

# Budget 2013 Analysis: Moving Forward on Social Assistance Reform

Budget 2013 has begun to make positive changes to a social assistance system that has continued to impoverish and cause hardship for low-income Ontarians.

As a package, these changes don't make major progress toward improving the lives of people on Ontario Works (OW) and the Ontario Disability Support Program (ODSP), but do represent positive steps toward making the systemic changes that are required.

## Steps Toward Reform

The budget proposes a number of rule changes that people on assistance and the groups that support them have been talking about for many years:

- increasing the amount of liquid assets that people receiving OW can have, to ensure people don't have to completely impoverish themselves (from \$606 to \$2500 for singles and from \$1,043 to \$5,000 for couples);
- giving First Nations and northern communities flexibility on asset rules, to recognize their particular needs;
- increasing the amount of money that people on OW and ODSP can keep when they work. The first \$200 of a person's monthly earnings will be fully exempt, with a 50% reduction rate applied to earnings above that amount. The Work-Related Benefit for people receiving ODSP has not been changed;
- changing the rules on income from self-employment so that it is treated the same as income from an employer (i.e., as per above);
- treating the part-time employment income of children of people receiving OW or ODSP who are in high school full-time and are over the age of 18 the same as those under 18, instead of having that money reduced by 50%;
- increasing the amount of cash gifts that people on OW can keep without having their benefits reduced, up to the level for ODSP (\$6,000);
- allowing people on OW to have a vehicle, without capping the value of that vehicle;
- simplifying the process for people living in northern communities to get medical travel benefits;
- starting the work required to provide a rational basis for the ways that benefit rates are set;
- finding ways to give people receiving social assistance better access to Employment Ontario services.

The majority of these changes apply to the OW program. In the wake of the Commission's social assistance review report, starting the process of reform with positive changes to OW is the right way to proceed. The government has clearly heard

the concerns of individuals and groups across Ontario about the negative impact of the report's recommendations on people receiving ODSP.

We were hoping there would also be changes to the rules around child support in this budget, but these were not included. Single mothers on assistance should be allowed to keep at least a portion of the money their children are entitled to, be given choice in whether or not to pursue support.

The budget does include a commitment to start discussions with people receiving social assistance, as well as municipalities, service providers and others, to talk through the next steps for reform. Separate talks will take place with First Nations communities about their specific needs. Details on the process for these discussions are expected over the summer.

As mentioned above, the Work-Related Benefit for people on ODSP has not been eliminated, as was feared. This is also the case for the Special Diet Allowance. These are both important and positive news. Given the government's continuing focus on austerity, it is important that this budget does not contain any cuts to social assistance.

## **Incomes and Supports**

The budget includes two changes to benefit rates:

- OW and ODSP rates will increase by 1%, starting in September / October.
- Single people without children on OW will get an extra \$14 / month – in addition to the 1% increase – as a “top-up” towards increasing the adequacy of their benefits.

The 1% increase does not keep up with the loss in purchasing power that people on social assistance continue to experience due to inflation. People on assistance continue to live in poverty and without the income supports they need to live with dignity and in health. The increase will begin two months earlier than in previous years.

The additional \$14 for singles on OW does not make up for the 22% cut to OW benefits instituted in the 1990s. However, it does recognize that OW singles live in the deepest poverty, and that this requires a specific and separate response. Combining the \$14 and the additional 1% basic increase will mean an extra \$20 / month for singles on OW. All of the increase will go towards the Basic Needs portion of benefits, meaning that all singles on OW – regardless of the cost of their housing – will benefit equally.

Advocates were hopeful that the Ontario Child Benefit (OCB) would be increased to the amount initially committed in the Poverty Reduction Strategy – \$1,310 per child per year starting in July of this year – in this budget. Doing so would have eliminated the freeze on the OCB that was instituted in last year's budget. However, there is no change from last year. The OCB will rise to \$1,210 / child / year this July, and to \$1,310 next July. The basic needs rates for people who have children on OW and ODSP will be restructured again, as in past years. The details of restructuring have not been released. ISAC will continue to provide information on restructuring as it becomes available.

The budget does include the welcome news that people receiving the Ontario Trillium Benefit (OTB) will be able to choose whether to get the OTB as a monthly benefit or in a lump-sum at the end of the year, starting in 2014. The OTB is the combination of the Sales Tax Credit, Energy and Property Tax Credit, and the Northern Ontario Energy Credit announced last year. The OTB is indexed to inflation so the amount that low-income Ontarians receive rises as the cost of living increases.

We were also hopeful that additional funds would be invested in the Community Homelessness Prevention Initiative (CHPI), which municipalities administer. When the Community Start-Up and Maintenance Benefit (CSUMB) was eliminated last year, a portion of that money was moved into the CHPI, but not enough to fully replace CSUMB and not enough to meet the needs of all low-income people in local communities. Municipalities will require more money to adequately address their communities' housing and homelessness needs.

### **Continuing the Conversation**

Other announcements on moving ahead with social assistance reform include:

- engaging people receiving assistance and the groups they work with on creating a simpler benefit structure;
- working with people receiving assistance, the private sector, agencies that deliver employment services, and others to improve employment outcomes for people with barriers to the labour market, including people with disabilities.

Engaging with communities – and especially with people receiving social assistance – is the right way to proceed on social assistance reform.

The budget also indicates that government will create a second Poverty Reduction Strategy for Ontario, and that a new Cabinet Committee will oversee this work. Reform of the social assistance system is to be “a cornerstone” of the next strategy.

In order to see real progress on social assistance reform and on poverty reduction, Ontario will have to shift its focus away from austerity and towards making real, substantial investments in people and the programs that support them.

### **What's Next for the Budget?**

The budget will now be debated in the Ontario legislature. The Opposition parties now have the opportunity to include more positive changes for people on social assistance, including changing OW and ODSP child support rules to better support single mothers and their kids, making additional investments in the CHPI, and significantly increasing the adequacy of incomes for people on OW and ODSP.

The budget documents [are available on the Ministry of Finance's website](#).

ISAC will continue to analyze the budget and provide more information as it is available.