
DATE: May 21, 2010

REPORT TITLE: **UPDATE ON ECONOMIC CONDITIONS AND HUMAN SERVICE IMPACTS**

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OBJECTIVE

To provide Regional Council with an update on the economy's impact on the Region's Human Services programs and the community and the Region's initiatives to support clients in need during a period of slow economic growth and continuing high unemployment.

REPORT HIGHLIGHTS

- Global economic conditions have improved since mid 2009 and the global economy is now expected to grow in 2010 by 4.3 per cent, led by strong growth from China and other emerging economic powers. Growth in many advanced industrial democracies will remain moderate.
- Both the Canadian and Ontario economies have also improved and are now expected to register real growth in the Gross Domestic Product (GDP) of about 3 per cent in 2010.
- Despite the return to economic growth, the labour market in Canada remains weak with unemployment rates expected to remain high throughout 2010.
- In the first quarter of 2010, Peel's unemployment rate fell to 9.5 per cent, down from 10.9 per cent from a year ago. This decline is largely attributed to a larger exit of persons from the labour force.
- High rates of unemployment in Peel are contributing to increases in the Ontario Works caseload. The Ontario Works (OW) caseload in April 2010 was 14,717, up from 12,306 cases in April 2009, an increase of 20 per cent.
- The number of Peel residents using foodbanks or receiving food bank assistance in Mississauga and Caledon is up significantly in the first quarter of 2010 compared to the first three months of 2009. The Mississauga Food Bank (TMFB) and its affiliated network of food banks reported an increase of 22 per cent and Caledon Community Services issued 17 per cent more food vouchers over this period.
- The Region through its expanded social programs and new recession related initiatives continues to assist Peel's most vulnerable residents. More than 100 vulnerable families received housing assistance in the first three months of this year through the Regional rent bank and Housing Assistance Allowance programs. Families at our Regional Learn Care Play Centres are also receiving additional nutritional support through our expanded food budget.

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DISCUSSION

1. Current Economic Situation – Global Economic Conditions are improving

Through Council Resolution 2009-644, Council directed staff to provide reports every four months on economic conditions, and their impact on Human Services' programs and the community. This report is the fourth in a series of regular reports. Previous reports were tabled in May and October 2009 and February 2010.

a) Economic Conditions and Indicators

In 2009, global output declined by 0.6 per cent representing the first fall in global output since World War II. As global output fell in 2008 – 2009 global labour market conditions also deteriorated. By the end of the year, joblessness around the world approached record levels. According to the United Nation (UN), “the mounting number of jobless people around the world... climbed to an historic high with nearly 212 million unemployed last year [2009] – or 6.6 per cent of the global workforce”. Consistent with the worsening of global labour market conditions, the unemployment rates increased in many countries and regions in 2009. As an example:

- US unemployment rate climbed to 9.2 per cent in 2009, up from 5.8 per cent in 2008,
- The unemployment rate in the Euro zone climbed from 7.5 per cent in 2008 to 9.4 per cent in 2009, and
- The OECD registered an unemployment rate of 8.2 per cent in 2009, up from 5.9 per cent in 2008.

Global economic prospects have improved and total output is now expected to expand by about 4.3 per cent in 2010. Growth is expected to be led by China as well as in most other emerging and developing countries while remaining tepid in many of the advanced economies. However, unemployment rates are expected to remain high in most countries and regions in 2010.

b) Local economic conditions and indicators

Although the Canadian economy showed resilience through most of 2008 when other developed economies entered a downturn, it was not insulated from the global economic weakness. In 2009, the Canadian economy registered a decline of 2.6 per cent, the first economic decline in Canadian output since 1991. Total output in Ontario declined by 3.4 per cent to contribute to the decline in Canada.

Prospects for the Canadian and Ontario economy in 2010 have improved significantly with the rebound of the global economy and in particular the return to growth in the US economy. Both the Canadian and Ontario economies are now expected to register real growth in output of about 3 per cent in 2010. Changes in key indicators in early 2010 are consistent with the projected levels of growth.

Like the changes in the broader Canadian and Ontario economy, changes in Peel have improved in early 2010. During the first quarter of 2009, changes in some key indicators improved relative to changes in the same period of 2009, suggesting that

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the worse of the recessionary impact on Peel may have past. Some indicators which returned to growth in January – March 2010 included:

- Building permits – the total value of building permits issued in Peel during the first quarter of 2010 was \$424.2 million. This was an increase of 10 per cent relative to the \$385.7 million registered in January – March 2009; and
- Resale activities – the number of units sold in Peel’s residential resale housing market increased by 82.5 per cent to reach 5,111 units. The strong increase reflected the low level of activities registered in the first quarter of 2009 when the number of units sold fell by 30.6 per cent.

Although the changes in some economic indicators in Peel have improved, Peel’s economy continued to experience challenges in some areas. Activities in the residential construction sector continued to trend downwards during January – March 2010. The total number of residential housing starts in Peel during the quarter declined by 58.5 per cent to reach 641 units. The decline was solely the result of a 78.6 per cent fall in multiple starts to 303 units. The number of single starts increased from 130 units in January – March 2009 to 338 units in January – March 2010.

Housing and Construction Activity in Peel				
1st Quarters of 2009 and 2010				
	1st Q 2009	1st Q 2010	Increase/Decrease No.	Increase/Decrease %
Value of Building Permits in Peel (millions of dollars)	\$385.7 M	\$424.2 M	\$38.5 M	10.0%
Number of Single Family Residential Housing Sales	2,800	5,111	2311	82.5%
Number of Housing Starts	1545	641	(904)	-58.5%
Number of Housing Completions	866	732	(134)	- 15.5%

The changes in Peel’s labour market also remained negative in the first quarter of 2010 with declines in total labour force and employment. However, the magnitude of the declines moderated relative to those registered throughout 2009.

During the first quarter of 2010, the total labour force in Peel stood at 632,400 persons, down 22,000 persons or 3.4 per cent relative to the first quarter of 2009. Total employment fell by 10,800 positions or by 1.9 per cent. The decline in employment reflected lower levels of both full time (-0.7 per cent) and part time (-7.7 per cent) employment. It also reflected lower levels of employment in both the goods producing (-3,400 positions) and services sectors (-7,200 positions). The fall in employment in Peel continued to reflect the weaknesses in export related activities. The highly export

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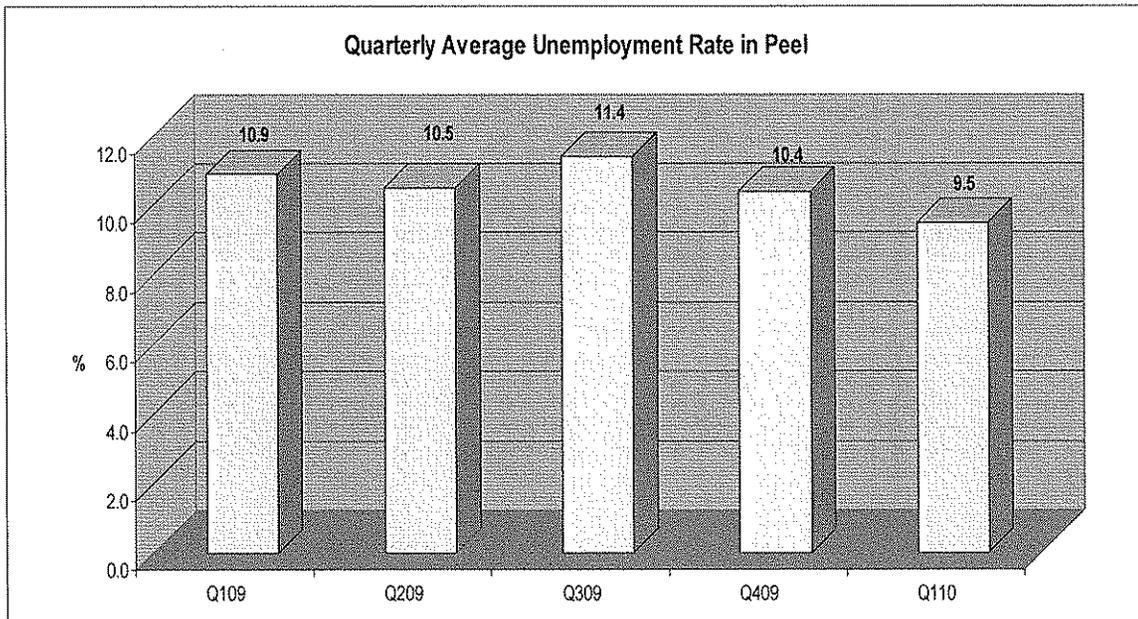
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oriented manufacturing sector lost 6,600 positions to lead the decline in the goods producing sector while the trade sector lost over 19,000 positions to lead the decline in services.

Peel Labour Market Indicators

Economic Indicators	Q1 2009	Q1 2010	Increase / (Decrease)	
			No	%
Labour Force	654,400	632,400	(22,000)	-3.4%
Total Employment:	583,300	572,500	(10,800)	-1.9%
<i>Full Time</i>	489,600	486,100	(3,500)	-0.7%
<i>Part Time</i>	93,700	86,500	(7,200)	-7.7%
Employment in the Goods Producing sector	136,800	133,400	(3,400)	-2.5%
<i>Manufacturing Employment</i>	104,200	97,600	(6,600)	-6.3%
<i>Construction Employment</i>	28,600	31,800	3,200	11.2%
Employment in Services sector	446,400	439,200	(7,200)	-1.6%
<i>Trade Employment</i>	110,300	90,900	(19,400)	-17.6%

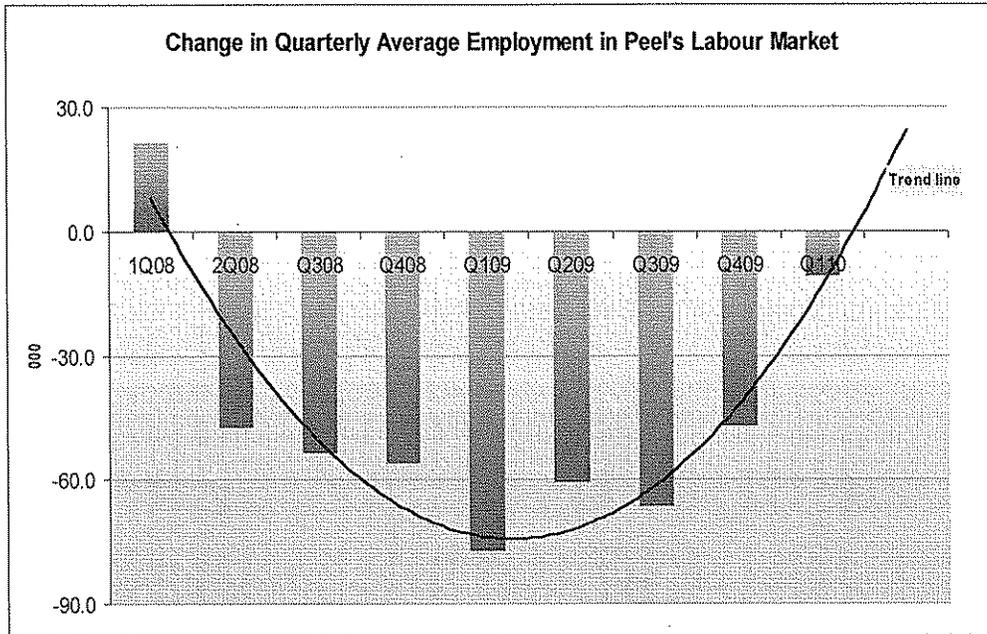
Although the loss of employment continued, Peel's unemployment rate moderated from 10.9 per cent in January – March 2009 to 9.5 per cent in January – March 2010. This resulted from a larger exit of persons from the labour force. An increase in persons exiting the labour force usually occurs in weak and or deteriorating labour market conditions which results from discouragement and frustration among labour market participants.



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Although current labour market conditions remain weak, the rate of decline in employment has moderated substantially. From a peak decline of 77,100 positions in the first quarter of 2009, the rate of job loss moderated throughout 2009 to reach the 10,800 positions in the first quarter of 2010. If current trends continue, the changes in Peel's labour market should become positive by the second half of 2010.



Over the medium to long term, labour market conditions should show gradual improvement as growth in the economy accelerates and employers become more confident about the economic recovery and increase employment levels. Other areas of Peel's economy should also improve with the general improvement in the broader Ontario and Canadian economy.

c) Social Assistance Caseload Update

The Ontario Works (OW) monthly average caseload in April 2010 was 14,717, up 20 per cent from 12,306 cases in April 2009. For the period January to April 2010, the monthly average caseload stood at 14,567 cases, up from 11,754 cases in the period January – April 2009, a 24 per cent increase.

The jump in OW caseloads in Peel continued to reflect weak labour market conditions. Unemployment rates will remain high in 2010 as the economy is not producing enough jobs to keep pace with the growing number of unemployed persons returning to the labour force. The increase in OW may also reflect the exhaustion of Employment Insurance benefits for some individuals and their transition to OW. The elevated level of OW caseloads is expected to continue for the remainder of 2010 and into 2011 as labour market conditions remain relatively weak and as EI beneficiaries continue to transition onto OW.

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In 2009, Council gave in-year approval to hire additional caseworkers to deal with the Ontario Works caseload increase. The Ontario Works staff complement was increased by 44 Full time equivalents (FTEs) to 336.5 FTEs. This in-year increase allowed the Region to manage the growth in caseload without an impact on service delivery. In the 2010 budget, Council approved that the staff complement be increased by an additional 22.0 FTE to support the case management of a growing Ontario Works caseload.

Peel's optimal caseload management staffing level is 100 cases per caseworker. The hiring of additional staff to manage the increased caseload has allowed the Region to maintain this staffing level ratio. This 100 to one caseload ratio is critical to ensuring:

- The Region meets the Ministry standard of appointment bookings within four days of telephone application (increased wait times).
- The timeliness of processing the OW application, eligibility determination (e.g. Grant decisions) and changes. For instance, the average number of days to make a decision during the recession (October 2008 to June 2009) was 6.8 days. This is lower than the average for previous 9 month period (January 2008 to September 2008), which was 7.7 days.
- OW clients receive employment supports so that they can find a job. Some newcomers who have limited English skills and Canadian experience are generally less employable and require more intensive support.
- Workloads are manageable. Increased workloads contribute to increased employee stress and resulting illness and absenteeism. Larger caseloads also lead to higher costs due to overtime required.

Staff will continue to monitor OW caseload levels during 2010 and report back to Council should in-year staffing levels need to be adjusted.

The hiring of additional OW staff necessitated the leasing of office space at Coventry Road. As of March 31, 2010, the year to date lease costs amounted to \$104,948.

2. Increased Needs in the Community due to the Economic Situation**a) Assessing the Recession's Impact on Client's and Community's Needs**

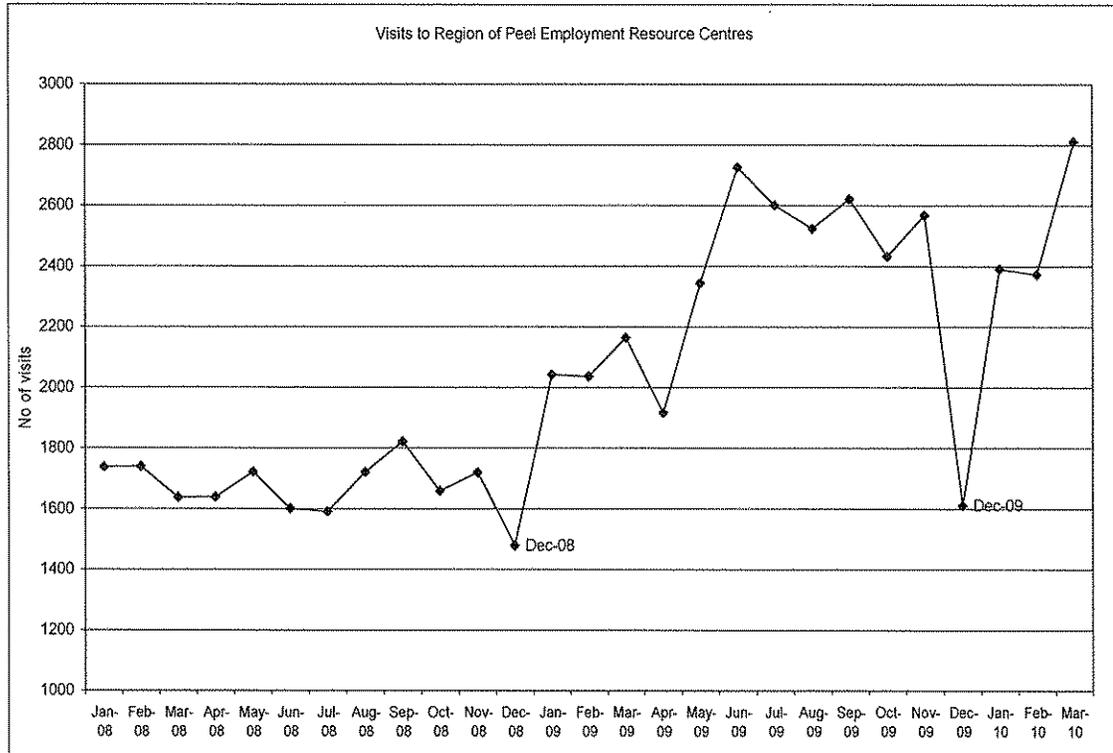
Human Services staff is regularly tracking key indicators drawn from a variety of Human Service programs, and community agencies to assess the economy's impact on our clients, budget and the community.

Data presented below compares, where available, the first quarter of 2010 with the first quarter of 2009. Generally, the demand for services increased in the first quarter of 2010 compared to the first quarter of 2009, a sign of the lag between the economic recovery and a positive impact on jobs.

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Employment Resource Centres (ERCs): The number of visits to the Region's ERCs was 21 per cent higher in the period January to March 2010 compared to same period in 2009. The graph below shows that since December 2008 the number of monthly visits has been regularly above 2,000, except for the months of December and May 2009. Historically visits to the Region's ERCs are the lowest in the month of December.



Child Care Fee Subsidy Wait List: In the first three months of 2010, nearly 3,500 children were on the child care fee subsidy wait list, up from 2,200 a year ago. This represents a 57 per cent increase.

Housing Allowance Assistance Inquiries: There were a total of 143 inquiries for the Housing Allowance Assistance program in 2009. For the first quarter of 2010, there were 56 inquiries, equivalent to 40 per cent of the totals in 2009.

Market Renters in Social Housing Units given Rent Geared to Income subsidy: In the first quarter of 2010, the Region provided 17 RGI subsidies to market rent households in social housing units who requested subsidy, up from 4 in the first quarter of 2009. This assistance has reduced the number of households on the RGI In-situ wait list from a high of 67 in June 2009 to 19 in March 2010.

Notice to end a tenancy early for Non Payment of Rent (N4s): 2,069 N4s were issued in the first quarter of 2010, up from 1934 issued for the same period in 2009. This represents a 7 per cent increase.

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Peel Living Rental Arrears: During the first quarter of 2010, rental arrears averaged \$241,406 per month (of \$4.1 million average monthly rent demand), up from an average of \$152,916 for the first quarter of 2009. This represents a 58 per cent increase. In September 2009, arrear levels peaked at \$286,744 or 6.8 per cent of rent demand and have been on a downward trend since then.

Rent Bank Applicants: In Peel, the number of applications to the provincial rent bank were slightly higher in the first quarter of 2010 (197) compared to the same period in 2009 (190). This represents a 3.7 per cent increase over 1st quarter 2009.

Food bank usage: There was another substantial increase in food bank usage in Mississauga and Caledon in the 1st quarter of 2010 compared to the 1st quarter of 2009.

The Mississauga Food Bank (TMFB) and its affiliated network of food banks reported an increase of 22 per cent in the number of clients served in the 1st quarter 2010 compared to the same period in 2009. Caledon Community Services issued 17 per cent more vouchers in the 1st quarter 2010 compared to 1st quarter 2009. Data for Brampton from the Brampton Salvation Army Citadel Church was not available at the time of writing this report.

Counselling Services:

- **Catholic Family Services of Peel Dufferin (CFSPD)** reported that the total number of clients in its counselling programs increased 17 per cent in the 1st quarter 2010 relative to the 1st quarter of 2009. The number of clients in its walk-in counselling program increased by 25 per cent in the 1st quarter 2010 compared to the 1st quarter 2009.

Catholic Family Services of Peel Dufferin (CFSPD)

Program	% Change in Total number of clients Q1 2009 – Q1 2010
All Counselling programs	17%
Walk in counselling	25%

- **Family Services of Peel (FSP)** reported a decline of 31 per cent in the number of clients seen in its counselling programs for the 1st quarter of 2010 compared to the same period in 2009. However, its Walk-in counselling program had an increase of 39 per cent over this period.

Family Services of Peel

Program	% Change in Total number of clients Q1 2009 – Q1 2010
All Counselling Programs	-31%
Walk in counselling	39%

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- **Employment Services:** Among the three agencies that shared data with the Region, one reported a large decrease and two reported small increases in the number of people seeking employment services and programs in the 1st quarter of 2010 compared to the same period in 2009. The March of Dimes reported 74 fewer participants in its Personal Employment Preparation (PEP) workshops over this period while Caledon Community Services and Family Services of Peel reported a one and five per cent increase, respectively. These changes are consistent with the increase in the number of people exiting the labour force.

b) Human Services Department's Response to the Need

In addition to supporting families in need, increased financial supports to low income households was one of several ways to increase consumer spending, boost demand and stimulate the economy. Low income families spend the additional income immediately on basic goods and services. To this end, in May 2009, Council approved additional expenditures of up to \$9.3 million, funded from internal reserves.

In addition to the spending measures to meet the sharp increase in the OW caseload, staff have expanded existing programs and implemented new strategies to assist clients in need. These include:

- i) Housing Allowance Assistance
- ii) Peel's Affordable Home Ownership program
- iii) Expanded Regional rent bank program
- iv) Increasing the provision of food at Regional child care centres
- v) Additional funding for community agencies in need
- vi) Participation in the Summer Job Challenge

Housing Allowance Assistance

A housing allowance is now available until December 2010 to qualifying renters who pay market rent to a Peel social housing provider and who have been negatively affected by the economy (lost employment or had hours significantly cut). In the first quarter of this year, the Region provided allowances to 28 households totalling \$68,350.

Peel's Affordable Home Ownership Program

This program assists market renters living in social housing units to purchase a home by providing each eligible applicant a loan of up to \$10,000. For the first three months of 2010, a total of four purchases closed at a cost of \$40,000. To date the Program had a total of 9 homes close at a cost of \$90,000. There are currently 10 offers pending closing and staff are awaiting a response to interest letters for 11 applicants.

Regional Rent Bank Program

In 2009, the \$300,000 earmarked for the Regional Rent Bank Program under the Regional Council resolution 2009-644 (economic downturn impacted programs) was fully spent. Peel residents continue to be assisted by the Regional Rent Bank with funds from the 2010 Budget. The Regional Rent bank assisted 130 households in the first quarter of 2010, up from 113 a year ago, representing a 15 per cent increase.

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Expanded Food Budget at Regionally Operated Child Care Centres

Council approved funding to expand the food budget at the 12 Regionally operated child care centres. Current programs offer healthy snacks for families during drop-off and pick-up times. During the first quarter of 2010, \$7,302 was spent on the expanded food budget, bringing total spending on this initiative to \$21,000 since its start in the late summer of 2009. This expansion of the food budget has assisted many families and children in need with healthy snacks.

Community Response Fund

As part of Resolution 2009-644 Regional Council approved \$400,000 for a Community Response Fund (CRF), a time limited fund that responds to those organizations experiencing cost and demand pressures as a result of the recession. All \$400,000 under the CRF has been allocated to community agencies. The details of these expenditures were reported at the March 2010 meeting of the Grants Ad hoc Committee.

Summer Job Challenge

In June, Council approved the Region of Peel's participation in the Mayor's Summer Job Challenge. This will allow an additional 60 youth employment through the Region of Peel resulting in an excellent job experience and summer income.

CONCLUSION

Global economic conditions have improved since the middle of 2009 and the global economy is expected to grow in 2010, led by emerging economies such as China. Growth has also returned to the US economy and most advanced economies, but growth has been moderate. The Canadian and Ontario economies have improved and are forecast to grow in 2010. The Peel economy has also shown signs of recovery in the first quarter of 2010 with increases in the total value of building permits and housing resale activity compared to changes in the same period of 2009, suggesting that the worst impacts of the recession may be over.

Despite improving economic conditions since last year, employment conditions both globally and nationally remain weak with unemployment rates at elevated levels (near the 10 per cent). In Peel, this "jobless recovery" has resulted in continued declines in employment and labour force levels during the first quarter of 2010. The unemployment rate for the first quarter 2010 fell to 9.5 per cent from 10.9 per cent a year ago due to the large number of people leaving the labour force. It was not all bad news on the employment front as the degree of job loss in the first quarter 2010 has moderated compared to losses registered throughout 2009. High levels of unemployment mean that the Ontario Works caseloads are predicted to remain high throughout 2010 and into 2011.

The recession of 2008 and 2009 continues to negatively impact our residents. Food bank usage in Mississauga and Caledon during the first quarter 2010 is up considerably over the same period in 2009. Demand for housing related assistance has also increased over this period, but this demand has moderated compared to changes a year ago.

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Staff have implemented strategies and expanded targeted service levels to mitigate the impacts of the recession and help stimulate the economy. The expanded programs and new initiatives have been well received by the community and show Council's leadership in acting quickly and responsibly to support Peel's most vulnerable residents.

The Human Services and Corporate Services departments will closely monitor the economy and its impact on programs and report back to members of Council in the late fall of this year or early in 2011.

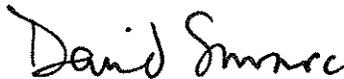


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