

2026 Pre-Budget Submission

Help More People Move Off Ontario Works and Into Employment

Introduction

In Budget 2026, the Government of Ontario has an opportunity to support low-income workers and strengthen Ontario's labour force.

One of the ways that this can be accomplished is by **increasing the monthly income cap for Ontario Works (OW) from \$200 to \$600 while maintaining the current 50% clawback rate**. This change would build on the Province's past successes of increasing the income cap for ODSP recipients in 2023 and annual increases to the minimum wage.

Problem: Ontario Works isn't working for Ontarians

OW is the social assistance program intended to help "those most in need while they satisfy obligations to become and stay employed;" however, only 7% of OW cases had earnings from employment last year. **This low employment rate is nearly half the 13% rate from five years ago, and lower than the rate for Ontario Disability Support Program (ODSP) cases.**

Data also shows that fewer people are exiting OW to employment, and 1 in 3 return within one year and that more recipients are experiencing homelessness, further reducing their ability to obtain employment and move off the program.

This is a problem for all of us. For the Province, it means greater costs in the long run. For businesses, it means missing out on an eager and willing labour force. For OW recipients, it means greater challenges getting back on their feet and a higher chance of long-term dependence on the program.

Cause: Working more costs workers, instead of helps

Despite Ontario's focus on connecting people to jobs, many OW recipients who are ready to work are being held back by complex program rules that make achieving financial stability through work more difficult. One such rule is the outdated treatment of earned income.

Earned Income Clawbacks:

Social assistance recipients are allowed to keep a portion of earned income before their supports are reduced. Prior to 2023, both OW and ODSP reduced financial assistance at a rate of 50%, with the first \$200 per month exempt from reductions. This \$200 exemption was originally set in 2013, when minimum wage was \$10.25 per hour. Since then, minimum wage has increased to \$17.60.

In 2023, the Government of Ontario updated the clawbacks formula for ODSP, increasing the income exemption to \$1,000 and the clawback rate to 75% once this threshold is met. This policy change built on the Province's 2022 commitment to increase basic support from ODSP annually with inflation.

Unfortunately, neither the income exemption nor basic financial supports for OW were updated, despite the rising cost of living. The impact of this inaction can be seen in the example below of two OW recipients – Julie in 2013, and Nicole in 2025:

Julie's Story

In 2013, Julie lost her job and turned to OW for support. Because she didn't qualify for Employment Insurance (EI), OW was her only option. She shared a modest two-bedroom apartment with a roommate, paying \$528 per month in rent. Julie received \$626 in OW benefits, leaving \$98 for food and other essentials after her rent was paid.

Determined to get back on her feet, Julie found a part-time minimum wage job that offered her about 15 hours per week:

- Monthly earnings: \$666
- OW cheque after clawbacks: \$393
- Total income: \$1,059
- Left after rent and food: \$247

Julie's manager recognized her hard work and offered her an extra shift of 8 hours per week. With that additional income, Julie still qualified for \$171 in OW support and maintained access to the health and employment benefits offered through the program. This stability allowed her to start rebuilding her financial stability and work towards the promotion that helped her leave the program permanently.

Nicole's Story

In 2025, Nicole finds herself in nearly identical circumstances as Julie, but OW no longer provides the same support to help her move off the program. Nicole, who also shares a modest apartment with a roommate, pays \$875 in rent and receives an OW benefit of \$733 per month. Because her rent alone exceeds her monthly benefit support, she borrows money and lives at an increased risk of homelessness.

Like Julie, Nicole secures a part-time job for about 15 hours per week:

- Monthly earnings: \$1,143
- OW cheque after clawbacks: \$261
- Total income: \$1,405
- Left after rent and food: \$117

Despite working the same hours as Julie, Nicole has less money left at the end of the month because rental rates and basic living costs have risen far faster than the support provided through the program.

When Nicole's manager offers her an extra shift of 8 hours per week during the busy season, Nicole faces an impossible choice. If she accepts, she will lose her OW eligibility (including access to vital benefits) and end up financially worse off, even while working more hours. Further, once the busy season ends, she would not qualify for OW again due to her temporary earnings. If she doesn't accept, however, it will be harder for her to build financial stability and the work experience that allows her to leave the program permanently.

Ontario Works was created to help recipients re-enter the workforce and regain financial independence. Today, however, its outdated structure and rules often penalize work, undermining the very goal the program was designed to achieve.

As a result, many OW recipients face significant challenges regaining employment, and once they do find work are given very little "runway" to build on a foundation that ensures they have the financial stability needed to leave the program.

Solution: Work That Pays

Recommendation: Increase the flat monthly exemption from \$200 to \$600

Raising the flat monthly exemption from \$200 to \$600 (while maintaining the 50% reduction rate) would allow workers like Nicole to keep more money in their pockets and move toward sustainable employment. In Nicole's case, this change would leave her with \$200 more each month after expenses to cover essentials and build financial stability.

Importantly, it would also remove concerns about accepting additional hours or temporary work, as Nicole would remain eligible for OW supports and benefits until she moved into permanent employment. This simple adjustment would make it easier for recipients to transition into the workforce without fear of being worse off for working more.

Increasing the earnings exemption is a cost-effective way to help low-income Ontarians keep more money in their pockets while strengthening pathways to employment today. These changes are both critical and timely given the rising cost of living, growing pressures on social services, and ongoing labour shortages across the province.

Impact: Stability Through Work

Modernizing OW's treatment of earned income is a powerful opportunity to fulfill the government's commitment to promoting employment, protecting workers, and keeping Ontario open for business.

- **For Workers:** Low-income workers would keep more of what they earn and still access the supports they need while working towards financial stability and independence. This equates to a benefit of up to \$4,800 per worker annually.
- **For Government:** Fewer people cycling back onto OW means lower caseloads over time, reduced pressure and costs on systems such as healthcare, and increased tax revenue in the long term.
- **For Employers:** Companies that employ OW recipients will be able to offer more hours without jeopardizing essential supports, helping to fill labour shortages and improve workforce retention. If employment rates for OW recipients returned to 2019 levels, it would add more than 17,000 workers to the workforce, helping to address Ontario's labour market needs.
- **For the Economy:** When workers keep more of what they earn, they spend more in their communities, strengthening local economies and further increasing tax revenue.

Financial Cost: More Value for Ontario

A detailed cost analysis would need to be conducted by the Ministry of Finance and Ministry of Children, Community, and Social Services, as they have access to information that is not made available publicly. However, past policy changes can help to illustrate the likely scope of costs:

- In 2013, earnings exemptions changed to add a \$200 flat exemption. After this policy came into effect, it was estimated to have cost the government an additional \$35 million annually between 2015-2016 and 2020-21.¹ To put this into perspective, Ontario is projected to spend \$2.65 billion on financial assistance to OW recipients in 2025-26,² meaning **that increase represents only 1.3% of total program costs.**
- In the 2022 Fall Economic Statement, the Government of Ontario announced an increase to ODSP's flat monthly earnings exemption from \$200 to \$1,000 alongside inflationary rate increases. **No additional cost was attributed to the exemption change** in the FES or subsequent budgets, suggesting that its financial impact was not projected to be significant.³

Caseloads are a major driver of program costs and are influenced by both external factors (such as high unemployment) and internal factors (such as program eligibility).

Increasing the flat earnings exemption primarily affects existing recipients by increasing the income level at which they would exit the program. However, if the three-month waiting period for the exemption is maintained, then the maximum level of

¹ https://www.auditor.on.ca/en/content/annualreports/arreports/en18/v1_31len18.pdf

² <https://www.ontario.ca/page/expenditure-estimates-ministry-children-community-and-social-services-2025-26>

³ <https://budget.ontario.ca/2022/fallstatement/chapter-1b.html#s-8>

income permitted for applicants entering OW would stay the same, minimizing the impact on overall caseload numbers.

Notably, following both the 2013 addition of the earning exemption to OW⁴ and the 2022 increase in earning exemption increase for ODSP, caseloads for both programs did not increase significantly.

Conclusion

While the proportion of OW recipients with employment income has halved in only a few short years, it could easily recover in a similar timeframe.

Modernizing how OW treats earned income and support for workers is a logical next step to follow the government's recent changes to social assistance administration, employment services, and ODSP. A similar approach to OW would strengthen Ontario's workforce, reduce poverty, and deliver better outcomes for recipients, employers, and taxpayers alike.

The Government of Ontario now has a historic opportunity to make Ontario Works truly work for everyone.

About Feed Ontario

Feed Ontario represents a network of more than 1,200 food banks and hunger relief organizations in Ontario. Through our network, we deliver millions of pounds of food to food banks across the province, serving more than 1 million people each year. While we work to strengthen and grow the capacity of the provincial food bank network, Feed Ontario continues to advocate for evidence-based programs and solutions to end food insecurity and poverty in our province. It is only through good public policies that prioritize people above all else that we will realize our vision of an Ontario where everyone is food secure.

Endorsements

On behalf of the 141 Feed Ontario members listed below, we urge the Government of Ontario to include the investment detailed in this submission in the 2026 Budget.

Acton – Acton Foodshare

Ailsa Craig – Ailsa Craig & Area Food Bank

Alliston – Alliston Food Bank

Aurora – Aurora Food Pantry

Bancroft – North Hastings Community Cupboard

Barrie – Barrie Food Bank

Barry's Bay – Madawaska Valley Food Bank

Beamsville – Community Care of West Niagara

Beaverton – Brock Community Food Bank - Sunderland & Beaverton

⁴ https://www.auditor.on.ca/en/content/annualreports/arreports/en18/v1_31len18.pdf

Belleville – Gleaners Foodbank (Quinte)
Belleville – Quinte Region Food Sharing Shelter Inc.
Blenheim – The Salvation Army Blenheim Food Bank
Blind River – Blind River Emergency Food Bank
Bobcaygeon – Bobcaygeon Helps Food Bank
Bolton – Caledon Community Services
Bracebridge – The Salvation Army South Muskoka Ministries
Bradford – Helping Hand Food Bank
Brampton – Knights Table
Brantford – Community Resource & Employment Service (Brantford)
Brockville – Brockville and Area Food Bank
Burk's Falls – Burk's Falls and District Food Bank
Burlington – Burlington Food Bank
Burlington – Feed Halton
Caledonia – Caledonia & District Food Bank
Cambridge – Cambridge Food Bank
Campbellford – Campbellford Fare Share Food Bank
Carleton Place – Lanark County Food Bank-The Hunger Stop
Cayuga – Cayuga Food Bank
Chatham – Chatham Outreach for Hunger Inc.
Cobourg – Northumberland County Food 4 All
Cobourg – Northumberland Fare Share Food Bank
Cochrane – Cochrane Food Bank Inc.
Collingwood – The Governing Council of The Salvation Army
Concord – The Food Bank of York Region
Cornwall – The Agape Centre
Dunnville – The Salvation Army Dunnville Community & Family Services
Eganville – Eganville and District Community Food Bank
Elliot Lake – Elliot Lake Emergency Food Bank Inc.
Erin – East Wellington Community Services
Fergus – Centre Wellington Food Bank
Fisherville – Jarvis Caring Cupboard
Fonthill – Pelham Cares
Fort Erie – The Salvation Army Fort Erie Community and Family Services
Fort Frances – The Salvation Army Fort Frances
Gananoque – Gananoque and Area Food Bank
Georgetown – Georgetown Bread Basket
Goderich – St. Vincent de Paul
Gravenhurst – Gravenhurst Against Poverty
Grimsby – GBF Community Services
Guelph – Guelph Food Bank c/o Spiritwind Christian Centre of Guelph
Hagersville – Hagersville Food Bank
Hanover – The Salvation Army Hanover Ministries
Hastings – Hastings Roseneath Food Bank
Hawkesbury – Hawkesbury Central Food Bank

Huntsville – The Salvation Army Huntsville Food Bank
Ingersoll – The Salvation Army Ingersoll
Kanata – Kanata Food Cupboard
Kapuskasing – Kapuskasing District Santa Claus Fund
Kenora – The Salvation Army Kenora Community Ministries Centre
Killaloe – Killaloe Food Bank
Kingston – Partners in Mission Food Bank
Kirkland Lake – The Salvation Army
Kitchener – The Food Bank of Waterloo Region
L'Orignal – Banque Alimentaire de L'Orignal Food Bank
Lanark – Lanark Highlands Food Pantry
Lindsay – Kawartha Lakes Food Source
Listowel – The Salvation Army Community and Family Services Listowel
London – London Food Bank
Markham – Markham Food Bank
Mattawa – Mattawa and Area Food Bank
Meadford – Meadford Food Bank and Outreach
Midland – Salvation Army - Midland, ON
Milton – The Salvation Army- Khi Community Milton
Mindemoya – Manitoulin Family Resources
Minden – Minden community food centre
Mississauga – Food Banks Mississauga
Morrisburg – Community Food Share DS - Morrisburg
Mountain – House of Lazarus
Napanee – The Salvation Army Napanee
New Liskeard – The Salvation Army Temiskaming
Newcastle – Clarington East Food Bank
Newmarket – Newmarket Food Pantry
Niagara Falls – Project SHARE
Niagara-On-The-Lake – Newark Neighbours
North Bay – North Bay Food Bank
Norwich – The Salvation Army Community & Family Services Norwich
Oakville – Kerr Street Mission
Orangeville – Orangeville Food Bank
Orillia – The Sharing Place Food Centre
Oshawa – Feed the Need in Durham
Ottawa – Ottawa Food Bank/ La Banque d'alimentation d'Ottawa
Owen Sound – The Salvation Army C&FS Owen Sound
Palmerston – Palmerston Community Food Bank
Paris – The Salvation Army Paris Food Bank
Parry Sound – Harvest Share Community Food Programs
Pembroke – St. Joseph's Community Food Bank
Perth Ontario – The Table Community Food Centre
Petawawa – Petawawa Pantry Food Bank
Peterborough – Kawartha Food Share

Port Colborne – Port Cares
Port Elgin – The Salvation Army Community Services (Saugeen Shores)
Prescott – South Grenville Food Bank
Renfrew – Renfrew and District Food Bank
Richmond Hill – Richmond Hill Community Food Bank
Ridgewood – The Salvation Army Ridgewood Food Bank
Sarnia – The Inn of the Good Shepherd
Sault Ste. Marie – The Salvation Army Sault Ste. Marie
Seeleys Bay – ROLL Aid Centre
Sharbot Lake – North and Central Frontenac Food Bank
Simcoe – The Salvation Army - Simcoe
Smiths Falls – Smiths Falls Community Food Bank
Smithville – West Lincoln Community Care
South River – Good Happenings Food Bank
St. Catharines – Community Care St. Catharines & Thorold
St. Thomas – St. Thomas Elgin Food Bank
Stoney Creek – Hamilton Food Share
Stratford – Stratford House of Blessing
Strathroy – The Salvation Army CFS
Sudbury – Banque d'aliments Sudbury Food Bank
Sutton West – Georgina Community Food Pantry
Sydenham – Southern Frontenac Community Services
Thunder Bay – Regional Food Distribution Association
Tillsonburg – Helping Hand Food Bank
Timmins – Timmins Food Bank
Toronto – Daily Bread Food Bank
Toronto – North York Harvest Food Bank
Trenton – Trenton Care and Share Food Bank
Uxbridge – Uxbridge Loaves & Fishes Foodbank
Walkerton – Walkerton & District Food Bank
Wallaceburg – The Salvation Army Wallaceburg Food Bank
Warkworth – 7 Hills Community Pantry
Wasaga Beach – Wasaga Beach Ministerial Food Bank
Waterdown – Food With Grace, Waterdown Food Bank
Welland – The Hope Centre
Wiarton – The Salvation Army Wiarton Community Church
Wiikwemkoong First Nation – Wiikwemkoong Food Bank
Wilberforce – Central Food Network
Winchester – Community Food Share DS - Winchester
Windsor – UHC - Hub of Opportunities
Wingham – North Huron Community Food Share
Woodstock – The Salvation Army - Woodstock