



Submission to the Government of Ontario regarding a provincial poverty reduction strategy

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About Maytree

Maytree has been dedicated to creating solutions to poverty since 1982. We work with communities, civil society and governments at all levels to advance systemic solutions to poverty. We believe that a human rights approach provides the foundation for sound public policy. We recognize that governments are central players in creating equity and prosperity, and are therefore pleased to submit these recommendations for your review.

This poverty reduction strategy will be implemented amid and in the aftermath of the COVID-19 pandemic. This crisis will have ripple effects across the province for years to come. At this stage, a recession, a fall in employment, and a fall in working incomes all seem inevitable. The recovery period will be measured in years, not months. It is crucial that Ontario's poverty reduction strategy strengthens or builds systems to protect people from the worst impacts and facilitates an economic recovery that benefits all.

In support of this goal, our submission recommends ways that the province can spur recovery in the near term and strengthen tools to build an Ontario where everyone has an opportunity to thrive in the long term.

Our submission is organized into three sections that address:

1. How a principled approach will support enduring solutions to poverty;
2. How the Ontario government can support the most vulnerable; and
3. How the Ontario government can support people so that they can thrive.

An enduring approach to reducing poverty in Ontario

Poverty is a problem that is rooted in systems and experienced by communities and individuals. An effective poverty reduction strategy must consider the many ways that societal conditions contribute to or create poverty, while focusing on the impact that policy interventions have on communities and individuals.

Ontario's poverty reduction strategy should be guided by the principles of dignity, opportunity, and equity. These principles will drive us towards policies that make a meaningful and enduring difference in the lives of Ontarians in poverty.

To live with dignity means that a person can meet all of their basic needs – physical, emotional, and social. Physical needs include those basic needs that come easily to mind, such as shelter, healthy food, and access to health care. Emotional and social needs include feeling safe and secure, ties to family and community, and a sense of belonging that fosters civic participation. Further, dignity means that people can make choices and exercise agency over their own lives. It means that the default position of policies and programs is to treat people with respect.

The principle of opportunity means that people can access what they need to succeed. It compels us to look at the societal conditions that surround individuals and ask how those conditions help or hinder a person's success. A poverty reduction strategy should consider how supports, such as education and training, will help people to make the most of opportunities.

Equity means recognizing the intersecting structural barriers that face different groups of people, and targeting interventions accordingly. It means that different approaches are needed to enable different groups to maximize opportunities and live with dignity.

Alongside these principles the strategy must actively engage people with lived experience of poverty. This is essential for the strategy to be effective. It allows us to understand the real-life impacts of societal conditions, and how policy interventions can be improved upon. This engagement must be intentional – designed to be accessible to a range of lived experts, to solicit contributions beyond storytelling, and to take place throughout the design, implementation, and monitoring stages.

Finally, the poverty reduction strategy must lead to action by holding the government accountable. The strategy needs meaningful, achievable targets for the short, medium and long term alongside a transparent and independent monitoring process.

Recommendations:

- Ground the strategy in the principles of dignity, opportunity, and equity.
- Engage people with lived experience throughout the process.
- Ensure accountability by setting specific poverty reduction targets alongside a transparent and independent monitoring process.

Supporting the most vulnerable

Ontario's social assistance programs – Ontario Works (OW) and the Ontario Disability Support Program (ODSP) – are intended to be programs of last resort for individuals and families that have fallen into deep poverty. Although social assistance is meant to provide a baseline of support, the current structure and rates fall short. This prevents people from leaving poverty and deprives recipients of dignity.

Notably, these social assistance programs are readily available mechanisms that the province can use immediately to deliver financial relief during crisis, and to strengthen the ability of individuals to move out of poverty in the longer term.

Adapt the Ontario Works (OW) assessment process to ensure that people in financial need can access support when they need it

Employment dropped sharply following the widespread closures of businesses in mid-March due to the COVID-19 pandemic. All levels of government are responding with crisis supports. But the ripple effects of this economic shock will continue for many years. The job market will likely be unstable, and Ontario Works (OW) needs to improve its ability to support Ontarians moving into and out of insecure work.

Currently, to apply for OW, people must undergo a complex and time-consuming assessment process before their first OW payment is made. To support people to access financial support as soon as possible, the province could create a “triage” application process. This would provide people with OW payments after completing a straightforward means test, allowing cash to flow to those who need it. Individuals can then complete the full OW assessment such as asset tests, credit checks, and participation agreements to move on to the standard OW program three months later, for example.

The government could also streamline the OW application process by expanding who qualifies to go through the less administratively intensive re-assessment process, rather than a new assessment. Currently this only applies to people who received an OW payment within the previous six months. This could be extended to the previous three years.

The province should also consider expanding who qualifies for post-triage OW by exempting all Registered Retirement Savings Plan (RRSP) savings from the asset

test. Presently only “locked-in” RRSP savings are exempt, which penalizes people whose financial situation is less stable and are more likely to have an accessible RRSP. Liquid assets such as accessible RRSPs are often a lifeline to those receiving OW as a means to supplement low OW rates.

Recommendations:

- Introduce a triage process for OW, allowing people to access financial support before completing the full assessment process.
- Make recipients who have received OW within the previous three years eligible for re-assessment.
- Protect the retirement savings of people in financial need by exempting all RRSP savings from the asset test.

PRINCIPLES: DIGNITY OPPORTUNITY

Help connect people to employment by increasing social assistance rates

The Ontario government is significantly transforming employment and training services for social assistance recipients, and is introducing a wrap-around support (or “life stabilization”) model for people with multiple barriers to the labour market. However, these initiatives will not reach their potential if they continue to use existing OW and ODSP rates. People relying on social assistance cannot meet their basic physical, emotional, and social needs, including for housing, food, safety and security, and ties to family and community life, on such low rates. This leaves recipients preoccupied with finding ways to meet their basic needs, and detracts from the time and resources needed to pursue employment or training opportunities. In the words of OW recipients themselves:¹

“At the end of the second week, I’m pretty much broke. Then I use all the drop-in centres ... At the end of the two weeks, I don’t have any food anymore so I have to go out and eat at those places.”

“[Higher social assistance rates] will alleviate so many people falling into mental illness. That will alleviate so many of the housing problems ... It

1 Ontario Centre for Workforce Innovation and City of Toronto, Employment & Social Services. (2018). Walk a Mile in Their Shoes: Documenting the Experiences and Needs of Singles in Receipt of Ontario Works in Toronto. Retrieved from <https://ocwi-coie.ca/wp-content/uploads/2018/06/Singles-Study-Report-2-Walk-A-Mile-In-Their-Shoes-FINAL.pdf>

will give people back their dignity. When you have your dignity and you can walk into an interview with confidence, you will get that job.”

Single adults receiving OW are the most poorly served by current social assistance rates. While OW and ODSP rates leave all households below the poverty line (even after accounting for other government transfers such as child benefits and tax credits), this shortfall is most acute for single adults on OW. The maximum income that a single adult can receive through government transfers amounts to 45 per cent of the poverty threshold (for other families, social assistance incomes are closer to 70 per cent of the poverty threshold). Rather than acting as an incentive to work, these low rates deprive people of their dignity and make it challenging to develop the foundations that people need to find work and leave social assistance.

The province should increase rates to a level that enables, rather than prevents, recipients from pursuing job opportunities and ensure that rates are not allowed to decline. The poverty reduction strategy is an opportunity for the province to increase rates, starting with those with the greatest shortfalls, and to table legislation that commits to maintaining rates, at minimum, in line with inflation going forward.

Recommendations:

- Set out a plan to increase social assistance rates to, at minimum, meet poverty thresholds.
- Start by focusing on single adults receiving Ontario Works, as they face the greatest shortfall.
- Legislate for annual rate increases that are, at minimum, in line with inflation.

PRINCIPLES: DIGNITY OPPORTUNITY EQUITY

Remove counterproductive procedures from social assistance so that it works better for people and government

Currently, the process of applying for ODSP is expected to take 10 to 90 business days (two weeks to four and a half months). If an application is rejected, an applicant can appeal the decision, a process that is expected to take about a year. About 60 per cent of appeals overturn the original decision.

In a 2018 report, the Auditor General of Ontario found that many appeals are successful because people provided better information the second time around, and with the benefit of expert advice. This suggests that a simplified or clarified application process could result in better or more complete initial applications, which would mean that applicants can access the program in a more timely manner, and could reduce the number of cases that are appealed. This could represent significant savings to the Social Benefits Tribunal, which hears the appeal, and to Legal Aid and Community Legal Clinics, which often assist applicants with their appeals.

We recommend that the province work with applicants, health care professionals, adjudicators, the staff who administer ODSP, and related services (such as Community Legal Clinics) to understand how to improve the initial application process. This should include a specific focus on people with dynamic disabilities, as current assessment methods used for various programs in Canada rarely capture these conditions accurately.

Once a person is receiving ODSP, they may be required to undergo periodic reviews to prove that they continue to qualify for ODSP. This practice does not align with the principle of dignity, as it is based on a tacit assumption that recipients are not trustworthy. In addition, it is unclear whether the costs of conducting such reviews is worth the amount saved by reducing payments or removing a small number of people from the program. We recommend that the government conduct a value-for-money audit on the review requirements for ODSP recipients and remove policing measures that cost more to administer than they save.

The Auditor General of Ontario has also highlighted that OW caseworkers cannot keep up with the requirements to monitor recipients' activities and ongoing eligibility. This monitoring includes, for example, regularly checking whether people are compliant with the conditions of their Participation Agreements. These agreements require people to do prescribed activities that, in theory, will help them find employment. However, evidence that this monitoring is effective in helping people transition from social assistance to work is lacking. Similarly, it is unclear whether this "policing" is cost-effective in terms of reducing the caseload.

We recommend that the government gather evidence about the types of employment assistance activities that are prescribed in the Participation

Agreements, with the goal of understanding which activities are more likely to be effective for people with particular characteristics as they look for work in particular labour markets.

Caseworkers should prioritize supporting social assistance recipients to transition to work, rather than policing those who have not. An effective OW program would only prescribe employment assistance activities that have some evidence of positive outcomes while minimizing reporting requirements. This would allow caseworkers to focus on helping people transition to employment and free up people's time and energy to seek work.

Recommendations:

- Consult with applicants, health care professionals, adjudicators, and staff that administer ODSP and related services to find ways that the initial ODSP application process can be improved.
- Gather evidence about outcomes of employment assistance activities, which will inform the creation of Participation Agreements.
- Conduct a value-for-money audit on the review requirements for ODSP and OW recipients and remove policing measures that cost more to administer than they save.

PRINCIPLES: DIGNITY ENGAGEMENT OPPORTUNITY

Commit to ending homelessness

Homelessness represents poverty at its extreme. It is difficult to move out of poverty without employment – it is practically impossible without a home. Ontario's poverty reduction strategy must include a commitment to end homelessness.

This commitment requires reconfiguring the approach to homelessness – instead of focusing primarily on emergency responses, the government must direct its energy and resources towards long-term solutions. The theory is simple: when people have a home, they are better able to tackle the other challenges in their lives. Research indicates that prioritizing housing stability has a greater impact and is more cost effective than standard emergency responses.

Ontario can look to other places that have implemented such an approach. For example, the city of Medicine Hat, Alberta has set a goal of reducing homelessness

to “functional zero,” meaning that every person who is identified as homeless is connected to a caseworker and is on a list for housing within 10 days.

However, Ontario’s efforts to end homelessness must not stop at making sure that people experiencing homelessness are on the appropriate housing lists. To ensure that people experiencing homelessness have secure, stable, and appropriate housing, administrative processes should prioritize the dignity of recipients. This means the removal of conditions (for example, sobriety or proof of mental health treatment) before people can get access to housing, and ensuring that people have choice in determining where their housing is.

A commitment to end homelessness also requires the same elements of any effective policy intervention, including realistic, short-, medium- and long-term targets, and the resources needed to implement it. The province will need to invest resources to build capacity, and implement policy solutions that help increase the number of affordable (and deeply affordable) housing units in Ontario.

Recommendation:

- Set a target of ending homelessness in Ontario

PRINCIPLES: DIGNITY ACCOUNTABILITY

Supporting people so that they can thrive

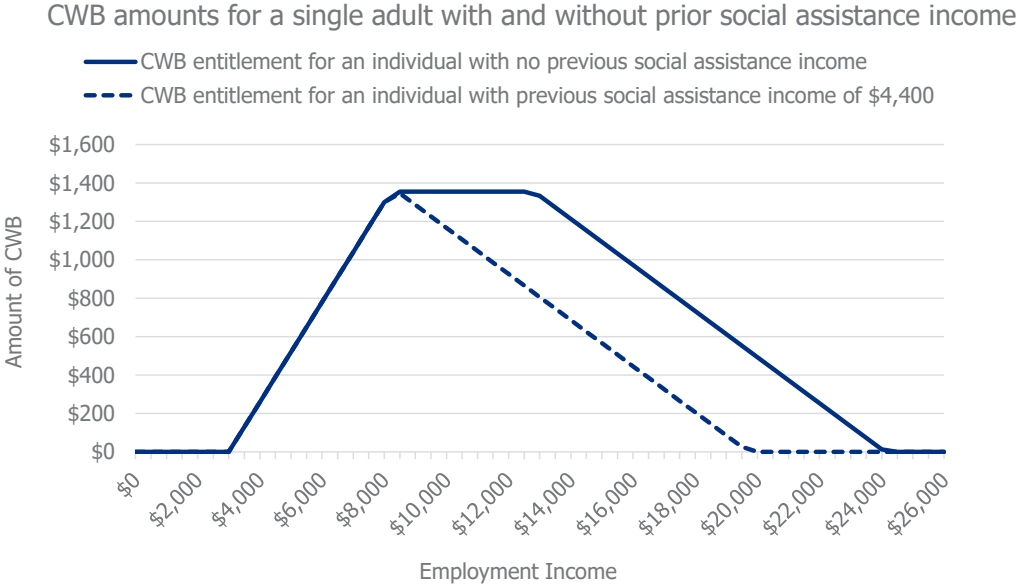
Work with the federal government to tweak the Canada Workers Benefit to better support people leaving social assistance

The Canada Workers Benefit (CWB) is a program that is intended, in part, to help people on social assistance as they transition to work by “topping up” their income as they begin earning more and no longer qualify for financial help through social assistance. But the current program design hurts, rather than helps, social assistance recipients.

For a single adult, the maximum amount of CWB is \$1,355. Individuals start to receive CWB when their annual working income is \$3,000. The CWB amount gradually increases until working income reaches \$8,250. The CWB amount starts to decrease when their net income exceeds \$12,820.

The phase-in to CWB is calculated differently than the phase-out. The program uses working income to phase in, but net income to phase out. Because net income includes both working income and social assistance, people who receive social assistance will start to lose their CWB benefits before other workers.

The graph below shows how much CWB an individual will get as their income increases. It compares an individual who received social assistance for six months (giving them social assistance income of \$4,400) to someone with no social assistance.



As the CWB is a federal program, the Ontario government should work with the federal government to alter the way that CWB is calculated, to use working income rather than net income on the phase-out of the program. This change would lower marginal effective tax rates (METRs) and better support people on social assistance who are transitioning to employment.

Recommendation:

- Work with the federal government to change the way the Canada Workers Benefit is calculated to better support individuals transitioning from social assistance to work.

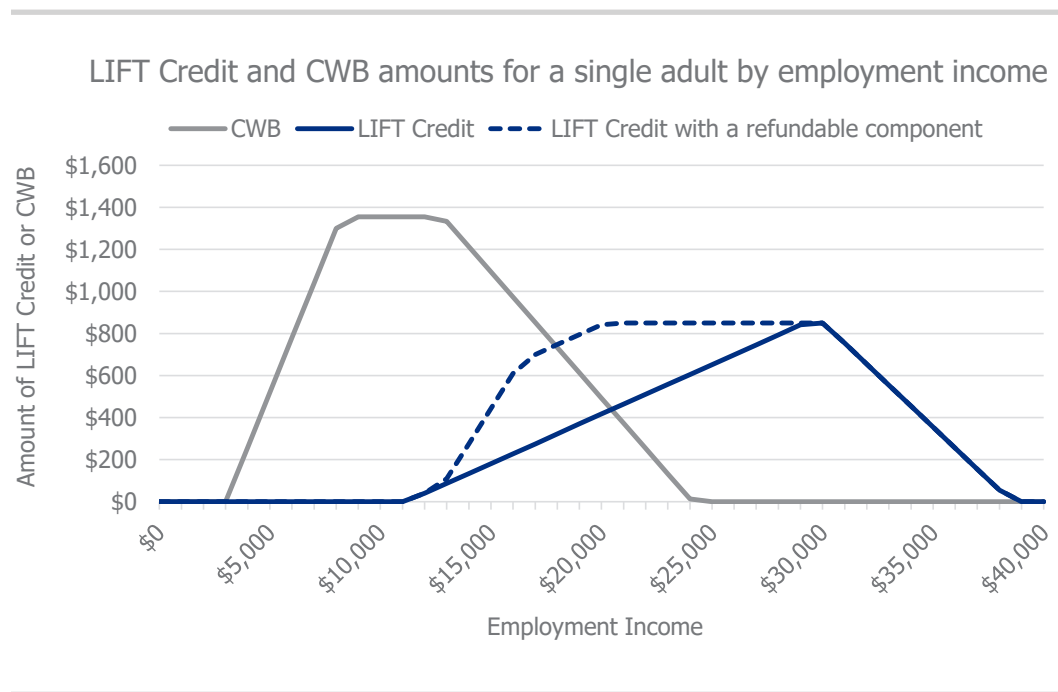
PRINCIPLE: OPPORTUNITY

Make an element of the Low Income Individuals and Families Tax (LIFT) Credit refundable

The Low Income Individuals and Families Tax (LIFT) Credit provides tax relief to workers with low incomes. This tax credit has the potential to reach 2.9 million workers in Ontario with an annual income below \$38,500. However, only 1 million people current receive the tax credit. This is because people with such low incomes are unlikely to pay provincial taxes in the first place.

The LIFT Credit could reach more low-income workers. To make this happen, the government should make a part of the LIFT Credit a refundable tax credit. For example, if \$425 (that is, half of the maximum LIFT Credit) was made refundable for people with incomes over the maximum CWB threshold (\$12,820 for single adults or \$17,025 for families), this would lower their marginal effective tax rate. This would mean that when their CWB payments begin to decrease, the LIFT Credit would begin to kick in so individuals would always feel the benefit of taking on more work.

This graph illustrates how the LIFT Credit, with a refundable component, could provide targeted support for low-earning households and fill in the gaps left by existing programs.



Recommendation:

- Make half of the LIFT Credit a refundable tax credit to ensure that people with low earnings feel the benefit of taking on more work.

PRINCIPLE: OPPORTUNITY

Extend access to health benefits to precarious workers

One-third of workers in Ontario do not have medical or dental insurance through their employer. While Ontario has a range of programs aimed at providing dental care, vision care, and medication to specific populations, they generally do not target low-income workers. People working in low-paying jobs are less likely to have employer benefits, to be able to pay for private insurance, or to pay out-of-pocket for these services or medications.

Research shows close links between low income and poor health. Further, research shows that when people cannot afford to pay to service their basic health needs, they will go without. A provincial poverty reduction strategy must work to ensure that cost is not a barrier to access basic health care, including dental and vision care, and medication.

For people leaving social assistance, these gaps are consequential. Leaving social assistance means losing the health benefits that OW and ODSP provide. Two Ontario Works recipients in Toronto describe their worry:²

“You have mental health issues that are perfectly controlled by taking medication, but then you can’t get the medication you need for three months after you get the job or six months after you get the job, if they even give you benefits.”

“If I was not getting coverage through Ontario Works, I would be paying \$430 for medication every month which is completely unfeasible. I’m very grateful that I get prescription coverage, but it also makes me very nervous that ... I would not be able to afford medication that I need to get by.”

2 Ontario Centre for Workforce Innovation and City of Toronto, Employment & Social Services. (2018). Walk a Mile in Their Shoes: Documenting the Experiences and Needs of Singles in Receipt of Ontario Works in Toronto. Retrieved from <https://ocwi-coie.ca/wp-content/uploads/2018/06/Singles-Study-Report-2-Walk-A-Mile-In-Their-Shoes-FINAL.pdf>

Expanding dental and vision care and prescription benefits to all low-income individuals and families would lessen this barrier to employment. It would mean that social assistance recipients wouldn't have to choose between taking a job or maintaining access to their medication. It would mean that people with low earnings would not go without basic care because of cost.

The OHIP+ program is an example of provincial action in this area. Currently, OHIP+ pays for more than 4,400 prescription medications for young people (24 years old or younger) who do not have private health insurance. The model is simple – the young person or their parent/guardian takes the prescription to the pharmacy and tells the pharmacist that they do not have private insurance. The pharmacist provides the medication at no charge to the person. From the user's point of view, this model is simple and dignified.

The provincial government should build on this action to ensure that everyone in Ontario has access to basic care and medication in a similarly simple and dignified manner.

Recommendation:

- Devise a path to ensure that everyone in Ontario has access to basic dental and vision care and prescription medication, in a simple and dignified manner.

PRINCIPLES: DIGNITY OPPORTUNITY

Use existing tools to deliver more, permanent affordable housing

Alongside strengthened income supports, the government must work to reduce the cost of living. For many people, particularly renters, reducing housing costs would have a significant impact on their ability to afford their overall basic needs.

From 2007-2017, the average rent in Ontario increased by 31 per cent, while employment incomes increased by only 24 per cent. At current rental rates, a full-time worker making minimum wage cannot afford a one-bedroom apartment in the Greater Toronto Area.³

³ Macdonald, David. (2019). Unaccommodating: Rental Housing Wage in Canada. Canadian Centre for Policy Alternatives. Retrieved from <https://www.policyalternatives.ca/unaccommodating>

First, as the province acts to increase affordable housing, it should ensure the longevity of public investments. For example, the recently announced Mirvish developments in Toronto will use \$200 million of National Housing Strategy funds to deliver 366 rental units that will be designated as affordable – for a period of 10 years. These newly-built units will be exempt from rent controls after the 10-year affordability period expires. At that time, the landlord will be able to raise the rent, which could effectively force tenants out and remove the unit from the city’s stock of affordable housing.

Investments in new stock of affordable housing should be designed to create units that are permanently, rather than temporarily, affordable. These units should be affordable to local households in core housing need. To do this, the government should retain rent control on all units delivered with National Housing Strategy funds. It should also adopt a definition of affordable housing that is based on the income of local households rather than a market-based definition, and encourage municipalities to do the same.

Second, the province should use inclusionary zoning to require developers to deliver new affordable housing. Inclusionary zoning is a policy tool that aims to create new affordable housing with minimal public funds. Essentially, it requires new private developments to designate a portion of the units as affordable. An effective inclusionary zoning policy will maximize the number of affordable housing units built without discouraging development.

Currently, the province is planning to limit inclusionary zoning to “major transit station areas” throughout Ontario. However, market conditions vary locally. While some municipalities will be able to effectively implement inclusionary zoning in these specific areas, others might have better results in different areas. Because its success is so dependent on local markets, the most robust approach to inclusionary zoning would allow municipalities to implement a policy that is based on local capacity, supported by feasibility studies, and subject to approval by the province.

Third, the Ontario-Canada Housing Benefit, which is planned to roll out in April 2020, has the potential to be a valuable poverty reduction tool. While the details of its implementation are not yet clear, its effective implementation will depend on strong and deliberate monitoring. Putting monitoring mechanisms in place at the outset will mean that the province will quickly catch problems that might arise – for example, if landlords are discriminating against potential tenants who

receive the benefit, or if people who are eligible for the benefit are not able to use it because they cannot afford the upfront costs of moving. The province can then act to solve or mitigate those problems to maximize the impact of the benefit.

Recommendations:

- Retain rent controls on all units delivered through National Housing Strategy funds to ensure that public investments are used to create permanently affordable housing.
- Adopt a definition of affordable housing based on what local households can afford to pay and encourage municipalities to do the same.
- Allow municipalities to set their own inclusionary zoning guidelines based on local market capacity and conditions, and supported by robust feasibility studies.
- Monitor the implementation of the Ontario-Canada Housing Benefit from the outset to maximize its potential to reduce poverty.

PRINCIPLE: ACCOUNTABILITY

Conclusion

The COVID-19 pandemic and its aftermath present significant immediate and long-term challenges for the people of Ontario. These are, as the province acknowledges, unprecedented times. Ontario must now look to set the precedent, to build and strengthen the systems that will protect people made vulnerable by poverty, both in times of crisis and in their everyday lives. The province must ask, five years from now, what impact will this poverty reduction strategy have had in Ontario's recovery?

Even in ordinary times, poverty is a complex problem that requires a multi-pronged approach. The government must strengthen income supports as well as tackle the high cost of living. It must consider the multiple systems that create and keep people in poverty, as well as the systems that can support and lift people into better circumstances. It must look to maximize opportunities for people to thrive.

Most importantly, in the process of devising and constantly improving policy solutions, the government must focus on the impact that they will have on people – on individuals and families throughout Ontario. To this end, Ontario's poverty

reduction strategy should be guided by the principles of dignity, opportunity, and equity. The strategy must commit to the active and deliberate engagement with people with lived experiences of poverty. Finally, it must hold the government accountable for implementing the strategy and achieving results.

Summary of recommendations

An enduring approach to reducing poverty in Ontario

- Ground the strategy in the principles of dignity, opportunity, and equity.
- Engage people with lived experience throughout the process.
- Ensure accountability by setting specific poverty reduction targets alongside a transparent and independent monitoring process.

Supporting the most vulnerable

- Introduce a triage process for OW, allowing people to access financial support before completing the full assessment process.
- Make recipients who have received OW within the previous three years eligible for re-assessment.
- Protect the retirement savings of people in financial need by exempting all RRSP savings from the asset test.
- Set out a plan to increase social assistance rates to, at minimum, meet poverty thresholds.
- Start by focusing on single adults receiving OW, as they face the greatest shortfall.
- Legislate for annual rate increases that are, at minimum, in line with inflation.
- Consult with applicants, health care professionals, adjudicators, and staff that administer ODSP and related services to find ways that the initial ODSP application process can be improved.
- Gather evidence about outcomes of employment assistance activities, which will inform the creation of Participation Agreements.

- Conduct a value-for-money audit on the review requirements for ODSP and OW recipients and remove policing measures that cost more to administer than they save.
- Set a target of ending homelessness in Ontario.

Supporting people so that they can thrive

- Work with the federal government to change the way the Canada Workers Benefit is calculated to better support individuals transitioning from social assistance to work.
- Make half of the LIFT Credit a refundable tax credit to ensure that people with low earnings feel the benefit of taking on more work.
- Devise a path to ensure that everyone in Ontario has access to basic dental and vision care and prescription medication, in a simple and dignified manner.
- Retain rent controls on all units delivered through National Housing Strategy funds to ensure that public investments are used to create permanently affordable housing.
- Adopt a definition of affordable housing based on what local households can afford to pay and encourage municipalities to do the same"
- Allow municipalities to set their own inclusionary zoning guidelines based on local market capacity and conditions, and supported by robust feasibility studies.
- Monitor the implementation of the Ontario-Canada Housing Benefit from the outset to maximize its potential to reduce poverty.

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