EXPLORING THE LOCAL IMPLEMENTATION OF ONTARIO WORKS

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Ever since the election of Mike Harris’s Progressive Conservative government in 1995, welfare (social assistance) in Ontario has been in a state of almost constant flux. Between 1995 and 2003, for example, a raft of new rules and regulations were adopted and new business practices and technologies were introduced, along with new funding and service delivery models.¹

At the heart of these changes lies the transition to an increasingly employment-focused welfare system, characterized by the introduction of Ontario Works (OW), a compulsory, work-first program focused on rapidly attaching participants to available local jobs. When OW was first implemented, the provincial government also downloaded increased responsibilities to municipalities, pledging to allow them greater flexibility to design “local solutions.” This mirrored the federal strategy of downloading, reflected in the replacement of the Canada Assistance Plan (CAP) by the Canada Health and Social Transfer (CHST) in 1996. Significantly, the loss of national standards under CHST combined with the promise of greater provincial flexibility and opened up the space for compulsory local “workfare” programs like OW.

These changes in Ontario reflect the well documented transformation of welfare states internationally, with a shift from “passive” income support programs to “active” welfare-to-work strategies. While the former were widely criticized for creating welfare “dependency,” the new approaches sought to improve the attitude, motivation, and general “employability” of the unemployed and rapidly attach them to available jobs.² Although no single new model has emerged across countries,³ a number of conventions...
have become evident. For example, programs are often compulsory rather than voluntary; take a short-term or work-first approach, rather than providing longer-term investments in human capital; reflect an increased marketization and/or privatization of welfare; focus on tax credits and other incentives to “make work pay,” and enforce strict sanctions and time limits.4

In addition, there has been a significant shift in program design and delivery to the regional/local scale. As we describe below, the notion of rescaling — which captures the ways in which social relations are being reconstituted and restructured into new interscalar arrangements — is intimately connected with the process of welfare state redesign5 and, in this case, the production of these “workfarist” conventions. The decentralization of welfare in Ontario, for example, has been accompanied by proscriptive rules, decreased funding, and narrow performance measures. The result has been a claustrophobic policy environment in which low-cost, short-term, “workfarist” responses are privileged and encouraged.

Recent developments in theories about scale and scalar relations have proven particularly insightful in analyzing welfare state transformations. The restructuring and rescaling of welfare is just part of the “kaleidoscope of intertwined geographical transformations,”6 which has seen more and more of the “static” postwar scalar fix “melt” and change. In this process, there has been growing recognition that “scale matters,” leading to significant changes in theorizing both the content of, and the relations between, geographical scale.7 In contrast to the broader social sciences where scale still remains largely understood as fixed and “pre-given” — a “nested hierarchy of bounded spaces of differing size such as the local, regional, national and global”8 — since the 1990s in particular, geographers have explored the ways in which scale is produced and constructed.9

Within these accounts, scale, it is persuasively argued, should not be understood as a series of hierarchical levels in which social processes are stored. Instead, scales should be viewed as historical products, socially constructed and politically contested and deeply interwoven and tangled. As Smith10 explains, there is nothing ontologically given about the traditional division between, for example, home and locality, urban and regional, national and global scales. Scales are not fixed, but rather fluid and contested;
the product of social struggle for power and control. The scale at which any social process operates, therefore, is the outcome of political struggle between competing interests. Different scales are, in effect, different sites of control and domination. Simultaneously, though, they are also sites of cooperation and fragile compromise and, as such, are subject to challenge and change.

Since scales are neither pre-given nor fixed, particular scales are less important in the study of particular social processes than the changing relations between scales. As Brenner explains, each scale must be understood with respect to “its embeddedness or positionality within a broader scalar hierarchy.” This relational view of scale suggests that as social processes cannot be categorically assigned to specific scales, relationships between scales and social processes must also be understood as historically and geographically contingent. Within this framework, postwar scalar settlements also emerge as political constructions subject to periodic contestation.

In part, the restructuring and rescaling of welfare has been legitimized through a deeply political “scalar narrative” in which the “taken-for-grantedness” of geographic scale has obscured the socially constructed and politically contested nature of scale. Characterizing scale in an absolute and categorical manner, neoliberal discourses offer a stylized account of change: national states have to be “rolled back” so that local (market) innovation can compete and prosper within a deregulated global economy. Apparently incontestable global forces provide both growing pressure for fiscal austerity as well as broader “policy guidance” by international agencies, leading to changes in interscalar relations within countries.

In the context of an increasingly deregulated and fast-paced global economy, neoliberal discourses have recast traditional “top-down,” national welfare states as insufficiently flexible. Consequently, as part of the search for a new scalar fix with new regulatory strategies and structures, national Keynesian-Fordist institutions are being rolled back and new forms of neoliberal regulation are being “rolled out” at a range of different scales. Terms such as “glocalization” and the “hollowed out state” capture this process of change, with authority pushed upwards to supranational agencies like the World Bank and the International Monetary Fund, downwards to the regional and local state, and outwards to the private sector.
Such notions provide useful theoretical insight into these trends. As operationalized, however, they tend to exaggerate the extent to which change has diminished the significance of the national scale. As interscalar arrangements continue to be reconfigured, the national scale remains a significant site of state strategy and regulation, and retains an important, albeit different coordinating or “metagovernance” role.\textsuperscript{17} In the United Kingdom, for example, successive national Conservative and Labour governments made local experimentation possible by changing programme and funding structures to encourage locally distinct provision.\textsuperscript{18} The result has been a range of geographically targeted health, education, and employment zones. In the United States, the federal government has played a key role in promoting local welfare reform, including federally funded local welfare demonstration projects and federal waivers.\textsuperscript{19} Experience on the ground, therefore, suggests that the significance of the national has been relativized instead of removed. Indeed, rather than the roll back of the national state in general, there is evidence of the roll back of a particular historically and geographically specific state form.\textsuperscript{20}

Rescaling has also intensified the roll out of local policy experiments. As part of this transformation, local spaces have come to be viewed as key institutional arenas for a wide range of policy experiments in the belief that this provides opportunity for innovation, to rapidly learn what works, to develop and share best practices and, above all, to provide “local solutions.”\textsuperscript{21} However, as Brenner and Theodore note, rather than renewed local authority, this “revival of the local” may more accurately reflect the harsher realities of deregulation and intensified interspatial competition.\textsuperscript{22} In this scenario, such policy experiments may be increasingly vulnerable to extra-local, political-economic forces, with constraints creating a race to the bottom in program design and delivery. In this context, decentralization and localization is not only changing the hierarchy of the regulation of poor people, it is also changing the form and function of provision as part of an ongoing transition from national welfare to local workfare.\textsuperscript{23}

National welfare states were both collections of programmes with concrete outcomes, rules, and entitlements and also overarching regulatory mechanisms in which institutions reflected historically and geographically distinctive
political compromises. Key regulatory processes, such as macroeconomic management, employment maintenance, and redistribution, were locked into the national scale. The transition to workfare, however, reveals different concrete functions as well as the pursuit of different regulatory objectives at different scales. Standing in direct opposition to the previous welfare norms of entitlement and needs-based provision, therefore, the rise of local workfare experiments reflects both the search for alternative approaches to labour market and social policies and a fundamental change in the structure and strategic orientation of capitalist states.24

Against this background, this paper reports the findings of qualitative research25 conducted in Toronto, Ottawa, Peel Region, and Niagara Region between late 2002 and 2004 to explore how provincial welfare policy goals in Ontario have been “made” into policy at the local level, and to what extent local solutions have proved possible. Each of the four research sites provides unique insight into the nature of reform on the ground. Toronto, for example, has the fourth largest social delivery system in the country, and along with Peel, serves a particularly diverse and complex caseload. Niagara and Ottawa, meanwhile, with their respective reliance on agricultural/seasonal and high-tech/knowledge economies, provide an equally distinctive lens through which to examine these issues. Collectively, the four sites are especially significant because they represent the vast majority of the social assistance caseload in Ontario and, as such, provide evidence of how reform “looks” and “feels” for the majority of recipients. Finally, like many studies, this research was not immune to the constraints of time and finance, which in this case limited the research sites to Southern Ontario.

This paper begins by tracing the decentralization and localization of key aspects of Canadian welfare and training policy, noting that while greater responsibility has been downloaded to the provinces, the federal government has firmly fixed the parameters for reform. Shifting next to focus on the provision of Employment Assistance (EA) in Ontario, the paper notes that despite the rhetoric of an employment-focused program, each site reported that Ontario Works was not functioning adequately as an employment program. A key factor in this was the provincial tendency to “micro-manage” municipal delivery. The paper also argues that despite both the rhetoric of
local flexibility by the province and the desire of municipalities to stamp a
local flavour on program design and delivery, provincial rules and strategies
have effectively constrained the ability of municipalities to develop truly
local solutions. The paper notes three key areas in which provincial control
has effectively shaped and constrained local responses: the funding model
for Employment Assistance; the Service Delivery Model and associated
Technology (SDMT), and a number of specific policy directives, especially
mandatory literacy and drug testing. As a result, the paper concludes that,
in Ontario, the scope for developing local solutions is set within narrow
parameters that privilege short-term, low-cost, workfarist strategies.

Permissive Federalism, Provincial Power

There is broad agreement that
Canada’s welfare architecture has been significantly redesigned over recent
years. A key part of that change has been the transformation of federal-
provincial relations involving the rescaling of program design and delivery,
especially with regard to welfare, employment, and training policy.
While the early development of the institutions of Canada’s “permeable Fordism” was synonymous with increasing federalization, the later restructuring of welfare has been inextricably linked with greater decentralization and the “crisis of federalism.” In this way, a combination of local experiments and federal reforms have worked to “roll back” national welfare and “roll out” new forms of local workfare, which are transforming the world of employment assistance for welfare recipients.

The 1960s and 1970s represented the high point of both the Canadian welfare state and of “cooperative federalism.” Under the Canada Assistance Plan (CAP), entitlement to benefits, at least in principle, was absolute, and the provinces were prohibited from attaching requirements to the receipt of welfare. In practice, provinces and municipalities required able-bodied recipients to look for work and accept any job they were physically capable of doing, but the formal implementation of workfare as “work-in-exchange-for-welfare” remained ineligible for federal shared-cost support.

In line with other advanced industrialized nations, Canada began to reduce social programs in the 1970s and 1980s, with reforms diverting funding into active labour market programmes such as job training.
the backdrop of recession, “deficit-mania,” and the increasingly dominant neoliberal discourse, debates on the extent of federal involvement in areas of provincial jurisdiction took on a heightened significance. Several provinces began to experiment with welfare-to-work programs. In British Columbia, for example, benefit levels were frozen and then reduced in conjunction with work incentive programs, and in Saskatchewan benefits were reduced to encourage “voluntary” participation in training/work programs.\(^{31}\) The federal-provincial Agreement on the Enhancement of Employment Opportunities for social assistance recipients was adopted in 1985.\(^ {32}\) As Bashevkin notes, this allowed the provinces to develop a variety of local pilot programs, including work-for-welfare schemes penalizing non-participants, with full federal cooperation and generous federal funding.\(^ {33}\) Indeed, by the late 1980s, all of the provinces were implementing some form of welfare-to-work program.

At the same time, the federal presence in training support was also undergoing significant change.\(^ {34}\) In addition to the financial, job search, and training supports provided to eligible recipients by Unemployment Insurance (UI) and Human Resources Development Canada (HRDC), the Designated Group Policy (DGP) was targeted to women, youth, social assistance recipients, and others facing “disadvantage.” While resources were always limited, DGP at least provided a framework through which the most disadvantaged, including welfare recipients, could access training. Over time, however, this position gradually eroded. Since the mid-1990s in particular, labour market deregulation and federal withdrawal from training, radical restructuring of Employment Insurance, and the transfer of responsibility for active employment measures to the provinces have combined to leave those on welfare increasingly isolated.\(^ {35}\)

In 1990, the federal government unilaterally announced a limit on cost-sharing CAP with the richer provinces.\(^ {36}\) In addition, the DGP ended, UI was replaced by Employment Insurance (EI) with stricter eligibility rules, and a range of Labour Market Development Agreements (LMDA) was adopted with individual provinces. The only exception was Ontario. In practice, as noted below, the LMDAs have provided considerably less provincial flexibility than might have been expected. As Critoph notes, there is
no flexibility to change eligibility criteria and extremely limited flexibility to alter the program design and delivery.\textsuperscript{37} That said, the absence of additional funding perhaps led to even greater cost pressures on employment assistance programming in Ontario and provided less impetus to address program fragmentation.

The renaming of UI as EI underlined the change from support to activation that had been underway for several years. EI further tightened eligibility for benefits, the Federal government reduced the amount of training purchased for the unemployed, and transferred funds to the provinces for local welfare-to-work initiatives. The creation of the Human Resources Investment Fund reduced and then eliminated previous funding for equity groups initiatives; denied assistance to welfare recipients; removed national standards allowing provinces to set rules, and shifted the costs of training to individuals through loans.\textsuperscript{38} As a result, public equity policy and programs have largely disappeared and access to training has become more individualized and market-based, providing only short-term interventions.

The adoption of LMDA, meanwhile, transferred to the provinces responsibility for dealing with training and employment services for people who were eligible for EI. While appearing to provide the provinces with greater flexibility, the agreements also embedded federal training policies with an emphasis on “employability.”\textsuperscript{39} In general terms within neoliberal discourse and practice, the notion of employability (which captures the range of jobseeker characteristics such as work ethic and employment and wage expectations and behaviours) is seen as key in determining employment chances. In locating both the problems and solutions of labour market policy on the supply side of the economy, however, such approaches are insufficient for addressing unemployment, social exclusion, and economic inequality.\textsuperscript{40} In this specific example, the performance measures governing the agreements encouraged provinces to serve large numbers and to focus on low-cost, work-first strategies. In particular, tighter eligibility requirements for EI and social assistance have made it harder to identify those in need of training because many are diverted from programs and others no longer qualify. In theory, therefore, while the transfer of training to the provinces created possibilities for more integrated delivery, in practice it has
increased the potential for uneven access, program content, and delivery in training, with a bias in favour of those easiest to serve under the new EI rules.\textsuperscript{41}

The federal encouragement of local workfare experiments also continued into the 1990s with the 1994 budget announcing support for innovative approaches to welfare reform in partnership with provinces, and local initiatives such as New Brunswick Works and the Self-Sufficiency Project.\textsuperscript{42} In 1995, the Canada Health and Social Transfer proved to be the final nail in the coffin of Canada’s postwar welfare state.\textsuperscript{43} As “compensation” for the billions of dollars removed from welfare under CHST, the provinces were granted significantly greater flexibility in their options for welfare programming.

As many provinces were also dealing with deficits, they welcomed the opportunity to restructure welfare in more “cost effective” ways. Numerous provinces reduced welfare beyond the point of CHST cost-neutrality using the federal cuts as an excuse for further reductions. It is important to recognize that while “patchworks of purpose”\textsuperscript{44} were evident under CAP, the context was very different from that of CHST. For example, under CAP, eligibility was based solely on a test of financial resources and needs, and programs, such as New Brunswick Works, were voluntary and non-participation did not lead to disentitlement. Similarly, financial incentives delivered through the Self-Sufficiency Project were voluntary, experimental, and based on wage supplements.\textsuperscript{45} Under CHST, with no enshrined right to welfare, no national standards, and no right of appeal, the welfare framework was drastically rewritten. Perhaps most importantly, reduced federal funding actively encouraged short-term, low cost, workfarist strategies, institutionalizing such practices regardless of provincial politics.

It is evident, therefore, that while decentralization and localization have led to the new structures of welfare being constructed at the local level, these structures have been framed by the strong fiscal hand of the federal government. The centre has played a crucial role in “opening up” and privileging the local scale: from federally funded local experiments creating the political space and momentum for local welfare reform, to increased flexibility creating a self-sustaining dynamic for greater local political flexibility.
and autonomy, and finally to spatial unevenness being codified in the CHST legislation. Accordingly, the restructuring and rescaling of welfare does not simply privilege the local scale in the way that welfare states were pre-eminently the preserve of national government. Instead, within an internationally pre-eminent downscaling dynamic, the role of national government is being redefined rather than removed: while the local level translates national policy goals and local lessons into concrete outcomes, the centre, through its control of fiscal levers, provides the overall policy framework. As described below, this agenda-setting and policy steering is equally evident in Ontario, despite talk of increased local flexibility.

**Delivering Ontario Works: Provincial Philosophies, Local Visions**

Mirroring the federal downloading strategy, the Ontario government authorized a re-examination of provincial-municipal roles and responsibilities shortly after taking office. The Local Service Realignment Act (LSR), 1998, made sweeping changes as responsibility for a range of services previously funded provincially was transferred to municipalities. Most significantly, much of the cost of, and responsibility for, welfare was downloaded to 47 local delivery agents, or Consolidated Municipal Service Managers (CMSM). In addition, as part of LSR, municipalities assumed responsibility for all single parent welfare cases previously served by the provincial Family Benefit program.

In keeping with the emerging conventions of workfarist reform noted earlier, the centrepiece of reform, Ontario Works (OW), is a compulsory, work-based program with two core components: Employment Assistance (EA) and Financial Assistance (FA). Eligibility to receive welfare is based on an assessment of financial need and the recipient’s participation in employment activities that seek to move the participant to paid employment. In accordance with policy directives, individual employment plans must identify the “shortest route to employment” for each recipient. EA is compulsory for the vast majority of those considered eligible for OW and has three components: Community Participation (CP), which provides unpaid work placements primarily in the non-profit or public sectors for up to six months at 17 to 70 hours per month; Employment Placement (EP), which provides job-ready clients opportunities in unsubsidized or subsidized employment
and/or assistance to develop self-employment opportunities, and Employment Supports (ES), which includes activities such as job search, basic education, job-specific skill training, and other education and training supports geared to help participants re-enter the workplace.

**The Research Sites** Our research found a number of distinct historical periods in the local responses to the delivery of OW. The first was a period of opposition and reluctant participation as municipalities clashed with the province about the philosophy of OW and the province countered by publicly condemning those municipalities that failed to impose the program as the province envisioned. Second, once the political job of welfare reform had been achieved — i.e., the slashing of welfare caseloads — some respondents identified a more pragmatic provincial response. As one well placed informant explained, “Once caseload reduction was realized and they had created a social assistance ‘chill,’ then the job was effectively done and it fell back to the bureaucrats who listened a little more” (Key Informant (KI) #24). During this period, local delivery agents were able to “play the game” and make the most of additional funding to make the strategic investments they wanted (within provincial constraints). Finally, as the caseload stabilized and there were fewer savings or incentive and innovation payments to access, there followed a period of acute financial pressures locally.

Toronto was one of the delivery agents best equipped to meet the new challenges presented by OW. Toronto has a history of providing employment programs and supports to social assistance clients dating back to the 1970s and has long been a leader among municipal delivery agents in the provision of employment services. In contrast to smaller municipalities, therefore, Toronto already had a “mature employment service infrastructure,” and within the parameters of OW sought to develop a “made-in-Toronto” approach. Despite this history, key local challenges remained. In part, these related to a caseload that is unique within Ontario in terms of scale, diversity, and turnover. In 2003, for example, the City served approximately 130,000 clients with a turnover far in excess of other municipalities. The caseload is skewed with employable clients who leave quickly and an increasing number of long-term clients with substantial employment barriers.
Indeed, almost 40 percent have less than grade 12 education and 60 percent have little or no work experience. Moreover, more than one third of all clients completed their education outside of Canada.48

Another key challenge was working within the guidelines of a program that in many ways ran counter to the local vision of welfare. For example, a major point of contention initially was the mandatory nature of OW, which raised problems for many delivery agents who were strongly opposed to compulsion. The guiding principles for delivery of OW in Toronto were strikingly different, including goals to “make participation voluntary,” “to provide meaningful and relevant opportunities through job creation,” and “to treat the program as part of an overall economic strategy that ensures jobs are available.”49

This was equally true in Ottawa, where there was also a well developed history of delivering programs within a different framework. As one local politician explained:

The notion of replacing our prevailing paradigm, which was the notion of investing in people and supporting people — giving them the opportunity to make changes in their lives — to replace that with a punitive regime was uncomfortable and unpleasant and not what we wanted to do (KI #5).

As the centre not only of government but also of research and development and high-tech industries, Ottawa is home to the most educated workforce in Canada, and has an economy that has consistently outperformed much of the country in recent years. Like Toronto, however, the city has faced key challenges, including welfare caseloads that are higher than both provincial and national averages. In this context, the local opposition to compulsion reflected not just a clash of values, but as was repeated numerous times, also a dispute between provincial ideology and local knowledge. For those charged with implementing OW, compulsion jarred with years of local experience.

In sharp contrast to Toronto and Ottawa, the challenge for Niagara, with its mix of urban and rural communities, was developing sufficient training capacity of suitable quality. As one administrator in Niagara noted, “In over
20 years, we have rarely run a program where we didn’t have more volunteers than we had seats available” (KI #12). Positive local rhetoric suggests that local employment programs can meet the needs of an economy requiring 50,000 new workers, many of them highly skilled. Indeed, local senior OW figures remained optimistic that despite “significant provincial control, there is scope to interpret locally in a more sensitive way” (KI #1). The seasonal nature of the economy, however, and the challenges created by a caseload with complex and multiple needs has significantly shaped local provision. Indeed, driven by the provincial philosophy that welfare recipients should take the “shortest route to a job,” Niagara’s strong agricultural base initially led to truncated training opportunities, described locally as a “treadmill” (KI #12), with participants placed in training only to have it end when seasonal jobs became available.

The desire to stamp a distinct, local flavour on programming was also evident in Peel, the final research site, with a public emphasis on “shortest and best” rather than the “shortest route.” The program rebranded itself as Ontario Works in Peel (OWIP) in a further attempt to localize it. Given its location within the GTA, Peel is a settlement area of choice for immigrants; almost 45 percent of the population was born outside of Canada. Approximately 20 percent of Peel residents have less than a high school education. The local economy, which experienced a booming construction sector with the major expansion of Pearson International airport, is composed of a diversified service sector encompassing almost three quarters of local jobs. However, unlike the majority of delivery agents, OWIP experienced a nine percent caseload increase in 2002, rising to an average of 8,000 families supported by OW each month in 2003. The relatively high numbers of sole support parents relative to the province as a whole (46 percent compared to 40 percent), the relatively low level of singles (39 percent compared to 47 percent), and the ethnic diversity of the caseload (with 94 languages and dialects) were all considered factors in this increase. The local response was to develop a “Seven Point Caseload Reduction Plan,” perhaps identifying the local philosophy as the closest of the research sites to the provincial philosophy. Indeed, as one local manager conceded, the “notion of looking for the most expedient and quickest route” remains (KI #18).
There was a strong sense in each research site that delivery agents had successfully stamped their own local vision onto programming. This was evident in the “made in Toronto” approach, for example, which had sought to develop a two-speed strategy “emphasizing client choice within a mandatory framework.” Similarly, the OWIP strategy, which one senior local informant noted had allowed them to “humanize” OW locally and “to turn what many of us saw as mean-spirited into a real opportunity for social assistance clients … with wonderful opportunities that we would never have been able to afford in the past” (KI #7). This local boosterism, however, was countered by a realization that under the Progressive Conservatives OW was “amongst the most centralist regimes ever in Ontario” (KI #24), and that the local challenge was increasingly one of balancing compliance with provincial requirements and providing value-added local services.

**How Local is Local?: Downloading Costs, Centralizing Control**  
In each research site, there was a strong belief that, despite provincial rhetoric, OW was not functioning adequately as an employment-focused program. The provincial tendency to “micro-manage municipal delivery to an unprecedented degree” led local delivery agents to focus on Financial Assistance, with associated monitoring and surveillance of participants, leaving potentially positive Employment Assistance supports marginalized (or prioritized at the risk of noncompliance in other areas). Indeed, as one senior local manager explained:

There are two social assistance programs: there’s the financial assistance side of welfare, which is still repressive, administratively tedious, and the same restrictive program that it was many years ago. That is increasingly diverging from the employment assistance side of the program, which is still nascent in many ways. You can implement some positive programs, but if the financial assistance side remains the same, you are restricting who can access that in the first place (KI #24).

As new initiatives and program requirements have been added by the province, funding has simultaneously been cut, creating in the words of one senior OW official, a growing “disconnect between the increasing
requirements and the decreasing funding” (KI #1). Consequently, as Niagara explained, the “dichotomy between the province’s funding strategy and the requirements of the welfare reform agenda makes it difficult to manage a complex range of supports and services in local communities.”

The following section identifies three key areas where provincial control has effectively shaped and constrained local responses: the funding model and, in particular, the creation of short-term incentive and innovation funding for meeting targets; the provincial Service Delivery Model and associated Technology, and the introduction of mandatory literacy and drug testing. Each of these was accompanied by strict directives and tight implementation deadlines, leaving local delivery agents both struggling to keep pace and frequently unhappy with the impact changes had on the delivery of “their” program.

**The Funding Model** The OW funding model, introduced in 2000, established three levels of service: basic, intermediate, and advanced employment services. The amount of funding per client varies for each level of service, reflecting the different costs associated with assisting clients at different levels of job readiness. For example, for Level 1 participants who are considered job-ready and are engaged primarily in job searches, delivery agents receive $250 per client per month, while for each Level 3 participant with multiple barriers to work, delivery agents receive $2,500.

Arguably, under this funding model there is a financial incentive for municipalities to maximize the number of people who are in Levels 2 and 3 of employment services. However, that option is constrained by local institutional capacity as well as other provincial requirements: for example one third of all eligible recipients were required to participate in Community Placement (CP) (unpaid work). There is also an incentive for municipalities to place people in lower-cost options at higher-level interventions; for example, at Levels 2 and 3 CP might be the lowest cost program among the types of alternatives available. This reflects provincial priorities in terms of required participation in CP and limited access to skills training.

The funding for Ontario Works is cost-shared between the provincial government and the municipal government, with the province covering 80
percent of the total assistance provided and 50 percent of program administration costs. Between 1999 and 2003, the Province attempted to control the funding provided to delivery agents. A cap on the level of funding provided for administration costs was imposed (in the range of $700 net per case, with some flexibility depending on the CMSM or client group). For larger municipalities serving large numbers and with rapid turnover, the average represented an unrealistically low figure and created considerable local pressure, with delivery agents pressured to either cut staffing levels, decrease program costs, or increase municipal contributions to local programming by 100 percent.

The most striking examples of provincial “micro-management” were evident between 1999 and 2003 when the funding model was supplemented with a variety of short-term “incentive” and “innovation” funds to encourage delivery agents to focus on shifting provincial priorities. For example, in November 1999 the province announced the Welfare-To-Work Action Plan for Workfare Community Placements, which doubled municipalities’ CP targets, established new financial incentives and sanctions for targets, and established the Ontario Works Placement Innovation Fund to support the development of new and innovative CP placements over the next three years. Local CP targets were calculated based on the percentage of participants at the previous year’s end, incentive payments of $500 for every placement exceeding prior year targets, and $1,000 for every placement in excess of the current year’s target. Toronto, for example, generated an additional $10 million in 2001 by exceeding provincial targets by 10 percent. Additional funding was also introduced to encourage local delivery agents to rigorously implement the new provincial eligibility review. The time-limited nature of this funding created numerous challenges including effective local monitoring of funding sources, and compliance with formulae and sunset dates.

Locally, the constant conundrum is how to manipulate program activities to maximize funding. When provincial funding prioritized CP placements, for example, local agents responded in “innovative” ways such as using one-day special event placements to generate funding. This clearly benefitted the province because arbitrary political targets were met, as well as the municipalities because they generated additional income. As one local informant explained, however:
There’s an interesting debate on how valuable that really is to the client. But it’s the only way we can maximize our funding and if we don’t do that, we can’t do all the things we want to do. I see more of that than I’m comfortable with, but I understand why we have to do it (KI #21).

It appears that there is wide variation among municipalities as a result of the way the funding model works. Certainly, for larger delivery agents with substantial turnover in their caseload and sufficient local institutional capacity, a funding model based on a per participant basis provides opportunities to maximize funding. As a result, employment programs delivered in Ottawa and Toronto are qualitatively different from those delivered in smaller jurisdictions with smaller and more stable caseloads, but lack of capacity to fulfill provincial requirements. Overall, informants noted an increasing penetration of provincial directives into how resources were allocated and priorities set. Ultimately, this provided constraints in terms of delivering programs that could effectively address the needs of local people:

In some municipalities, they’re only delivering exactly what is in the funding model. And in this community, we’ve decided that we’re going to do other things whether they’re funded or not because we think they are important to have in place. But each year there are further constraints (KI #13).

For both large and small delivery agents, therefore, it has proven difficult “to develop program approaches that are unique and specific to their client groups” (KI #8). The abolition of additional funding in 2003, combined with the cap on administrative costs, created considerable local difficulties, raising the prospect of 100 percent local program investment in order to maintain existing programming. Indeed, this was something many of the larger municipalities had already been forced to rely on. As expressed by an interviewee in Niagara, “it appears as if the initial cost-sharing arrangements between the two levels of government are being eroded over time [such that] the resulting pressure on the local tax base will be very difficult to sustain.”57 One informant put it more powerfully: “As budgets get tighter, if the province isn’t going to do anything, then what do you do? Serve less people or start kicking in 100 percent municipal money?” (KI #1).
A second area of constraint flowed from the introduction of new business practices and technologies, collectively known as the Service Delivery Model Technology. The new delivery model has been criticized for restricting entry and denying benefits through excessive requests for information and complicated application processes.\(^{58}\)

It has also proven ineffective for local delivery agents. There was general recognition of the need for change at the municipal level, as previous technologies combined outdated and inadequate systems from the 1970s, along with interim systems that were inadequately integrated. Broad criticisms of the new model emerged. In particular, the SDM standardized core delivery functions such as intake and application, eligibility, and access to information about financial and employment eligibility. Related administrative and business practices are also more prescribed than before.\(^{59}\) At the local level, the increased uniformity and consistency have equated to a lack of local flexibility. Indeed, as one local informant explained, Ottawa had to develop three additional local systems because the “technology has not been able to collect or report on the kinds of information we really need” (KI #6). Although hopeful of improvements over time, there was a belief that the technology would never meet truly local needs.

While the province promised a more streamlined and administratively simple program, on the contrary, changes have had a negative impact on staff time, the number of staff needed, and costs at the same time that funding levels for delivery were capped at artificially low levels. Technologies to reduce staff time on case administration and to support staff in the delivery of employment assistance have proven particularly unreliable or inappropriate. According to Toronto, the new SDM and associated technology resulted “in further administrative complexities and operational prescriptiveness while failing to adequately support the delivery of OW.”\(^{60}\) The City of Ottawa, meanwhile, noted that the objectives of the SDM were not met. Specifically, “client service has not improved; there is insufficient provincial support for the delivery of employment assistance; there are integrity issues with the program, and administrative expenditures have increased as a result of SDM.”\(^{61}\) As a result, local delivery agents had to continue to augment the
provincial technology with local technical and program solutions.

As this suggests, while the new SDM was marketed as supporting the effective delivery of EA and freeing up more time for front line workers to focus on client employment issues, the prime focus has been on monitoring FA. Indeed, in the words of one senior informant, the system is more about “an administrative need to know” than assisting transitions to employment:

Workers are faced with the need to feed the monster all the time and have less time to spend with their clients. It was intentionally designed to feed an administrative ‘need to know’ rather than ‘being flexible enough to allow you to do what you need to do’ (KI #30).

In each site, this belief was held by senior management — who argued that rather than sustaining an emphasis on work, the system was predominately an “eligibility machine” (KI #17) — as well as front-line workers, who argued that it made their job more about “feeding the beast” than developing employment strategies (Focus Group 1, #7).

**Mandatory Drug and Literacy Testing** Finally, the province also issued a number of policy directives, including in 2001, amongst the most divisive, mandatory drug and literacy testing. Provincially, these measures were presented as part of a strategy to further welfare reform and build upon OW’s employment focus. Locally, however, there was widespread opposition, which was based as much on local knowledge and experience as philosophical differences. The provincial policy was for those identified with literacy or drug barriers to be referred to appropriate interventions, such as basic education, literacy programs, or treatment programs. Consistent with the mandatory nature of OW, sanctions were put in place for individuals refusing treatment or testing. The province provided no evidence that those in need of services were unwilling to participate and no evidence that compulsion would be effective. On the contrary, community agencies were concerned about providing services to those unwilling to participate, fearing individual clients would gain little and other clients would be disrupted. Both directives were issued with no additional funding and no sense of local capacity to deliver such services to all who needed them.
The policy directive on mandatory drug testing was particularly unnecessary given that, since its inception, OW had included treatment for addiction as an EA measure in which clients could participate to fulfill their mandatory participation requirements. Under the new policy, addiction treatment was placed within a distinct mandatory framework with no local discretion. Many municipalities consequently fought the province “tooth and nail” (KI #22) over both literacy and drug testing. In part, opposition reflected fundamental philosophical concerns. As the same informant explained, “having worked with these populations for 10 years, the provincial model is harmful and immoral.” For others, however, opposition derived from an operational perspective:

We were opposed to the literacy testing and the way it was introduced as a mandatory component of the initial application. Literacy can be a barrier to employment, but it’s something in our service planning process that’s identified downstream. It has a more appropriate fit later on rather when somebody first comes in: what does that have to do with someone being in financial need? (KI #8)

Indeed, Toronto had already used local knowledge and experience to develop a more detailed assessment tool, the Employment Assistance Support Tool (EAST), which measured work history, education, and language and numeracy skills to build an employability profile for each client. Niagara, meanwhile, shared similar “programmatic” concerns, but found that they clashed with the provincial ideology:

We took issue with a lot of provincial policy locally, but we particularly took issue with mandatory literacy because we felt it didn’t make sense to offer screening at that stage in the process. We didn’t realize we were getting into an ideological debate. It made sense to us that you would get some clear employment goals and then look at the literacy barriers in that context. It was programmatic for us, but it was ideological for the province (KI #1).

Niagara submitted an operational plan that included areas of noncompliance with provincial guidelines. The areas of concern were: applying the screening test at the verification interview given the lack of established
employment objectives and the focus on financial eligibility; the lack of clear accommodation of persons with disabilities and learning disorders, and the application of the screening test to persons not required to participate in employment preparation (sole-support parents with children under the age of six). According to local documents, the province not only ruled that Niagara had to comply, indicating that there was “no provincial flexibility in this regard,” but also warned that “continued noncompliance will result in sanctions.”

**Conclusion** Consistent with the growing body of work on the restructuring and rescaling of welfare, it is evident that decentralization and localization cannot be characterized simply as a wholesale, unidirectional movement from one absolute scale (the national) to another (the local). Instead, as our research in Ontario confirms, the story of local welfare reform is more complex and dynamic.

Federally, within an internationally pre-eminent downsizing dynamic, it is apparent that the role of government is being redefined rather than removed. The centre remains important as a medium through which the framework of policy is established rather than as the scale of implementation and enforcement. It is, therefore, only partly accurate to associate localization and decentralization with the deprivilege of the national scale. While the significance of the federal government is being relativized under current welfare changes, the centre remains responsible for coordinating the overall policy framework. The specific nature of reform in Ontario, for example, would not have been possible if the federal Liberal government had not dismantled the national standards of CAP. This, in turn, derived from national policies of “less eligibility,” which gradually eroded welfare standards over many years and created the space for local workfare experiments like Ontario Works.

Provincially, despite the rhetoric of local flexibility, it is evident from research on the ground that the local delivery of Employment Assistance remains firmly fixed within the provincial framework for OW and that a number of additional provincial rules and strategies have effectively constrained the space for developing local solutions. Consequently, as
practiced in Ontario, localization has served largely as a political strategy to
download costs and political blame while maintaining, and in some senses
increasing, provincial control. Significantly, and related to this, despite
provincial government rhetoric about the transition to a program where the
main focus is on employment assistance, the primary focus of OW has
continued to be monitoring financial assistance, resulting in excessive and
invasive rules. In this sense, decentralization and localization are changing
not only the hierarchy of the regulation of poor people but also the form
and function of provision as part of an ongoing transition from national
welfare to local workfare.

While emerging workfare experiments are being constructed at the local
level, however, they are clearly being framed by extra-local, political-economic
forces. The federal government has not only helped to “open up” and privi-
lege the local scale by encouraging local policy experiments and removing
national standards, but has also steered responses towards narrow, short-
term, work-first measures through, for example, decreased funding and
specific performance measures. This claustrophobic policy environment has
been exaggerated in Ontario with the micromanagement of municipal
program design and delivery strictly limiting the degree of local flexibility
and enforcing policy through the “carrots” of various financial incentives
and, where necessary, the threat of the “sticks” of financial sanctions.

In contrast to stylized neoliberal discourses that argue that national states
have to be rolled back so that local (market) innovation can come to the fore
to compete and prosper within a deregulated global economy, examination
of welfare reform in Ontario demonstrates that the scope for developing
innovative local solutions is set within narrow parameters that privilege
short-term, low-cost workfarist strategies.
Notes

The authors wish to thank the Social Sciences and Humanities Research Council of Canada (SSHRC) for providing funding for the SANE project through the Initiatives in the New Economy (INE) programme and the Standard Research Grant programme.


10. Brenner, “The Limits to Scale?…”


17. Mahon, “Yet Another ‘R’?”
18. Herd, “Connecting Spaces…”
24. Jessop, State Theory…; Peck, Workfare States….
25. The research consisted of 34 in-depth interviews with local and provincial key informants, four focus groups with Ontario Works “front line” staff, four focus groups with Ontario Works employment program participants, and 10 “observations” of group information sessions and employment supports programs. A number of companion papers, which provide insight into the emerging shape and nature of employment programs on the ground, are available at <http://www.socialwork.utoronto.ca/sane>.
27. Mahon, “Yet Another ‘R’?…”
33. Bashevkin, Welfare Hot Buttons...
38. Pulkingham and Ternowetsky, “Neo-liberalism and retrenchment…”
40. Peck and Theodore, “Beyond ‘Employability’…”
41. M. Cohen, (ed.), Training the Excluded for Work…
42. Graefe, “State Restructuring…”
45. Pulkingham and Ternowetsky, “Neo-liberalism and retrenchment…”
47. Ibid.
49. Toronto, Update on Ontario Works Employment Assistance Programs and Services, Attachment 3 (Toronto: City of Toronto, 2001).
52. Region of Peel, Ontario Works 2004 Service Strategy Business Plan (Peach: Region of Peel, 2004).
56. Toronto, Living the Vision: Report to the Community (Toronto: City of Toronto, 2002).
60. Toronto, Toronto Social Services’ Employment Assistance Renewal Strategy.