



# Standard Household Rate

Project Leadership: Preliminary Analysis  
Results

November 2<sup>nd</sup>, 2016



# Agenda

- Meeting Objectives
  - Options Overview
  - Options Analysis Results
  - Summary of Preliminary Results
  - Next Steps
- 
- Appendix A: Current State / Context Setting
  - Appendix B: Jurisdictional Scan
  - Appendix C: Initial Options – Preliminary Analysis

## Work Stream Update and Today's Objectives

**Pages 4 – 5 Not Responsive**



## Options Development Considerations

**Pages 7 – 14 Not Responsive**

## Benchmarking / Indexing Rates

**Pages 16 – 18 Withheld in full: S. 14**

## OPTION 8A

## Example Analysis

## Benchmarking/Indexing Rates – LICO – Set rates at a % of LICO

Monthly Income Assistance Rates by Household Type - Comparing Rates as a % of LICO

Household Type	Current	70% LICO	80% LICO	90% LICO	100% LICO
Single- 0C (Own/Rent)	\$575	s. 14(1)			
Single- 0C (Boarding)	\$498				
Single- 0C (Disability)	\$810				
Single- 1C	\$845				
Single- 2C	\$895				
Single- 3C	\$895				
Couple- 0 C	\$1,120				
Couple- 1C	\$1,170				
Couple- 2C	\$1,170				
Couple- 3C	\$1,170				
Additional Cost (millions)	\$0				

s. 14(1)

OPTION 5

# Benchmarking/Indexing Rates – Summary

Sensitivity	Cost Range	Who Receives Less?	Who Receives More?	Considerations
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s. 14(1)

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Sensitivity	Cost Rate	Who Receives Least?	Who Receives Most?	Considerations
s. 14(1)				

## OPTION 5

# Benchmarking/Indexing Rates – Summary

	Pros	Cons
5A 5C	s. 14(1)	
5B 5D		

s. 14(1)



## Special Needs Bundles



**Pages 23 – 24 Not Responsive**

OPTION 6A

# Special Needs Medical Bundle – Analysis Summary

s. 14(1)



— Cost to Give Bundle Amount    
 — Additional Cost to Top-Up to Current    
 — Bundle Amount as a Percent of Average

<b>Bundle Cost Range</b>	s. 14(1)	<b>Additional Cost to Top-up</b>	s. 14(1)
<b>Monthly Credit Amount</b>		<b>Admin Savings</b>	

s. 14(1)



OPTION 6

s. 14(1)

Bundle Cost Range	s. 14(1)	Admin Savings	s. 14(1)
Monthly Credit Amount		s. 14(1)	
s. 14(1)			

## Universal Special Needs Credit

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# OPTION 7 – Universal Credit

s. 14(1)

## Universal Credit

s. 14(1)

Universal Credit Amount

Percent of Average SN Costs

## Change in LICO Adequacy Ranges

s. 14(1)

Program Cost Range

s. 14(1)

Administrative Change

s. 14(1)

Monthly Credit Amount

Net Costs

## OPTION 7 – Universal Credit

s. 14(1)

Option	7C	7D				
% of sum(avg)	16%	60%	70%	80%	90%	100%
Pmt Amt	s. 14(1)					
Overall Gain						
single-0C						
single-1C						
single-2C						
single-3C						
couple-0C						
couple-1C						
couple-2C						
couple-3C						
<u>Of current receivers</u>						
Gains	s. 14(1)					
Loses						
s. 14(1)						

OPTION 7 Continued

# Universal Credit – Summary

Sub-Option	Program Cost	Admin Change	Net Change	Monthly Payment Amount	Adequacy Change	Overall Considerations
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s. 14(1)

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s. 14(1)

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## Layering Benefits

**Pages 34 – 37 Not Responsive**

## 8A - Layering Benefits

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## OPTION 8A - 1

### Layering Benefits

Scenario Variables	Value
Single Rate	s. 14(1)
Cohabitation Rate	
Child Supplement	
Child Ratio	
Disability Supplement	

### Layered Rates vs Current Rates

s. 14(1)

Single / Cohab Rate Child Supplement No Work Obligation Current Max Rates

### Payment Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single OC Reg 45	\$761	s. 14(1)		
Single OC Board	\$489			
Single OC Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

### Admin Changes

s. 14(1)

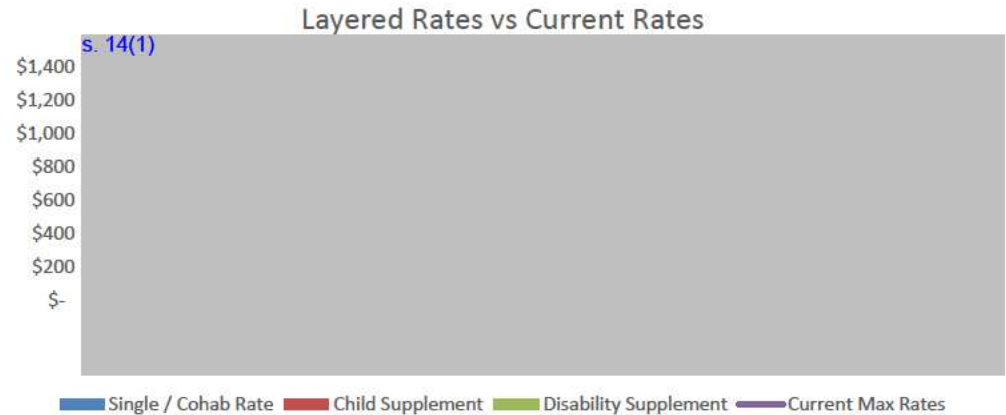
s. 14(1)

**Page 42 Not Responsive**

## OPTION 8A - 2

### Layering Benefits

Scenario Variables	Value
Single Rate	s. 14(1)
Cohabitation Rate	
Child Supplement	
Child Ratio	
Disability Supplement	



## Payment Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single 0C Reg 45	\$761.10	s. 14(1)		
Single 0C Board	\$488.78			
Single 0C Own/Rent	\$541.08			
Single 1C	\$768.11			
Single 2C	\$838.13			
Single 3C	\$864.85			
Couple 0C	\$1,000.52			
Couple 1C	\$1,049.41			
Couple 2C	\$1,073.82			
Couple 3C	\$1,109.59			

## Admin Changes

s. 14(1)

s. 14(1)

**Page 44 Not Responsive**

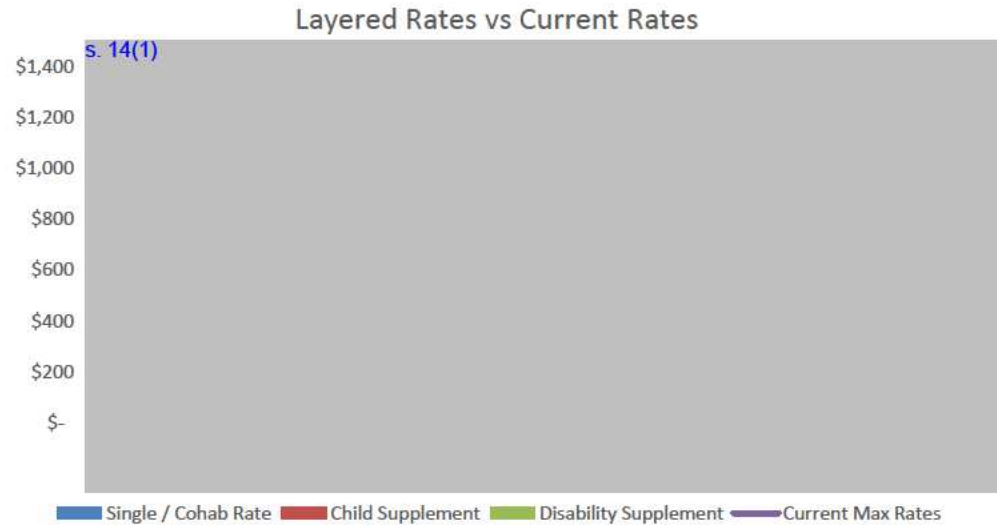


## 8B - Layering Benefits

**Page 46 Not Responsive**

## OPTION 8B - 1 Layering Benefits

Scenario Variables	Value
Single Rate	s. 14(1)
Cohabitation Rate	
Child Supplement	
Child Ratio	
Disability Supplement	



### Payment Changes

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single OC Reg 45	\$761	s. 14(1)		
Single OC Board	\$489			
Single OC Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

### Admin Changes

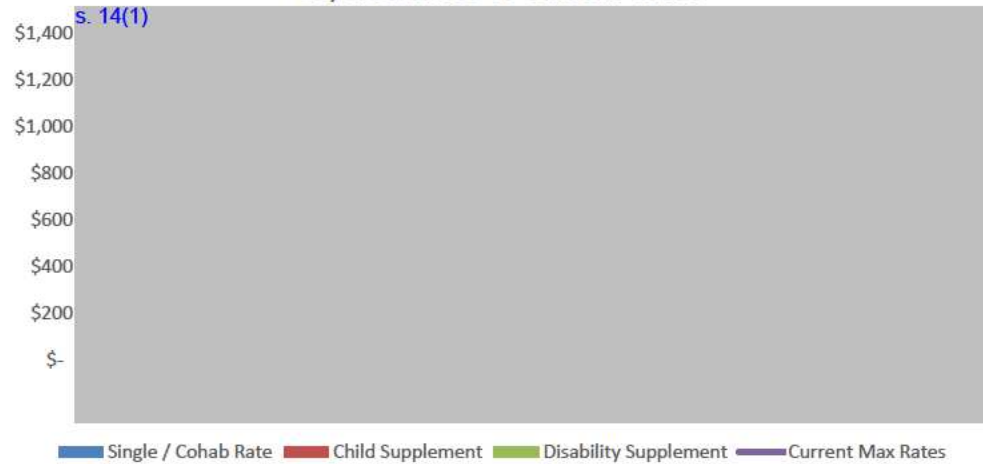
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## OPTION 8B - 2

### Layering Benefits

Scenario Variables	Value
Single Rate	s. 14(1)
Cohabitation Rate	
Child Supplement	
Child Ratio	
Disability Supplement	

Layered Rates vs Current Rates



### Payment Changes

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single OC Reg 45	\$761	s. 14(1)		
Single OC Board	\$489			
Single OC Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple OC	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

### Admin Changes

s. 14(1)

s. 14(1)

**Page 50 Not Responsive**

## 8C - Layering Benefits

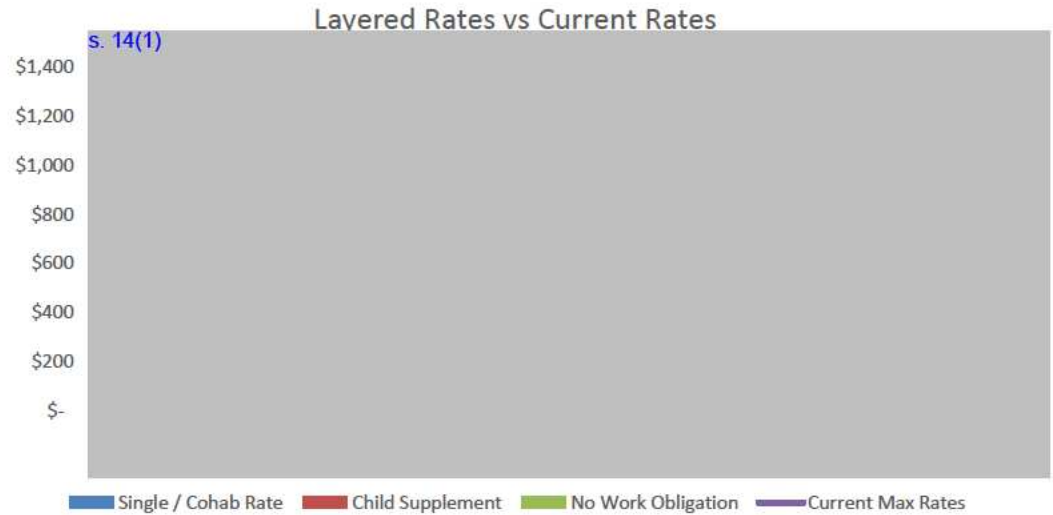
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## OPTION 8C - 1

### Layering Benefits

Scenario Variables	Value
Single Rate	s. 14(1)
Cohabitation Rate	
Child Supplement	
Disability Supplement	



Payment Changes					Admin Changes	
Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost		
Single OC Reg 45	\$761	s. 14(1)			s. 14(1)	
Single OC Board	\$489					
Single OC Own/Rent	\$541					
Single 1C	\$768					
Single 2C	\$838					
Single 3C	\$865					
Couple OC	\$1,001					
Couple 1C	\$1,049					
Couple 2C	\$1,074					
Couple 3C	\$1,110					

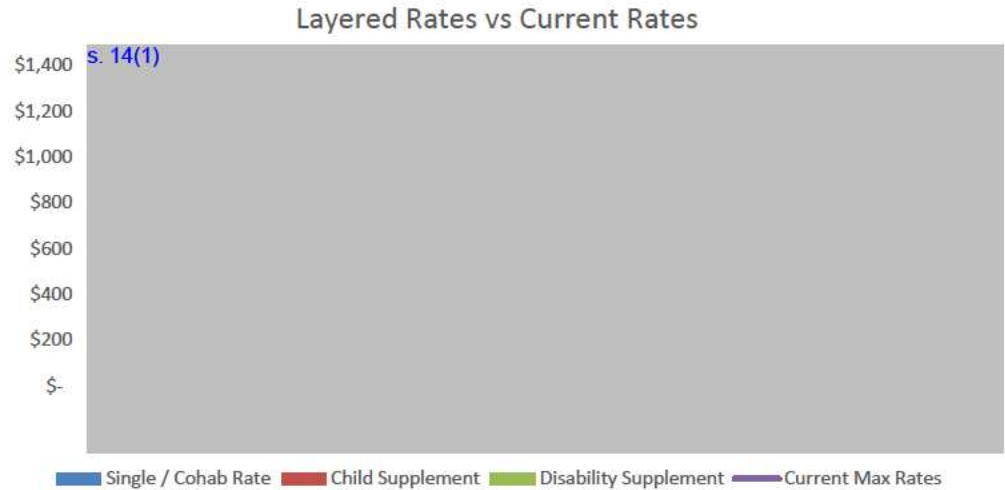
Higher rates will quickly increase costs

**Page 55 Not Responsive**

## OPTION 8C - 2

### Layering Benefits

Scenario Variables	Value
Single Rate	s. 14(1)
Cohabitation Rate	
Child Supplement	
Disability Supplement	



Payment Changes					Admin Changes	
Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost	s. 14(1)	
Single OC Reg 45	\$761	s. 14(1)			s. 14(1)	
Single OC Board	\$489					
Single OC Own/Rent	\$541					
Single 1C	\$768					
Single 2C	\$838					
Single 3C	\$865					
Couple OC	\$1,001					
Couple 1C	\$1,049					
Couple 2C	\$1,074					
Couple 3C	\$1,110					

**Page 57 Not Responsive**

## 8D - Layering Benefits

**Page 59 Not Responsive**

## OPTION 8D - 1

## Layering Benefits

Scenario Variables	Value
Single Rate	s. 14(1)
Cohabitation Rate	
Child Supplement	
Disability Supplement	

## Layered Rates vs Current Rates



## Payment Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single OC Reg 45	\$761	s. 14(1)		
Single OC Board	\$489			
Single OC Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

## Admin Changes

s. 14(1)

s. 14(1)

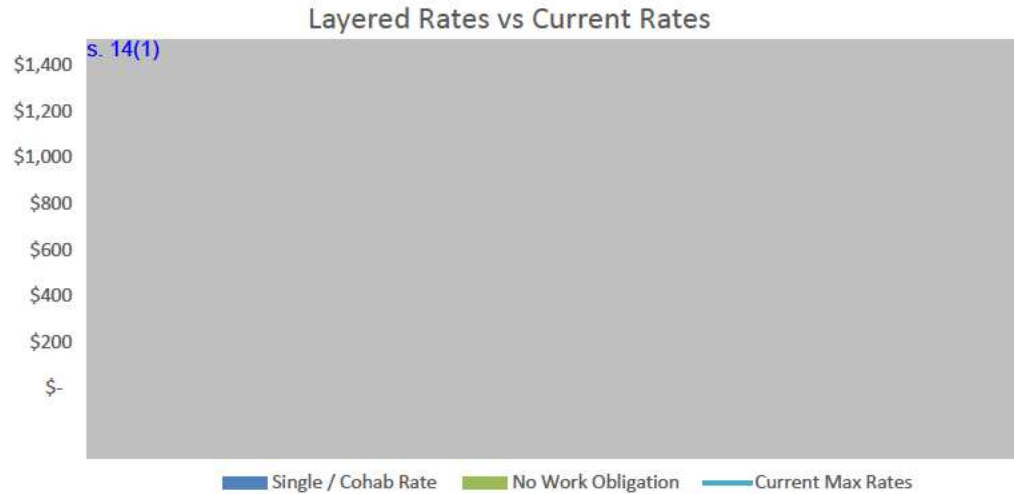
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## OPTION 8D – 2

### Layering Benefits

Scenario Variables	Value
Single Rate	s. 14(1)
Cohabitation Rate	
Child Supplement	
Disability Supplement	



Payment Changes					Admin Changes	
Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost		
Single OC Reg 45	\$761	s. 14(1)			s. 14(1)	
Single OC Board	\$489					
Single OC Own/Rent	\$541					
Single 1C	\$768					
Single 2C	\$838					
Single 3C	\$865					
Couple OC	\$1,001					
Couple 1C	\$1,049					
Couple 2C	\$1,074					
Couple 3C	\$1,110					

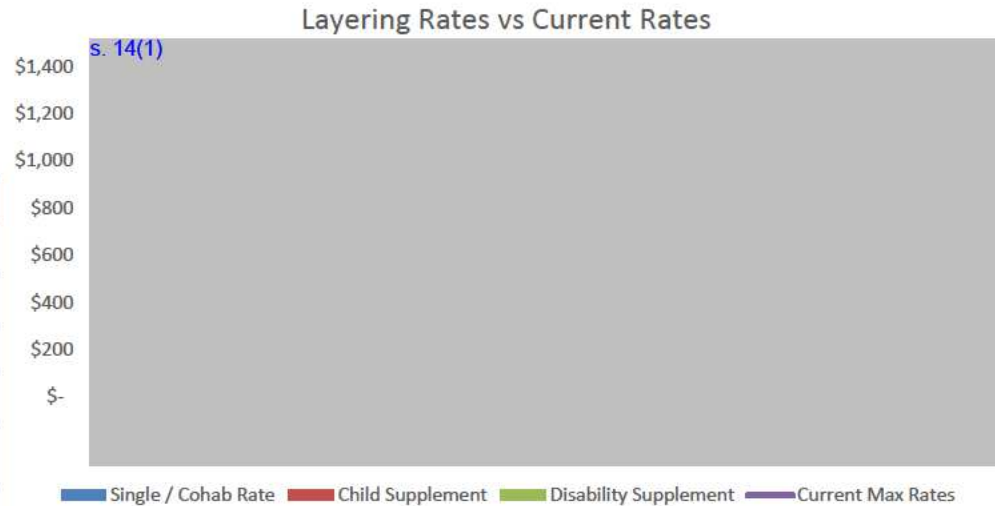
**Page 63 Not Responsive**

## 8E - Layering Benefits



## OPTION 8E - 1 Layering Benefits

Scenario Variables	Value
Single Rate	s. 14(1)
Cohabitation Rate	
Child Supplement for Singles	
Child Supplement for Cohabitants	
Child Ratio	
Disability Supplement	



### Payment Changes

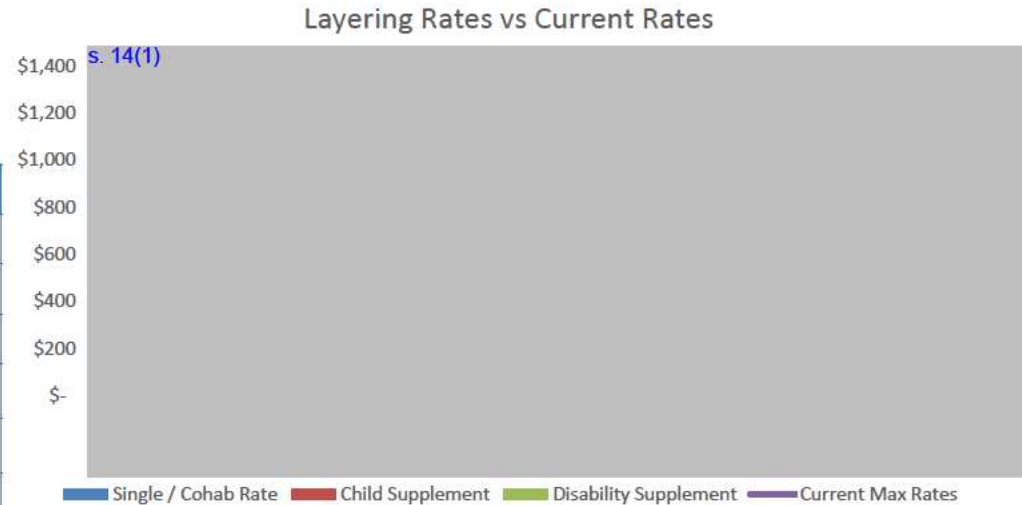
Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single OC Reg 45	\$761	s. 14(1)		
Single OC Board	\$489			
Single OC Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple OC	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

### Admin Changes



## OPTION 8E - 2 Layering Benefits

Scenario Variables	Value
Single Rate	s. 14(1)
Cohabitation Rate	
Child Supplement for Singles	
Child Supplement for Cohabitants	
Child Ratio	
Disability Supplement	



### Payment Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single OC Reg 45	\$761	s. 14(1)		
Single OC Board	\$489			
Single OC Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

### Admin Changes

s. 14(1)

s. 14(1)

**Page 69 Not Responsive**



## Layering Benefits – Summary

**Pages 71 – 72 Not Responsive**

## Employment Income Incentive

**Pages 74 – 81 Not Responsive**

## Employment Income Incentive – Option A

## OPTION 9A Employment Income Incentive

### Gradual Phase Out Exemption Structure with No Rate Change

**Description & Objectives:** This option assesses the impact of changing the employment exemption thresholds to allow IA recipients to earn more money while still receiving IA benefits. In the current system, for each dollar earned over \$150, a client's income assistance amount is reduced by \$0.7 therefore clients only have an extra \$0.3 in their pocket.

The following exemption thresholds are applied at the various monthly income levels. The intent of these thresholds is to allow clients to retain more of their earnings initially and gradually reduce the amount that is exempt as clients earn more; thus making the transition to employment and off of IA more gradual for clients.

Income	Exemption Thresholds
\$0-\$250	100%
\$250-\$500	75%
\$500-\$750	50%
\$750+	25%

## OPTION 9A Employment Income Incentive

## No Behavioural Change

Current Working	8%
Future Working	8%

IA Program Cost Changes				Average Monthly IA Payments			
+\$2.73M							
Household Type	Increased IA Payments to Current Earners	Decreased IA Payments to New Earners	Change in Cost	Household Type	Current Average	Future Aveage	Average Change
Single OC Board	\$230,170	\$0	\$230,170	Single OC Board	\$492	\$496	\$3
Single OC Own/Rent	\$136,036	\$0	\$136,036	Single OC Own/Rent	\$561	\$569	\$8
Single OC Reg45	\$427,890	\$0	\$427,890	Single OC Reg45	\$803	\$807	\$3
Single 1C	\$546,530	\$0	\$546,530	Single 1C	\$801	\$820	\$18
Single 2C	\$345,606	\$0	\$345,606	Single 2C	\$845	\$865	\$20
Single 3C	\$190,726	\$0	\$190,726	Single 3C	\$845	\$864	\$19
Couple OC	\$303,495	\$0	\$303,495	Couple OC	\$1,066	\$1,083	\$17
Couple 1C	\$225,039	\$0	\$225,039	Couple 1C	\$1,070	\$1,105	\$35
Couple 2C	\$193,185	\$0	\$193,185	Couple 2C	\$1,052	\$1,090	\$39
Couple 3C	\$131,830	\$0	\$131,830	Couple 3C	\$1,085	\$1,116	\$30
Admin Changes				Net Costs			
\$0				+\$2.73M			
No administrative changes if there is no change in behavior				Program Cost Change +\$2.73M			
				<u>Administrative Cost Change</u> \$0.00			
				Net Change +\$2.73M			

## OPTION 9A Employment Income Incentive

## No Behavioural Change

Current Working	8%
Future Working	8%

## Impact of Employment Earnings on Clients

Household Type	New Client Earnings	Current % of Caseload Working	Future % of Caseload Working	Number of New Workers	Change in Adequacy LICO
Single 0C Board	\$0	5%	5%	0	0%
Single 0C Own/Rent	\$0	10%	10%	0	1%
Single 0C Reg45	\$0	4%	4%	0	0%
Single 1C	\$0	13%	13%	0	1%
Single 2C	\$0	14%	14%	0	1%
Single 3C	\$0	14%	14%	0	1%
Couple 0C	\$0	12%	12%	0	1%
Couple 1C	\$0	23%	23%	0	2%
Couple 2C	\$0	25%	25%	0	1%
Couple 3C	\$0	20%	20%	0	1%
<b>Total</b>	<b>\$0</b>	<b>8%</b>	<b>8%</b>	<b>0</b>	

With no behavioral change the overall impact on clients is minimal except a slight increase in adequacy resulting from the increase IA payments going to current earners because more income is exempt.



## OPTION 9A Employment Income Incentive

## Low Behavioural Change

Current Working	8%
Future Working	9%

IA Program Cost Changes				Average Monthly IA Payments			
+\$979,000							
Household Type	Increased IA Payments to Current Earners	Decreased IA Payments to New Earners	Change in Cost	Household Type	Current Average	Future Average	Average Change
Single 0C Board	\$230,170	\$78,475	\$151,695	Single 0C Board	\$492	\$495	\$2
Single 0C Own/Rent	\$136,036	\$50,379	\$85,658	Single 0C Own/Rent	\$561	\$573	\$12
Single 0C Reg45	\$427,890	\$228,058	\$199,832	Single 0C Reg45	\$803	\$803	-\$1
Single 1C	\$546,530	\$339,585	\$206,945	Single 1C	\$801	\$824	\$23
Single 2C	\$345,606	\$234,223	\$111,383	Single 2C	\$845	\$870	\$25
Single 3C	\$190,726	\$130,303	\$60,423	Single 3C	\$845	\$869	\$23
Couple 0C	\$303,495	\$266,125	\$37,370	Couple 0C	\$1,066	\$1,087	\$21
Couple 1C	\$225,039	\$169,671	\$55,367	Couple 1C	\$1,070	\$1,119	\$49
Couple 2C	\$193,185	\$156,303	\$36,882	Couple 2C	\$1,052	\$1,103	\$51
Couple 3C	\$131,830	\$98,719	\$33,111	Couple 3C	\$1,085	\$1,128	\$43
Admin Changes				Net Costs			
+\$36,000							
Additional administrative cost estimate accounts for additional income statements that may be required from new clients working. This estimates that approximately 1267 more clients will be on monthly reporting (this number accounts for the fact that not everyone on periodic will earn each month (i.e ratio of % budgets earning vs. % of cases earning))				Program Cost Change			
				+\$979,000			
				Administrative Cost Change			
				+\$36,000			
				Net Change			
				+\$1,020,000			

## OPTION 9A Employment Income Incentive

## Low Behavioural Change

Current Working	8%
Future Working	8%

## Impact of Employment Earnings on Clients

Household Type	New Client Earnings	Current % Working	Future % Working	Number of New Workers	Change in Adequacy LICO
Single 0C Board	\$341,365	5%	6%	79	1%
Single 0C Own/Rent	\$194,909	10%	12%	39	2%
Single 0C Reg45	\$692,656	4%	4%	121	0%
Single 1C	\$846,209	13%	16%	98	3%
Single 2C	\$556,595	14%	17%	60	3%
Single 3C	\$312,356	14%	17%	32	2%
Couple 0C	\$571,094	12%	15%	53	3%
Couple 1C	\$357,729	23%	27%	33	5%
Couple 2C	\$320,342	25%	29%	27	4%
Couple 3C	\$209,988	20%	24%	20	3%
<b>Total</b>	<b>\$4,403,242</b>	<b>8%</b>	<b>9%</b>	<b>563</b>	

With a low behavioral change, clients could be incented to earn an additional \$4.4M while remaining on Income Assistance. This options assumes an additional 563 clients will start working.

## OPTION 9A Employment Income Incentive

## Medium Behavioural Change

Current Working	8%
Future Working	11%

## IA Program Cost Changes

-\$1.0M

Household Type	Increased IA Payments to Current Earners	Decreased IA Payments to New Earners	Change in Cost
Single OC Board	\$230,170	\$174,331	\$55,839
Single OC Own/Rent	\$136,036	\$111,920	\$24,117
Single OC Reg45	\$427,890	\$494,395	-\$66,505
Single 1C	\$546,530	\$722,788	-\$176,258
Single 2C	\$345,606	\$497,374	-\$151,768
Single 3C	\$190,726	\$277,185	-\$86,459
Couple OC	\$303,495	\$565,159	-\$261,664
Couple 1C	\$225,039	\$360,639	-\$135,601
Couple 2C	\$193,185	\$330,562	-\$137,377
Couple 3C	\$131,830	\$210,899	-\$79,069

## Average Monthly IA Payments

Household Type	Current Average	Future Average	Average Change
Single OC Board	\$492	\$493	\$1
Single OC Own/Rent	\$561	\$576	\$15
Single OC Reg45	\$803	\$799	-\$5
Single 1C	\$801	\$828	\$26
Single 2C	\$845	\$874	\$29
Single 3C	\$845	\$871	\$26
Couple OC	\$1,066	\$1,089	\$23
Couple 1C	\$1,070	\$1,130	\$60
Couple 2C	\$1,052	\$1,112	\$60
Couple 3C	\$1,085	\$1,138	\$52

## Admin Changes

+\$72,000

Additional administrative cost estimate accounts for additional income statements that may be required from new clients working. This estimates that approximately 2533 more clients will be on monthly reporting (this number accounts for the fact that not everyone on periodic will earn each month (i.e ratio of % budgets earning vs. % of cases earning))

## Net Costs

Program Cost Change	(\$1,000,000)
Administrative Cost Change	+\$72,000
Net Change	(\$942,000)

As more clients earn, less IA is paid and eventually the department can achieve a savings – the decrease in IA payments for new earners is off-set by the increase payments to current earners.



## OPTION 9A Employment Income Incentive

## Medium Behavioural Change

Current Working	8%
Future Working	11%

## Impact of Employment Earnings on Clients

Household Type	New Income in System	Current % Working	Future % Working	Number of New Workers	Change in Adequacy LICO
Single OC Board	\$717,534	5%	7%	159	1%
Single OC Own/Rent	\$406,056	10%	14%	79	3%
Single OC Reg45	\$1,453,573	4%	5%	242	0%
Single 1C	\$1,776,389	13%	19%	196	5%
Single 2C	\$1,172,972	14%	20%	121	5%
Single 3C	\$655,763	14%	19%	63	4%
Couple OC	\$1,204,141	12%	18%	106	5%
Couple 1C	\$750,725	23%	31%	66	8%
Couple 2C	\$671,410	25%	34%	54	7%
Couple 3C	\$441,933	20%	28%	40	5%
<b>Total</b>	<b>\$9,250,497</b>	<b>8%</b>	<b>11%</b>	<b>1125</b>	

With a medium behavioral change, clients could be incented to earn an additional \$9.3M while remaining on Income Assistance. This options assumes an an additional 1125 clients will start working.

## OPTION 9A Employment Income Incentive

## High Behavioural Change

Current Working	8%
Future Working	13%

IA Program Cost Changes **-\$2.73M**

Household Type	Increased IA Payments to Current Earners	Decreased IA Payments to New Earners	Change in Cost
Single OC Board	\$230,170	\$257,358	-\$27,188
Single OC Own/Rent	\$136,036	\$164,560	-\$28,524
Single OC Reg45	\$427,890	\$725,875	-\$297,985
Single 1C	\$546,530	\$1,053,252	-\$506,722
Single 2C	\$345,606	\$722,354	-\$376,748
Single 3C	\$190,726	\$404,203	-\$213,476
Couple 0C	\$303,495	\$824,999	-\$521,504
Couple 1C	\$225,039	\$523,400	-\$298,362
Couple 2C	\$193,185	\$479,179	-\$285,994
Couple 3C	\$131,830	\$307,511	-\$175,681

## Average Monthly IA Payments

Household Type	Current Average	Future Average	Average Change
Single OC Board	\$492	\$492	\$0
Single OC Own/Rent	\$561	\$579	\$19
Single OC Reg45	\$803	\$795	-\$8
Single 1C	\$801	\$833	\$31
Single 2C	\$845	\$879	\$34
Single 3C	\$845	\$876	\$30
Couple 0C	\$1,066	\$1,093	\$27
Couple 1C	\$1,070	\$1,146	\$76
Couple 2C	\$1,052	\$1,127	\$75
Couple 3C	\$1,085	\$1,151	\$65

Admin Changes **+\$108,700**

Additional administrative cost estimate accounts for additional income statements that may be required from new clients working. This estimates that approximately 3800 more clients will be on monthly reporting (this number accounts for the fact that not everyone on periodic will earn each month (i.e. ratio of % budgets earning vs. % of cases earning))

## Net Cost

Program Cost Change	(\$2,730,000)
Administrative Cost Change	+\$108,000
Net Change	(\$2,620,000)

As more clients earn, less IA is paid and eventually the department can achieve a savings

## OPTION 9A Employment Income Incentive

## High Behavioural Change

Current Working	8%
Future Working	13%

## Impact of Employment Earnings on Clients

Household Type	New Income in System	Current % Working	Future % Working	Number of New Workers	Change in Adequacy LICO
Single OC Board	\$1,056,428	5%	8%	238	1%
Single OC Own/Rent	\$597,047	10%	17%	118	4%
Single OC Reg45	\$2,146,481	4%	6%	362	1%
Single 1C	\$2,619,389	13%	22%	294	7%
Single 2C	\$1,726,263	14%	24%	181	6%
Single 3C	\$967,306	14%	22%	95	5%
Couple OC	\$1,775,771	12%	20%	159	8%
Couple 1C	\$1,100,830	23%	36%	99	12%
Couple 2C	\$984,334	25%	38%	82	10%
Couple 3C	\$649,698	20%	31%	60	7%
<b>Total</b>	<b>\$13,623,548</b>	<b>8%</b>	<b>13%</b>	<b>1688</b>	<b>6%</b>

With a high behavioral change, clients could be incented to earn an additional \$13.6M while remaining on Income Assistance. This options assumes an an additional 1688 clients will start working.



# OPTION 9A – Employment Income Incentive

## Gradual Phase Out Exemption Structure with No Rate Change – Summary

Sub-Option	New Client Earnings	IA Program Cost Change	Admin Cost Change	Net Cost Change	# New Clients Working	Adequacy Change
No Behavioral Change	\$0	\$2,730,508	\$0	\$2,730,508	0	0% - 2%
Low Behavioral Change	\$4,403,242	\$978,666	\$36,241	\$1,014,907	563	0% - 5%
Medium Behavioral Change	\$9,250,497	-\$1,014,745	\$72,482	-\$942,264	1125	0% - 8%
High Behavioral Changes	\$13,623,548	-\$2,732,184	\$108,722	-\$2,623,462	1688	1% - 12%



This analysis demonstrates that the costs are highly dependent on how clients behave and whether or not clients are incented to start working or work more. As more non-workers start working, their IA payments are reduced, which offsets the increased IA payments for current earners. Between the low and medium behavior scenarios, there is a breakeven point for the department and a savings can be achieved.

## Employment Income Incentive – Option B



**Pages 94 – 97 Not Responsive**

## Combined Options

**Pages 99 – 108 Not Responsive**

## Options Analysis Summary and Short-List Considerations

**Pages 110 – 112 Not Responsive**

## Next Steps

**Page 114 Not Responsive**

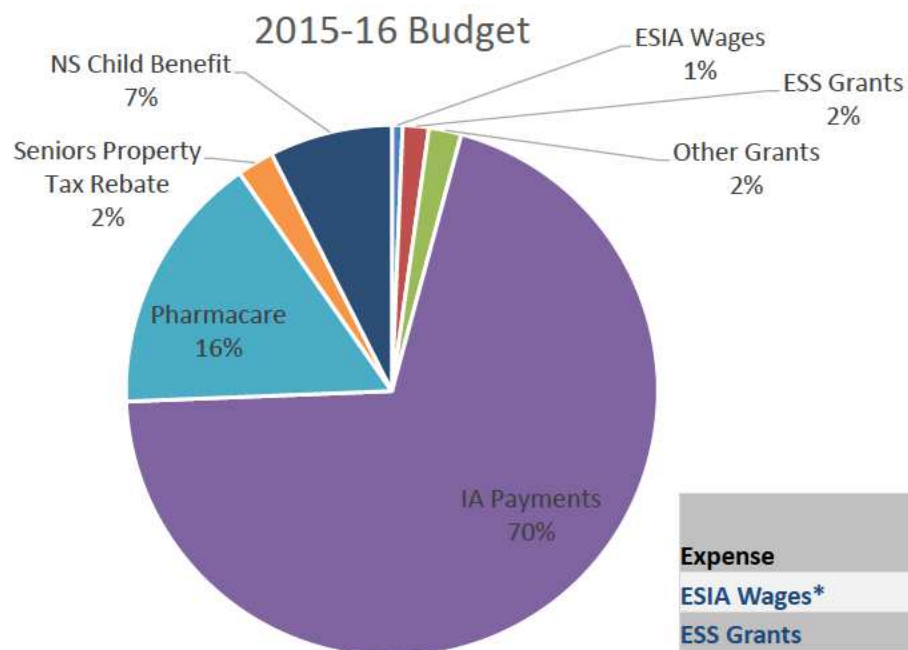
## APPENDIX A – CURRENT STATE



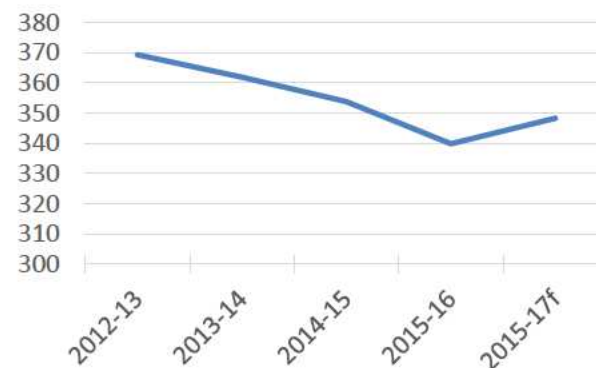
## Current State / Context Setting

**Page 117 Not Responsive**

# Operating Budget Actuals



## Operating Cost

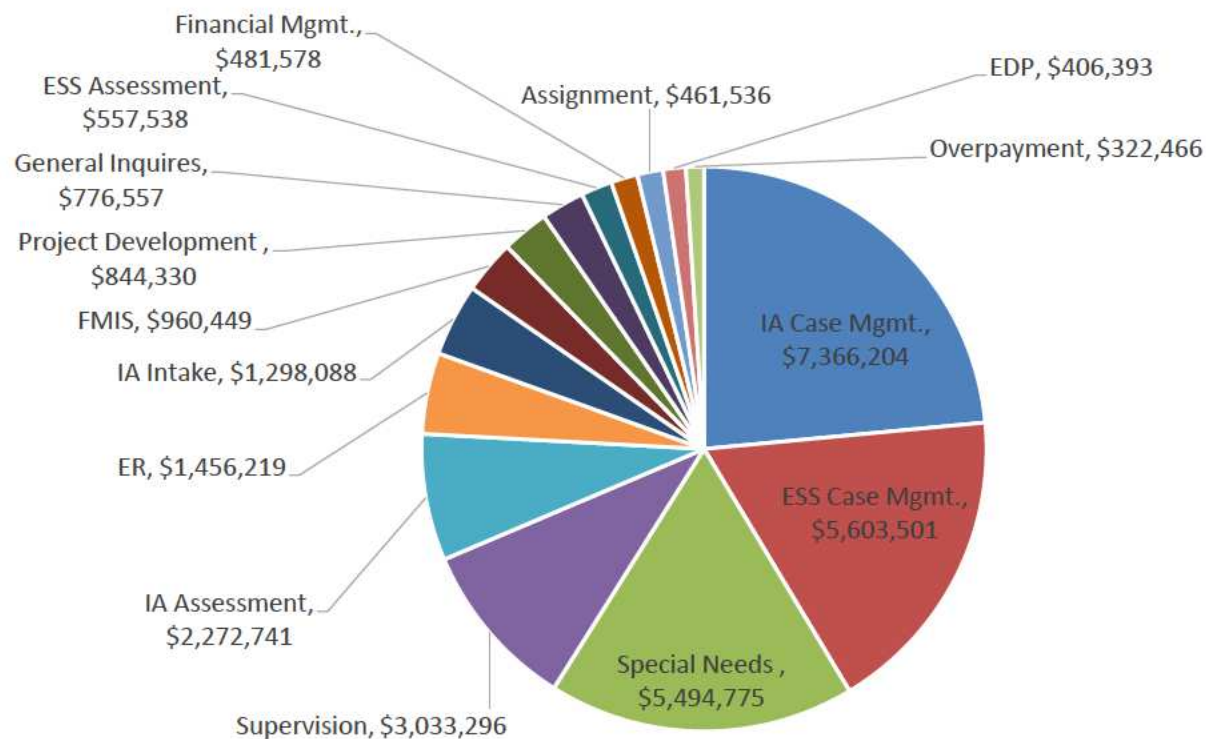


Expense	Year				
	2012-13	2013-14	2014-15	2015-16	2016-17f
ESIA Wages*	\$2.4M	\$2.2M	\$1.8M	\$2.2M	\$2.4M
ESS Grants	\$8.5M	\$8.5M	\$7.0M	\$5.4M	\$8.2M
Other Grants	\$6.6M	\$6.8M	\$6.6M	\$6.7M	\$6.2M
IA Payments	\$266.3M	\$256.2M	\$251.8M	\$238.5M	\$245.4M
Pharmacare	\$52.6M	\$54.3M	\$52.8M	\$54.1M	\$52.5M
Seniors Property Tax Rebate	\$6.4M	\$7.4M	\$7.4M	\$7.6M	\$7.5M
NS Child Benefit	\$26.5M	\$26.5M	\$26.4M	\$25.4M	\$26.1M
<b>Total</b>	<b>\$369.3M</b>	<b>\$361.9M</b>	<b>\$353.8M</b>	<b>\$339.9M</b>	<b>\$348.3M</b>

Based on data provided from Finance

\*ESIA Wages do not include Service Delivery, which accounted for approximately \$30.8M in 2015-2016.

## Administrative Costs - Summary



Costs are generated from the ESIA Administrative Cost Model that was built to support decision making for the ESIA Transformation – Total Admin Costs are approximately \$31 million

## Current Rate Structure

**Pages 121 – 124 Not Responsive**

## Demographic Information

**Pages 126 – 127 Not Responsive**



## Shelter Analysis

**Pages 128 – 134 Not Responsive**

Adequacy

**Pages 136 – 137 Not Responsive**

## Special Needs

**Pages 139 – 142 Not Responsive**

## APPENDIX B – Jurisdictional Scan

## Jurisdictional Review



**Pages 145 – 149 Not Responsive**

## Appendix C: Initial Options – Preliminary Analysis

**Pages 151 – 161 Not Responsive**

## Appendix D: Special Needs Bundle

**Pages 163 – 167 Not Responsive**

## Appendix F: Benchmark / Indexing

**Pages 169 – 173 Not Responsive**

## Appendix F: Universal Credit



**Pages 175 – 181 Not Responsive**



# Standard Household Rate

Preliminary Analysis Results - Continuation

November 18<sup>th</sup>, 2016



# Agenda

- Recap
  - Universal Credit
  - Layering Benefits (re-named: Simplified Benefit Structure)
  - Employment Incentives
- Combined Options
- Additional Analysis
- Summary of Preliminary Results
- Discussion: Options for Final Analysis
- Next Steps
  
- Appendices: Current State and Preliminary Analysis of Options

**Page 184 Not Responsive**

## Universal Special Needs Credit

**Pages 186 – 190 Not Responsive**

## Simplified Benefit Structure

**Pages 192 – 197 Not Responsive**



## Employment Income Incentive

**Pages 199 – 206 Not Responsive**

## Employment Income Incentive – Option A

## OPTION 9A Employment Income Incentive

### Gradual Phase Out Exemption Structure with No Rate Change

**Description & Objectives:** This option assesses the impact of changing the employment exemption thresholds to allow IA recipients to earn more money while still receiving IA benefits. In the current system, for each dollar earned over \$150, a client's income assistance amount is reduced by \$0.7 therefore clients only have an extra \$0.3 in their pocket.

The following exemption thresholds are applied at the various monthly income levels. The intent of these thresholds is to allow clients to retain more of their earnings initially and gradually reduce the amount that is exempt as clients earn more; thus making the transition to employment and off of IA more gradual for clients.

Income	Exemption Thresholds
\$0-\$250	100%
\$250-\$500	75%
\$500-\$750	50%
\$750+	25%

## OPTION 9A Employment Income Incentive

## No Behavioural Change

Current Working	8%
Future Working	8%

IA Program Cost Changes				Average Monthly IA Payments			
+\$2.73M							
Household Type	Increased IA Payments to Current Earners	Decreased IA Payments to New Earners	Change in Cost	Household Type	Current Average	Future Aveage	Average Change
Single OC Board	\$230,170	\$0	\$230,170	Single OC Board	\$492	\$496	\$3
Single OC Own/Rent	\$136,036	\$0	\$136,036	Single OC Own/Rent	\$561	\$569	\$8
Single OC Reg45	\$427,890	\$0	\$427,890	Single OC Reg45	\$803	\$807	\$3
Single 1C	\$546,530	\$0	\$546,530	Single 1C	\$801	\$820	\$18
Single 2C	\$345,606	\$0	\$345,606	Single 2C	\$845	\$865	\$20
Single 3C	\$190,726	\$0	\$190,726	Single 3C	\$845	\$864	\$19
Couple OC	\$303,495	\$0	\$303,495	Couple OC	\$1,066	\$1,083	\$17
Couple 1C	\$225,039	\$0	\$225,039	Couple 1C	\$1,070	\$1,105	\$35
Couple 2C	\$193,185	\$0	\$193,185	Couple 2C	\$1,052	\$1,090	\$39
Couple 3C	\$131,830	\$0	\$131,830	Couple 3C	\$1,085	\$1,116	\$30
Admin Changes				Net Costs			
\$0				+\$2.73M			
No administrative changes if there is no change in behavior				Program Cost Change +\$2.73M			
				<u>Administrative Cost Change</u> \$0.00			
				Net Change +\$2.73M			

## OPTION 9A Employment Income Incentive

## No Behavioural Change

Current Working	8%
Future Working	8%

## Impact of Employment Earnings on Clients

Household Type	New Client Earnings	Current % of Caseload Working	Future % of Caseload Working	Number of New Workers	Change in Adequacy LICO
Single 0C Board	\$0	5%	5%	0	0%
Single 0C Own/Rent	\$0	10%	10%	0	1%
Single 0C Reg45	\$0	4%	4%	0	0%
Single 1C	\$0	13%	13%	0	1%
Single 2C	\$0	14%	14%	0	1%
Single 3C	\$0	14%	14%	0	1%
Couple 0C	\$0	12%	12%	0	1%
Couple 1C	\$0	23%	23%	0	2%
Couple 2C	\$0	25%	25%	0	1%
Couple 3C	\$0	20%	20%	0	1%
<b>Total</b>	<b>\$0</b>	<b>8%</b>	<b>8%</b>	<b>0</b>	

With no behavioral change the overall impact on clients is minimal except a slight increase in adequacy resulting from the increase IA payments going to current earners because more income is exempt.



## OPTION 9A Employment Income Incentive

## Low Behavioural Change

Current Working	8%
Future Working	9%

IA Program Cost Changes				Average Monthly IA Payments			
+\$979,000							
Household Type	Increased IA Payments to Current Earners	Decreased IA Payments to New Earners	Change in Cost	Household Type	Current Average	Future Average	Average Change
Single 0C Board	\$230,170	\$78,475	\$151,695	Single 0C Board	\$492	\$495	\$2
Single 0C Own/Rent	\$136,036	\$50,379	\$85,658	Single 0C Own/Rent	\$561	\$573	\$12
Single 0C Reg45	\$427,890	\$228,058	\$199,832	Single 0C Reg45	\$803	\$803	-\$1
Single 1C	\$546,530	\$339,585	\$206,945	Single 1C	\$801	\$824	\$23
Single 2C	\$345,606	\$234,223	\$111,383	Single 2C	\$845	\$870	\$25
Single 3C	\$190,726	\$130,303	\$60,423	Single 3C	\$845	\$869	\$23
Couple 0C	\$303,495	\$266,125	\$37,370	Couple 0C	\$1,066	\$1,087	\$21
Couple 1C	\$225,039	\$169,671	\$55,367	Couple 1C	\$1,070	\$1,119	\$49
Couple 2C	\$193,185	\$156,303	\$36,882	Couple 2C	\$1,052	\$1,103	\$51
Couple 3C	\$131,830	\$98,719	\$33,111	Couple 3C	\$1,085	\$1,128	\$43
Admin Changes				Net Costs			
+\$36,000							
Additional administrative cost estimate accounts for additional income statements that may be required from new clients working. This estimates that approximately 1267 more clients will be on monthly reporting (this number accounts for the fact that not everyone on periodic will earn each month (i.e ratio of % budgets earning vs. % of cases earning))				Program Cost Change			
				+\$979,000			
				Administrative Cost Change			
				+\$36,000			
				Net Change			
				+\$1,020,000			

## OPTION 9A Employment Income Incentive

## Low Behavioural Change

Current Working	8%
Future Working	9%

## Impact of Employment Earnings on Clients

Household Type	New Client Earnings	Current % Working	Future % Working	Number of New Workers	Change in Adequacy LICO
Single 0C Board	\$341,365	5%	6%	79	1%
Single 0C Own/Rent	\$194,909	10%	12%	39	2%
Single 0C Reg45	\$692,656	4%	4%	121	0%
Single 1C	\$846,209	13%	16%	98	3%
Single 2C	\$556,595	14%	17%	60	3%
Single 3C	\$312,356	14%	17%	32	2%
Couple 0C	\$571,094	12%	15%	53	3%
Couple 1C	\$357,729	23%	27%	33	5%
Couple 2C	\$320,342	25%	29%	27	4%
Couple 3C	\$209,988	20%	24%	20	3%
<b>Total</b>	<b>\$4,403,242</b>	<b>8%</b>	<b>9%</b>	<b>563</b>	

With a low behavioral change, clients could be incented to earn an additional \$4.4M while remaining on Income Assistance. This options assumes an additional 563 clients will start working.



## OPTION 9A Employment Income Incentive

## Medium Behavioural Change

Current Working	8%
Future Working	11%

## IA Program Cost Changes

-\$1.0M

Household Type	Increased IA Payments to Current Earners	Decreased IA Payments to New Earners	Change in Cost
Single OC Board	\$230,170	\$174,331	\$55,839
Single OC Own/Rent	\$136,036	\$111,920	\$24,117
Single OC Reg45	\$427,890	\$494,395	-\$66,505
Single 1C	\$546,530	\$722,788	-\$176,258
Single 2C	\$345,606	\$497,374	-\$151,768
Single 3C	\$190,726	\$277,185	-\$86,459
Couple OC	\$303,495	\$565,159	-\$261,664
Couple 1C	\$225,039	\$360,639	-\$135,601
Couple 2C	\$193,185	\$330,562	-\$137,377
Couple 3C	\$131,830	\$210,899	-\$79,069

## Average Monthly IA Payments

Household Type	Current Average	Future Average	Average Change
Single OC Board	\$492	\$493	\$1
Single OC Own/Rent	\$561	\$576	\$15
Single OC Reg45	\$803	\$799	-\$5
Single 1C	\$801	\$828	\$26
Single 2C	\$845	\$874	\$29
Single 3C	\$845	\$871	\$26
Couple OC	\$1,066	\$1,089	\$23
Couple 1C	\$1,070	\$1,130	\$60
Couple 2C	\$1,052	\$1,112	\$60
Couple 3C	\$1,085	\$1,138	\$52

## Admin Changes

+\$72,000

Additional administrative cost estimate accounts for additional income statements that may be required from new clients working. This estimates that approximately 2533 more clients will be on monthly reporting (this number accounts for the fact that not everyone on periodic will earn each month (i.e ratio of % budgets earning vs. % of cases earning))

## Net Costs

Program Cost Change	(\$1,000,000)
Administrative Cost Change	+\$72,000
Net Change	(\$942,000)

As more clients earn, less IA is paid and eventually the department can achieve a savings – the decrease in IA payments for new earners is off-set by the increase payments to current earners.

## OPTION 9A Employment Income Incentive

## Medium Behavioural Change

Current Working	8%
Future Working	11%

## Impact of Employment Earnings on Clients

Household Type	New Income in System	Current % Working	Future % Working	Number of New Workers	Change in Adequacy LICO
Single OC Board	\$717,534	5%	7%	159	1%
Single OC Own/Rent	\$406,056	10%	14%	79	3%
Single OC Reg45	\$1,453,573	4%	5%	242	0%
Single 1C	\$1,776,389	13%	19%	196	5%
Single 2C	\$1,172,972	14%	20%	121	5%
Single 3C	\$655,763	14%	19%	63	4%
Couple OC	\$1,204,141	12%	18%	106	5%
Couple 1C	\$750,725	23%	31%	66	8%
Couple 2C	\$671,410	25%	34%	54	7%
Couple 3C	\$441,933	20%	28%	40	5%
<b>Total</b>	<b>\$9,250,497</b>	<b>8%</b>	<b>11%</b>	<b>1125</b>	

With a medium behavioral change, clients could be incented to earn an additional \$9.3M while remaining on Income Assistance. This options assumes an an additional 1125 clients will start working.



## OPTION 9A Employment Income Incentive

## High Behavioural Change

Current Working	8%
Future Working	13%

IA Program Cost Changes **-\$2.73M**

Household Type	Increased IA Payments to Current Earners	Decreased IA Payments to New Earners	Change in Cost
Single OC Board	\$230,170	\$257,358	-\$27,188
Single OC Own/Rent	\$136,036	\$164,560	-\$28,524
Single OC Reg45	\$427,890	\$725,875	-\$297,985
Single 1C	\$546,530	\$1,053,252	-\$506,722
Single 2C	\$345,606	\$722,354	-\$376,748
Single 3C	\$190,726	\$404,203	-\$213,476
Couple OC	\$303,495	\$824,999	-\$521,504
Couple 1C	\$225,039	\$523,400	-\$298,362
Couple 2C	\$193,185	\$479,179	-\$285,994
Couple 3C	\$131,830	\$307,511	-\$175,681

## Average Monthly IA Payments

Household Type	Current Average	Future Average	Average Change
Single OC Board	\$492	\$492	\$0
Single OC Own/Rent	\$561	\$579	\$19
Single OC Reg45	\$803	\$795	-\$8
Single 1C	\$801	\$833	\$31
Single 2C	\$845	\$879	\$34
Single 3C	\$845	\$876	\$30
Couple OC	\$1,066	\$1,093	\$27
Couple 1C	\$1,070	\$1,146	\$76
Couple 2C	\$1,052	\$1,127	\$75
Couple 3C	\$1,085	\$1,151	\$65

Admin Changes **+\$108,700**

Additional administrative cost estimate accounts for additional income statements that may be required from new clients working. This estimates that approximately 3800 more clients will be on monthly reporting (this number accounts for the fact that not everyone on periodic will earn each month (i.e. ratio of % budgets earning vs. % of cases earning))

## Net Cost

Program Cost Change	(\$2,730,000)
Administrative Cost Change	+\$108,000
Net Change	(\$2,620,000)

As more clients earn, less IA is paid and eventually the department can achieve a savings

## OPTION 9A Employment Income Incentive

## High Behavioural Change

Current Working	8%
Future Working	13%

## Impact of Employment Earnings on Clients

Household Type	New Income in System	Current % Working	Future % Working	Number of New Workers	Change in Adequacy LICO
Single OC Board	\$1,056,428	5%	8%	238	1%
Single OC Own/Rent	\$597,047	10%	17%	118	4%
Single OC Reg45	\$2,146,481	4%	6%	362	1%
Single 1C	\$2,619,389	13%	22%	294	7%
Single 2C	\$1,726,263	14%	24%	181	6%
Single 3C	\$967,306	14%	22%	95	5%
Couple OC	\$1,775,771	12%	20%	159	8%
Couple 1C	\$1,100,830	23%	36%	99	12%
Couple 2C	\$984,334	25%	38%	82	10%
Couple 3C	\$649,698	20%	31%	60	7%
<b>Total</b>	<b>\$13,623,548</b>	<b>8%</b>	<b>13%</b>	<b>1688</b>	<b>6%</b>

With a high behavioral change, clients could be incented to earn an additional \$13.6M while remaining on Income Assistance. This options assumes an an additional 1688 clients will start working.

## OPTION 9A – Employment Income Incentive

## Gradual Phase Out Exemption Structure with No Rate Change – Summary

Option 9A	IA Program Cost Impacts			Client Impacts		
	IA Program Cost Change	Admin Cost Change	Net Cost Change	New Client Earnings	# New Clients Working	Change in Adequacy Range
No Behavioral Change	\$2,730,508	\$0	\$2,730,508	\$0	0	0% - 2%
Low Behavioral Change	\$978,666	\$36,241	\$1,014,907	\$4,403,242	563	0% - 5%
Medium Behavioral Change	-\$1,014,745	\$72,482	-\$942,263	\$9,250,497	1125	0% - 8%
High Behavioral Changes	-\$2,732,184	\$108,722	-\$2,623,462	\$13,623,548	1688	1% - 12%



This analysis demonstrates that the costs are highly dependent on how clients behave and whether or not clients are incented to start working or work more. As more non-workers start working, their IA payments are reduced, which offsets the increased IA payments for current earners. Between the low and medium behavior scenarios, there is a breakeven point for the department and a savings can be achieved.

## OPTION 9 Employment Income Incentive

## Additional Considerations - Summary

- Could “increase the caseload” depending on eligibility criteria
  - Although if clients are receiving significantly less in terms of financial supports, the financial impact may be minimal; being “on welfare” means something different than today
- Possibly unfair for low-income, working Nova Scotians not in Income Assistance
  - This could be mitigated through other income security programs (e.g. WITB) or by offering non-financial supports to the working poor (e.g. pharmacare, employment supports)
- This could also be combined with other options such as Simplified Benefit Structure or providing special needs in a different manner
  - Distribution of support needs to be simplified and distributed differently to address the largest populations within IA
  - This option benefits the working population most (couples and singles with kids) making it a good candidate to consider with Simplified Benefit Structure as this group tended to be negatively impacted in option 8.



## OPTION 9 Employment Income Incentive

## Additional Considerations - Summary

- Client behaviour will be challenging to predict
  - Would this be worth considering a pilot to study how people behave?
- Additional program requirements would need to be thought through if proceeding with these options (eligibility criteria, phase out rates, time limited benefits etc.)

## Combined Options



**Pages 221 – 223 Not Responsive**

**Page 224 Withheld in full: S. 14**

**Pages 225 – 226 Not Responsive**

## Additional Analysis

**Pages 228 – 237 Not Responsive**

OPTION 9A s. 14(1)

## Additional Analysis – Results Summary

Option	Behavioral Change	IA Program Cost Impacts			Client Impacts		
		IA Program Cost Change	Admin Cost Change	Net Cost Change	New Client Earnings	# New Clients Working	Change in Adequacy Range
9A	s. 14(1)						
9B							
9C							
9D							

## Options Analysis Summary

**Page 240 Withheld in full: S. 14**

# Overall Options Summary

Option	Program Costs	Admin Savings	Adequacy	Gains and Loses	Client Service	Overall
Benchmark / Indexing	s. 14(1)					
Special Needs Bundle						
Universal Credit						
						
Simplified Benefit Structure						
						
Employment Income Incentives						
						

## Funding Opportunities from the Overall ESIA Transformation Portfolio – Order of Magnitude Estimates

Funding Sources	Estimated Funding Amount and/or Savings	Dept. Owner	Considerations
Poverty Reduction Tax Credit	s. 14(1)		
Administrative Savings			
Transformation Special Needs Savings			
Risk Model Savings			
<b>Sub-total</b>			
Affordable Living Tax Credit			
<b>Grand Total</b>			



## Discussion: Options for Final Analysis

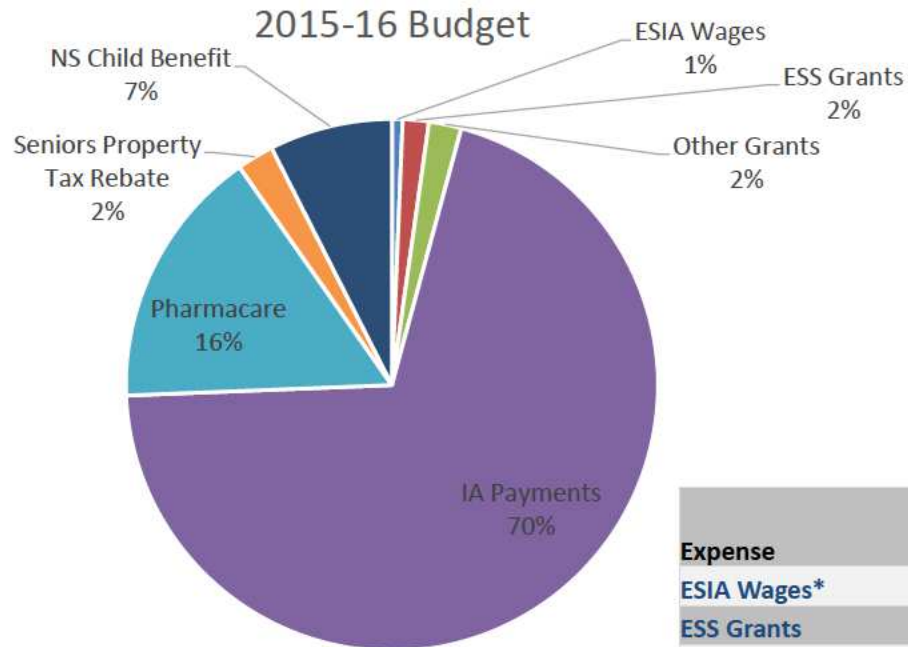
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## APPENDIX A – CURRENT STATE

## Current State / Context Setting

**Page 248 Not Responsive**

# Operating Budget Actuals

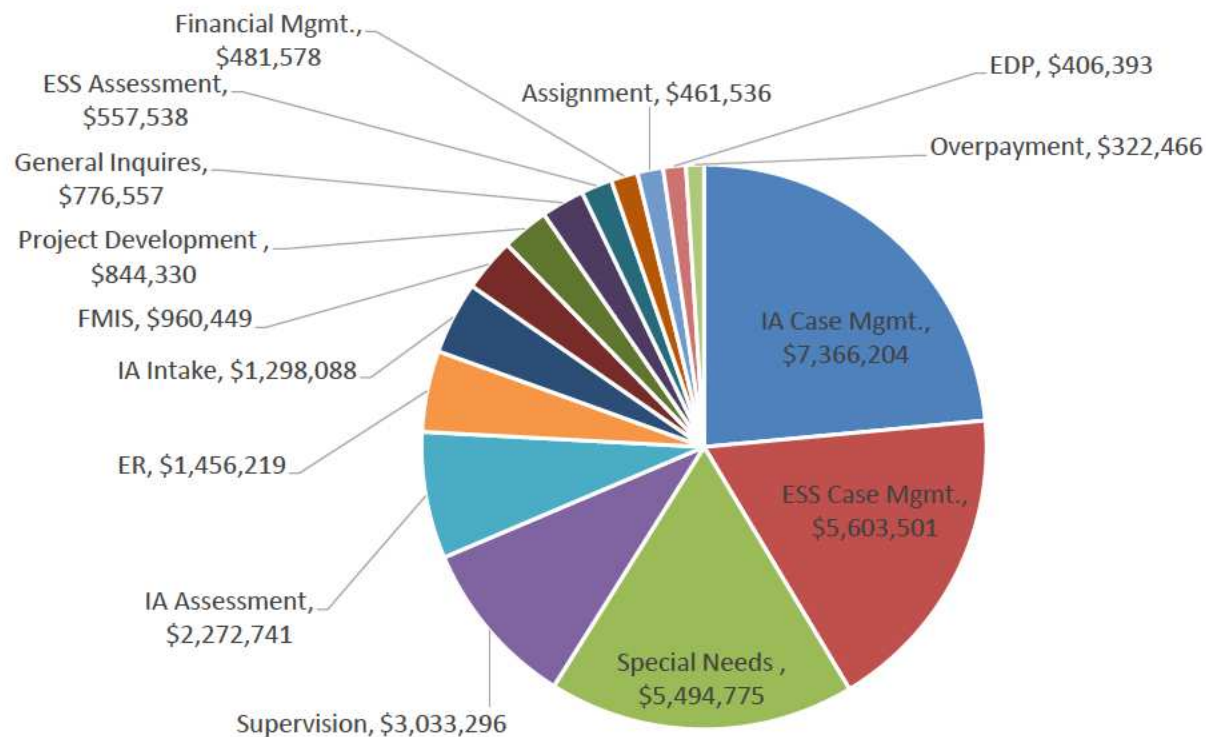


Expense	Year				
	2012-13	2013-14	2014-15	2015-16	2016-17f
ESIA Wages*	\$2.4M	\$2.2M	\$1.8M	\$2.2M	\$2.4M
ESS Grants	\$8.5M	\$8.5M	\$7.0M	\$5.4M	\$8.2M
Other Grants	\$6.6M	\$6.8M	\$6.6M	\$6.7M	\$6.2M
IA Payments	\$266.3M	\$256.2M	\$251.8M	\$238.5M	\$245.4M
Pharmacare	\$52.6M	\$54.3M	\$52.8M	\$54.1M	\$52.5M
Seniors Property Tax Rebate	\$6.4M	\$7.4M	\$7.4M	\$7.6M	\$7.5M
NS Child Benefit	\$26.5M	\$26.5M	\$26.4M	\$25.4M	\$26.1M
<b>Total</b>	<b>\$369.3M</b>	<b>\$361.9M</b>	<b>\$353.8M</b>	<b>\$339.9M</b>	<b>\$348.3M</b>

Based on data provided from Finance

\*ESIA Wages do not include Service Delivery, which accounted for approximately \$30.8M in 2015-2016.

## Administrative Costs - Summary



Costs are generated from the ESIA Administrative Cost Model that was built to support decision making for the ESIA Transformation – Total Admin Costs are approximately \$31 million

## Current Rate Structure



**Pages 252 – 255 Not Responsive**

## Demographic Information

**Pages 257 – 258 Not Responsive**

## Shelter Analysis

**Pages 260 – 265 Not Responsive**

Adequacy

**Pages 267 – 268 Not Responsive**

## Special Needs



**Pages 270 – 273 Not Responsive**

## APPENDIX B – Jurisdictional Scan

## Jurisdictional Review

**Pages 276 – 280 Not Responsive**

## Appendix C: Initial Options – Preliminary Analysis

SHELTER- OPTION 1

s. 14(1)

Payments Change

s. 14(1)

Administrative Change

s. 14(1)

s. 14(1)

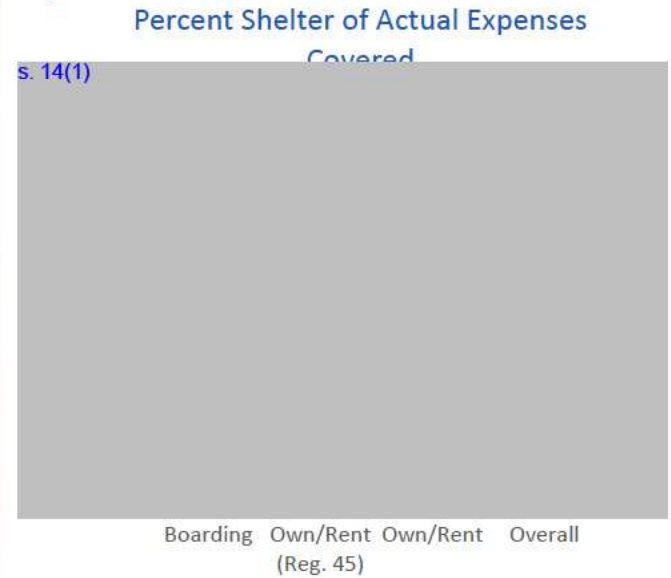
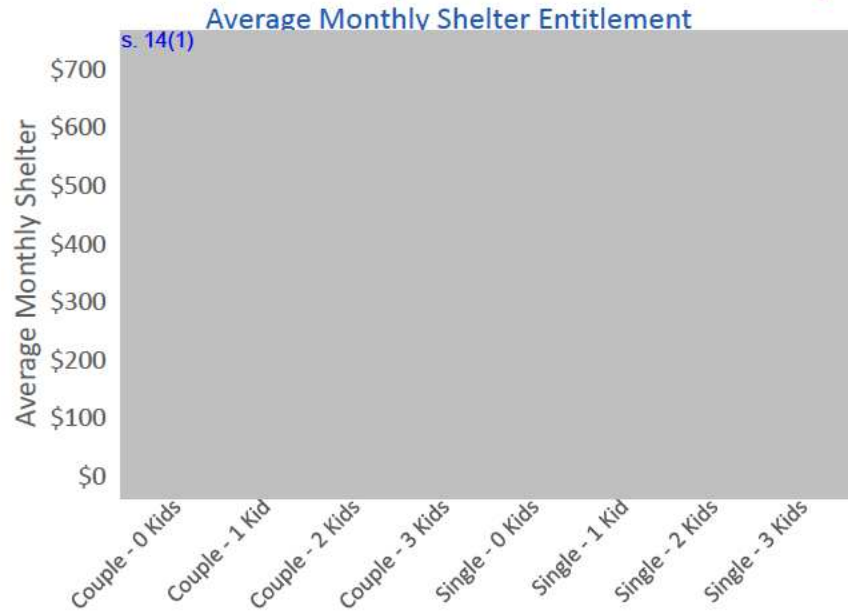
s. 14(1)

s. 14(1)

\*Estimated and un-validated

SHELTER- OPTION 1

# Provide everyone with the policy maximum



Who receives more?	Who receives less?
s. 14(1)	

Payments Change	s. 14(1)
Admin Change	
Total Change	

s. 14(1)
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SHELTER- OPTION 2

s. 14(1)

Payments Change

s. 14(1)

Administrative Change

s. 14(1)

s. 14(1)

s. 14(1)



**Pages 285 – 286 Not Responsive**

SHELTER- OPTION 3

s. 14(1)

Payments Change

s. 14(1)

Administrative Change

s. 14(1)

s. 14(1)

s. 14(1)

\*Estimated and un-validated

**Pages 288 – 290 Not Responsive**

SHELTER- OPTION 4

s. 14(1)

Payments Change

s. 14(1)

Administrative Change

s. 14(1)

s. 14(1)

s. 14(1)

**Page 292 Not Responsive**

## Appendix D: Special Needs Bundle

**Pages 294 – 296 Not Responsive**





OPTION 6A

s. 14(1)

--

Bundle Cost Range	Additional Cost to Top-up

OPTION 5A

s. 14(1)

Gains and Losses

s. 14(1)

Administrative Costs

s. 14(1)

OPTION 6

s. 14(1)

Bundle Cost Range	s. 14(1)	Admin Savings	s. 14(1)
Monthly Credit Amount		Gains:	s. 14(1)
		s. 14(1)	
s. 14(1)			

**Page 301 Not Responsive**

OPTION 5B

s. 14(1)

Payments Change

s. 14(1)

Administrative Change

s. 14(1)

s. 14(1)

s. 14(1)

s. 14(1)

## Appendix F: Benchmark / Indexing

**Pages 304 – 307 Not Responsive**

## OPTION 5A

## Benchmarking/Indexing Rates – LICO – Set rates at a % of LICO

Monthly Income Assistance Rates by Household Type - Comparing Rates as a % of LICO

Household Type	Current	70% LICO	80% LICO	90% LICO	100% LICO
Single-DC1 (Own/Rent)	\$575	s. 14(1)			
Single-DC1 (Boarding)	\$498				
Single-DC1 (Disability)	\$810				
Single-1C	\$845				
Single-2C	\$895				
Single-3C	\$895				
Couple-DC1	\$1,120				
Couple-1C	\$1,170				
Couple-2C	\$1,170				
Couple-3C	\$1,170				
Additional Cost (millions)	\$0	s. 14(1)			

s. 14(1)



## OPTION 5B

# Benchmarking/Indexing Rates – LICO – Bring everyone to a minimum % of LICO

## Monthly Income Assistance Rates by Household Type

Household Type	Current	70% LICO	80% LICO	90% LICO	100% LICO
Single-DC1 (Own/Rent)	\$575	s. 14(1)			
Single-DC1 (Boarding)	\$498				
Single-DC1 (Disability)	\$810				
Single-1C	\$845				
Single-2C	\$895				
Single-3C	\$895				
Couple-DC1	\$1,120				
Couple-1C	\$1,170				
Couple-2C	\$1,170				
Couple-3C	\$1,170				
		s. 14(1)			
Additional Cost (millions)	\$0				

s. 14(1)

## OPTION 5C

## Benchmarking/Indexing Rates – LIM – Set rates at a % of LIM

Monthly Income Assistance Rates by Household Type - Comparing Rates as a % of LICO

Household Type	Current	50% LIM	60% LIM	70% LIM	80% LIM
Single-DC1 Own/Rent)	\$575	s. 14(1)			
Single-DC1 Boarding)	\$498				
Single-DC1 Disability)	\$810				
Single-1C	\$845				
Single-2C	\$895				
Single-3C	\$895				
Couple-DC1	\$1,120				
Couple-1C	\$1,170				
Couple-2C	\$1,170				
Couple-3C	\$1,170				

Additional Cost (millions)	\$0	s. 14(1)
----------------------------	-----	----------

s. 14(1)

## OPTION 5D

# Benchmarking/Indexing Rates – LIM – Bring everyone to a minimum % of LIM

## Monthly Income Assistance Rates by Household Type

Household Type	Current	50% LIM	60% LIM	70% LIM	80% LIM
Single-DC1 (Own/Rent)	\$575	s. 14(1)			
Single-DC1 (Boarding)	\$498				
Single-DC1 (Disability)	\$810				
Single-1C	\$845				
Single-2C	\$895				
Single-3C	\$895				
Couple-DC1	\$1,120				
Couple-1C	\$1,170				
Couple-2C	\$1,170				
Couple-3C	\$1,170				

Additional Cost (millions)	\$0	s. 14(1)
----------------------------	-----	----------

s. 14(1)

**Pages 312 – 313 Not Responsive**

## Appendix F: Universal Credit

OPTION 5A – Universal Credit

s. 14(1)



Total Funds Available	s. 14(1)	Administrative Savings	s. 14(1)
Monthly Credit Amount		Net Costs	
Who receives more?		Who receives less?	
s. 14(1)		s. 14(1)	

OPTION 5B – Universal Credit

s. 14(1)

Payments Change	s. 14(1)	Administrative Change	s. 14(1)
Who receives more?		Who receives less?	
s. 14(1)		s. 14(1)	

OPTION 5C – Universal Credit

s. 14(1)



Payments Change Range

s. 14(1)

Administrative Change

s. 14(1)



OPTION 5D – Universal Credit

s. 14(1)

Total Funds Available	s. 14(1)	Administrative Savings	s. 14(1)
Monthly Credit Amount		Net Costs	
Who receives more?		Who receives less?	
s. 14(1)		s. 14(1)	

OPTION 5E – Universal Credit

s. 14(1)



Payments Change

s. 14(1)

Administrative Change

s. 14(1)

OPTION 5F – Universal Credit

s. 14(1)



Payments Change Range

s. 14(1)

Administrative Change

s. 14(1)

s. 14(1)

OPTION 5 Continued

# Universal Credit – Summary

Sub-Option	Payment Change	Admin Change	Net Change	Monthly Payment Amount	Adequacy Change (increase)*
s. 14(1)					

## Preliminary Analysis – Simplified Benefit Structure

## 8A - Simplified Benefit Structure

**Pages 324 – 325 Not Responsive**

# OPTION 8A - 1 Simplified Benefit Structure

Scenario Variables	Value
s. 14(1)	

s. 14(1)	
----------	--

Single / Cohab Rate Child Supplement No Work Obligation Current Max Rates

## Payment Changes

s. 14(1)

## Admin Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single 0C Reg 45	\$761	s. 14(1)		
Single 0C Board	\$489			
Single 0C Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

s. 14(1)

s. 14(1)	
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**Page 327 Not Responsive**

## OPTION 8A - 2

## Simplified Benefit Structure

Scenario Variables	Value
s. 14(1)	

s. 14(1)

## Payment Changes

s. 14(1)

## Admin Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single 0C Reg 45	\$761.10	s. 14(1)		
Single 0C Board	\$488.78			
Single 0C Own/Rent	\$541.08			
Single 1C	\$768.11			
Single 2C	\$838.13			
Single 3C	\$864.85			
Couple 0C	\$1,000.52			
Couple 1C	\$1,049.41			
Couple 2C	\$1,073.82			
Couple 3C	\$1,109.59			

s. 14(1)

**Page 329 Not Responsive**

## 8B - Simplified Benefit Structure

**Page 331 Not Responsive**

## OPTION 8B - 1 Simplified Benefit Structure

Scenario Variables	Value
s. 14(1)	

s. 14(1)

### Payment Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single OC Reg 45	\$761	s. 14(1)		
Single OC Board	\$489			
Single OC Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

### Admin Changes

s. 14(1)

s. 14(1)

**Page 333 Not Responsive**

## OPTION 8B - 2 Simplified Benefit Structure

Scenario Variables	Value
s. 14(1)	

s. 14(1)
----------

Payment Changes					s. 14(1)	Admin Changes		s. 14(1)
Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost	s. 14(1)			
Single 0C Reg 45	\$761	s. 14(1)						
Single 0C Board	\$489							
Single 0C Own/Rent	\$541							
Single 1C	\$768							
Single 2C	\$838							
Single 3C	\$865							
Couple 0C	\$1,001							
Couple 1C	\$1,049							
Couple 2C	\$1,074							
Couple 3C	\$1,110							



**Page 335 Not Responsive**

## 8C - Simplified Benefit Structure

**Pages 337 – 338 Not Responsive**

## OPTION 8C - 1

## Simplified Benefit Struct

s. 14(1)

Scenario Variables	Value
--------------------	-------

s. 14(1)

## Payment Changes

s. 14(1)

## Admin Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single 0C Reg 45	\$761	s. 14(1)		
Single 0C Board	\$489			
Single 0C Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

s. 14(1)

s. 14(1)

**Page 340 Not Responsive**

## OPTION 8C - 2

## Simplified Benefit Structure

s. 14(1)

Scenario Variables	Value

s. 14(1)

## Payment Changes

s. 14(1)

## Admin Changes

s. 14(1)

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single 0C Reg 45	\$761			
Single 0C Board	\$489			
Single 0C Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

s. 14(1)

**Page 342 Not Responsive**

## 8D - Simplified Benefit Structure



**Page 344 Not Responsive**

## OPTION 8D - 1

## Simplified Benefit Structure

Scenario Variables	Value
s. 14(1)	

s. 14(1)

## Payment Changes

s. 14(1)

## Admin Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single 0C Reg 45	\$761	s. 14(1)		
Single 0C Board	\$489			
Single 0C Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

s. 14(1)

**Page 346 Not Responsive**

OPTION 8D – 2

Simplified Benefit Struct

Scenario Variables	Value
s. 14(1)	

s. 14(1)

Payment Changes

s. 14(1)

Admin Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single 0C Reg 45	\$761	s. 14(1)		
Single 0C Board	\$489			
Single 0C Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

s. 14(1)

**Page 348 Not Responsive**

## 8E - Simplified Benefit Structure

**Page 350 Not Responsive**

OPTION 8E - 1

Simplified Benefit Struct

Scenario Variables	Value
s. 14(1)	

s. 14(1)
----------

Payment Changes

s. 14(1)

Admin Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single 0C Reg 45	\$761	s. 14(1)		
Single 0C Board	\$489			
Single 0C Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

s. 14(1)

s. 14(1)
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**Page 352 Not Responsive**

OPTION 8E - 2

Simplified Benefit Structure

Scenario Variables	Value
s. 14(1)	

s. 14(1)
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Payment Changes

s. 14(1)

Admin Changes

s. 14(1)

Household Type	Current Applied Rate	Future Rates	% Rate Change	Cost
Single 0C Reg 45	\$761	s. 14(1)		
Single 0C Board	\$489			
Single 0C Own/Rent	\$541			
Single 1C	\$768			
Single 2C	\$838			
Single 3C	\$865			
Couple 0C	\$1,001			
Couple 1C	\$1,049			
Couple 2C	\$1,074			
Couple 3C	\$1,110			

s. 14(1)
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**Page 354 Not Responsive**

## Simplified Benefit Structure – Summary

OPTION 8 Simplified Benefit Structure

Simplified Benefit Structure – Summary for First Set of Rates

Option	Program Cost (\$)	Admin Change (\$)	Adequacy Largest	% Gain & % Lose	Considerations
s. 14(1)					

## OPTION 8 Simplified Benefit Structure

## Simplified Benefit Structure – Summary for Second Set of Rates

Option	Program Cost (\$)	Admin Change (\$)	Adequacy Largest	% Gain & % Lose	Considerations
s. 14(1)					

## Employment Income Incentive – Option B

**Page 359 Not Responsive**



## OPTION 9B – Employment Income Incentive

s. 14(1)

Option	Behavioral Change	IA Program Cost Impacts			Client Impacts		
		IA Program Cost Change	Admin Cost Change	Net Cost Change	New Client Earnings	# New Clients Working	Change in Adequacy Range
s. 14(1)							

s. 14(1)

## Combined Options: Universal + Employment Incentives

**Page 362 Not Responsive**

### OPTION 10C Combined Options

s. 14(1)

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Sub-Option	New Client Earnings	Income Assistance Cost Changes					# New Clients Working	Adequacy Change
		Program Costs from Universal Credit	Increased Money Given to Current Earners	Decreased IA to New Earners	Admin Cost Changes (Combined)	Net Cost Change		

s. 14(1)

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s. 14(1)

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**Page 364 Not Responsive**

## OPTION 10D Combined Options

s. 14(1)

Sub-Option	New Client Earnings	Income Assistance Cost Changes					# New Clients Working	Adequacy Change
		Program Costs from Universal Credit	Increased Money Given to Current Earners	Decreased IA to New Earners	Admin Cost Changes (Combined)	Net Cost Change		

s. 14(1)

s. 14(1)



# ESIA Transformation – Phase 2

## INCOME SECURITY OPTIONS ANALYSIS

Presentation to DMs and ADMs - Finance and Treasury  
Board and Community Services  
January 19<sup>th</sup> 2017



# Agenda

- Recap: Project Overview
- Assessment and Analysis Approach
- Preliminary Program Analysis
- Option Assessment and Results
- Summary and Recommendations
- Next steps



## Project Overview

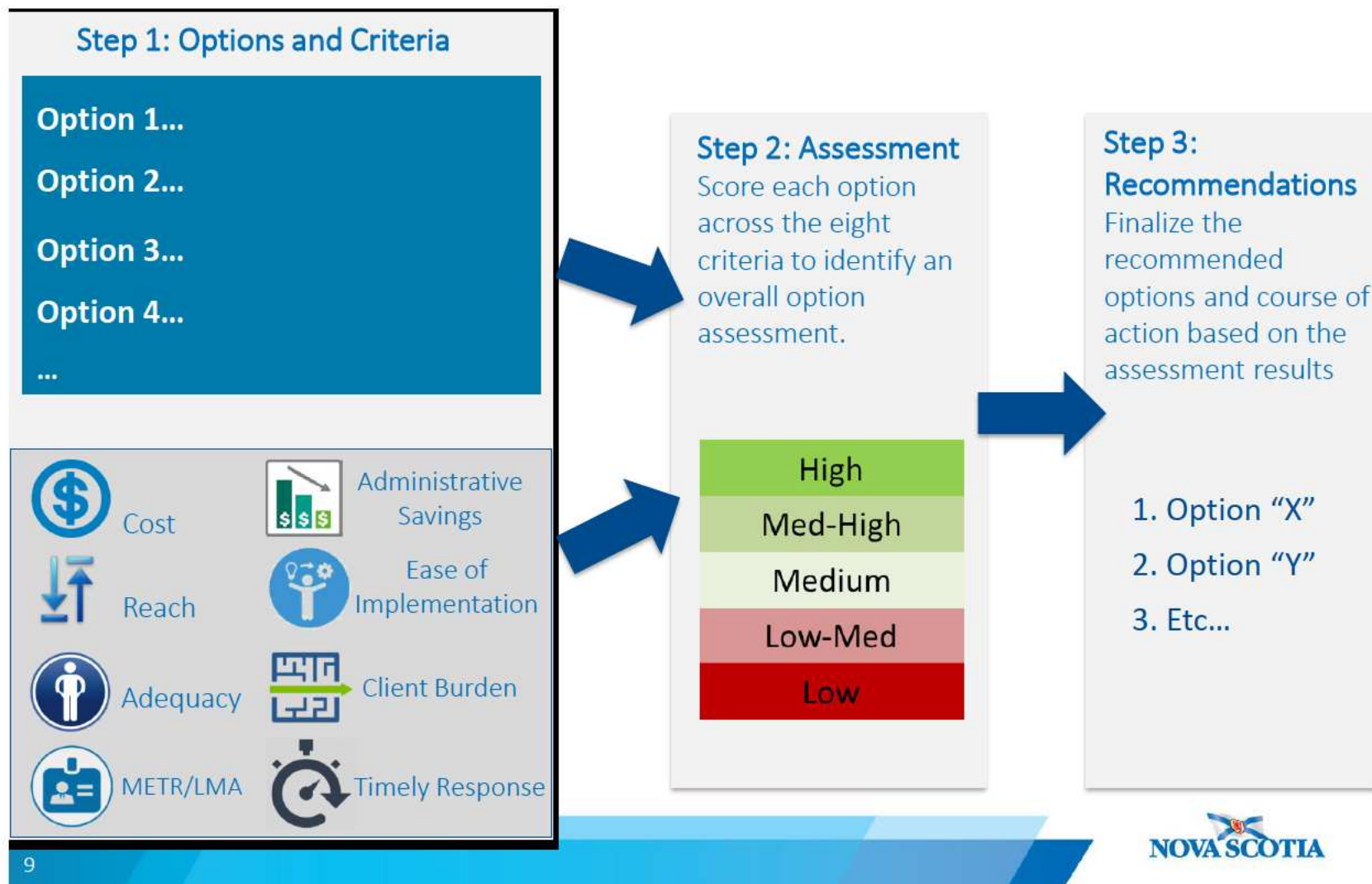
**Pages 368 – 372 Not Responsive**

## Assessment Framework and Approach

## Criteria and Weighting









Criteria		Weight
	Program Cost	(maximum cost)
	Population Reach	20%
	Adequacy	20%
	Impact on METR and Promoting LMA	20%
	Administrative Savings	10%
	Ease of Implementation	10%
	Client Burden	10%
	Timely Response to Client Needs	10%
	<b>Total</b>	<b>100%</b>

# Assessment Process



# Analysis Approach

Analysis was completed to assess each of the criteria defined in the Assessment Framework. The criteria included both quantitative and qualitative analysis.

Quantitative Analysis	 Program Costs	Not Responsive
	 Population Reach	
	 Adequacy	
	 LMA & METR Analysis	
	 Administrative Savings	High level cost analysis based on data and information gathered from FTB, DCS and other government departments.
Qualitative Analysis	 Ease of Implementation	Not Responsive
	 Client Burden	
	 Timely Response to Client Needs	

s. 14(1)

s. 14(1)

Programs	Total Program Expenditures (Actual)	Total Program Expenditures (SPSM/D)
Income Assistance	s. 14(1)	
Poverty Reduction Tax Credit		
Nova Scotia Child Benefit		
Affordable Living Tax Credit		
Low Income Tax Reduction		
Disability Tax Credit (Provincial)		
Heating Assistance Rebate program (HARP)		
Property Tax Rebate for Seniors w/ GIS		
Provincial Income tax refund for Seniors on GIS		
Age Tax Credit		
<b>Total Funding Available</b>		

## Preliminary Program Analysis



**Pages 378 – 404 Not Responsive**

## Standard Household Rate - Income Assistance

**Pages 406 – 409 Not Responsive**

## Seniors Low-Income Program Option

**Pages 411 – 413 Not Responsive**

## Low Income Tax Program Option

**Pages 415 – 418 Not Responsive**

## Summary and Preliminary Recommendations



**Pages 420 – 422 Not Responsive**



# ESIA Transformation – Phase 2

## Risk Model and Risk Management / Application

March 2017



## Table of Contents

#	Topic
1	Introduction – Objectives, Outcomes, Scope, and Approach
2	Risk Model Design
3	Risk Management Framework Analysis
4	Next Steps

## PROJECT OBJECTIVES, OUTCOMES, SCOPE, AND APPROACH

**Page 426 Not Responsive**

# Objectives, Outcomes and Benefits

## Objectives

Not Responsive



## Outcomes



## Benefits

s. 14(1)



## RISK MODEL DESIGN

**Pages 429 – 435 Not Responsive**



# RISK MANAGEMENT FRAMEWORK ANALYSIS

**Pages 437 – 438 Not Responsive**

## 1) Initial Eligibility Review – Analysis

- We looked at the cost/benefit of conducting reviews on a certain % of 'high risk' applicants using the risk model
- Based on this analysis, the following cost/benefit has been determined:

### Recommendation:

s. 14(1)

s. 14(1)

% of Applicants Checked	# of Applicants Checked	% Detected	Net Benefit	Additional FTEs Required
-------------------------	-------------------------	------------	-------------	--------------------------

s. 14(1)

### Key Notes:

s. 14(1)

## 2) Ongoing Eligibility Review - Introduction

### 2. Ongoing/ Periodic Eligibility Reviews

### Current State Snap Shot

- Today, staff flag eligible cases for an “ER” (Eligibility Review) when there is suspicion of undisclosed information such as cohabitation, income, or assets; inaccurately reported expenses, or family situations; and/or any other misrepresentation that may affect eligibility for assistance
- 
- **To conduct the analysis, we looked at the following:**
    1. How can the risk model be applied and what benefits or cost avoidance can be achieved?

## 2) Ongoing/Periodic Eligibility Reviews, cont'd

- We looked at the cost/benefit of conducting reviews on a certain % of 'high risk' applicants using the risk model
- Based on this analysis, the following cost/benefit has been determined:

### Recommendation:

s. 14(1)

s. 14(1)

% of Clients Checked	# of Clients Checked	% Detected	Net Benefit	Additional FTEs Required
----------------------------	----------------------------	---------------	-------------	--------------------------------

s. 14(1)

### Key Notes:

- s. 14(1)

-

**Page 442 Not Responsive**

### 3) Annual Reviews - Analysis

- We looked at the frequency of reviews and whether or not the current frequency (of 12 months) could be modified using the risk model
- The following three options were analyzed against current state and each other:

Option	Review Frequency			FTEs		Cost	
	Low Risk	Medium Risk	High Risk	Estimate	Efficiencies	Estimate	Efficiencies
Current	12 months	12 months	12 months	14.3 FTEs	--	\$1.21M	--

s. 14(1)

**Recommendation:** s. 14(1)

s. 14(1)

Note: The volumes and time estimates for current state annual reviews were derived from the ESIA Administrative Cost Model

## 4) Reporting - Introduction

### 4. Reporting

#### Current State Snap Shot

- Today, there are two primary processes for client reporting
  - **Monthly Income Statement Reporting** – certain clients are required to report changes to their income on a monthly basis (based on policy requirements and caseworker discretion – this process is used for many reasons other than income reporting)
  - **Ad hoc client reporting** – clients have no obligation to report unless their circumstances change (housing, family, asset, non-employment income changes). They are required to provide this information to the Department as soon as the change happens



## 4) Monthly Income Statement Reporting - Analysis

Concept  
1

s. 14(1)

### Summary of Financial Analysis<sup>1</sup>

	Total Cost	Total FTE Requirement
Current State	s. 14(1)	s. 14(1)
Proposed Future State <sup>2</sup>		
<b>Total Efficiencies / FTE Requirement</b>		

<sup>1</sup> Numbers are derived from the ESIA Administrative Cost Model

<sup>2</sup> These estimates are also aligned with the low and the high estimates from the Standard Household Rate work

**Pages 446 – 447 Not Responsive**

## 5) Special Needs - Analysis Summary

Based on the analysis and recommendations from the workshop participants, the following is recommended:

Simplification	Allowance Based	• s. 14(1)	
	Reoccurring Special Needs	•	
Standardization		•	
The estimated efficiency is			s. 14(1)

**Pages 449 – 450 Not Responsive**

# Summary of Efficiencies

Opportunity	Recommendation		
	Description	Efficiencies / Avoidance	Δ FTEs
1. Initial Eligibility Review	s. 14(1)		
2. Ongoing / Periodic Eligibility Reviews			
3. Annual Reviews			
4. Reporting			
5. Special Needs			
Totals:			

s. 14(1)

# APPENDICES

## APPENDIX A: RISK MODEL

**Pages 454 – 468 Not Responsive**



## APPENDIX B: INITIAL ELIGIBILITY REVIEW

**Pages 470 – 476 Not Responsive**

## Cost/Benefit of the EDP Pilot Project (3 months)

The EDP pilot project was conducted to determine if the IA program could increase expenditure reduction by using its information verification tools (e.g. Equifax) to screen applicants who don't pose overt eligibility concerns.

% of Clients Checked	Clients Checked	Ineligible Clients	Eligible Clients	Estimated Cost <sup>1</sup>	Estimated Benefit <sup>2</sup>	Total FTE Estimate
100% of clients checked in <u>4 pilot offices</u> over a 3 months time frame	445	33	412	s. 14(1)		



A sample size of approximately 25%

Given the current workload for EDP referrals, the additional FTE requirement was 2.5 FTE<sup>3</sup>



**Conducting the pilot project on ~25% of the IA caseload for 3 months resulted in a \$139k net benefit with an additional requirement of 2.5 FTEs.**

<sup>1</sup> Cost = (3 hours per review / 70% efficiency when doing multiple) x \$59/hr + \$7 = \$262 per review

<sup>2</sup> Benefit = an average of \$7,743 savings per review

<sup>3</sup> Assumes an average of 868 EDP referrals per year = 2.3 FTEs

## Cost/Benefit of The EDP Pilot Project (1 year)

Using the pilot project results and the same process, we analyzed what net benefit would be for the entire IA caseload at intake for 1 year.

% of Clients Checked	Clients Checked <sup>1</sup>	Ineligible Clients	Eligible Clients	Estimated Cost <sup>2</sup>	Estimated Benefit <sup>3</sup>	Estimated Net Benefit	Total FTE Estimate
100% of clients checked in all offices over 1 year	10,069	747	9,322	s. 14(1)			



100% of unique IA clients at intake that were deemed eligible

Given the current workload for EDP referrals, the additional FTE requirement would be 25 FTE<sup>4</sup>



- Although significant efficiencies could be achieved, there is an **increased FTE requirement** to conduct a review on 100% of the IA client base at intake.
- Using a risk-based approach, the following slides illustrate how similar efficiencies could be achieved with less administrative cost/FTE requirement.

<sup>1</sup> Derived from ICM total clients with a status change from pending to eligible clients in 2015

<sup>2</sup> Cost = (3 hours per review / 70% efficiency when doing multiple) x \$59/hr + \$7 = \$262 per review

<sup>3</sup> Benefit = an average of \$7,743 savings per review

<sup>4</sup> Assumes an average of 868 EDP referrals per year = 2.3 FTEs

**Page 479 Not Responsive**

## Cost/Benefit of Utilizing the Risk Model

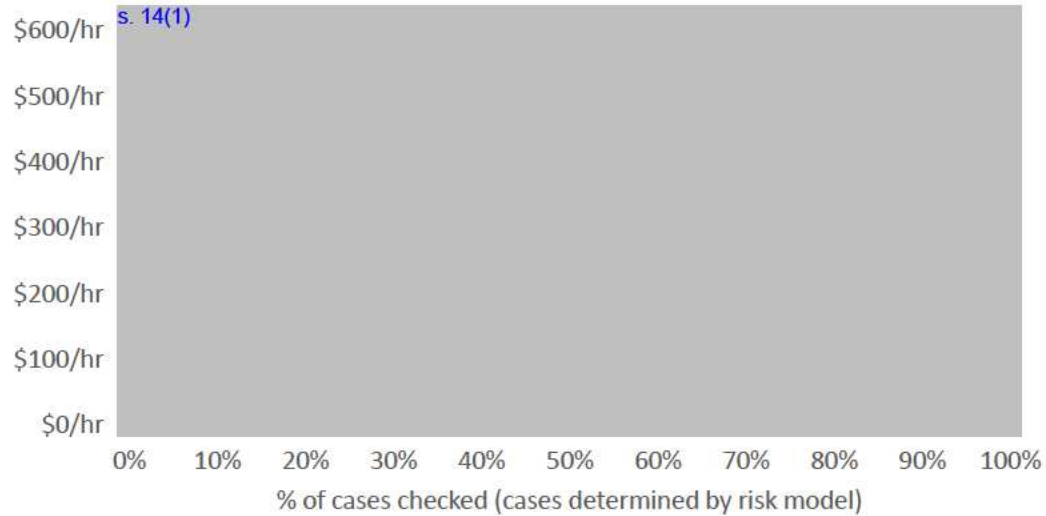
When using the risk model to select clients for EDP referrals, the following cost/benefit is achieved:

% of Clients Checked	Clients Checked	% Detected	Ineligible Clients	Eligible Clients	Estimated Cost	Estimated Benefit	Net Benefit	Total FTE Estimate	Additional FTEs Required
Top 5%	503	28.6%	144	359	s. 14(1)				
Top 10%	1007	17.9%	180	827					
Top 20%	2014	11.6%	234	1780					
Top 50%	5035	9.1%	459	4575					
100%	10069	7.4%	747	9322					

s. 14(1)

## Cost/Benefit of Utilizing the Risk Model, cont'd

s. 14(1)



% of Clients Checked	Total FTE Estimate	Additional FTEs Requires
Top 5%	s. 14(1)	
Top 10%		
Top 20%		
Top 50%		
100%		

s. 14(1)

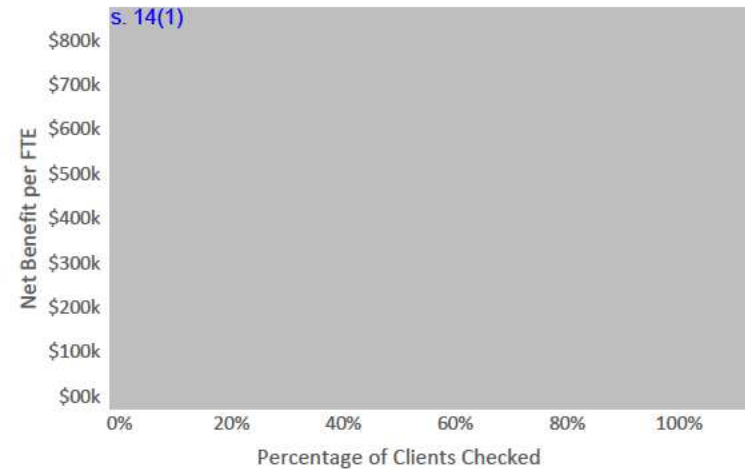
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## Cost/Benefit of Utilizing the Risk Model (Summary)

When using the risk model to select applicants for EDP referrals, the following cost/benefit is achieved:

% of Applicants Checked	# of Applicants Checked	% Detected	Net Benefit	Additional FTEs Required
Top 5%	503	s. 14(1)		
Top 10%	1007			
Top 20%	2014			
Top 50%	5035			
100%	10069			



• s. 14(1)	
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**Pages 483 – 484 Not Responsive**

# Recommendation

**Recommendation:**

s. 14(1)

s. 14(1)



s. 14(1)

% of Applicants Checked	# of Applicants Checked	% Detected	Net Benefit	Additional FTEs Required
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## Key Notes:

s. 14(1)

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## APPENDIX C: ONGOING / PERIODIC ELIGIBILITY REVIEWS

**Pages 487 – 488 Not Responsive**

## Cost/Benefit of Utilizing the Risk Model

When using the risk model to select clients for eligibility reviews (ERs), the following cost/benefit is achieved:

% of Clients Checked	Clients Checked	% Detected	Ineligible Clients	Eligible Clients	Estimated Cost	Estimated Benefit	Estimated Net Benefit	Total FTE Estimate
Top 1%	339	7.2%	24	314	s. 14(1)			
Top 2%	678	6.7%	46	632				
Top 3%	1016	6.4%	65	951				
Top 5%	1694	5.9%	100	1594				
Top 10%	3388	5.4%	182	3206				
Top 20%	6776	4.8%	328	6448				
Top 50%	16939	3.7%	622	16317				

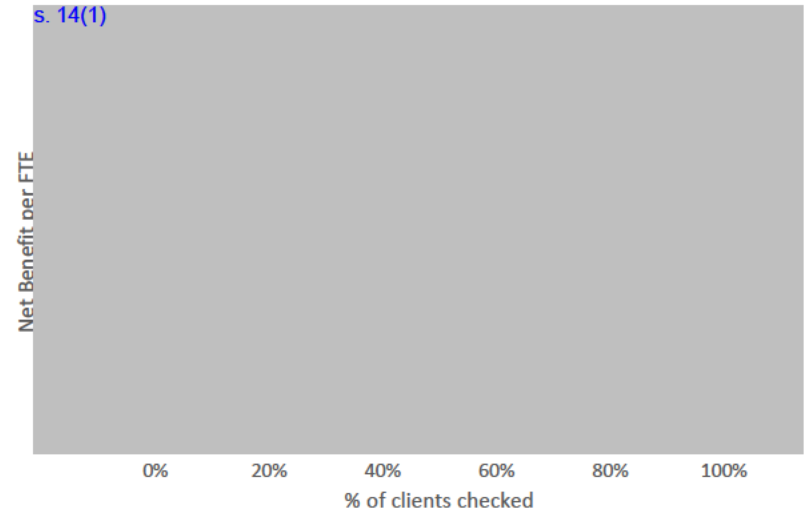
Assumes:

- s. 14(1)
- 
- \$8,810/review benefit (Source: FY15/16 actual savings)
- Annual case load 33,878 (Source: ICM Payments Files, Count of Unique IA case IDs for fiscal 2015)

## Cost/Benefit of Utilizing the Risk Model (summary)

After reviewing the results shown on the previous slide with workshop participants, there was concern that there should actually be more clients detected by the risk model. To account for this, a sensitivity analysis was performed (see Appendix C) and a conservative range was provided for the net benefit.

% of Clients Checked	# of Clients Checked	% Detected	Net Benefit	Additional FTEs Required
Top 1%	339	7.2%-14.4%	s. 14(1)	
Top 2%	678	6.7%-13.5%		
Top 3%	1016	6.4%-12.8%		
Top 5%	1694	5.9%-11.8%		
Top 10%	3388	5.4%-10.7%		



s. 14(1)

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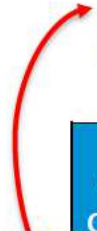
**Pages 491 – 492 Not Responsive**

# Recommendation

Recommendation:

s. 14(1)

s. 14(1)



% of Clients Checked	# of Clients Checked	% Detected	Net Benefit	Additional FTEs Required
s. 14(1)				

## Key Notes:

- s. 14(1)
-



## APPENDIX D: ANNUAL REVIEWS

**Page 495 Not Responsive**

## Annual Reviews Introduction, cont'd

Not Responsive

Reporting Activity (Numbers derived from Admin Cost Model)	Total Cost	Total FTE Requirement
Annual Review: Prep, review with client, follow up (incl. IA Caseworker and IA Supervisor time)	s. 14(1)	

**Pages 497 – 498 Not Responsive**

## Financial Analysis, cont'd

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Option	Review Frequency			FTEs		Cost	
	Low Risk	Medium Risk	High Risk	Estimate	Efficiencies	Estimate	Efficiencies
Current	12 months	12 months	12 months	14.3 FTEs	--	\$1.21M	--
Option 1							
Option 2							
Option 3							

s. 14(1)

**Pages 500 – 501 Not Responsive**

## Recommendations

### Recommendation:

s. 14(1)

s. 14(1)

Option	Review Frequency			FTEs		Cost	
	Low Risk	Medium Risk	High Risk	Estimate	Efficiencies	Estimate	Efficiencies
Current	12 months	12 months	12 months	14.3 FTEs	--	\$1.21M	--

s. 14(1)

## APPENDIX E: REPORTING



**Page 504 Not Responsive**

# Monthly Income Statement Reporting

Concept 1	s. 14(1)
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**What if only the clients with income were required to report on a monthly basis?**

	Reporting Activity	Total Cost	Total FTE Requirement
<b>Current State</b>	Monthly Income Statement Reporting (complete/incomplete) (assumes 51% of client base on monthly reporting) <sup>1</sup>	\$952k	11.4
<b>Proposed Future State</b>	s. 14(1)		
	<b>Total Efficiencies and FTE Requirement</b>	s. 14(1)	

<sup>1</sup> Numbers are derived from the Administrative Cost Model

<sup>2</sup> In 2015/16, 17% of clients reported income; however, only 8% budgets have income included indicating a significant portion of clients do not report income every month. These estimates are also aligned with the low and the high estimates from the Standard Household Rate work

**Pages 506 – 509 Not Responsive**

## APPENDIX F: SPECIAL NEEDS

**Pages 511 – 522 Not Responsive**

## Special Needs - Financial Analysis (Details)

- The following table includes a break-down of the cost estimates from current state to future state and the estimated efficiencies (grand total)

Special Need	Proposed Process	Current State				Future State				Efficiencies	
		Set Up Cost	Receipt Processing Cost	Total Admin Cost	FTEs	Set Up Cost	Receipt Processing Cost	Total Admin Cost	FTEs	Cost	FTEs
Workshop Agreement											
59 Telephone	Allowance	\$111k	\$116k	\$227k	2.8FTEs	s. 14(1)					
8 Optical - Glasses	Allowance	\$16k	\$4k	\$20k	0.2FTEs						
15 Furnishings (select items)	Allowance	\$35k	\$8k	\$43k	0.5FTEs						
2 Travel and Transportation	Reoccurring	\$96k	\$41k	\$138k	1.7FTEs						
86 EP - Transportation	Reoccurring	\$148k	\$26k	\$174k	2.1FTEs						
46 Medical Transportation	Reoccurring	\$562k	\$134k	\$696k	8.5FTEs						
39 Child Care	Reoccurring	\$157k	\$8k	\$165k	2.0FTEs						
87 EP - Child Care	Reoccurring	\$54k	\$6k	\$60k	0.7FTEs						
91 Ambulance	Standardization	\$51k	\$4k	\$55k	0.7FTEs						
107 EP - Work Related Expenses	Standardization	\$23k	\$4k	\$26k	0.3FTEs						
60 Drugs (Non-Prescription)	Reoccurring	\$331k	\$23k	\$354k	4.3FTEs						
Total:				\$1.95M	24FTEs						

Notes:

s. 14(1)

## Special Needs - Financial Analysis (Summary)

• s. 14(1)

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Special Need	Proposed Process	Efficiencies	
		Cost	FTEs
Workshop Agreement			
59 Telephone	Allowance	s. 14(1)	
8 Optical - Glasses	Allowance		
15 Furnishings (select items)	Allowance		
87 EP - Child Care	Reoccurring		
2 Travel and Transportation	Reoccurring		
86 EP - Transportation	Reoccurring		
39 Child Care	Reoccurring		
46 Medical Transportation	Reoccurring		
60 Drugs (Non-Prescription)	Reoccurring		
Total:			

The estimated efficiencies is s. 14(1)

**Pages 525 – 526 Not Responsive**



## Recommendations

s. 14(1)

Special Need	Proposed Process	Efficiencies	
		Cost	FTEs
Workshop Agreement			
59 Telephone	Allowance	s. 14(1)	
8 Optical - Glasses	Allowance		
15 Furnishings (select items)	Allowance		
87 EP - Child Care	Reoccurring		
2 Travel and Transportation	Reoccurring		
86 EP - Transportation	Reoccurring		
39 Child Care	Reoccurring		
46 Medical Transportation	Reoccurring		
60 Drugs (Non-Prescription)	Reoccurring		
Total:			

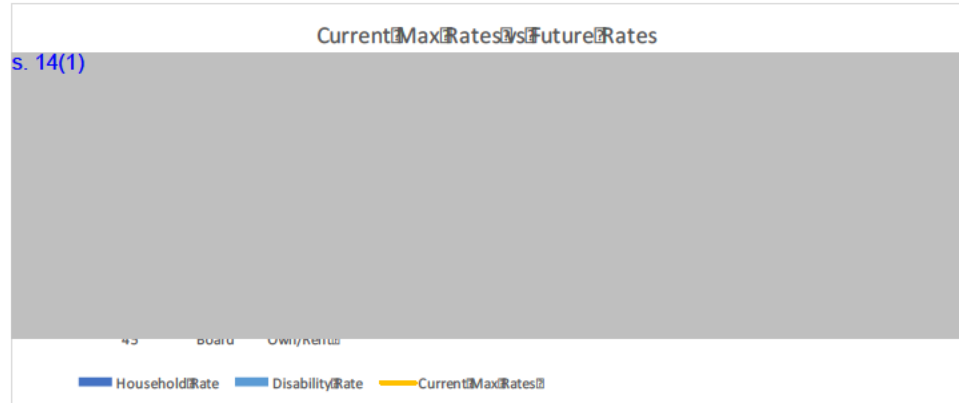
# SHR Additional Options Analysis

(March 2017)

## OPTION 1: DETAILED ANALYSIS (RECOMMENDATION)

s. 14(1)

Scenario Variables	Value
1 person / household (S-0C) - Boarding	s. 14(1)
1 person / household (S-0C)	
2 people / household (S-1C, C-0C)	
3 people / household (S-2C, C-01)	
4 people / household (S-3C, C-2C)	
5 people / household (S-4C+, C-3C+)	
Disability Rate (1pp/hh +\$275)	



### Program Cost Changes

s. 14(1)

Household Type	Current Rate	Current Applied Rate	Future Rates	Avg. Change	Cases		
					Win	No Change	Lose
Single 0C Reg 45	\$810	\$761	s. 14(1)				
Single 0C Board	\$498	\$489					
Single 0C Own/Rent	\$575	\$541					
Single 1C	\$845	\$814					
Single 2C	\$895	\$861					
Single 3C	\$895	\$879					
Couple 0C	\$1,120	\$1,058					
Couple 1C	\$1,170	\$1,100					
Couple 2C	\$1,170	\$1,100					
Couple 3C	\$1,170	\$1,122					

### Administrative Costs

s. 14(1)

s. 14(1)

### Cost to Eliminate Future State Deficits:

s. 14(1)

s. 14(1)

1

\* Households shown are Own/Rent, unless otherwise noted

Intended for Applicant Use

**Page 530 Not Responsive**

## OPTION 1 Employment Income Incentive

## Low Behavioural Change

Current Working 8%

Future Working

s. 14(1)

s. 14(1)

## Net Cost

Household Type	Current						Future						Change
	Applied Rate	Non-Emp. Income	Emp. Income	IA Red.	Actual IA Received	Total	Applied Rate	Non-Emp. Income	Emp. Income	IA Red.	Actual IA Received	Total	
Single 0C Reg 45	\$761	\$76	\$16	\$76	\$685	\$777	s. 14(1)						
Single 0C Board	\$489	\$12	\$15	\$15	\$474	\$501							
Single 0C O/R	\$541	\$26	\$39	\$39	\$502	\$566							
Single 1C	\$814	\$25	\$100	\$74	\$740	\$865							
Single 2C	\$861	\$16	\$104	\$69	\$792	\$913							
Single 3C	\$879	\$14	\$110	\$70	\$809	\$933							
Couple 0C	\$1,058	\$184	\$115	\$236	\$822	\$1,121							
Couple 1C	\$1,100	\$77	\$202	\$186	\$914	\$1,192							
Couple 2C	\$1,100	\$47	\$232	\$175	\$925	\$1,204							
Couple 3C	\$1,122	\$39	\$178	\$136	\$986	\$1,202							

\* Households shown are Own/Rent, unless otherwise noted

## Low Behavioural Change

s. 14(1)

## Additional Employment Wages

s. 14(1)

s. 14(1)

HHType	Rate Increase	Employment Income Increase	Total
single - 0C	s. 14(1)		
single - 1C			
single - 2C			
single - 3C			
couple - 0C			
couple - 1C			
couple - 2C			
couple - 3C			

## OPTION 1 Employment Income Incentive

## Medium Behavioural Change

Current Working

8%

Future Working

s. 14(1)

## Net Cost

s. 14(1)

Household Type	Current						Future						Change
	Applied Rate	Non-Emp. Income	Emp. Income	IA Red.	Actual IA Received	Total	Applied Rate	Non-Emp. Income	Emp. Income	IA Red.	Actual IA Received	Total	
Single 0C Reg 45	\$761	\$76	\$16	\$76	\$685	\$777	s. 14(1)						
Single 0C Board	\$489	\$12	\$15	\$15	\$474	\$501							
Single 0C O/R	\$541	\$26	\$39	\$39	\$502	\$566							
Single 1C	\$814	\$25	\$100	\$74	\$740	\$865							
Single 2C	\$861	\$16	\$104	\$69	\$792	\$913							
Single 3C	\$879	\$14	\$110	\$70	\$809	\$933							
Couple 0C	\$1,058	\$184	\$115	\$236	\$822	\$1,121							
Couple 1C	\$1,100	\$77	\$202	\$186	\$914	\$1,192							
Couple 2C	\$1,100	\$47	\$232	\$175	\$925	\$1,204							
Couple 3C	\$1,122	\$39	\$178	\$136	\$986	\$1,202							

\* Households shown are Own/Rent, unless otherwise noted

## Medium Behavioural Change

s. 14(1)

## Additional Employment Wages

s. 14(1)

s. 14(1)

HHType	Rate Increase	Employment Income Increase	Total
single - 0C	s. 14(1)		
single - 1C			
single - 2C			
single - 3C			
couple - 0C			
couple - 1C			
couple - 2C			
couple - 3C			

## OPTION 2A: DETAILED ANALYSIS

s. 14(1)

Scenario Variables	Value
Single OC Reg 45	s. 14(1)
Single OC Board	
Single OC Own/Rent	
Single 1C	
Single 2C	
Single 3C	
Couple OC	
Couple 1C	
Couple 2C	
Couple 3C	

s. 14(1)



### Program Cost Changes:

s. 14(1)

Household Type	Current Rate	Current Applied Rate	Future Rates	Avg. Change	Cases		
					Win	No Change	Lose
Single OC Reg 45	\$810	\$761	s. 14(1)				
Single OC Board	\$498	\$489					
Single OC Own/Rent	\$575	\$541					
Single 1C	\$845	\$814					
Single 2C	\$895	\$861					
Single 3C	\$895	\$879					
Couple OC	\$1,120	\$1,058					
Couple 1C	\$1,170	\$1,100					
Couple 2C	\$1,170	\$1,100					
Couple 3C	\$1,170	\$1,122					



### Administrative Costs

s. 14(1)

s. 14(1)



### Cost to Eliminate Future State Deficits:

s. 14(1)

s. 14(1)

**Page 534 Not Responsive**



## OPTION 2B: DETAILED ANALYSIS Policy

s. 14(1)

Scenario Variables	Value
Single OC Reg 45	s. 14(1)
Single OC Board	
Single OC Own/Rent	
Single 1C	
Single 2C	
Single 3C	
Couple OC	
Couple 1C	
Couple 2C	
Couple 3C	



### Program Cost Changes:

s. 14(1)

Household Type	Current Rate	Current Applied Rate	Future Rates	Avg. Change	Cases		
					Win	No Change	Lose
Single OC Reg 45	\$810	\$761	s. 14(1)				
Single OC Board	\$498	\$489					
Single OC Own/Rent	\$575	\$541					
Single 1C	\$845	\$814					
Single 2C	\$895	\$861					
Single 3C	\$895	\$879					
Couple OC	\$1,120	\$1,058					
Couple 1C	\$1,170	\$1,100					
Couple 2C	\$1,170	\$1,100					
Couple 3C	\$1,170	\$1,122					



### Administrative Costs

s. 14(1)

s. 14(1)



### Cost to Eliminate Future State Deficits:

s. 14(1)

s. 14(1)

**Page 536 Not Responsive**

## OPTION 2C: DETAILED ANALYSIS

s. 14(1)

Scenario Variables	Value
Single 0C Reg 45	s. 14(1)
Single 0C Board	
Single 0C Own/Rent	
Single 1C	
Single 2C	
Single 3C	
Couple 0C	
Couple 1C	
Couple 2C	
Couple 3C	



### Program Cost Changes:

s. 14(1)

Household Type	Current Rate	Current Applied Rate	Future Rates	Avg. Change	Cases		
					Win	No Change	Lose
Single 0C Reg 45	\$810	\$761	s. 14(1)				
Single 0C Board	\$498	\$489					
Single 0C Own/Rent	\$575	\$541					
Single 1C	\$845	\$814					
Single 2C	\$895	\$861					
Single 3C	\$895	\$879					
Couple 0C	\$1,120	\$1,058					
Couple 1C	\$1,170	\$1,100					
Couple 2C	\$1,170	\$1,100					
Couple 3C	\$1,170	\$1,122					



### Administrative Cost

s. 14(1)

s. 14(1)



### Cost to Eliminate Future State Deficits:

s. 14(1)

s. 14(1)

**Page 538 Not Responsive**

# Changes in Adequacy

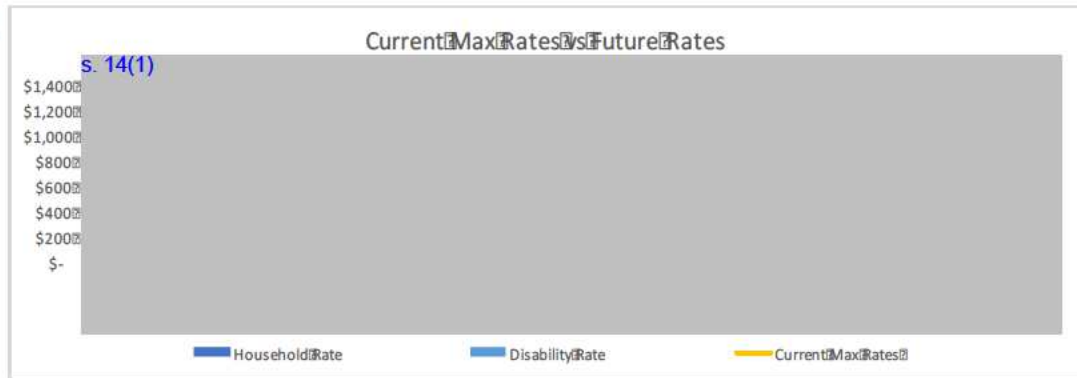
Option 1		Option 2A		Option 2B		Option 2C	
Caseload Segment	% change in adequacy by HH type	Caseload Segment	% change in adequacy	Caseload Segment	% change in adequacy	Caseload Segment	% change in adequacy
single - 0C	s. 14(1)	single - 0C	s. 14(1)	single - 0C	s. 14(1)	single - 0C	s. 14(1)
single - 1C							
single - 2C							
single - 3C							
couple - 0C							
couple - 1C							
couple - 2C							
couple - 3C							
Average % adequacy change s. 14(1)		Average % adequacy change s. 14(1)		Average % adequacy change s. 14(1)		Average % adequacy change s. 14(1)	
Cost: s. 14(1)		Cost: s. 14(1)		Cost: s. 14(1)		Cost: s. 14(1)	

**Pages 540 – 542 Not Responsive**

## OPTION 2D: DETAILED ANALYSIS

s. 14(1)

Household Type	% change in adequacy
single - 0C	
single - 1C	
single - 2C	
single - 3C	
couple - 0C	
couple - 1C	
couple - 2C	
couple - 3C	



### Program Cost Changes:

s. 14(1)

Household Type	Current Rate	Current Applied Rate	Future Rates	Avg. Change	Cases		
					Win	No Change	Lose
Single 0C Reg 45	\$810	\$761					
Single 0C Board	\$498	\$489					
Single 0C Own/Rent	\$575	\$541					
Single 1C	\$845	\$814					
Single 2C	\$895	\$861					
Single 3C	\$895	\$879					
Couple 0C	\$1,120	\$1,058					
Couple 1C	\$1,170	\$1,100					
Couple 2C	\$1,170	\$1,100					
Couple 3C	\$1,170	\$1,122					

\* Households shown are Own/Rent, unless otherwise noted



### Administrative Costs-

s. 14(1)

s. 14(1)



### Cost to Eliminate Future State Deficits:

s. 14(1)

s. 14(1)

**Page 544 Not Responsive**



## OPTION 2D Employment Income Incentive

## Low Behavioural Change

Current Working	8%
Future Working	s. 14(1)

## Net Cost

s. 14(1)

Household Type	Current		Future		Change
	Applied Rate	Total	Applied Rate	Total	
Single OC Reg 45	\$761	<b>\$777</b>	s. 14(1)		
Single OC Board	\$489	<b>\$501</b>			
Single OC O/R	\$541	<b>\$566</b>			
Single 1C	\$814	<b>\$865</b>			
Single 2C	\$861	<b>\$913</b>			
Single 3C	\$879	<b>\$933</b>			
Couple OC	\$1,058	<b>\$1,121</b>			
Couple 1C	\$1,100	<b>\$1,192</b>			
Couple 2C	\$1,100	<b>\$1,204</b>			
Couple 3C	\$1,122	<b>\$1,202</b>			

\* Households shown are Own/Rent, unless otherwise noted

## Adequacy

HHType	Rate Increase	Employment Incentive Increase	Total
single - 0C	s. 14(1)		
single - 1C			
single - 2C			
single - 3C			
couple - 0C			
couple - 1C			
couple - 2C			
couple - 3C			

## Low Behavioural Change

s. 14(1)

## Additional Employment Wages

s. 14(1)

## OPTION 2D Employment Income Incentive

## Medium Behavioural Change

Current Working	8%
Future Working	s. 14(1)

## Net Cost

s. 14(1)

Household Type	Current		Future		Change
	Applied Rate	Total	Applied Rate	Total	
Single OC Reg 45	\$761	<b>\$777</b>	s. 14(1)		
Single OC Board	\$489	<b>\$501</b>			
Single OC O/R	\$541	<b>\$566</b>			
Single 1C	\$814	<b>\$865</b>			
Single 2C	\$861	<b>\$913</b>			
Single 3C	\$879	<b>\$933</b>			
Couple OC	\$1,058	<b>\$1,121</b>			
Couple 1C	\$1,100	<b>\$1,192</b>			
Couple 2C	\$1,100	<b>\$1,204</b>			
Couple 3C	\$1,122	<b>\$1,202</b>			

\* Households shown are Own/Rent, unless otherwise noted

## Adequacy

Household Type	Rate Increase	Employment Incentive Increase	Total
single - OC	s. 14(1)		
single - 1C			
single - 2C			
single - 3C			
couple - OC			
couple - 1C			
couple - 2C			
couple - 3C			

## Medium Behavioural Change

## Additional Employment Wages

s. 14(1)

s. 14(1)

## OPTION 2E: DETAILED ANALYSIS

s. 14(1)

Household Type	% change in adequacy
single - 0C	
single - 1C	
single - 2C	
single - 3C	
couple - 0C	
couple - 1C	
couple - 2C	
couple - 3C	



### Program Cost Changes:

s. 14(1)

Household Type	Current Rate	Current Applied Rate	Future Rates	Avg. Change	Cases		
					Win	No Change	Lose
Single 0C Reg 45	\$810	\$761					
Single 0C Board	\$498	\$489					
Single 0C Own/Rent	\$575	\$541					
Single 1C	\$845	\$814					
Single 2C	\$895	\$861					
Single 3C	\$895	\$879					
Couple 0C	\$1,120	\$1,058					
Couple 1C	\$1,170	\$1,100					
Couple 2C	\$1,170	\$1,100					
Couple 3C	\$1,170	\$1,122					

\* Households shown are Own/Rent, unless otherwise noted



### Administrative Costs-

s. 14(1)

s. 14(1)



### Cost to Eliminate Future State Deficits:

s. 14(1)

s. 14(1)

**Page 548 Not Responsive**

## OPTION 2E Employment Income Incentive

## Low Behavioural Change

Current Working	8%
Future Working	s. 14(1)

## Net Cost

s. 14(1)

Household Type	Current		Future		Change
	Applied Rate	Total	Applied Rate	Total	
Single 0C Reg 45	\$761	<b>\$777</b>	s. 14(1)		
Single 0C Board	\$489	<b>\$501</b>			
Single 0C O/R	\$541	<b>\$566</b>			
Single 1C	\$814	<b>\$865</b>			
Single 2C	\$861	<b>\$913</b>			
Single 3C	\$879	<b>\$933</b>			
Couple 0C	\$1,058	<b>\$1,121</b>			
Couple 1C	\$1,100	<b>\$1,192</b>			
Couple 2C	\$1,100	<b>\$1,204</b>			
Couple 3C	\$1,122	<b>\$1,202</b>			

\* Households shown are Own/Rent, unless otherwise noted

## Adequacy

HHType	Rate Increase	Employment Incentive Increase	Total
single - 0C	s. 14(1)		
single - 1C			
single - 2C			
single - 3C			
couple - 0C			
couple - 1C			
couple - 2C			
couple - 3C			

## Low Behavioural Change

s. 14(1)

## Additional Employment Wages

s. 14(1)



Current Working

8%

Future Working

s. 14(1)

## OPTION 2E Employment Income Incentive

## Medium Behavioural Change

## Net Cost

s. 14(1)

## Adequacy

Household Type	Current		Future		Change
	Applied Rate	Total	Applied Rate	Total	
Single OC Reg 45	\$761	<b>\$777</b>	s. 14(1)		
Single OC Board	\$489	<b>\$501</b>			
Single OC O/R	\$541	<b>\$566</b>			
Single 1C	\$814	<b>\$865</b>			
Single 2C	\$861	<b>\$913</b>			
Single 3C	\$879	<b>\$933</b>			
Couple OC	\$1,058	<b>\$1,121</b>			
Couple 1C	\$1,100	<b>\$1,192</b>			
Couple 2C	\$1,100	<b>\$1,204</b>			
Couple 3C	\$1,122	<b>\$1,202</b>			

\* Households shown are Own/Rent, unless otherwise noted

Household Type	Rate Increase	Employment Incentive Increase	Total
single - OC	s. 14(1)		
single - 1C			
single - 2C			
single - 3C			
couple - OC			
couple - 1C			
couple - 2C			
couple - 3C			

## Medium Behavioural Change

## Additional Employment Wages

s. 14(1)

s. 14(1)

## NEW OPTION 2F: DETAILED ANALYSIS

s. 14(1)

Household Type	% change in adequacy
single - 0C	
single - 1C	
single - 2C	
single - 3C	
couple - 0C	
couple - 1C	
couple - 2C	
couple - 3C	



## Program Cost Changes:

s. 14(1)

Household Type	Current Rate	Current Applied Rate	Future Rates	Avg. Change	Cases		
					Win	No Change	Lose
Single 0C Reg 45	\$810	\$761					
Single 0C Board	\$498	\$489					
Single 0C Own/Rent	\$575	\$541					
Single 1C	\$845	\$814					
Single 2C	\$895	\$861					
Single 3C	\$895	\$879					
Couple 0C	\$1,120	\$1,058					
Couple 1C	\$1,170	\$1,100					
Couple 2C	\$1,170	\$1,100					
Couple 3C	\$1,170	\$1,122					

\* Households shown are Own/Rent, unless otherwise noted



## Administrative Costs-

s. 14(1)

s. 14(1)



## Cost to Eliminate Future State Deficits:

s. 14(1)

s. 14(1)

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## OPTION 2F Employment Income Incentive

## Low Behavioural Change

Current Working	8%
Future Working	s. 14(1)

Net Cost					\$20.4M				Adequacy			
Household Type	Current		Future		Change	HHType	Rate Increase	Employment Incentive Increase	Total			
	Applied Rate	Total	Applied Rate	Total								
Single OC Reg 45	\$761	\$777	s. 14(1)			single - 0C	s. 14(1)					
Single OC Board	\$489	\$501				single - 1C						
Single OC O/R	\$541	\$566				single - 2C						
Single 1C	\$814	\$865				single - 3C						
Single 2C	\$861	\$913				couple - 0C						
Single 3C	\$879	\$933				couple - 1C						
Couple 0C	\$1,058	\$1,121				couple - 2C						
Couple 1C	\$1,100	\$1,192				couple - 3C						
Couple 2C	\$1,100	\$1,204										
Couple 3C	\$1,122	\$1,202										

\* Households shown are Own/Rent, unless otherwise noted

Low Behavioural Change					Additional Employment Wages					s. 14(1)				
s. 14(1)														

## OPTION 2F Employment Income Incentive

## Medium Behavioural Change

Current Working	8%
Future Working	s. 14(1)

## Net Cost

s. 14(1)

Household Type	Current		Future		Change
	Applied Rate	Total	Applied Rate	Total	
Single 0C Reg 45	\$761	<b>\$777</b>	s. 14(1)		
Single 0C Board	\$489	<b>\$501</b>			
Single 0C O/R	\$541	<b>\$566</b>			
Single 1C	\$814	<b>\$865</b>			
Single 2C	\$861	<b>\$913</b>			
Single 3C	\$879	<b>\$933</b>			
Couple 0C	\$1,058	<b>\$1,121</b>			
Couple 1C	\$1,100	<b>\$1,192</b>			
Couple 2C	\$1,100	<b>\$1,204</b>			
Couple 3C	\$1,122	<b>\$1,202</b>			

\* Households shown are Own/Rent, unless otherwise noted

## Adequacy

Household Type	Rate Increase	Employment Incentive Increase	Total
single - 0C	s. 14(1)		
single - 1C			
single - 2C			
single - 3C			
couple - 0C			
couple - 1C			
couple - 2C			
couple - 3C			

## Medium Behavioural Change

s. 14(1)

## Additional Employment Wages

s. 14(1)



# ESIA Transformation

Risk Model and Risk Management / Application  
Final Deliverables

January 2017



## Table of Contents

Topics	Page
<b>Executive Summary</b>	<b>2-27</b>
<b>Introduction</b>	<b>28-29</b>
<b>Risk Model Design</b>	<b>30-45</b>
<b>Risk Management Framework Analysis</b>	<b>46-105</b>
1. <i>Initial Eligibility Review</i>	46-62
2. <i>Ongoing Eligibility Review</i>	63-70
3. <i>Annual Reviews</i>	71-80
4. <i>Reporting</i>	81-87
5. <i>Special Needs</i>	88-105
<b>Recommendations &amp; Conclusions</b>	<b>106-108</b>
<b>Appendices</b>	<b>109-151</b>

# EXECUTIVE SUMMARY

**Page 558 Not Responsive**

EXECUTIVE SUMMARY:

# RISK MODEL DESIGN

**Pages 560 – 563 Not Responsive**



EXECUTIVE SUMMARY:

## RISK MANAGEMENT FRAMEWORK

ANALYSIS & DESIGN RECOMMENDATIONS

**Pages 565 – 567 Not Responsive**

## 1) Initial Eligibility Review – Analysis, cont'd

- We then looked at the cost/benefit of conducting reviews on a certain % of 'high risk' applicants using the risk model
- Based on this analysis, the following cost/benefit has been determined:

### Recommendation:

s. 14(1)

s. 14(1)

% of Applicants Checked	# of Applicants Checked	% Detected	Net Benefit	Additional FTEs Required
-------------------------	-------------------------	------------	-------------	--------------------------

s. 14(1)

### Key Notes:

s. 14(1)

**Page 569 Not Responsive**

## 2) Ongoing/Periodic Eligibility Reviews, cont'd

- To begin the analysis, we looked at the cost/benefit of conducting reviews on a certain % of 'high risk' applicants using the risk model
- Based on this analysis, the following cost/benefit has been determined:

### Recommendation:

s. 14(1)

s. 14(1)

% of Clients Checked	# of Clients Checked	% Detected	Net Benefit	Additional FTEs Required
----------------------------	----------------------------	---------------	-------------	--------------------------------

s. 14(1)

### Key Notes:

s. 14(1)

**Page 571 Not Responsive**

### 3) Annual Reviews - Analysis

- We looked at the frequency of reviews and whether or not the current frequency (of 12 months) could be modified using the risk model
- The following three options were analyzed against current state and each other:

Option	Review Frequency			FTEs		Cost	
	Low Risk	Medium Risk	High Risk	Estimate	Savings	Estimate	Savings
Current	12 months	12 months	12 months	14.3 FTEs	--	\$1.21M	--

s. 14(1)

#### Recommendation:

s. 14(1)

s. 14(1)

Note: The volumes and time estimates for current state annual reviews were derived from the ESIA Administrative Cost Model

**Page 573 Not Responsive**



## 4) Monthly Income Statement Reporting - Analysis

Concept  
1

s. 14(1)

### Summary of Financial Analysis<sup>1</sup>

	Total Cost	Total FTE Requirement
Current State	\$952k	11.4
Proposed Future State <sup>2</sup>	s. 14(1)	
Total Savings / FTE Requirement		

<sup>1</sup> Numbers are derived from the ESIA Administrative Cost Model

s. 14(1)

## 4) Periodic Reporting

### Concept 2

s. 14(1)

For clients who are not reporting on a monthly basis, the following option has been recommended:

### Recommendation

s. 14(1)

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**Pages 576 – 577 Not Responsive**

## 5) Special Needs - Financial Analysis (Summary)

- s. 14(1)

- 

Special Need	Proposed Process	Savings	
		Cost	FTEs
Workshop Agreement			
59 Telephone	Allowance	s. 14(1)	
8 Optical - Glasses	Allowance		
15 Furnishings (select items)	Allowance		
87 EP - Child Care	Reoccurring		
2 Travel and Transportation	Reoccurring		
86 EP - Transportation	Reoccurring		
39 Child Care	Reoccurring		
46 Medical Transportation	Reoccurring		
60 Drugs (Non-Prescription)	Reoccurring		
Total:			

The estimated savings is

s. 14(1)

**Pages 579 – 581 Not Responsive**

## Summary of Financial Savings

Opportunity	Recommendation		
	Description	Savings / Avoidance	Δ FTEs
1. Initial Eligibility Review	s. 14(1)		
2. Ongoing / Periodic Eligibility Reviews			
3. Annual Reviews			
4. Reporting			
5. Special Needs			
Totals:			

# INTRODUCTION

**Page 584 Not Responsive**



# RISK MODEL DESIGN

**Pages 586 – 600 Not Responsive**

# 1. INITIAL ELIGIBILITY REVIEW

**Pages 602 – 608 Not Responsive**

## Cost/Benefit of the EDP Pilot Project (3 months)

The EDP pilot project was conducted to determine if the IA program could increase expenditure reduction by using its information verification tools (e.g. Equifax) to screen applicants who don't pose overt eligibility concerns.

% of Clients Checked	Clients Checked	Ineligible Clients	Eligible Clients	Estimated Cost <sup>1</sup>	Estimated Benefit <sup>2</sup>	Total FTE Estimate
100% of clients checked in <u>4 pilot offices</u> over a 3 months time frame	445	33	412	s. 14(1)		



A sample size of approximately 25%

Given the current workload for EDP referrals, the additional FTE requirement was 2.5 FTE<sup>3</sup>



**Conducting the pilot project on ~25% of the IA caseload for 3 months resulted in a \$139k net benefit with an additional requirement of 2.5 FTEs.**

<sup>1</sup> Cost = (3 hours per review / 70% efficiency when doing multiple) x \$59/hr + \$7 = \$262 per review

<sup>2</sup> Benefit = an average of \$7,743 savings per review

<sup>3</sup> Assumes an average of 868 EDP referrals per year = 2.3 FTEs

## Cost/Benefit of The EDP Pilot Project (1 year)

Using the pilot project results and the same process, we analyzed what net benefit would be for the entire IA caseload at intake for 1 year.

% of Clients Checked	Clients Checked <sup>1</sup>	Ineligible Clients	Eligible Clients	Estimated Cost <sup>2</sup>	Estimated Benefit <sup>3</sup>	Estimated Net Benefit	Total FTE Estimate
100% of clients checked in all offices over 1 year	10,069	747	9,322	s. 14(1)			



100% of unique IA clients at intake that were deemed eligible

Given the current workload for EDP referrals, the additional FTE requirement would be 25 FTE<sup>4</sup>



s. 14(1)

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<sup>1</sup> Derived from ICM total clients with a status change from pending to eligible clients in 2015

<sup>2</sup> Cost = (3 hours per review / 70% efficiency when doing multiple) x \$59/hr + \$7 = \$262 per review

<sup>3</sup> Benefit = an average of \$7,743 savings per review

<sup>4</sup> Assumes an average of 868 EDP referrals per year = 2.3 FTEs

**Page 611 Not Responsive**

## Cost/Benefit of Utilizing the Risk Model

When using the risk model to select clients for EDP referrals, the following cost/benefit is achieved:

% of Clients Checked	Clients Checked	% Detected	Ineligible Clients	Eligible Clients	Estimated Cost	Estimated Benefit	Net Benefit	Total FTE Estimate	Additional FTEs Required
Top 5%	503	28.6%	144	359	s. 14(1)				
Top 10%	1007	17.9%	180	827					
Top 20%	2014	11.6%	234	1780					
Top 50%	5035	9.1%	459	4575					
100%	10069	7.4%	747	9322					

s. 14(1)



## Cost/Benefit of Utilizing the Risk Model, cont'd

There will be diminishing returns as the percent of the caseload checked increases



% of Clients Checked	Total FTE Estimate	Additional FTEs Requires
Top 5%	s. 14(1)	
Top 10%		
Top 20%		
Top 50%		
100%		



## Cost/Benefit of Utilizing the Risk Model (Summary)

When using the risk model to select applicants for EDP referrals, the following cost/benefit is achieved:

% of Applicants Checked	# of Applicants Checked	% Detected	Net Benefit	Additional FTEs Required
Top 5%	503	28.6%	s. 14(1)	
Top 10%	1007	17.9%		
Top 20%	2014	11.6%		
Top 50%	5035	9.1%		
100%	10069	7.4%		



s. 14(1)

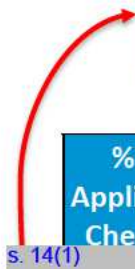
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**Pages 615 – 616 Not Responsive**

# Recommendation

**Recommendation:** s. 14(1)

s. 14(1)



<small>s. 14(1)</small>	% of Applicants Checked	# of Applicants Checked	% Detected	Net Benefit	Additional FTEs Required

## Key Notes:

s. 14(1)

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## 2. ONGOING / PERIODIC ELIGIBILITY REVIEWS

**Pages 619 – 620 Not Responsive**

## Cost/Benefit of Utilizing the Risk Model

When using the risk model to select clients for eligibility reviews (ERs), the following cost/benefit is achieved:

% of Clients Checked	Clients Checked	% Detected	Ineligible Clients	Eligible Clients	Estimated Cost	Estimated Benefit	Estimated Net Benefit	Total FTE Estimate
Top 1%	339	7.2%	24	314	s. 14(1)			
Top 2%	678	6.7%	46	632				
Top 3%	1016	6.4%	65	951				
Top 5%	1694	5.9%	100	1594				
Top 10%	3388	5.4%	182	3206				
Top 20%	6776	4.8%	328	6448				
Top 50%	16939	3.7%	622	16317				

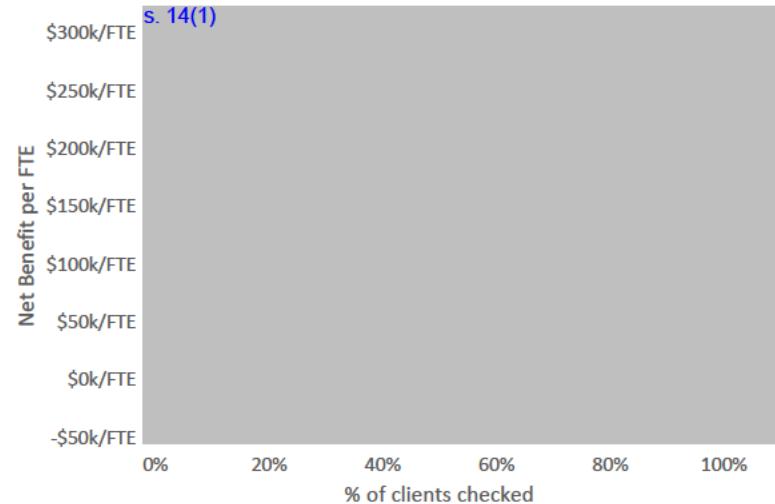
Assumes:

- s. 14(1)
- 
- \$8,810/review benefit (Source: FY15/16 actual savings)
- Annual case load 33,878 (Source: ICM Payments Files, Count of Unique IA case IDs for fiscal 2015)

## Cost/Benefit of Utilizing the Risk Model (summary)

After reviewing the results shown on the previous slide with workshop participants, there was concern that there should actually be more clients detected by the risk model. To account for this, a sensitivity analysis was performed (see Appendix C) and a conservative range was provided for the net benefit.

% of Clients Checked	# of Clients Checked	% Detected	Net Benefit	Additional FTEs Required
Top 1%	339	7.2%-14.4%	s. 14(1)	
Top 2%	678	6.7%-13.5%		
Top 3%	1016	6.4%-12.8%		
Top 5%	1694	5.9%-11.8%		
Top 10%	3388	5.4%-10.7%		





**Pages 623 – 624 Not Responsive**

## Recommendation

**Recommendation:** s. 14(1)

s. 14(1)

% of Clients Checked	# of Clients Checked	% Detected	Net Benefit	Additional FTEs Required
----------------------------	----------------------------	---------------	-------------	--------------------------------

s. 14(1)

### Key Notes:

s. 14(1)

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### 3. ANNUAL REVIEWS

**Page 627 Not Responsive**

## Annual Reviews Introduction, cont'd

s. 14(1)



Reporting Activity (Numbers derived from Admin Cost Model)	Total Cost	Total FTE Requirement
Annual Review: Prep, review with client, follow up (incl. IA Caseworker and IA Supervisor time)	s. 14(1)	

**Pages 629 – 631 Not Responsive**

## Financial Analysis, cont'd

Using the options on the previous slides and the client risk distribution, cost savings can be estimated

s. 14(1)

Option	Review Frequency			FTEs		Cost	
	Low Risk	Medium Risk	High Risk	Estimate	Savings	Estimate	Savings
Current	12 months	12 months	12 months	14.3 FTEs	--	\$1.21M	--
Option 1							
Option 2							
Option 3							

s. 14(1)

**Pages 633 – 634 Not Responsive**



## Recommendations

**Recommendation:**

s. 14(1)

s. 14(1)

Option	Review Frequency			FTEs		Cost	
	Low Risk	Medium Risk	High Risk	Estimate	Savings	Estimate	Savings
Current	12 months	12 months	12 months	14.3 FTEs	--	\$1.21M	--

s. 14(1)

## 4. REPORTING

**Page 637 Not Responsive**

# Monthly Income Statement Reporting

## Concept 1

s. 14(1)

**What if only the clients with income were required to report on a monthly basis?**

	Reporting Activity	Total Cost	Total FTE Requirement
<b>Current State</b>	Monthly Income Statement Reporting (complete/incomplete) (assumes 51% of client base on monthly reporting) <sup>1</sup>	\$952k	11.4
s. 14(1)			
	<b>Total Savings and FTE Requirement</b>	s. 14(1)	

<sup>1</sup> Numbers are derived from the Administrative Cost Model

<sup>2</sup> In 2015/16, 17% of clients reported income; however, only 8% budgets have income included indicating a significant portion of clients do not report income every month. These estimates are also aligned with the low and the high estimates from the Standard Household Rate work

**Pages 639 – 641 Not Responsive**

## Recommendations

s. 14(1)



## 5. SPECIAL NEEDS

**Pages 644 – 655 Not Responsive**



## Special Needs - Financial Analysis (Details)

- The following table includes a break-down of the cost estimates from current state to future state and the estimated savings (grand total)

Special Need	Proposed Process	Current State				Future State				Savings	
		Set Up Cost	Receipt Processing Cost	Total Admin Cost	FTEs	Set Up Cost	Receipt Processing Cost	Total Admin Cost	FTEs	Cost	FTEs
Workshop Agreement											
59 Telephone	Allowance	\$111k	\$116k	\$227k	2.8FTEs	s. 14(1)					
8 Optical - Glasses	Allowance	\$16k	\$4k	\$20k	0.2FTEs						
15 Furnishings (select items)	Allowance	\$35k	\$8k	\$43k	0.5FTEs						
2 Travel and Transportation	Reoccurring	\$96k	\$41k	\$138k	1.7FTEs						
86 EP - Transportation	Reoccurring	\$148k	\$26k	\$174k	2.1FTEs						
46 Medical Transportation	Reoccurring	\$562k	\$134k	\$696k	8.5FTEs						
39 Child Care	Reoccurring	\$157k	\$8k	\$165k	2.0FTEs						
87 EP - Child Care	Reoccurring	\$54k	\$6k	\$60k	0.7FTEs						
91 Ambulance	Standardization	\$51k	\$4k	\$55k	0.7FTEs						
107 EP - Work Related Expenses	Standardization	\$23k	\$4k	\$26k	0.3FTEs						
60 Drugs (Non-Prescription)	Reoccurring	\$331k	\$23k	\$354k	4.3FTEs						
Total:				\$1.95M	24FTEs						

Notes:

s. 14(1)

## Special Needs - Financial Analysis (Summary)

- The special needs that were identified as being potential candidates for an allowance based delivery method or within a 'reoccurring process' are likely to produce some administrative savings, while providing a better overall client experience
- By shifting to more allowance based delivery or the reoccurring process, clients should have more control over their own lives

Special Need	Proposed Process	Savings	
		Cost	FTEs
Workshop Agreement			
59 Telephone	Allowance	s. 14(1)	
8 Optical - Glasses	Allowance		
15 Furnishings (select items)	Allowance		
87 EP - Child Care	Reoccurring		
2 Travel and Transportation	Reoccurring		
86 EP - Transportation	Reoccurring		
39 Child Care	Reoccurring		
46 Medical Transportation	Reoccurring		
60 Drugs (Non-Prescription)	Reoccurring		
Total:			

The estimated savings is s. 14(1)

**Pages 658 – 659 Not Responsive**

## Recommendations

s. 14(1)

Special Need	Proposed Process	Savings	
		Cost	FTEs
Workshop Agreement			
59 Telephone	Allowance	s. 14(1)	
8 Optical - Glasses	Allowance		
15 Furnishings (select items)	Allowance		
87 EP - Child Care	Reoccurring		
2 Travel and Transportation	Reoccurring		
86 EP - Transportation	Reoccurring		
39 Child Care	Reoccurring		
46 Medical Transportation	Reoccurring		
60 Drugs (Non-Prescription)	Reoccurring		
Total:			

# RECOMMENDATIONS & CONCLUSIONS

## Recommendations and Savings

Opportunity	Description	Savings	Δ FTEs	Recommendation		
				Description	Savings	Δ FTEs
1. Initial Eligibility Review	s. 14(1)					
2. Ongoing / Periodic Eligibility Reviews						
3. Annual Reviews						
4. Reporting						
5. Special Needs						
Totals:			s. 14(1)			

**Page 663 Not Responsive**

# APPENDICES



Appendix A:  
Ineligibility Review  
Analysis Approach & Assumptions

**Pages 666 – 667 Not Responsive**

## Appendix B: Ineligibility Review Process Diagrams

**Pages 669 – 671 Not Responsive**

## Appendix C: Ongoing Eligibility Review Sensitivity Analysis

## Sensitivity Analysis:

### Sensitivity of Net Benefit to Review Time and Percent Detectable On Caseload

% of Clients Checked:	1%
Annual ERs:	339

Ineligible clients on caseload	ER Length			
	4hr ER	5hr ER	6hr ER	7hr ER
2.6%	s. 14(1)			
5.2%				
7.8%				
10.4%				
FTE Requirement				

% of Clients Checked:	2%
Annual ERs:	678

Ineligible clients on caseload	ER Length			
	4hr ER	5hr ER	6hr ER	7hr ER
2.6%	s. 14(1)			
5.2%				
7.8%				
10.4%				
FTE Requirement				

% of Clients Checked:	3%
Annual ERs:	1016

Ineligible clients on caseload	ER Length			
	4hr ER	5hr ER	6hr ER	7hr ER
2.6%	s. 14(1)			
5.2%				
7.8%				
10.4%				
FTE Requirement				

% of Clients Checked:	5%
Annual ERs:	1694

Ineligible clients on caseload	ER Length			
	4hr ER	5hr ER	6hr ER	7hr ER
2.6%	s. 14(1)			
5.2%				
7.8%				
10.4%				
FTE Requirement				

% of Clients Checked:	10%
Annual ERs:	3388

Ineligible clients on caseload	ER Length			
	4hr ER	5hr ER	6hr ER	7hr ER
2.6%	s. 14(1)			
5.2%				
7.8%				
10.4%				
FTE Requirement				

% of Clients Checked:	20%
Annual ERs:	6776

Ineligible clients on caseload	ER Length			
	4hr ER	5hr ER	6hr ER	7hr ER
2.6%	s. 14(1)			
5.2%				
7.8%				
10.4%				
FTE Requirement				

Appendix D:  
Ongoing Eligibility Review  
Review Time Justification

**Pages 675 – 676 Not Responsive**



## Appendix E: Ongoing Eligibility Review Process Diagrams

**Pages 678 – 679 Not Responsive**

## Appendix F: Annual Reviews Additional Factors Considered

**Page 681 Not Responsive**

## Appendix G: Annual Reviews Process Diagrams

**Pages 683 – 686 Not Responsive**

## Appendix H: Reporting Process Diagrams

**Pages 688 – 690 Not Responsive**



Appendix I:  
Special Needs  
Figures & Tables from Analysis

**Pages 692 – 706 Not Responsive**



# ESIA: Standard Household Rate

June 2017



**Pages 708 – 709 Not Responsive**

# Standard Household Rate:

s. 14(1)



## Program Cost Changes:

s. 14(1)

Household Type	Current Rate	Current Applied Rate
Single 0C Reg 45	\$810	\$761
Single 0C Board	\$498	\$489
Single 0C Own/Rent	\$575	\$541
Single 1C	\$845	\$814
Single 2C	\$895	\$861
Single 3C	\$895	\$879
Couple 0C	\$1,120	\$1,058
Couple 1C	\$1,170	\$1,100
Couple 2C	\$1,170	\$1,100
Couple 3C	\$1,170	\$1,122

\* Household

s. 14(1)

Cases



## Administrative Costs-

s. 14(1)

s. 14(1)

## Cost to Eliminate Future State Deficits:

s. 14(1)

s. 14(1)

**Page 711 Not Responsive**

# Standard Household Rate: Impacts

Net Cost					Adequacy			
Household Type	Current		Future		Change	HHType	Rate Increase	Employment Incentive Increase
	Applied Rate	Total	Applied Rate	Total				
Single OC Reg 45	\$761	\$777	s. 14(1)			single - 0C	s. 14(1)	
Single OC Board	\$489	\$501				single - 1C		
Single OC O/R	\$541	\$566				single - 2C		
Single 1C	\$814	\$865				single - 3C		
Single 2C	\$861	\$913				couple - 0C		
Single 3C	\$879	\$933				couple - 1C		
Couple 0C	\$1,058	\$1,121				couple - 2C		
Couple 1C	\$1,100	\$1,192				couple - 3C		
Couple 2C	\$1,100	\$1,204						
Couple 3C	\$1,122	\$1,202						

Low Behavioural Change					Additional Employment Wages			

## Standard Household Rate:

Not Responsive

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- **Net Cost:** s. 14(1)



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