
Subject: Provincial Policy and Funding Changes: Monitoring for Local Community Impacts

Report to: Public Health and Social Services Committee

Report date: Tuesday, August 6, 2019

Recommendations

That this report **BE RECEIVED** for information.

Key Facts

- In April, the Province of Ontario released their 2019 budget. This included changes across four ministries that fund the delivery of services in Community Services.
- Community Services has been in receipt of a subsequent number of notices related to changes in provincial policy and funding associated with the following service areas: Social Assistance & Employment Opportunities; Children's Services; Senior's Services; and, Homelessness Services.
- Since the release of the budget, details related to these changes have been provided incrementally and many of these details, particularly for 2020 are still not fully known.
- This report seeks to outline the policy and funding changes, and their impact to Community Services, its clients and the broader service system, as they are understood at the time of this report.

Financial Considerations

Financial implications to Niagara Region's 2019 operating budget, resulting from the 2019 Ontario budget, based on information received to date, have been outlined in report CSD 49-2019 Q1 Financial Update. Many of the financial implications will continue to impact 2020 and the preparation of Niagara Region's 2020 budget, as outlined in report CSD 40-2019 2020 Budget Planning. Anticipated revenue pressures related to provincial funding announcements for Community Services are estimated at \$700,000 in order to maintain existing programs and services.

It is anticipated that there will be further provincial funding changes in 2020 that may affect cost share requirements, and could result in possible requests for additional levy contributions to maintain service levels for critical services. As the details of the 2020 provincial funding allocations are provided, staff commit to sharing these with Council and, as needed, include these in the 2020 budget process. Any Community Services items being referred to the 2020 budget process should be considered along with the projects/programs estimated and reported to BRCOTW on June 20, 2019. Budget

pressures have been outlined by staff in the following table to illustrate the potential levy impact estimated for the 2020 budget.

	Council Report	Levy Amount (M\$)	Levy Increase %
Previously identified reports			
Suicide Prevention Initiative	PHD 8-2019	0.200	0.05%
Niagara Airports	CAO 04-2019	2.240	0.61%
Waterfront Investment Program – base funding	CSD 40-2019	1.000	0.27%
Smarter Niagara Incentive Program – base funding	CSD 40-2019	0.600	0.16%
Brock LINC request for funding	CSD 40-2019	1.500	0.41%
Niagara Regional Transit – phase in cost	CSD 40-2019	6.213	1.70%
NRPS 2019 position hiring deferral	BRC-C 7-2019	0.706	0.19%
Long-Term Care Home Redevelopment – capital funding	COM 32-2019	5.899	1.62%
EMS Central Hub – capital funding	CSD 40-2019	0.390	0.11%
GO Implementation		TBD	TBD
Potential request to-date		\$18.748	5.12%

The resulting total potential increase is 5.12%, before considering any additional budget pressures resulting from the provincial funding changes noted in this report, and will be brought forward as part of the 2020 budget in alignment with the Budget Planning Policy.

Analysis

Background

Niagara Region Community Services, in its role of Consolidated Municipal Service Manager (CMSM) supports local residents to access provincially-supported affordable, licensed child care and early learning services, homelessness services, and critical income and employment support through the provision of social assistance (Ontario Works). Additionally, Community Services provides community-based services for seniors (seniors outreach and adult day programs) and directly operates eight (8) long-term care homes (funded respectively by the LHIN and Ministry of Health & Long-Term Care). Through these programs, Community Services supports thousands of vulnerable Niagara residents, addressing needs of poverty alleviation, employment, children’s care and learning, homelessness prevention, emergency shelter, housing and seniors care.

In many cases, services funded by the Province are directed by both provincial policy and funding levels. Some services are delivered in the form of programs and case management supports, while others are benefits that are delivered directly to an individual (e.g. Ontario Works income) or on behalf of an individual (e.g. child care fee subsidy paid to a childcare provider).

Community Services and Client Impacts

Staff have reviewed the provincial policy and funding changes, as they are currently known, and potential impacts to clients served directly by Community Services. For an overview of the noted changes, please refer to Appendix A: Social Assistance & Employment Opportunities, Appendix B: Children's Services, Appendix C: Seniors Services and Appendix D: Homelessness Services.

Other Considerations

There were additional budget announcements made to other sectors who provide services to the same client group as Community Services. This includes the education sector¹, child and youth protection services², Legal Aid Ontario³, public health⁴, healthcare⁵ and others.

Staff commit to monitoring the impacts of provincial policy and funding changes on the populations who access Community Services, and possible subsequent impacts to emergency social services (e.g. emergency shelter system), non-profit and charitable organizations (e.g. local food banks) who also support the needs of low-income families.

Alternatives Reviewed

Not applicable.

Relationship to Council Strategic Priorities

Pending confirmation of Council's strategic plan.

Other Pertinent Reports

- CSD 40-2019 2020 Budget Planning
- CSD 49-2019 Q1 Financial Update

¹ Reduced the Local Priorities Funding program by \$235M for special education programs to support children in need and at-risk students, eliminated free post-secondary tuition for low-income students, reduced financial assistance for post-secondary students by \$300M, and removed \$25M from Education Programs – Other Fund (EPO).

² Reduction in child welfare funding by as much as \$84M.

³ An immediate \$133M or 30% reduction in funding.

⁴ Proposed reduction in annual funding of \$200M.

⁵ Restructuring and implementation of Ontario Health, and Ontario Health Teams.

- COM 21-2019 Ontario Health Teams
- COM 36-2019 Confidential report related to Employment Services Transformation
- NRH 8-2019 Canada-Ontario Community Housing (COCHI) & Ontario Priorities Housing Initiative (OPHI)

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Appendix A: Social Assistance & Employment Opportunities – Provincial Policy and Funding Changes

Appendix B: Children’s Services – Provincial Policy and Funding Changes

Appendix C: Seniors Services – Provincial Policy and Funding Changes

Appendix D: Homelessness Services – Provincial Policy and Funding Changes

Appendix A: Social Assistance & Employment Opportunities

Social Assistance & Employment Opportunities (SAEO) Funded by the Ministry of Children, Community and Social Services		
<p>Description: Administers and delivers the Ontario Works (OW) program which provides financial assistance to approximately 17,000 residents in Niagara (10,000 cases) per month; and provides employment support through a combination of direct service provision and third-party agreements.</p>		
Provincial Policy Change	Impact	Mitigation Strategies
<p>Elimination of the Transition Child Benefit (TCB). <i>Effective November 2019</i></p> <p>This benefit provides up to \$230 per child per month to parents on OW or ODSP who have children under 18 who are not eligible for or not yet receiving the Ontario Child Benefit (OCB)/Canada Child Benefit (CCB), or who receive partial OCB/CCB.</p>	<p>In 2018, SAEO issued \$1.38 million in TCB benefits to support 2,046 children in Niagara. TCB helps parents to pay for children’s basic living expenses such as food and clothing.</p> <p>The elimination of TCB will primarily impact three groups:</p> <ol style="list-style-type: none"> 1. Parents who are not eligible for OCB/CCB due to their status in Canada, especially refugee claimants who have been in Canada for less than 18 months; 2. Families not eligible for OCB/CCB due to their previous year’s income, as reported on their tax return (e.g. parents who may have recently lost a job and subsequently qualify for social assistance); and, 3. Parents who have a new child and are waiting for OCB/CCB. 	<p>SAEO will develop a communication strategy to educate clients and community partners on the scheduled cancellation, while exploring alternative community resources and strategies identified by other OW delivery partners.</p>
<p>Changes to how earned income is treated for people receiving OW and ODSP.⁶ <i>Effective November 2019</i></p>	<p>The earnings changes will benefit OW recipients who earn between \$200 and \$500 per month. The increase to a 75% deduction means that people earning above \$500 per month will have less total income once the new rules are implemented.</p>	<p>SAEO will enhance client contact to continue to market resources and benefits to support successful client transitions off social assistance.</p>

⁶ Currently, OW and ODSP (Ontario Disability Support Program) recipients can keep the first \$200 of net earned income each month without any impact on the amount of assistance they receive. After reducing net income by this \$200, 50% of the remaining amount is then deducted from their OW/ODSP assistance. The new earned OW income rules will apply when someone has been receiving OW for at least one month instead of the current three months. OW recipients will be able to keep the first \$300 of net earned income each month, after which 75% of the remaining amount will be deducted from their OW assistance.

Social Assistance & Employment Opportunities (SAEO) Funded by the Ministry of Children, Community and Social Services		
Increase in new overpayment⁷ recovery rates from 5% to 10% for active clients. <i>Effective May 2019</i>	<p>OW recipients with new overpayments will have more money deducted from their monthly social assistance.</p> <p>For example, the maximum budget for a single person on OW is \$733 per month. Should it be found that they received an overpayment, \$73 (up from \$36) could be deducted, leaving them with \$660 per month to meet basic needs and shelter costs until the overpayment is recovered.</p>	<p>SAEO will enhance client contact to limit the number of overpayments created.</p>
Employment Services Transformation. <i>Effective Fall 2019</i>	<p>A new outcomes-based, local service delivery model is intended to transform employment services for all job seekers (including employment services currently provided to OW/ODSP recipients, and provided by Employment Ontario). The selection of local Employment Service System Managers (ESSMs) will begin in three prototype communities: Region of Peel, Hamilton-Niagara Peninsula and Muskoka-Kawartha.</p> <p>The Province has launched a competitive process to determine ESSMs in the above-mentioned communities, and is open to proposals from any entity or organization, including those operating as not-for-profit or for-profit organizations.</p>	<p>To be determined. See confidential report COM 36-2019.</p>
Funding allocations and service delivery priorities (increased outcomes and accountability). <i>Announced April 2019</i>	<p>Service delivery priorities specify a number of requirements that impact SAEO, including:</p> <ol style="list-style-type: none"> 1. Performance targets must be set at a minimum of 3% higher than last year's actuals; 2. Maximum financial recoveries, due to under performance, is 15% of the total upload funding; and, 3. Budget submissions for 2019 should not exceed last year's actuals. 	<p>SAEO has submitted a clear evidence-based rationale to support one employment target below 3%, and has submitted a business case to support the 2019 approved budget.</p>
2020 Considerations		

⁷ If OW/ODSP takes the position that a recipient received benefits that they were not entitled to receive, an overpayment may be placed against a recipient's assistance. OW/ODSP can take action to recover the overpayment by making deductions from a recipient's assistance until the overpayment amount is paid off.

Social Assistance & Employment Opportunities (SAEO) Funded by the Ministry of Children, Community and Social Services	
Service System Management and Employment Services Transformation	The impact to 2020-21 SAEO funding to support employment benefits to clients and administration is unknown at this time.
Change to the definition to “disability” within the Ontario Disability Support Program (ODSP) to align with federal government benefit programs.	Anticipated changes to the definition of “disability” for ODSP will likely impact the number of cases that are eligible to transfer from OW to ODSP per year (approximately 900 cases in Niagara move from OW to ODSP per year). Therefore, there may be subsequent changes to the composition of the OW caseload served by SAEO with a greater proportion of OW clients requiring intensive supports.
Additional Funding Changes	<p>Expenditures in the social assistance sector are forecast to decrease an average of 2.1% per year over the next three fiscal years (from \$17 billion in 2019-20 to \$16.7 billion in 2020-21, to \$16 billion in 2021-22) to achieve the provincial goal of \$1 billion in savings.</p> <p>No increases to OW or ODSP benefit rates are forecast.</p>

Appendix B: Children's Services

Children's Services Funded by the Ministry of Education		
<p>Description: Plans, administers and manages licensed child care and early years programs through third-party service agreements and direct service provision (five child care centres) and, administers the delivery of Ontario's Child Care Fee Subsidy program and Special Needs Resourcing, and plans, manages and funds EarlyON Child and Family Centres.</p>		
Provincial Policy Change	Impact	Mitigation Strategies
<p>Initially announced reduction in general allocation. <i>Announced April 2019</i></p>	<p>A memo was provided to all Service System Managers (including Niagara Region) advising them of a reduction in their 2019 child care and early years allocations. The memo did not include detailed breakdowns of allocations, new/updated service management and funding guidelines, indications of the transfer payment agreement terms, or other details required to fully assess financial impacts to the Region.</p> <p>Staff estimated the cumulative impact of the changes to be \$1.25 million (4% decrease in operating budget) in 2019. This would bring Niagara's general allocation back to 2012 funding levels.</p>	<p>See 2020 Considerations for Children's Services mitigation strategies.</p>
<p>New Child Care Funding Formula (cost-share model) and provincial Child Care Plan. <i>Announced April 2019</i></p>	<p>The memo received by the Region further outlined that in 2019 the Province will be considering updates to the Child Care Funding Formula and a new child care plan.</p> <p>In addition to the reduction in general allocation, preliminary details related to a new child care funding formula (cost-share model) included a shift from 100% provincial funding of some allocations (Expansion Funding and Early Learning & Child Care Funding) to 80% provincial / 20% municipal cost share. Maximum allowable administration expense funding was also reduced from 10% to 5%.</p> <p>Further details, including any consultation plans, are not yet available. The Ministry has signaled an</p>	<p>Currently, Children's Services administration costs are at 5.1%. Children's Services planned to reassign some work to reduce costs to meet the 5% expectation.</p>

Children's Services Funded by the Ministry of Education		
	interest in a provincial/municipal working group to be initiated this summer.	
Amended funding resulted in 0.2% increase (\$65,000) in allocations. Previous reductions are deferred to 2020. <i>Announced June 2019</i>	The provincial government reversed the decision to reduce in-year funding, and deferred policy changes to 2020 to provide municipalities with more time to prepare for the subsequent impacts to their operating budget.	No impact to 2019 operating budget. See 2020 Considerations for additional mitigation strategies.
2020 Considerations		
Reduction in allocations, new funding formula (cost-share model) and a new Child Care Plan for municipally delivered early learning and child care.	Children's Services is preparing now for previously announced reductions in allocations, which are anticipated to come into effect January 1, 2020. Furthermore, Children's Services is anticipating changes to the Child Care Funding Formula and the release of a new child care plan. Steps to prepare for these known and unknown changes, include: <ol style="list-style-type: none"> 1. Consulting with service providers to identify efficiencies and strategies to continue to support the licenced child care system and early years programs; and, 2. Advocating with the Province at a new provincial/municipal working group to ensure the provincial child care plan and framework addresses affordability and choice for families, quality of care for children, and a focus on reduced administrative burdens for providers. 	
Ontario Childcare Access and Relief from Expenses (CARE) tax credit.	A new provincial tax credit has been proposed to support families with child care expenses ⁸ , based on a sliding scale for families earning up to \$150,000 per year. For the 2019 and 2020 tax years, families would claim the Ontario CARE tax credit on their tax returns. Starting with the 2021 tax year, the province intends to provide families with the choice to apply for regular advance payments throughout the year or receive a single payment when filing their tax returns after the year ends. Based on the formula, parents with household incomes of \$20,000 per year or less, for example, may receive a maximum of \$6,000 per child under seven, up to \$3,750 per child between the ages of seven and 16, and up to \$8,250 per child with a severe disability. It should be noted that	

⁸ Eligible expenses include licensed and unlicensed/informal child care, and even camps.

Children's Services Funded by the Ministry of Education	
	<p>the average cost for full-time licensed child care in Niagara is approximately \$11,250 per year.</p> <p>Anticipated impacts to the provincially funded Child Care Fee Subsidy Program are unknown at this time, however it is possible that the program (administered by Children's Services) may be reduced to support the CARE tax credit and funding change.</p>

Appendix C: Seniors Services

Seniors Services Funded by the Ministry of Health and the Ministry of Long-Term Care		
<p>Description: Operates eight (8) long-term care homes across Niagara and delivers community programs for seniors (including, for example, social and wellness programs, adult day services, respite services, supportive living and assisted living services). In 2018, 1,350 residents were served through our long-term care homes and 2,804 unique clients were served through our community programs.</p>		
Provincial Policy Change	Impact	Mitigation Strategies
<p>Funding allocation. <i>Announced May 2019</i></p>	<p>Adjustments to funding allocations resulted in a nominal increase of \$197,000 (0.4%) to the 2019 operating budget (inclusive of all funding lines).</p>	<p>Staff anticipated minimal increases for 2019 and had budgeted conservatively.</p>
<p>Increase to resident co-pay for long-term care accommodation. <i>Effective July 2019</i></p>	<p>Long-term care accommodation costs are set by the Ministry of Health and Long-Term Care and are standard in all long-term care homes across Ontario. This change results in residents and/or their caregivers paying 2.3% more for accommodation in long-term care homes (\$42.58 more per month for basic accommodation, \$51.41 for semi-private, and \$60.83 for private).</p> <p>Residents and/or caregivers unable to afford this increase may be eligible to apply for a subsidy through the Long-Term Care Home Rate Reduction Program.</p>	<p>Seniors Services will engage Family and Resident Councils to understand the impacts of this increase and if additional steps are required to support families in managing accommodation costs.</p>
<p>Cancellation of Structural Compliance Program. <i>Effective August 2019</i></p>	<p>This program supports long-term care providers/operators with complying with relevant building design standards until such time that they are eligible for other Ministry support (i.e. the Construction Funding Subsidy program for developing and upgrading capital assets).</p> <p>The total subsidy decrease in 2019 is \$164,000, with anticipated 2020 subsidy decrease of \$391,000.</p>	<p>Seniors Services will defer any non-essential building maintenance and enhancements in 2019.</p> <p>This impact will be mitigated in future years as three of the four homes currently receiving this funding will become ineligible</p>

Seniors Services		
Funded by the Ministry of Health and the Ministry of Long-Term Care		
		through the Long-Term Care Home Redevelopment project.
2020 Considerations		
Decrease in allowable pharmacy fees.	This does not present an immediate impact to Seniors Services as contracts are in place with the current provider.	

Appendix D: Homelessness Services

Homelessness Services Funded by the Ministry of Municipal Affairs & Housing		
<p>Description: Plans, administers and manages homelessness prevention programs, street outreach services, emergency shelters, and transitional and supportive housing.</p>		
Provincial Policy Change	Impact	Mitigation Strategies
<p>Funding allocation <i>Announced April 2019</i></p>	<p>Community Housing Prevention Initiative (CHPI) funding allocation is frozen at 2018 levels. A previously committed increase in funding of an additional \$300,000 was deferred to 2020.</p> <p>Niagara Region continues to be underfunded when compared to other Service System Managers in the delivery of homelessness services.</p>	<p>Staff anticipated minimal increases for 2019 and had budgeted conservatively.</p>
<p>Of related note: NRH Funding allocation <i>Announced April 2019</i></p>	<p>A \$13.15 million reduction (as compared to the previous three years) in grant funding for affordable housing programs over the next three years.</p>	<p>See report NRH 8-2019.</p>
2020 Considerations		
<p>Canada-Ontario Housing Benefit</p>	<p>A new monthly housing benefit (negotiated between the federal and provincial governments) will be launched in April 2020 to provide up to \$208 per month or \$2,500 per year, directly to Ontario households in need.</p> <p>Provincially funded housing allowances (administered by Niagara Regional Housing on behalf of the Region) may be reduced or eliminated to support the Canada-Ontario Housing Benefit. Should this occur, low-income households currently in receipt of a housing allowance (\$300/month or \$350/month) may be required to pay more for their rent to cover the difference, and housing allowances previously offered to clients residing in emergency shelter may not be enough to move them out of shelter.</p>	
<p>Rent Increase Guideline</p>	<p>The Province determines the annual maximum percentage a landlord can increase their tenants' rent without approval by the Landlord Tenant Board. This year, the Province determined an allowable 2.2% increase – the highest increase allowed since 2013. It is anticipated that the increase could further present affordability challenges to clients who already pay a disproportionate amount of their income to housing.</p>	