

LONDON COMMUNITY ADVOCATES NETWORK

January 8, 2018

FAX: 1-416-325-0969

The Honourable Charles Sousa
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, ON M7A 1Z1

RE: 2018 Pre-Budget Consultations

The London Community Advocates Network (the "Network") is comprised of approximately 50 community organizations that assist recipients of Ontario Works and Ontario Disability Support Program benefits in London and Middlesex County. We meet as a group on a quarterly basis with staff from both program areas to provide input into local issues and policies affecting the vulnerable population we serve. In addition, the Network advocates on behalf of low-income Londoners to ensure they are represented vis-à-vis poverty issues at the municipal, provincial, and federal levels.

The Network concluded it was critical to provide a pre-budget submission due to the need to advocate for the implementation of the Roadmap For Change Report's recommendations.

The Network recently provided a submission to the Ministry of Community and Social Services [see attached Appendix A] that outlined the reasons why the Roadmap For Change recommendations need and should be implemented to greatly improve the income security system over a 10 year period.

The Roadmap For Change report does specify that the implementation of the recommendations does come with a cost [see Appendix B] and we are requesting that the upcoming budget and future budgets provide the needed funds in order for the recommendations to be enacted.

Despite the costs and current financial pressures faced by the Provincial Government, it is our position that poverty reduction needs to remain a priority for the Ontario Government for the foreseeable future. We applaud this government for its past commitments in the area of poverty reduction, but we need to stress that much more needs to be done as poverty levels remain excessive in London and in the province. We further submit that implementing the Roadmap For Change recommendations would result in budgetary savings in other areas. By significantly improving income security programs, savings in such areas as homelessness, mental health, and other health programs would be accomplished.

Mike Laliberte
Staff lawyer, Neighbourhood Legal Services
Co-Chair of London Community
Advocates Network

Jacqueline Thompson
Executive Director, LifeSpin
Co-Chair of London Community
Advocates Network

LONDON COMMUNITY ADVOCATES NETWORK

December 14, 2017

To: Minister of Community and Social Services

Appendix A

From: London Community Advocates Network

RE: INCOME SECURITY – ROADMAP FOR CHANGE

The London Community Advocates Network (the "Network") is comprised of approximately 50 community organizations that assist recipients of Ontario Works and Ontario Disability Support Program benefits in London and Middlesex County. We meet as a group on a quarterly basis with staff from both program areas to provide input into local issues and policies affecting the vulnerable population we serve. In addition, the Network advocates on behalf of low-income Londoners to ensure they are represented vis-à-vis poverty issues at the municipal, provincial, and federal levels.

Despite the efforts of London organizations, the number of individuals living in poverty has increased in the last decade. A recent 2017 study noted that of 15 large cities reviewed, London has the highest per capita of its population on Ontario Works assistance and that the time individuals stay on Ontario Works is the highest as well. In addition, a 2015 Poverty Trends in London paper noting the increase in poverty [at 17%, London's poverty rate eclipses provincial levels], was the impetus for the City to have extensive community consultations that led to the creation of the 2016 London For All—A Roadmap to End Poverty Report. This report contains recommendations [mostly aimed at local level initiatives] that the community should implement to improve the quality of life for those living in poverty and to reduce the level of poverty in the community. A number of the recommendations called for advocacy work, specifically requesting that the senior levels of government make critical changes to improve the income security system.

We believe that the recommendations contained in the report entitled "Income Security—A Roadmap for Change" is a 10 year plan that will significantly improve the income security system in Ontario as well as improving the relationship with indigenous peoples.

We believe that the recommendations contained in the Roadmap for Change document directly, or indirectly, meet and/or surpass the Network's past requests for needed changes and our calls for other large/positive systematic changes that if implemented would improve the lives of those living in poverty [social assistance recipients and the working poor].

Specifically, we would like to highlight some of the recommendations that would meet our previous requests for changes:

- Develop/implement a minimum income standard and the Ontario Market Baskets Measure.
- Exempt RRSPs/TFSA as assets for OW/ODSP.
- Initially exempt 25% of CPPD, EI and WSIB payments from social assistance and then move toward earning exemptions rates for these benefits.
- A standard flat rate for OW and a higher standard flat rate for ODSP. The rates should no longer be determined by basic/shelter cost components. No matter what shelter costs are, you should get same standard flat rate. This allows for more flexibility for individuals to find affordable shelter.
- Employment earnings exemptions for OW recipients – waiting period reduced from three months to one.
- Make ODSP program more accessible and provide resources to help people apply. Improve DAU adjudication process.
- Maintain ODSP as a separate and distinct benefit.
- Creation of portable housing benefit. In London there is a lack of affordable units. There is a very long waiting list for RGI units. No RGI units are being built in London. The affordable housing units being created in London have rents in the \$600.00 range. This is beyond the financial means of those on OW and ODSP.
- An immediate and 3 year increase to social assistance rates is a large and positive step in closing the gap between benefits and cost of living for those on OW/ODSP.

○ OW rates	fall 2018	\$794	10% increase
○ ODSP rates	fall 2018	\$1209	5% increase
○ OW rates	fall 2019	\$850	
○ ODSP rates	fall 2019	\$1270	
○ OW rates	fall 2020	\$893	
○ ODSP rates	fall 2020	\$1334	
- Note: still a significant gap
 - i.e. OW – 1995 was \$663 with inflation calculator today would be \$987.90
 - ODSP – 1995 was \$930 with inflation calculator would be \$1305.47

The Child and Youth Network also endorses other recommendations contained in the report that will significantly assist those living in poverty, specifically:

- Expansion of dental benefits to OW adults
- Denture coverage for OW/ODSP recipients
- Expansion of prescription drugs coverage, dental coverage, vision/hearing benefits, medical transportation benefits to all low income adults
- Improve the working income tax benefit
- The definition of spouse for OW/ODSP purposes should be the same as in the Family Law Act
- Have the federal government take necessary steps to improve federal programs as outlined on page 146 of the report: this includes increasing CPPD benefits/OAS and GIS benefits, and to significantly make improvement to the Working Tax Benefit

Due to the above, we are asking that the Roadmap recommendations become the 10 year guideline to improve the income security programs in Ontario and we ask that the implementation of the Roadmap begin as quickly as possible.

Yours truly,

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Co-Chair of London Community
Advocates Network

Jacqueline Thompson
Executive Director, LifeSpin
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Appendix B

INACTION VERSUS ACTION

The income security system is in many ways broken and, as outlined at the beginning of this Roadmap, there is a very human toll.

- Nearly two million people are living below the federal Low-Income Measure, which means they are living in poverty⁹⁷.
- Over 900,000 individuals and families, including roughly 270,000 children, are relying on social assistance⁹⁸—among them are the people in deepest poverty who worry every day about their next meal, where they will sleep and if they will be safe.
- Over half a million people face challenges accessing affordable and healthy food⁹⁹, with ever-increasing numbers turning to food banks. In March 2016 alone, 335,944 people accessed food banks in Ontario, a 6% increase since 2008¹⁰⁰.
- Poverty is making people sick and is responsible for the premature deaths of thousands of people every year¹⁰¹.

⁹⁷ Source: Statistics Canada, 2014. Please see: <http://www.statcan.gc.ca/pub/75f0002m/75f0002m2015002-eng.htm>

⁹⁸ Based on the Ontario Social Assistance Monthly Statistical Reports for May 2017. Please see: <http://www.mcass.gov.on.ca/en/mcss/open/sa/index.aspx>

⁹⁹ Tarasuk et al (2016). Household food insecurity in Canada, 2014. Toronto: Research to identify policy options to reduce food insecurity <http://proof.toronto.ca/resources/proo-annual-reports/annual-report-2014/>

¹⁰⁰ Hunger Report 2016. Ontario Association of Food Banks. Source: <https://www.oafb.ca/assets/pdfs/CostofPoverty4.pdf>

¹⁰¹ Raphael et al – Please see: https://www.thestar.com/opinion/commentary/2014/11/23/income_inequality_is_killing_thousands_of_canadians_every_year.htm

THE COST OF INACTION

Poverty is intensely personal and while it is experienced at the individual level, it affects everyone. Poverty leads to adverse outcomes not just for one person, but for families, communities and the province as a whole.

The result is a heavier demand for social services and community programs, higher usage of the health care system and more interaction with the justice system, resulting in costs that could be avoided. For example:

- One Toronto-based study noted people in the lowest income quintile experience 89 more days in hospital per 1,000 residents than those in the next-highest income quintile¹⁰². At an estimated average per day cost of a hospital stay in Toronto of \$1,158,¹⁰³ that amounts to more than \$100,000 in additional costs per 1,000 low-income residents.
- The Public Health Agency of Canada estimates that 20% of total health care spending is attributable to inequalities¹⁰⁴.
- A Toronto Star study indicated that 70% of offenders entering prison have unstable job histories. The same study also surveyed 300 homeless adults and found that 73% of men had been arrested and 49% of them incarcerated at least once; 12% of women had been incarcerated¹⁰⁵.

¹⁰² Source: https://33n8a8pro7vhmxc.cloudfront.net/socialplanningtoronto/pages/523/attachments/original/1480338070/Cost-of-Poverty-R10-Final-forweb.pdf?1480338070_pg_9-10

¹⁰³ Source: https://33n8a8pro7vhmxc.cloudfront.net/socialplanningtoronto/pages/523/attachments/original/1480338070/Cost-of-Poverty-R10-Final-forweb.pdf?1480338070_pg_9

¹⁰⁴ Source: http://www.pbac-asp.gc.ca/ph-sp/disparities/pdf06/disparities_discussion_paper_e.pdf

¹⁰⁵ Source: https://www.thestar.com/opinion/editorialopinion/2011/02/20/tough_on_poverty_tough_on_crime.html

YEAR 3

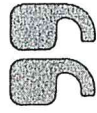
Year 3 is designed to complete the first phase of Roadmap implementation. There will be further increases to income support for people in deepest poverty. It will also focus on increasing the housing benefit and the new income exemption (introduced in Year 2) within social assistance. The Standard Flat Rate and Standard Flat Rate – Disability will also be increased.

Work on developing the made-in-Ontario Market Basket Measure is scheduled to be completed, and there will be a continuation of new approaches to child supplements, Temporary Care Assistance and the Remote Communities Allowance within social assistance.

YEARS 4 TO 10

Years 4 to 10 will make steady progress towards the adequacy goal based on a confirmed Minimum Income Standard, but are also focussed on longer-term structural changes that complement change made in Years 1 to 3. There will be opportunities to expand the portable housing benefit and to formalize the new case management approach. Within social assistance, it is anticipated that discretionary benefits will be fully redesigned, and that the Ontario Works program will be rebranded based on an improved culture and approach to service.

In Year 4, the emphasis will be on implementing an assured income approach for people with disabilities receiving ODSP and introducing a supplement to the Ontario Child Benefit that is targeted to the lowest-income families rather than strictly social assistance recipients. This period will also see the implementation of expanded and new low-income health benefits, building on the foundations set by Healthy Smiles Ontario and OHIP, and starting with further enhancing eligibility for drug coverage for low-income adults. By Year 5, the income exemption in social assistance would be fully aligned to the existing earnings exemption.



There is no debate that poverty is expensive and it costs us all.

There have been numerous efforts made to quantify the cost of poverty in Canadian jurisdictions, most commonly at the provincial level. While the approaches vary, the research shows that the costs are significant, ranging between 4% and 7.6% of Gross Domestic Product (GDP)¹⁰⁶. In Ontario, if we assume the costs are in the middle of the range at 6% of GDP, this would be equal to \$48 billion¹⁰⁷. A 2008 study estimated an even greater cost in the range of \$32 to \$38 billion a year as a result of higher health care and social services costs, lower tax revenues and the impact of intergenerational poverty¹⁰⁸. This works out to about \$2,300 a year for every household in the province.

Failing to reform the income security system also comes with a heavy price tag. Moreover, it is a cost that will lead to ever-worsening outcomes for low-income people and the economy as a whole. It is estimated that:

- The opportunity costs of lost productivity due to poverty result in between \$4 and \$6.1 billion less income tax collected per year by all governments¹⁰⁹.
- Ontario's economy could see a boost of \$4.7 billion if the Indigenous workforce had more opportunity¹¹⁰.
- By 2020–21, Ontario will spend over \$10 billion just to maintain the complicated and ineffective social assistance programs currently in place—that's more than a billion dollars more than today. Even a modest inflationary increase would cost more than \$600 million over the next three years without making any real difference in people's experience or outcomes.

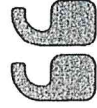
¹⁰⁶ This range is based on previous work by Laurie (2008), MacEwen & Saulnier (2010 and 2011), MacEwen (2011), Ivanova (2011) and Briggs and Lee (2012) Based on GDP as calculated in the Ministry of Finance Ontario Factsheet for June 2017.

¹⁰⁸ Based on a study undertaken for the Ontario Association of Food Banks. Please see: <https://www.oafb.ca/assets/pdfs/CostofPoverty.pdf>

¹⁰⁹ Source: <https://www.oafb.ca/assets/pdfs/CostofPoverty.pdf> p. 4

¹¹⁰ Source: http://naecb-cndea.com/reports/naecb_report_reconciliation_27.7_billion.pdf pg. 15

□ Ontario Drug Benefit costs for social assistance recipients have risen by 16% over the last five years, due in part to the growing number of people with mental illness and addiction.



Past decisions to create savings through reductions in social assistance have led to worse outcomes for people and exacerbated issues associated with poverty. These savings equal an estimated \$36 billion in foregone spending over the past 22 years¹¹¹.

THE IMPACT OF ACTION

Taking action and committing to a 10-year path of strategic and inter-connected investments to reform the income security system will ensure a better long-term return on government spending. Overall investment will be spread across a number of sectors, including housing, health, tax benefits, disability supports and social assistance; and ideally across different levels of government. It is critical to remember that these are not investments into the system as it exists today. Rather, these are investments that will create the system of tomorrow—one that reflects the fundamental changes necessary to help people achieve social and economic inclusion.

Estimating the full cost of implementing the 10-year Roadmap is not possible for a number of reasons:

¹¹¹ As calculated by MCS. Social assistance expenditures would have been a total of \$36 billion higher if the 1995 rate cut had not been implemented and rates had kept pace with inflation. This calculation is based on actual caseloads. It does not account for other social assistance policy changes that reduced caseloads, such as the tightening of eligibility and mandatory participation requirements implemented in 1998.

- ▣ There is important co-design work that must be undertaken to determine the details behind recommended reforms (e.g., the expansion of core low-income health benefits, enhancement of the Working Income Tax Benefit).
- ▣ The recommendations would involve numerous provincial ministries and the federal government as policy leads and funders, as well as First Nations communities as self-governing partners.
- ▣ Some recommendations need to be tested before the changes can be broadly implemented (e.g., a new approach to serving people receiving Ontario Works and ODSP that promotes a culture of trust, collaboration and problem-solving).
- ▣ It is not feasible to estimate with certainty the offsets that will be realized as the reforms take hold, influencing people's behaviour and improving outcomes. Similarly, the efficiencies gained through service delivery modernization efforts currently underway are unknown at this time.

However, a concerted effort was made to estimate the investment needed to support many of the key elements identified in the first three years of the Roadmap. Specifically, this includes:

- ▣ Housing, through:
 - ▣ The introduction of a portable housing benefit that helps with the extraordinarily high cost of housing in today's rental market and supports people's mobility so they can take advantage of job opportunities or move to support family needs
 - ▣ An equitable approach to income support for people living in Rent-Geared-to-Income housing through a transformed social assistance rate structure
 - ▣ A requirement, in connection with the above, for municipalities to re-invest additional revenues into local housing and homelessness priorities

- ▣ Social Assistance, through:
 - ▣ A transformed structure that gives all adults access to a consistent level of support regardless of living situation
 - ▣ A shorter wait time for earnings exemptions in Ontario Works
 - ▣ Modern income and asset rules that support people to maximize the income available to them and save for the future
- ▣ People in Deepest Need, through:
 - ▣ Substantial increases to social assistance income support so these programs can do the "heavy lifting" necessary to meet deep and immediate need and to respond to the urgent problems people trying to get a foothold in the labour market now face

The total estimated cost of these key elements is \$3.2 billion annually as of 2020–21 (Year 3): \$810 million in 2018–19, \$2.41 billion in 2019–20, and \$3.2 billion in 2020–21.

As noted earlier, such an investment must be considered in a broader context of prior decisions and current spending—\$3.2 billion represents:

- ▣ 9% of foregone spending in social assistance over the last 22 years (\$36 billion).
- ▣ Less than 5% of federal and provincial income security benefits provided to Ontarians (\$65.7 billion).
- ▣ Approximately 6% of the projected health sector expenses in Ontario (\$51.8 billion)¹¹².

¹¹² Based on figures from the Financial Accountability Office of Ontario. Please see http://www.fao.on.org/en/Blog/Publications/Health_Spending_02398