



**Poverty Free Ontario**  
Pulling poverty out by the roots



## ***Bulletin #10***

October 30, 2012

### **Final Report on the Social Assistance Review: Limited Improvements, Serious Concerns**

Commissioners Frances Lankin and Munir Sheikh released their long-awaited report [Brighter Prospects: Transforming Social Assistance in Ontario](#) on October 24, raising both hopes and anxieties in the community that received it. The Report proposes a major restructuring of social assistance, funded mostly by eliminating existing benefit programs in the short-term and proposed internal administrative savings in the longer roll-out, including a projected decrease in the disability caseload from 5% to 3% a year.

[Poverty Free Ontario](#) (PFO) and its community partners across the province have consistently advocated to the Ontario Government for an end to deep poverty for people on social assistance and an end to working poverty for low income earners. PFO has urged the Commissioners to support those commitments since they assumed their task in early 2011. While long-term social assistance system reform may be undertaken, PFO has stressed the urgency of implementing immediate action to improve the material living conditions of low income people, given that research shows they have a significantly higher incidence of death, suicides and chronic illnesses than the population as a whole ([Wellesley Institute, 2008](#)).

The Commissioners have recognized that current benefit levels to people on social assistance are inadequate and recommend a rate increase that, if implemented now, would provide some improvement in the living conditions of social assistance recipients. The overall thrust of their report fails, however, to address the structural conditions that maintain currently high poverty levels in Ontario, and, in a number of ways, presents serious risk to the most vulnerable part of the social assistance caseload, persons with disabilities.

#### **Several Income Improvements Proposed**

There is no question that the Commissioners' mandate was undermined by Government action in recent years to cut and reduce programs and benefits to people on social assistance ([PFO Media Release, Oct. 25](#)). These Government measures were severe enough that the Commissioners' resolve to continue their work is admirable. Since the 2011 provincial election, an austerity agenda introduced via the Drummond Report and the 2012 Ontario Budget has only further constrained the climate for serious positive change.

The Commissioners do recommend some measures that could make some difference in the lives of social assistance recipients if implemented now.

- The Commissioners state that current benefit levels are inadequate to meet daily living costs and acknowledge the work of the [Put Food in the Budget](#) campaign (PFIB) and municipal council support across the province in calling for an immediate \$100/month increase to all single adult recipients as a “down payment” on adequacy.<sup>1</sup> At a cost of \$770 million, this would be the first real income increase for people on social assistance since the 22% rate cuts in 1995. Regrettably, the Commissioners recommend that part of the cost of that increase be paid for by eliminating most of the Special Diet Allowance (SDA, \$200 million) and a work-related benefit for people with disabilities (\$30 million).
- The Commissioners propose that recipients be allowed \$200 in an earnings exemption above their monthly benefit before a withdrawal rate of 50% on additional earnings applies. With existing federal and provincial tax credits (\$1,076) and the maximum earnings allowance (\$2,400), a single adult’s annual income could reach \$11,776, still in deep poverty at only 60% of the income poverty line, but a significant increase over the current benefit level.
- The Commissioners recognize that the creation of a single standard benefit rate can negatively affect the income position of certain parts of the caseload (disabled persons under different living conditions) and recommend “grandparenting” for these situations. This provision is explicitly not recommended, however, for disabled people on SDA, who have a higher incidence of medically-related food deficiencies.
- The Commissioners propose raising the asset limits allowable for OW recipients to the same level as ODSP recipients (\$6,000 for singles and \$7500 for couples), and allowing up to \$60,000 asset exemption for RESPs for the children of recipients.

The following summarizes PFO’s major concerns with respect to the Report’s provisions for major transformative and structural reform of social assistance.

***Propose a Minimal Subsistence Standard for Adequacy***

Although the Commissioners agree that adequacy is an issue for people on social assistance, PFO has serious concerns about their perspective and approach to adequacy in a “transformed and restructured” system. They dismiss the Low Income Measure (LIM, 50% of median income) as the benchmark for adequacy and propose a new “Basic Measure of Adequacy” (BMA), which is a subsistence measure that returns to the charity standard of a bare minimum.

The Commissioners’ dismissal of the LIM as an income measure for adequacy is specious. LIM is a measure of *income deficiencies*. Both the United Nations and the European Union recognize 50% of median income as a minimum level for low income people to meet their basic living conditions and to participate in community life. The LIM is a measure of inadequacy, not just income.

The table following compares the proposed BMA for a single person and sole parent with one child compared to the Low Income Measure, which the Ontario Government adopted as its official income poverty line in its Poverty Reduction Strategy in 2008.

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<sup>1</sup> The \$100 monthly increase would be added to the current standard base rate for single recipients now at \$599. Two people sharing accommodation, whether related or not, would each receive 86% of the standard rate including the increase on the grounds that sharing accommodation should reduce their living expenses.

Recipient	Basic Measure of Adequacy (Proxy for Ontario, 2011)	Low Income Measure (adjusted to 2011) <i>Official Ontario Income Poverty Line</i>	BMA as Percent of Official Income Poverty Line (LIM)
Single Adult	\$13,710	\$19,490	70%
Single parent with child	\$19,380	\$27,286	71%

The proxy BMA for Ontario used by the Commissioners in their report would keep both a single person and a single parent with one child at about 70% of the LIM, Ontario’s official income poverty line. While the BMA would alleviate the income situation of recipients from their current depth of poverty, as a long-term measure of adequacy it would still condemn them to lives of hardship in deep poverty below 80% of the LIM.

It is a serious concern that in converting social assistance into a system that measures recipients in terms of their “distance from the labour market”, the Commissioners have sacrificed the notion of the suffering and hardship experienced by their “distance from the poverty line”. Surely, this is the true measure of minimal adequacy in terms of both employment earnings and income supports.

***Risks in a Standard Rate with “Building Blocks”***

The Commissioners propose a basic standard benefit rate for social assistance recipients modified for persons sharing living accommodations (86% of the combined standard rate) with income supplements for health, disability and sole support parenthood outside the social assistance system and available to all Ontarians on low incomes.

While the Commissioners’ wish to simplify the system is understandable and their consideration of the needs of low income working people is admirable, there are risks involved in this approach that should be recognized. People on social assistance have often been denied access to benefits when they are made available to a broader population, such as the claw-backs that occurred with implementation of the National Child Benefit in the 1990s. There is legitimate concern that adjusting the basic rate in a way that establishes a lower standard and includes supplements for certain conditions creates more opportunities for targeted cutting or for introducing supplements in a way that do not necessarily ensure families that the “building blocks” will leave them better off than when they received a benefit based on family size. Notably, when the Ontario Child Benefit was introduced to “take children out of the social assistance system”, the Basic Needs Allowance for parents on social assistance was reduced by the same amount ([Human Dignity for All presentation, slide 11, 2011](#)). The OCB then became the target for austerity in the 2012 Budget when the Government decided to delay its implementation for two years.

Safeguards will be required to ensure that the standard base rate does not become just a floor of inadequacy for a set of income supplements that may be subject to variable Government commitment to maintain. This is one of the reasons that PFO and PFIB have always argued that the \$100/month Healthy Food Supplement should be incorporated into the Basic Needs Allowance rather than be separately administered, which the Commissioners have adopted in their recommendation for the rate increase.

***Institutionalizing Divisive Trade-offs Among Low income People***

In PFO Bulletin #9, we expressed concern about the trade-offs that the Commissioners were proposing in their [Discussion Paper \(February 2012\)](#) for setting a benchmark for social assistance rates. The Commissioners now propose to institutionalize these trade-offs in terms of finding a satisfactory balance among three objectives:

adequacy, fairness between social assistance recipients and low income working people, and a financial incentive to work.

Although the Report recommends removing the distinctions between OW and ODSP recipients into one harmonized pool, it wishes to retain the separation between people on the system and the working poor, when both have the same interest – access to incomes allowing stable and decent living conditions. The balancing “trade-offs” test not only perpetuates the myth that the interests of social assistance recipients and working poor people are in conflict with each other, but it would also institutionalize this division in the restructured and transformed social assistance system. This approach in no way challenges the Government nor the larger public to assume a moral responsibility to commit to both benefit rates and minimum wages at levels that ensure decent living conditions for all people in the bottom 30% of incomes.

The discussion of the minimum wage as a “reference wage” for determining fairness also raises concern. Referring to the upcoming review of the minimum wage, the Report argues that changes in the minimum wage should be linked to “Ontario’s economic performance, labour market conditions, and earnings distribution.” PFO contends that a true benchmark of adequacy for low income earners is an hourly minimum wage ensuring that a full-time, full-year worker earns enough to live out of poverty.

PFO continues to call for Government to set a decent floor for living conditions for all low income people in Ontario, which means:

- (1) Social assistance rates that bring all recipients above 80% of the official Ontario income poverty line (i.e. out of deep poverty);
- (2) Raising the minimum wage to \$12.50 by 2014 so that all full-time, full-year workers earn income that would bring them 10% above the poverty line.
- (3) Setting the clear objective of creating labour market conditions and job opportunities that establish a “living wage” as the true benchmark of an inclusive, healthy and equitable society.

### ***“Embracing Workfare”?***

Commenting on the Social Assistance Review, *Toronto Star* columnist [Martin Regg Cohn \(October 25\)](#) writes that the Commissioners “have implicitly embraced the once controversial goal of workfare (where possible).” This is a disturbing conclusion for a policy journalist to come to in his analysis of the recommendations of the Social Assistance Review.

PFO does not believe that the Commissioners have any resolve to compel social assistance recipients to work for their benefits at rates well below the minimum wage, which is the truest definition of workfare. Still, Regg Cohn’s commentary illustrates the clear thrust of the Report’s recommendations towards moving people aggressively off of social assistance and into the labour market, albeit with supports. Indeed, the clear benchmark for success for all recipients is to close or at least reduce their “distance from the labour market”. They very clearly see labour force attachment as the primary route to social assistance reform.

PFO agrees that gainful employment is the preferred way for low income people to meet their living requirements and participate fully in community life when circumstances allow them to join the workforce. There is a concern, however, that the Commissioners’ focus on employment overemphasizes reducing the social assistance caseload and associated costs rather than ensuring recipients move into stable, decent jobs. For example, the proposed performance and accountability measures for employment services provided by a mix of public, private and non-profit providers would emphasize caseload reductions and successful labour force attachment, which will require careful vigilance against “creaming” the most job-ready candidates and safeguards against short-term job placements that don’t hold. Managing, monitoring and evaluating progress

on moving recipients aggressively into employment may well consume much of the administrative savings that the Commissioners suggest will be generated by a “surveillance” model to pay for a highly individualized labour force attachment model.

The Commissioners acknowledge the poor job market and the prevalence of precarious versus sustainable employment opportunities in today’s economy. They have established some key relationships with the business community and indicate the readiness of a number of corporate leaders to assist with promoting the hiring of people from the social assistance caseload, including persons with disabilities. The Commissioners think that the restructured system in addition to supporting recipients with employment training and other services should also be more responsive to the needs and requirements of employers in preparing people for the job market.

Social assistance and an integrated employment and human services support system will be expected to ensure that individualized Pathways to Employment plans are prepared and implemented for all recipients. Responsiveness to the needs and requirements of the labour market as identified by employers is also expected at the same time as a panel of corporate leaders works to create understanding and readiness in the business community for hiring and employing people ready to leave social assistance.

A key question remains, however, with respect to the quality, stability and decency of the jobs that will be available to people ready to exit social assistance. PFO wonders as well whether the engaged business community will be as ready to support measures of adequacy for people at the low end of the labour market. For example:

- Would the business panel support a minimum wage at a level that would ensure a full-time, full-year worker earns an income that brings her/him out of poverty?
- Would the panel promote and contribute to job creation that establishes “living wages” as the desirable standard for employment in any community?

### ***Most Vulnerable at Highest Risk***

It is not surprising that the [ODSP Action Coalition](#), advocating for people with disabilities on social assistance, has expressed grave reservations about parts of the Social Assistance Review Report. PFO shares those concerns.

Integration and harmonization of systems always carries greater risks of lowering the bar of benefits to the lowest common denominator than raising those at the low end towards the higher end. People on ODSP have been recognized as having higher living costs as a result of their limiting physical or mental conditions, which has been traditionally recognized in terms of a higher Basic Needs Allowance than people on Ontario Works. Even when the Harris Government cut OW by 22% in 1995, it froze but did not cut the ODSP rate.

In terms of the impact of even the modest improvements that the Commissioners recommend in the short-term, the real costs would be borne by part of the ODSP caseload. ODSP recipients would receive a disability supplement on top of the new standard rate so that they would not during transition to an integrated system be worse off than what they currently receive. But, it is proposed that the \$100/month increase in the standard rate to all recipients be paid for partially (\$200 million) out of the elimination of Special Needs Diet, which a higher proportion of persons with disabilities count on for medically necessary nutrition. Plus, another \$30 million of the rate increase cost would come from elimination of a work related benefit to persons with disabilities. The Commissioners explicitly recommend that these income losses not be avoided through supplements nor that current SDA users be grandparented to continue receiving their medical nutrition benefit (\$100-\$250/ month). The net result for many ODSP recipients will be a significant reduction in monthly income.

With this start to social assistance reform, people on ODSP are well-advised to be cautious about how transformation of the system will improve their living conditions in the long run. There are not many targets set in the Commissioners' Report but one clear objective is to reduce the increase in the ODSP caseload from 5% to 3% a year and there are savings projections made from moving people with disabilities off of social assistance into employment.

This is a sensitive area, which the Commissioners acknowledge. Many people with disabilities on the system want to and can work with support on a full-time or part-time basis. But the aggressive push to labour market attachment raises anxieties about narrowing the definition of disability and unreasonable expectations that threaten the loss of eligibility should recipients show any reluctance or perceived "non-compliance" with the Pathways to Employment planning process. Plus, there is some anxiety about transferring administration of the social assistance system to the municipal level, since ODSP has been administered at the provincial level.

In many ways, the most vulnerable part of the social assistance caseload is assuming the highest risks in the proposed transformation of the system.

## **Conclusion**

In the end, the Commissioners' Review is just a report. There remains no Government commitment to act on any of the recommendations including the urgently needed benefit increase. First responses from the Minister of Community and Social Services indicate no willingness to do anything about social assistance rates.

And, of course, the Ontario Legislature is prorogued, unlikely to sit again until mid-winter, and even then any meaningful Government business may well be delayed further by a provincial election.

The cynical promise of social assistance reform in the 2008 Poverty Reduction Strategy was betrayed by an interminable process to set up and undertake a review on which the Government shows no interest in acting.

Regardless of further debate about the long term shape of social assistance reform, the Commissioners have, at least, clearly acknowledged the community's consistently expressed call for a significant increase in the social assistance rates to single adults by \$100/month as well as a modified rate increase (\$86/month) for recipients living together as a first step towards adequacy.

While the Provincial Parliament may not be in session, there is still a political moment to demand public declarations of support by the Opposition parties, Liberal candidates for the party leadership, and all MPP backbenchers for the immediate measures in the Commissioners' Report that will alleviate the living conditions of people on social assistance. Specifically, that would be:

- 1) The \$100/month rate increase to single adults and the modified rate increase for recipients living together;
- 2) The \$200/month earnings exemption before benefit claw-backs; and
- 3) Increasing the asset limits to \$6,000 and \$7,500 for singles and couples on social assistance respectively.

Contrary to the Commissioners' recommendations, the community should insist that maintaining the SDA is critical to the health and well-being of many recipients, especially those with disabilities.

PFO joins other voices in the community and the labour movement in challenging the political claims of austerity that Ontario is without fiscal capacity to address deep poverty for those on social assistance and working

poverty ([PFO Bulletin #4](#)). Revenue recovery through reversing tax cuts over the past decade remains the responsible political path for a just social order in Ontario.

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