

---

# **Provincial-Municipal Fiscal and Service Delivery Review**

## **A Summary and Comment from OMSSA**

**November 14, 2008**

On October 31, 2008, the Province of Ontario, in partnership with the Association of Municipalities of Ontario (AMO) and the City of Toronto, released the report of the Provincial-Municipal Fiscal and Service Delivery Review.

OMSSA is pleased to offer this summary and comment on the Review, particularly given that the Review affirms OMSSA's support for greater integration of human services.

In recommending a more streamlined environment of service, planning, management, and delivery, the Review points toward a healthier, secure, and prosperous Ontario. The better service management and delivery that will result from service integration and the financial savings to municipalities through the various program uploads will create better opportunities for success for all of Ontario's citizens.

As the province and municipalities recommit to supporting a more integrated social infrastructure, OMSSA looks forward to a province where poverty is greatly reduced and all citizens enjoy economic and social security.

### **General Summary**

At its core, the Review has confirmed the role of municipal service system managers as crucial to the provincial-municipal relationship.

This is a crucial finding for OMSSA's members who, as the Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSSABs), have had an important stake in the outcome of the Review. How services are funded and delivered—the very essence of what it means to be a local service manager—formed the foundation of the Review process. Strengthening local service delivery, which was a

---

cornerstone of the 1998 *Local Services Realignment (LSR)* exercise, continues to be a top priority for OMSSA members.

The Review confirms an historic change in the relationship between the province and municipalities. After a decade of watching CMSMs and DSSABs managing and delivering human services to their local communities, the province took note of the maturity and capacity of municipalities to do their jobs well.

OMSSA believes that this new recognition will help to lay the groundwork for future provincial-municipal work, particularly in the areas of shared accountability.

At the same time, the province also took note of the many impediments that keep CMSMs and DSSABs from achieving their full potential as local service managers, and offered some concrete proposals for removing those impediments. Thus, the Review contained language that spoke of “service integration” and “new accountability frameworks” —language that OMSSA has stressed for some time.

---

## **Review of OMSSA's recommendations**

In its submission, OMSSA put forth the central point **that all stakeholders – individual citizens, communities, employers, service providers, and levels of government – have a vital interest in the existence of a comprehensive, integrated, well-planned, and well-managed system of local human services.**

OMSSA emphasized the effectiveness and leadership of CMSMs and DSSABs as service managers; what was needed was greater municipal input into the development of human service policies and greater local flexibility in implementing those policies.

We based our position on the fact that, with a decade of formal service management experience, municipalities and districts have established themselves as experts in the area of human services. It was time for the province to recognize this expertise.

We then proposed the following five recommendations:

### **OMSSA Recommendation 1**

That the Province reaffirm its commitment to the principles and goals of local service management as articulated in March 1998.

### **OMSSA Recommendation 2**

That the Province work in partnership with CMSMs/DSSABs to revitalize and reform the provincial-municipal contract relationship by establishing a process to clearly define and negotiate shared program outcomes to further strengthen principles such as shared accountability, adequacy of funding and appropriateness of timelines.

### **OMSSA Recommendation 3**

That the Province, in partnership with CMSMs/DSSABs, establish a process to adequately support and strengthen CMSM capacity to effectively manage and deliver program outcomes.

### **OMSSA Recommendation 4**

That the Province establish a consistent process that draws on proven CMSM/DSSAB leadership, networks including OMSSA, and local accountability, resulting in broader and more

---

comprehensive local planning and consultation for existing and new initiatives.

**OMSSA Recommendation 5**

That the Province commit to work in partnership with DSSABs, the Northern Ontario Service Deliverers Association (NOSDA) and OMSSA to address and resolve DSSAB governance reform prior to the November 2010 municipal elections.

Each of these had a series of subrecommendations and rationale. Our complete submission and recommendations can be found on the OMSSA website at [www.omssa.com](http://www.omssa.com).

---

## **What the Review said**

The Review addressed a range of issues pertaining to the fiscal and service delivery relationships between the province and municipalities. In addition to the funding, delivery, and management of human services, the Review discussed several initiatives regarding physical infrastructure in municipalities. This summary does not focus on those issues, but readers interested in the content of these discussions can read the Review on the Ministry of Municipal Affairs and Housing website at <http://www.mah.gov.on.ca/Page181.aspx>.

The discussion below provides a broad overview of the Review's findings. For a more detailed comparison of our recommendations and the Review's findings, please see the appendix of this document.

### **Fiscal issues**

The Review directly confronted the inherent unfairness of using property taxes to fund social services.

*We agree that social assistance benefit programs are generally best supported by province-wide revenues. (p. 16)*

In other words, the distribution of income security should emerge from the same source as the collection of income taxes—the provincial government.

To that end, the province agreed to upload a series of social service benefits that had been previously downloaded to municipalities. Over the next 10 years, the province will gradually assume 100 percent funding responsibilities for the following:

- Ontario Drug Benefits and Ontario Disability Support Program, to be fully funded by 2011 (originally announced in 2007)
- Ontario Works, beginning in 2010 and to be fully funded in 2018
- Provincial court security, beginning in 2012 and to be fully funded by 2018

By 2018, when all these uploads are completed, the province projects a net annual benefit to municipalities of more than \$1.5 billion compared to 2007. As well, by 2018, total annual ongoing support to municipalities, including other provincial initiatives, is

---

projected to reach \$3.8 billion—an increase of about \$2.7 billion or 250 per cent over 2003.

The historic nature of these uploadings, especially the transfer of Ontario Works funding, is fully noted in the Review.

*Uploading Ontario Works benefits marks an historic shift in policy, as social assistance benefits in Ontario have been cost-shared between the Province and municipal governments since the early 1930s, when these programs were first developed. When the upload of ODB, ODSP and Ontario Works benefits is completed, the Province will fully fund all social benefits programs involving direct payment to individuals. (p. 17)*

### **Service delivery issues**

The Review directly or indirectly spoke to a range of issues regarding the planning, management, and delivery of human services by municipalities.

Among the most relevant for OMSSA's members are:

- A commitment to work in a timely fashion to simplify and modernize delivery of income assistance and employment-related supports and to better integrate Ontario Works, ODSP, and Employment Ontario services to improve outcomes for clients and to make better use of resources.
- The consolidation of all existing housing and homelessness programs into a housing service managed at the municipal level, as a key element of the province's Long-Term Affordable Housing Strategy. This consolidation will focus on enhancing municipal capacity, by coordinating community-based local service delivery and building on multi-year housing plans, as well as harmonizing policy and program areas at the provincial level.
- Provincial-municipal collaboration to introduce a shared accountability framework for cost-shared programs that focuses on the outcomes of the people actually being served by those programs. This new accountability framework will possibly replace the many different accountability mechanisms used today for cost-shared programs.
- An introduction of a new community human service plan encompassing a range of social services, to underpin the new accountability framework. Each plan will include community outcome measures and targets, and will be phased in as policies and funding frameworks are developed that are more closely aligned to client outcomes. The Review specifically mentions the areas of social assistance, homelessness, housing, public health, and child care to be included in this new framework for integration.

---

## **What this means**

At its most fundamental level, the Review endorses the concept of local service management. What needs fixing, however, are the mechanisms for successful implementation of local service management, including higher degrees of integration, stronger frameworks for accountability, and better-defined funding relationships.

OMSSA is very pleased with this underlying philosophy. By accepting the benefits and advantages of local service management, the Review recognizes the maturity and capacity of CMSMs and DSSABs to meet the responsibilities they have been expected to meet.

Still, the Review recognizes that the current relationship between the province and municipalities can be fraught with obstacles and challenges, particularly when there is a lack of clarity about who does what. The Review states:

Where shared roles and responsibilities are not carefully thought out and articulated, the results can include duplication, confusion about who is responsible for a service or accountable for results, and a regulatory burden that may be inappropriate or excessive.

Such language resonates with OMSSA and our members, who often bear the administrative burden of this lack of clarity.

### **Human services integration**

The Review proposes several solutions to these service delivery challenges, most of which represent variations on a single theme: *human services integration*.

Whether it be the streamlining of housing and homeless programs, consolidating of income support and employment services programs, or the integration of child care and children's services programs, the Review has firmly planted itself in the orchard of service integration.

A wide range of supports is available, including financial assistance, child care, housing subsidies, and help with job searches. These are not well integrated, however, creating the risk of overlaps that waste time and resources as well as gaps that keep people from getting the help they need.

---

Even as integration offers the province and municipalities fiscal and administrative efficiencies, the primary beneficiaries will be the people who receive services:

The focus in providing services for people should be on allowing them to work as productively as possible and to live with dignity.

To translate this into the language of OMSSA, the Review is “putting people first.”

Consolidation and streamlining is called for not only within sectors but beyond—and thus, the Review calls for a “community human services plan which encompasses a range of social services” and that is “more closely aligned to outcomes for clients are developed for each program, such as social assistance, homelessness, child care and housing.”

The fact that many of OMSSA’s members have begun the process of human service integration both internally and with the wider community will mean that CMSMs and DSSABs are well positioned to take a leadership role in developing these plans.

As well, OMSSA will be issuing a discussion paper on human services planning to help inform the larger conversations regarding community service planning.

### **Shared accountability**

Another key component to the Review—one that is intimately tied to service integration—is the call for new shared accountability frameworks between the province and municipalities.

Simplifying and better managing roles and responsibilities within a shared accountability framework would place more emphasis on achieving better outcomes for people in Ontario rather than on process. It would also free up resources for individual communities’ priorities.

The Review admits the flaws in current modes of accountability, which are “linked mainly to ‘units of service’ rather than outcomes for the people being served.”

In their stead, the Review proposes that province and municipalities “jointly develop an accountability framework for social services that focuses strongly on the results that programs



---

achieve. The framework will apply to services for which the two orders of government share accountability.”

Here too, OMSSA is pleased with the direction taken by the Review. The impetus toward outcomes rather than outputs and the linking of these outcomes to the community human services plan, yet again signals a recognition of the ability of CMSMs and DSSABs to manage and deliver services effectively. Furthermore, by calling for policies and funding frameworks to be “aligned to outcomes” the province is acknowledging the current contradictions between service integration and funding restrictions.

Perhaps most encouraging to OMSSA and its members is the language in the Review that speaks directly to local flexibility.

Ontario municipalities are too diverse for a “one size fits all” approach. Differences in such factors as population and geographic size, demographics, economic activity and location present each municipality with a unique set of challenges. The impacts are reflected across the spectrum of public services: in infrastructure needs, design of and demand for social programs, economic development efforts and other local priorities. Where province-wide solutions are needed, they must be sensitive to these important differences.

If the Review had said nothing else, this endorsement of local flexibility is landmark statement that OMSSA is very pleased to see.

---

## What's next?

In its conclusion, the Review states that the working relationship between the province and municipalities will continue beyond the publication of this report. After all, the publication of the Review is really only the beginning to this process; the convening of various working tables, the clarification of specific policies, and the actual implementation will require many more conversations among the province, municipalities, OMSSA, and other stakeholders.

OMSSA will use these on-going conversations to continue to voice our support for the Review's recommendations. We will frame these conversations within in the context of the principles articulated in this Review—especially the recognition of CMSMs and DSSABs as mature and capable partners with the province.

We will also seek to provide leadership on issues for which we have developed clear expertise and experience, including:

- Human services integration
- Human services planning
- Employment and income support services
- Housing and homelessness programs
- Children's services

In each of these areas, OMSSA has a long history of harnessing the capacity of CMSMs and DSSABs to develop thoughtful and meaningful perspectives. We are looking forward to sharing these perspectives with the province as the work moves forward.

Finally, OMSSA will continue to articulate our key messages in those areas where the Review was silent. Notwithstanding the many positive developments arising out of the Review, there remain several issues that require further attention. These include:

- **The need to clarify and reinforce the central role played by CMSMs and DSSABs in managing and delivering employment support services.** The very nature of integrated service planning and delivery means that municipalities—as service system managers already delivering a basket of services to the local community—are ideally situated to manage and deliver employment support services within the broad context of human services. Although the Review seems to endorse this perspective, the proposed streamlining of employment and

---

training programs should not devalue the crucial municipal role in this area.

- **The need for further clarity about the direction for children’s services.** Whereas the Review speaks directly to change in areas of housing, homelessness, employment, and income, it is relatively silent on the transformation of the children’s services sector. OMSSA believes that the Review’s principles of system integration and shared accountability, applied as they are to these other sectors, should be equally applied to the children’s services sector. To that end, we will be a detailed position paper on children’s service system management in early 2009.
- **The need to emphasize preventative approaches to social service challenges rather than remediative approaches.**
- **The need to address and resolve questions regarding DSSAB governance, preferably before northern municipal elections in 2010.** This was one of OMSSA’s recommendations in our original submission to the Review, and will continue to be an important issue.

Though these last points take note of work still to be done, OMSSA’s broad comment on the Provincial-Municipal Fiscal and Service Delivery Review is a positive one. This Review takes an historic step towards a new environment for provincial-municipal relations. More important, we believe that the fiscal and service delivery transformations put forth in the Review will contribute to the larger goals of poverty reduction in Ontario and increased quality of life for all of our communities.

We are excited about working with our municipal members and our provincial partners in moving Ontario forward.

For more information on this Summary and Comment, or for more information on OMSSA’s submission to the Provincial-Municipal Fiscal and Service Delivery Review, please contact Etan Diamond, Manager of Policy and Research, at [ediamond@omssa.com](mailto:ediamond@omssa.com) or at 905-629-3115, ext. 245.

## Appendix A: A Summary Comparison of OMSSA's Recommendations and the PMFSDR Findings

What we said	What the Review says
<p>OMSSA Rec #1</p> <p>That the Province reaffirm its commitment to the principles and goals of local service management as articulated in March 1998.</p>	<p>The points of agreement outlined here will change some funding arrangements and aim to improve the way that services are delivered. They do not, however, change service delivery responsibilities. (p. 4)</p>
<p>OMSSA Rec #2</p> <p>That the Province work in partnership with CMSMs/DSSABs to revitalize and reform the provincial-municipal contract relationship by establishing a process to clearly define and negotiate shared program outcomes to further strengthen principles such as shared accountability, adequacy of funding and appropriateness of timelines.</p>	<p>A critical aspect of shared roles is their potential impact on service costs, efficiency and outcomes. Another key element is determining who should define the standard of service and set levels of service – the Province, the municipality, or both. To ensure a high degree of accountability when roles are shared, the responsibilities of each order of government must be clear.</p> <p>Where shared roles and responsibilities are not carefully thought out and articulated, the results can include duplication, confusion about who is responsible for a service or accountable for results, and a regulatory burden that may be inappropriate or excessive. Resources that might be used to achieve better outcomes for people get diverted into less productive ends. Staff who should be focused on delivery instead gets mired in administration and paperwork, and people who should benefit from programs and services become frustrated by the lack of clear direction and accountability.</p> <p>As noted, historical trends and shifts have tended to make the provincial-municipal relationship in Ontario highly intertwined. Simplifying and better managing roles and responsibilities within a shared accountability framework would place more emphasis on achieving better outcomes for people in Ontario rather than on process. It would also free up resources for individual communities' priorities.</p> <p>This objective is paramount and calls for an ongoing, collaborative partnership between the Province and municipalities. (p. 11.)</p>

**What we said**

That the Province, in partnership with CMSMs/DSABs, establish a process to adequately support and strengthen CMSM capacity to effectively manage and deliver program outcomes.

OMSSA Rec #3

**What the Review says**

**Services for people**

The partners in this review agree that all three orders of government – federal, provincial and municipal – have a role to play in ensuring that people do not live in poverty and that all of our residents have access to affordable housing. These are areas where aligning responsibilities, funding and other resources properly is key to making a real difference in people’s lives. We urge the federal government to fulfill its financial responsibility in the crucial areas of affordable housing, poverty reduction and public transit. The focus in providing services for people should be on allowing them to work as productively as possible and to live with dignity. Managing and delivering programs more efficiently and getting people into jobs more quickly will also help the financial health of both orders of government.

At present, the delivery and governance of services for people in need are highly complex and the provincial- municipal roles very much intertwined. A wide range of supports is available, including financial assistance, child care, housing subsidies, and help with job searches. These are not well integrated, however, creating the risk of overlaps that waste time and resources as well as gaps that keep people from getting the help they need.

Initiatives are needed in several areas to make the system work more efficiently and achieve the right outcomes.

**Housing And Homelessness**

Housing and homelessness services and programs are currently delivered in Ontario through more than 20 programs. These involve three ministries (Ministry of Health and Long-Term Care, Ministry of Community and Social Services, and the Ministry of Municipal Affairs and Housing). The result is a fragmented and inefficient approach to achieving program outcomes and meeting client needs.

The review partners will work towards consolidating the existing range of housing and homelessness programs into a housing service managed at the municipal level. This service should focus on better long-term outcomes for the people who use it and form a key element of the Province’s Long-Term Affordable Housing Strategy. This effort will focus on enhancing the capacity of municipalities by coordinating community-based local service delivery and build on multi-year housing plans. It will also harmonize the policy and program areas at the provincial level as part of the new housing strategy.

**Child Care**

Better integration of child care and children’s services would improve readiness to learn and healthy child development outcomes, as well as supporting low income working parents. We will share the work of the service delivery accountability table in this area with the Province’s Early Learning Advisor, who is currently advising the Premier on how best to implement full-day learning for Ontario’s four and five year olds.

**Income And Employment Supports And Planning**

Several provincial programs in the area of income and employment supports help people who face barriers to get jobs. The municipally delivered Ontario Works program provides assistance to people in temporary financial need. ODSP supports people with disabilities, including those who want to work. Employment Ontario services, which are funded by the Province and largely delivered by third parties, help people who are not on social assistance get or improve jobs. These supports are not well integrated and, for the individual looking for help, can be hard to access and confusing.

The review partners agree to work together in a timely manner to simplify and modernize delivery of income assistance and employment-related supports. This will involve collaborating on further policy and fiscal analysis to identify opportunities. We further agree to better integrate Ontario Works, ODSP and Employment Ontario employment services to improve employment outcomes for clients and to make better use of resources. (pp. 22-24)

What we said	What the Review says
<p>That the Province establish a consistent process that draws on proven CSM/DSSAB leadership, networks including OMSSA, and local accountability, resulting in broader and more comprehensive local planning and consultation for existing and new initiatives.</p> <p style="text-align: right;"><b>OMSSA Rec #4</b></p>	<p>At present, several accountability mechanisms are used for cost-shared programs. These are linked mainly to “units of service” rather than outcomes for the people being served. The municipal and provincial governments will jointly develop an accountability framework for social services that focuses strongly on the results that programs achieve. The framework will apply to services for which the two orders of government share accountability.</p> <p>A community human service plan, which encompasses a range of social services, will underpin the new accountability framework. Each plan will include community outcome measures and targets to ensure services are achieving the right results.</p> <p>This arrangement will be phased in as policies and funding frameworks that are more closely aligned to outcomes for clients are developed for each program, such as social assistance, homelessness, child care and housing.</p> <p>The partners agreed to introduce a shared accountability framework for cost-shared programs – as outcomes-based policy and funding frameworks are developed for each program. (pp. 22-23)</p> <p><b>Solutions Must Take Community Differences Into Account</b></p> <p>Ontario municipalities are too diverse for a “one size fits all” approach. Differences in such factors as population and geographic size, demographics, economic activity and location present each municipality with a unique set of challenges. The impacts are reflected across the spectrum of public services: in infrastructure needs, design of and demand for social programs, economic development efforts and other local priorities. Where province-wide solutions are needed, they must be sensitive to these important differences. (p. 12)</p>
<p>That the Province commit to work in partnership with DSSABs, the Northern Ontario Service Deliverers Association (NOSDA) and OMSSA to address and resolve DSSAB governance reform prior to the November 2010 municipal elections.</p> <p style="text-align: right;"><b>OMSSA Rec #5</b></p>	<p><i>The Review is silent on DSSAB governance. The Review does contain Appendix F, which provides a summary comparison of the fiscal health of Ontario’s regions, including northern municipalities. This summary does not speak, however, to municipal governance in the north.</i></p>