low income families and adults. A meeting was held with local MPP Jeff Leal on December 12 to raise local poverty concerns.

Correspondence from the Poverty Reduction Network, dated March 12, 2013, (Appendix B) advocates for draws on the Social Service reserve and allocation of a



portion of the Upload savings to fund the proposed cost of Discretionary Benefits. This supports the “Made in Peterborough” recommended solution.

Staff approached several community partners to give consideration to fund, with municipal contribution, and administer specific benefits that closely align with their client base. Agency capacity and lack of administration dollars were cited as present challenges that delay consideration at this time. Further discussions will occur to determine if a model exists to consider for 2014. Community organizations and the faith community are doing their part to meet the various needs of our most vulnerable.

## SUMMARY

This report recommends providing a range of essential discretionary benefits to support social assistance families. There is a proposed reduction in the level of benefits in some areas and close monitoring of budgets and instituting wait times for items such as dentures likely will be required. The overall cost per case of the proposed benefits has been reduced to \$15.65.

The municipal costs for these benefits are proposed to be reallocated from existing budget in 2013 and funded through a combination of reserves and upload savings in 2014 and 2015. Approving these recommendations will allow for a reduction in the uncertainty and anxiety that clients are currently experiencing about what benefits are or will be available to them.

Submitted by,

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Attachments:

Appendix A - Letter to Premier McGuinty  
Appendix B –Letter to Mayor from Poverty Reduction Network