



City of  
**Peterborough**

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**TO: Members of the Budget Committee**

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

**MEETING DATE: November 26, 2012**

**SUBJECT: Report CSSS12-010**  
**Discretionary Benefit Funding Report**

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## **PURPOSE**

A report to update Council on discretionary benefits and to provide details and options for consideration during the 2013 budget deliberations.

## **RECOMMENDATIONS**

That Council approve the recommendations outlined in Report CSSS12-010 dated November 26, 2012, of the Director of Community Services, as follows:

- a) That Schedule A of the current Discretionary Policy effective January 1, 2013 be restricted to the following health related benefits: adult basic dental, hearing aids, adult vision care, prosthetic appliances and the mandated costs required of the municipality to dispose of an unclaimed body.
- b) That the OW Administrator be delegated the authority to revise the specific dollar value of items contained within Schedule A of the Discretionary Benefit policy, increase eligibility wait times and provide benefits on time limited basis through the year, as necessary to remain within annual approved budgets.

## **BUDGET AND FINANCIAL IMPLICATIONS**

The 2013 draft budget reflects no increase in the City and County Discretionary Benefits cost over the 2012 budget amount of \$226,033 and \$55,333 respectively. If all of the options recommended as possible amendments within this report are added to the 2013 budget, it would result in an additional expense of \$624,987 for the City and \$103,216 for the County. The City portion of these expenses could be drawn from the Social Services Reserve. The transit option proposed would result in an estimated revenue of \$458,100.

If the alternative direction recommended by Joint Services is followed and the benefits are extended until the end of April 2013, it could result in a draw of \$294,598 from the Social Services reserve and a cost of \$25,788 to the County. As of Oct, 2012 the Social Services reserve balance is \$4.1 M.

## **BACKGROUND**

The Ontario budget resulted in changes to the cost share formula for the Discretionary Benefit Program effective July 1, 2012. In addition to the capping of discretionary health benefits, the removal of Community Start Up and Maintenance Mandatory Benefit (Community Start Up) and the elimination of the Home Repair Benefit as of January 2013 will put additional pressures on housing and homelessness services. Clients who benefited from these services and community partners will struggle as less money is available to help our most vulnerable residents.

Social Services staff presented Report CSSSJSSC12-004 to Joint Services Steering Committee (JSSC) on June 14, 2012 and Report CSSS12-007 to City Council on July 23, 2012. Staff was asked to report back to the next Joint Services to update on any dialogue with the Province, to provide further analysis of the impact of the changes in the funding model on the municipality, and consideration of the options dealing with the impact of the reduction in funding.

### **Dialogue with the Province**

A letter dated August 9, 2012 was sent to the Premier on behalf of the Mayor and Warden. See Appendix A. Staff met with local ODSP managers to discuss the implications of changes to discretionary benefits for ODSP clients. Future meetings are scheduled to update the local ODSP staff of any final decisions regarding changes to discretionary benefits and homelessness programs.

At the Association of Municipalities of Ontario conference in August, the Division Manager and City Councillors had several opportunities to discuss municipal concerns with provincial cabinet ministers. These dialogues are not expected to change the decision regarding the Discretionary Benefits cap; however, it did provide opportunities to express the municipality and community's concerns regarding the funding cut backs and to emphasize the importance of considering these impacts in future changes to Social Assistance.

### **2013 Discretionary Benefit Budget Preparation**

At its meeting held July 30, 2012, City Council passed the followed resolution:

that the initial 2013 draft operating budget be prepared on the basis that the City and County's municipal contribution for Discretionary Benefits not increase over the 2012 budgeted amounts.

As a result, within the draft 2013 budget, the City municipal cost is \$226,033 and the County contribution is \$55,333.

To calculate the maximum amount of provincial revenue available and municipal contribution required under the new funding cap the following formula is applied:

***(Monthly OW + ODSP Caseload) X \$10 per month X 12months***

For 2013, the provincial cost share to the cap for this program is 85.8%. The most recent Ministry calculations and staff caseload projections (8244) result in an estimated gross cost of \$989,280 with a provincial subsidy of \$848,803. The municipal portion is split City \$118,001 and the County \$22,476. The municipal split is based on historical expenditures excluding transit - City 84% and 16% County.

### **Range of Discretionary Benefits**

To achieve Council's initial budget request, gross City expenditures cannot exceed \$939,027<sup>1</sup> and \$191,142 for the County. Appendix B summarizes the cost of additional benefits that are being presented for consideration.

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<sup>1</sup> Pg. 114 Budget highlight book shows Discretionary Benefits Gross Amount as 1,190,258. This is due to another line of the operating budget rolls up into this heading. It includes \$60,089 of a 100% municipal hardship fund that provides financial assistance for circumstances that falls outside of the Discretionary Benefit Policy. County contribution on pg. 116 is a total of \$55,333 for discretionary benefits and \$15,310 for the 100% County municipal hardship fund, for a total of \$70,643. City contribution on pg. 117 is a total of \$226,033 for discretionary benefits and \$44,779 for the 100% City hardship fund for a total of \$270,812.

### Core Benefits (Column 3 of Appendix B)

If discretionary benefits are reduced to those outlined in the report as core then projected expenditures will be within the amount directed by Council. Staff recommends the provision of these health related benefits be the priority within the existing budget amount. The shaded items listed on Page 1 of Appendix A, Schedule A of the current Discretionary benefits program, items 1, 3, 4 and 7 have been included in the proposed core benefits of the 2013 Discretionary Benefit Policy. The costing of funerals and burials, item 7 in Schedule A, for 2013 proposes a significant change reducing the level of service to those mandated costs to cover burial expenses for unclaimed bodies of people who died within our municipality. Social Services will no longer assist families with the cost of a basic funeral or burial as part of this cost saving measure.

The loss of the other benefits will negatively impact the health and social well-being of families on social assistance. Based on their current level of assistance, families do not have extra money to pay the added cost of items and services previously covered. Council may wish to consider also investing in some or all of the benefits as a means to mitigate the severity of service cuts that have resulted from reduced provincial investment.

### Possible Enhancements to Discretionary Benefits for Consideration in 2013 Budget

Additional below the line request for consideration are included in the Budget highlights book beginning on page 187, specifically items 2.10, 2.11, 2.13, and 2.14. These are summarized in chart below. It is proposed that the City and County contributions would come from their respective reserves.

Benefit	100% City Cost	100% County Cost
Dentures for OW and ODSP clients to a maximum amount per client every 5 Years	\$178,987	\$45,616
Emergency Housing retention to prevent evictions and disconnection of services	\$164,000	\$36,000
Social Recreational subsidies for Children and Youth	\$82,000	18,000
City Transit subsidies – 30 day pass and 20 trip ticket	\$200,000	3,600
Subtotal	\$624,987	\$103,216

### **Dentures (Column 4 of Appendix B)**

The availability of dentures has allowed dentists more options when determining the appropriate treatment plan for their patient. Having dentures also improves the employability of clients who would otherwise be without teeth. In 2012, approximately 144 people are projected to receive funds towards the cost of dentures. To continue a discretionary benefit towards the cost of dentures will require additional municipal costs of \$178,987 from the City and \$45,616 from the County.

If Council wishes to reconsider the inclusion of Dentures then the following recommendation should be approved as an amendment:

That dentures to social assistance clients continue to be covered under Schedule A as a 100% municipal cost with projected expenditures of \$178,987 for the City and \$45,616 for the County with the City Portion to come from the Social Services Reserve.

### **Emergency Housing Benefit (-Column 5 of Appendix B)**

In 2011, Community Start-Up Benefit provided \$2.8 million to OW and ODSP clients in Peterborough to prevent homelessness and assist with a wide number of housing situations. Under the new Consolidated Homelessness Prevention Initiative (CHPI), it is projected only 22% of the original amount spent on Community Start up will be available to assist with the same kind of assistance to address urgent housing needs in 2013. This will leave social assistance families in precarious housing situations if they are unable to pay their costs. Emergency housing issues like the recent fire on Milroy Drive show that when all other funding is spent, it is prudent to maintain a fund that allows for a timely response in the face of emergency need. It is recommended that a discretionary benefit that would assist some Social Assistance recipients with the most urgent of housing needs be provided. An additional municipal budget of \$164,000 from the City and \$36,000 from the County is requested.

If Council wishes to reconsider the provision of the benefits contained in Category 3 then the following recommendation should be approved as an amendment:

That a 100% municipal emergency housing benefit for social assistance clients under Schedule A be established at a cost of \$164,000 for the City and \$36,000 for the County with the City portion to come from the Social Services Reserve.

### **Recreational/Social Subsidies (Column 6 of Appendix B)**

Families living in poverty do not have extra income to provide opportunities for their children to be involved in social/recreational activities. Some of the programs may provide subsidies but in situations where this is not possible, this fund could assist parents in paying at least some of the fees required. To continue a discretionary benefit towards the cost of social and recreational subsidies for children of Ontario Works and ODSP families an additional municipal budget of approximately \$82,000 from the City and \$18,000 from the County is requested.

If Council wishes to reconsider the provision of the benefits contained within Category 4 then the following recommendation should be approved as an amendment:

That a 100% municipal social/recreational benefit under Schedule A for social assistance dependent children be established at a cost of \$82,000 for the City and \$18,000 for the County with the City portion to come from the Social Services Reserve.

### **Transit Subsidies (Column 7 of Appendix B)**

Currently, discretionary benefits subsidize transit passes for approximately 13% of OW and ODSP clients with the rider contributing \$21 per month towards the monthly transit pass, valued at \$55. In 2011, Social Services paid just under \$400,000 towards an average of 978 monthly bus passes which generated revenue to City transit of approximately \$650,000. This represented 31% of the adult ridership for the municipal system. For the first half of 2012, that ridership has grown to 36% representing an average of 1088 monthly passes.

In 2011, county clients began accessing this subsidy averaging 10 monthly passes and increasing to 15 per month for the first six months of 2012. For the first six months of 2012, social assistance riders averaged 45 trips per month. Social Services staff met with City transit staff to explore transit options. Since that time the Transit Review has been released and within the Review other options for Transit Fares have been proposed; specifically Recommendation 9.6.4:

“That the City of Peterborough develop and implement a Transit Affordability program for Peterborough residents.”

Until the review of the transit plan is completed and consideration given to implementing a Transit Affordability program, council may wish to consider ways for people on Social Assistance to continue to receive some form of a reduced transit pass in 2013.

Staff recommends that with any of the transit options, a contribution still be required from the rider. The amount of the rider portion may need to be re-assessed depending on the outcome of the recent transit review that recommends a fare increase in 2013. It is recommended that if a pass were to continue to be available then the previous monthly pass be replaced with a 30 day pass. Since the 30 days count from the point of activation individuals may only require 10 or 11 passes in a given year. Increasing the portion required by the user will likely result in fewer people being able to access this option and therefore it is recommended a second alternative of a 20 trip ticket costing the client \$20 dollars and a subsidy from Social Services of \$15 dollars also be provided.

Providing these two options will assist with meeting some of the identified gap for transportation needs not related to medical and employment reasons for people on Social Assistance. The recommended subsidy from the social services budget is \$175,000 annually from the City and \$3,600 from the County.

- a) Provide a 30 day pass each month at a cost of \$55 with the rider paying \$30 and the remaining \$25 subsidized by Social Services; and
- b) Provide one 20 trip pass per month at a cost of \$35 with the rider paying \$20 and the remaining \$15 subsidized by Social Services. If this option is included then Transit should be directed by Council to establish this new fare structure.

City Transit Options							
Option	Transit Options	Rate	Rider portion	Estimated No of Passes	Payment from Rider	Social Services Subsidy	Transit Revenue
A	30 Day Pass	\$55	\$30	5,000	\$150,000	\$125,000	\$275,000
B	20 Trip Pass	\$35	\$20	5,000	\$100,000	\$75,000	\$175,000

County Transit Options							
Option	Transit Options	Rate	Rider Portion	No. of Passes	Payment from Rider	Social Services Subsidy	Transit Revenue
A	30 Day Pass	\$55	\$30	90	\$2,700	\$2,250	\$4,950
B	20 Trip Pass	\$35	\$20	90	\$1,800	\$1,350	\$3,150

If Council wishes to consider a transit subsidy then the following recommendation should be approved as an amendment:

That \$125,000 100% City funding be allocated to provide subsidized 30 day transit passes at \$55 to an estimated 5,000 social assistance riders for the calendar year, with the City portion coming from the Social Services Reserve. That \$2,350 100% County funding be allocated to provide subsidized 30 day City transit passes at \$55 to an estimated 90 transit riders for the calendar year (Option A); and

That \$75,000 100% City funding be allocated to provide subsidized 20 trip transit passes at \$35 to an estimated 5,000 social assistance riders for the calendar year, with the City portion coming from the Social Services Reserve. That \$1,350 100% County funding be allocated to provide subsidized 20 trip City transit passes at \$35 to an estimated 90 transit riders for the calendar year (Option B)

That, subject to the approval of the 20 trip transit pass option, a new fare option of a 20 trip ticket be created at the recommended rate of \$35.

### **Joint Services**

This report was reviewed at the October 11, 2012 meeting of Joint Services, resulting in the following recommendations. Staff had hoped that the release of the Commission for the Review of Social Assistance in Ontario would provide clarification and direction. The report, Brighter Prospects: Transforming Social Assistance in Ontario, has been released and 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. The premier's recent decision to prorogue the legislative assembly casts doubts on this future implementation and it is unlikely that any immediate financial assistance for these benefits will be available from the province.

If Council wishes to approve the recommendations from Joint Services, then it will need to defeat Recommendations a) and b), and any amendments and replace them with the following:

- a) That the following be considered by Council during their 2013 budget deliberations, as recommended by Joint Services:
  - i) 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;



- ii) That the province be requested to reverse their decision regarding discretionary benefits; and
  - iii) That the City and County continue to work with local organizations to find a local discretionary benefits solution; and
  - iv) That the province incurs the costs associated with the City and County maintaining the status quo to fund discretionary benefits to April 30, 2013 and that in the interim, the costs be charged to reserve funds as a last resort.
- b) That the OW administrator be delegated the authority to revise specific dollar value of items contained within Schedule A of the Discretionary Benefits policy, increase eligibility wait times and to provide benefits on a time limited basis throughout the year, as necessary to remain within annual approved budgets.

## SUMMARY

Changes to the Provincial Discretionary Benefits Funding formula have resulted in a significant loss of Provincial Subsidy. This report outlines the cost of various benefits and provides options for consideration as part of the 2013 budget process.

As outlined in Recommendation b) of this report, the Social Services Division Manager, in her role as OW Administrator, will revise the local procedures based on the approved policy and set out the eligibility criteria and amounts that allow expenditures to remain within approved annual budgets.

Submitted by,

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Attachments:

- Schedule A – Summary of Discretionary Benefits
- Appendix A - Report CSSHJSSC12-006 - Discretionary Benefit Funding Report
- Appendix B – Categories of Benefits for Consideration Summary
- Appendix C – Letter to Premier McGuinty (dated Aug. 9/12) from Daryl Bennett, Mayor / J. Murray Jones, Warden
- Appendix D – Letter to Daryl Bennett, Mayor / J. Murray Jones, Warden (Aug. 27/12) from the Premier of Ontario
- Appendix E – Letter to Daryl Bennett, Mayor / J. Murray Jones, Warden (Sept. 24/12) from the Ministry of Community and Social Services