

## **EXECUTIVE SUMMARY:**

The idea for this report came in response to the current government of Ontario's proposal to offload significant levels of provincial responsibilities for funding social assistance to municipalities. Specifically, the research questions which guide this report are:

- a) What are the background issues concerning a policy of offloading responsibilities for social assistance in Ontario?
- b) Based on the common criteria of efficiency, equity and general levels of care, how can we expect a policy that offloads provincial responsibilities to municipalities, to affect the quality of social assistance in Ontario?
- c) What recommendations can be made regarding the appropriate level of government to handle the responsibility of social assistance in Ontario?

Chapters 2 and 3 present the background issues and debates on the state of Canadian municipalities and the system of social assistance in Ontario as new choices for provincial and municipal governments have emerged. Chapter 4 presents my findings regarding responses to these choices from the City of Kingston. The research in this chapter was based on eight interviews with key informants from the City of Kingston.

In Chapter 2, I make several observations regarding the current state of Canadian municipalities. First, it is clear that municipalities have always been in a relatively inferior position in comparison to federal and provincial governments in Canada. Constitutionally, their existence is a matter of provincial discretion. In addition, their governing capacity is largely limited by the fact that their main revenue source is the property tax, in comparison to federal and provincial governments which have a variety of taxation mechanisms, including the income tax. Despite these commonalities, local

governments and their relationships with their citizens have historically evolved differently, depending on the traditions and beliefs of the particular communities. These factors affect the ways different communities view changes that concern their responsibilities and relationships with their governments.

Second, there are conflicting opinions regarding the extent to which local government in Canada contributes to the overall democracy of the country. I argue that one's entry point into this debate will be partially based on one's definition and criteria for democracy. In addition, it seems that it may be difficult to make generalizations as to how local governments contribute to a national democracy since this is something that has been found to vary, depending on place and circumstance. It should, however, be recognized that opinions regarding this debate will inevitably play a role in debates on the future roles and responsibilities of local governments.

Finally, I present the argument that a major force in the recent evolution of local governments in Canada has been the changing global economy which has increased competition not just between nations but between internally located communities. In return, this has made local governments much more important political actors than in the past and thus identifies the changing global economy as another important consideration regarding future policies for local governments.

In Chapter 3 I outline background considerations and debates regarding the future choices for social assistance. Currently in Ontario, responsibilities for delivering social assistance are divided between the provincial government and municipalities under the Family Benefits and General Welfare Assistance programs. The province funds all of the assistance provided through the Family Benefits Act. Municipalities fund 20% of the

General Welfare Assistance program, along with 50% of its approved administration expenses, and any discretionary services which they choose to offer, but the province continues to be the main funder. Some major problem areas concerning social assistance in Ontario include the complexity of the system, disparity of services across the province, a lack of provincial co-ordination and direction, as well as funding.

In 1996, the government of Ontario suggested changing the funding arrangements for General Welfare Assistance so that municipalities would be responsible for 50% of the mandatory program costs as opposed to their current responsibility for 20%. This policy suggestion, however, appears to contradict the recommendations of five major government-sponsored policy studies that have inquired as to the future roles of municipalities in Ontario. The main sentiments regarding social assistance in Ontario that were expressed in these policy studies was that the two income support programs should be consolidated and funded at the provincial level.

My own investigations regarding these issues was based on a case study of informants in the City of Kingston. With respect to questions regarding the extent to which municipalities should be responsible for funding social assistance, informants were firmly against the idea of social assistance being funded at the municipal level. Four main arguments emerged in support of this opinion. Firstly was the sentiment that the burden on municipal property taxes would be much too high. Secondly, it was suggested that because social assistance is a program that redistributes income it should come from the income tax rather than the property tax. Thirdly, the property tax was seen to be more regressive than the income tax. Finally, increasing municipal responsibilities for social assistance was thought to result in a higher disparity of services across the province.

All of the informants were generally in favor of the idea that in a consolidated system municipalities should continue to be responsible for administering and delivering social assistance in Ontario. Despite the fact that all of the informants generally agreed with a series of arguments that favored provincial delivery, they also consistently agreed with the majority of arguments given in favor of municipal delivery. While this suggests that more research may be needed in this regard, the sentiments of the informants when asked as to what extent they thought the role of local government in Ontario should continue to include administration and delivery of social assistance were quite clear. All but one of the informants were in favor of maintaining responsibilities for administration and delivery of social assistance at the municipal level primarily because they felt strongly that municipal government has the capacity to be more accessible as well as innovative. This considers the fact that the province would continue to set the rates and eligibility criteria. The concerns regarding this approach included the idea that by leaving responsibilities for delivering and administering social assistance at the municipal level, the City of Kingston is often forced to service recipients who come to Kingston from other surrounding areas and that such an arrangement will probably maintain some levels of disparity in the system.

In conclusion, I believe that three predictions can be made regarding a policy that offloads funding responsibilities to municipalities. The first is that the benefit levels of social assistance in Ontario will have to be cut due to the fiscal limitations of municipalities and the property tax. Secondly, funding will be approached in a less equitable manner since the property tax is more regressive than the income tax. Thirdly, disparity in the system will inevitably increase as different municipalities, with different

traditions and different capacities, will be forced to implement their standards according to what they can afford or what they choose to afford. For example, some unique concerns for the City of Kingston include a relatively small income tax base compared to a relatively high number of people in need of assistance.

In closing, I suggest that while one may be interested in obtaining responses from key informants in other cities in Ontario, the best solution regarding future intergovernmental arrangements for social assistance in Ontario has already been agreed upon by municipal representatives, policy analysts and scholars. This arrangement is that the province assume full responsibility for funding social assistance in Ontario and that responsibilities for delivering and administering social assistance be maintained at the local level.