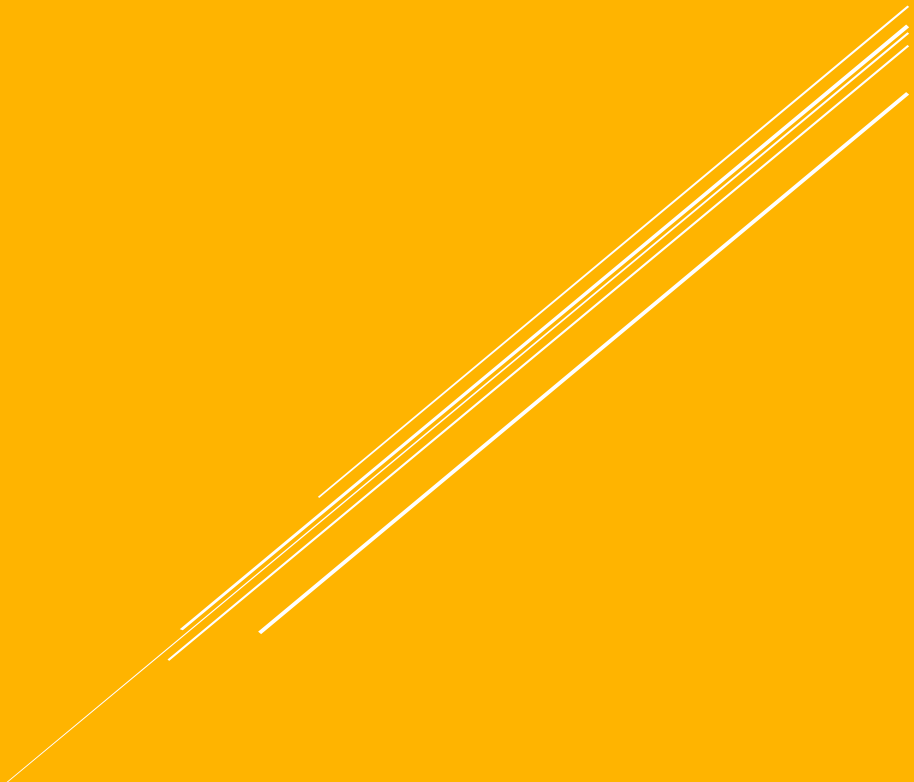




COST OF ADMINISTRATION REPORT 2024-2025

ONWAA Policy & Research

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Introduction

The Ontario Native Welfare Administrators' Association (ONWAA) Policy and Research team has studied the costs of delivering Ontario Works (OW) in various First Nations regions for the fiscal year 2024 – 2025. The purpose of this study is to provide an understanding of the costs associated with OW administration, including the impact of the interim funding framework and challenges First Nations communities face. This report builds on previous administration reports, particularly the findings of 2022 and 2023, and includes data from recent interviews and survey responses collected from OW administrators in a number of First Nations communities.

The research aims to inform policy development, advocate the allocation of a more equitable means, and highlight areas requiring urgent intervention.

Background on the Interim Funding Formula

After the 2022/2023 Cost of Administration report and advocacy efforts from First Nation leadership, a new interim funding formula was introduced to address concerns for about funding allocations for OW in First Nation communities. The aim of this new model was to create a fairer and more transparent approach to funding by incorporating additional caseload considerations and regional cost adjustments.

The key changes offered in the interim funding formula include:

Allocation Caseload = Total Standard Caseload + Supplemental Caseload + Northern Factor Cases + Rural Factor Cases

Where:

- Total Standard Caseload = Monthly Average Caseload + Monthly Average Temporary Care Assistance Caseload
- Supplemental Caseload* = Ineligible cases, Discontinued cases, Emergency Assistance, Ontario Disability Support Program (ODSP) in OW (not applicable to FA-Only sites), Referrals to ODSP
- Rural Factor = 10% bump to Total Standard Caseload for all First Nations
- Northern Factor = 10% bump to Total Standard Caseload for First Nations in the Northern Region and Northeastern Region

The intention of these changes was to account for the extra administrative burden faced by OW offices in First Nation communities, especially in remote and rural areas where access to services is more limited.

However, the responses from the First Nations communities indicated that although the interim funding formula represents progress, it still fails to capture the true costs associated with delivering OW programs in a First Nations settings. This report is

investigating whether the funding adjustments have adequately addressed the identified gaps, or whether further changes are needed to ensure sustainable service delivery.

Methodology

Data was collected through surveys and interviews with OW case workers, administrative staff, and leadership in First Nation communities. This included insight into financial constraints, program operations, tracking systems, and client service challenges. Financial and administrative cost breakdowns were analyzed alongside qualitative insights from front-line staff and management. Data was analyzed to identify patterns and systemic issues affecting OW service delivery.

However, the main limit of this study is the small number of responses received. Despite several attempts to distribute the survey, many OW administrators did not have the time to complete it due to high workloads and lack of staffing. This caused potential gaps in representation. While the findings provide valuable insights, they should be interpreted accordingly.

Key Themes and Findings

1. Total Standard Caseload:

One of the important issues identified is the variability in caseload numbers due to seasonal employment patterns. Many First Nation communities experience significant fluctuations in employment, especially in areas such as construction, affecting OW caseloads.

In addition, there are fluctuations in Temporary Care Assistance (TCA) cases, and some communities identified a lack of clear policies or tracking systems for effective monitoring of these changes. A significant limitation is that existing policies do not account for unique living structures and care arrangements on-reserve, which makes it difficult to apply eligibility criteria in a way that reflects the realities of community.

2. Supplemental Caseload:

The administrative burden of processing supplemental caseload is not reflected in the calculation of funding, which causes additional stress on OW staff. In addition, many supplemental caseload factors have limited tracking mechanisms such as ineligible and discontinued applications, complicating further caseload management, and creating a gap in understanding the full extent of service demand. This means that an important part of administrative work - such as assessing ineligible applicants, processing emergency assistance, and handling ODSP referrals – is not entirely accounted for in

the funding model. Furthermore, the interim framework does not include non-SARS funerals or other important activities that should be recognized as part of the supplemental caseload and requires sufficient staff time and resources.

3. Rural Factors:

Rural communities face additional costs related to transport, infrastructure, and access services. A 10% funding bump for rural communities is inadequate to address the actual cost differences. Many First Nation staff highlighted the lack of public transportation and accessible areas, which affect client access to services. Geographic isolation increases further travel costs for both staff and clients, which reduces access to important services such as employment assistance and health care.

4. Northern Factors:

Similarly, Northern communities report that the 10% funding increase does not accurately reflect the additional costs for service delivery. The isolation of Northern communities often has high operational costs, longer travel time for staff, and there are increased difficulties in accessing necessary resources and services.

5. Data Tracking & Reporting Limitations:

Data tracking and reporting limitations present ongoing challenges for OW offices. Current software systems do not sufficiently track ineligible applications, discontinued cases, or supplemental caseloads, making it difficult to collect accurate data for funding advocacy and reflect the true service demand. In addition, some communities are still dependent on manual record-keeping.

Furthermore, AD Morrison software does not respect the OCAP principles and increases concerns about data ownership and control. In many communities, there is a lack of modernization software and data management tools required to effectively track program delivery. The reliance on outdated systems hinders reporting accuracy and general service efficiency.

6. Cost of Administration:

Many First Nation offices report that they are underfunded for their true administrative needs. The contribution of the Chief and Council in many cases is necessary to maintain service levels, demonstrating a persistent gap in provincial funding that has yet to be addressed.

Additionally, several OW offices struggle with staff shortages and salary constraints. OW staff frequently report that their wages do not match the cost of living, which causes additional stress on high turnover rates and program delivery. Staff retention is a

challenge, as competitive wages are not aligned with the ministry's counterparts or provincial standards.

Similarly, the training budgets remain inadequate despite increasing responsibilities for OW staff. Due to budget limitations, larger communities have had to cut back on professional development opportunities. OW staff report that trauma, addiction, and historical factors affect service delivery, and require more holistic support models.

As previously mentioned in the rural factor's constraints, transport and infrastructure remain an important challenge, some communities rely on personal vehicles for work-related travel. The cost of traveling for both staff and clients continues to increase, affecting service accessibility.

Employment support services have been adversely affected by budget constraints. Some communities have had to reallocate funding from employment services to cover rising administrative costs. Many communities are unable to offer employment training programs because of these funding limitations. In turn, some communities have had to search for additional funding sources to maintain service delivery, as provincial and ISC allocations do not fully cover the costs of necessary programming.

7. Transitional Support Fund:

The administrative burden of processing TSF applications is high, and some OW offices struggle to keep up with demand. Staff report that a significant part of their time is spent on handling applications related to TSF, but no additional administrative funding has been allocated to support this workload.

It was also identified that TSF funding is primarily directed towards bill relief payments, which take a significant part of the available funds, indicating that energy costs are a significant financial burden.

Additionally, some OW offices expressed concerns that TSF's requirements should be more flexible to reflect community-specific needs, for example, eligibility through administrator's discretion, increase in funding to cover non-health related travel, and sharing with other local departments already providing similar services within the community like housing, streamlining the process, developing collaborations between departments, and ensuring effective use of TSF.

8. Client Access & Barriers to Services:

Survey responses indicated that discretionary benefits and emergency assistance continue to be important for stabilizing clients. However, historical trauma affects how clients interact with OW services, necessitating more culturally appropriate support mechanisms.

Moreover, it was also noted that some communities lack employment and training opportunities on-reserve, forcing clients to look for services off-reserve. But clients continue to face challenges in accessing these employment and training opportunities due to location, transport limitations, and limited funding.

Similarly, ODSP referrals are hindered by travel constraints, lack of assessment resources, and disconnected case management.

9. Cultural Considerations & Community-Specific Realities:

Despite the high demand from community members, cultural programming has been deprioritized due to a lack of funding. The interim funding formula does not account for community-driven approaches to service delivery, such as integrating Elders into programming.

10. Allocation Formula as a Whole:

Many OW administrators believe that the interim formula does not fully account for the unique financial and service delivery needs in First Nation communities. While some funding adjustments have been beneficial, the formula is unable to consider local realities such as employment barriers, geographic challenges, and cultural differences in service delivery. Funeral assistance, cultural activities, and discretionary benefits are not adequately funded and form service gaps.

The allocation formula, outcomes, and quantitative funding approaches reflect a Western ideology that does not match Indigenous communities. First Nation communities emphasize holistic, community-driven approaches to service delivery, which are often at odds with strict funding formulas that prioritize numerical outcomes on cultural and social realities. Funding models should include Indigenous governance principles and recognize the interconnectedness between social, economic, and cultural factors in determining service needs.

Comparative Analysis: 2022/2023 vs 2024/2025

Since the last reports, funding adjustments have been made through the interim funding framework, but the challenges persist. There is an increasing call for a more flexible funding model that allows First Nations to determine eligibility for assistance instead of following rigid ministry directives.

Recommendations

1. **Adjust the Allocation Formula** – Increasing funding for rural and Northern factors beyond a 10% bump to more accurately reflect actual costs.

2. **Improve Data Tracking** – Increase software features to track ineligible cases, discretionary benefits, and supplemental caseload.
3. **Expand the TSF Scope** – Allow for broader use of TSF funds.
4. **Increase the Training & Staffing Budget** – Provide extra funding to ensure caseworkers receive the necessary training and are compensated adequately.
5. **Promote Community-Based Decisions** – Allow First Nations administrators to determine eligibility criteria for support services instead of relying only on provincial directives.

Conclusion

The findings from this study reinforce the need for a funding model that better reflects the realities of First Nation service delivery. ONWAA will continue to advocate policy adjustment that ensure equitable distribution of resources and better service delivery for Ontario Works in First Nation communities.