

Manitoulin- Sudbury Social Services Administration Board

Ontario Works Client Benefits

Summary of Funding Issues

August 2009

General

Ontario Works (OW) client benefits include direct payments and payments made on behalf of clients. The OW allowances are set in regulation and are consistent across on Ontario but with some additional benefits paid in the far North (beyond this Board's jurisdiction). The rates are normally set yearly by the legislature and are normally announced in advance of their effective date. If the effective date is outside of the municipal fiscal year, then the province normally has picked up 100% of costs until the next municipal fiscal year begins.

The allowances have declined significantly in purchasing power since 1995. See : <http://www.msdsb.net/OW/reports/Food-for-Thought-March-2009.pdf>

This very significant decline in purchasing power has lead to the need for exceptional ancillary services such as Food Banks, Energy Fund and Homelessness Funding, Our Kids Count, the increased occupancy of Hostels in surrounding communities. The low social assistance rates particularly impact on individuals and families who are on the program for prolonged periods. The inadequacy of allowances also impacts on the ability of residents to pay rent and other necessities causing local negative social and economic impacts.

Cost Sharing

OW client benefits are one of the truly provincial /municipal cost shared programs. The province through legislation commits to an unlimited matching of actual costs. This matching is subject to the local delivery agent: the District Social Services Administration Board (DSSAB) or the Consolidated Municipal Service Manager (CMSM) adhering to specific controls. Some of those controls are set out below.

There is no arbitrary cap on either the provincial or municipal costs. The allowances paid are calculated automatically by the province wide Service Delivery Management Technology (SDMT). Those who qualify under legislation are eligible with no cap on either caseload or costs.

Delivery Controls and Obligations

The specific controls required by the province include the operation of the following;

An appropriate level of Parental Support Worker functionality

An appropriate level of Eligibility Review

Conducting Consolidated Verification processes subject to Ministry guidelines

Ensuring local business practices and risk management processes reduce opportunity for fraud.

The collection of overpayments within Ministry guidelines

Adherence to Ministry Directives

Use of the SDMT province wide system

Ensuring the provision of a full range of retraining and employment programs

The Upload of OW costs

In 2009, the provincial matching is 80% of OW benefits actual costs. As a result of the Provincial Municipal Fiscal Service Delivery Review (PMFSDR) the province will upload the cost of all social assistance benefits by 2018 and pay the portion of Ontario Works benefits which is currently paid by municipalities. The upload time table is as follows:

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OW Benefits	-	3%	6%	14%	29%	43%	57%	71%	86%	100%

Prior to December 2007, there was municipal share for the Ontario Drug Benefit for persons in receipt of OW. The Province uploaded the municipal cost share of the Ontario Drug Benefits Program effective January 1, 2008.

In addition, in July 2008, concurrent with the introduction of the Ontario Child Benefit dependent children under 18 years of age are no longer in receipt of the allowance for food and clothing. However these dependents do impact on the OW shelter allowance calculation.

As the upload in cost sharing reflected above proceeds, we can expect additional controls on service delivery to ensure full accountability in delivering a program which by 2018 will be 100% provincial. That new level of accountability will be set through the work of the Human Services Implementation Steering Committee (HSISC).

See: <http://www.msdsb.net/ADMIN/Correspondence/Final-HSISC-terms-of-reference-July-16-.pdf>

Budgeting challenge

The primary budgeting challenge is estimate the growth in caseload and costs from one year to the next. The estimates are arrived at by looking at both province wide and local trends. It should be noted that the overall trend since 1999 has been a reduction in caseload.

See: <http://www.msdsb.net/OW/reports/OW-ODSP-Average-Annual-Caseload.pdf>

Since the reasons persons come on assistance are extremely varied estimating is difficult. The approach to estimating, what would seem to be driven by an impossible number of variables, is to arrive at an estimate of caseload based on long term and current trends. This projected caseload is then multiplied by the expected average costs based on current trends. It should be noted that any underestimate will simply add to a deficit as these funds must under law be paid to those eligible persons who apply.

Backgrounder on the Cost-Sharing of Funds Collected by the Family Responsibility Office

Context

Effective January 1, 1998, financial assistance for Ontario Works and the Ontario Disability Support Program has been cost-shared with the Ontario Works Administrators on an 80:20 basis. However, since January 1, 1998, 100% of recoveries of monies owed on assignments of child and spousal support collected by the Family Responsibility Office (FRO) on cases assigned to the Ministry have been forwarded to the Ministry.

Since March 2000, the Ministry has provided an annual revenue refund to Consolidated Municipal Services Managers (CMSMs) and District Social Services Administration Boards (DSSABs) related to cost-sharing of funds collected by the Family Responsibility Office on Ministry assignments.

Please note that the recent announcement regarding the change in cost-sharing ODSP will mean that ODSP benefits will be cost-shared 90:10 in 2010. In 2011, the province will upload the entire cost of ODSP and therefore there will not be any cost-sharing. Therefore, in 2011 the cost-sharing of funds collected by the family responsibility office will cease.

How Individual Municipal Shares Were Determined

The share of funds being sent to each CMSM/DSSAB was calculated using a “nominal formula” approach:

- The nominal formula is based on the distribution of sole support parents on the social assistance caseload; these only include cases on the Ontario Disability Support Program (ODSP). Recoveries are prorated based on the respective sole support parent caseload of each CMSM/DSSAB as a percentage of the overall ODSP sole support parent caseload.
- The monthly average sole support caseload for 2008 was used to determine the distribution for the 12-month period March 1, 2008 to February 28, 2009.
- The refund calculation is based on actual recoveries collected by FRO for the relevant time periods. It has been determined that 59.78% of the total recoveries collected from March 1, 2008 to February 28, 2009 was cost-shareable, i.e. pertained to post-January 1, 1998 recoveries.

Ontario Works Assignments

The Family Responsibility Office sends recoveries on municipal assignments directly to CMSMs/DSSABs, and CMSMs/DSSABs remit the 80% Ministry share through the subsidy claims process.

First Nations

Social assistance costs for First Nations are cost-shared with the federal government. FRO recoveries on assigned cases to First Nations will continue to be sent to the province.