



Good Ideas from the Social Assistance Review Commission Report

As part of the 2015 Pre-Budget Consultations, the Ontario government encourages people (and organizations) to submit input and ideas towards their next budget. Daily Bread Food Bank's submission is below, focusing on a number of recommendations brought forward in the *Brighter Prospects* report.

The Commission for the Review of Social Assistance in Ontario released its final report, *Brighter Prospects: Transforming Social Assistance in Ontario* (Lankin, Frances and Sheikh, Munir A. *Brighter Prospects: Transforming Social Assistance in Ontario*. 2012.), in late 2012. The review was the largest conducted of the social assistance system in Ontario since the late 1980s. A number of recommendations made in the final report have been or are in the process of being implemented. Others have either not been implemented or have only partially been implemented.

It is important that the 2015 Budget take concrete steps toward reducing poverty in Ontario and ensure that low income Ontarians can live in good health and dignity. In support of that goal, Daily Bread has identified recommendations made in the Commission's report that we believe can move the yardsticks on poverty reduction and set the groundwork for a modern income security system that supports peoples' transitions to employment and financial security.

1. Housing Benefit

The challenge of finding affordable housing, particularly in big cities such as Toronto, is very difficult. Daily Bread Food Bank member agencies report that the cost of housing in Toronto is the biggest driver of food bank use. After housing costs are paid, the average food bank client has about \$6.13 per day to divide into all other expenses including food.

Daily Bread in coalition with a number of organizations including the Federation of Rental Housing Providers of Ontario, Ontario Non-Profit Housing Association, Greater Toronto Apartment Association, Metcalf Foundation, and Atkinson Foundation proposed a Housing Benefit in 2008. The design of the benefit was such as to be paid to both social assistance recipients and low-income working Ontarians who have housing affordability issues.

A number of provinces, including British Columbia, Saskatchewan and Quebec have income benefits to support housing costs for low-income residents. Manitoba is currently designing its own housing benefit.

Local municipalities in Ontario have experimented with housing allowances and report positive outcomes. For example, an evaluation of Toronto's housing allowance program found that almost all (recipients of the housing allowance) said buying food and other necessities had been a challenge before receiving the allowance. (Focus Consulting. 2012. "Qualitative Review of the Toronto Pilot Housing Allowance Program," prepared for Ministry of Municipal Affairs and Housing, p.22.)

Income inequality in major cities is worsening. In Toronto, the working poor are being pushed into the suburbs or out of the city entirely due in part to the cost of living. In this context, we feel a Housing Benefit is an important policy tool needed to help ensure our cities remain vibrant places where all people can afford to live and work.

The Commission report supported the principles underlying the design of the Housing Benefit we proposed. The Commission added that a Housing Benefit design should take into account Marginal Effective Tax Rates (METRs) and, ideally, be delivered through an already existing tax mechanism like the Trillium Benefit.

We understand the development of a Housing Benefit is a long term process and do not have the expectation of it being in the 2015 budget. We would like to see a commitment to examine and design a Housing Benefit with models put forward with an implementation plan under more favourable economic circumstances. The allowance not only helped them afford food, including food required for medical conditions, but other necessities such as transit costs as well.

2. Continue Increasing the Ontario Works Single Rate

The Commission recognized the inadequacy of Ontario Works (OW) single rates, arguing that single Ontario Works recipients without children experience the most significant depth of poverty (p. 72). Further, the single largest increase in food bank use in Toronto has been in single adults. We feel Ontario must continue to make strides to increase in the income levels for single Ontario Works recipients.

In the previous two budgets, Ontario raised the single Ontario Works rate at a faster level than other social assistance rates. So far, through a combination of overall rate increases and a top up for single adults, Ontario has raised the single rate by \$50/month. These were positive moves consistent with the Commission's recommendation that, as part of a series of other changes to simplify the Ontario Works rate structure, single adults should see an increase of \$100 per month (p. 73).

Ontario has gotten half way to this \$100 mark. In this budget, we support Ontario going the rest of the way with a general rate increase plus top up of \$50/month for single adults. In the longer term, Ontario should work on a broader vision for the social assistance rate structure that includes a methodology for rate levels that ensures people can afford basic needs.

3. Increase Asset Levels

The allowable asset levels in Ontario Works have been very low since OW's implementation in the 1990s, generally the equivalent of one month's social assistance payment. It has been argued that low asset levels work against the goal of returning a recipient to the workforce quickly, undermines financial resiliency and jeopardizes savings for retirement, which may cost governments more in the long term.

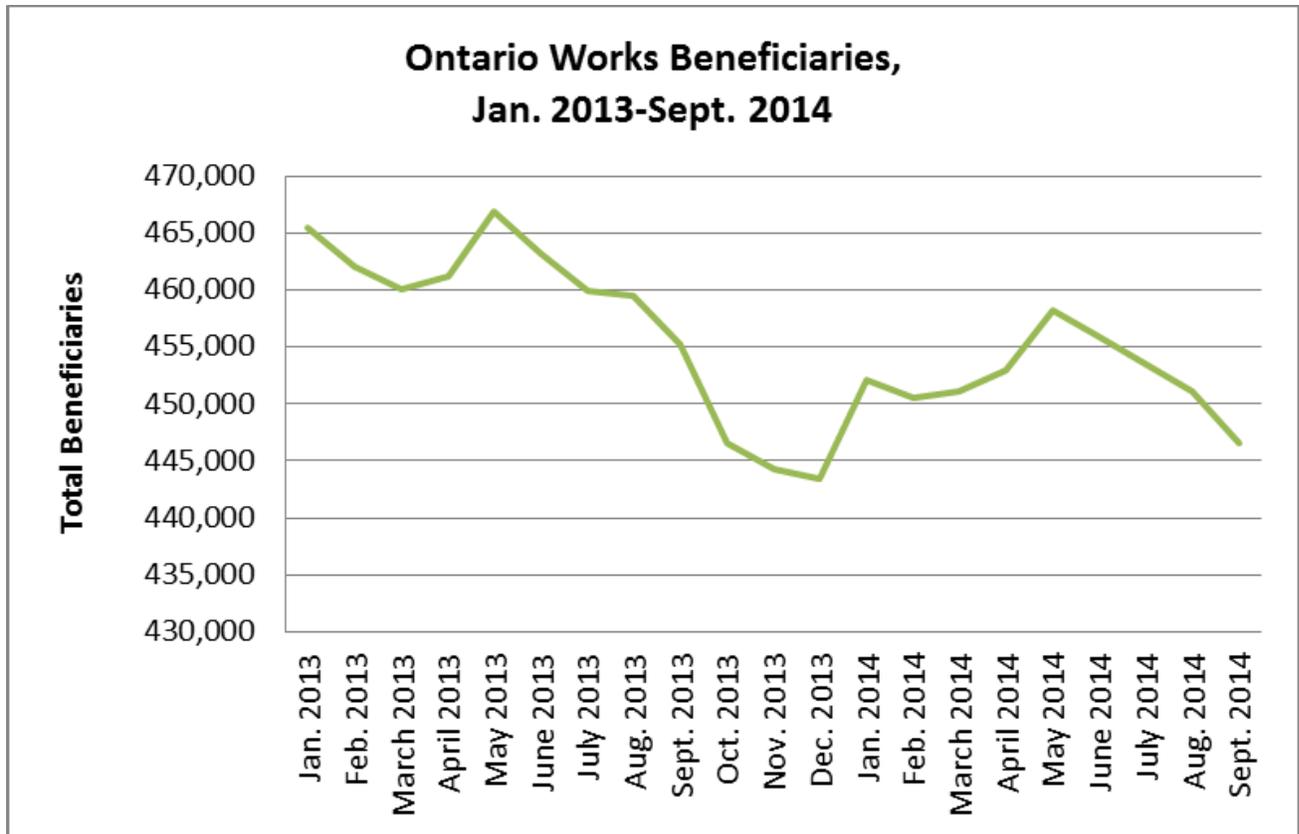
Furthermore, there has been a significant difference in allowable assets for Ontario Works recipients versus Ontario Disability Support Program recipients. Without a clear justification for the difference, this poses an equity issue.

In 2013, Ontario made significant changes to the Ontario Works asset rules. The limits for liquid assets, including cash, increased in the 2013 budget from \$606 to \$2,500 for singles, and from \$1,403 to \$5,000 for couples. This was an initial step toward aligning the asset levels between Ontario Works and the Ontario Disability Support Program. These were positive changes that could be built upon in this budget.

Concern has been expressed that raising asset levels will result in an increase in social assistance caseloads, as more people will become eligible for assistance. To guard against this possibility, the 2013 budget recommended that Ontario study the effects of this asset level increase on Ontario Works caseloads.

All of these changes were consistent with recommendations made by the Commission (p. 96). However, the Commission went further in recommending that asset levels continue to increase if no negative effects of the initial increase are observed.

Absent any obvious increases in social assistance caseloads since 2013 (see chart below), we support the full harmonization of the Ontario Works and Ontario Disability Support liquid asset levels in this budget, raising the single OW levels up to \$5,000 and the couple levels up to \$7,500. As with the previous increase and consistent with the Commission's report, we feel it would be prudent for Ontario to continue to monitor caseloads. If no further negative effects are observed, Ontario should continue to increase asset levels for both Ontario Works and the Ontario Disability Support Program in future years.



Source: Ministry of Community and Social Services caseload data, available at www.mcscs.gov.on.ca/documents/en/mcscs/social/reports/OW_EN_2014-09.pdf

Other Issues of Note:

4. Set a Reasonable Withdrawal Rate for Child Support Payments

In the current system, child support payments are considered non-earned income and are deducted dollar for dollar from social assistance. There is therefore no financial incentive for a parent receiving social assistance to pursue child support payments. A parent in a non-intact family must endure an often long and emotionally difficult process that does not even improve their financial security in the end.

In addition, the pursuit of child support is mandatory in social assistance as a condition of eligibility. Forcing parents to collect child support can have many unintended negative consequences. The Commission’s report outlines a number of these issues, which affect “primarily women who are sole support parents (pp. 93-93).” Most compelling is that it can place women into situations that present a risk of violence, despite the waiving of compulsory pursuit of child support in situations where violence is an issue (the Commission notes that many women do not report these situations).

Issues of violence against women have been front and centre in Canadian society in the past year. We strongly feel that parents are in the best position to decide whether to pursue child support payments based on their own circumstances. Forcing people to pursue, we feel, is at best infantilizing and at worst possibly dangerous. Ontario has a chance to make a strong statement by making a change in policy in this area.

The Commission had several recommendations on child support payments the spirit of which we support implementing in this budget. The Commission said child support payments should be reduced at a rate of 50% instead of 100%, similar to earned income (p. 94). While we agree that child support should be withdrawn at a rate less than 100%, we believe the rate should have a rationale and an empirical basis. We note that some US states made changes in their policies on child support since the 1990s. Some states have no withdrawal rate (ie. child support is fully exempt from social assistance), while others are set at 50%. Ontario should look at this experience in setting a withdrawal rate.

The Commission's other recommendations on this issue is to allow families to choose whether they pursue child support and, if they so choose, that Family Support Workers should continue to be available to help them (p.94).

We support this recommendation, and strongly believe that allowing families to keep some amount of child support would provide enough of an incentive to pursue support payments. With this change, mandatory pursuit of child support would be unnecessary.

Further, there is evidence to suggest payers of child support are more likely to make payments knowing they are benefitting their children rather than going "to the government." For example, one report concludes that "we find that when custodial mothers keep all child support paid on their behalf, paternity establishment occurs more quickly, noncustodial fathers are more likely to pay support, and custodial families receive more support. These outcomes are achieved at no significant governmental cost." (Cancian et al. (2008). "Welfare and Child Support: Complements, Not Substitutes." *Journal of Policy Analysis and Management*, Vol. 27, No. 2, 354–375.)

5. Change the Rent Scales in the Housing Services Act

The Housing Services Act, 2011 (SHA) contains "rent scales" which are used to calculate rent for Rent Geared to Income (RGI) households in receipt of social assistance. The design of the rent scales is such that households in receipt of social assistance living in RGI housing can experience significantly increased rents as they earn income from employment. This happens when income from employment and other sources exceeds a certain amount determined by the rent scales. At that point, people are moved off the rent scales to a calculation of rent based on 30% of their income. The increase in rent can be a significant disincentive to employment.

Furthermore, the rent scales were originally set at a very low level, and have remained there for decades. This presents a problem to social housing providers, who cannot reasonably maintain their building stock on the low levels of rent they receive from social assistance tenants.

To illustrate, the following table shows the prescribed rent scale for social assistance recipients versus the maximum shelter allowance available.

Comparison of Ontario Works Shelter Allowance to Rent Scales

Household Size	OW Maximum Monthly Shelter Allowance (\$)	RGI Monthly Rent Scale Amount (\$)	Monthly Difference (\$)
1	376	85	291
2	596	175	421
3	648	212	436
4	702	254	448
5	758	296	462

The difference in the rent scales and the shelter allowance maximums represents lost income for RGI housing providers. The City of Toronto, for example, estimates it loses \$81 million annually because of the policy. These funds could help support Toronto’s and other municipalities’ social housing repair backlog. In Toronto alone this is estimated to be \$2.6 billion over ten years just to keep the housing stock in fair condition.

The City of Toronto has been active in advocating for changes in the rent scales. We support the city’s call.

The Commission recommended eliminating the rent scales and moving to the 30% of income (net of earnings exemptions) calculation that non-social assistance tenants in RGI housing pay (p. 97). It should be noted that this recommendation was part of a series of other changes to the rate structure that would move all social assistance recipients to a “standard rate” and eliminate the distinction between the shelter and basic needs components of social assistance.

We support the province moving in this direction, eliminating the rent scales and replacing them with the 30% of income RGI calculation similar to that outlined in the Commission’s report. This would help address the abrupt increase in rents some RGI tenants receiving social assistance face when working. We further support keeping the additional funds within social housing providers to help address the repair backlog and other affordable housing issues.