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# **AMO Response to The Commission for the Review of Social Assistance in Ontario *Discussion Paper 2: Approaches for Reform***

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Association of  
Municipalities  
of Ontario

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## **Introduction:**

AMO is pleased to provide feedback on the considerations presented in The Social Assistance Review Commissions Discussion Paper 2: *Approaches for Reform*. This second discussion paper identifies that the social assistance system in Ontario requires a **transformative** overhaul in order to bring about broader attachment to the labour market for those on social assistance (both OW and ODSP).

We agree, Ontario must move forward in a way that contemplates the key issues identified in the second discussion paper, namely, greater coordination across the broader system of supports (for example, employment services, housing, child care, transportation and others), addressing the ever challenging question of what is an appropriate benefit level and finding fairness for low income earners.

Importantly, the proposal to transform the system recognizes the many service, staff and funding interactions that potentially could be used in a better way towards more focused outcomes for recipients of social assistance. Whatever path is chosen, the transformation of social assistance will be a complex and complicated undertaking. At this juncture, in the absence of understanding where the provincial government is determined to go, the best advice AMO may be able to provide is a framework for moving forward. Our expectation is that when the tough decisions and work begins, AMO and municipalities, as partners, will be at the table to build on the framework. Municipalities have the implementation talent and experience, and implementation has to inform policy if it is to be “transformational”.

## **AMO Response:**

Following are the key areas for consideration that form AMO's response and position related to actions on transforming the social assistance system. Specifically:

1. A framework for policy discussions (AMO principles);
2. Implementation Success Factors;
3. Additional Context: the Drummond report;
4. Consideration on Moving Forward;
5. Accountability Framework; and
6. High level analysis and considerations on *Approaches to Reform*.

The SAR Commission, in its second discussion paper seeks advice on how to build a system that provides fairness, adequacy of benefits and access to the labour market through more effective and efficient delivery. Municipalities work on behalf of the people in their communities. It will be through partnership with AMO and municipal experts that Ontario creates a system that reflects these important objectives.

### **1. Overarching Framework for Future Policy Development:**

Adhere to AMO first principles, including:

- Respect the principles and commitments of the Provincial-Municipal Fiscal and Service Delivery Review - no new downloads<sup>1</sup>;
- Avoid a one-size fits all approach versus recognizing municipal diversity (bring a broad lens: rural, northern, urban (large/small) etc);
- Recognize human/fiscal capacity to implement and understand the impact of unfunded mandates;
- Consider timing of changes/implementation (respecting and understanding the municipal planning and budgeting process); and
- Ensure that "leaders in service system innovation" are not impacted by costs and are accommodated.

### **2. Implementation Success Factors:**

- Ensure effective "pre-consultations" with municipal leaders and partners are carried out;
- Discussions on change/transformation must be open, candid and informed;

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<sup>1</sup> At the recent ROMA/OGRA Conference, Premier MGuilty confirmed his commitment to moving forward on the upload.

- Understand that municipalities have the implementation talent and, implementation has to inform policy if it is to be "transformational";
- Like the province, municipalities do not have unlimited resources; we need to know soon the change that is being contemplated; and
- Municipalities can bring other ideas to the table that can make things work better (innovation, lessons learned etc.).

### **3. Additional Context - The Drummond Report:**

AMO understands that changes to Ontario's social assistance system will be informed by and respond to other government initiatives and priorities, most notably, the Commission on the Reform of Ontario's Public Services (The Drummond Report).

Two aspects of the Drummond Report provide context and direction we believe, must be considered in social assistance reform, namely:

- Holding to a total spending growth of 0.8% to 2017-2018 with caps to social programs of plus 0.5%. (What would this mean against a "transformation" of the scale being proposed in social assistance?); and
- Drummond argues against: "transferring services, especially without resources to support them, as, when it has been done in the past may be successful in moving some times from the expenditure responsibilities of one order of government but can often shift the burden to those assuming the service." (Meaning do not shift costs and or other burdens from one order of government/service delivery agent to another.) We believe it is imperative the government heed this wisdom.

#### ***Approach to Mandate (from the Drummond Report):***

In considering its mandate and objectives, the Drummond Commission set itself guidelines for evaluating the issues and its proposals and recommendations. This overarching advice has resonance with AMO, municipalities and we believe, the issues considered in the SAR second discussion paper. Generally, the advice is as follows:

Government is to:

- Find ways to make government work better;
- Find more efficient ways of delivering services Ontarians need and want;
- Get better value for money from tax payers;
- Preserve as much as possible the programs Ontarians cherish most;
- Issue a "road map"; and
- Have clarity on role responsibility.

Specifically, the Commission outlined the following “don’ts and dos” as a framework for pursuing policy and program changes and realignment:

“The “don’ts” are proposals that sound useful, but are often harmful:

- Do not simply cut costs. The imperative to restrain spending should instead be an opportunity to reform programs and service delivery;
- Avoid across-the-board cuts. They represent an abdication of the government’s responsibility to make real, and often difficult, decisions;
- Avoid setting targets for the size of the civil service. A leaner civil service will be an inevitable result of lower-cost programs and achieving greater value for money;
- Do not rely unduly on hiring freezes and attrition to reduce the size of the civil service;
- Do not hang onto public assets or public service delivery when better options exist; and
- Do not resort to traditional short-term fixes.

“The “dos” apply across the entire public sector:

- The government should issue a road map setting out its vision. Such a document would both inform the public about the changes that lie ahead and also serve as a script for all bureaucrats;
- Higher priority should be given to programs and activities that invest in the future rather than serve the status quo;
- Policy development should be more evidence-based — with clear objectives set based on sound research and evidence — and relevant data collected and used to evaluate programs;
- Governments must minimize the cost of operations, but they also need rules to ensure that taxpayers’ money is not abused. The pendulum has now swung too far towards excessive rules, with too many layers of watchers at the expense of people who actually get things done. The Ontario government must find a new middle ground;
- Within their operations, public-sector service providers should assign people to jobs where they are most effective, efficient and affordable;
- Seek common themes across the reforms to achieve economies of scale and to simplify communications; and
- Reform must be pervasive and speedy. Broader action favours a public perception that the reforms are fair, as opposed to a view that a few programs were unfairly targeted. Change is disruptive, but the medicine does not go down more easily if it is dragged out over a long period.”

In addition to these important considerations, the Commission suggests that Ontario could lay out a goal to provide the best public services in the world, delivered in the most efficient manner. It also notes that a vision for the public service could also include ensuring that the public sector (remains) an honourable calling that attracts the best and brightest people. The Drummond Commission remarks:

*“The best public service would set clear objectives, use proper metrics to measure progress and provide clear accountability for those expected to meet the objectives. It would benchmark itself against the best in the world. It would constantly evaluate priorities; if a new priority is identified, others would move down a spot and some, now outdated, would be discarded. It would drive relentlessly towards effectiveness and efficiency. It would focus on outcomes, not inputs, and give managers the flexibility to do the job best within their budget. It would approach risk from a scientific basis.”*

In short, the Commission is arguing for the best in service provision and outcomes as well as use of funding. Not for cutting funding as a means to an ends only.

The objectives and elements of the mandate support the AMO principles and implementation success factors, specifically the need to work with municipalities/AMO and relevant stakeholders in policy development and implementation in a way that is driven by sound policy and funding decisions.

***Social programs, employment services and the Drummond Report:***

The Drummond Report identifies that over the past ten years, spending on social programs has grown on average 6.0 per cent per year. This includes both Ontario Works and the Ontario Disability Support Program (which has been growing by 5% per annually over the same period). In an effort to hold government spending to 0.5% annually through to 2017-18, the Commission provides numerous recommendations that focus on consolidating and streamlining service delivery across governments that will lead to efficiencies and reducing barriers to exiting social assistance”. Many of the recommendations are not new ideas, though, implementation and funding considerations will be of interest to municipalities.

The Drummond Commission recommends moving aggressively towards a fully integrated benefits system that simplifies client access, improves client outcomes and improves fiscal sustainability through greater program effectiveness and reduced administrative costs. What this includes is a contemplation of a single benefit, a range of case management from automation to intense client focused and streamlining and coordinating the number of employment services available to clients with Employment Ontario as lead. The Commission supports the recently released Mowat Report of

Employment Insurance recommending that the federal labour market agreements should be reconfigured to provide greater flexibility for Ontario to address training needs and clients and not be tied to EI eligibility.

The recommendations also include moving towards combined OW and ODSP program delivery with municipal management as one consideration, Employment Ontario or combined provincial municipal delivery as others.

The Commission advocates for the federal government to establish a national income support program for people with disabilities.

Similar to the SAR Commission, the recommendations point to a potential shift in the municipal role on several fronts, such as the provision and oversight of employment supports, and areas of administration like provision of benefits and taking on ODSP clients (though some municipalities - a small number - currently do). The recommendations offer a complex disentanglement of provincial and municipal responsibilities including moving to provincial administration in several areas including issuing of benefits. The Commission also recommends that any savings realized through a more streamlined and efficient approach that would see more clients in the labour market, be reinvested by increasing asset limits and raising basic needs and shelter amounts. An important idea worth further consideration.

Moving in the recommended directions could fundamentally realign municipal engagement on both the service delivery and funding of social assistance, for example, it could mean an expanded role, for example by taking on ODSP clients and potentially coordination of employment services.

While not all of the Drummond recommendations reflect directly the recommendations found in *the Approaches to Reform discussion paper*, AMO assumes that alignment will occur across the two Commission Reports, very likely in the consolidation of OW and ODSP as well as streamlining and coordination of employment services and certainly resourcing/funding.

The factors driving the change that is needed in both Commission Reports are not unfamiliar. Municipalities and service managers as evidenced by the policy recommendations agreed upon in the PMFSDR, have been advocating for a streamlined and integrated approach to service delivery and funding. However, contemplating and effecting change are two very different things. Learning from Local Services Realignment and “Who Does What”, we have experience on our side and cautionary tales to tell.

Using as an example, the recommendation of combined administration and client service integration in ODSP and OW, consider the following:

- Local Services Realignment resulted in the transfer of costs and impacted human resource capacity related to: labour (salary/benefits/unions; time for service integration; office space, IT systems; asset condition; liability).
- The 2010 OW cost of administration change had an unfortunate impact on some service managers and DSSABs, the experience is fresh.

#### **4. Considerations on Moving Forward:**

In the event the government embraces streamlining social service delivery and benefits and employment services, it first may want to pursue conditions upon which County/Region/Single Tier municipalities would accept administration but first with an understanding around the growth in caseloads and projections; existing resources within the province and other labour and skill considerations. This approach could be recommended in relation to employment services integration as well.

The government must take careful consideration in changes to employment services. First and foremost, the government should pursue service delivery models that build community capacity and outcomes for clients rather than risk destabilizing systems and clients. For example, moving casework and employment services to Employment Ontario will have a devastating impact on rural and northern communities. District Social Service Administration Boards (DSSABs) and Consolidated Municipal Service Managers (CMSMs) are skilled in working with complex cases and in many instances services are co-located.

The first principle of service delivery should be that people seeking employment have a single point of service access and, that; it is unlikely that a single model of service delivery will work across the province.

Whatever the way forward, it is clear that analysis, modeling, and a significant transitioning period are required. Lessons learned from the PMFSDR policy development and implementation process however, has taught, that good discussion on theory does not mean an easy translation to implementation and or practice.

In short, the government needs to work with municipalities on how best to move forward versus mandating how to move forward. If change/transformation is to occur, the municipal and provincial objectives will be similar - to get the best services and outcomes – let us agree on how to get there.

### ***Employment Insurance:***

Recently, the Mowat Centre released its final recommendations report on changes to Employment Insurance (EI).

Broad based, general agreement on the need to change the federal EI program exists. Similar to what we have experienced in Ontario with the Ontario Works program, policy changes and tinkering overtime has resulted in an inequitable and complex program that in many instances results in perverse and ineffective outcomes for the unemployed. For example, unemployed workers in Ontario, along with British Columbia, who by all rights should have access to a program they have been contributing to, do not do very well under the program. In 2009, only 38% on Ontario's unemployed workers received EI benefits.

A significant driver on increasing social assistance caseloads across Ontario is the problems with EI eligibility.

The Mowat Centre report provides a reasonable approach to changing the EI program, including, most notably the inequitable mish mash of eligibly requirements and the recognition that many fall outside of the current system impacting our labour market vitality. The Drummond Commission recommends supporting the Mowat Report final recommendations.

AMO, for the most part can align with the recommendations. However, on a go forward basis, if the federal government agrees to changes, we must be cautious and avoid transferring fiscal burdens or risk to municipalities as employers. The cost benefit argument of providing a benefit system that is robust and gets people in to work faster and with greater attachment is the way to go. Canada, Ontario, AMO and municipalities must work together towards this outcome.

### **5. Accountability Framework:**

One policy development piece that is outstanding from the PMFSDR Agreement that is key to any funding or service delivery transformation is the creation of an accountability framework. Recognizing that a new direction in human services planning would be taken, the PMFSDR Agreement committed to:

*“The partners agreed to introduce a shared accountability framework for cost-shared programs as outcomes based policy and funding frameworks are developed for each program.”*

In the event the government moves forward on social assistance transformation that reconfigures the provincial-municipal relationship - the development of this framework should be the first order of business.

## **6. High Level Analysis and Considerations on *Approaches to Reform*:**

### ***Integration:***

The Commission Report is proposing an integrated and coordinated approach to employment supports and services that is intended to address the needs of social assistance recipients and employers alike. This includes, a system that would support more ODSP clients moving in to work than currently occurs. Supports and services would be provided that currently are not and would assist people getting in to work in ways and degrees that make sense for the individual. Research indicates that people living with disabilities represent an untapped source for the labour market.

A key aspect to developing an employment system that is more responsive is contemplating a single service delivery agent, such as Employment Ontario (EO), CMSMs and DSSABs. This does make sense. However there are real complexities that would need to be worked out. For example, if EO is to assume the helm of employment service delivery, it must be ensured that the same level and quality of case management is provided as it is well documented that the quality of case management is strongly linked to labour market entry and attachment over the long term. A simple, processing approach would miss the mark. There could be savings but these would have to be considered against labour market outcomes (losses) over time.

A second consideration is for CMSMs and DSSABs to integrate all employment services as well as the management of ODSP clients (a number of service managers do oversee ODSP clients at this time) into their business practices. This does make sense on a number of practical fronts - such as, integration with other services such as housing, child care and transportation (often the same clients use the same services).

On a practical level - municipal delivery can make sense. But only, and this is critical, if appropriate and sustained resources are attached. Municipalities, like the province, are on the ropes financially, the transfer of costs or financial risk are unsustainable.

The other consideration is a provincial-municipal combined approach with the province cutting cheques and municipalities focusing on case management. This could also make some sense.

Moving to an integrated approach does seem to mirror the other “transformation” of services and service delivery underway, most notably housing. In the midst of this shift, many lessons are emerging, most importantly how the varying capacity of service managers across the province impact the ability to respond to such large scale change. Many service managers are finding they need to step in to roles they have not assumed previously and may not be properly resourced to appropriately assume.

The other, critical consideration is, if funding arrangements are changed (such as moving to block funding for service delivery) we cannot get away from the possibility that this tends to result in winners and losers (of note, OW cost of administration, etc).

***Harmonization:***

Important to these considerations is that any policy changes must harmonize with other government initiatives such as, identified by SAR Commission; the AODA employment standard, the PMFSDR Employment Working Group recommendation on the streamlining of employment services (currently under consideration by government)).

***Benefit levels and other considerations: Regional Issues - Regional Solutions:***

The report also considers the tricky terrain of appropriate benefit levels, meaning, providing income support that is more in line with a living wage, ie, so recipients are able to afford housing, food and other aspects of living that promote greater community and social engagement - things that are linked with better outcomes and labour market attachment. A progressive consideration in this area is recognizing that the best approach may be a regional approach - one of the key issues AMO raised in our first submission.

Some of the wisdom of contemplating a “regional” approach to providing social assistance - specifically the level of benefits includes taking in to consideration issues such as housing costs and availability, cost of food, child care, transportation and the local labour market. This requires a great degree of flexibility in a system.

Two tensions in this consideration include: what level of support is fair against low income earners? This includes whether health and dental benefits as well as housing support be extended to low income earners similar to the Ontario Child Benefit? The other tension, unspoken in the report is the ideological factors that drive public policy that relates to people seeking public support.

Many of the considerations on the Report require a deep level of analysis including some cost benefit understandings. This is not to say that what is being put out for consideration is not the right way to go - in fact, those serving as case managers and funders and social policy experts have long advocated for a number of the approaches being considered.

From AMO's perspective, a number of issues intersect - recognizing the labour market challenges facing Ontario, building a robust work force makes sense - across all levels of skill. It also makes sense as it will reduce the costs on social assistance. With this in mind, providing supports to assist people in transitioning people off social assistance may have cost impacts (primarily, as being contemplated, on the provincial coffers, though we cannot assume that municipalities will not be implicated in the transformation). However, analysis may reveal that these short and medium costs are offset by longer term savings and labour market contributions.

Whatever the way forward, it is clear that analysis, modeling, and a significant transitioning period is required. While good policy is being contemplated in the Commissioners second review paper, lessons learned from the PMFSDR policy development and implementation process however, has taught, that good discussion on theory does not mean an easy translation to practice.

For municipalities, the best case scenarios can include an additional upload of costs through shifting of service delivery and reduced benefits. As well, improved outcomes for Ontarians in receipt of Ontario Works and ODSP will have a much broader social and economic benefit.

The question will be, how the sympathetic and robust policy driven contemplations identified in this second discussion paper will align with the government's objectives to be actioned through the Drummond Report. This may be where we see the tensions between; good policy and challenging implementation arises, appearing sympathetic to the dire circumstances of people in receipt of social assistance, local labour markets and finding the capacity to deliver on a more effective and humane system.

The issues and needs of those receiving social assistance must, ultimately, inform many of the changes needed in Ontario's social assistance system.

The way forward requires our collective ideas, efforts and energy to find solutions, to be innovative. The diversity of Ontario's people and municipalities must not simply inform policy development; policy development must respect this diversity and ultimately, be evident in successful policy outcomes.