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2010 BUDGET BRIEFING NOTE

2010 Staff Recommended Ontario Works Caseload Projection

Issue / Background:

As part of the annual budget process, Toronto Employment & Social Services (TESS) staff review and adjust, when appropriate, the average monthly caseload estimate included in the budget, based on the year-to-date actual caseload. The 2010 budget Analyst's Notes for TESS recommend that:

"The General Manager of Toronto Employment & Social Services report to Budget Committee at the 2010 Operating Budget wrap-up meeting on actual year-to-date Ontario Works monthly caseload, and any possible revisions to the 2010 recommended average monthly caseload estimate of 105,000."

Key Points:

- To establish the 2010 budgeted caseload, TESS employs the following information and analysis:
 - Historical and key caseload trends, including turnover and length of stay;
 - Economic forecasts related to Toronto's labour market, and;
 - Reviews of policy changes that will likely impact caseloads.
- The Canadian economy entered into a recession in the last quarter of 2008 as part of a global phenomenon which began in the United States. Amongst the Canadian provinces, Ontario has been one of the hardest hit by the economic downturn and as a result is experiencing unprecedented job losses and personal bankruptcies.
- In January 2010, there were 151,500 people unemployed in the City of Toronto, up 24.4% from January 2009. Over the past 12 months, the seasonally adjusted unemployment rate has increased by 2.0% to 10.2%.
- The 2009 average actual monthly caseload was 88,506, an increase of 12,798 cases or 16.9% over 2008. In comparison to the 2009 budget, caseload was 1,494 lower.
- To meet the expected demand for social assistance in 2010, the recommended budget is based on an average caseload of 105,000, an increase of 15,000 cases or 16.7% from the 2009 approved budget of 90,000.
- Caseload growth over the first two months of 2010 is equivalent to an annual growth rate of 19.4%.
 - Caseload in February of 2010 was 94,510, an increase of 2,966 cases or 3.2% over the December 2009 caseload of 91,544.

- In the recession of 1990s, the average annual caseload increase was approximately 34%.
- The risk factors to consider in evaluating the 2010 OW caseload budget are:
 - The strength and duration of the economic recovery is uncertain. The risk of a double dip recession as the economic stimulus packages expire remains high;
 - The Ontario economy, with its reliance on the US, is expected to be relatively weaker than other regions in Canada;
 - There is insufficient information on the number of people on Employment Insurance who will exhaust their benefits in 2010. In the absence of substantial job growth, many of these people will be forced to turn to OW for income support and employment assistance;
 - Poverty reduction advocates continue to press the Province to lower the income and asset tests for OW eligibility as part of its poverty reduction strategy. If the Province makes the necessary changes in their upcoming 2010 budget, or later in the year, the caseload could increase.

Conclusion:

The underlying forecasting methodology, analysis and assumptions in the 2010 budget for the average monthly caseload of 105,000 are still valid, and given the considerable uncertainty in the economic environment, the estimate is prudent and no change is recommended at this time.

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