



Poverty Free Ontario

Pulling poverty out by the roots

Bulletin #9

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Social Assistance Review Discussion Paper 2: Missed opportunity, even backsliding, as austerity agenda looms

The Social Assistance Review Commissioners issued a low-key release of their “Options” paper on its web site late Thursday, February 2 (see <http://www.socialassistancereview.ca/commission-publications>). Although promoted for months as an “Options Paper”, it is actually framed as *Discussion Paper 2: Approaches for Reform*. While various ways to go for reform of social assistance in the long-term are presented in a technical policy terms, the paper lacks any clear, compelling overall direction to end poverty for social assistance recipients.

Questions and problems raised are barely advanced from the first Discussion Paper of last fall and, on some issues such as establishing a poverty measure for adequacy in benefit levels, the Paper actually moves the process backwards.

The Commissioners ask for further input on their discussion questions from the community by March 16. Their final report with recommendations is targeted for release in June 2012.

This interminable reform process, started almost more than three years ago with the Government’s Poverty Reduction Strategy in December 2008, offers no hope to people on OW and ODSP for any short- or even intermediate-term relief from their current intolerable living conditions. There is no compelling vision or clear overall goals proposed for ending deep poverty (Deep poverty refers to people living below 80% of the Low Income Measure – LIM).

There is nothing in the Discussion paper which speaks about the urgency for action to our political representatives, policymakers, the public nor the low income community and its supporters. Too many adults and children in Ontario continue to experience monthly cycles of chronic hunger and hardship which must be addressed now and cannot await grand plans for reform in the distant future.

Most alarming about this failure to capture the attention of our political leadership and the general public about this social injustice is the looming austerity agenda of the upcoming Drummond Commission report, which promises to suck up all the policy oxygen in the coming months and can hold only more misery for the most vulnerable among us. People on social assistance have been experiencing austerity since the 22% cut to rates in 1995, along with limited cost of living increases since 2003. The Commissioners provide no minimal bulwark against the assault on the social sector about to come down. Low income people lack a policy champion in their time of greatest need.

Main Areas Covered in Discussion Paper 2

Approaches for Reform reports out in the following sections:

Chapter 1: Reasonable Expectations and Necessary Supports to Employment. Moving social assistance recipients into the workforce is established as the primary way to get people out of poverty. This section concentrates on the need for more effective assessment and case management systems and employment support services to help social assistance recipients find and keep jobs. Pre- and post-employment services across the different jurisdictions need to be better integrated and particular support considerations are necessary for people with disabilities who can work. Mechanisms for better communications and connections with employers must also be set up. Three different administrative approaches are proposed to create a more integrated employment services system.

Chapter 2: Appropriate Benefit Structure. The Commissioners indicate that they wish to meet three objectives in their recommendations; (1) Benefit adequacy; (2) Fairness between social assistance recipients and low income workers; and (3) Benefit levels that will maintain incentives to work. Most of the chapter devotes itself to the trade-offs of different approaches to achieve balance among these three objectives. The paper contends that this means determining what a reasonable adequacy measure is indicating that there is no “widely accepted” (p. 24) poverty measure among the three existing choices (Market Basket measure [MBM], Low Income Cut-Off [LICO], and Low Income Measure [LIM]). A second consideration is how to set a “reference wage” fair to working poor Ontarians as the benchmark for when a recipient would leave assistance to enter the labour market. Finally, the paper contends that a reasonable “benefit withdrawal rate” is necessary to make sure that recipients entering the labour market have no unfair advantage over low wage workers who may not have access to supplemental benefits (e.g. access to free special health benefits). The Paper does acknowledge that the nature and condition of the labour market are challenges to achieving a satisfactory trade-off. Several proposed approaches to make the trade-offs are offered in the Paper. A concluding section addresses particular challenges in the benefit structure for people with disabilities on ODSP, who have extraordinary daily living costs.

Chapter 3: Easier to Understand. Complexity in the social assistance system confusing both to recipients and workers needs to be addressed. Complexity must be managed without sacrificing accountability to the taxpaying public. The Commissioners suggest consideration of moving from a “surveillance” and “monitoring” model to a more targeted “audit-based” and “risk management” approach that would ensure compliance with system requirements (pp. 38-39). The Paper also gives attention to the treatment of assets, which affects the financial resilience of recipients trying to make the transition to work. Several approaches are proposed for relaxing limits on asset accumulation and a clear suggestion that there be one total asset limit set rather than limits designated by different asset classifications.

Chapter 4: Viable over the Long term. This short section (pp. 45-48) raises the question of whether (a) to continue the separate delivery of OW and ODSP; (b) to set up a “one-stop delivery model that would integrate Ontario Works and ODSP at the local level” (p. 46); or (c) to have municipalities administer case management and employment services while the province delivers the income support component.

Chapter 5: An Integrated Ontario Position on Income Security. This chapter addresses the need for achieving greater compatibility and complementarity between social assistance and other service and support programs primarily administered under federal jurisdiction.

Chapter 6: First Nations and Social Assistance. In this chapter, the Commissioners report on holding separate consultations with members of First Nations communities and OW administrators. They indicate that these discussions informed their overall approaches to reform but that issues unique to the needs of First Nations communities are also addressed in this chapter. First Nations people see social assistance as a “social and economic trap” (p. 54), creating barriers to community economic development. New relationships must be developed between the federal and provincial governments and First Nations communities need to have more control and autonomy over how assistance is provided. Current agreements do not adequately cover First Nations members with disabilities, creating accessibility problems with respect to ODSP. Greater First Nations control over and access to employment services and special supports such as addiction services are also required.

Chapter 7: How to Provide Input. The Commissioners invite responses to the discussion questions provided at the end of each section by March 16, 2012 via the web site or email or by postal mailing (p. 61).

Missed Opportunity to Raise a Sense of Urgency for Action

By keeping their sights firmly fixed on long-term overall reform of the social assistance system, the Commissioners fail to convey any sense of urgency about addressing deep poverty in the short- to intermediate term and frame no clear goal in that regard either. Any hope for concentrated public attention on the situation of the poorest part of the province’s population is at grave risk with the low-key release of this report just several weeks before the Drummond Commission comes down with its promised austerity agenda.

No specific reference is made to the implications or prospects of the Drummond Report for people living in deep poverty despite its likely implications for the lower end of the labour market, which the Commissioners propose as the best route out of poverty for OW and ODSP recipients. A Paper that argues the need for better integration and coordination of services and benefits among all jurisdictions seems oblivious to the political and economic environment in which its policy approaches are being placed.

That is why the Commissioners should have extended themselves beyond a “policy consultant’s” role in this Paper to advocate for attention and concern that any forthcoming austerity agenda not create further hardship and misery for people living in poverty. The Commissioners have enough ammunition to so engage the debate prior to the Drummond Report’s release. They report hearing from 2,000 people in consultations across the province, receiving 700 written submissions. Since 2008, the Social Planning Network of Ontario/Poverty Free Ontario has visited 25-30 communities six to eight times each and knows the kinds of stories that the Commissioners have heard from low income people and the agencies and workers who try to support them with few resources.

People on social assistance and all living in poverty have told their stories and sorely need a policy champion to draw attention to their interests in the face of the austerity agenda about to come down.

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Failing to do so in this interim report and the low-key, under the radar release may well risk the relevance of the entire reform process as other forces will dominate the policy scene when the Commissioners' final report is due in June.

Respecting Community Voices Calling for a Healthy Food Supplement

In the supplementary report on *What We Heard* also released with the Discussion Paper, the Commissioners offer an account of the messages received in the community consultations and submissions. SPNO/PFO's own analysis of the written submissions posted on the Commissioners' web site as of December 31, 2011 shows that income adequacy is the primary concern of proponents for reform.¹

Four out of five posted submissions (79%) identified income inadequacy as an issue to be addressed in the Social Assistance Review, making a variety of recommendations to improve the adequacy of social assistance rates. Of all issues addressed in the submissions posted on the Commissioners' web site, income adequacy was the most common area of concern and suggestions.

Overall, the resounding message is that rates are unquestionably low, with 63% of all submissions, and 70% of submissions addressing income adequacy recommending social assistance rate increases to cover the real costs of living.

Over and over again, submissions detail that rates are too low to provide for decent, affordable housing and a healthy diet. Forty-four per cent (44%) of all submissions recommend increasing shelter allowances to better reflect the full cost of decent housing. Of the submissions addressing income adequacy, 14% advocate for a full housing benefit.

Thirty per cent (30%) of all submissions advocate for a rate increase to provide for food and nutrition. Eleven per cent (11%) of the submissions addressing income adequacy recommend the immediate allocation of a \$100 a month Healthy Food Supplement.

Notably, the Commissioners' Discussion Paper suggests that one approach to an appropriate benefit structure could be a housing benefit available to all low income Ontarians to "ease the challenge of ensuring fairness as between people on social assistance and low-income earners" and "[s]ince it would also help people who are struggling with housing costs but not receiving social assistance, it could help reduce the number of people who need to seek social assistance" (p. 29).

The emphasis on "fairness" between social assistance recipients and working poor people is problematic and divisive as the next section of this Bulletin discusses. Poverty Free Ontario has previously pointed out that a housing benefit that does not provide full coverage and protect food money again relegates social assistance recipients to the end of the line when it comes to meeting basic daily living costs.

¹ SPNO/PFO wishes to express its gratitude to Nicole Gagliardi, York University student in social planning, who volunteered her time to review the written submissions to the Commissioners posted to the web site and prepared the first draft of this section of this Bulletin. The Commissioners indicate that they received 700 written submissions. As of December 2011, 183 were posted to the web site, which would seem to be an adequate sample in any case for the conclusions drawn in this section.

Current housing benefit models target reaching only 200,000 low income people out of the 1,689,000 living in poverty (PFO Bulletins #2 and #8 at <http://www.povertyfreeontario.ca/category/bulletin/>).

Even a partial housing benefit is not designed and ready for implementation with any degree of dispatch. While a *full* housing benefit may be part of long-term reform, more immediate options require serious consideration and implementation.

Although the need for income increases for access to healthy food was clearly expressed in submissions to the Commissioners, including a Healthy Food Supplement, the Discussion Paper makes no reference to this as an option. The accompanying document *What we Heard*, offers one short acknowledgement: “There was support for the proposal to provide a monthly \$100 healthy food supplement for all adults receiving Ontario Works or ODSP” (p.18).

The Discussion Paper’s discounting of a major proposal widely supported and consistently voiced across the province since 2009 does not adequately respect community input. Further, the Healthy Food Supplement is the only income adequacy recommendation that has received official endorsement by municipalities across the province. Sixteen municipalities across Ontario have passed resolutions calling for the implementation of the \$100 a month Healthy Food Supplement.² A recently passed resolution by the City of Kingston calling for the immediate introduction of the Healthy Food Supplement, also adopted and forwarded to Premier McGuinty by the City of Belleville, notes the need for urgent action by stating “inadequate benefit levels lead to monthly cycles of chronic hunger among recipients creating health consequences with both personal and economic costs to us all.”

An appeal with this level of consistent support from communities, public health units and municipalities across this province and growing since the Social Assistance Reform Commissioners started their reform process merits more serious consideration than the Discussion Paper affords it.

Going Backwards on the Official Measure for Adequacy

It is unfathomable why *Approaches to Reform* re-opens the debate on what is a reasonable official poverty measure in its discussion on an appropriate benefit structure. Claiming “the absence of agreed-upon benchmarks for adequacy” (p. 24), the Discussion Paper introduces the three measures currently used nationally – Low income Cut-Offs (LICO), Low income Measure (LIM), and Market Basket Measure (MBM) – contending that “[n]one of these is widely accepted as a poverty measure” (p. 24).

This is remarkable, given that the Ontario Government has already set the LIM as the poverty measure in its Poverty Reduction Strategy and that this whole Social Assistance Review process emerges from that Poverty Reduction Strategy. Further, the LIM is well-established internationally by the United Nations and the European Union.³

² Municipal resolutions in support of the Healthy Food Supplement have been passed by the following City Councils: Belleville, Cambridge, Cornwall, Durham Region, Fort Erie, Hamilton, Kingston, Niagara Region, North Bay, Oxford County, Parry Sound, Port Colborne, Sarnia, St. Catharines, Wainfleet, and York Region,

³ LIM 50 is the official Ontario income poverty measure, i.e. poverty is designated as having an income below 50% of the median income. LIM 50 is also the poverty measure adopted by the United Nations. The income poverty measure of the European Union is LIM 60, i.e. poverty is indicated at income levels below 60% of median income. Poverty Free Ontario is an initiative of the Social Planning Network of Ontario.

Poverty Free Ontario hopes that re-opening a discussion about which poverty measure to use has nothing to do with the unfavourable comparison of the LIM to the other two measures in relation to current benefit levels as shown in Appendix B (i.e. current rates show individuals and recipients in different family sizes in deeper poverty when the LIM is used).

Getting the LIM established as the Ontario Government's primary measure of poverty in the 2008 Poverty Reduction Strategy was a major achievement for the advocacy community at the time. The issue was resolved then. The Social Assistance Review hardly advances the policy discussion by re-opening it now just before it makes its final recommendations. This is moving social assistance reform backwards.

Adequacy Framed as an Issue of Balance between the Expectations of Recipients and Workers

Approaches to Reform addresses the issue of adequacy in terms of the "Appropriate Benefit Structure". Adequacy in benefit levels has, of course, been the main thrust of Poverty Free Ontario, given our travels to communities around the province since 2007 and exposure to stories of chronic conditions of hunger and hardship told by recipients and the people who work with them.

In launching their discussion on adequacy, the Commissioners offer some hope that the issue of decent living conditions will frame this debate and their proposed solutions. The Commissioners report on the great disparity between the costs of basic necessities and benefit levels for individuals and families reported by the Ottawa Public Health Department. The Commissioners state: "We heard from many people that the benefit structure should more closely reflect the cost of living, including the cost of nutritious food, secure housing and community participation" (p. 20).

The Paper, however, quickly narrows the discussion from adequacy in terms of what people need to live with some measure of decency and dignity to the tension between what social assistance recipients should expect and what low wage earners will accept as fair in relation to their own low incomes. The Discussion Paper misses the opportunity to reflect broad community concern expressed in the consultation period about inadequacy in *both* social assistance rates *and* minimum wage levels. The "fairness" discussion shifts the focus to relationships within the low income community (i.e. a somewhat sanitized debate about the "deserving" and "undeserving" poor). 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 Paper hinges the adequacy discussion on establishing a satisfactory balance among the following "trade-offs":

- (1) an agreed upon measure for adequacy (an already resolved issue as indicated earlier in this Bulletin);
- (2) a "reference wage" for low income workers that social assistance rates should remain below;
and
- (3) a "benefit withdrawal rate" that avoids giving social assistance recipients any advantage over low income workers as they enter the labour market.

Poverty Free Ontario does not see these issues as “trade-offs” for addressing poverty in this province. Rather they are matters demanding that Government set a decent floor for living conditions for all low income people in Ontario, which means:

- (1) Setting a schedule for achieving adequacy by raising social assistance benefit levels over a reasonable amount of time so that no recipient is living below 80% of LIM (i.e. ending deep poverty in the province) and reducing the general poverty rate to below 4% by 2020. Of course, PFO also supports the position of the Put Food in the Budget initiative that the path to adequacy be commenced with the introduction of the \$100 a month Healthy Food Supplement.
- (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 (minimal “reference wage”).
- (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 (standard “reference wage”).

The unfortunate thrust of Chapter 2: Appropriate Benefit Structure is to perpetuate the myth that the interests of social assistance recipients and working poor people are in conflict with each other. Framing the adequacy discussion as an issue of fairness within the low income community is divisive and misleading.

Rather, their interests are joined in expecting a significantly raised bar for all low income people and demanding fairness and justice from a society that has structured the economy and social provision in a way that excludes and contains people struggling in the bottom third of the income scale. This is the constructive approach that the Commissioners could champion in their reform proposals rather than reinforcing past and current policy frameworks that pit social assistance recipients against working poor Ontarians.

Re-directing “Reasonable Expectations”

The Discussion Paper establishes up front that reform hinges on the “reasonable expectations” that as many social assistance recipients as possible participate in the workforce. The first two sentences of Chapter 1 state the driving force for the Commissioners review: “The government has identified employment as a key route for individuals and families to escape poverty. We agree that one of the best ways to help people to move out of poverty is to help them find work” (p. 5). The persistence of working poverty in Ontario even during periods of strong economic growth belies this glib assertion.

In our experience traveling to communities across the province, we know those on OW and ODSP who can work want to do so but there is great difficulty in getting that firm foothold in the current labour market. The vast majority of recipients hold “reasonable expectations” of a better life enabled by securing good jobs with decent wages, and are hardly motivated to remain in deep poverty or even just hovering at or slightly above the poverty line.

Poverty Free Ontario contends that there should also be a “reasonable expectation” for the provincial government to provide social assistance benefits at a level that allows recipients to meet the basic costs of the necessities of life and to live with some measure of health and dignity. Further with regard to low wage workers, there should be “reasonable expectations” that:

- (a) The provincial government ensure that the basic minimum wage enables an earner working full-year, full-time to live above the poverty line;
- (b) Employers recognize that in addition to meeting the economic test of a fair return on capital for conducting a successful business, that they also have a responsibility to meet the “social test” of paying a basic minimum wage that assures an employee working full-year, full-time lives above poverty; and
- (c) Both government and the private sector recognize that the route to economic revitalization lies not in low and minimum wage structures but in employment based on “living wages” and decent working conditions that will foster not only a healthy and productive workforce but will also stimulate and sustain economic recovery by creating stronger consumer demand for goods and services.

Conclusion

The social assistance reform process drags on as any momentum offered by the Ontario Government’s Poverty Reduction Strategy recedes into distant memory. The Strategy did nothing for adults on social assistance when released in 2008, except promise a reform process that would address their intolerable living conditions.

That process took more than a year to initiate, and by the time terms of reference were framed and the Commissioners were appointed, it was 2011 with an eighteen month study process before a final report in mid-2012. After that, who knows how long before any serious implementation of the final report’s recommendations will be undertaken.

Meanwhile, Ontario has reached unprecedented poverty levels and the real incomes of people on social assistance have not even kept up with the rate of inflation over the last two years. There is more than enough evidence that tolerating poverty is harmful to the health and well-being of social assistance recipients and to community health in general.

We need continuing strong community advocacy alongside the voices of low income people, even more so as the austerity agenda looms. But, we also need policy champions with the ear of government to not only work on the future design of a more effective social assistance system, but also to propose specific and immediate action that will begin to address the hunger and hardship that recipients are barely enduring now.

Some clear and compelling messages in this regard must be sent to the Commissioners as they enter the last phase of their work.