

# FACT SHEET

## ODSP Earnings and Employment Changes April 1<sup>st</sup> and November 1<sup>st</sup>, 2006

### Changes effective April 1, 2006:

#### 1. Employment Requirements for non-disabled spouses - New

- S.6 of Regulation 222/98
- Non-disabled spouses of ODSP recipients will now be subject to mandatory participation requirements, as a condition of continuing eligibility for benefits.
- This change makes both spouses and dependent adults who are part of an ODSP benefit unit subject to the same participation requirements.
- Participation will not be required where:
  - The spouse is a caregiver for a family member "who requires ongoing physical assistance or supervision on ongoing basis as a result of disability, illness or old age" AND there is documentation from someone providing support services to the household that the level of caregiving makes participation impractical.
  - The spouse is already participating in employment or employment related activities and it is unlikely that participation in OW will increase the chances of being employed
  - The spouse is age 65 or older
  - The spouse is experiencing exceptional circumstances which would excuse participation (i.e. is a CAS foster parent) or is ill, injured or disabled.
- Spouses to whom the participation requirement applies will be referred to Ontario Works to complete a Participation Agreement and participate in OW employment assistance activities.
- Income support for the benefit unit will be reduced if a spouse who is referred to OW refuses or fails to make reasonable efforts to participate in employment assistance activity or employment, or if the spouse resigns from employment without cause or is dismissed with cause
- Ministry documentation states that it is expected that a spouse referred to OW under this new provision will complete a participation agreement within 30 days of the referral and will begin employment activities shortly after. Ministry transitional information says that referrals will not start until after Implementation Agreements are negotiated between ODSP regional offices and local OW delivery agents. The deadline for having approved agreements in place is June 1, 2006. For that reason it looks as though referrals from ODSP may not start until after June 1, 2006.

## **2. ODSP Employment Supports**

- No regulatory changes needed
- Updated Employment Supports to be issued
- New Employment Supports Delivery and Funding guidelines & service provider information packages to be available in February 2006
- Mandatory Employment Information Session for ODSP recipients wanted to access service
- Applicants select a service provider
- Focus of service providers will be on job placement and retention
- Funding of service providers will be results-based

## **Changes effective November 1, 2006:**

### **3. Work Related Benefit - New**

- S44(1)6.2 Regulation 222/98
- New "Transportation Expense" of \$100/month for each recipient, spouse and dependent adult not in full time school, who reports:
  - Earnings from employment or a training program
  - Positive income from self-employment
- Benefit is automatic and not pro-rated with level of income or related to actual costs
- Although not indicated in the new regulation, Ministry policy states that this new benefit is intended to cover all employment related expenses, not just transportation costs.
- Does not replace medical transportation costs which will still be available as a separate benefit (see s. 44(1)1iii.1 of regulation 222/98)
- Income that will trigger this benefit includes:
  - Earnings
  - Business income
  - Farm income
  - Training allowance
  - Nominal remuneration

### **4. Earnings Exemption - Changed**

- S. 38 of Regulation 222/98
- Basic flat rate exemption eliminated
- Earnings exemption increased from 25% to 50% of net earnings
- Net earnings = gross earnings minus mandatory payroll deductions (CPP, Tax, EI, mandatory pension plan, union dues)
- Combination of improved exemption rate and replacement of basic flat exemption with the \$100 Transportation benefits may leave some single earner families with income in the \$200 - \$300 level worse off.

- Single recipients and families with earnings above or below the \$200-\$300 range should be better off under the new rules.
- The Ministry will be flagging families who will be adversely affected by the new rules for priority assistance in accessing other benefits and services, including employment supports.

## **5. Informal Child Care Deduction - Improved to match OW deduction**

- S. 38 (2)(ii) of Regulation 222/98
- Maximum deduction from earned income increased from \$390 to \$600
- Deduction, up to the new maximum, applies to net employment earnings, training allowance or business income
- Brings ODSP in line with OW changes made in May 2005
- There is no change in the treatment of licensed child care where actual costs are already deducted from net earnings, unless they are reimbursed through some other program.

## **6. Disability-related Work Expense Deduction - Improved**

- s. 38 1v of regulation 222/98
- Maximum deduction from earned income increased from \$140 to \$300
- Deduction applied to net employment earnings, training allowance or business income
- To qualify, expenses must be "necessary for employment and not paid through any other program"

## **7. Employment Start-up Benefit (ESUB) - Increased**

- 44 (1)6 of Regulation 222/98
- Maximum start-up benefits available in any 12-month period increased from \$253 to \$500
- Available to any recipient, spouse or dependent adult not in full-time school for actual costs such as work wear, tools and equipment, grooming costs, licensing fees, drive-clean tests, etc.
- Eligible activities expanded to include any employment-related activity approved by the Director, in addition to commencement of employment
- Definition of employment-related activities includes, but is not limited to:
  - Job search activities
  - Job preparation activities
  - Volunteer positions that will prepare a recipient for employment
- Amount of benefit matches OW Full-Time Employment Start Up Benefit, but unlike the OW benefit, ODSP recipients do not have to be engaged in full-time employment related activities to qualify for the ESUB

- Not available when a recipient leaves ODSP for employment (see Employment Transitional Benefit)
- Increased amount may not be issued retroactively for expenses incurred before November 1, 2006

### **8. Upfront Child Care Benefit -**

- S. 44(1)7 of regulation 222/98
- Maximum payment available to cover upfront informal child care expenses increased from \$390 to \$600 per child per month
- Can be provided in any 12-month period to cover commencement of any employment- related activity approved by the Director (See ESUB for approved activities), in addition to start of employment.
- Applies to start of work-related activities for a recipient or eligible members of the benefit unit.
- In the first month of training, recipients who have received the upfront child care benefit can also use the Child Care deduction
- Increased amount not available retroactively to cover child care costs incurred before November 1, 2006

### **9. Employment Transition Benefit (ETB) - New**

- S. 44 (1) 6.1 of Regulation 222/98
- New benefit of \$500 payable to recipients who leave ODSP for employment.
- Also payable to recipient, if the employment earnings of a spouse cause the benefit unit to leave ODSP.
- Do not have to be leaving ODSP for full time work to be eligible for this benefit. As long as the benefit unit's income includes income from employment, training or the operation of a business, the benefit is payable.
- Benefit is available to the benefit unit once in any 12-month period.
- Benefit is a flat rate and not related to actual costs incurred as a result of employment
- Payable even if ESUB has been provided within the past 12 months.

### **10. Transitional Health Benefit (THB) - New**

- No regulations yet, but will issued under the authority of the *Ministry and Community and Social Services Act*
- Available to recipients who:
  - Are ineligible for ODSP because their income exceeds or equals their budgetary requirements **AND** the income includes earnings from employment or a training program or income from self-employment.
  - Cannot get benefit coverage through their employer.
  - Are not eligible for Extended Health Benefits.
- Transitional Health Benefits include:
  - Prescription drugs under the Ontario Drug Benefit Plan.

- Dental services in accordance with the Ministry Schedule of Dental Services.
- Vision care benefits, including routine eye examinations.
- Full time employment is not required to be eligible for this benefit.
- Recipients who exit ODSP with a combination of earnings and other income are eligible.
- Benefits continue until the recipient is covered by an employer health plan (recipient's plan or plan of family member) - there is no time limit to this benefit.
- Eligibility for the benefit must be re-established annually.

## **11. Rapid Reinstatement - Extended**

- S. 19 of Regulation 222/98
- The 12-month limitation for grandparented FBA recipients who left for employment is removed.
  - Recipients grandparented from FBA will qualify for rapid reinstatement, if financially eligible, regardless of how long they have been off ODSP, so long as they left ODSP because of income from employment, training or the operation of a business.
  - Grandparented FBA recipients who leave ODSP for reasons other than employment will continue to be ineligible for rapid reinstatement
- All other ODSP recipients who have left ODSP will be eligible for rapid reinstatement at any time, so long as they meet financial and other eligibility requirements:
  - Regardless of their reason for leaving ODSP
  - Even if their medical eligibility review date has been passed
- Where an ODSP recipient who was subject to a medical review date is given rapid reinstatement, the review date after reinstatement will be either:
  - The original review date, if it is not passed, or
  - A new date to be set by the Director



## Effect of New ODSP Earnings Rules Effective November 2006

	Single Recipient			Single Earner Family		
	Current <sup>1</sup>	New <sup>2</sup>	Difference	Current <sup>1</sup>	New <sup>2</sup>	Difference
Net earnings	Extra Income under current Rules	Extra Income under new Rules	Difference between old & new Rules	Extra Income under current Rules	Extra Income under new Rules	Difference between old & new rules
25.00	\$25.00	\$112.50	\$87.50	25.00	\$112.50	\$87.50
50.00	\$50.00	\$125.00	\$75.00	50.00	\$125.00	\$75.00
75.00	\$75.00	\$137.50	\$62.50	75.00	\$137.50	\$62.50
100.00	\$100.00	\$150.00	\$50.00	100.00	\$150.00	\$50.00
125.00	\$125.00	\$162.50	\$37.50	125.00	\$162.50	\$37.50
\$160.00	\$160.00	\$180.00	\$20.00	\$160.00	\$180.00	\$20.00
\$200.00	\$170.00	\$200.00	\$30.00	\$200.00	\$200.00	\$0.00
\$225.00	\$176.25	\$212.50	\$36.25	\$225.00	\$212.50	-\$12.50
\$235.00	\$178.75	\$217.50	\$38.75	\$235.00	\$217.50	-\$17.50
\$250.00	\$182.50	\$225.00	\$42.50	\$238.75	\$225.00	-\$13.75
\$275.00	\$188.75	\$237.50	\$48.75	\$245.00	\$237.50	-\$7.50
\$300.00	\$195.00	\$250.00	\$55.00	\$251.25	\$250.00	-\$1.25
\$350.00	\$207.50	\$275.00	\$67.50	\$263.75	\$275.00	\$11.25
\$400.00	\$220.00	\$300.00	\$80.00	\$276.25	\$300.00	\$23.75
\$450.00	\$232.50	\$325.00	\$92.50	\$288.75	\$325.00	\$36.25
\$500.00	\$245.00	\$350.00	\$105.00	\$301.25	\$350.00	\$48.75
\$550.00	\$257.50	\$375.00	\$117.50	\$313.75	\$375.00	\$61.25
\$600.00	\$270.00	\$400.00	\$130.00	\$326.25	\$400.00	\$73.75
\$650.00	\$282.50	\$425.00	\$142.50	\$338.75	\$425.00	\$86.25
\$700.00	\$295.00	\$450.00	\$155.00	\$351.25	\$450.00	\$98.75
\$750.00	\$307.50	\$475.00	\$167.50	\$363.75	\$475.00	\$111.25
\$800.00	\$320.00	\$500.00	\$180.00	\$376.25	\$500.00	\$123.75

<sup>1</sup> Old formula: Single - \$160+25% of net earnings above this threshold  
Family -\$235+25% of net earnings

<sup>2</sup> New formula: 1/2 of wages plus \$100