Social Assistance Changes in Ontario

Forecasting the Impact of the Government of Ontario’s Proposed Reforms

April 2019
In This Report

About Feed Ontario 03
Executive Summary 04
Social Assistance and Food Banks 05
A Brief History of Social Assistance 06
Social Assistance Today 07
Planned Changes to the System 09
Ontario Works 09
Ontario Disability Support Program 11
Recommendations for Change 14
Feed Ontario (formerly the Ontario Association of Food Banks) is a network of 130 direct member food banks and over 1,100 affiliate hunger-relief agencies that are united in their work to address and prevent hunger and poverty.

Through emergency food support, innovative programming, and a commitment to investigating long-term solutions to poverty, the provincial food bank network works tirelessly to improve the health and well-being of the adults and families it serves.

Feed Ontario works to achieve its mission in three key ways:

**FeedON**
The provincial food bank network provides adults, children, and seniors with nutritious food throughout the year, including dairy products, protein, and produce. With the support of our partners, Feed Ontario distributes the equivalent of 4.5 million meals annually.

**Feed Possibility**
We feed possibility by providing food banks with resources to grow their capacity to distribute fresh food, to collaborate and develop best practices that drive change, and to invest in innovative programming for people facing hunger in their communities.

**Feed Change**
We feed change by researching the root-causes of food insecurity, raising awareness of hunger in our province, and advocating on behalf of evidence-based solutions to poverty. It is only through our collective action that we will end hunger and poverty in Ontario.
Executive Summary

In November 2018, the provincial government announced a number of reforms to Ontario’s social assistance programs, Ontario Works and the Ontario Disability Support Program, with the intention of helping recipients break the cycle of poverty.

As two-thirds of food bank clients cite social assistance as their primary source of income, reforms to these programs can have a significant impact on food banks. This report discusses the history of social assistance in Ontario and the impact that previous changes to the system have had on poverty and food insecurity in this province, and analyzes the proposed reforms. In summary, this analysis found that while the reforms included a number of improvements to the current set of policy directives, some of the changes are cause for concern:

- **Ontario Works**: Despite the proposed increase to earnings exemptions from $200 to $300, the corresponding increase in clawbacks to subsequent earnings from 50 to 75 percent would leave recipients with less net income compared to the current system after working more than 8 hours per week at minimum wage, making it more difficult to move ahead

- **Ontario Disability Support Program**: The proposed alignment of the program’s definition of disability with the federal guidelines may exclude individuals with episodic disabilities (such as multiple sclerosis or Parkinson’s disease) from accessing the support they need.

To avoid these problems, Feed Ontario recommends that the Government of Ontario maintain the earnings-related clawbacks at 50 percent and retain ODSP’s current definition of disability. In addition, to ensure that more Ontarians do not have to make the difficult choices between necessities like food and shelter, Feed Ontario recommends the provincial government invests into the development of more affordable housing and a portable housing benefit.
Social Assistance and Provincial Food Bank Use

Between April 1, 2017, and March 31, 2018, Ontario's food banks provided support to over 227,300 households, inclusive of 501,590 adults, children, and seniors. While the circumstances that resulted in these individuals and families needing support are diverse, the fundamental reason that people turn to food banks is because they do not have sufficient income to afford all of their basic necessities each month.

Reforms to Ontario’s social assistance programs are a significant concern in the food bank network because it is the primary source of income for the majority of adults that access Ontario’s food banks throughout the year. With 30 percent of clients being recipients of the Ontario Disability Support Program (ODSP) and 29 percent of Ontario Works (OW), any changes made to how these essential programs work will undeniably have an impact on the people that food banks serve.

The intention of OW is to assist recipients while they work to recover from a job loss or rebuild their life after an emergency situation. ODSP is meant to provide support to recipients that are living with a disability that restricts their ability to work, and is presently inclusive of both continuous disabilities (such as a developmental disability) and recurrent/episodic disabilities (such as cancer or multiple sclerosis).

Both programs were created to provide individuals and families with support when unexpected challenges or unavoidable health issues occur, and give them the best possible chance for getting back on their feet and a good quality of life.

Unfortunately, there have been a number of changes to Ontario’s social assistance programs since the early 1990s that have made it increasingly more difficult for recipients of the programs to afford even their most basic needs, such as food and shelter, much less establish a foundation that would allow them to move out of poverty.

59% of food bank clients cite social assistance as their primary source of income
A Brief History of Social Assistance

1874 Provincial governments begin to support charitable institutions with regular grants

1890 Ontario passes the Houses of Refuge Act, which provides county governments with grants to construct buildings for the ‘deserving poor’

1903 The province passes new legislation that requires every county in Ontario to have a house of refuge

1914 Ontario’s Workmen’s Compensation Act is Canada’s first compulsory contributory social insurance law, and provides support to individuals who suffer workplace injuries or contract occupational diseases

1920 The Ontario Need Mothers’ Allowance Act provides support to deserted and widowed women after WWI

1930 The federal government provides the provinces with grants to provide relief during the Great Depression and creates a new Department of Welfare

1940 Federal Unemployment Insurance is established to provide protection against loss of employment earnings

1956 The Unemployment Assistance Act creates the first permanent program for funding social assistance after pressures from charities and the provinces, which can no longer support the cost of relief after WW2 and a period of increased unemployment

1958 Ontario passes the General Welfare Assistance Act to assist during temporary distress

1965 The Canada Pension Plan, a national compulsory contributory pension plan, is established

1966 Ontario passes Family Benefits Assistance Act to help individuals in need for long periods of time

1967 The Department of Welfare changes its name to the Department of Social and Family Services

1971 The federal government substantially expands Unemployment Insurance and broadens the National Housing Act to cover co-operative and non-profit assistance

1972 The Department of Social and Family Services becomes the Ministry of Community and Social Services

1977 The Family Benefits Assistance becomes the Ontario Disability Support Program and General Welfare Assistance becomes Ontario Works
n Ontario, two out of three individuals that access food banks are social assistance recipients. This statistic has remained consistent for as long as food banks have been collecting this data.

One of the primary reasons that social assistance recipients access food banks is that Ontario Works (OW) and the Ontario Disability Support Program (ODSP) do not provide sufficient support for an individual to afford all of their basic necessities each month, like rent, hydro, transportation, and food. Frequently, individuals on these programs have to make difficult choices between expenses, leaving them with no other choice but to turn to food banks for support.

This is a trend that has continued to grow year over year, as illustrated in Figure 1. Due to the rising cost of living and stagnant social assistance rates, program recipients are falling into deeper levels of poverty as the “poverty gap” between social assistance income and the Low Income Measure (LIM) continues to grow.

In 1990, a single ‘employable person’ would have received $623 per month ($1,027 in 2019 dollars), and a person with a disability would have received $876 per month ($1,434 in 2019 dollars). The poverty gap for these individuals was 30 percent and 2 percent respectively.

FIGURE 1: HISTORICAL OW AND ODSP RATES* COMPARED TO THE LOW INCOME MEASURE**, ADJUSTED TO 2018 DOLLARS

*The Low Income Measure (LIM) is the most commonly used definition of poverty and is set at 50% of median adjusted household income. This chart references the LIM after taxes for a single person household.
Today, a single person on OW receives $733 per month and experiences a poverty gap of 63 percent, and an individual on ODSP receives $1,169 per month, experiencing a poverty gap of 40 percent.

This growing gap can be explained in part by the austerity measures put in place by the Government of Ontario, starting in 1995 with a 21.6 percent cut in support available for recipients that were considered ‘employable persons’. This was followed by all social assistance rates being frozen until 2003, causing the income provided by both programs to lose value each year due to inflation. Although some modest increases have been made to social assistance rates since then, they have never recovered from the initial cuts in 1995. The chart in Figure 2 illustrates how difficult - or even impossible - it can be for someone on OW or ODSP to afford all of their monthly expenses today.

Alongside inadequate rates, these programs are governed by punitive and complicated policy directives that make navigating the system a challenge and building a foundation to move out of poverty nearly impossible. Though the purpose of these programs are to help recipients regain financial stability, every time they try, they get knocked back down.

**FIGURE 2: SINGLE PERSON HOUSEHOLD EXPENSES VERSUS INCOME**

<table>
<thead>
<tr>
<th>Monthly Income</th>
<th>Ontario Works</th>
<th>Ontario Disability Support Program</th>
<th>Full-Time Minimum Wage (Net, 31 Hours14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent16 Bachelor Apartment</td>
<td>$959.00</td>
<td>$959.00</td>
<td>$959.00</td>
</tr>
<tr>
<td>Bills/Utilities Electricity, Phone, Internet</td>
<td>$179.08</td>
<td>$179.08</td>
<td>$179.08</td>
</tr>
<tr>
<td>Personal Care Items Clothing, Cleaning Supplies, Toiletries</td>
<td>$191.17</td>
<td>$191.17</td>
<td>$191.17</td>
</tr>
<tr>
<td>Health Care Medication, Health Care Supplies and Equipment</td>
<td>$0*</td>
<td>$0*</td>
<td>$113.58</td>
</tr>
<tr>
<td>Transportation</td>
<td>$150.00</td>
<td>$150.00</td>
<td>$150.00</td>
</tr>
<tr>
<td>Total</td>
<td>$1,479.25</td>
<td>$1,479.25</td>
<td>$1,592.83</td>
</tr>
<tr>
<td>Income Left For Food and All Other Expenses</td>
<td>($746.25)</td>
<td>($310.25)</td>
<td>$30.17</td>
</tr>
</tbody>
</table>

*OW and ODSP includes access to some health benefits
Planned Changes to the System

Food banks have long-advocated for social assistance reform, including increases to social assistance rates to reflect the cost of living, reducing red tape and improving accessibility to the programs, and reforming the policy directives that govern the system.

In November 2018, the provincial government announced a number of changes to Ontario’s social assistance programs, as well as the introduction of the Low-Income Individuals and Family Tax (LIFT)* credit, with the intention of assisting low-income workers. At first glance, many of the reforms appear to be improvements to the social assistance programs; however, a closer look reveals that some of the proposed changes may actually work against the intended outcome.

Ontario Works

The provincial government has proposed a re-design of Ontario Works (OW), with a stated goal of helping recipients find and keep jobs and achieve better outcomes. Some of the potentially positive changes announced included an increased focus on employment services, improved access to wrap-around supports, making it easier for recipients to pursue self-employment, and a simplified rate structure. However, there are a number of proposed changes that are cause for concern, such as the proposed changes to the earnings-related clawback.

Currently, an OW recipient can earn up to $200 per month without impacting their benefits. This is known as an ‘earning exemption’ and is applied after three months of receiving assistance. Once $200 has been earned, 50 percent of every dollar earned is clawed back from their monthly benefit.

The reforms announced by the Government of Ontario (outlined in Figure 3) included increasing the earnings exemption for OW to $300 per month and decreasing

*The LIFT credit refunds the provincial personal income tax for low-income Ontarians
the waiting period for earning exemptions to apply to one month. While these are moves in the right direction, the changes also included increasing the earnings clawback to 75 percent.

Though the intention of these changes is to assist recipients in transitioning back into the workforce, it is arguable that the increase to clawbacks, despite the increase to earning exemptions, will create further barriers to moving out of poverty.

To illustrate, the graph in Figure 4 shows that the proposed changes, inclusive of the LIFT credit, give a slight advantage to OW recipients working between 4 to 8 hours per week on average versus the current system without the LIFT credit. Yet if the recipient works more than 8 hours per week, the proposed changes mean that their net income will be lower than at present. After 23 hours of work, recipients will stop receiving OW benefits altogether, versus the current cut-off point of 33 hours.

Moreover, OW comes with access to health benefits, such as the Ontario Drug Benefit and assistance with the cost of medical supplies. As extended health care benefits are often not offered to low-income workers, particularly those working part-time, lowering the point where individuals become ineligible for financial assistance on OW means recipients lose access to these important benefits earlier and when they are in a more precarious financial state.

When considering the impact of both the clawbacks and the loss of extended benefits, like medicine

![Figure 4: Monthly Net Income (Earnings and Ontario Work Support, After Taxes) by Hours Worked (Minimum Wage)](image-url)
and medical supplies, the proposed changes to OW leave recipients who are working to move out of poverty with less net income than under the present system. This makes it even more difficult for individuals to establish sufficient income to move towards financial independence.

**Ontario Disability Support Program**

Alongside changes to Ontario Works (OW), the provincial government announced a number of positive changes to the Ontario Disability Support Program (ODSP), including switching the financial review from a monthly to an annual basis and increasing the earnings exemption from $200 per month to $6,000 per year, helping to encourage employment by allowing for greater income flexibility and fluctuation throughout the year.27

However, much like the changes to OW, some of the proposed changes to ODSP are cause for significant concern, particularly the intention to align the program’s definition of what constitutes an eligible disability with federal guidelines. While there is no single federal definition of disability, the most common definitions are significantly narrower and more restrictive than what is currently being used by ODSP, and may exclude many individuals with a disability who need it.

One of the most significant differences between the commonly used federal definitions of disability and ODSP’s definition is in how each consider the length and frequency of impairment. Currently, one is eligible for ODSP if their disability is either “continuous or recurrent”28, whereas the two most common federal guidelines require the impairment to “regularly stop you from doing any type of substantially gainful work”29 (Canada Pension Plan-Disability) or that it must be “present all, or substantially all the time”30 (Disability Tax Credit).

These federal guidelines exclude individuals with episodic disabilities, which are chronic conditions marked by periods of health that are interrupted by episodes of

---

**Figure 5: Sample Net Monthly Income of Ontario Works Recipient**

<table>
<thead>
<tr>
<th></th>
<th>Current System</th>
<th>Proposed System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours Worked</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>After Tax Income</td>
<td>$1,218 (without LIFT credit)</td>
<td>$1,242 (with LIFT credit)</td>
</tr>
<tr>
<td>Max OW Support</td>
<td>$733</td>
<td>$733</td>
</tr>
<tr>
<td>Clawbacks</td>
<td>-$509</td>
<td>-$707</td>
</tr>
<tr>
<td>Remaining OW Support</td>
<td>$224</td>
<td>$26</td>
</tr>
<tr>
<td>Net Income</td>
<td>$1,442</td>
<td>$1,269</td>
</tr>
</tbody>
</table>
disability. Examples of episodic disabilities include conditions such as cancer, multiple sclerosis, HIV/AIDS, and Parkinson’s disease (see Figure 6 for more examples).

It is estimated that 33 percent of Ontarians with a disability experience it episodically. As these periods of illness are often unpredictable in both length and frequency, it is therefore unsurprising that part-time work is more common amongst people with episodic disabilities. Further, these individuals also experience higher rates of poverty: compared to people without disabilities, and are 45 percent more likely to have a household income that falls into the lowest quintile.

**FIGURE 6: CONDITIONS THAT CAN RESULT IN AN EPISODIC DISABILITY**

- Anxiety
- Arthritis
- Asthma
- Bi-polar disorder
- Cancer
- Chronic Obstructive Pulmonary Disease
- Chronic Pain
- Chronic Inflammatory Demyelinating Polyneuropathy
- Crohn’s disease & Ulcerative Colitis
- Depression
- Diabetes
- Epilepsy
- Hepatitis C
- HIV/AIDS
- Lupus
- Meniere’s Disease
- Multiple Sclerosis
- Migraines
- Parkinson’s disease
- Post-traumatic stress disorder
- Substance abuse disorder

Episodic disabilities can result in intermittent work capacity (expressed as instability in an employee’s attendance and productivity)

As outlined in Figure 7, while there are many disability support programs available to Ontarians, there are many challenges when it comes to accessing them. Most disability support programs and benefits available to Ontarians are tied to current employment or are based on a certain amount of payroll contributions, and therefore require steady employment histories. Some programs exclude people with episodic disabilities, or require the disability to arise from a workplace incident.

Thus, for many people, ODSP ends up being a program of last resort, especially as one is only eligible for the program if they do not have enough income and assets to support themselves. Redefining disability to exclude those with episodic illnesses means that these individuals, who already face barriers to obtaining employment, will have no choice but to seek support through OW — a program that was not designed to support people with disabilities.

While the benefit rates for ODSP are not adequate, they are still much higher than what is available through OW. Applicants who would have formerly qualified for ODSP would receive 37 percent less under OW, which is a devastating setback to someone already living in poverty. ODSP also has more comprehensive health benefits and permits higher savings limits.
allowing recipients to better weather temporary setbacks like an unexpected expense. Recipients of OW are required to take part in “employment assistance activities” to find a job in order to continue receiving benefits, as the expectation is that they are physically able to work.

The proposed changes to earnings exemptions for ODSP actually makes the program better suited to those with episodic disabilities who are able to work, as the higher, annualized income limit makes it safer to go in and out of the workforce when one’s health permits without fear of losing the benefits and wrap-around services available to recipients of ODSP. If the provincial government decides to retain ODSP’s current, inclusive definition of disability, it is possible that the new model of ODSP could help many more individuals living with a disability transition successfully out of poverty and into financial stability.

Acronyms used: CPP-D: Canada Pension Plan - Disability; EI-Sickness: Employment Insurance-Sickness; WSIB: Workers Safety Insurance Board; Veterans: Veterans Affairs Canada Disability Benefits; Private: Private Insurance; DTC: Disability Tax Credit; RDSP: Registered Disability Savings Plan; ODSP: Ontario Disability Support Program

*often excludes people with episodic disabilities, as many are precariously employed and do not qualify, as they require either attachment to employment or payroll contributions

**only if the disability arises from a work-related injury; WSIB has cut the amount of compensation it provides to claimants by half since 2010. 33

![Figure 7: Disability Support Programs Available to Ontarians](image)
The provincial food bank network has long advocated for social assistance reform to improve the programs that so many of our province’s most vulnerable citizens rely on.

As the provincial government continues to investigate and roll out its social assistance reform plan, Feed Ontario would like to put forward the following recommendations as the first steps towards moving the needle on poverty and a future where no one goes hungry:

1. Retain the current definition of ‘disability’ in Ontario

The Government of Ontario announced it was considering aligning the provincial definition of disability with a federal definition. The concern with this potential change is that the common federal definitions of disability are meant for support services with a different purpose than the Ontario Disability Support Program.

By changing the definition of disability to exclude episodic illness, the Government of Ontario may be putting a number of vulnerable individuals at risk of becoming ineligible for this essential program. Ontarians living with a disability should be assured that they can meet their basic needs, including through ODSP when necessary.

Feed Ontario strongly encourages the provincial government to retain its current definition of disability, ensuring that Ontarians, when faced with debilitating illness, are able to access the support they need.

Over half a million people in Ontario access food banks, with the majority being social assistance recipients. Feed Ontario calls on the provincial government to enact bold policy changes to reduce this number.
2. Reduce the clawback on earned income under Ontario Works and ODSP from 75% to 50%

In their 2019 budget, the Government of Ontario announced planned changes to the rules for earned income for people receiving Ontario Works or ODSP. For Ontario Works, the $200 cap would be increased to $300 per month, and for ODSP the cap would be increased to $6,000 per year. Both of these announcements were steps in the right direction. However, alongside these increases, the provincial government also announced an increase to the clawbacks on earned income, moving it from 50 percent to 75 percent of every dollar earned. This, combined with many other challenges, will likely make it more difficult for social assistance recipients to achieve income security through employment.

Feed Ontario strongly encourages the Government of Ontario to retain the current clawback rate of 50 percent, to further support social assistance recipients as they work to establish sufficient resources and a strong foundation that will enable them to move out of poverty.

3. Invest in affordable housing via construction, repairs, and a portable housing benefit

The Government of Canada unveiled its first National Housing Strategy in 2017. The Government of Ontario re-affirmed its commitment to cost-match the federal investments in its 2019 budget. This agreement will provide $4.2 billion in new federal and provincial funding to the Ontario housing sector over the next nine years, including funding for the repair, renewal, and expansion of social housing and a new Canada-Ontario Housing Benefit.

While this continued commitment to the National Housing Strategy is promising, details about its implementation and the design of the portable housing benefit have yet to be released. With 90 percent of food bank clients being rental or social housing tenants, who spend more than 70 percent of their income on housing, the proper investment of this funding will be essential to moving the needle on poverty. In particular, Feed Ontario will be paying close attention to the design of the portable housing benefit to ensure it is accessible and benefits those who need it most.

To learn more about food banking and poverty in Ontario, visit www.feedontario.ca
Works Cited


3. ibid


10. ibid


14. Statistics Canada. (2018). Table 14-10-0036-01 - Actual hours worked by industry, monthly, and unadjusted for seasonality [Based on 30.7 Hrs/Week]. Retrieved from: https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410003601&pickMembers%5B5%5D=1.7&pickMember s%5B%5D=2.12&pickMembers%5B2%5D=3.2&pickMembers%5B3%5D=5.1


16. Canada Mortgage and Housing Corporation. (2018). Urban Rental Market Survey Data: Average Rents in Urban Centres (October 2018) [Data File] https://www3.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/Table?TableId=2.31.2&Ge ographyId=35&GeographyTypeId=2&DisplayAs=Table&GeographyName=Ontario#Apartmen t


25. Canada Mortgage and Housing Corporation. (2018). Urban Rental Market Survey Data: Average Rents in Urban Centres (October 2018) [Data File] https://www3.cmhc-schl.gc.ca/hmip-pimh/en/TableMapChart/Table?TableId=2.1.31.2&GeographyId=35&GeographyTypeld=2&DisplayAs=Table&GeographyName=Ontario#A partment


27. Ibid


Authors
Amanda King
Ashley Quan

Design
Ashley Quan