



Tangled In Red Tape

Ontario's Employment Transformation is
Leaving Too Many Job Seekers Behind.

Executive Summary

In February 2019, the provincial government announced its plan to make Ontario's employment services "more efficient, more streamlined and outcomes focused." The lynchpin of this plan was to place responsibility for employment services in the hands of one 'Service System Manager' in each region. Service System Managers (SSMs) were presented as being "best positioned to deliver the best quality service with positive outcomes and value-for-money."

As of May 2024, SSMs have been chosen for every region in Ontario. It has been more than three years since the first SSMs were selected, and we have learned much over that time.

The new system seems to have been designed without adequately accounting for the needs of people with disabilities, or of the social, attitudinal and economic barriers they tend to face in the job market.

We have heard repeatedly about four key issues from front-line employment service providers:

1. Administrative tasks and red tape have ballooned under the new model.
2. As a result of pervasive red tape, time available to work directly with job seekers has declined substantially.
3. The amount of funding available to front-line organizations to help people obtain work has declined, while caseload requirements have increased to unsustainable levels.
4. Working conditions across the sector have deteriorated, and staff turnover has been rampant.

In order to better understand their experiences in the new system, disability-focused employment service providers were surveyed by Community Living Ontario and the Ontario Disability Employment Network in March 2024. The survey findings confirm these four themes, and present significant cause for alarm.

We offer a series of recommendations to support a course correction in the province's ongoing transformation of employment services, including:

- a. The Ministry of Labour, Immigration, Training and Skills Development (MLITSD) must engage directly with specialist service providers to understand their experiences in the new system, and to inform changes that will lead to more effective support for job seekers with disabilities.
- b. Urgent changes are needed to reflect the needs of people with disabilities and specialist service providers. This includes changes to operational funding, performance-based incentives, and Employment-Related Funds, and attention to the pervasive loss of experienced employment professionals across the system.

- c. Reducing administration and red tape must be an immediate priority.
- d. Eliminate the '20 hour rule' and replace it with an incentive framework that acknowledges the value of part-time work, as well as the barriers to employment faced by many people with disabilities.
- e. Rebalance performance-based incentives to (i) increase rewards for long-term job placement and advancement, (ii) address possible unintended consequences of the enrolment incentive, and (iii) acknowledge the need for ongoing support after the first year on the job.

The issues identified by service providers are leading to a lack of effective support for job seekers with disabilities, raising serious barriers to their success in the job market, and preventing them from building long-term financial health and independence. It is time to listen to front-line experts and course-correct before it is too late.

Introduction

In 2019, the Ministry of Labour, Immigration, Training and Skills Development (MLITSD) introduced Employment Transformation in Ontario. This transformation was designed to create an integrated employment system where job seekers have access to the services and supports required for them to obtain and retain long-term employment. The integrated system brought together employment services offered through Employment Ontario (EO), Ontario Works (OW), and ODSP Employment Supports (ODSP-ES).

A central aspect of Employment Transformation was to place responsibility for employment services in the hands of one ‘Service System Manager’ in each region. Service System Managers (SSMs) were presented as being “best positioned to deliver the best quality service with positive outcomes and value-for-money.”

The new system has been introduced in phases, with the last SSM catchment areas assigned in Spring 2024. Currently, all regions of Ontario are participating in the transformed “Integrated Employment Services.”

Since 2019, front-line service providers have been vocal about their experiences with the new system. We have heard repeatedly about four key issues:

1. Administrative tasks and red tape have ballooned under the new model.
2. As a result of pervasive red tape, time available to work directly with job seekers has declined substantially.
3. The amount of funding available to front-line organizations to help people obtain work has declined, while caseload requirements have increased to unsustainable levels.
4. Working conditions across the sector have deteriorated, and staff turnover has been rampant.

In order to better understand their experiences in the new system, disability-focused employment service providers were surveyed by Community Living Ontario and the Ontario Disability Employment Network in March 2024. The findings of the survey are presented in the following pages.

Survey Findings

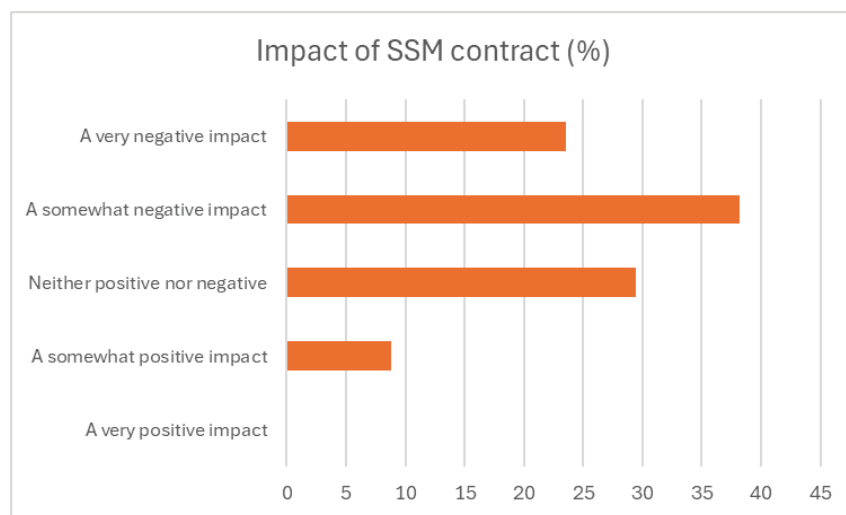
Respondent Information

- 68 organizations participated.
- 36 participating organizations reported that they have provided services funded through ODSP Employment Supports, and that they have a contract with one SSM (30 responses) or more than one SSM (6 responses). Information from these 36 respondents is the focus of this report.
 - 35 of the 36 ODSP-ES respondents with SSM contracts (97%) had been providing employment services for more than six years.
 - 75% provide services to all people with disabilities, 22% mainly to people who have a developmental disability, and 3% mainly to people with physical, sensory, or learning disabilities.
 - 53% reported an SSM contract of less than one year; 27% between one and three years; 10% more than three years.
 - At least three organizations operating in each active SSM region (i.e., not including Toronto, Northeast, or Northwest) responded.

This report includes verbatim feedback from survey respondents, as well as comments from service agency staff who reviewed and commented on draft versions of this document.

1. Service System Manager contracts have reduced many agencies' ability to support job seekers

Sixty-two percent of survey respondents indicated that their SSM contract has had a 'very negative' (24%) or 'somewhat negative' (38%) impact on their ability to support employment outcomes for people with disabilities. Twenty-nine percent reported 'neither positive nor negative' impact, and nine percent (three respondents) indicated a 'somewhat positive' impact. No agency indicated a 'very positive' impact.



Survey respondents were given the option to provide more detailed feedback in response to this question, and one response from an agency that indicated a ‘somewhat positive’ impact is interesting in that the comment is mostly negative:

"Positive in [the] way that we can access job seeker support funds. Negative in the fact that [among] some job seekers, all the need to work is either 12 hours or 15 hours but under the new system we have to push them to 20 hours or more. Some are not lasting in jobs because of that." (Agency 8)

Similarly, other organizations had mixed feedback:

"Increase in employment funds from the previous \$500, and changes to capturing disability on intake have made a positive impact in planning for supports and accommodations within employment. High caseloads and administrative burdens and redundancies have reduced staff ability to provide one-on-one support." (Agency 1)

"The funds for the job seekers have increased to support them, but our funding has been reduced as they need to meet the 20+ hours of work each week [in order to unlock performance-based incentives]." (Agency 11)

Quotes from agencies that indicated a ‘very negative’ impact are also instructive:

"The SSM model has proven very admin heavy, pulling time away from direct service. Funding has been reduced, further reducing FTE counts to support clients. Being in multiple SSMs also means we cannot deliver consistent service as each region has its own nuances. Thus inconsistent training, less support to frontline staff (as management addresses all the differing demands), again impacting quality of service to clients." (Agency 32)

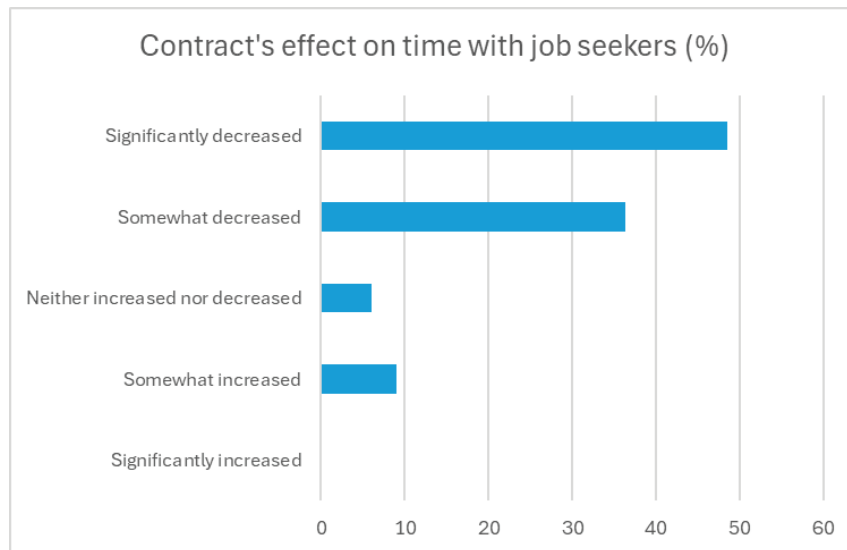
"We had a very significant almost catastrophic budget cut, with targets more than doubled. Lots of red tape to approve and receive client funds reimbursements, many are initially declined and then approved later, but funds take even longer to come back... With increased targets and lack of staffing, folks are being intaked but it's hard to actually provide quality service at this level." (Agency 34)

"The financial long term sustainability under the new model is in question for most ODSP service providers. The operating budgets are calculated on volume of cases. The service model is designed for EO and not an ODSP service provider. Clients who cannot work 20 hours+ are left behind without any service alternative." (Agency 33)

"With changing over to SSM our new budget is [reduced] to a max of [approximately \$80,000] with now [double the number of] targets. This means as we do not have a way of receiving other funding we have had to lay off 1 position and try to think of other ways to get funding to be able to pay for the 2 remaining staff. We are attempting 1 year to see if this is feasible or if we will need to close the department." (Agency 16)

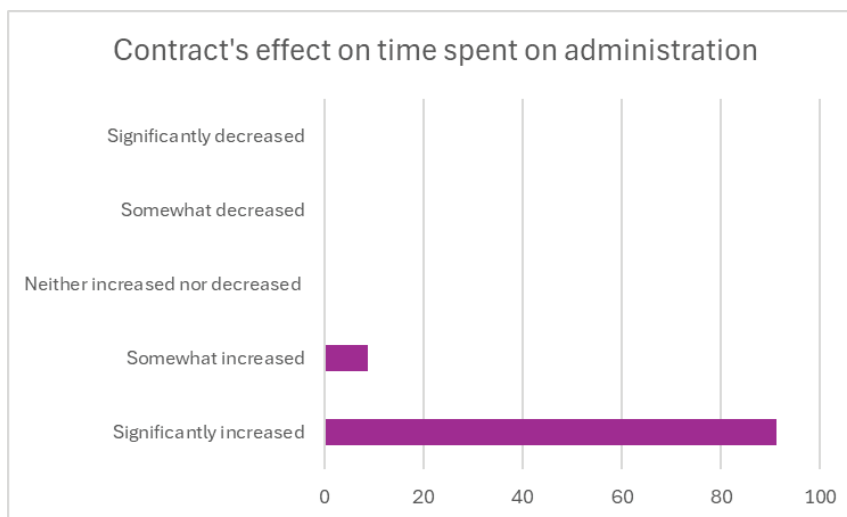
2. Organizations report widespread negative impact on time spent supporting job seekers

Eighty-four percent of respondents reported that the requirements of their contract with the Service System Manager had ‘significantly’ (48%) or ‘somewhat’ (36%) decreased the amount of time spent with job seekers. Two agencies reported no change, and three agencies reported that time spent with job seekers was ‘somewhat increased.’



3. Pervasive increases in time spent on administration and red tape

100% of respondents indicated that their SSM contract had significantly (91%) or somewhat (9%) increased time spent on administrative tasks.



Respondents' criticism of the overwhelming increase in administration and red tape was widespread:

"Our staff are unhappy and leaving, not strictly because the future looks bleak, but [also] because they are spending 50% of their time on administration, when it used to be about 10%." (Commenter 1)

"High caseloads and administrative burdens and redundancies have reduced staff ability to provide one on one support." (Agency 1)

"I think it is not unimportant to emphasize the massive increase in administrative work. That is expensive! They just say 'use your operating dollars for that' so once again, we see how, by the time you pay for insurance, rent, mileage, materials, etc., and administration costs in the sense of the actual administration of all of these databases and often forced trainings and an incredible number of meetings we are expected to attend, the 'operating dollars' for paying your staff are pretty much gone." (Commenter 2)

"For the same amount we would have received under ODSP we now have increased expenses to manage new intake responsibilities and administrative burdens." (Agency 4)

"It has taken us quite some time to become comfortable with the administrative practices of the SSM so this has had a negative impact on our service delivery. Our organization is mandated to only serve people with an intellectual disability so this has also been a challenge to work through with the SSM as initially we received many referrals for people who aren't eligible under our mandate for our services. This added administrative time to ensure they were referred to a more suitable service provider." (Agency 7)

4. The '20 hour rule' is working against people with disabilities

While our survey did not specifically ask about the '20 hour rule' (wherein agencies receive no performance-based financial incentives for job seekers that find employment of less than 20 hours per week), it is clear that the issue is very much front-of-mind for providers. This was reflected in their comments:

"While it is still in its early phases, we have already noted our participants who would regularly attend our ODSP-ES programs are struggling to qualify for supports under the new SSM (not wanting to/able to work 20 hours a week). We are still helping them, however it is not being counted towards our new contracts." (Agency 14)

"The ministry's guidelines for funding and outcomes of 20+hrs/week are discriminatory and do not support people with disabilities." (Agency 15)

"We continue to serve our clients in the same manner we did before, the client being our priority. Furthermore, we still serve and assist clients looking for work less than 20 hours a week although they do not count in our contract." (Agency 21)

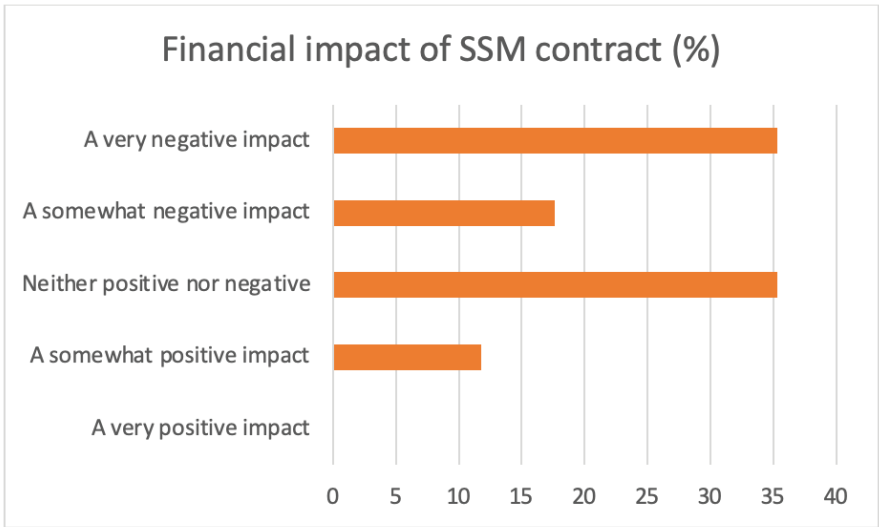
"The changes to funding, not being funded for outcomes for people working under 20 hours per week. We are on the verge of ending our contract. There has not been adequate funding provided to support people who have an intellectual disability to obtain and retain employment. We have had to use our own and other sources of funding to support people within the parameters and obligations of our contract." (Agency 23)

"The new guidelines to providing services include the caveat that folks must work 20 hours or more per week. This on its own merit excludes those who want to work but cannot. Secondly, the new guidelines also do not allow for students to be supported unless a note is provided by the educator. This is likely in response to the above guideline, where many students working part time would not work the average hours. This has now resulted in youth who live with disabilities and who need the support in order to work competitively, not being able to receive these pre-employment supports." (Agency 25)

"The change in funding structure provides significantly less support for people who may need it ongoing to be successful. A person has to be able to work 20 hours a week to be considered a successful target. This will eliminate candidates who would prefer to work less hours in order to lead a balanced life." (Agency 27)

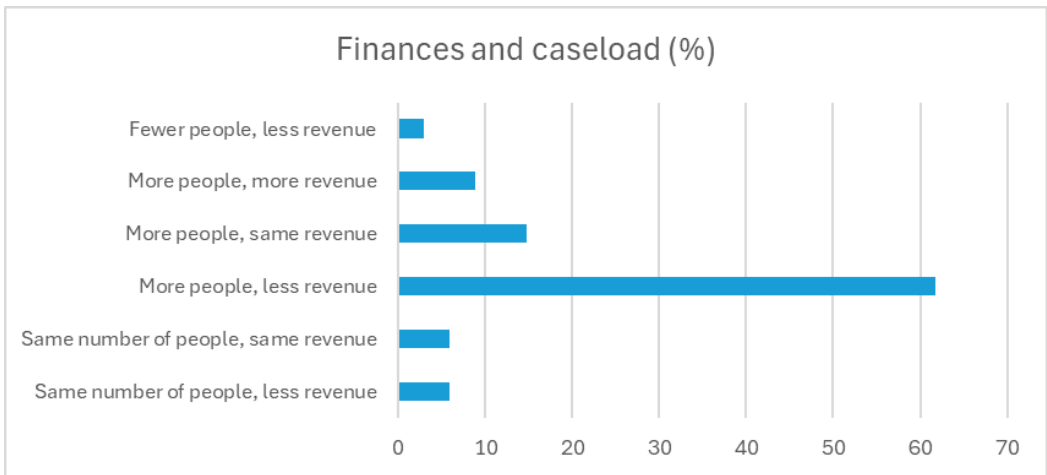
5. Majority of service providers report negative financial impacts of SSM contracts

Fifty-three percent of respondents reported a ‘very negative’ (35%) or ‘somewhat negative’ (18%) financial impact of employment transformation on their organization. An additional 35% indicated that the financial impact was neutral, and 12% (four respondents) indicated a ‘somewhat positive’ impact. No respondent indicated a ‘very positive’ impact.



6. Financial realities are leading to ballooning caseloads

More than three-quarters of respondents reported serving more people for less (62%) or the same amount (15%) of revenue.



Just three agencies reported earning more revenue compared to the pre-SSM period; these organizations also reported serving more people. No organization reported higher revenues while serving the same or fewer people than in the pre-contract period.

While this may, at first glance, seem like a win – more people being served for less money – service providers are reporting that the required caseloads are unsustainable. Also, as we discuss further below, this appears to have led to a situation where many job seekers are being enrolled but few are receiving good service.

As one example of the financial changes that employment service organizations are experiencing, consider Table 1, which presents a case study of one specialist service provider (figures have been rounded to protect anonymity).

Table 1: Case study - Revenues before and after Employment Transformation

Funding Category	Revenue per person supported		
	Pre-transformation	Post-transformation	Difference
New jobseeker enrollment	\$0	\$2,000	\$2,000
Job placement incentive - 6 weeks (pre) / 1 month (post)	\$1,000	\$300	-\$700
Job retention incentive - 13 weeks (pre) / 3 months (post)	\$6,000	\$600	-\$5,400
Job retention incentive - 8.25 months (pre) / 6 months (post)	\$2,125	\$900	-\$1,125
Job retention incentive - 13 weeks (pre) / 3 months (post)	\$6,000	\$600	-\$5,400
Job retention incentive - 12 months	\$0	\$1,200	\$1,200
Subtotal – 12-month performance-based funding	\$9,125	\$5,000	-\$4,125
Retention incentive @ min \$250 per month, years 2 & 3	\$6,000	\$0	-\$6,000
Subtotal – 12-month performance-based funding	\$15,125	\$5,000	-\$10,125

This table shows that:

- Under the former ODSP-ES program specifications, there were no performance incentives before a job seeker was hired by an employer.
- Under the SSM model, there is a significant incentive to enroll job seekers, regardless of whether or not they eventually obtain a job.
- Incentives over a 12-month period have been reduced by 45% - a substantial decrease in revenue per person supported.

- There are no performance incentives to support people in jobs for longer than 12 months in the new system.

In this case study, the organization can expect a drop of almost 50% in per-person funding over twelve months. In cases where people are successful in achieving long-term employment, the drop will grow to 67% over a three-year period. To achieve the same level of revenue in the first year, the organization would need to almost double the number of people they support, while also managing skyrocketing administrative requirements. Realistically, this requires some combination of (a) increasing staff (which increases risk for the organization) and/or (b) spending less time with each person supported (which decreases service quality).

Survey respondents were critical of the new financial structure, even among those who have seen revenue growth:

"In our case, we grew significantly with the implementation of an SSM, due to one organization closing and increased volume. This allowed for more autonomy and leadership in our community. On the negative side, the administrative burden and mandatory practices which do not put the client first balance out the positives we have experienced." (Agency 6)

As others noted:

"To earn the same level of funding that we received under ODSP per year we need to significantly increase the number of intake targets – which in turn required us to add additional staff to meet the obligations of the contract as we are now expected to complete a full assessment with each job seeker. So for the same amount we would have received under ODSP we now have increased expenses to manage new intake responsibilities and administrative burdens. We estimate this is an increase of 35-40% of work volume for the same amount of funding." (Agency 4)

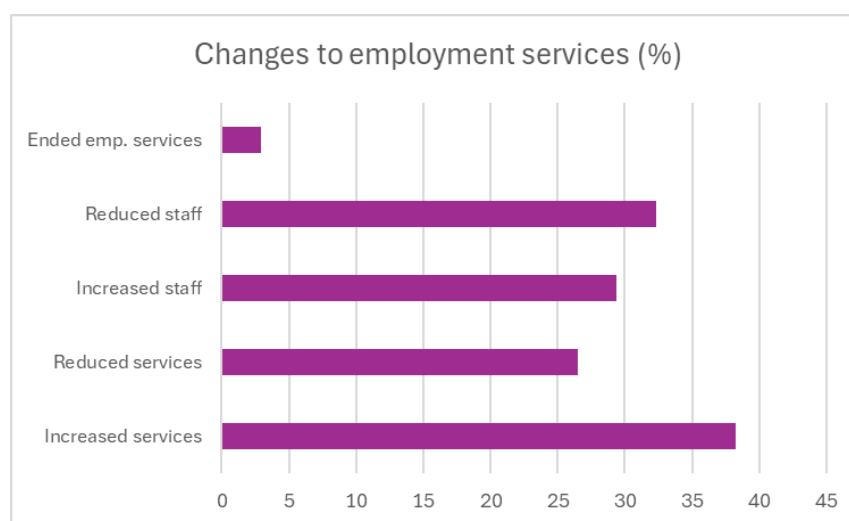
"We were calculating that we may need additional staff as volume increases due to the change in ODSP earnings moving to \$1000 per month and we were right. We will not be able to hire a staff due to the funding shortage." (Agency 30)

"Compared to the ODSP-ES model, the amount of funding we are receiving to support our clients is much less than before. In fact, specialized funding to support job seekers with disabilities is being integrated into the general funding pool." (Agency 12)

"People with disabilities and especially intellectual disabilities were not getting the greatest employment supports to begin with under ODSP-ES, because availability varied across the province. But now they are being completely abandoned by these changes." (Commenter 2)

7. Agencies are implementing widespread changes to staffing and services

There was a marked split between organizations that (a) increased or (b) reduced the number of employment staff, and between those that (a) increased or (b) reduced services. Context is crucial here: in the new model, operational funding and financial incentives are lower per client served, and organizations must serve more people to reach the same revenue levels as in previous years. In response, it appears that some organizations have chosen to hire more staff in an attempt to serve more people, whereas others have reduced risk by pulling back from the potential negative consequences of trying and failing in an uncertain system.



8. Feedback from organizations that opted out of an SSM contract

Some of the non-SSM-contracted survey respondents had considered, actively negotiated, or signed a contract with a Service System Manager at some point. Feedback from these agencies is instructive:

"We were unable to continue to provide services under the SSM proposed contract. It would realize a 30% loss and set unrealistic expectations for reporting, across 4 separate databases. Many people supported lost maintenance support and since have lost employment. Many others are not able to access services as other local providers shared they do not have the capacity or expertise to guide employment supports for those with the most significant barriers to employment." (Agency 41)

"Financially we could not meet the expectations of the SSM and offer quality services to those individuals looking for employment. Money was based on intake, but the money coming in could not pay for staff to offer our services to the number of people being registered with us. Other money is given based on working for 20 hours a week over a year period. Many of the individuals that we support are not able to work 20 hours a week based on jobs in their fields of work options or due to limitations with their disability.

We want to continue with our reputation as being a valued organization and not one that will register hundreds of people and only work with twenty." (Agency 44)

"The system is no longer feasible for our supported individuals and their specific needs and supports for employment. Also, the remuneration is no longer sufficient to support this program." (Agency 42)

9. Reflections on the survey findings

Feedback from survey respondents was unequivocal in a number of respects:

- Administration and red tape is taking away from time spent with job seekers.
- Organizations are struggling financially because of decreases in operational and performance-based revenue.
- While there are more up-front resources to help people get a job, there are not enough funds to support job retention, especially after the one-year mark.
- The new system was not designed in a way that accounts for the needs of people with disabilities.

The findings and feedback from respondents have led us to the following reflections:

Administration overload is limiting success and driving staff out of the system

While the provincial government has made red tape reduction a central plank of its approach to governing, employment agencies under contract with Service System Managers report a doubling (or more) of administration, compared to what they experienced under ODSP-ES. This problem is magnified for agencies that operate in multiple SSM regions, as different SSMs have different administrative systems and requirements.

In addition to seeing an increase in administrative tasks overall (including the lengthy Common Assessment Tool, frequent management reporting, and regular meetings with SSM staff), agencies are finding that many SSMs are disorganized and slow to respond, and often mistake-prone in their dealings with providers. This is contributing to pervasive turnover across the sector, and a devastating loss of expertise in the system.

People with disabilities are not able to access the support they need to find good work

While the provincial government has made red tape reduction a central plank of its approach to governing, employment agencies under contract with Service System Managers report a doubling (or more) of administration, compared to what they experienced under ODSP-ES. This problem is magnified for agencies that operate in multiple SSM regions, as different SSMs have different administrative systems and requirements.

Many people with disabilities have had little or no previous employment experience and need help with orientation to the world of work, the fundamentals of employment, and identifying their skills and interests. Under the new model, it has become effectively impossible for agencies to do this work without going into deficit.

Additionally, people with disabilities often need help keeping and advancing in a job once they have it. A key element of supported employment is an ongoing relationship between the worker, the employer, and the employment agency. The current system of incentives, including the limitation of financial supports to 12 months, fails to consider the long-term retention needs of many people with disabilities.

Some of the specific rules under the new system are also unhelpful. For example, while there are more funds for things like transit, work boots and clothing, the job coaching framework is unnecessarily restrictive and gets in the way of providing effective support for people who need assistance with the social aspects of the workplace (including dealing with stereotyping and bias) or with regulating their emotions in times of stress

The 20 hour rule is, quite simply, not good policy

Decades of practice in modern social and economic policy have taught us that sudden program cutoffs are unfair, short-sighted and often harmful; the 20 hour rule is a prime example of this. Currently, employment support agencies receive performance-based incentives for people who are able to work 20 hours per week, but not for those who work 19.5 hours per week. From a basic policy perspective, this cannot be justified. Furthermore, it ignores the significant social and economic effects that part-time jobs can have for people with little previous labour market experience. As several survey respondents noted, it also appears to be discriminatory on its face. From a human rights perspective it is certainly problematic.

The incentive system is producing negative unintended consequences

Under the new model, approximately 40% of available performance incentives are front-loaded, when jobseekers are enrolled as clients. The later incentives that come with job placement and retention do not recognize the effort and costs involved in supporting many of the job seekers served by agencies, and particularly specialist agencies. There are no incentives for wage increases or advancement.

Several quotes from employment agencies are worrying:

"We want to continue with our reputation as being a valued organization and not one that will register hundreds of people and only work with twenty." (Agency 44)

"Agencies can just pile people into the system and serve them badly, because the consequence of serving them badly is minimal, and you get more money just by having a huge roster." (Commenter 2)

"We want to continue with our reputation as being a valued organization and not one that will register hundreds of people and only work with twenty." (Agency 44)

These quotes suggest that providers may be able to game the system by enrolling large numbers of people to access the initial incentive. It also appears that it is possible to release jobseekers after 12 months and bring them back on as clients, in order to repeatedly access the enrollment incentive. While there are disadvantages to this (apparently including a 'bad exit' mark in their records with the SSM), it is unclear how this is affecting providers in practice.

We also understand that some non-specialist service providers are enrolling people as clients and performing the Common Assessment Tool, then pushing those they are unable to serve to specialist providers, after collecting the enrolment incentive.

10. Recommendations

Employment service providers have been calling for logical and reasonable changes to Integrated Employment Services for several years. The system is overdue for several key adjustments, including the following:

- a. The Ministry of Labour, Immigration, Training and Skills Development (MLITSD) must engage directly with specialist service providers to understand their experiences in the new system, and to inform changes that will lead to more effective support for job seekers with disabilities.
- b. Urgent changes are needed for job seekers with disabilities and specialist service providers. This includes:
 - Changes to operational funding and performance-based incentives that recognize the time and support that is needed by many job seekers to succeed.
 - Changes to job coach funding that are informed by knowledge of what works in practice (e.g., an ongoing relationship between worker and job coach is crucial; some people will need periodic coaching even after a year in a job, etc.), and that will allow agencies to pay their own job coaches (rather than being limited to hiring only third-party job coaches).
 - A reduction in restrictions with respect to how Employment-Related Funds are used to support people on the job.
 - Immediate attention to the pervasive loss of experienced employment support professionals, including job coaches, as a result of decreases in funding to front-line agencies.
- c. Reducing administration and red tape must be an immediate priority.
- d. Eliminate the '20 hour rule' and replace it with an incentive framework that acknowledges the

value of part-time work, as well as the barriers to employment faced by many people with disabilities.

- e. Rebalance performance-based incentives to (i) increase rewards for long-term placement and advancement, (ii) address possible unintended consequences of the enrolment incentive, and (iii) acknowledge the need for ongoing support after the first year on the job.

People with disabilities continue to face misinformation, stereotyping, and bias when they enter the job market. In many cases they need substantial support from employment experts and job coaches who can act as a bridge to employers and ease the transition to work. While this can be resource-intensive, it pays off in the long run in increased income for people, higher tax revenues for governments, and decreased social assistance expenditures.

The provincial government needs to quickly make changes informed by feedback from front-line system actors so that people with disabilities, and other people facing high barriers to employment, can be effectively served by Ontario's employment support system.

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About Community Living Ontario

Community Living Ontario is a non-profit provincial association that has been advocating with and for people who have an intellectual disability and their families for more than 70 years. We proudly work alongside 119 local agencies and advocate on behalf of more than 100,000 people across Ontario.

www.communitylivingontario.ca

About the Ontario Disability Employment Network (ODEN)

The Ontario Disability Employment Network (ODEN) is a province-wide organization that brings together businesses and Employment Service Providers to increase employment opportunities for job seekers who have a disability.

www.odenetwork.com