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Bold steps on social assistance reform in Ontario Budget 2016, but incomes still grossly inadequate

26 February 2016 – Ontario's 2016 Budget makes some significant commitments to social assistance reform as well as changes in other areas that will impact low-income Ontarians, including those on Ontario Works (OW) and the Ontario Disability Support Program (ODSP). But below-poverty incomes for people on social assistance continue to leave them in dire circumstances, particularly as food costs rise.

Child Support Clawback to End

The Ontario government will end the dollar-for-dollar clawback of child support from social assistance, answering a long-standing call from advocates to make this important change.

“Ending the dollar-for-dollar child support clawback is stellar news for people on social assistance and long overdue,” said Jennefer Laidley, Research and Policy Analyst at the Income Security Advocacy Centre. “It’s also a positive signal for future movement on reforms to social assistance programs.”

The Budget says that the clawback will end in this fiscal year, although the amount of child support that single parents will be able to keep has not yet been determined. ISAC will continue to press government to institute a full exemption as quickly as possible this year so that children see the entire benefit of child support dollars, and to stop forcing single parents to pursue support in the courts. Government should also provide more funding to legal aid services to ensure single parents have the support they need to obtain child support orders.

We also urge Ontario to commit to not instituting a clawback or restructuring social assistance rates when the federal government's new Canada Child Benefit comes online.

Rate Increases Still Inadequate

The Budget also includes a 3.7% increase to the rates for single individuals without children on OW, which will mean an extra \$25 each month for those with the lowest rates in the system. It also includes a 1.5% increase to rates for all families on OW and for people with disabilities on ODSP, which is slightly higher than the last several years. As in past years, however, the rate increase is not applied to funds that support non-disabled family members of people with disabilities on ODSP. Rate increases will start in September for ODSP and October for OW.

“Higher increases are welcome, but they're simply not enough,” said Laidley. “With fruit and vegetable prices up 12% to 18% last year, the lack of significant investment in incomes means people on social assistance will continue to rely on food banks and suffer from health problems associated with poor diets. And we're very concerned that government continues to exclude the family members of people on ODSP, which leaves them even further behind.”

Broadening the Focus of Social Assistance Reform

The Budget also includes a commitment to broaden the focus of social assistance reform efforts to look at the entire income security system.

Discussions are to take place this year to create a reform plan that “reduces poverty, supports people in their efforts to participate in the economy, and provides human services in ways that make sense to people who need them”. Separate discussions will take place with First Nation, Inuit and Metis communities to recognize and engage with their specific needs.

“The change in focus signals a reset on social assistance reform,” said Laidley. “With improvements to ODSP medical reviews, the Minister has demonstrated a willingness to work with community and respond positively to community recommendations. In that spirit, we look forward to working with the Ministry over the next year on comprehensive reforms to the system.”

The Budget also includes a pledge to begin work on how to design a Basic Income pilot program, in connection with income security reform. Careful design of such a program is required to ensure no one is worse off as a result. We hope to learn more about what this pledge means and what the opportunities for people on social assistance could be as the reform process progresses.

Other Budget Highlights

- \$45 million over the next three years for local homelessness prevention programs through the Community Homelessness Prevention Initiative (CHPI). ISAC will continue to press government to ensure more direct funding is available to low income people, especially those receiving OW and ODSP, to pay for the housing-related expenses – like first and last month’s rent, utilities arrears, furniture replacement – that used to be covered by the former Community Start-Up and Maintenance Benefit (CSUMB).
- A pledge to develop an employment strategy for people with disabilities. Employment supports and services for people with disabilities – and especially those on ODSP – need improvement. The strategy must improve program quality and access to services and increase employer engagement to help ensure more people with disabilities who want and are able to work get and keep good-paying jobs with appropriate accommodations and supports.
- Creation of a framework for a housing benefit, and a \$2.4 million housing benefit pilot project for those fleeing domestic violence. Government must ensure people on social assistance benefit from these new income sources as much as others. ISAC expects the housing benefit framework to be part of discussions on government’s plan for income security reform.
- Improving access to post-secondary education. Changes to the post-secondary grants and loans system and education-related tax credits will mean that people with incomes under \$50,000 will receive more in non-repayable grants than they pay in tuition for most post-secondary programs. These changes apply to anyone who is eligible for OSAP, including those receiving social assistance.