

Social Assistance (Ontario Works) Funding Model

Background

The Social Services Division is responsible for the administration and delivery of the Ontario Works Program. Ontario Works is an employment based, provincially mandated program cost shared with the Ministry of Community and Social Services and the City of Greater Sudbury. The intent of the Ontario Works program is to help people in temporary financial need find sustainable employment and achieve self-reliance. The Division is also responsible for emergency shelters and homelessness initiatives.

Historical Funding Model

Historically, the cost of delivering the Ontario Works program was considered in two distinct components. The **administration** component of the Ontario Works Program, cost shared on a 50/50 basis between the Province and the municipality, and the social assistance **benefit** component, cost shared 80/20 between the Province and the municipality.

National Child Benefit Supplement

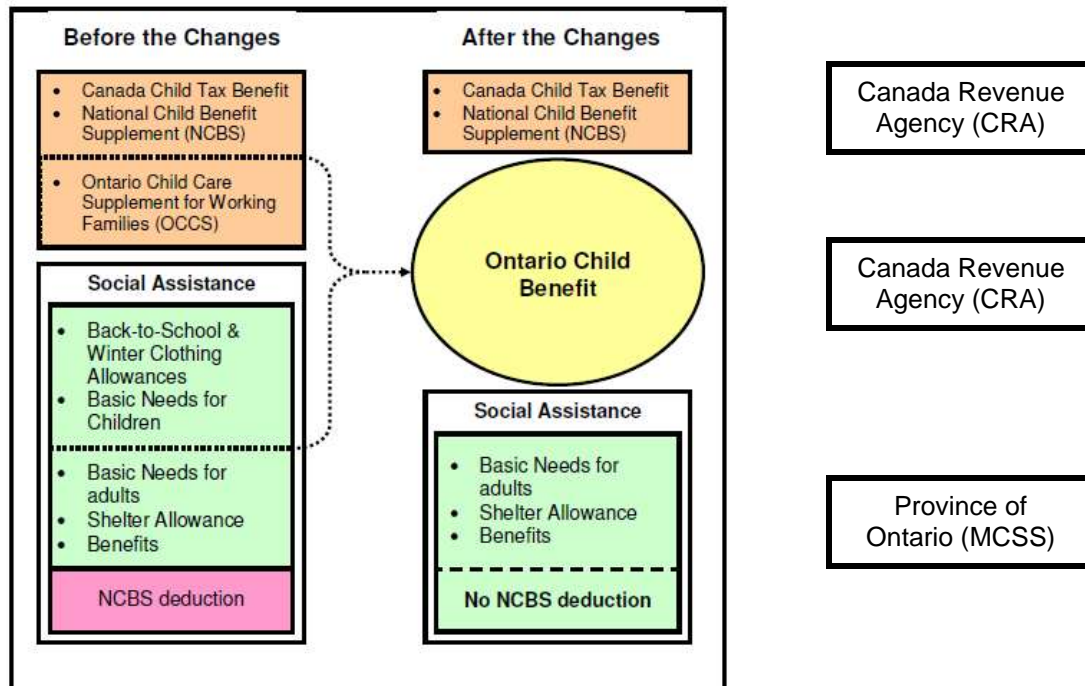
When the federal government increased the National Child Benefit Supplement (NCBS) it pays to low-income Canadian families in 1998, it developed a reinvestment strategy with the provinces and territories. Under the joint program, all social assistance savings amounts that become available because of the NCBS increase were reinvested in new or enhanced programs, benefits and services that met NCBS objectives: helping to prevent and reduce the depth of child poverty in Canada and promoting attachment to the labour force.

Transition to Ontario Child Benefit and Social Assistance Restructuring

The savings realized under the NCBS program were shared between the provincial and municipal levels of government. In Ontario, a family receiving NCB while on social assistance would have their OW financial benefits reduced by the NCBS amount thereby creating a “savings” for the province and municipalities. Ontario invested its portion in the Ontario Child Care Supplement for Working Families. Municipalities had the flexibility to allocate their share to projects that satisfied both NCBS and community goals.

In 2008 the NCBS process was changed with the implementation of the Social Assistance Restructuring (SAR) initiative across Ontario. The Ontario Child Care Benefit (OCB) was introduced as a direct payment to families, creating savings for municipalities as the cost of OW benefits would also decrease as children were removed from the OW benefit. Municipalities were no longer mandated to reinvest these savings, but were strongly encouraged to do so, and were advised the reinvestments would be considered as reimbursable social costs in the Ontario Municipal Partnership Fund (OMPF) calculations.

The following figure illustrates the major changes that occurred in the transition from the National Child Benefit Supplement (NCBS) to the Social Assistance Restructuring (SAR) funding that is currently in existence:



The Province recognized and identified a number of key challenges with this model:

- Funding is historically based
- Funding allocations were initially derived based on each delivery agent's percentage share of the 1995 provincial caseload
- This model is unresponsive to caseload changes over time, resulting in an inequitable distribution of funding
- No mechanism to address increases in costs of doing business
- The funding approach does not account for unique program delivery needs

Current Funding Model

The Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) was undertaken in which the province, AMO and the City of Toronto committed to working together to review the Ontario Works funding and recommend principles to guide a review to the funding approach.

The administration component of the Ontario Works Program is cost shared on a 50/50 basis between the Province and the municipality. With regards to the social assistance benefits costs, prior to 2010, the cost sharing formula was 80/20 between the Province and the municipality. The report of the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR), released in October 2008, included the Province's commitment to upload the eligible municipal share of benefit costs.

The social assistance benefit portion of the funding will continue to be uploaded until 2018 when it will be fully funded by the province and the remainder of the funding will be cost shared at 50/50. The upload of the social assistance benefit costs are to be phased in over a 9 year period. The upload began January 1, 2010, and will be completed in 2018, as per the following chart:

Ontario Works	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Ongoing
Provincial Share	80%	80.6%	81.2%	82.8%	85.8%	88.6%	91.4%	94.2%	97.2%	100%	100%
Municipal Share	20%	19.4%	18.8%	17.2%	14.2%	11.4%	8.6%	5.8%	2.8%	0%	0%

The new funding model provides municipalities flexibility to determine how best to allocate funding of all aspects of program delivery by consolidating administration and employment assistance costs into one budget.

The Province also developed principles to underpin a coherent Ontario Works funding approach that supports equity, responsiveness and effective program delivery. Key elements included in the revised funding approach which came into effect April 1, 2011, are:

- Ontario Works administration and employment assistance funding are consolidated into one Program Delivery funding allocation for the purposes of program management.
- Current cost-sharing, cost-recovery and upload commitments are upheld within the single Program Delivery funding allocation.
- Provincial expenditure requirements and the distribution of funding utilize an established provincial subsidy per case of \$2,016.
- Caseload is determined based on the standard Ontario Works caseload and a supplementary caseload.
- Program Delivery funding allocations are derived based on a two-year monthly average standard and supplementary caseload and the provincial subsidy per case.
- Program Delivery funding allocations are aligned with the two-year Ontario Works business cycle.
- Outcomes will be expanded to include service delivery measures over time.

The Province of Ontario is providing over \$175,000,000 to add to the cost of administration for the cost of delivering Ontario Works, which is a significant investment for the Ministry of Community and Social Services, particularly in light of very tight provincial budgets. The vast majority of delivery agents will see their funding envelopes increase as a result of the new funding formula, however with the new funding comes a requirement that the municipality match any new dollars provided at a 50/50 cost sharing.

The revised Ontario Works Funding Approach for 2011/12 provides for an increase in provincial funding from \$6.1M to \$7.2M to support the delivery of the Ontario Works program. In order to maximize the provincial funding available for the City of Greater Sudbury, under the new funding approach, the municipality would need to make additional matching municipal funds of approximately \$1.1M (the difference between \$6.1M and \$7.2M). The above allocation was derived based on two-year monthly average standard and supplementary caseload (October 2008 to September 2010) and the provincial subsidy per case of \$2,016.

Initially, to ensure that municipalities do not suffer a net loss in this situation, the Province of Ontario is adding transition funding to ensure that every delivery agent receives at least the same amount of funding it had received in years past. This transition funding will only be available for a two year period.

Due to transitional funding the true impact of the new funding model will not be experienced until April 1, 2013 and thus will not affect the City of Greater Sudbury budget for the 2011 and 2012 calendar years. Consideration of the economic trends/effects, as well as caseload impacts may also have an impact.