

## REPORT OF THE COMMISSION FOR THE REVIEW OF SOCIAL ASSISTANCE IN ONTARIO: TAKING STOCK TWO YEARS LATER<sup>†</sup>

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### SUMMARY

In early 2011, the Government of Ontario struck the Commission for the Review of Social Assistance to review the social assistance programs and make recommendations for improving them. The programs were characterized by unsustainable growth in caseloads and program expenditures and poor outcomes for program participants. Imagine the challenges: program costs running far ahead of revenue growth; an incredibly complex system with over 800 rules, 240 benefit rates, 50 children's benefit rates, and 30 plus specialized benefits for those who qualify; persistent high growth in caseloads of persons with disabilities; and the difficulty for many who leave the program to keep their jobs for long periods of time. The base benefit rate was inadequate, at \$600 a month (now \$656). However, many receiving specialized benefits face serious disincentives to work, particularly those with disabilities, as such benefits are unavailable outside social assistance, implying an effective clawback rate of 100%. For some it is not worth getting a job, as their welfare benefits are larger than the incomes they can earn.

In its final report, the Commission recommended steps to improve system sustainability, reduce complexity and improve work-related outcomes, while providing appropriate income supports during periods of need.

The Commission presented its report to the government more than two years ago. It recommended that the program be "transformed" though: eliminating specialized benefits, which would finance a higher basic benefit rate to improve adequacy; providing needed specialized benefits, such as benefits for those with disability and extended health care, outside the program to all who need them to improve work incentives; providing improved and effective employment benefits and services to all who could work, even those with a disability, to improve labour market outcomes; simplifying the program so caseload workers could spend their time helping clients rather than wasting it on figuring out complex rules; and, with these changes, there was no rationale to have two separate programs, one for general welfare clients and the other for people with disabilities, and thus replacing them with one unified program to be delivered by municipalities and funded by the province.

The government response can be summarized with four key points. First, it acknowledged the importance of the analysis in the report and the need to transform the program. Second, it has taken steps to raise the level of assistance for single adults relying on Ontario Works, make some income exempt and to make employment supports more effective. Third, it has suggested more consultations and discussions with relevant stakeholders to chart a future course. Finally, the key recommendations in the report that focused on changing the basic program structure, or "transforming" it, have not been acted upon to date.

The factors that led to the establishment of the Commission described above continue unabated and indeed have become more serious: program costs are projected to grow 16.1% over three years to 2014-15, outpacing both revenue growth of 8.3% and cumulative inflation of 4 %; caseloads of those with disabilities over the last three years have risen another 7.3%; and the program is as complex today as it was two years ago. In light of this, it has become even more urgent for the Ontario government to transform the program, including changes in its basic structure, consistent with the Commission's recommendations. The need for reform and the Commission's recommendations are both clear for improving economic and social outcomes in Ontario.

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<sup>†</sup> Views expressed in this paper are solely mine and no responsibility should be attached to the commission, its co-chair Frances Lankin, the Government of Ontario, or the minister of community and social services. I want to thank Ron Kneebone and John Stapleton for their excellent comments on an earlier draft of the paper.

## 1. INTRODUCTION

The social assistance program is an important element of social policy and achieving the goal of poverty reduction<sup>1</sup> in Ontario.<sup>2</sup> In 2014–15, the program is expected to cost about \$8.5 billion. It currently provides assistance to about 900,000 beneficiaries.<sup>3</sup> In view of this importance, the Ontario government established the Commission for the Review of Social Assistance in Ontario in November 2010. The terms of reference required the review to “recommend ways to improve work-related outcomes, while providing appropriate income supports and access to opportunities that will enable participation in and attachment to the labour market, and guarantee security for those who cannot work.”

The commission put out two discussion papers<sup>4</sup> and a final report was submitted to the Government of Ontario in October 2012. The report contained 108 recommendations, largely focused on the benefit structure and employment supports under the program. In addition, the commission also focused on the important question of accountability for results.

Two years later, it is helpful to take stock of the recommendations of the commission and determine the extent to which they have been implemented or not.

Section 2 provides an overview of the program. Sections 3 to 5 cover the three main topics in the report, namely the benefit structure, employment supports and accountability. In each section, the structure of analysis is the following: the commission’s framework for analysis, the identification of problems with the program, and recommended solutions. Section 6 takes stock of the extent to which the Ontario government has acted on the recommendations. Finally, Section 7 provides some concluding remarks.

## 2. PROGRAM OVERVIEW

Table 1 provides basic information on the Ontario Social Assistance Program (SA) and its two components, Ontario Works (OW) and the Ontario Disability Support Program (ODSP).

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<sup>1</sup> See Commission for the Review of Social Assistance in Ontario, *Brighter Prospects: Transforming Social Assistance in Ontario: A Report to the Minister of Community and Social Services* (2012), 12.

<sup>2</sup> The Government of Ontario recently announced an updated strategy.

<sup>3</sup> A “case” refers to a single individual or a family unit on social assistance. The number of “beneficiaries” refers to the total number of cases on social assistance plus all their dependents (i.e., spouses, dependent children and dependent adults). Data on “cases” can be found in Table 1 below.

<sup>4</sup> See Commission for the Review of Social Assistance in Ontario, *A Discussion Paper: Issues and Ideas* (2011), <http://www.socialassistancereview.ca/commission-publications>; and Commission for the Review of Social Assistance in Ontario, *Discussion Paper 2: Approaches for Reform* (2011), <http://www.socialassistancereview.ca/uploads/File/Discussion-Paper-2---Approaches-for-Reform>.

**TABLE 1 ONTARIO SOCIAL ASSISTANCE PROGRAM: TOTAL PROVINCIAL OPERATING EXPENSES, ACTUAL 2011-12 AND ESTIMATED 2014-15**

Program Element	Total Cost (\$millions) 2014-15	% Share 2014-15	Total Cost (\$millions) 2011-12	% Share 2011-12
Administration	286	3.4	265	3.6
<b>ODSP</b>				
Financial Assistance	4,473	52.6	3,774	51.3
Employment Assistance	47	0.6	42	0.6
<b>OW</b>				
Financial Assistance	2,458	28.9	2,197	29.9
Employment Assistance	196	2.3	173	2.4
<b>Ontario Drug Benefit Plan</b>	1,049	12.3	904	12.3
<b>Total Cost</b>	8,508	100	7,355	100
<b>Caseload OW</b>	246,880 (September 2014)	43.2 (of total SA caseload)	260,703 (September 2012)	46.3 (of total SA caseload)
<b>Caseload ODSP</b>	324,641 (September 2014)	56.8 (of total SA caseload)	302,592 (September 2012)	53.7 (of total SA caseload)

Source: Data for 2014-15 are from Government of Ontario, *Ontario Budget 2014, Expenditure Estimates 2014-15*, [http://www.fin.gov.on.ca/en/budget/estimates/2014-15/volume1/MCSS\\_2098.html](http://www.fin.gov.on.ca/en/budget/estimates/2014-15/volume1/MCSS_2098.html). The 2011-12 data were obtained from the Ministry of Community and Social Services and are not publicly available. Caseload data are from Government of Ontario, Ministry of Community and Social Services, "The Estimates, 2013-14" (2014), <http://www.fin.gov.on.ca/en/budget/estimates/2013-14/volume1/MCSS.pdf>; *Ontario Works Program Monthly Statistical Report (2014)*; and *Ontario Disability Program Monthly Statistical Report (2014)*.

The following are key points:

First, the table shows expected substantial increases in provincial costs in all key program components, namely financial assistance under OW<sup>5</sup> (11.9 per cent), financial assistance under ODSP (18.5 per cent) and drug plan costs (16 per cent) over the three-year period from 2011-12 to 2014-15. It is also noteworthy that the OW caseload is expected to decline by 5.3 per cent over this period, with an improvement in economic activity. In contrast to OW, the ODSP caseload is expected to continue to grow<sup>6</sup> as it has in the past, by 7.3 per cent over the same three-year period. According to the 2014 Ontario budget, cumulative consumer-price-index (CPI) inflation over the same three years is expected to be about four per cent, suggesting sizeable increases in real program costs. This growth in overall financial assistance cost of 16.1 per cent remains unsustainable in the sense that it exceeds the 8.3 per cent growth in the government revenue base over the same period, while the base benefit rate remains low,<sup>7</sup> one of the reasons for the establishment of the commission in 2010.

Second, the table also shows what is generally not well known: that there are more caseloads<sup>8</sup> of recipients of welfare disability benefits than cases of regular benefits; at this time there are over 320,000 caseloads for social assistance for Ontarians with disability compared to about 250,000 for regular benefits. As well, overall financial assistance payments to persons with disabilities are almost twice as large as those for regular beneficiaries in Ontario.

<sup>5</sup> Part of the cost increase is explained by increased uploading from municipalities to the Ontario government.

<sup>6</sup> Stapleton calls it the "welfareization of disability incomes": the inflow of people with disabilities, who could earn an income by working, into the social assistance program because of the incentives it creates: John Stapleton, *The "Welfareization" of Disability Incomes in Ontario* (Toronto: Metcalfe Foundation, December 2013).

<sup>7</sup> Government of Ontario, *Realizing our Potential: Ontario's Poverty Reduction Strategy 2014-2019* (2014), <https://dr6j45jk9xcmk.cloudfront.net/documents/3384/en-prs-bklt-aug-28th-approved-final-s.pdf>.

<sup>8</sup> See Government of Ontario, Ministry of Community and Social Services, *Ontario Works Program Monthly Statistical Report (2014)*; and Government of Ontario, Ministry of Community and Social Services, *Ontario Disability Program Monthly Statistical Report (2014)*.

Third, employment assistance for persons with disability is a small fraction of overall program budget, and much less than that for OW.

There are other features of the program that include program complexity<sup>9</sup> and lack of accountability that are not captured in the table. The program has over 800 separate rules to calculate the allowed rates of assistance. There are over 240 different benefit rates and combinations of rates to cover basic needs and the cost of housing. There are over 50 different children's benefit rates and combinations of rates within social assistance, beyond the Canada and Ontario child benefits. There are about 30 special benefits in the system with complex eligibility rules. The eligibility rules and the role of assets in determining eligibility for assistance are extremely complex. The commissioners heard during their conversations with program administrators that caseworkers were spending 70 per cent of their time trying to navigate the complexity of the system, rather than helping their clients. Accountability is a challenge as the program is split into two: regular benefits are delivered by municipalities, funded largely by the province under OW, while benefits for recipients with disabilities are delivered by the provincial government directly under the program called ODSP.

The commission provided a thorough analysis of, and substantial recommendations for the reform and transformation of the social assistance program, with a particular emphasis on its disability component.<sup>10</sup> It concluded<sup>11</sup>: “The costs of inaction are simply too high. Sidelining people with disabilities and other social assistance recipients condemns them to a life of poverty. Without transformational change, caseloads and costs will continue to rise (*Comment: as indeed they have*), and we will increasingly waste human resources that could make a significant contribution to our shared social and economic objectives for Ontario.” The commission (report) argues that a social assistance program is designed to achieve two objectives: provide a reasonable level of financial support to those who have no other source of income; and, during the time they are receiving this support, provide effective employment services for them to get back to appropriate work. Ontario's social assistance program fails in achieving either of these objectives, particularly for people with disabilities.

### 3. FINANCIAL SUPPORTS

#### The Framework

A social assistance program should aim to incorporate three characteristics in providing financial support: an adequate level of support; a clawback rate of this support when a recipient begins to earn some income, but one that does not discourage work; and fairness so that someone on social assistance earning some income is never financially better off than a comparable person who is working and not eligible to receive social assistance. In the absence of fairness there would be incentives for those outside social assistance to get inside, with potentially serious negative economic effects.

The report argues that the government can set any two of these three objectives independently and has no flexibility to determine the third, as it is an automatic result of the other two. This makes the design of the program challenging.

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<sup>9</sup> In a recent article, John Stapleton (2014), in analyzing the breakdown of computer systems calculating social assistance benefits, comments: “So let's work hard to fix the glitches and problems. But let's work harder on the preposterous over-complexity founded on the misguided idea that we have to parse every gradation of need in order to have a publicly acceptable welfare system.” John Stapleton, “Same problems keep recurring in welfare computer systems,” *Toronto Star*, December 9, 2014.

<sup>10</sup> See Commission for the Review of Social Assistance in Ontario, *Brighter Prospects*,

<sup>11</sup> *ibid.*, 3.

## Problems

Using this framework, the report finds that the basic benefit rate under social assistance was inadequate at about \$600 a month (now \$656 a month). The clawback rate was likely reasonable at 50 per cent. However, the prevalence of 30-plus specialized benefits to recipients of social assistance that are not available to low-income workers posed problems as they made the program complex, with a wide range of benefits depending on one's situation, and failed the program on each of the three criteria of adequacy, appropriate work incentives and fairness. These disincentives affect the vast majority of recipients of general welfare benefits and benefits for people with disabilities.

These specialized benefits include: extended health-care benefits, top-ups to children's benefits beyond those provided by the national and provincial child benefits, the special diet allowance, employment-related benefits, and a host of other benefits.<sup>12</sup> Many of these benefits are more generous for people with disabilities compared to those for other recipients. As a result, the disincentives to work are much greater for people with disabilities. Although these disincentives affect fewer people than those receiving regular welfare benefits, their numbers are potentially quite large.<sup>13</sup>

A particularly egregious situation prevails with disability-related supplements. The report calculates that someone with a disability receives more than \$5,000 (now \$5,304) annually on top of the other benefits, supplements that are not available to those with disabilities but who are working and not on social assistance.

The interaction of federal and provincial disability support is truly perverse.<sup>14</sup> The social assistance disability supplement disappears as a person leaves social assistance for work, with an effective clawback rate of 100 per cent. However, the federal disability tax credit, being a non-refundable tax credit, has no value at lower incomes and builds up with rising incomes. This is in contrast to standard mechanisms of public support for those needing it, when the level of support falls as the recipient's economic situation improves.

According to the report, as an example, the financial benefits received by a couple with one person having a disability and one child are, on average, 93 per cent of the provincial minimum wage without taking into account extended health benefits. Including these benefits, the ratio would be closer, on average, to 110 per cent.<sup>15</sup> Even these high ratios understate the work-disincentive effects because social assistance benefits, if one receives them, are a lot more certain than a precarious wage, of very uncertain duration, that a low-income worker would receive in the marketplace. In contrast, a single person on OW, without receiving any of the 30 specialized benefits, receives about 50 per cent of the minimum wage in financial assistance.

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<sup>12</sup> For a complete list see Commission for the Review of Social Assistance in Ontario, *Brighter Prospects*, Table 16, 84-86.

<sup>13</sup> According to Statistics Canada, 658,630 Canadians with a disability faced a barrier to employment of one kind or another compared to 79,960 who could not work: Statistics Canada, "Canada Survey on Disability" (2012). According to Turcotte, of those age 25 and over with a "severe disability," 78 per cent had an education level of a high school diploma or more (compared to 89 per cent of those with no disability), with nine per cent with a university degree. Almost 30 per cent of those with a severe disability had a job in 2011: Martin Turcotte, "Persons with Disability and Employment" (Statistics Canada, 2014), <http://www.statcan.gc.ca/pub/75-006-x/2014001/article/14115-eng.htm>.

<sup>14</sup> The disability tax credit (DTC) can be looked at from two perspectives: as support for those with disabilities who have costs; and as a marginal-tax-rate issue affecting incentives to work. From the first perspective, the DTC is perverse, as the lower one's income, the lower the level of public support to offset disability-related costs. From the second perspective, it is inappropriate tax policy, as the non-refundable DTC leads to marginal-effective subsidy (or negative tax) rates rising with incomes.

<sup>15</sup> In contrast, for a single individual with no disability the ratio is 48 per cent. See Commission for the Review of Social Assistance in Ontario (2012), Table 3, Appendix G, 168.

One would expect that, given these significant incentives for people with disabilities to stay behind a welfare wall, and for those outside to try to get in, the entrance rates into the program would be high, the exit rates to employment low, and the income and employment outcomes for persons with disabilities worse than others. The report shows that this was precisely what was observed, with incomes for people with disabilities much lower, their unemployment much higher and their participation in the labour market much lower.<sup>16</sup> According to the commission,<sup>17</sup> the caseload of those on ODSP grew at a rate of about five per cent a year from 1988–89 to 2011–12, much higher than the growth rate of the population, in contrast to the caseload of those receiving regular benefits, which generally fluctuates with the changing level of economic activity.<sup>18</sup>

## The Solutions

With the diagnosis clear, the solutions to the problems are analytically straightforward, though they may be politically challenging. The commission recommended that there be one basic financial benefit for all recipients, with disability or not, its level should be higher than the current rate along with some earnings exemptions, and it should be financed mostly by savings from the elimination of all special programs. Some special programs that are needed should be provided to all low-income recipients outside the social assistance program; this would include extended health benefits (drugs, dental and vision), children's top-ups and disability benefits. They should be clawed back as a function of income at a reasonable rate.<sup>19</sup>

These recommendations lead to the logical conclusion that, as far as the benefit structure was concerned, there was no need to have two separate programs, one for regular welfare benefits and the other for those with disabilities. It was therefore recommended that this one program should replace the current two and be delivered by the municipalities, which are closer to the clientele, than by the province. The province would however set the program parameters, including program funding.

The commission recommended that in the short run, the federal and provincial governments should work together to eliminate the perverse incentives being created by the disparity between the disability supplement within social assistance and the operation of the disability tax credit, by making the credit refundable. Also, in the short run, until these benefits are transferred out of social assistance, extended health, disability benefits and children's benefits should be simplified and made consistent for the OW and ODSP populations. In addition, the basic benefit rate should be raised, largely financed by the proposed administrative savings in the program, and the asset rules determining eligibility should be simplified and made more generous.

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<sup>16</sup> See Commission for the Review of Social Assistance in Ontario, *Brighter Prospects*, Table 1, 40.

<sup>17</sup> *ibid.*

<sup>18</sup> See *ibid.*, Figure 1, 146.

<sup>19</sup> It is sometimes argued that we cannot afford this. When it comes to extended health benefits, such an argument needs to be investigated because it contradicts the very foundation of our public system for hospitals and doctors, which is based on the assumption that the public provision of health benefits, which replaces private provision, reduces cost while making benefits universally available. This is a valid argument as a comparison of the Canada-U.S. health-care systems demonstrates. On disability benefits, the current system is irrational since disability benefits should be a function of disability and level of income, not a function of whether one is on welfare.

## 4. EMPLOYMENT SUPPORTS

### The Framework

The report argues that employment supports should be consistent with the needs of potential employees and their employers, and that the provincial government needs to set an example and take a leadership role by hiring more people with disabilities as a way to counter the mistaken perception that those with disabilities and on social assistance cannot be valuable employees.

### Problems

Social assistance recipients with disabilities are not expected to be looking for work and there is no requirement for them to have a labour-market-participation agreement, which is mandatory for others receiving regular benefits. According to the report “there is little focus in ODSP on helping people with disabilities prepare for and find employment.”<sup>20</sup> This factor contributes to the fact that only a fraction of those receiving disability social assistance have any employment income and their average stay in the program is more than 10 years. With caseworkers spending 70 per cent of their time managing administrative processes related to a complex program, they have very little time to provide employment supports for persons with disabilities.

### Solutions

Again, the solutions are analytically straightforward. During the consultation process, according to the commission,<sup>21</sup> “Many ODSP recipients told us that they want to work, and could work if they had the appropriate supports.” The report recommended<sup>22</sup> “making available a range of integrated high-quality pre- and post- employment services and supports, tailored to individual needs, which have been designed based on research and best practices.” The commission also emphasized the importance of knowing employers’ needs and argued for getting employers involved in the design of employment services.

With the recommendation that employment supports should be linked to the needs of both employees and employers, there is really no justification for two separate welfare programs. This conclusion is the same as that which emerges in an analysis of the benefit structure. Putting these two conclusions together, the commission strongly recommended one integrated social assistance program, with the specialized needs of persons with disabilities looked after outside the program as part of an appropriate focus on all persons with disabilities, whether they are receiving social assistance or not.

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<sup>20</sup> See Commission for the Review of Social Assistance in Ontario, *Brighter Prospects*, 40.

<sup>21</sup> *ibid.*, 41.

<sup>22</sup> Herd makes a case for a practical system that can be implemented with a manageable degree of complexity. See D. Herd, “Making the case: Harnessing the benefits of new thinking and emerging directions in local employment strategies,” in *Toronto Employment and Social Services: New thinking and emerging directions in local employment strategies* 3 (City of Toronto, 2009).

## 5. ACCOUNTABILITY

### The Framework

The report argues that a strong accountability framework is needed to make the social assistance system effective and sustainable. For the commission, accountability implies three requirements for this framework: it must articulate clear outcomes for the system and specify how progress toward these outcomes will be measured; it must set out the roles and responsibilities of the province, municipalities and First Nations in achieving results; and, it must ensure that effective and transparent mechanisms are in place for social assistance recipients to comply with program requirements.

### Problems

Beyond a very general view of its overall purpose of providing financial and employment assistance, there are no well-defined outcomes expected of the program. On the employment side, the intended outcome of the program has never been defined in sufficient detail to help shape the program. A broad outcome of employment does not differentiate between disparate program aims.

Municipalities and ODSP employment-support providers report to the province on various measures, but the public, researchers, and other stakeholders have no central access to these results. First Nations have little in the way of baseline data or benchmarks to assess and report on performance.

Currently, the compliance system is complex and wastes too many resources in an effort to be effectively risk-free. There is no cost-benefit analysis in determining whether a risk is worth the cost of avoiding it. Applicants must provide numerous documents to confirm their status and determine eligibility. These include birth certificates, rent receipts, immigration status documents, health cards, pay stubs and bank statements. The caseworkers must see all of these documents to verify them, and some must be copied and retained on file. As part of maintaining ongoing eligibility, recipients must advise their caseworkers of their income every month in person or, in ODSP, by phone, regardless of whether there has been a change in income since the previous month. They must also report monthly on any changes to their circumstances (for example, changes to housing or child-care costs). Ontario Works recipients must produce pay stubs and receipts to verify income or changes in expenses. In ODSP, recipients without earned income are only required to report on changes in circumstances as they arise.

### Solutions

The report recommends that the program should be guided by a more precise view of its intended outcomes regarding employment. To strengthen accountability, we need a much stronger system of public reporting on how well the social assistance system is working in each community and across the province. The report recommends that eligibility reviews should move to a more risk-based approach. Thresholds for reviews should be based on the risk profile of recipients rather than on an arbitrary percentage of cases, as is currently the situation, which would become feasible with the development of a risk model by the Ministry of Community and Social Services that would lead to the implementation of a new Eligibility Verification Process (EVP).<sup>23</sup>

The report recommends that, at the provincial level, a senior public servant (called the “Commissioner of Social Assistance” in the report) lead the transformation process and be the clear point of accountability for social assistance in Ontario. To be successful, reform will require dedicated leadership, both to

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<sup>23</sup> This is conceptually similar to the approach followed by the Canada Revenue Agency in determining which tax returns to pursue for verification based on model-based risk factors.

engage people with lived experience and other key stakeholders as part of managing change, and to oversee accountability and performance at the provincial and local level.

## 6. GOVERNMENT RESPONSE

It has been a little more than two years since the report was submitted to the government. The government responded to the report in its 2013 speech from the throne (SFT), 2013 budget and 2014 budget.

The 2013 SFT states: “Following the recommendations of Frances Lankin and Munir Sheikh, your new government will work to help the unemployed find a job... And to ensure that the challenging path they must navigate to free themselves from social assistance is not made unduly difficult, your government will enable them to keep more of what they earn through their hard work.”

The 2013 budget stated: “The Commission’s recommendations provide strong advice on transforming services, benefits and delivery of social assistance in Ontario. In 2013–14, the government will take initial steps to implement key recommendations from the Commission’s report. These changes will help recipients keep more of what they earn, move into jobs and improve their financial security. These initial changes will also set the stage for long-term transformation of social assistance, as a cornerstone of the new Poverty Reduction Strategy. Successful transformation will take time to achieve. The government will start discussions with recipients, municipalities, delivery partners and others to set priorities and work through the choices required for transformation.”

As well, the Ministry of Community and Social Services provides a summary of actions taken by the government<sup>24</sup> that are labelled as “the initial steps to reform.” These include:

- “Increasing financial support by one per cent for families receiving Ontario Works and people with disabilities who rely on social assistance;
- Providing single adults without children who receive Ontario Works with a top-up of \$14 per month;<sup>25</sup>
- Allowing all social assistance clients to earn up to \$200 per month without affecting their level of assistance;<sup>26</sup>
- Increasing the amount of assets Ontario Works clients are allowed to retain;
- Simplifying the rules on self-employment earnings and treatment of gifts in Ontario Works;
- Enhancing flexibility in how assets are treated in First Nation and remote northern communities; and
- Establishing a Partnership Council on Employment Opportunities for People with Disabilities to champion hiring people with disabilities.”

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<sup>24</sup> Government of Ontario, Ministry of Community and Social Services, *Results-based Plan Briefing Book* (2014).

<sup>25</sup> There was a further increase in the 2014 provincial budget. The budget provides the following details: “Building on the rate increases announced in the *2013 Budget*, the government will increase social assistance rates in 2014 by an additional one per cent for adult Ontario Works recipients and people with disabilities receiving ODSP benefits. As in 2013, the government will provide a further top-up for single adults without children receiving Ontario Works. With both the one per cent increase and the top-up, Ontario Works singles without children will receive a total increase of \$30 per month.”

<sup>26</sup> This is a new exemption introduced in response to Commission for the Review of Social Assistance in Ontario, *Brighter Prospects*.

These actions increased the OW rate for single recipients from about \$600 a month to \$656 a month, a 9.5 per cent increase over a period when the cumulative increase in the CPI is projected to be about four per cent. The increases for other recipient types were lower and depended on their various circumstances.

## 7. CONCLUDING REMARKS

A social assistance program has the twin objectives of providing reasonable support to those with no other source of income and helping those who can work get back to work. In addition, the program should have strong accountability mechanisms to provide incentives for the program to be run effectively. The Report of the Commission for the Review of Social Assistance in Ontario<sup>27</sup> concluded that the program fails to meet any of these objectives, particularly for people with disabilities.

The commission recommended transforming the program through a simple benefit structure, effective employment supports, strengthened mechanisms for accountability, and the merger of its OW and ODSP components into a single program largely funded by the province to be delivered by municipalities and First Nations.

The government response can be summarized with four key points. First, it acknowledged the importance of the analysis in the report and the need to transform the program. Second, it has taken steps to raise the level of assistance for single adults relying on Ontario Works, make some income exempt and to make employment supports more effective. Third, it has suggested more consultations and discussions with relevant stakeholders to chart a future course. Finally, the key recommendations in the report that focused on changing the basic program structure, or “transforming” it, have not been acted upon to date.

The program update provided in this paper shows clearly that the challenges associated with the social assistance program, namely unsustainable cost increases and unacceptable client outcomes, have not only persisted, they have become more serious. As Kneebone and White have shown in their recent paper,<sup>28</sup> Ontario is the only province in Canada with a rising ratio of social assistance beneficiaries to the eligible population.

The Ontario government<sup>29</sup> has recently announced its new poverty reduction strategy, which focuses on poverty reduction as the primary goal, with a number of component objectives, including improvements to the social assistance program and the elimination of homelessness at some unspecified future date. On social assistance, the document summarizes actions taken by the government to date.

The emphasis in the new poverty reduction report on homelessness is to be welcomed. Indeed, implementing the commission’s recommendation to transform social assistance would not only improve outcomes for clients of social assistance but will also provide considerable help in dealing with the homelessness challenge. Many researchers have documented the relationship between homelessness and welfare programs.<sup>30</sup>

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<sup>27</sup> Commission for the Review of Social Assistance in Ontario, *Brighter Prospects*

<sup>28</sup> Ronald Kneebone and Katherine White, “The Rise and Fall of Social Assistance Use in Canada, 1969-2012,” University of Calgary School of Public Policy Research Paper 7, 5 (University of Calgary, February 2014).

<sup>29</sup> Government of Ontario, Ministry of Community and Social Services, “The Estimates, 2013-14” (2014), <http://www.fin.gov.on.ca/en/budget/estimates/2013-14/volume1/MCSS.pdf>.

<sup>30</sup> See, for example, Seth Klein and Jane Pulkingham, *Living on Welfare in BC* (Vancouver, B.C.: Canadian Centre for Policy Alternatives, 2008).

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