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**Subject:** Social Assistance and Employment Opportunities Funding  
Announcement

**Report to:** Public Health and Social Services Committee

**Report date:** Tuesday, November 5, 2024

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## Recommendations

1. That the report COM 31- 2024 **BE RECEIVED** for information regarding the Provincial announcement that the Ministry of Children, Community and Social Services (MCCSS) has reinstated the previous program delivery funding (PDF) model for 2025, ending the funding freeze since 2018, to address the steady rise in Ontario Works (OW) caseloads;
2. That Regional Council **ENDORSE** leveraging existing levy contribution to attract provincial funding (50/50) in order to deliver the mandated social assistance program; and
3. That Regional Council **APPROVE** the conversion of 21 temporary full-time equivalents (FTE's) to 21 permanent FTE's effective January 1, 2025. This is supported by the new provincial funding with no levy increase.

## Key Facts

- In 2018, MCCSS froze the Ontario Works Program Delivery (cost shared) Funding at 2018 expenditure actuals. Service demands have steadily increased, resulting in the program being historically underfunded. The Region has contributed proportionally more levy funding into the program to maintain existing staffing levels and direct client benefits.
- The purpose of this report is to inform Council that on September 6, 2024, the Province announced that given the rapidly growing OW caseload, MCCSS would reinstate the previous PDF model in 2025 as part of their efforts to address significant underfunding in Ontario's social assistance system.
- The updated 2025 notional PDF allocations are aligned with projected caseloads with the provincial expectation, in the Region's mandated role, that staffing and direct client benefits would increase accordingly.
- The funding announcement creates an opportunity to:

- rebalance the social assistance budget so that it is appropriately cost shared with the province as set out in legislation,
  - stabilize required staffing through the conversion of 21 temporary staff to 21 permanent staff and
  - increase direct client benefits, utilizing the existing levy contribution previously approved, without incurring an additional increase to the levy for program delivery costs.
- Niagara’s OW caseload has experienced a 25% increase since December 2022 due in part to the extraordinary volume of asylum seekers who arrived in our community (COM 9–2023).
  - To mitigate pressure on the levy over the last number of years, staffing levels were kept critically low and direct benefits for clients have been restricted (October 2023 PHSSC Presentation – Community Services Social Assistance Discretionary Benefits Items).
  - In response, the province provided one-time funding in 2023 and 2024 to add 21 temporary staff and direct client benefits required to respond to the rapidly increasing caseload (COM 24 – 2023 and COM 7-2024). Niagara was able to accept the one-time cost shared provincial funding from MCCSS because of the existing “over contribution” from the levy.

## **Financial Considerations**

The 2024 SAEO budget includes OW Program Delivery Funding (PDF) from MCCSS of \$15.49 million of which \$3.66 million is 100% provincially funded and is conditional upon achieving performance targets and \$11.83 million is funded by the province (with a 50/50 cost share requirement with the Region). The province has frozen funding (which includes direct benefits to clients) to the social assistance sector and, as a result, this PDF funding has not increased since 2018. As a result, and as described in CSD 30-2024 Levy Impact of Mandated Services Provided Under Provincial and Federal Agreements, an incremental levy contribution (above the original 50/50 cost share) has accumulated to sustain the program. Program staff have worked diligently to mitigate budget increases and further impact to the levy that would have otherwise qualified for 50% ministry cost matching if not for the cap. This has led to lower than optimal staffing levels and additional client benefits being underfunded.

Niagara's 2025 PDF allocation from MCCSS is \$4.91 million which is 100% provincially funded and conditional to achieving specific performance targets, and up to \$18.49 million in funding by the province (with a 50/50 cost share requirement with the Region).

This presents an opportunity to fund the transition of one-time temporary FTEs to permanent status, and to rebalance the budget for client benefits where the need has increased significantly due to rising caseloads since 2018 without increasing the levy. In addition, with the aim of being an effective and fiscally responsible partner, SAEO sought the opportunity to attract provincial funding on Housing Stability Benefits previously funded by levy. Prior to this funding announcement, SAEO was estimating needing an 8.7% increase to its 2025 budget (i.e. 0.3% contribution from on the property tax levy to sustain service levels). Table 1 below shows how staff have incorporated the new funding into the proposed 2025 budget to increase service without additional levy.

(in millions)	Province	Region	Total
2024 gross service contract budget (including Housing Stability Benefit which is eligible)	\$ 15.49	\$ 15.70	\$ 31.20
2025 base budget pressure	0.00	1.36	1.36
Re-investment to provide client benefits	0.95	0.95	1.89
Re-investment to improve case manager to client ratios (21 FTE's)	0.90	0.90	1.80
Opportunity to attract funding on Housing Stability Benefits previously funded by levy	0.78	-0.78	0.00
Opportunity to correct overfunding from levy and achieve 50/50 funding as intended in agreement	2.46	-2.46	0.00
2025 gross service contract budget (Note 1)	\$ 20.58	\$ 15.67	\$ 36.25

Note 1 - Provincial PDF funding allocation of \$20.58 million is \$4.91 million at 100% plus \$15.67 million at 50% Region levy cost share. To attract maximum total PDF

funding available of \$23.40 million a further levy contribution of \$2.82 million would be required.

## **Analysis**

### **2023 and 2024 One Time Program Delivery Funding**

Due in part to the extraordinary volume of asylum seekers arriving in Niagara beginning in 2022, and to support SAEO in responding to increased service demands, the province provided one-time funding of \$0.86 million in 2023 and \$1.40 million in 2024 to add temporary staff and increase the budget for direct client benefits. SAEO was able to accept this one-time provincial funding because of the existing “over contribution” in the levy (as the Region addressed inflationary costs each year to maintain base staffing levels) due to frozen provincial funding. This allowed SAEO to hire 21 temporary staff to support the effective delivery of OW. These 21 temporary positions were planned to terminate on December 31, 2024.

One time funding was also used to mitigate further changes to local benefits policy that would limit access and decrease issuance of direct benefits for essential items (e.g. last month’s rent deposits, beds, utility arrears, bus passes, cell phones and internet access) due to the significant increase in caseload.

### **2025 Updated Program Delivery Funding**

The updated 2025 notional PDF allocations are aligned with projected caseloads with the provincial expectation of the Region’s mandated role, that staffing and direct client benefits would increase accordingly. The province has projected an additional 8.9% caseload increase in 2025, which would result in Niagara’s caseload reaching 14,000 in 2025. The new funding provides an opportunity, within the existing previously approved levy to maximize these new provincial dollars, to shift away from reliance on one time funding and stabilize staffing levels and direct client benefits. In addition, moving forward using more of the provincial allocation or making one-time requests, will require additional levy contribution.

### **Appropriate Staffing Levels**

The requested permanent positions (19 unionized positions and 2 non union positions) are necessary to stabilize the workforce. Appropriate staff to client ratio is critical to supporting the delivery of OW services. \$4.91 million (100% provincial funding) of

Niagara's PDF is tied to achieving performance targets. The staff are necessary to conduct legislated tasks governed by over 800 rules to achieve performance targets. Industry standard indicates that optimal service delivery is achieved at a staff to client ratio of 1:35, and a ratio of 1:52 and above is considered a 'point of failure'. With the 21 positions, the staff to client ratio will be 1:63; without, it is 1:70. It remains challenging to recruit for and maintain temporary positions. The existing 21 temporary positions resulted in 65 postings due to staff movement and employees leaving Niagara Region to secure other permanent positions. This unprecedented volume of recruitment creates pressure on human resources and staff training.

### **Direct Client Benefits**

Direct client benefits are also part of the OW program delivery funding that has been frozen since 2018. There are currently over 60,000 people on Ontario Works and Ontario Disability Support Program that are eligible to receive direct client benefits administered through the Ontario Works program. Staff adjudicate over 12,000 requests per month for direct client benefits that are governed by local policy that has continued to be adjusted to accommodate for the higher caseload without any increase to the budget. In the face of frozen OW monthly rates for food and shelter (\$733 for a single person), direct client benefits have a capped budget for essential items such as beds, utility arrears, bus passes, cell phones and internet access. Currently less than 60% of the caseload receive a direct client benefit each month and local policy adjustments have been required to lower the monthly maximum to \$75 per month for many items to remain in line with available funds. Housing Stability Benefits, issued to prevent homelessness and/or establish a new principal residence are an eligible direct client benefit. This funding announcement provides the opportunity to adjust local policy and provide much needed supports without an increase in levy.

### **Alternatives Reviewed**

The funding announcement is an opportunity to correct and rebalance program delivery funding from MCCSS to the original 50/50 cost share.

There is the option to ask for less levy than approved in 2024 but this is not recommended. Reduced levy would result in lower use of available Provincial funds, leaving priority money "on the table" and a position previously taken by Niagara prior to 2018 that left it at a considerable disadvantage as compared to peers who maximized their funds, which would mean continued destabilization of the workforce and inability to meet the demands of the provincial projected caseload increase of 8.9% in 2025 which also jeopardizes Niagara's provincial \$4.9M in performance-based funding. As well,

reduced funding for direct client benefits would result in more restrictive policies to serve a growing caseload which puts pressure on Niagara's shelter system and results in unstable housing for clients.

A second alternative is for Council to maximize the total PDF allocation of \$18,490,400 (50/50 cost share), however this is not recommended due to levy pressures across the Corporation. There is the potential to consider additional levy contributions at a 50/50 cost share if the PDF remains the same in 2026.

### **Relationship to Council Strategic Priorities**

The 21 permanent staff positions and additional client benefits are directly aligned with the Equitable Region priority. SAEO provides direct essential service to approximately 9% of Niagara's population. Service delivery is designed to ensure access to programs is inclusive, free of discrimination, equitable and decision making is transparent and conforms to legislative requirements. Local policy, programs and issuance of direct client benefits are reflective of community needs and developed in partnership with Homelessness and Housing Services to align with improving access to affordable and attainable housing.

### **Other Pertinent Reports**

[COM 9-2023 Asylum Seekers Transferred to Niagara Falls – Request for Immediate Temporary Funding](#)

(<https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=30317>)

[COM 24-2023 Budget Adjustment - Social Assistance and Employment Opportunities](#)

(<https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=32490>)

[Community Services Social Assistance Discretionary Client Benefits Presentation\(1\)\(1\).pdf](#)

(<https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=33578>)

[COM 7-2024 Budget Adjustment - Social Assistance and Employment Opportunities](#)

(<https://pub-niagararegion.escribemeetings.com/filestream.ashx?DocumentId=35972>)

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