# AC_logo_lheadO.D.S.P. ACTION COALITION

Minister of Finance Charles Sousa January 19, 2017

c/o Budget Secretariat

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Standing Committee on Finance and Economic Affairs

c/o Eric Rennie, Clerk of the Committee

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**RE: Pre-Budget Submission – Ontario Budget 2017-2018**

Dear Minister Sousa and Standing Committee Members,

Please accept the following as our submission to your consultations on Ontario’s 2017-2018 budget.

**Introduction**

The ODSP Action Coalition is grassroots network of disability service providers, community agencies, community legal clinics and recipients of the Ontario Disability Support Program. Our mandate is to advocate for improvements to the income and employment supports available to all recipients. By pushing for improvements to the Ontario Disability Support Program, our goal is to allow for all persons with disabilities the opportunity to live with adequacy, justice and dignity. People with disabilities on ODSP should not have to live in poverty.

We have one main message for your government as you prepare the budget for 2017: you must make a significant increase in ODSP and OW rates – at least 10% – to make meaningful your commitment to the Ontario citizens who suffer the deepest poverty.

The Income Security Reform Working Group, appointed by your government to develop an Action Plan, has asked you not to wait for their report but to start with an increase to social assistance rates greater than inflation. They know, as everyone who has been involved in studying poverty, attending consultations, supporting food banks and other charities, trying to assist the province in your Poverty Reduction Strategy for many years – that the need for a major increase in income does not need more study.

Our Coalition supports the call from the Interfaith Social Assistance Reform Coalition (ISARC), and the Income Security Advocacy Centre (ISAC), for a $1 billion new investment in social assistance this year for a 10% rate increase, plus badly needed rule changes to better support relationships and work, improve access to medical and dental

treatment, ensure benefit fairness, remove punishments, and allow people on OW and ODSP to save.

We do insist, however, that rule changes are only an interim step towards improving the social assistance system in Ontario. Larger-scale reforms are also required. The recommendations that we are making for short-term changes do not preclude those larger reforms. We look forward to the recommendations of the Income Security Reform Working Group, which we hope will provide a way forward on changing the system so that it can operate in a more positive and supportive manner.

**Impact of Inadequate Income on People with Disabilities**

The rate of income for persons with disabilities receiving provincial support was frozen for a decade from 1993 to 2003. Following this, small, incremental increases were made each year – just 1% for the last few years, and 1.5% last year. These minimal increases have not kept pace with the rate of inflation. The basic costs of living – rent, food, phone, hydro, transportation, and clothing – have risen much faster than that.

In 2014, our Coalition produced a paper which showed that ODSP rates do not cover these basic costs around the province. This left recipients with a deficit in monthly expenses. Those shortfalls have only grown since 2014. This raises the question: how do recipients survive on these grossly inadequate incomes?

Using food banks on a regular basis is an obvious answer. But this is no real solution. Besides the fact that people can only get a few days’ supply of food per month, food banks can only give out the type of food they have available, which does not often include all the healthy items for a nutritious diet. Where they exist, without requiring transportation costs, recipients might go to what are nicely called “community meals” – in other words, what used to be called “soup kitchens”.

Many recipients are forced into making difficult choices, like paying the hydro bill one month and the telephone bill the next, or (and often) paying these bills partially, hoping that this juggling act does not result in such vital services being cut off by providers.

While recipients are covered by Ontario Drug Benefits, those benefits do not cover the costs of over-the-counter medication or supplements, which are frequently as important to one’s health as prescription drugs. It might not seem like a lot of money to buy a month’s worth of low-dose aspirin or supplements (less than $10 at most drug stores), but when more than one is needed, it can be a considerable cost. As with utility bills, people are forced to choose which ones they must do without – perhaps all of them.

Deep poverty prevents recipients from taking part in other activities recommended by health care providers, despite the fact that taking part in a community mental health programme or complementary therapies could prevent a far more expensive visit to an emergency ward or worse, a hospital stay. Could a regular exercise programme at a community centre or regular visits to a chiropractor help a person with arthritis or a back ailment cope with pain? Or are prescription medications, those covered under the Ontario Drug Benefit, the only option for recipients? If community-based programmes are offered at no cost, does a recipient have the ability to pay for necessary transportation, or associated items like the bathing suit required for a swimming programme or the proper shoes for an exercise class?

Cancelling medical appointments because one doesn’t have the money to get there is not a well-advised tactic for a person living with one or more chronic conditions – but it happens. Recipients often have to ask themselves, “What will I do with my last $10? Eat, or go to the doctor?”

Lastly, recipients do depend heavily on the generosity of charity – in the formal way through food banks or buying as many clothes and household items as can be found at thrift shops, or in the informal way through reliance on family and friends, if they can assist.

This is a just a snapshot picture, a small glimpse into the reality of recipients’ deep poverty. The costs of this poverty are well documented, and are not just personal, but social and economic. A significant increase to ODSP rates, which take into account the real costs of even the most basic of needs in Ontario in 2017, will allow recipients to manage their daily lives and cope with their disabilities. Further, as has been pointed out, this money will go into the local economy and improve the province’s economic well-being.

It is also important that the government ensure that all low-income people, including people on ODSP and OW, are protected from increased costs due to the government’s necessary steps to reduce the impacts of climate change. Any funds that are to be provided to low-income communities through the Greenhouse Gas Reduction Account should go to recipients of ODSP and OW on top of any regular increases in benefit rates.

These are just some of the reasons that we have joined the Interfaith Social Assistance Reform Coalition (ISARC) in their “Billion or Bust” campaign, calling for $1 billion in the 2017-18 budget to be dedicated to significant rate increases for all social assistance recipients and rule changes that would improve both ODSP and Ontario Works in the shorter-term, while recommendations for longer-term reform are being developed.

**Include the Families of People with Disabilities in the Rate Increase**

For four years now the amount that ODSP recipients get for their non-disabled family members has been frozen. This means that these families have been falling deeper and deeper into poverty each year. ODSP is based on the family benefit unit; income of family members is deducted from the amount paid to the person with a disability. It is unfair not to recognize the needs of these families when it comes to increases in the monthly rates.

**Invest in Needed Rule Changes**

For many years during various reviews of the social assistance system, it has been pointed out that many of the rules regarding income and eligibility are needlessly complex and act to hinder people’s ability to become more independent and move out of poverty. The system requires that caseworkers spend fare more time “policing” recipients for adherence to the rules rather than helping them. Several of these rules can and should be changed without waiting for the Action Plan from the government’s Income Security Reform Working Group.

We echo the recommendations of the Income Security Advocacy Centre (ISAC) on these rule changes, and quote extensively from their submissions below. The ISAC submission is available at <http://incomesecurity.org/publications/provincial-budgets/Ontario-Budget-2017-ISAC-pre-budget-submission.docx>.

We note that since ISAC made its submission in December, the Ministry of Community and Social Services has increased the medical transportation mileage rate for both ODSP and OW from 18 cents/kilometre to 40 cents/kilometre (or 18.5 cents and 41 cents in the North and North East). We commend government for making this important change, which will improve the ability of people to access necessary medical treatment. Given this change, we have eliminated that recommendation from our comments below.

 **“i. Better Supporting Relationships**

* **Change the definition of “spouse” in OW and ODSP to align with family law**

OW and ODSP rules currently define a spousal relationship as starting after two people have lived together for three months. This means that, after this very short period of time, OW and ODSP can obligate people in this situation to financially support each other. Under family law, by contrast, such a financial obligation exists only after three years of living together.

Under this rule, people on OW or ODSP are treated differently from people who receive their incomes from work or from other sources. This rule increases the vulnerability of some recipient groups, including women and people with disabilities, by making them fully dependent on a partner at an inappropriately early point in a new relationship. It also creates an enormous barrier for people on OW or ODSP to form relationships, given that the obligation to financially support, after such a short period of time, means the assumption of both income and medical costs, which are otherwise covered by the programs. Clearly this has a particularly negative impact for people with disabilities on ODSP, who have higher medical costs.

Changing the rule could help people to move off OW or ODSP, after being given sufficient time to establish the relationship.

* **Eliminate the ODSP “double-disabled cap”**

When two people with disabilities are on ODSP as a single benefit unit (i.e., a couple), they are subject to a rule that places a cap on their incomes. This rule has become known as the “double-disabled cap”.

Currently, instead of receiving the full basic benefit of $2,012 that they should be entitled to, the “double-disabled cap” limits their total income to $1,866. This means they are missing out on $146 each month. This rule penalizes two disabled people who are on ODSP and are or would like to become partners by reducing the amount of money they receive, simply because they become a couple. The rule also denies the reality that a couple wherein both people are disabled will have additional costs related to their disability.

The rationale for this rule appears to be based on the notion that costs of living are lower when people live together. However, it is inappropriate to use an “economies of scale” rationale to reduce the benefits of people whose incomes are already lower than what is needed to pay for regular costs of living and who often rely on food banks and other sources of charity to meet their monthly needs. Economies of scale can only be achieved when there is enough income to “scale”.

**ii. Better Supporting Work**

* **Treat EI and CPP-D benefits like earned income in OW and ODSP**

In both OW and ODSP, income from all sources is deducted from the amount of benefits a person or family would otherwise receive, unless there is a specific rule that allows for a full or partial exemption. Benefits from Employment Insurance (Regular and Sickness) and CPP-Disability are currently deducted dollar-for-dollar. The gross amount of the benefit is deducted, rather than the actual net amount that the person gets after taxes. But money earned from work is deducted differently – the first $200 is exempt and half of all remaining earned income is deducted, using net amounts rather than gross.

Benefits from Employment Insurance and CPP-D should be treated as earned income. Benefits from these programs effectively replace income from work, either in the case of unemployment or in the case of disability. They have been earned by those who have paid into the EI and CPP systems. People receiving CPP-D have significant disabilities, as the threshold for CPP-D eligibility is high.

Changing this rule would respond to very real problems that arise for people who are working while on OW or ODSP. Situations can and do occur wherein people who lose their jobs while they are on social assistance stop being eligible for OW or ODSP benefits, because their income from EI benefits is deducted at a higher rate than their income from earnings. This can and does put their housing and health at risk. Changing the rule would eliminate the disincentive to work that results from such situations, wherein people on OW and ODSP become worse off as a result of working.

But income exemptions should also have the policy objective of reducing poverty. Treating EI and CPP-D benefits the same as earned income will reduce the poverty of people on OW and ODSP by increasing their incomes.

* **Increase the flat-rate earned income exemption in ODSP from $200 to $500**

Money earned from work or self-employment was at one time fully deducted from benefits but, in an attempt to create incentives to work, partial exemptions have been granted over the years. As noted above, the current rules allow the first $200 in net earnings to be kept with no deductions. 50% of the remainder is deducted from benefits.

This treatment of earnings still functions as a disincentive to work and does not do enough to improve the total incomes of people who work. Many people on ODSP may need to receive support from the program for a lifetime. As such, these low allowable earnings amounts effectively cap their incomes at below-poverty levels, negatively impacting their quality of life and inclusion in society over the longer term. Increasing the “flat-rate” exemption from $200 to $500 would not only improve incentives to work, it would also increase the standard of living of those who are able to work. Doing so would also align the treatment of earned income with gifts and voluntary payments, for which $6,000 per year is currently exempt.

**iii. Improving access to medical & dental treatment**

* **Give people on OW at least the same dental coverage as those on ODSP**

All people on social assistance need preventive treatment, regular treatment, and emergency dental care. Indeed, all low-income Ontarians without dental coverage need this level of dental care as well. While the government committed in 2014 to creating an extended medical benefit that would provide drug, dental and vision care to all low-income children and adults in Ontario, no work on this new benefit has taken place.

Currently, the children of people on social assistance access dental coverage through Healthy Smiles Ontario. Dental coverage for adults is provided through OW or ODSP.

Adults on OW are currently eligible for only emergency dental care or care that supports getting into work, with no provisions for regular, basic dental services. The care they get is provided on a “discretionary” basis, meaning that the local municipality can choose whether or not to provide care and at what level. Limited exam and x-rays, filling, and extractions are the best treatments available. A very typical response to dental pain for people on OW is dental extractions.

By contrast, adults on ODSP receive basic dental care, which includes cleanings, exams, x-rays, fillings, extractions, and root canals, and can include denture services at the discretion of the local municipality. The services have been described as “a well-administered program of basic dental care”. While the services provided are limited they are certainly more robust than those offered to people on OW.

We continue to call on government to create an extended medical benefit for all low-income Ontarians. In the meantime, government should move quickly to improve dental coverage for adults on OW by at least providing the same coverage for them as is provided to adults on ODSP.

**iv. Ensure benefit fairness in ODSP**

* **Eliminate the ODSP Board and Lodging rate**

People with disabilities on ODSP who live in “board and lodging” situations currently receive a significantly lower benefit amount than those who are “renters” or who live in homes that they own. The difference for a single person is up to $260 per month.

When it’s not clear what a person’s living arrangements are, their benefit amount is determined by assessing whether or not they purchase and prepare their own food. If the person does this, they are considered a renter and receive the regular amount of basic needs and shelter benefits. If the landlord does, they are considered a boarder and get the lower board and lodging rate.

This rule discriminates against people on ODSP who, by reason of disability, are unable to purchase and prepare their own food. It is routinely applied by caseworkers to people living both with family and in group / retirement / care homes. These are commonly people with severe disabilities who live in these situations purely as a function of their disability. Those living with family are adult children with severe disabilities who would live independently except for their disability. Those in group or retirement homes often have separate rental agreements and service agreements with the agencies that provide their housing and supports.

People living in group / retirement / care homes in this situation often live in substandard conditions and/or receive substandard care due to the low amounts of money provided by the “board and lodging” rate. People in this situation have been known to lose their housing as a result, as the care facility is unable to sustain their residence and care on the low rate.

There is no rationale for the lesser “board and lodging” amount. In effect, this rule means that if you are “less disabled”, you get more money. The “board and lodging” category should be eliminated so that everyone with a disability on ODSP is given access to the same benefit amounts.

**v. Remove punishments**

* **Change the treatment of loans**

When people on OW and ODSP borrow money in small amounts to help make ends meet, the amount of the loan is treated as income and deducted 100% from their benefits. But given that the loan has to also be repaid, people in this circumstance end up further impoverished as a result.

Examples abound of circumstances in which this rule is applied. If a person gets a cash advance on a credit card or a loan from a friend, the amount is considered income and is deducted from a person’s benefit cheque in the month following the purchase. If a parent gets a loan from a friend to pay for child’s school outing, their next month’s benefits are reduced by the loan amount. But in both situations, the person must pay back the loan, further reducing their income.

This treatment is unjust, unfair, and inconsistent with other forms of accounting or reconciliation. The rule creates unnecessary hardship as it reduces benefits at same time as liability increases.

Loans made in circumstances such as these should not be treated as income and deducted from benefits. They should either be exempted in whole or at least at $6,000 per year, consistent with the treatment of gifts and voluntary payments.

**vi. Let people save**

* **Increase liquid asset limits**

In 2013, the government increased the amount of “liquid assets,” such as money in savings, allowed under OW from an amount equal to their monthly benefit to $2,500 for a single person, $5,000 for a couple, and $500 for each additional dependent. This increase to asset limits was welcome and is significant. However, giving people on OW more financial security requires doing more.

In 2013, government said the asset limit increase was “an initial step towards aligning asset limits in Ontario Works and ODSP”. Asset limits in ODSP are much higher. A single person can have $5,000 and a couple can have $7,500, with $500 for each additional dependent.

The increase to OW asset limits in 2013 has not had a discernible impact on caseload numbers. These asset limits should be increased again to provide a better financial cushion for people on OW and prevent low-income Ontarians from having to become completely destitute before qualifying for support.

We also recommend that asset limits in ODSP should be increased. Increasing the asset exemption for a couple to $10,000 would align the treatment of singles and couples, and would encourage the formation of relationships by ensuring that people would not lose eligibility for financial reasons.”

**Invest in Affordable Housing**

The Interfaith Social Assistance Reform Coalition campaign also calls for a $1 billion investment in the construction of new social housing units and in repairing and retrofitting existing units. An increase in new construction is important to ODSP recipients, as only 33% of recipients have been able to access subsidized housing (as of October 2016 – MCSS statistics). Increasing the amount of affordable, subsidized housing available could only improve the ability of recipients to cope with their poverty. As well, improvements in the condition of existing units will assist recipients to live with health and dignity.

**Conclusion**

The ODSP Action Coalition has worked with the Ministry of Community and Social Services to improve many aspects of the program, most recently by taking part in the Disability Adjudication Working Group to improve both the medical review system and, further, the original application process.

Our recommendations for the 2016 budget were adopted, and this has improved the financial situation for many recipients and their dependents. It is vitally important at this time that the incomes of ODSP recipients, the majority of whom are single adults, rise to a more realistically manageable level – and this will require a significant increase. This will still leave recipients living in poverty but some real alleviation of that poverty is long overdue. The minimal rate increases of the past 14 years have not kept pace with increases in the real costs of living.

A significant increase of at least 10% to all social assistance recipients, and improvements in the social assistance system through rule changes, are needed NOW.

On behalf of the ODSP Action Coalition,

Kyle Vose, Co-Chair

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