

What stops us from working?

New ways to make work pay, by fixing the treatment of earnings under the Ontario Disability Support Program



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Foreword – Who We Are

This paper is collaboration among three organizations:

The Dream Team is a group of psychiatric consumer/survivors who advocate for more supportive housing in Ontario for people with mental health issues. Dream Team members demonstrate and promote the life-altering benefits of supportive housing, by telling their own stories, conducting and presenting research, and standing up for human rights.

Houselink Community Homes is a non-profit, charitable agency based in Toronto. It provides supportive housing to people living with mental illness. Houselink makes it possible for people living with mental illness to build meaningful lives on their own terms.

The **Centre for Addiction and Mental Health** is Canada's largest mental health and addiction teaching hospital. CAMH combines clinical care, research, education, policy development, and health promotion to help transform the lives of people affected by mental illness and addiction.

Our three organizations endorse this report and recommend that the Government of Ontario make the changes needed to increase the workforce participation and quality of life of people who are disabled by mental health problems.

We are grateful to John Stapleton and Stephanie Procyk of Open Policy Ontario, and Lindsay Kochen of the Dream Team, for their dedication in producing this report.

This report could not have been written without the willingness of current and former ODSP recipients to share their personal stories. We very much thank those who agreed to be profiled.

Please contact any of our organizations for more information on joining our efforts to improve the Ontario Disability Support Program.

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Executive Summary

“The rational person would say ‘what’s the point of working?’ The majority of people work to get ahead, not to get behind.”

– Sharon, consumer/survivor, on working while receiving ODSP

Eighty-nine percent of Ontario Disability Support Program (ODSP) recipients are unemployed.¹ That means that ODSP recipients are 11 times more likely to be unemployed than the average Ontarian.² This extremely high unemployment is in part due to ODSP earning rules and administrative practices that create barriers to employment.

ODSP is one of seven income support systems in Ontario designed to help people who live with disabilities and to help their families. The program has made many changes over the years to try to accommodate and encourage work on the part of recipients.

One example of these changes is the \$100 work-related benefit (WRB) that rewards an individual for working regardless of the number of hours they work. Another example is reducing the 75% deduction on earnings to 50%. These changes were helpful, but they still result in many roadblocks to work when they are combined with:

- a needlessly onerous system of reporting and reconciliation
- negative interactions between ODSP and other programs
- insufficient supports for leaving ODSP.

The following policy changes would, we believe, begin a movement that would bring many more ODSP recipients into the world of work. In the long run, we believe these investments would, in time, reduce program costs. We have kept this in mind in making the following recommendations for change in four areas:

1. To improve work incentives:

- a) Increase the Work-Related Benefit (WRB) to \$150 a month.
- b) Implement a 12-month, time-limited earnings exemption of \$300 a month for the first year of earnings.

¹ Based on unpublished data from the Ontario Ministry of Community and Social Services.

² Statistics Canada. (2011, February 4). Latest Release from the Labour Force Survey. Retrieved February 24, 2011, from Statistics Canada: <http://www.statcan.gc.ca/subjects-sujets/labour-travail/lfs-epa/lfs-epa-eng.htm>

2. To improve administration:

- a) Reconcile accounts yearly instead of monthly.
- b) Introduce an online calculator to clarify rules and eligibility.

3. To integrate the treatment of earnings by ODSP and other programs so that policies better support work:

- a) Assess rent based on earnings after deductions.
- b) Remove or extend the ‘\$440 rule’ that transfers an ODSP recipient to the ‘rent geared-to- income’ housing scale.
- c) Allow the Ontario Student Assistance Program (OSAP) to acknowledge ODSP earnings deductions when it assesses income for the purposes of a loan repayment.
- d) Expand OSAP’s definition of permanent disability to acknowledge the episodic nature of much mental illness.
- e) Increase childcare reimbursements for unlicensed providers.
- f) Expand childcare coverage to parents who are seeking work.
- g) Allow Canada Pension Plan-Disability recipients whose payments are too high for them to qualify for ODSP cash benefits to still qualify for ODSP ancillary benefits, such as housing and transportation.
- h) Continue ODSP benefits throughout a reapplication for those who have lost CPP-D benefits.

4. To make structural changes to ODSP that will support recipients who want to leave the program and become financially independent:

- a) Expand ODSP employment supports to incorporate training and on the job supports.
- b) Increase the Employment Start-up Benefit (ESUB) to \$1,500.
- c) Raise asset limits.
- d) Create a financial assistance planning program.

Implementing changes in all four areas will, we believe, help bring the extremely high unemployment rate down, and enable ODSP recipients to find fulfilment, financial self-sufficiency, and better health outcomes through productive employment.

Introduction

“The rational person would say ‘what’s the point of working?’ The majority of people work to get ahead, not to get behind.”

– Sharon, consumer/survivor, on working while receiving ODSP

Eighty-nine percent of Ontario Disability Support Program (ODSP) recipients are unemployed.³ The unemployment rate for ODSP is therefore 11 times greater than the unemployment rate for Ontario.⁴ This extremely high unemployment rate is due in part to ODSP earning rules and administrative practices that create barriers to employment.

We know that people with disabilities can work. In Ontario, 47% of people with disabilities are employed.⁵ Only 11% of ODSP recipients work, earning an average of \$650 per month.⁶ Some ODSP recipients work ‘under the table’ in order to make ends meet without risking the loss of benefits.

Many unemployed ODSP recipients want to work, because working can enhance one’s self-worth and sense of control.⁷ The Canadian Mental Health Association identifies having a job as a “leading component in promoting positive mental health and in paving the way for a rich and fulfilling life in the community.”⁸

Unemployed ODSP recipients also want to work in order to exit poverty. Compared to other developed countries, Canada has one of the highest income gaps between people with disabilities and people without disabilities.⁹ ODSP benefits are low, and cash benefit increases have been too small, which means most ODSP recipients live well below any measure of poverty. In 1973, people with disabilities received the same amount of money as senior citizens. Now they are \$250 a month behind. Joining the workforce can help consumer/survivors leave social assistance and become financially independent.

³ Based on unpublished data from the Ontario Ministry of Community and Social Services. (2010).

⁴ Statistics Canada (2011).

⁵ Statistics Canada (2008). Survey of Labour and Income Dynamics. In: MCSS (2010). Canada-Ontario Labour Market Agreement for Persons with Disabilities 2009-2010 Annual Report, MCSS; p. 9.

⁶ Based on unpublished data from the Ontario Ministry of Community and Social Services. (2010). Recipients who have earnings are mostly single people (19,000). Some are lone parents (1,700). Others have spouses (1,100) or both spouses and children (1,300).

⁷ Mulvihill M, Mailloux L & Atkin W. (2001). Advancing Policy and Research Responses to Immigrant and Refugee Women’s Health in Canada. Winnipeg: Canadian Women’s Health Network. www.cewh-cesf.ca/en/resources/im-ref_health/im_ref_health.pdf

⁸ Canadian Mental Health Association (2011). Employment and Mental Illness. Retrieved February 24, 2011, from Canadian Mental Health Association: http://www.cmha.ca/bins/content_page.asp?cid=3-109

⁹ OECD (2010). *Sickness, Disability and Work: Breaking the Barriers*. Canada: Opportunities for Collaboration. OECD; p. 18.

As a society, we would all benefit from the increased employment of ODSP recipients. It would boost consumer spending and taxes paid, and decrease pressure on the health and social assistance systems.

This report describes how ODSP currently treats outside income, and why. Then, we use the real life stories of ODSP recipients to illustrate the problems caused by ODSP policy. We analyze these problems and detail our proposed reforms to help ‘make work pay’.

An Overview of the Ontario Disability Support Program

Almost one out of every seven Ontarians has a disability,¹⁰ and one out of five Canadians will experience a mental illness during their lifetime.¹¹ Income support programs are supposed to ensure that these Canadians do not become destitute because they have a disability.

In Ontario, our income security systems provide seven ways that consumer/survivors and others with disabilities can potentially access help:

- Canada Pension Plan Disability (CPP-D)
- Employment Insurance (EI) Sickness
- Veterans’ programs
- Disability tax credits
- Ontario Disability Support Program (ODSP)
- Private disability insurance
- Workers’ Safety and Insurance.¹²

Each of these income support programs has a different philosophy about whether people with disabilities can work. Most were designed in the 1960s or before, when people with disabilities were not expected to work. We now know that mental health disabilities can often be episodic, a matter that is not accommodated by the employment policies of most income support programs. Often, programs require recipients to refrain from work as a condition of eligibility.

ODSP differs from all other major disability income programs for three reasons:

¹⁰ The disability rate in Ontario increased from 13.5% (2001) to 15.4% (2006), but this was partially due to the ageing of the population. When ageing is taken into account, the disability rate in Ontario (2006) was 14.6%. Statistics Canada. (2006). PALS data: Chart 9 (2006). Stats Canada. Accessed January 21, 2011 from: <http://www.statcan.gc.ca/pub/89-628-x/2007002/c-g/4125009-eng.htm>.

¹¹ Health Canada (2002). A Report on Mental Illness in Canada.

¹² For more information, see Appendix 1.

1. ODSP pays benefits specifically designed for low income persons.
2. The program provides benefits to people who have never worked.
3. ODSP encourages workforce participation and does not cancel benefits due to participation in the workforce.

Needs testing

Needs testing is part of the process of determining eligibility for ODSP. The needs test determines each recipient's monthly cash benefit amount based on the gap between their budgeted expenses and their current income or resources. This ensures that only low-income people receive ODSP.

ODSP exempts some kinds of income from the needs test, either in full or in part:

Income exempted in full

Income that is exempted in full is generally available to all recipients and is considered part of the benefit-setting process. For instance, all recipients of ODSP are eligible for HST credits and certain kinds of tax benefits. It makes little sense to claw this income back from each ODSP recipient.

Income exempted in part

Income from employment is exempted in part. It is a program goal to encourage recipients to earn, in order to become partially or fully self-reliant. At the same time, ODSP aims to serve those who are truly in need. This is why the government exempts 50% of earnings, instead of 100%.

Income not exempted

It is government policy to view ODSP as a program of last resort for people who have no additional resources. Accordingly, where other programs are providing benefits, ODSP does not exempt this income from the needs test. Examples of income that is not exempted include: Employment Insurance, Canada Pension Plan Disability, and child support from a non-custodial parent.

How ODSP treats employment earnings

ODSP deducts half (50%) of what a recipient earns from their benefits. The deductions are based on *net* earnings (after payroll deductions).

The deductions start with the first dollar earned – there is no 'grace period'. However, ODSP does give some of this back in the form of a Work-Related Benefit (WRB). The benefit stays at \$100 a month, no matter how much recipients earns, as long as they are working.

Examples

1. Percy

Percy earns \$50 a month.	\$ 50
ODSP claws back 50% of his earnings.	- 25
Percy gets a WRB of \$100 a month.	+100
Percy is better off by:	\$125

2. Elsa

Elsa earns \$200 a month.	\$ 200
ODSP claws back 50% of her earnings.	- 100
Elsa gets a WRB of \$100 a month.	+100
Elsa is better off by:	\$200

3. Jacinto

Jacinto earns \$500 a month.	\$ 500
ODSP claws back 50% of his earnings.	- 250
Jacinto gets a WRB of \$100 a month.	+100
Jacinto is better off by:	\$350

These examples illustrate that the WRB serves as an incentive to work only when a recipient is earning a very small amount of money each month. Despite the WRB, earnings deductions lead to a person's hourly wage diminishing as work hours increase. As a recipient earns more money, their entitlement to ODSP is gradually reduced to zero.

In the following pages, we discuss four key issues, illustrated with stories of the lived experiences of people on ODSP benefits:

1. **Income clawbacks and exempted earnings:** Problems with how ODSP treats earnings
2. **ODSP reporting and communications:** Problems created by the monthly reporting and reconciliation of earnings required by ODSP regulations

3. **ODSP earnings and other programs:** The treatment of ODSP earnings in combination with earnings and income by other programs, in particular: subsidized housing, OSAP, child care and CPP-D
4. **Leaving ODSP:** Program changes that occur when ODSP recipients' earnings rise to the point where ODSP entitlement is reduced to zero.

Issue 1: Income Clawbacks and Exempted Earnings

Profile: Sharon

For a program that is supposed to alleviate poverty for people with disabilities, ODSP has paved Sharon's way from disability to poverty a surprising number of times.

The first time was more than 15 years ago when Sharon fell ill with mental health issues and became unable to work. She was forced to drain all of her funds from 12 years of working as a medical secretary and accumulating RRSPs, before she could receive ODSP payments.

The second time was when Sharon's ODSP worker told her that her life insurance policy brought her over the \$5000 asset limit. To avoid financial loss or penalty, she decided to use what savings she had; so off she went to Montreal for the weekend on a spending spree.

Sharon returned home on Monday to find three or four urgent phone messages from her ODSP worker who admitted to making a mistake: life insurance does not, in fact, count towards her asset limit. He apologized profusely, but the money was gone. In her hopelessness Sharon went on a drinking binge. "You become afraid of ODSP because they have so much control over what happens in your life," she said.

Fast-forward a few years to 2004. Sharon was working 18 hours per week as a social recreation assistant at a drop-in for people with mental health issues. She loved her job and quickly gained a reputation of being excellent at it. However, Sharon had a difficult decision to make when her employer asked her to take on significantly more hours. On one hand, she wanted to work more because she liked helping people at the drop-in, and working was good for her mental health. But on the other hand, she couldn't justify working more, financially.

"I would have taken the extended job had I been able to keep my earnings," she said. "But the more you work, the less you earn per hour. And you're in trouble if you earn too much money because you lose your benefits." So Sharon turned down the extra hours.

Shortly afterward she was replaced by someone who would work full-time. She tried out a different part-time job at the same organization, but it wasn't a good fit, so she quit and returned to the struggle of barely making ends meet.

Sharon reflects that “there is no motivating factor to get anyone out to work. We're going out to earn money to pay the government to live on poverty. Work becomes more of a punishment than something to be proud of.”

Analysis: The 50% earnings clawback and \$100 Work-Related Benefit

Problem: An individual earning more than \$200 per month will begin to keep less money than he or she has earned, even though these earnings still leave the person well below any recognized measure of poverty. This makes working extra hours difficult for those people who want to earn more than \$200 per month: the equivalent of less than 20 hours of work at the minimum wage.¹³ We believe that the 50% deduction rate for each net dollar from the first dollar earned is too difficult and discouraging of work.

Possible solutions: Before 2005, ODSP allowed recipients to keep the first \$160 they earned each month before it started to claw back earnings. If that flat rate earnings exemption were reintroduced, more recipients would begin to work and move towards self-reliance.

Before 2005, ODSP deducted 75% of earnings. Reducing the deduction rate from 75% to 50% was a positive step. We would like to see government make even more progress in this area. However, we also see the difficulty. Recipients currently receiving \$12,000 per year in ODSP now have to earn approximately \$24,000¹⁴ in employment earnings before their earnings reduce their ODSP entitlement to zero. At \$24,000 a year, a full-time, year-round job pays \$12.75 per hour. Decreasing the percentage to 40% would extend the point at which ODSP entitlement hits zero to \$30,000 a year. A 25% clawback would extend the point at which ODSP entitlement hits zero to \$50,000 a year – so high that the program would begin to provide supports to persons who are demonstrably not in need.

A second solution could be to increase the Work-Related Benefit beyond the \$100 a month currently paid. The WRB serves as positive reinforcement for consumer/survivors who want to become attached to the labour force. Increasing the WRB to \$150 a month would encourage more people to obtain work.

Profile: Richard

Richard worked full-time as a truck driver for 20 years. He moved furniture, transported groceries, and drove dump trucks and long-haul transport trucks. In 2000, Richard suffered an attack of schizophrenia that cost him not only his job, but also his vehicle, his girlfriend, and his home. He wound up homeless.

¹³ The current minimum wage in Ontario is \$10.25 an hour

¹⁴ \$24,000 is an approximation, since this amount will vary based on receipt of other programs such as subsidized housing and special diet.

“After being homeless I lived in a men’s rooming house for two years that cost \$300 per month. To cover rent, I worked at a temporary trucking job. But without being able to afford a car to drive to the trucking lot in Brampton, I relied on carpooling. I’d leave at 4:30 AM in order to report to the downtown Toronto trucking office at 5:00 AM, and from there I’d be picked up by a 13-seater van that would drive me and other truck drivers to Brampton, where we’d hook up our trailers, gather the paperwork, and dispatch by 7:00 AM. I returned the truck to Brampton at 5:00 PM and took three forms of public transit for three hours to reach home by 8:00 PM.

“Since I need eight hours of sleep to function the next day, I couldn’t work two days in a row, and so I only worked two or three days per week. For each 15-hour work day, I was paid for 10 hours, and half of those earnings were clawed back by ODSP. I couldn’t cover the cost of my rent and wound up on the street again.”

This time, Richard ended up in a shelter where he got help applying for supportive housing. “By 2004 I had my own bachelor apartment and supports, my rent was automatically paid by ODSP, and I was able to return to my trucking job at the temp agency. However, around Christmas in 2005, I received an ODSP letter saying that my earnings amounted to so much that, not only would I not receive a cheque from ODSP that month, but I was being cut off of ODSP entirely. I quit my job because I couldn’t afford to work there anymore. Then I was reinstated on ODSP and I paid December’s rent over the course of the next six months.”

Since then, Richard has worked seven hours per week at his housing agency. He takes out the garbage, mops the floors, and occasionally does some driving. In 2007, he tried taking on extra work with a different employer by shovelling snow, but ODSP threatened to cut him off again.

Today, Richard is genuinely grateful for his housing and ODSP. “I work part-time, have a safe place to stay, it’s peaceful and quiet, and I feel free from slavery. But I did enjoy working. I would like to work full-time and pay market rent for my swanky apartment! For that I would need a vehicle. And I would probably also need to go to trucking school – a lot has changed in the industry since I left it. But going back to school costs money, and I don’t think OSAP would give me a loan since people on ODSP default so often. It’s a nasty catch-22.”

Analysis: Exempted earnings

Problem: Before 2005, a single person received a basic monthly earnings exemption of \$160, with a 75% reduction rate thereafter. The WRB and 50% earnings deduction replaced this system. Although the new system is an improvement, it is still not enough. A system without earnings exemptions makes it too difficult for a person to create a nest egg of savings and exit ODSP.

Possible solutions: Ideally, we would like to see the government introduce exemptions that are not time-limited, to allow ODSP recipients to realize an income equal to recognized poverty measures. But we recognize that permanent exemptions would represent costs to the

government of over \$100 million in increased income support to recipients who are working now.

For this reason, we believe that time-limited earnings exemptions would be a beneficial and cost-effective interim solution.¹⁵ A 12-month earnings exemption of \$300 a month, beginning as soon as employment begins, would allow ODSP recipients the chance to stabilize their lives.

The Ministry of Municipal Affairs and Housing (MMAH) is changing its rent geared-to-income rules to stop increases to rents in the first year of earnings. If the Ministry of Community and Social Services (MCSS) followed MMAH, all ODSP recipients could earn money for up to a full year without fear of clawbacks.

Such a move would allow recipients to gain a significant toe-hold in the job market, perhaps save a small nest egg, and pay for up-front work expenses. Others may choose to leave ODSP altogether.

Consequences of inaction: If the province does not act on the issues surrounding income clawbacks and exempted earnings, the catastrophic employment rate of 11% among ODSP recipients will remain. Long-term health outcomes will decline, as will the potential for self-reliance. ODSP program costs will continue to remain high, as people who could be financially self-sustaining will not leave ODSP.

Issue 2: ODSP Reporting and Communication

ODSP recipients face a system that is managed so closely in terms of reporting and reconciliation that it places undue stress on the working recipient, yet robs them of the ability to plan ahead or manage their own financial situations. Monthly reporting and reconciliation is extremely onerous and causes a ‘boom and bust’ financial reality. Especially troublesome is ODSP’s treatment of working recipients who are paid bi-weekly.

Profile: Rose

Like all people who are paid bi-weekly, Rose occasionally receives three pay cheques in a month. When this happens, ODSP assumes she is earning an extra \$700. Her subsidized rent also increases. To avoid this situation, Rose takes a week off from work during months with three paydays. This is counter-productive for both Rose and the system, because Rose really wants to work more and go off ODSP.

¹⁵ Other provinces have developed and implemented flat-rate earnings exemptions. In Quebec, \$100 is exempted from earnings. British Columbia exempts \$500. Alberta exempts the first \$400 of earnings for single people, with a 50% earnings deduction after the first \$400 up to \$1,500 earned. In addition, Alberta exempts the first \$975 of earnings for families, with a 50% earnings deduction up to \$2,500 earned.

Analysis: Reconciling income on a monthly basis

Problem: Monthly reconciliation creates a ‘boom and bust’ for people who have variable earnings and for those who are paid bi-weekly.

In months with three pay periods, a person sees a big boost in income for that month, but a drastic cut in income during the following months. Here is how it works:

A person like Rose might earn \$100 a month during typical, two-pay period month. But each year has two months in which there are three pay periods. When Rose has a three-pay period month in July, she will have to report \$150 in earnings to her case worker. The 50% earnings deduction will occur at the end of August. In September, Rose will earn \$100 as she usually does, but her ODSP benefit will be reduced by \$75 (50% of the \$150 she reported for July).

To make matters worse, ODSP will treat the extra pay week that Rose had in July as an “overpayment” -- implying that she has somehow done something wrong.

Possible solution: ODSP should expand the reconciliation period to one year, as opposed to every month. This would divide earnings equally over the course of the year. It would allow for responsible financial planning and remove the stigma of fraud associated with ‘overpayments.’

This is already common practice in the private sector, where hydro bills are projected one year into the future in order to maximize efficiency in administration and payments. Why should our social assistance bureaucracy continue to reconcile earnings in a manner that the business world has long rejected as inefficient?

The Ministry of Municipal Affairs and Housing (MMAH) plans to move to yearly reconciliation of RGI rents through the tax system, beginning in January 2012. They have recognized the importance of using common business procedures in both the private and public sectors. Once MMAH completes this transformation, MCSS will be the only Ministry enforcing a scheme of monthly reconciliation.

Consequences of inaction: Without action, the cycle of ‘boom and bust’ will persist, with nuisance overpayments continuing to make planning a challenge. People who have the potential to exit ODSP will not do so, because of their inability to plan for their future. Furthermore, monthly reconciliation will continue to incur unnecessary administrative costs for the government.

Profile: Walter

Walter is 47 and has a B.A. in Philosophy. He volunteers in his community by giving monthly seminars on global affairs, and he has a paid position as a cook one day per week.

Walter struggles with the stresses of reporting his income to ODSP: the threatening letters, the dehumanizing visits to his ODSP office, and the financial repercussions of monthly reconciliation.

Walter is required to report his income from his job as a cook each month by, showing his pay stub to his ODSP worker; otherwise his support is cut off. In Walter's experience, faxing or mailing his income statement to ODSP on time does not guarantee that it will be processed on time.

“At least three or four times per year I receive a computer-generated letter saying ‘We have put your ODSP file on hold. You will not receive ODSP income support and other benefits while your ODSP file is on hold.’ I’ve learned not to take it personally, but for many years it was terrifying. The threat comes first, then the explanation. This is something they afflict on recipients regularly. Their claim that they haven’t received my income statement is either untrue or a sign of astonishing incompetence, and the end result is it causes a lot of anxiety.”

To avoid this anxiety, Walter hand-delivers his income statements to his ODSP office each month. “The whole environment is hellish – it’s a hallway with one large TV at the end, fluorescent lighting, airline seating with interrogation rooms on either side where people are addressed by P.A. system, two-way bullet-proof glass, and police standing around. It’s an otherworldly, dreary place that you wouldn’t expect to see unless you’re in a totalitarian state. I have to go there once a month to drop off my papers, and I prefer to go on the last day because the chances of police being there are smaller. I feel bad for the people who work there. Even the most well-meaning person would become dehumanizing in that environment.”

Adding to the stress is the financial uncertainty caused by the monthly reconciliation requirement. “I worked over the New Year and was paid in February, which meant I reported my earnings at the beginning of March and got punished – or clawed back – in March for the work I did over Christmas. Since this month’s ODSP cheque is less, I’m more reliant on my wage, even though I’m not getting as many hours from my employer this month. I can’t rely on ODSP. That’s been my life now for years: planning ahead, buying ahead to make sure I have cat food, cat litter, and basic staples. I get a small amount every week from my employer and an undetermined sum from ODSP. I think I would be able to work more if there wasn’t all this stress.”

Walter is dissatisfied with the type and amount of employment he has. He dreams of more work, and of meaningful work. “Over time you stop feeling like you’re part of regular life. I avoid social situations where what you do [for a living] comes up in conversation. My social life has been shot for about 15 years. Unemployment leads to a sense of not feeling worthwhile. It’s frustrating for me – why this is happening isn’t obvious to me.

“Why can’t I hold own my job? You get to thinking you’re just so different that your life will always be like this. What I want to do is make a difference. I love working and I wish I could do more of it. I just don’t know where to start.”

Analysis: Reporting income on a monthly basis

Problem: Each month, ODSP recipients must report earnings in order to be reconciled for the following month. Reporting earnings so frequently is an onerous process for ODSP recipients. The experience of working while receiving ODSP should be made as smooth as possible if ODSP wants to realize its own goals as a program. Enabling work is an important way to encourage those recipients who can to join the labour market.

If reconciliation was conducted annually, monthly reporting of earnings could be made voluntary. Recipients like Rose could choose to meet with her caseworker every month to project how her earnings will affect her ODSP payments for the coming year. Another recipient, such as Walter, might choose not to, without penalty.

Consequences of inaction: Overly burdensome reporting rules can turn the recipients' focus away from planning their working lives. It is also an unnecessarily large administrative cost to government.

Profile: Michael

Michael is on the waiting list for supportive housing. In the meantime he pays an unaffordable market rent for his apartment and volunteers with the Dream Team as a supportive housing advocate. He also worked as a part-time peer support worker until he nearly lost his apartment and ended up losing his job. Both of these incidents were due, in part, to communication problems. They highlight just how intertwined support, rent, and employment can be.

“After my landlord gave me another eviction notice [for failure to pay rent], my ODSP worker told me about an \$800 allowance that’s available to us every two years – to help with moving costs or rent crises. The worker said he would arrange for rent to be transferred to the landlord. But around this time I got a new ODSP worker, and my landlord never received payment. [My landlord] started harassing me – calling my boss and my psychiatrist, and entering my apartment without permission, which Legal Aid is now helping me bring to court. In any case, I ended up scraping together some money for rent. But then another worker told me that because I covered rent, I ‘proved that I could afford rent,’ and this made me ineligible for supportive housing. I haven’t gone shopping for food for fear of not having enough money for rent.”

This story illustrates a break in communication between one ODSP worker and the next. It also shows that neither of Michael’s ODSP workers was able to convey to him the possible consequences of using the benefit offered to him. One consequence was to further delay Michael’s access to supportive housing. Another was to extend the period of time during which Michael lived in fear of becoming homeless.

“I’m afraid to call ODSP for anything. Talking with them aggravates my anxiety. All my contacts definitely weren’t trained to deal with people with mental health issues. You don’t start talking aggressively to someone with an anxiety disorder, and you don’t blame someone who’s got paranoia...They anticipate aggression and start off more

aggressive. There's no reassurance that the bottom won't just fall out from under you. They talk down to you as if you're going to rip off the system."

Michael's rental issues seeped into his work in several ways. The fear of losing his home weighed so heavily on Michael that his focus on the job became affected. His landlord called his boss so frequently to complain about not receiving rent that harassment, Michael feels certain, was a "huge factor in losing my job." Existing tensions between him and his boss escalated. Miscommunication occurred, and Michael's plan to meet with Human Resources fell through. He became depressed, couldn't get out of bed, and had to call in sick at work. As a result of the interplay of these forces, Michael was laid off.

He is now struggling to restore balance to his life. "I didn't realize how huge having a job was to having stability – without having anything concrete to do it's really hard. It's a downward spiral that's self-defeating. I miss my supports; I really need a hand with some things like grocery shopping. Before, support workers would come to me; but now that I've had a job it's that much harder to find them."

Analysis: Unclear communication and poor service

Problem: Unclear communication and low levels of service make receiving ODSP, increasing earnings while on ODSP, and exiting ODSP much more challenging than necessary. Poor service can take the form of incorrect information, letters perceived to be threatening, and simple mistakes that have serious consequences.

A certain amount of miscommunication and error are inevitable in any business relationship. However, poor communication from ODSP can have serious financial and emotional implications for recipients. This lack of positive communication not only complicates administration, but results in feelings of dehumanization on the part of the recipient, who may simply be unaware of the rules that govern earnings under ODSP.

Possible solutions: Improved communication could start with the development of an online calculator for monthly earnings, which would clarify ODSP rules and the complex system of earnings deductions in plain language. The Canada Revenue Agency already has several online benefits calculators to estimate benefits like Working Income Tax Benefits, and Child Benefits.¹⁶

Consequences of inaction: The process of planning for one's financial future and security is stressful for anyone, but for consumer/survivors, it can trigger episodes of illness that require expensive therapies. This increased stress, as well as a relationship of mistrust, will continue if no actions are taken.

¹⁶ See: Canada Revenue Agency (2010). Child and family benefits calculator. <http://www.cra-arc.gc.ca/bnfts/clcltr/menu-eng.html>

Issue 3: ODSP Earnings and Other Programs

Many ODSP recipients receive benefits from other programs. These programs include:

- subsidized housing
- the Ontario Student Assistance Program (OSAP)
- subsidized childcare
- Canada Pension Plan-Disability (CPP-D).

These programs all have their own rules about income. This often results in multiple deductions for the same dollar of earnings – yet another disincentive to work.

Profile: Dawn

Dawn is the mother of a well-adjusted teenager who recently graduated from high school with honours. A volunteer advocate for supportive housing and human rights, Dawn has survived childhood sexual trauma, abusive relationships, and schizophrenia. Right now, Dawn is on ODSP for the third time, and she is hoping to leave social assistance once again.

Dawn first received social assistance in her early 20s. Since then she has cycled through periods of being able to work full-time and periods of being too ill to hold down any job. “Not long after I went on ODSP in my 20s. I found a full-time job, but I was let go after a few months. So that meant I had no job, no support, and no income -- I hung out at a drop-in. Eventually I moved in with my mother and took a word-processing course, and I started working a full-time job at a trust company.

“But after two years I was fired. It was devastating. I couldn’t work. I got [back] on ODSP and became my mother’s caregiver when she fell ill. And I enjoyed taking care of her, so I ended up being a Red Cross homemaker – that paid enough that I could go off ODSP again. But after a few years I had to go on it once more, and I’ve been on it ever since. I’ve been trying to get a full-time job since 2004 but I haven’t gotten anything.”

While Dawn is qualified to work as a kitchen supervisor or manager, she is currently employed as a part-time relief kitchen worker – a job that offers only two or three days of work per month. Before budget cuts, her employer was able to offer consistent hours, such that her earnings were invariably \$800 per month and her rent was invariably \$500 per month.

However, cutbacks in September 2010 meant that Dawn was offered fewer and less consistent hours. Some months, Dawn only earned \$39, meaning her rent would be around \$250; other months, Dawn earned \$200, causing her rent to nearly double to \$415. Each month, Dawn would need to provide proof of earnings to both ODSP and her housing co-op. And each month, Dawn would be unsure how much money she could afford to spend. “Having a steady pay-check, knowing how much I’d get each month would relieve a lot of stress.”

Analysis: Interaction with housing benefits: the '\$440 rule'

Problem: Earnings reduce ODSP cash benefits at a rate of 50%, while housing subsidies are calculated based on 100% of ODSP and employment earnings. Working ODSP recipients end up paying rent based on money they don't have.

Complications with shelter benefits extend to more costly rents as well. After single employed ODSP recipients earn \$440, their rents increase from a very low ODSP scale to the 'rent geared-to-income' (RGI) scale. Under RGI rules, An ODSP recipient owes 30% of their total income for rent. But at the same time, ODSP reduces the recipient's benefit by 50% of their net employment earnings. Housing authorities and ODSP base their clawbacks on the same dollar of employment earnings.

Possible Solution: The \$440 rule was established in 1998. It is based on the artificially low rents in the ODSP rent scale. It does not relate to any real measure of living income, such as the current minimum wage. Abolishing or extending the \$440 rule would allow people like Dawn to retain an apartment and work when she has the capability to do so.¹⁷ Abolishing the rule would acknowledge that two government programs are making deductions on the same employment earnings. An extension of the rule to 75% of maximum ODSP as recommended by the Social assistance Review Advisory Council (SARAC) in 2010 would also allow recipients to work more before being shifted to the RGI rent scale. If implemented, this would provide new incentives for ODSP recipients living in subsidized housing to go to work.

Another solution would be for non-RGI subsidized shelter costs to be assessed based on income **after** deductions.

Consequences of Inaction: ODSP recipients who are capable of working will stop working due to these prohibitive and unfair rules.

Profile: Rose talks about OSAP

"Years ago, I wasn't well enough to work and couldn't make my OSAP payments, so I faulted on my OSAP loan. OSAP didn't forgive my debt for being on disability, so I resorted to a collection agency. And the collection agency agreed to overlook interest if I paid out in a lump sum – fortunately I was able to borrow from a family member. I would like to go back to school for certification in peer support to increase my chances of getting a full-time job and getting off ODSP, but I don't think I'd be eligible for another student loan."

Analysis: Interaction with OSAP: Obtaining a loan

If a person is deemed to have a permanent disability, they do not have to pay back an OSAP loan, provided the proper paperwork is submitted. Loan amounts may be completely forgiven or

¹⁷ For more information on the \$440 rule, see: Stapleton, J., Zero Dollar Linda. Toronto: Metcalf Foundation, November 2010.

the person might receive repayment assistance. However, to qualify for loan forgiveness, a person's disability has to be severe enough to last a lifetime, and must impede the individual from further post-secondary education or work.

Problem: The number of people who become permanently disabled for their entire lives is relatively small. Consumer/survivors are often temporarily disabled with illnesses that are episodic in nature. However, their disability may still decrease their earnings potential so much that a loan would be extremely difficult to pay back.

Possible Solution: OSAP could relax its rules on permanent disability to encompass a broader definition of disability – one that takes into account the temporary or episodic nature of much mental illness. This would enable consumer/survivors to access both ODSP and OSAP when needed.

Profile: Nan

“Before I fell ill, I had both the salary and debts of a Registered Nurse. I had car payments, an old student loan, and a line of credit, all of which totalled to more than \$20,000 -- and all of which would have been manageable had I been able to continue working as a nurse. However, when I developed mental illness and lost my job it became a challenge to cover even the basic costs of living, never mind OSAP payments. I saw no option but to declare bankruptcy.”

Analysis: Interaction with OSAP: Paying an OSAP loan back

Problem: OSAP assesses an individual's total earnings in determining the level of repayment after a person leaves school. If a person is working and receiving ODSP, OSAP looks at the full paycheque and does not take into account income clawbacks, which reduce a person's net monthly income.

Possible solutions: A first and important step for OSAP would be to acknowledge that people who receive ODSP do not have all of the income they appear to have, due to earnings clawbacks. This would allow an ODSP recipient to make realistic repayments, and prevent insolvency.

Consequences of Inaction: OSAP loans will continue to go into default, when ODSP recipients like Nan simply cannot afford to pay back loans on their current level of income support. People like Rose will be unable to attend post-secondary education -- a key means to becoming both independent and more financially secure.

Profile: Nan talks about childcare

Nan works about 40 hours a month as a peer support worker at two agencies. She is raising a grandchild, over whom she has sole custody. Nan also volunteers with the Dream Team.

“While I was at nursing school, I got subsidized daycare for my children from the City of Toronto because I was a student and I was on Mothers’ Allowance [provincial social assistance]. Because of that, I knew that I could apply for free daycare for my granddaughter after getting custody over a two-year battle with Child Protective Services. The lawyers agreed that it would be better for her to be interacting with her peers than be at home watching T.V. with her grandma, so I was court-ordered to put her in daycare. That meant I could appeal the usual 4-month waiting period for a spot in subsidized daycare. It still took a month and a half to get a spot, and during that time I had to pay out-of-pocket for a sitter while I was working -- and sometimes I had to pay sitters the next week because I didn’t have money for them. But today I receive child care from the city at no cost to me because I’m an ODSP recipient and I work.

What I’m concerned about, though, is somebody who doesn’t work but who wants to work – they have no childcare while looking for a job. As a single parent, how can you go and find a job? And as a person with a mental illness, you need a break from time to time. In this day and age you can’t depend on your family. And you sure as heck don’t bring a baby with you to an interview!”

Analysis: Interaction with childcare services

Problem: 1,700 ODSP recipients who work are lone parents and 1,300 ODSP recipients who work are couples with children. To be able to look for work and then keep a job, parents require childcare. The options for ODSP recipients are to:

- Find subsidized daycare
- Pay a licensed provider out of pocket
- Pay a non-licensed provider (for example a friend or grandparent) out of pocket.

Licensed daycare is hard to find—subsidized or otherwise. Canada has the lowest early learning and child care access rates amongst developed countries.¹⁸ Yet licensed care would be the most cost-effective option for an ODSP recipient. ODSP takes the full cost of licensed childcare into consideration when deducting employment earnings from benefits.

Unlicensed childcare is a less desirable option. Not only is the care unregulated by government, but ODSP has a limit of \$600 per child.¹⁹ Any unlicensed costs over \$600 must be paid out of pocket by the parent and will not be reimbursed.

In Ontario, parents pay, on average, between \$40 and \$65 a day for child care.²⁰ This means that \$600 may or may not cover child care costs, depending on how many hours a parent works. The \$600 also does not take into account any special needs or circumstances of the child.

¹⁸ Anderson, L. (2008). *Quality, Affordable Child Care? Not in Canada...Thanks to Market Failure*. Canadian Centre for Policy Alternatives. Ottawa: Canadian Centre for Policy Alternatives.

¹⁹ Ministry of Community and Social Services. (2008). Ontario Disability Support Program – Income Support Directives: 5.5 Child Care Deductions. Queen’s Printer for Ontario.

This leaves higher-earning ODSP recipients, and those who have children with special needs, with poor choices: pay for child care out of pocket, reduce monthly hours worked, or quit.

Possible solution: One solution would be to increase the \$600 monthly cap on unlicensed child care reimbursement to \$700, to better reflect the cost of child care and the limited supply of licensed child care available.

Consequences of inaction: Inaction in this instance means that ODSP recipients with children will simply not go to work. This does not only impact parents. It impacts the children of people with disabilities, who would be less impoverished with working parents.

Profile: Dawn talks about CPP-D

CPP-D payments do not make Dawn feel any more financially secure. “My CPP payments were recently cut by \$200 [per month] because my daughter just turned 18 – which means she’s no longer considered a dependent. So now I get \$500 from CPP, but all of that’s deducted from my ODSP cheque. There’s no benefit to being on CPP-D except that they don’t ask questions. I’ve maxed out my credit cards just covering my basic bills. All my worrying has made me emotionally ill.”

Despite the rent increases, the CPP-D deductions, and the fluctuating pay associated with working, Dawn still wants more work. “I struggle a lot. I’m really tired, I really am. I don’t want to work. But having a job makes me feel better – I have this knowledge that I can give to people. When someone says, ‘Oh this tastes good,’ I feel good about that. I’m only really happy when I’m helping others or cooking for them.”

Analysis: ODSP interaction with CPP-D

Problem: The assorted income support programs for people with disabilities often work against a person in receipt of multiple payments from different programs. (See Appendix A for an overview of income support programs for people with disabilities.)

Receiving Canada Pension Plan-Disability, for example, can reduce ODSP to a very low amount and threaten the recipient with disqualification. This would mean losing crucial ancillary ODSP benefits, such as housing and transportation. A person on the brink of being disqualified from ODSP based on their CPP-D receipt would think twice about entering the work force because of this threat.

Another example of negative interactions occurs when a person receiving both ODSP and CPP-D loses CPP-D benefits. CPP-D often has a more stringent definition of disability. A person who receives CPP-D does not have to undergo a medical exam to be eligible for ODSP. An ODSP recipient who **loses** CPP-D benefits must reapply for ODSP in order to prove disability through a

²⁰ Ontario Coalition for Better Child Care. (2008). *Ontario Needs a Plan for Early Learning and Child Care*. Ontario Coalition for Better Child Care.

medical exam.²¹ This reapplication must occur regardless of how long a person has been receiving ODSP.

Possible solution: Coordinating CPP-D and ODSP to encourage work would help to tear down the policy silos that are now in place. ODSP could continue providing cash benefits throughout a person's reapplication process to avoid undue hardship until an ODSP disability determination is made. Another solution would be to extend ancillary benefits such as housing and transportation coverage to individuals returning to work in the same way that Extended Health Benefits and Transitional Health Benefits are provided. This would be a major step forward in program coordination for people with disabilities.

Consequences of inaction: CPP-D recipients who are also receiving ODSP will simply not join the labour force, due to the risk of losing their income support, housing, drug, dental, and other benefits.

Issue 4: Leaving ODSP

When an ODSP recipient's disability makes it difficult to find or keep a job, they may qualify for ODSP employment support. This includes job coaching, job training, and other supports such as adaptive software, tools, and equipment. In the following two profiles of Keith and Omar, we see the success of such an approach, as well as some drawbacks and weaknesses that need consideration.

Profile: Keith

Keith is a witty 47-year-old chef. When he reflects on his current situation – running his own catering service and nearing his goal of leaving ODSP – his tone becomes more serious. “Back then, had someone said I’d end up starting my own business I’d have checked them into St Joseph’s [Heath Centre].” But today Keith has a heartening story to tell, thanks to his own determination and a mixture of key ingredients.

One key ingredient is his supportive housing agency. “Houselink Community Homes has been huge in getting me to where I am now – from a place of lack of self-worth and uselessness. I got involved in the food program [as a volunteer] and was quickly encouraged to become a [paid] cook with Houselink. I remember leaving my first paid gig as a cook – I felt like my feet weren’t touching the ground. Working and feeling useful was the best medication.”

This volunteer and work experience inspired him to obtain some more key ingredients: an OSAP loan and more education in his area of interest. “I realized I really liked cooking and I wanted to be better at it. So I went to George Brown [College] to improve my skills with the intention of coming back to Houselink as a kitchen facilitator. But after

²¹ A person must submit their case for adjudication to the Disability Adjudication Unit to become eligible again.

a short time I realized that as great as the position was, pay-wise – even after the 50% clawback I still made above minimum wage – I could do and wanted to do more.

“I had an itch to start pushing my boundaries.”

Through Houselink’s employment program, Keith found out about the Toronto Business Development Centre (TBDC), a training program for budding entrepreneurs, which he was able to attend thanks to ODSP. “ODSP paid for my tuition so I could learn about marketing, business plans, setting up a business. I really appreciated that I was held accountable with assignments. You also get to work with an advisor for a few years.”

One of the important things Keith has learned from the TBDC is that “you’ve got to recognize that the majority of businesses fail in the first year, and if yours fails, it doesn’t make you a failure – you can try again. And that’s where ODSP is so helpful – it’s the safety net – a thin one – but still a safety net.”

Keith has catered a handful of well-received events and wants to do more. All the while he continues to invest in his business.

“I don’t have anything clawed back if [my income and expenses] are fairly close, so I can afford to sink more money into my business. And with ODSP’s Plan Ahead Program, I can say I want to put \$100 per month towards a piece of kitchen equipment, and nothing will be clawed back while I save up to purchase that equipment. This is only available to people who are self-employed and directly relate to your business. Nowhere else can you get a deal like that. I haven’t used it yet – I don’t want to use it until I need it.”

Profile: Omar

Omar lived with his mother until age 21, at which point he moved out and opted to live on the street rather than subject himself to the conditions of a men’s shelter. “I did end up enduring four months at [a shelter] – but it was a big trauma. In three years I’ve made 12 moves. You can’t expect someone to hold a job or go to school if they don’t have stable housing.”

In 2009, Omar was accepted into the Rights of Passage (ROP) youth housing program at Covenant House. “ROP is a program that helps you save up by holding rent money in an account and giving it back at the end of the year. All of the money I saved in that program is gone now, though. I was told halfway through the program that ODSP wouldn’t allow my savings to exceed \$5,000. So I paid out \$3,000 of my debt and basic needs. The cost of living in Toronto is so high. My whole year’s earnings were about \$7000, and a lot of it got spent, and now I have nothing. I always feel like I’m running out of money.”

To keep his housing at ROP, Omar needed to be working or in school. “I applied to a free apprentice course in baking at George Brown through Rights of Passage. The school referred me to a bakery for my practicum of 280 hours, but while I was working there I was bullied and I was asked to do immoral things, like grease dirty pans. I didn’t know how to respond to the harassment, so I resorted to being passive and polite; I felt

condemned whenever I stood up for myself. I called school counsellors, but they told me that some nasty names and nasty contact was to be expected. I ended up taking my case to a lawyer, and I also complained to Food Safety Inspection, which then directed me to the Labour Board. It was lonely for me to go through all this alone, and it led me to need even more mental health supports later on to deal with my depression and insomnia and anxiety. After having my rights and dignity violated I have become very discouraged and vulnerable to being exploited again. People on ODSP require more support when handling employment frustrations like getting a job or making a complaint.”

Amidst this experience, Omar hoped that his ODSP workers would be more available and helpful, or at least more consistent. “At ODSP nobody knows what’s going on with you. It’s a very lonely program. Every time I moved I’d get a new ODSP officer and worker – I’ve had about 10 workers in the last three years. And I have very little contact with my worker – it’s as if their job can always be done over the phone.

When I was working, my worker wouldn’t explain how clawbacks work. I never knew how much I was actually keeping. You don’t know the difference between how much you made and how much you get to keep. Understanding the math would make me feel like I knew what’s going on.”

Today, Omar says he is not ready to work. “I’m afraid of a relapse. I haven’t recovered enough from my experience of bullying to seek work, and I’m anxious about my housing situation. But once this is behind me I would be interested in working at a part-time job that has an emotionally positive environment. Right now, though, I’m left wondering: how is all this hard work I’m doing improving my life?”

Analysis: Employment supports

Problem: For Keith, ODSP is making the climb out of mental illness and poverty a bit easier. It has protected him against crippling falls into mental illness. Along with other key ingredients, ODSP’s safety net has helped Keith to rebuild a sense of self-worth and come closer to financial self-sufficiency. ODSP provides him with an advisor, some exemptions from clawbacks, and the opportunity to save up for larger purchases.

These things are not available to job-seeking ODSP recipients who are not entrepreneurially inclined.

Omar’s work experience has been different. He struggled to find housing; he struggled to get by, financially; he struggled to obtain training as a baker. When he finally secured an internship, he was forced to quit in order to escape workplace bullying, and he now feels unable to move on to another job. Might employment supports have helped Omar to stand up for himself at work? Would they have prevented his situation from becoming unbearable? Might employment supports have helped Omar to keep his job or to find a new one? Omar strongly believes so. He also believes that having had access to supports would have made the last few years less alienating and less damaging to his mental health.

A further issue is the \$500 Employment Start-up Benefit (ESUB). This amount is too low to cover the real costs of starting a new job, which can include clothing, transportation, licenses, background checks, and more.

Possible solutions: Because employment supports are only available to people who are ready to work immediately, people like Omar can be left in the cold. Omar could have benefited from training and job readiness programs, as well as supports during his employment that would have helped him deal with conflicts on the job. Expanding ODSP employment supports to incorporate training and on the job supports would assist people like Omar.

In addition, the ESUB could be increased to \$1,500 to reflect expenses required to pay for a new job.

Consequences of Inaction: If no changes are made, ODSP recipients will continue to not attain work or be forced to quit their jobs. Further, the province will be losing money needlessly on a program that is not helping people as intended.

Profile: Rose talks about leaving ODSP

Rose positively glows when she talks about her peer support job: "I love seeing others reach their goals or get farther ahead than they thought they'd get. And work helps me get my mind off my own issues."

For the last two years Rose has worked part-time, providing one-on-one support, organizing activities, and connecting people to community resources. But she would like to do more, work more, and earn more; she would like to work full-time and leave ODSP.

Ironically, ODSP policy gets in the way of doing just that: "I either have to stay at my current hours or jump to full-time to get ahead. Working any bit more than I do would mean more deductions, higher rent, and fewer earnings. I fear being knocked off ODSP and benefits, entirely. So I don't end up working to my fullest potential; I've even turned down new opportunities at work that would be good learning experiences out of fear of earning a bit more."

The most recent opportunity that she declined would have involved contributing to an anti-stigma project – which would have meant working with a manager who was on the hiring committee for the full-time job that Rose very much wanted. Up against Rose for the job was someone who had participated in 'extra work opportunities' and who had consequently gained extra experience, made extra contacts in the organization, and worked extra hours that increased his seniority at the organization. This co-worker ended up getting the job over Rose; she was told that it was his seniority that broke the tie.

"Some peer workers aren't on ODSP and can take extra hours," Rose says matter-of-factly. "I couldn't. It's stigmatizing and self-stigmatizing." Missed work means missed

opportunities and falling behind on seniority, which is calculated hourly for part-time employees at her workplace.

Like many ODSP recipients, Rose's desire to leave ODSP is mixed with the fear of falling upon hard times and not having the means to get through them. What would happen if she became ill and lost her job? What if she was not approved for ODSP's rapid reinstatement? What if she couldn't afford her medications or her rent?

While these concerns hold Rose back from leaving ODSP at this point in time, she still dreams of financial self-sufficiency. "I'd like to save up about four or five months' worth of living [expenses] just in case. That's about \$10,000, twice what ODSP allows us to save. If I were to work about 30 hours per week, receive benefits but not receive any money from ODSP, I'd be willing to do that for a couple of years until I'm able to get my own [workplace] benefits."

Analysis: Asset limits

Problem: Both Rose and Omar talked about the great harm that asset-stripping has done to their aspirations. When the ODSP program was developed in 1997, savings limits were established at \$5000. This means that a person with disabilities must spend down any assets to \$5000 in order to become eligible, and cannot save more than \$5000 while on the program. This rule was developed, of course, to ensure that people with significant resources would not be eligible for ODSP. But it has resulted, as in Rose's case, in preventing people of extremely modest resources from being able to leave the program, due to a lack of savings.

In addition, people who are eligible for rapid reinstatement who have saved more than \$5,000 of earnings will not be eligible for cash or any ancillary ODSP benefits until that money is spent down.

Possible solution: Increasing asset limits would enable people to cushion the transition between leaving ODSP and becoming self-reliant. Added assistance with financial planning would greatly help people to plan for this transitional exit from ODSP.

Consequences of inaction: People who could leave ODSP and become financially self-reliant will continue to remain on ODSP because their lack of adequate savings makes the transition impossible.

Summary of Recommendations

1. To improve work incentives:

- a) Increase the Work-Related Benefit (WRB) to \$150 a month.
- b) Implement a 12-month, time-limited earnings exemption of \$300 a month for the first year of earnings.

2. To improve administration:

- a) Reconcile accounts yearly instead of monthly.
- b) Introduce an online calculator to clarify rules and eligibility.

3. To integrate the treatment of earnings by ODSP and other programs so that policies better support work:

- a) Assess rent based on earnings after deductions.
- b) Remove or extend the '\$440 rule' that transfers an ODSP recipient to the 'rent geared-to- income' housing scale.
- c) Allow the Ontario Student Assistance Program (OSAP) to acknowledge ODSP earnings deductions when it assesses income for the purposes of a loan repayment.
- d) Expand OSAP's definition of permanent disability to acknowledge the episodic nature of much mental illness.
- e) Increase childcare reimbursements for unlicensed providers.
- f) Expand childcare coverage to parents who are seeking work.
- g) Allow Canada Pension Plan-Disability recipients whose payments are too high for them to qualify for ODSP cash benefits to still qualify for ODSP ancillary benefits, such as housing and transportation.
- h) Continue ODSP benefits throughout a reapplication for those who have lost CPP-D benefits.

4. To make structural changes to ODSP that will support recipients who want to leave the program and become financially independent:

- a) Expand ODSP employment supports to incorporate training and on the job supports.

- b) Increase the Employment Start-up Benefit (ESUB) to \$1,500.
- c) Raise asset limits.
- d) Create a financial assistance planning program.

Conclusion

The number of ODSP recipients who are unemployed is much too high. As demonstrated by the stories of consumer/survivors who tried to work while receiving ODSP, recipients can work and want to work. Implementing changes in all four areas will increase the number of people leaving ODSP to find fulfilment, financial self-sufficiency, and better health outcomes through productive employment.

Appendix 1: An Overview of Income Support Programs for People with Disabilities

Four of these income programs are administered by the federal government:

- The Canada Pension Plan - Disability (CPP-D) compensates permanent disability where the person with a disability may have an extremely limited labour force attachment.
- EI-sickness compensates temporary disability (15 weeks maximum) and limits coverage throughout the year. Undertaking work while receiving EI-sickness benefits results in loss of benefits.
- Veterans' benefits support those veterans who become disabled through their military service.
- Disability tax credits are available to both people who work and those who are not able to work.

Two programs are administered largely by the provincial government.

- Workers' Safety and Insurance (WSIB) covers workers who have incurred a disability on the job.
- ODSP covers low income persons with disabilities without regard to their work status.

The private sector has developed disability plans for the workplace (private disability insurance) through a combination of employer and employee contributions. These plans tend to compensate temporary disability, as benefits usually cover a two-year period.

Due to the differing philosophies and intents of these income support programs, people with the same type of disability can be left with vastly different levels of support. It can range from \$12,000 to \$30,000 a year.²²

Moreover, the differences in support levels influence people's motivation to work. That means that two people who have a similar level of ability to work will choose different degrees of labour force involvement, based on the income support programs they are accessing.

²² Stapleton J, Procyk S. A Patchwork Quilt: Income Security for Canadians with Disabilities. Toronto: Institute for Work and Health; November 2010. <http://www.iwh.on.ca/briefings/a-patchwork-quilt>

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