

## EXECUTIVE SUMMARY



# System transformation in Ontario Works

Considerations for Ontario

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# Introduction

In the fall of 2018, the Ontario government announced that it would be reforming social assistance with the aim of developing “a more effective, sustainable approach to helping people find and keep jobs and achieve better outcomes.” The reforms are intended to primarily address the government’s priorities around decreasing the number of social assistance recipients, the length of time people receive social assistance, and the number of people returning to social assistance within a year of leaving it.

As part of its reform plans, the government introduced—and subsequently repealed—some policy changes on the income support side of the program (e.g., changes to earnings exemptions). However, there are also lesser known changes underway on the employment and training side of social assistance that change the program, and could have deep impacts on recipients.

On employment and training services changes, the Ontario government is “creating a new service delivery model that will integrate social assistance employment services into Employment Ontario” (Ministry of Training, Colleges and Universities, 2019). For those who may not benefit from employment or training supports until other concerns are addressed, the Ontario government is seeking to provide “wrap-around supports to help vulnerable social assistance recipients address barriers and access employment supports” (Ministry of Finance, 2018). The wrap-around supports model will focus on “life stabilization” for people who would not immediately benefit from employment and training services (Ministry of Training, Colleges and Universities, 2019).

This paper focuses on proposed system transformation in Ontario Works, and explores the possibilities and limitations associated with the proposed changes. First, it looks at the broader context within which the government’s social assistance reforms are taking place. Second, it provides an overview of what is known about some of the structural changes in social assistance to date, as well as an overview of experiences in other jurisdictions that have undertaken similar reforms. In conclusion, the paper outlines some key considerations and unresolved questions that the government will need to address before it can move forward with a plan for reform.

## Context

As articulated in the preamble of the *Ontario Works Act, 1997*, the program is “intended to provide temporary financial assistance to those most in need while they satisfy obligations to become and stay employed.” In addition to emphasizing the individual’s responsibility and promoting “self reliance through employment,” the Act also sets out to “effectively serve” people needing assistance (Government of Ontario, 1997)\*.

The underlying philosophy of the program is that poverty and income insecurity are likely to be short-lived, and that a strong economy buoyed with employment opportunities should be able to reabsorb people into the labour market, particularly those who “satisfy their obligations to become and stay employed” (Government of Ontario, 1997), therefore making poverty a temporary experience.

The government’s policy decisions focus primarily on trying to get people who require support from social assistance “back to work.” As a result, policymakers often focus on social assistance rates, and contend that lower income-support levels will incentivize employment. Despite the low rates available on social assistance, the caseloads are not decreasing, and current labour market, housing, and health circumstances facing people living on low incomes may better explain why people are seeking support from social assistance.

For example, despite the goals of Ontario Works, it is challenging to simply get social assistance recipients “back to work” when almost a quarter of new jobs in Ontario are considered non-standard (Ministry of Finance, 2017). Moreover, the increases in housing costs since the inception of Ontario Works have outpaced social assistance rates. While the benefit amount received from Ontario Works makes it impossible to afford average market rental units today, Ontario Works rates were not sufficient even when Ontario Works was first established in 1997 (even if we take the maximum of both the Basic Needs and Shelter Allowance provided to social assistance recipients). The changes in the labour market and housing prices have exacerbated some of the root causes contributing to the persistence of the Ontario Works caseload.

\*For references, see bibliography in the full report at [maytree.com/publications/system-transformation-in-ontario-works-considerations-for-ontario/](http://maytree.com/publications/system-transformation-in-ontario-works-considerations-for-ontario/).

Furthermore, research demonstrates that low incomes and low educational attainment levels mirror poor health outcomes, and that Ontario Works recipients are likely to experience poorer health outcomes compared to people with low incomes not receiving social assistance.

## Overview of Ontario's reform proposal to date

The Ontario government has announced significant changes to the way in which employment and training services will be delivered in the province. The government is moving to integrate employment and training services provided to social assistance recipients into Employment Ontario (EO) (Ministry of Training, Colleges and Universities, 2019).

From a service-delivery perspective, employment services provided to social assistance recipients will be transferred from 47 Consolidated Municipal Service Managers (CMSMs)/District Social Services Administration Boards (DSSABs) to 15 EO catchment areas across the province (Ministry of Training Colleges and Universities, 2019).

Each catchment area will be managed by a Service System Manager (SSM), and a competitive process will be undertaken for selecting the organizations—be they municipalities, or non-profit or for-profit entities (Ministry of Training, Colleges and Universities, 2019). This represents a significant shift from how these services are currently delivered, as the competitive process will introduce private entities into the mix of employment and training service managers.

To support those with barriers to employment that cannot be addressed through traditional employment and training programming, the government is also proposing the introduction of processes and programming that promote “life stabilization” (e.g., through referrals to health services one may need). Life stabilization programming (or wrap-around supports as it is more commonly referred to) will help address barriers to employment that can be best addressed by other services. CMSMs/DSSABs will be responsible for life stabilization programming.

As part of a phased approach to transformation, the government is piloting the proposed changes in three communities across the province (Peel, Hamilton-Niagara, and Muskoka-Kawarthas) from 2020–2022 (Ministry of Training, Colleges and Universities, 2019). The province is currently undertaking a competitive process for selecting the organizations that will become the SSMs in the three pilot communities. The government expects that the lessons from these pilots will inform transformation across all communities in Ontario.

## Jurisdictional review

Ontario is not the first jurisdiction to undertake such reforms. Under similar policy imperatives (i.e., increasing labour market participation among social assistance recipients, reducing government expenditures), service delivery transformation in employment and training services has been undertaken in Australia and the United Kingdom, with largely poor outcomes. In Australia, the country’s fully privatized employment and training program—Jobactive—was the subject of a Senate inquiry in 2019. The program was not leading to improved outcomes for recipients, and saw many clients cycle on and off support (as the program did not reflect the precarity in the labour market the jobseekers were facing).

In the United Kingdom, the government introduced a new employment and training program in 2011—the Work Programme—focused on integrating a number of different employment programs. Although the United Kingdom’s employment and training ecosystem includes public, non-profit, and private service providers, the Work Programme was largely delivered by private providers.

However, the Work Programme was not reaching its goals, and incentives within the program encouraged program providers to only serve clients closest to the labour market, while largely neglecting those in need of greater support. The United Kingdom eventually cancelled the Work Programme, and, in 2017, the United Kingdom introduced the Work and Health Programme to provide more intensive case management (i.e., wrap-around supports or life stabilization programming) to people farther from the labour market.

Although the program is still in its early stages, the Work and Health Programme, along with some examples from New York City and from pilots

in Toronto, may provide the government of Ontario with some insights on life stabilization or wrap-around supports programming.

## Considerations and the work ahead

There are important lessons to consider from other jurisdictions that have undertaken similar employment and training service delivery reforms. The government's plan to focus on "life stabilization" programming for those who are distant from the labour market is welcome. However, the information available about the government's plans for service delivery reform in Ontario Works does not clearly demonstrate how the changes respond to the contextual factors impacting the caseload, or what implications they might have for municipalities and recipients.

Here are some of the questions and policy ideas for social assistance reform that need to be further developed and communicated.

- 1. Clarify what is meant by "life stabilization" or "wrap-around supports" programming, and how it will be delivered**

The government's proposals to introduce a life stabilization or wrap-around support model in social assistance to help people with multiple barriers to the labour market are important, and the most compelling parts of the government's plans for reform to date. However, it is unclear how the government will operationalize wrap-around supports. The government will have to take the time to develop an evidence-based Common Assessment tool, align human services policy goals and integrate program administration, and require collaboration across governments and sectors.

- 2. Work with Consolidated Municipal Service Managers (CMSMs)/ District Social Services Administration Boards (DSSABs) to identify performance measures**

As the government clarifies plans to integrate support services and help caseworkers navigate supports, it will also need to think about what outcomes are being measured within CMSMs/DSSABs. Outcome metrics will need to extend beyond the rate at which Ontario Works recipients find employment. Performance measures beyond traditional

“employability” concepts would better capture the circumstances of an individual, and emphasize that a wrap-around supports model would centre the dignity of the person in service delivery. For example, measures could include improvements in self-reported health outcomes. Undoubtedly, this would mark a significant change in how we understand the effectiveness of social assistance.

**3. Work with municipalities to clarify how CMSMs/DSSABs will be funded in the future**

While Service System Managers will be funded based on the number and outcomes of clients on a graduated basis (therefore, the most funding would go toward successfully placing people who are at greatest risk of long-term unemployment), it’s unclear how CMSMs/DSSABs will be funded for providing life stabilization supports. The Ontario government will need to work with municipalities across the province to determine how best to fund the work of CMSMs/DSSABs, especially since some of the core work of municipalities (i.e., employment and training service delivery) is shifting to Service System Managers.

**4. Clarify how the changes will reduce administrative burdens and unnecessary bureaucracy**

Although the integration of Employment Ontario and social assistance employment and training services may sound like a good idea, the creation of Service System Managers creates a layer of bureaucracy that does not currently exist. Service System Managers will be responsible for administering much of Ontario’s employment and training services in the future, but will have to work with multiple CMSMs/DSSABs (to get social assistance recipients as clients) and service providers. It is incumbent upon the government to clearly demonstrate why the creation of Service System Managers, and the potential shifting of administrative responsibility from municipalities to non-profit and for-profit entities, is beneficial from both a social and fiscal policy perspective — and not just in the short term, but also in the long term.



**5. Clarify who will evaluate the three pilot sites and what will be evaluated**

The government expects that the three pilots in Peel, Hamilton-Niagara, and Muskoka-Kawarthas will inform transformation across the province. However, the government has provided little clarity on how these pilots are going to be evaluated, and by whom. To ensure that the government and the public learn from these pilots, and to maintain the integrity of the findings, it is important that an impartial third party entity be tasked with developing the evaluation of the pilots. If the evaluation does not demonstrate positive results, the government should not proceed with reform for the sake of proceeding with reform. Experience from the UK, for example, demonstrates that the government had to change course after six years of a similar program.

**6. Clarify the human resources/staffing implications of the proposed changes**

The Ontario government will need to think about the human resources implications of the proposed changes. The introduction of a competitive process for the selection of Service System Managers will introduce private, for-profit, and non-profit entities into the mix of employment and training service management. While CMSMs/DSSABs may win an RFP bid to be a Service System Manager, the introduction of for-profit and private entities will mean that there will be different types of employers, some unionized and some not, for the same work. This could create conditions where employees of Service System Managers have similar work requirements, but under very different work conditions. This is a significant change that the government will have to manage.

**7. Clarify fiscal and governance implications**

It's not clear whether the proposed changes will yield the cost savings the government is looking for. If one of the goals is to better support caseworkers (by decreasing their caseload) and enabling them to provide life stabilization supports, the government may be better served by funding CMSMs/DSSABs to hire more caseworkers, and introducing stronger performance and accountability measures at the same time.

**8. Clarify the potential impact on non-profit organizations over the long term**

During the pilot phase of the employment and training services transformation, Service System Managers will not be allowed to change front-line service providers, many of whom are non-profit organizations. At maturity, however, the government envisions Service System Managers across all catchment areas undertaking their own competitive process for hiring service providers. While the intent behind this might be to improve the performance outcomes of service providers, there is a significant risk that such a process will crowd out smaller organizations from the system. It is unclear whether this change will actually produce the types of improvements the government is looking for. But in the process, this could put the jobs of many across the non-profit sector at risk, many of whom have direct and local expertise in the communities they serve.

**9. Reassure people that this transformation is not meant to reduce the amount of income support provided through social assistance and that people with lived experience of poverty will be meaningfully consulted**

Current and former social assistance recipients have a huge stake in the success of the system and can offer government direct knowledge of what is and what is not working. It is important that the Ontario government consult with those who will be impacted by such changes. If the primary objectives of the proposed changes are to improve outcomes for social assistance recipients, the government will need to meaningfully engage everyone who will be impacted by these reforms—recipients and caseworkers alike.

**10. Harmonize internal social assistance policies and directives to help improve outcomes for recipients**

Although the Ontario government has been clear that its goals for social assistance reform are primarily to help social assistance recipients get back into the workforce, the proposed service delivery changes will not be enough. There are a number of changes within social assistance that the government can implement to help better support recipients. This includes harmonizing adult health benefits between Ontario Works and ODSP, and moving towards creating a low-income health

benefit. Furthermore, the government should also harmonize the social assistance rate structure and move to a standard rate, and keep the current definition of disability for ODSP.

## Conclusion

While the government is currently working to establish three pilot sites to test its proposed employment and training services model, it is not clear that these changes will lead to the types of outcomes the province is looking for. Theoretically, the introduction of an RFP model may seem to be the best way—in terms of administrative and cost efficiencies in delivering employment and training services. However, this does not appear to have been the case in jurisdictions that have implemented similar reforms. In addition, there are a number of fiscal, human resources, policy, and administrative considerations that the government will need to take into account. Hopefully, the government will use the lessons from the three pilot sites to inform its broader transformation agenda.

It may be that on balance, when all of the trade-offs are taken into account, the proposed path is the best way of generating better outcomes amongst recipients. However, until better outcomes are precisely defined, funding mechanisms developed to facilitate a more integrated system, and policy goals and purposes outlined that put people at the centre of reform, a strong case has not yet been made for the government's proposed reforms.