

**Pre-Budget Submission to  
the Standing Committee on  
Finance and Economic Affairs**

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INCOME SECURITY ADVOCACY CENTRE  
Centre d'action pour la sécurité du revenu

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## **The Income Security Advocacy Centre (ISAC)**

The Income Security Advocacy Centre is a provincially incorporated, specialty legal clinic that is funded by Legal Aid Ontario to advance the rights, interests and systemic concerns of low-income Ontarians with respect to income security programs. The Centre is the only legal clinic wholly devoted to systemic advocacy on income security issues. It carries out this law reform mandate through test case litigation, policy advocacy, community development and public education.

The Income Security Advocacy centre was founded in 2001 and is governed by a community Board of Directors representative of all regions of Ontario and composed of low-income individuals, advocates with particular expertise in issues of income security and poverty and academics working in this policy area.

Our by-laws require that five of its fifteen Board members be clinic caseworkers with experience in income security programs. Another five members of the Board must identify as low-income. The remainder of the Board members represent a diverse group, with representation from Indigenous communities, persons of colour, people with disabilities and recipients of income support programs.

We work closely with sixty local legal clinics who work every day with the challenges faced by low-income people relying on Ontario's income security programs. We also work in coalition with such advocacy groups and organizations as Campaign 2000, the 25 in 5 Network for Poverty Reduction, and the ODSP Action Coalition. Our analysis and recommendations are informed by ongoing consultation with our partners.

### **1. Make Progress on Reduction of Child Poverty**

Ontario's first Poverty Reduction Strategy's targets to reduce child poverty by 25% in 5 years have not been fully met. Last year, the targets were incorporated into the second Poverty Reduction Strategy, but with no timelines. The reduction in child poverty indicates that good government policy can have an impact. We propose two recommendations to make further progress on meeting those targets:

#### **(a) Treat child support income like earnings for the purposes of social assistance**

When parents on social assistance receive child support payments, those payments are deducted dollar for dollar from their benefits. As a result, children of parents on social assistance receive no benefit from child support orders. This problem is compounded if the payor parent is also receiving benefits. The payor parent has to pay support from benefits that are already well below the Low Income Measure and do not even meet their basic needs,

and the “receiving” parent gets nothing, leaving even less money to be spent on the child from either parent. The family unit experiences a net loss, with social assistance programs receiving all the benefit of the child support payments.

Child support should be treated the same as earnings, exempting the first \$200, and 50% exemption for any income above \$200.

**(b) Support families by eliminating mandatory pursuit of support**

Current rules require that all persons receiving assistance pursue all sources of income, including child and spousal support, even though recipients see no benefit from such orders. The only exemption to this rule is in situations of domestic violence where pursuit of support might put the mother and children at risk of harm. As family law public policy and best practices continue to move towards non-adversarial processes, families receiving social assistance continue to be pushed into litigation.

All families should have the right to make decisions about how and when to pursue support in the best interest of their families. Social assistance caseworkers should not be coercing recipients into family law litigation that is solely directed at obtaining savings for social assistance programs. Further compounding the harm, applications for support often re-open settled custody and access arrangements to the detriment of the children and at the expense of the courts.

Changing the treatment of income by allowing parents to keep a portion of support payments will provide a positive incentive to pursue child and spousal support, eliminating the need for the coercive rule. This change could result in savings to the Ministry of the Attorney General budget by reducing unnecessary litigation in the Ontario Court of Justice.

Resources should be made available to assist all parents who wish to pursue family law remedies through litigation or alternative dispute mechanisms by appropriately funding legal aid. These supports can ensure that parents meet their obligations to support their children.

**(c) Increase the Ontario Child Benefit**

The Ontario Child Benefit (OCB) has been a very important government policy that has led to progress on the poverty reduction targets in the 2008 strategy. The OCB should be increased by \$100 per child per year and indexed going forward. Families who rely on social assistance have seen little benefit from past increases because social assistance rates have been restructured downward with every increase. There should be no further

restructuring of social assistance for future increases. All children living in low-income families should get the full benefit of the OCB.

## **2. Invest in People with Disabilities: Reverse the Measures that Undermine Them.**

Budget 2014 contained three provisions that will have a negative impact on the incomes of people with disabilities, and undermine the efforts that many have made to improve their health, stabilize their lives and to enter a hostile labour market. They should be reversed, and government needs to change its policy reform approach to its income support program for people with disabilities, the Ontario Disability Support Program.

### **(a) Reverse the decision to cut the Work-Related Benefit**

The announced “consolidation” of employment benefits was in effect the cut of the Work Related Benefit, a key employment benefit that has been available to people with disabilities and their families since 2006. The Benefit recognized the cost of working, such as transportation, clothing or other work-related expenses. It was a simple, easy to administer benefit that was triggered when an ODSP recipient reported employment income. As of April 2015, this Benefit will be phased out, resulting in a loss of up to \$1,200 per year for ODSP recipients who are doing precisely what they are encouraged to do: working.

The benefit is being replaced by a cumbersome process through which ODSP recipients may be able to receive a benefit for trying to find work through an employment services provider. We understand that there will be a requirement to develop an employment plan with the provider which must then be approved by the ODSP caseworker. This new approach is contrary to government’s stated policy objectives of simplifying social assistance rules.

There are many barriers that prevent persons with disabilities from entering or re-entering the labour market. While we support any improvement in the delivery of employment support programs, it should not be done at the expense of those who are already making efforts to engage in paid work. This measure undermines the efforts and successes of those who are working part-time despite the barriers that people with disabilities face. In particular it undermines those who are already working at their own maximum capacity who rely on the current \$100/month to pay for many of the costs associated with going out to work.

The Work Related Benefit is planned to come to an end for family members of people receiving ODSP in April 2015, and for people with disabilities it is to

come to an end in September. That decision should be reversed so that those who are already working are not undermined in their efforts.

**(b) Stop the practice of limiting benefit increases to only certain members of the benefit unit**

Since Budget 2013 this government has changed its practice of across-the-board rate increases to Ontario Works and the Ontario Disability Support Program recipients. We applaud the government's decision to provide disproportionately higher increase to singles on Ontario Works as this measure acknowledges the need to compensate for the 22% rate cut that was made in 1996.

But we strongly oppose the “red-circling” of family members of people with disabilities receiving ODSP. Since 2013, only the person with the disability has received a rate increase. Benefit levels for family members have been frozen. This implies that family members are receiving too much money. It ignores the increased costs of disability that are borne by the whole family, not just the person with the disability. People with disabilities often face increased housing and transportation costs. These are costs that affect the whole family.

Financial eligibility for people on ODSP is assessed based on the income of the family, not the individual with the disability. Until the person with the disability is treated as a separate benefit unit, and until the family members do not have social assistance rules applied to their income and earnings, family members of people with disabilities should have their benefit rates increase at the same rate as the primary recipient.

**(c) Medical Reviews: Create an efficient process to avoid a crisis and unnecessary expenditure of public dollars**

Budget 2014 included an extra \$5M to “eliminate the backlog” of medical reviews. ODSP is a program available to those in need who have a disability that substantially restricts their activities of daily living for more than a year. For persons who have a disability that might improve, a medical review date can be assigned to determine if in fact there has been improvement or if they remain a person with a disability. Medical reviews are an important component of a program that provides benefits for shorter term disabilities.

The problem is that ODSP has never designed an appropriate medical review process. ODSP effectively makes ODSP recipients re-apply by sending them a new application package. The process is confusing and cumbersome for everyone. Consequently, for many years medical reviews have not happened in a timely way, and a backlog has been created. Instead of designing an appropriate and efficient review process, the Ministry has been given extra

funding to increase the number of adjudications by 50% annually. Doctors in Ontario will be faced with completing 22,000 extra ODSP application forms each year. No extra funding was provided to any community support agency to assist recipients in navigating the notoriously complex unsupported application process. Services that are currently stretched will have to respond to the needs of 22,000 additional ODSP recipients. Those who need help will be seeking it from local agencies that are not even resourced to assist with current levels of demand.

That \$5M allocation made in 2014 will have a significant resource impact on health, community and legal services, as well as the Social Benefits Tribunal. We are not asking you to provide more money to all of those services to meet this new burden. We are asking that MCSS relieve that burden by using their additional resources in a better front-end process to determine what, if any, additional medical information they actually need from clients to determine whether or not their condition has improved - which is the legal requirement. Clients should not have to re-apply for benefits when a simple file review may be sufficient to determine their ongoing disability status.

We are particularly concerned about the impact of requiring a re-application process on persons with severe mental health disabilities. It is our experience that most recipients of ODSP with mental health disabilities receive review dates on their files regardless of the severity of their condition on the assumption that their condition can be treated or managed with medication. Already we are hearing of people with losing their benefits because they did not respond to ODSP's demand for a new application – either because they were overwhelmed with the process, or because they no longer have the assistance they needed to get onto the program in the first place.

The resources provided in last year's budget should be used to develop a more cost-effective review process that obtains the medical information needed by the program without putting at risk the benefits of those who are in the greatest need of ODSP, and minimize the burden on people with disabilities and the health care providers and community agencies that assist them.

We ask this committee to bring a different lens to budget requests from the Ministry of Community and Social Services to ensure that additional funds be used to improve the lives of low-income people with disabilities, not make it more difficult.

### **3. Action on Poverty Reduction**

#### **(a) Income adequacy for social assistance programs**

Current benefit rates for Ontario Works and the Ontario Disability Support Program are inadequate to meet the basic costs of living. Ontario Works was cut by 22% in 1996 and until recently continued to erode. It continues to be a dangerously low rate. We support the government's policy begun in Budget 2013 of providing a disproportionately higher increase to the OW single rate.

While ODSP rates were not cut, they were frozen for many years, and have not kept up to 1995 levels because of erosion of the benefits caused by inflation. While rates are higher than for OW, people with disabilities have higher living costs both as a direct result of the disability, and their often long-term need for benefits. A recent report by the Daily Bread Food Bank indicates an increasing use of food banks by persons on ODSP. Ontario Works recipients have been long-time users of food banks. The increasing use by people on ODSP is of great concern. This is clear indicator of the inadequacy of benefits in both programs. We recommend that Budget 2015 increases all social assistance rates, including ODSP, and commits establishing an expert panel to provide advice on levels of income support required for people to live in good health and dignity.

#### **(b) Good jobs Strategy**

We support the 25in5 Network for Poverty Reduction's recommendations aimed at addressing Ontario's growing precarious labour market. In particular, we recommend the following:

- Raise the minimum wage to \$15 to bring a worker's income to 10% above the poverty line
- Ensure all workers can access paid sick days
- Ensure equal pay for equal work by expanding protections for temporary workers
- Ensure equal access to programs and services for all workers, regardless of immigration status.

#### **(c) Health Benefits for All**

The erosion of the labour market has meant that fewer working Ontarians have extended health benefits as part of their compensation. We support the 25in5 Network for Poverty Reduction call for extended public dental benefits to all low income adults by 2018. We also support the request that Ontario take a leadership role towards a nation-wide universal PharmaCare Plan.

**(d) Ending Homelessness**

We ask government to take action on this Poverty Reduction commitment as recommended by the 25in5 Network for Poverty Reduction. We also urge government to examine the role of effective income security programs to maintain housing for the precariously housed. The continued erosion of ODSP benefits and continuing barriers to accessing and maintaining ODSP benefits risks undermining this very important commitment.

**4. Public Revenues**

Ontario has the lowest government expenditure per capita in Canada. Effective poverty reduction and income security requires significant investment of public funds. Recent analyses, including the Canadian Centre for Policy Alternatives, canvas a number of options to increase government revenue. There is a growing body of evidence of the economic value of public investment to reduce poverty. We should work together to build the consensus in support of increasing government revenues.