



“Brighter Prospects”: Understanding the Commission’s Report and Recommendations

Jennefer Laidley, Income Security Advocacy
Centre

Halton Poverty Reduction Forum
4 April 2013

Presentation

- Info on the content of the Commission's report;
- Analysis of the impact of the report's recommendations;
- Policy / political context for the review; and,
- Where we find ourselves now.

Who is ISAC?

- Income Security Advocacy Centre
- “Specialty” community legal clinic
- Provincial mandate to improve income security of Ontarians through law reform – tools:
 - test case litigation, policy development, advocacy, and community organizing
- Work closely with 60 local legal clinics and in coalition with advocacy groups and organizations (e.g., Campaign 2000, ODSP Action Coalition, 25 in 5 Network for Poverty Reduction)
- Advocate for improved incomes (benefits, minimum wages, etc.), employment standards, reform of programs and benefits systems, etc.



“Brighter Prospects” - Oct 24

- One step in many years of work toward reform
- Mixed bag of good / bad recommendations and some that need more scrutiny
- Background and context important
 - Helps understand where to go next

Social Assistance Review in Context

- Poverty Reduction Strategy commitment to review Social Assistance – 2008
 - Crisis in OW the focus of advocacy
- Inside the Ministry – 2008 / 2009
 - Concern over growth of ODSP caseload
 - Increasing push to restrict access
- Appointment of SARAC – 2009
 - Recommended income security review, not just social assistance – 2010
 - Focus of recommendations on fixing OW

... context

- International Trends - 2006-2011 reports
 - “Mutual obligation” for disability benefits – OECD
- Global financial crisis – late 2008
 - By 2010 stimulus ends, focus on austerity begins
 - Drummond report – Feb 2012
 - Budget 2012: cuts to CSUMB, Discretionary Benefits
- Commission appointed – late 2010
 - MCSS review (i.e., not inter-ministerial)
 - Narrow mandate:
 - Move people into work, simplification, ensure “long-term viability” of system

Report Content: Overview

- Short- and long-term recommendations
 - 10 year time horizon
- Major transformative recommendations
 - Replace OW / ODSP with one integrated program
 - Delivered by municipalities / First Nations
 - Financing initial rate improvements internally
 - I.e., through elimination of some benefits / repurposing that funding
 - Eventual requirements for people with disabilities to pursue employment
- Work is route out of poverty & social exclusion
 - Focus on getting people into labour market



Recommendations by Issue

- Employment / Employment Supports
- Benefit Structure
- Benefit Methodology
- “Special” Benefits
- Rule Changes
- Reducing ODSP Caseloads
- First Nations
- Accountability
- Monitoring and Surveillance

Employment / Employment Supports

- Strengthen employment services
 - Muni's & First Nations deliver; provincial standards
 - Increase access to Employment Ontario programs
 - Increase access for people with disabilities
 - Pre- & post-employment supports
 - Alternative forms of employment (social enterprise)
 - Integrate with other services (housing, childcare)
- No moves to regulate labour market
 - Work with employers so training leads to job
 - Employer Councils and Corporate Champions
 - Corporations, province, municipalities, and NGOs should hire more recipients

... employment

- Participation Agreements replaced by Pathways to Employment Plans
 - Collaborative agreements
 - Employment goals and requirements on clients
 - AND services to be provided by the system
 - PEPs required for ALL recipients
 - Currently PAs only required in OW
 - Flexible requirements for First Nations
 - Eligibility for income benefits contingent on PEP
 - No change for those on OW
 - Temporary deferrals would continue
 - People with disabilities would not have income benefits cut off / reduced “in short term”

... employment

- “Distance from labour market” approach to determine degree of supports required
 - Note:
 - Recognizes not everyone is “employment ready” and “first available job” not for everyone – significant improvement in perspective
 - How is “distance” determined? (i.e., Work Capacity Assessments?)
- Accelerate Mental Health and Addictions Strategy
 - Employment should be key outcome
 - Develop service models that integrate treatment and employment programs
 - Shouldn't health be the key outcome?

Benefit Structure

- Replace complex rate structure with simple building blocks

Sole Support
Parent Supplement

Children's
Supplement

Disability
Supplement

Standard Rate

Standard Rate

- The “basic unit” of social assistance benefits
 - Replaces:
 - Separate Basic Needs and Shelter amounts
 - Boarder / Lodger amounts
 - Living with Parents amounts
 - Future increases for regional differences
- Value
 - Initially \$100 / month more than single OW rate
 - If implemented now, Standard Rate would be $\$606 + \$100 = \$706$
 - Paid for by eliminating Special Diet Allowance, ODSP Work-Related Benefit, etc.
 - Adjust value upwards in future to move closer to the “Basic Measure of Adequacy”

Disability Supplement

- Eligibility:
 - “the current definition of disability used in ODSP”
- Value:
 - Difference between standard rate and maximum single adult ODSP rate at time of implementation
 - If implemented now: $\$1075 - \$706 = \$369$
 - No increase in rates for single people on ODSP
- Over longer term, create benefit for all low-income Ontarians with disabilities

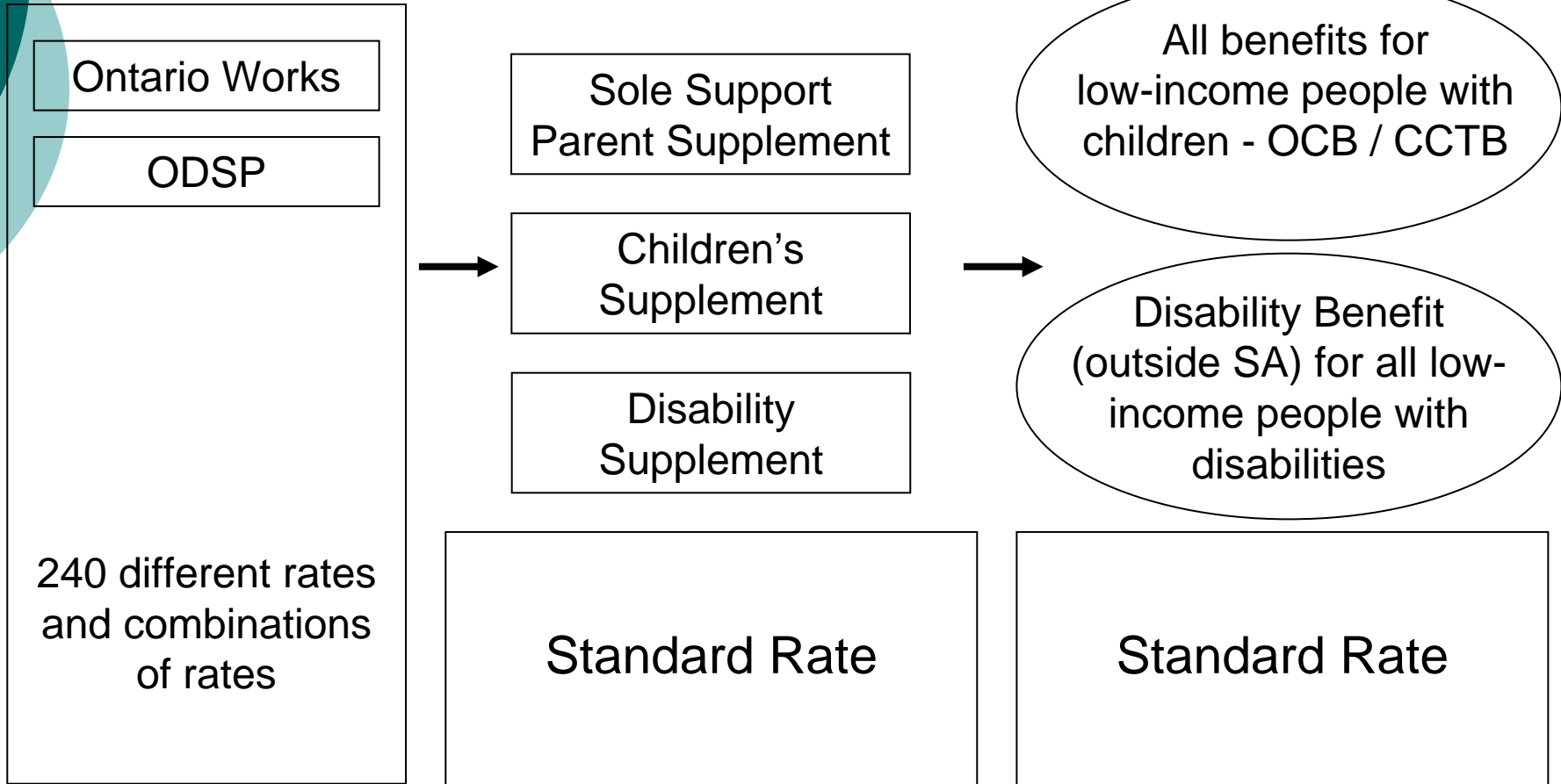
Children's & Sole Support Supplements

- Children's Supplement
 - "Uniform supplement"
 - No distinction in value for age of children or for disabled parent
 - Value to decrease as amounts from OCB / CCTB rise (i.e., clawback built into the system)
- Sole Support Parent Supplement
 - "Uniform supplement"
 - No distinction in value for disabled parent
 - Phased out eventually

Now

Short-term

Long-term



Modified Standard Rate (“sharer’s rate”)

- Any person living with one or more other adults to receive 86% of the Standard Rate, regardless of the nature of their relationship
 - For OW = $\$606 + \100
= $\$706 \times 86\% = \607
 - For ODSP = $\$706 \times 86\% = \607
+ $\$369$ disability supplement = $\$976$
 - Current max ODSP single rate $\$1075 =$ loss of $\$99$
 - Current max ODSP couple rate (one person with disability) $\$1635 =$ loss of $\$52$

Benefit Methodology

I.e., the calculations used to set rates

- Adopt a rational methodology for setting social assistance rates that achieves a balance among three objectives:
 - **Adequacy** of rates to cover healthy food, secure housing, and other basic necessities;
 - **Fairness** between social assistance recipients and people with low-incomes who are working;
 - **Financial incentive to work.**
- Establish an advisory group to help work on the benchmarks for these three objectives, and make recommendations on rates and rate adjustments.

Adequacy

- Develop a Basic Measure of Adequacy (BMA) as benchmark for the adequacy of rates
 - Government to do more work on BMA level
 - Take into account regional cost differences
- “Illustrated” BMA proposal:
 - Lower than other measures of poverty / adequacy
 - Specifically excludes some costs, e.g. internet
 - Reduces housing amount to 25th percentile of regional rent instead of average (i.e., 50th)
 - No recognition of additional costs of disability

“Fairness”

- Review minimum wage in way that would allow it to be used as an appropriate reference wage benchmark. Until then, use current minimum wage.
- Means maximum income while on social assistance must be below minimum wage – even for people with disabilities AND even when combined with earnings

Financial incentive to work

- Do research on impact of benefit withdrawal rates on work incentive, to establish a benchmark for the rate of withdrawal of social assistance benefits.
 - Benefit withdrawal rate = how much is clawed back from earnings
 - Picked *average* rate of 50%
 - first \$200 exempt; 57% reduction thereafter
 - For OW – variation on status quo
 - For ODSP – with loss of Work Related Benefit = everyone worse off except those making exactly \$200 / month

Special Benefits

- Health-Related Benefits
 - E.g., diabetic supplies, prescription drugs, basic dental care, etc.
 - First, make them consistent across province
 - Then move to Ministry of Health
 - Then make available to all low-income people
- Employment Benefits and “Other” Benefits
 - Transfer as block funds to municipalities for discretionary use
 - Notes:
 - Loss of mandatory benefits and appeal rights
 - Loss of needs-based funding
 - CSUMB is example of this

... special benefits

- Elimination of Special Diet Allowance and ODSP \$100 Work-Related Benefit
 - To be “rolled in” to the new Standard Rate
 - Small portion of SDA to Min Health for wasting conditions
- No new benefits within social assistance that are not provided to all low-income Ontarians
- If Housing Benefit introduced
 - Make it available to all people with low-incomes
 - Take into account the impact of Marginal Effective Tax Rates (i.e., clawbacks)

Rule Changes

- Treat child support the same as earnings (50%)
 - Voluntary “pursuit”
- Make definition of spouse consistent with *Income Tax Act* (i.e., after 1 year cohabitation)
 - Mutual financial responsibility between people living together would move from 3 mos to 1 yr
 - Partially undermined by “Sharer’s Rate”
- Changes to gift exemption rules
- Self-employment income clawback same as for employment income (i.e., \$200 then 57%)
 - Good for OW – current 100% reduction
 - Not for ODSP with earnings other than \$200 / mo

... rule changes

- Increase asset levels
 - To \$5000 for singles and \$7500 for families
 - Same as ODSP, so good for OW
 - Then increase if no impact on caseloads
- Total exemption for savings vehicles \$60,000
 - I.e., RRSPs, RESPs, etc
- Flexibility in assets for First Nations / the north
- Other current exemptions not discussed
 - E.g.. RDSP, pain and suffering, residential school compensation, etc.

Reducing ODSP Caseloads

- Set a target for reducing the rate of growth in the number of people on ODSP
 - Invest savings in new disability benefit outside social assistance
- Concern:
 - Reducing caseload as a “target” and not an “outcome” of a better program

First Nations

- Discussions between province, feds, and First Nations on funding implications of report and implications for 1965 Indian Welfare Agreement
- Tripartite, senior discussions on greater role for First Nations in designing and managing social assistance system in their communities
 - Consistent with principles from All Ontario Chiefs' Assembly

Accountability

- Provincial Commissioner for reform
 - Coordinating council
 - Stakeholder advisory board (SA clients, advocates, employers etc.)
- Service agreements between province and municipalities / First Nations
 - Outcomes, targets, performance measures
- Public reporting of outcomes
 - Annual performance reports
 - Annual Report Card on reform
 - Tabled in Legislature as part of reporting on Poverty Reduction Strategy



Monitoring and Surveillance

- Good discussion of need to reduce monitoring and surveillance
 - Few concrete recommendations to make this a reality
- Standard Rate reduces need to produce rent receipts
- Child support changes
 - Eliminates government forcing women to pursue

Analysis

- Impetus was transforming OW
 - Improvements for OW
 - Significant transformation of ODSP
- New benefit structure / methodology
 - Standard Rate and other “building blocks”
interesting idea, but amounts clearly insufficient
 - Red flag: “grandparenting” recommendation 103
 - Child benefit clawback institutionalized
- Better access / quality re: employment supports
 - Great! But no need to make PEPs mandatory for people with disabilities - puts incomes at risk
 - Promotes idea that the problem is with the person

... analysis

- Disability benefit and health benefits outside SA
 - Good idea in the long run
 - Depends on willingness to make necessary investments
 - Which health benefits would be included?
- Simplifying admin procedures, structure, etc.
 - Simpler within and for MCSS
 - Other ministries / municipalities would create new procedures, etc.

Where are we now?

- ODSP
 - Government concerns about growth remain regardless of report – ODSP is “unsustainable”
- OW
 - Status quo is unacceptable, but little pressure to improve
- Community response to report:
 - No wholesale endorsement – rather emphasis on need for reform generally
 - Growing concern about potential impact on people with disabilities on ODSP

...now?

- Premier Wynne wants to “implement the report”
 - Cabinet Secretary to produce implementation strategy
 - Increase to earned income – all parties agree – to be in Budget 2013
 - Minister McMeekin looking at implementation
 - Both publicly acknowledge “challenges” in the report
- Private Members’ Bill from PC Critic (Toby Barrett)
 - Start OW/ODSP program integration immediately
- Changes are happening internal to the programs
 - E.g., current consultations / internal review of employment supports and services
- Federal government’s focus on labour market issues:
 - Reviewing Labour Market Adjustment programs
 - Interest in getting people with disabilities into workforce

Risks and Challenges

- Major Risks:
 - Benefit restructuring, cuts, mandatory work are easy to implement
 - Improved employment services, change to supportive culture expensive and complex
- Challenges:
 - How to move positive reform forward (esp. for OW), while working against the risks in the report (esp. for ODSP)
 - In part, requires moving beyond the report to challenge underlying assumptions
 - E.g., increase in ODSP caseload is the problem
 - E.g., employment is the answer to poverty
 - E.g., lower benefits encourage employment