

# **Recommendations for Short Term Rule Changes For 2010**

**Social Assistance Review Advisory Council**

**February 2010**

## Summary of Potential Short-Term Changes

1. Increase asset limits
2. Extend asset exemptions to registered savings plans i.e. Registered Retirement Savings Plans, Tax-Free Savings Accounts
3. Let friends and families give Ontario Works recipients casual gifts
4. Treat Employment Insurance Benefits as earnings for people receiving Ontario Disability Support Program
5. Extend Ontario Works eligibility to persons disqualified from Ontario Student Assistance Program
6. Charge social assistance rent scale to Ontario Works/Ontario Disability Support Program recipients with higher earnings - Increase Social Housing Reform Act thresholds
7. Retain eligibility for recipients using windfalls to reimburse Government
8. Do not reduce assistance for sharing accommodation/boarding
9. Do not treat loans to recipients as income
10. Change Ontario Works suspensions for non-participation
11. Do not stop payments to dependent children leaving school
12. Allow parents to keep partial child support
13. Increase medical transportation rates

## Context

The Social Assistance Review Advisory Council's role was twofold:

- Submit recommendations to the Minister of Community and Social Services regarding the scope and terms of reference for a review of Ontario's social assistance system.
- Advise the Minister of Community and Social Services regarding possible short-term changes to social assistance rules that would improve the program for beneficiaries without adding substantial costs.

This report fulfilled the first phase of Social Assistance Review Advisory Council's mandate. The following recommendations were originally submitted to the Minister of Community and Social Services in February 2010 for consideration for Ontario's Budget 2010. This report is a summary of those recommendations and their current status.

## Social Assistance Review Advisory Council Assumptions

Social Assistance Review Advisory Council believes all recommendations meet the following tests:

- Can be implemented quickly
- Cost-effective changes
- Items should help pave way to more fundamental reform

- Can be announced in Budget 2010
- Social Assistance Review Advisory Council will support the initiative and work with stakeholders to achieve buy-in

## Principles Guiding Recommendations

- Has broad consensus/support
- Mitigates impact of recession/anti-recessionary measure
- Supports opportunity planning/transition to employment
- Addresses punitive rules that undermine survival/money management

## Recommendations

### 1. *Increase asset limits*

#### *Issue:*

- Current asset limits for Ontario Works very low: equivalent to one month of assistance for single or childless couple (i.e. \$585 single, \$1,010 for childless couple); for couples with children \$1,694 for the applicant, spouse and one dependant plus \$500 for each additional dependant; for sole support parents \$1,619 for applicant and one dependant plus \$500 for each additional dependant.

#### *Recommendation:*

- Increase Ontario Works limits - all applicants/recipients

#### *Options:*

- Time limited exemptions (3 month, 6 month, one year, two years)
- For example, Newfoundland and Labrador has a 3 month exemption

#### *Rationale:*

- Applicants have to 'asset strip'- in context of recession, will create long-term poverty instead of preparing for recovery
- Support from business community (TD Economics, KPMG)
- Current limits insufficient to pay for job expenses; start-up benefits may not be sufficient
- Job start-up costs up to \$2,500 (Social and Enterprise Development Innovations)
- Recipients likely stay on assistance longer
- Punishes those who plan

#### *Current Status:*

- Not accepted

## **2. Extend asset exemptions to registered savings plans (i.e. Registered Retirement Savings Plans, Tax-Free Savings Accounts)**

### *Issue:*

- Certain registered plans (i.e. Registered Retirement Savings Plans, Tax-Free Savings Accounts) not exempt

### *Recommendation:*

- Exempt up to fixed dollar amount (\$60,000 in Quebec for all registered instruments) for applicants and recipients (\$5,000 per adult in Registered Retirement Savings Plans in Alberta)

### *Options:*

- Exempt for a fixed time period – applicants and recipients (3 months, 6 months, one year, 2 year)

### *Rationale:*

- Public policy reasons for supporting retention of Registered Retirement Savings Plans needed later in life (consensus and support)
- Locked-in accounts already exempted - some MPP's believe Registered Retirement Savings Plans exemption policy already in place (likely support)
- Mitigates long-term impact of recession - keep nest egg - don't create tax burden when least able to pay
- Current policy fosters long term dependency; undermines re-integration into labour market
- Caseloads continued falling after Registered Education Savings Plans exemption
  - On October 7, 2004, then Minister Papatello announced a very large increase in asset limits for families with children through Registered Education Savings Plans exemption
  - All applicants and recipients can now save up \$50,000 in Registered Education Savings Plans - previous limit only \$1,609
  - Caseloads did not increase after the announcement and continued downwards

### *Current Status:*

- Not accepted

### **3. Let friends and families give Ontario Works recipients casual gifts**

*Issue:*

- Casual, infrequent gifts and payments are allowed in Ontario Works up to six months with no dollar ceiling; Ontario Disability Support Program allows \$6000 per year

*Recommendation:*

- Amend rules to allow Ontario Works recipients to receive casual gifts and payments on an ongoing basis throughout the year to a maximum dollar value consistent with Ontario Disability Support Program policy

*Options:*

- Parallel Ontario Disability Support Program rule in Ontario Works
- Set dollar amount higher in Ontario Works
- Allow ongoing help from family and friends

*Rationale:*

- Increases income adequacy at no cost to government to help people survive recession
- Public support for idea that poor can turn to family and friends for help (e.g. family helps with rent to keep daughter close by in their community –now deducted)
- Brings clarity to difficult discretionary policy area
- Frees up caseworker time for opportunity planning instead of administrative monitoring
- Eliminates risk of highly punitive reduction of benefits when families or friends try to help

*Current Status:*

- Accepted –In-kind gifts and payments of small value exempted as income, as well the 6 month limit around receiving these payments of small value to be removed
- No cash limit will be set (like the \$6,000 for Ontario Disability Support Program), as it would add more administration/monitoring burden on caseworkers.

### **4. Treat Employment Insurance benefits as earnings for people receiving Ontario Disability Support Program**

*Issue:*

- Currently, earnings deducted at 50%; Employment Insurance taken back at 100%

*Recommendation:*

- Treat Employment Insurance the same as earnings
- Maintain drug card if ineligible because of transfer to Employment Insurance due to job loss

*Rationale:*

- Anti-recessionary measure - supports people with disabilities and their families that have succeeded in labour market participation survive the recession
- Recognizes hardship created when efforts to get into labour market lead to program disentanglement because of treatment of Employment Insurance
- Unfair to have benefit unit drop in income compounded by loss or reduction of Ontario Disability Support Program as well (possibly rent subsidy as well)

*Current Status:*

- Not accepted

**5. Extend Ontario Works eligibility to persons disqualified from Ontario Student Assistance Program**

*Issue:*

- Recipients disqualified from Ontario Student Assistance Program cannot pursue post secondary education while receiving Ontario Works

*Recommendation:*

- Permit Ontario Student Assistance Program ineligible recipients to keep Ontario Works and pursue higher education where accepted to an approved school

*Rationale:*

- Supports transition to employment by eliminating obstacle to post-secondary education
- Allows 'accepted' applicants to an approved course to pursue education
- Ontario Student Assistance Program disqualification often outside of the control of the recipient

*Current Status:*

- Not accepted

**6. Charge social assistance rent scale to Ontario Works/Ontario Disability Support Program recipients with higher earnings; Increase Social Housing Reform Act thresholds**

*Issue:*

- Social Housing Reform Act currently raises rents in Rent Geared to Income housing after \$440 a month in outside income is realized by an Ontario Disability Support Program single recipient.

*Recommendation:*

- Increase threshold to 75% of Ontario Disability Support Program before recipients subject to Rent Geared to Income rent scale

*Rationale:*

- Prevents:
  - massive increases in rents based on low level earnings
  - recipients obtaining work that they then must quit
  - net loss from earnings and hardship for doing the right thing
- Addresses long time anomaly in Social Housing Reform Act
  - Tables 4 and 5 in Social Housing Reform Act neglected in 5 social assistance rate increases and minimum wage increases as Table amounts are tied to the social assistance rent scales.

*Current Status:*

- Not accepted

**7. Retain eligibility for recipients using windfalls to reimburse Government**

*Issue:*

- Recipients paying back government funds (e.g. Ontario Student Assistance Program, rental arrears, Legal Aid) ensnared in rule that disqualifies them for spending down assets (e.g. absent spouse pays up – mother goes off Ontario Works – reapplies and turned down because she disposed of an asset even though she used money to pay government debt)

*Recommendation:*

- Change regulation to allow recipient to meet payment requirement without penalty

*Rationale:*

- Rule forces recipient into a dilemma where they are penalized for meeting program requirements
- Punished for sensible money management-paying down debts
- Public support for payment of debt
- Debt reduction assists transition back into labour market and self-sufficiency
- Program integrity brought into question

*Current Status:*

- Accepted - agreed to clarify rules

## **8. Do not reduce assistance for sharing accommodation or boarding**

### *Issue:*

- Currently, Ontario Works/Ontario Disability Support Program is reduced where two recipients share accommodation to reduce their rent burden; boarders receive \$246 less/month than renters

### *Recommendation:*

- Allow recipients to benefit from sharing lower cost accommodation without deeming 50%
- Review lower boarder rates vs. rates for renters and owners

### *Rationale:*

- Shelter allowance now reduced to 50% of rent, even if roommate has lower share of rent and space, reducing benefits with shared accommodation
- Punishes people for making sensible money management decisions -> needless hardship
- Works against securing best possible accommodation – undermines attempts to re-enter labour market and re-establish independence
- No rational basis for reduced boarder rates
- Receiving prepared food is not cheaper than buying and preparing food

### *Current Status:*

- Partially accepted - co-residency rules to be changed so that the calculation of a client's shelter allowance reflects their actual share of the total rent, up to the maximum allowable shelter amount

## **9. Do not treat loans to recipients as income**

### *Issue:*

- Currently, loans taken out by recipients are deducted in full from allowances even though the recipient must pay back the loan e.g. recipient loaned money from friend to pay for school outing of child – money is deducted

### *Recommendation:*

- Abolish rule

### *Rationale:*

- Loans must be paid back; treating as income is unjust, unfair - inconsistent with any other form of accounting/tracking/reconciliation
- Creates unnecessary hardship - reduces benefit when liability increased
- Many loans already exempted
- Public support for elimination of principle that is incomprehensible outside social assistance environment

*Current Status:*

- Not accepted

**10. Change Ontario Works suspensions for non-participation**

*Issue:*

- For non-participation, currently 3 month followed by 6 month

*Recommendation:*

- Maximum of one month suspension for severe infractions only (e.g. wilful non-participation)
- Maintain drug coverage during suspension

*Rationale:*

- Highly punitive rule for minor infractions
- Difficult for recipients to re-establish themselves after suspension – effect is the opposite of program intent of labour market attachment
- Many recipients end up ‘in the streets’
- One month considered serious deterrent
- No cost – retention of entitlements of current program

*Current Status:*

- Accepted – shortening suspension periods for non-compliance with participation agreements to one month
- Will be 3 month suspensions for serious subsequent infractions
- Determination of non-compliance in situations where a client quits or is fired to be clarified, recognizing the need to look at each case
- Client will not maintain drug coverage for the suspension period – however, there are existing provisions for extended health benefits that will remain

**11. Do not stop payments to dependent children leaving school**

*Issue:*

- Dependent children under 18 who leave school (or are not attending regularly) are removed from the benefit unit

*Recommendation:*

- Eliminate the penalty and exempt any earned income

*Rationale:*

- Enforce school attendance by other means – do not undermine family survival
- Undermines mother’s ability to transition to employment and child’s future
- Align with Poverty Reduction Strategy policy of supporting families and children – don’t undermine struggling family

*Current Status:*

- Not accepted

**12. Allow parents to keep partial child support**

*Issue:*

- Currently all spousal and child support payments are deducted in their entirety from benefits - children receive no benefit from family court orders, even when payor receiving Ontario Disability Support Program benefits

*Recommendation:*

- Allow parents to keep a portion of child support payments instead of deducting dollar for dollar

*Rationale:*

- Allowing parents to keep part of child support orders increases family income, reduces child poverty, and supports the government's poverty reduction strategy
- Currently all spousal and child support payments are deducted in their entirety, and children receive no benefit from family court orders. This is true even when both parents are on social assistance. For example, if a single mother with custody of the children is receiving OW, and the father is on ODSP, father may have to pay child support out of his benefits which is then deducted from mother's OW benefits, reducing the total income available to the family.
- Promotes family law public policy by money being spent on intended beneficiary

*Current Status:*

- Not accepted

**13. Increase medical transportation rates**

*Issue:*

- Currently full cost of transportation is paid if travelling by public transport (including taxis) but only 18 cents/km if using own car
- Creates special hardship in rural communities

*Recommendation:*

- Increase mileage to 41 cents - same as paid to provincial government employees

*Rationale:*

- If recipient travels by public transport, is reimbursed for full cost of bus/taxi or train
- If transit not available or health reasons require driving, receives only 18 cents
- But if recipient is driven by volunteer agency driver, Ontario Disability Support Program will reimburse at rate provided by agency, up to 41 cents

*Current Status:*

- Not accepted