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Ontario Budget 2018:

Important First Steps to Transformation but No Meaningful Progress on Rates

28 March 2018 – The 2018 Ontario Budget introduced today proposes to make a number of critically important changes to social assistance and other benefit systems, which would start to move the system away from the punitive, intrusive system that currently exists and toward the supportive approach that people on social assistance and advocates envision.

But the most important change that would really transform people's lives – a significant rate increase and a commitment to ensuring every Ontarian has an adequate income – has still not been made.

“The proposed changes to rules and policies represent the first steps toward transforming the social assistance system and responding to the recommendations in the ‘Income Security: Roadmap for Change’ report,” said Mary Marrone, Director of Advocacy & Legal Services at the Income Security Advocacy Centre (ISAC). “But a three percent rate increase is a profound disappointment, as it does very little to address the deep poverty that people on OW and ODSP continue to live with every day.”

Other increases to rates, however, will address longstanding problems in the system. The Budget proposes ensuring that people living in board and lodge situations receive the same basic benefit rates as others. Other people who get lower benefit amounts due to where they live or how much they pay in rent would be moved up to the regular benefit rates within two years. These two changes would mean income increases for many people on Ontario Works (OW) and the Ontario Disability Support Program (ODSP) who are not currently entitled to get the maximum basic needs and shelter amounts.

The Budget also proposes aligning the definition of spouse with the *Family Law Act*, which would mean people on social assistance would be treated as spouses after three years of living together instead of after three months. It also proposes increasing the amounts that people can have in liquid assets, and completely exempting registered retirement savings funds and tax-free savings accounts. Importantly, it proposes completely eliminating asset tests for people with disabilities next year.

In addition, the Budget proposes changes that would allow people to keep more of the income that they get from a job or from other benefit programs (CPP-D, EI and WSIB).

The Budget confirms that the ‘Roadmap for Change’ report is the guiding document for these proposed changes, which are detailed below. A number of other policy changes are included in the Budget's funding announcement; further details will be available in the coming days.

“These Budget proposals constitute the Liberal government’s commitments on income security reform,” said Jennefer Laidley, ISAC’s Research & Policy Analyst. “We look forward to hearing from the Progressive Conservatives and the NDP on where their parties stand on the ‘Income Security: Roadmap for Change’ report recommendations.”

Social Assistance Reform

The Budget confirms that government has committed to using the “Income Security: Roadmap for Change” report as a guide for transformation of the social assistance system.

The Budget commits to an investment of an additional \$2.3 billion over the next three years to transform social assistance to better serve the needs of low-income people in Ontario. This funding includes the items noted below, as well as a number of other policy changes for which the details are not yet known. We will be receiving further information about these changes in the coming days and will share this information as soon as possible.

The Budget also proposes to develop a made-in-Ontario Market Basket Measure that would act as a guide to determine what level of income is adequate and inform future decisions about rate increases and the amounts of other benefits.

Rate Increases

The Budget proposes a 3% increase to the “basic needs” and “maximum shelter” rates in each year for the next 3 years.

For single people on OW, this means an increase of \$22 in the first year, and \$67 after three years. For single people on ODSP, it means an increase of \$35 in the first year, and \$107 after three years.

	Current	Year 1	Year 2	Year 3	\$ change over three years
OW Singles	\$721	\$743	\$765	\$788	\$67
ODSP Singles	\$1,151	\$1,186	\$1,221	\$1,258	\$107

The “Income Security: Roadmap for Change” recommended higher three-year rate increases (10% / 7% / 5% for OW and 5% / 5% / 5% for ODSP) with a strong statement that government should move even more quickly to bring people closer to adequacy. Other advocates have proposed that rates be increased to align with the Basic Income pilot project amounts.

The Budget also proposes a 2% increase each year for the next three years to the Personal Needs Allowance and the Comfort Allowance, which help to support people who live in institutions, long-term care homes and emergency shelters. This is the same percentage increase as was provided in 2017, but would provide three years of certainty.

Eliminating the Boarder and Lodger Rate

The Budget proposes eliminating the “Boarder and Lodger” rate, which gives lower regular rates to people who live in situations where they get food and shelter from the same provider. This change would start in Fall 2018 and was not only a Roadmap recommendation but has also been the subject of human rights challenges by ISAC and other legal clinics in Ontario.

This change would bring many people on OW and ODSP up to at least the regular “basic needs” and “shelter” rates. It would mean a monthly increase of \$127 (22%) for single boarders on OW and \$270 (31%) for single boarders on ODSP, which would be significant for the approximately 50,000 Ontarians who currently get the lower rate.

Making this change will also end the discrimination many people with disabilities in Ontario who live in “Boarder and Lodger” situations face purely because their disability affects their ability to purchase and prepare their own food.

This change would be in addition to the 3% basic rate increase.

Moving to a Standard Flat Rate

The Budget proposes to ensure that everyone on OW and ODSP receives at least the basic “basic needs” and “maximum shelter” benefit rates by 2020-21.

Currently, people who are homeless, live in shelters, long-term care homes or certain kind of institutions, or people who pay less than the maximum shelter benefit amount for their housing get less than the regular basic benefit rates. Moving to a standard flat rate – which was a major recommendation of the “Income Security: Roadmap for Change” report – would increase incomes for a number of people on OW and ODSP. Currently, 36% of the OW caseload and 55% of the ODSP caseload are not entitled to get the maximum basic needs and shelter amounts.

This change would also eliminate the need for people on social assistance to report on where they live, how much they pay in rent, or whether or not they have a roommate. Reducing the reporting burden on people on social assistance will also reduce the amount of time that caseworkers have to spend policing eligibility rules and give them more time to provide supports.

Aligning the Definition of Spouse with Family Law

The Budget proposes changing the definition of spouse, which currently imposes financial responsibility for a partner after only three months of living together. The Budget proposal would increase that amount of time to three years, to align with the definition of “spouse” in the *Family Law Act*. This change would take place in November 2018 in both OW and ODSP.

This change would allow people on social assistance the time to form meaningful personal relationships, and would mean that they would be treated like everyone else in terms of financial support obligations for a spouse.

Improving Treatment of Employment and Employment-Related Income

The Budget proposes a three-year series of changes to the way that money from work or from other work-related benefit programs is deducted from OW and ODSP benefits.

In the first year, the Budget proposes that the amounts that people can earn from work would increase from \$200 per month to \$400 per month, before income clawbacks kick in. This change would start in Fall 2018.

Starting in year two (2019-20), the amount people could keep would change from a monthly amount to an annual amount, and increase from \$4,800 / year to \$6,000 / year. This change would not only increase the amount that people could keep from work, it would also reduce the monthly income swings that people that aren't regular from month to month currently experience.

In the third year (starting 2020-21), the \$6,000 / year exemption would also apply to income from CPP-D, EI, and WSIB benefits, which are work-related benefit programs. This is a major change from the current system where these benefits are deducted dollar-for-dollar.

Treatment of Assets

The Budget proposes to increase the amounts of cash and liquid assets that people on OW can have to \$15,000 for singles and \$20,000 for couples. It also proposes completely eliminating the asset limits in ODSP. These changes would start in 2019-20.

This is the third year in which government has committed to increasing asset exemption amounts, which means that low-income people don't have to be completely destitute before being able to receive help from the social assistance system. For people with disabilities, the elimination of the asset test in ODSP, the move to a standard flat rate for regular basic benefits, and the ability to keep more income from benefit programs like CPP-D is a move toward the kind of "assured income" program that was recommended by the Roadmap.

The Budget also proposes to eliminate limits on the amounts of money that people on social assistance can have in Tax Free Savings Accounts (TFSA) and Registered Retirement Savings Plans (RRSPs) starting in Fall 2018. This change would help to ensure that people who have retirement savings would not have to spend down those savings before receiving help from social assistance, and would improve their income security in retirement.

Moves Toward Reconciliation

The Income Security Roadmap for Change report made a number of recommendations that would move toward reconciliation and improve social assistance for people from urban Indigenous and First Nation communities.

The Budget proposes that government "work with urban Indigenous and First Nation partners to improve access to culturally safe OW and ODSP services in communities

across Ontario”. It also proposes that government work with First Nations to co-design a way of delivering social assistance that would allow First Nations greater flexibility and capacity to deliver social assistance programs to members of their communities.

In addition, the Budget proposes expanding eligibility for the Remote Communities Allowance to 42 more First Nation communities by including those communities north of the 47th and south of the 50th parallel, and those who do not have year-round road access. This change would start in Fall 2018.

Benefits for All Low Income Ontarians

The “Income Security: Roadmap for Change” report made recommendations to improve supports for people outside social assistance, including providing extended medical benefits and a housing benefit. The Budget makes the following commitments.

Ontario Drug and Dental Program

The Budget proposes the creation of a new Ontario Drug and Dental program for people in Ontario who do not already have extended health care coverage. The program would start in summer 2019. The program would reimburse people for up to 80% of their prescription drug and dental costs, up to a maximum of \$400 for singles and \$600 for couples, plus \$50 for each child in the family.

Given that there are a growing number of low-income Ontarians who do not receive extended medical benefits from their employer, this new program is a move in the right direction that would establish a platform for universal coverage and ensure that everyone in Ontario would have some level of coverage.

OHIP+ for Seniors

The Budget proposes expanding the OHIP+ program to seniors (65+). This would eliminate the deductible and co-pay amounts that seniors currently have to pay under the Ontario Drug Benefit and assist low-income seniors to afford the cost of their prescription medication.

Portable Housing Benefit

The Budget affirms the government’s commitment to cost-match the federal government’s housing investments in the National Housing Strategy, including funds for a portable housing benefit that would assist low-income people with the cost of housing. The details of the design of this new benefit or who would be eligible have not been confirmed.