



Report To:	Manitoulin-Sudbury DSB Board
From:	Donna Moroso, Director of Integrated Social Services Gilles Plouffe, Ontario Works Program Supervisor
Date:	February 24, 2011
Re:	New Ontario Works Funding

RECOMMENDATION

That the Manitoulin-Sudbury DSB calls upon the Ministry of Community and Social Services to continue to work with Association of Municipalities (AMO) to refine the announced Ontario Works funding approach and calls upon the Province of Ontario to commit to the uploads promised to Northern municipalities.

Background:

Following the [Provincial/Municipal Fiscal and Service Delivery Review \(PMFSDR\)](#) the province, AMO and the City of Toronto committed to working together to review Ontario Works funding and recommend principles to guide a revision to that funding approach.

A group of Ontario Works Administrators were convened for the purposes of establishing the guiding principles to the funding review and the following principles were agreed upon:

- partnership oriented
- flexible
- outcome focused
- equitable
- stable
- responsive
- transparent
- accountable
- cost effective

These principles were then brought forward to the Human Services Implementation Steering Committee (HSISC) for review. Following that, the Province of Ontario has revised the administration and employment assistance funding for Ontario Works.

Historically, Ontario Works Cost of Administration has been cost shared 50:50 while the provision of Employment Assistance has been cost shared 80:20. As part of the commitments in PMFSDR, the upload of the Employment Assistance (80:20) is being slowly uploaded by 2018, when the province will be responsible for the 100% provision of Employment Assistance.

Analysis & Discussion:

A revised Ontario Works funding approach has been devised by the Province of Ontario and they have held some consultations on the technical aspects of the funding model with AMO and the City of Toronto. This new funding approach is caseload driven, contrary to objections put forward by NOSDA and other rural delivery agents who have stated that a cost-per-case based formula does not take into account the pressures of delivering services in remote areas, nor does it take into account the fact that economies of scale cannot always be achieved in the delivery of services.

The Province of Ontario is bringing over \$175,000,000 to add to the cost of administration for the cost of delivering Ontario Works, which is a significant achievement 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 CMSM's/DSSAB's match any new dollars provided at 50:50 cost sharing. Across the north, delivery agents will be required to match any new provincial funding and the municipal investment required ranges from a low of \$36,000 to over \$1,000,000 in some cases. If delivery agents are unable to raise the additional municipal tax dollars, much of the provincial investment will not be utilized.

To ensure that there are no "losers" 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.

The Manitoulin-Sudbury DSB is one of only 4 CMSM/DSSAB's across the province that will see their funding reduced as a result of the new funding formula. The Manitoulin-Sudbury DSB will see its Employment Assistance allocation decrease from \$487,697 to \$347,600 which represents a 29% decrease or \$140,097 decrease in provincial funding.

The cost of administration funding will increase from \$701,787 to \$745,800 which represents a 6% increase or \$44,013 increase in provincial funding. In addition 100% provincial dollars for OW Incentive funding has been eliminated resulting in a reduction of \$58,561 in provincial funding.

The net impact of the provincial funding changes will see a 12.4% decrease or \$154,645 decrease in provincial funding for the Ontario Works program.

The Province is also forecasting a municipal savings, based on the new funding formula, of \$40,223 or a 4.6% reduction in municipal contribution towards the funding of the Ontario Works program.

Of particular concern is the reduction of \$38,108 under the Employment Assistance funding that would have been uploaded by the province by 2018. In essence this \$38,108 would have been 100% provincially funded and removed from the municipal property tax base. If the Manitoulin-Sudbury DSB is unable to reduce its budget by the \$38,108, it will result in an increase to the municipal tax base that should have been 100% provincial. In the North, the members of NOSDA will see in excess of \$1,000,000 that has been removed from the Employment Assistance funding which would have been uploaded by the Province by 2018.

This results in the erosion of the upload commitment that was made by the province as a result of the Provincial/Municipal Fiscal and Service Delivery Review (PMFSDR).

The 2 charts below illustrate the changes in funding:

Provincial Funding Changes				
Funding	2010 Funding Allocation	New Funding Allocation	Variance	% Change
50/50 Cost-Sharing	\$701,787	\$745,800	\$44,013	6.3%
80/20 Cost Sharing	\$487,697	\$347,600	(\$140,097)	-28.7%
100% Provincial Funding	58,561	\$0	(\$58,561)	-100%
Total Funding	\$1,248,045	\$1,093,400	(\$154,645)	-12.4%

Municipal Funding Changes				
Funding	2010 Funding Allocation	New Funding Allocation	Variance	% Change
50/50 Cost-Sharing	\$701,787	\$745,800	\$44,013	6.3%
80/20 Cost Sharing	\$116,519	\$78,411	(\$38,108)	-32.7%
100% Municipal Funding	\$46,128	0	(\$46,128)	-100%
Total Funding	\$864,434	\$824,211	(\$40,223)	-4.65%

The Province will be providing transition funding during the first two-year funding cycle to Ontario Works delivery agents that will see a decrease in overall provincial funding. In the case of the Manitoulin-Sudbury DSB, the province will be providing \$191,264 for the fiscal period April 1, 2011 to March 31, 2012. Based on the provinces communications, there will be additional transition funding available for the fiscal period April 1, 2012 to March 31, 2013.

The true impact of the new funding model will not take effect until April 1, 2013 and this will not affect the Manitoulin-Sudbury DSB budgets for the 2011 and 2012 calendar years.

Staff are in the process of analyzing these changes to funding and will be developing a plan to determine the impact on the Manitoulin-Sudbury DSB's 2013 calendar budget.

Conclusion

The new Ontario Works funding approach is largely based on a cost-per-case formula which does not adequately take into account the cost and requirement to deliver services in remote or rural areas.

The new Ontario Works funding approach will see an erosion of the upload commitments to Northern Municipalities that were made by the province as a result of the Provincial/Municipal Fiscal and Service Delivery Review (PMFSDR).

The Manitoulin-Sudbury DSB calls upon the Ministry of Community and Social Services to continue to work with AMO to refine the new Ontario Works funding approach and calls upon the Province of Ontario to keep its commitment to the provincial upload of Employment Services.