

We're living in hard times

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Thousands of people in this city are turning to welfare as jobs disappear and the impact of the global slowdown hits home.

But Toronto council has burned through the rainy-day fund intended to buffer the city from just such an emergency.

And looking ahead, the picture doesn't look any rosier.

On the same day Statistics Canada announced 129,000 jobs were lost nationwide in January -- 71,000 in Ontario alone -- the Sunday Sun learned Toronto's monthly welfare caseload increased 8.5% last year

It jumped to 81,067 last month from 74,726 the previous year, and the number of jobless people applying for help is growing, city staff told the Sun.

"We are seeing an increase in the caseloads, and we are seeing an increase in the applications for assistance," said Darrin Vermeersch, manager with city's employment and social services division.

At the same time as more and more people need help, Toronto's welfare reserves, basically a savings account to guard against spikes like the city is currently experiencing, were steadily depleted from a \$94.4 million peak in 2003 to just \$8.3 million in 2007.

The number of jobless in this city is expected to climb -- Toronto's unemployment rate jumped from 7.3% to 7.8% from December to January -- and as it does, more people will come knocking on City Hall's doors for help.

Depending on the type of job that was lost, "there are lots of scenarios where those can translate directly to us," without a lag time, Vermeersch said.

Further compounding the problem, at least for City Hall, is that Premier Dalton McGuinty and his Finance Minister Dwight Duncan have said recently the province was looking to relax the current welfare rules that require applicants to have first spent what they have in assets before they qualify for Ontario Works.

This, in part, is in response to the broader economic troubles including the crisis in the auto sector that are affecting Ontario.

The province proposes to ease restrictions on welfare eligibility. Currently, welfare recipients are allowed to keep their home and a car worth less than \$10,000 but are forced to cash in other assets including registered retirement savings plans.

Relaxing those rules will allow more people to access welfare, which is funded 80% by the province and 20% by municipal taxpayers.

"As part of our poverty agenda, we are looking at those rules," Duncan said Friday. "The asset rules really do penalize, in a sense, people ... so we are looking at that as part of the overall poverty agenda and we'll have more to say about that in the coming weeks."

Allowing more people to qualify for welfare could be disastrous for Toronto's finances. A year ago, when the city's monthly caseload was 2,000 below a previous estimate, it was reported the shortfall represented a \$4.2-million saving. If those figures are still remotely accurate, then an additional 6,000 welfare caseloads in January 2009 over January 2008 could be an increase in costs as high as \$12 million.

Although the province has pledged to upload the costs of Ontario Works, which cover benefits and administration, it won't be fully uploaded until 2018, and while the province has already uploaded municipal costs for the Ontario Drug Plan, they don't start even the gradual upload of Ontario Works until next year.

With the city's welfare reserve fund bled dry, the clouds darken.

"They're gone," said Councillor Joe Mihevc, who once quipped the city's lack of welfare reserves was a "ticking time-bomb."

POINT THE FINGER

"It was much healthier in years gone by, but we just haven't had the money to add to them."

Councillor Michael Thompson isn't so forgiving, and is quick to point the finger at the mayor, who he said deliberately depleted all the city's reserve funds, not just welfare, hoping the province would have uploaded more costs -- including welfare -- by now.

"The mayor has been gambling with Torontonians welfare for quite some time," said Thompson. "You can't play that game of hoping that the province is going to step up and provide you with funds."

Largely, Thompson added, that's because Ontario has its own problems to deal with.

Provincially, the monthly welfare caseload increased 6% to the city's 8.5%, and the province's Community and Social Services Minister Madeleine Meilleur said it's likely a sign of future trends.

"I'm expecting that it will go up and we're getting ready for this at the ministry," she told reporters Wednesday.

As to how the current recession will add to Toronto's monthly welfare caseload is still anyone's guess.

"The human cost of this recession is now starting to show its face in unemployment numbers. We'll see in a month or two the trending on welfare rates," Mihevc said. "We are hoping that it's not a tough number."

As a comparison, consider this.

In the last recession in the early 1990s, unemployment nearly tripled in the city to 12%, and the monthly welfare caseload exploded from 38,000 in 1989 to 126,500 in March 1994.

Thompson worries the caseload numbers will rise similarly this time around, but that the city -- without any reserves to dip into -- can't do anything to help.

"It's something that we have been saying to the mayor all along about being prepared for the rainy day," he said. "It's about to pour, and we're obviously not ready."

"We have long been pointing out that the mayor has not been frugal, has not been mindful of the pending economic consequences to his actions, and I think ... the chicken is coming home to roost," Thompson added. "Quite frankly, he has failed Torontonians again."

Toronto Mayor David Miller was in Switzerland last week for a C40 conference, and was not available for comment.

The city's budget chief, though, has told the Sun previously the province, not property taxes, should pay for welfare.

DWINDLING RESERVES

But Councillor Shelley Carroll declined to comment for this article, saying it was too close to this Tuesday's operating budget announcement, in which property taxes are expected to increase two to four per cent.

"We want them, obviously, to upload faster and that would be great if they could find a way to do that," Mihevc said, noting there will be some announcements in Tuesday's budget about increased welfare caseloads and dwindling reserves. "The question is whether we've adequately accounted for that."

Jim Watson, Ontario's Minister of Municipal Affairs, said the impact of social assistance costs on municipalities is an area of concern, but they won't be speeding up the upload because they can't afford to.

"It's one of the reasons why we agreed that we would start uploading various social services costs and last year we started with the Ontario Drug Plan," Watson, a former municipal politician himself, said. "This year is the Ontario Disability Support Program, next year more of ODSB and we start Ontario Works. So they would obviously prefer that we upload it sooner but we've signed a deal based on what we can afford."

It was reported last year York Region's welfare reserve was worth \$60 million, Durham's was just under \$20 million, and Halton Region's was \$43 million but used for other expenditures as well as welfare.