

**2010 ONTARIO WORKS  
Budget Overview**

<b>Budget Summary \$'000s</b>	<b>2009 Budget</b>	<b>2009 Projection</b>	<b>2010 Proposed</b>	<b>09 vs. 10 Variance</b>	<b>2011 Forecast</b>	<b>2012 Forecast</b>
<b>Current Budget – Total Expenditures</b>	\$156,036	\$184,293	<b>\$212,740</b>	\$56,704	\$209,041	\$201,899
<b>Current Budget – Total Revenue</b>	\$95,245	\$116,079	<b>\$134,277</b>	\$39,032	\$131,093	\$126,246
<b>Current Budget – Net Cost</b>	\$60,791	\$68,214	<b>\$78,463</b>	\$17,672	\$77,948	\$75,653
<b>FTE</b>	336.5	336.5	<b>358.5</b>	22.0	346.5	341.5
<b>New Capital</b>			<b>\$250</b>	-	\$250	\$250

**2010 BUDGET HIGHLIGHTS:**

**Current Budget**

The proposed 2010 total budget is \$212.7 million, with net budget of \$78.5 million. This represents a net budget increase of \$17.7 million. The main drivers of the budget increase include:

- Social assistance caseload forecast of 14,614, representing 4,214 growth from the 2009 budget of 10,400
- Economic downturn impact of \$12.8 million. The budget increases consists of social assistance benefit, caseload management, employment benefit and rent bank costs
- Annualization effect for homelessness costs of \$0.9 million
- Inflationary/economic increases of \$2.3 million for salary and benefit increases for existing staff and external management costs
- Recovery of \$0.6 million, as some current 100 per cent Regionally funded costs qualify for one time subsidy
- Social assistance related cost increase of \$1.6 million attributed to normal growth
- New service level initiatives of \$.65 million

**Staffing**

Ontario Works (OW) is requesting an additional 22.0 Full Time Equivalent (FTE) in caseload management and support staff. Council approved additional 44.0 FTE as 2009 in-year complement changes to address the social assistance caseload increase.

**Capital**

OW is requesting \$0.25 million for 2010  
\$0.25 million for capital maintenance of Regionally operated emergency shelters

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### Section I. Existing Services and Service Levels:

Ontario Works (OW) provides financial, employment and homelessness assistance to eligible applicants and recipients in compliance with Provincial legislation and policy requirements. The provision of employment supports is extended beyond OW recipients to the broader Peel community. Services reflect the Ministry of Community and Social Services (MCSS) vision for social assistance: to provide a simplified, streamlined social assistance system that treats the most vulnerable Ontarians with fairness and dignity and provides effective, integrated employment supports to help them prepare for, find and keep jobs.

The following describes the core services of the OW division:

#### (a) Social Assistance

Basic financial assistance includes income assistance provided for the purposes of basic needs, shelter and items such as transportation and special diet allowances, benefits as prescribed in the regulations (e.g. prescription drugs) and emergency assistance provided to alleviate crises.

#### (b) Employment Program

OW provides a full range of employment assistance to clients unable to or unsuccessful at securing and maintaining employment. Most OW clients are required to participate in an employment activity and have access to a varied range of in-house and contracted services. These programs and services provide an opportunity to enhance employability and the prospect of securing and retaining work while moving clients along the continuum to employment. To support job seekers, OW operates two Employment Resource Centres that provide a variety of job search seminars and supports that are available to all Human Services clients and the general public. These centres provide ready access to computers, business machines and job search tools.

Today's labour market is rapidly changing. To assist clients in preparing for changing demands and the increased entry level skill set, programs and services are tailored to the needs of participants and the local labour market. A wide range of programs and services is delivered using a variety of strategies to meet the abilities and learning styles of clients that include pre-employment supports, housing and health supports, community placements, job search assistance, skill enhancement and employment placement and retention. While the goal of employment is attainable for many, a successful outcome for others may not be employment but the opportunity to engage in and contribute to the community or apply for assistance under the provincial Ontario Disability Support Program (ODSP).

#### (c) Caseload Management

OW promotes a case management approach that focuses both on financial assistance and employment assistance. Caseworkers have been delegated with responsibility for the determination of initial entitlement, the monitoring of ongoing eligibility (including the Consolidated

Verification Process (CVP)) and the negotiation, support and monitoring of mandatory employment Participation Agreements.

The CVP is a regular financial eligibility review and is completed with clients a minimum of every twelve months and more frequently if identified risk factors are triggered. CVP is an effective control to manage caseload size by ensuring cases remain eligible for financial assistance and the correct entitlement is being issued.

Mandatory Participation Agreements are conducted regularly with all employable recipients of OW, to ensure effective employment case planning is in place. Participation Agreements and resulting employment assistance referrals are tailored to address the needs, skills, experience and circumstances of individual clients. In addition, the participation of persons with multiple employment barriers is promoted through the availability of several targeted employment assistance services.

As well, participants with variable monthly income are required to report financial changes to the caseworker each month to support timely case management and ongoing eligibility determination. To encourage continuous improvement and ensure accountability, numerous internal audits are conducted annually by OW staff. In addition, Peel is subject to an annual provincial audit to monitor compliance with OW legislation and policy. These audits produce detailed findings, recommendations and action plans which facilitate continuous improvement and program development. In addition, staff work with the community on issues of strategic importance (e.g. Newcomer Strategy, Fair Share Peel and Poverty Reduction).

### **(d) Homelessness Program**

All Regional departments are working collaboratively to eliminate homelessness and the conditions of poverty that cause homelessness. Additionally, successes come from working with community partners to focus on services and programs that help individuals gain the skills, abilities and resources needed to be independent and participate fully in the community. Peel's strategy offers a continuum of supports, moving beyond crisis response into preventative actions.

Peel's citizen-focused model acknowledges that individuals and families need to feel empowered by programs intended to assist them. Interventions that support individuals, families, youth and children in emergency situations are a coordinated and integrated response to the complex challenges of vulnerable households. A comprehensive approach to homelessness ensures the provision of basic needs, protection, referral, and the alleviation of trauma associated with the situation for those in emergency hostels, outreach and homeless prevention programs. Throughout, residents can access support services such as employment, health care, education, social services, early learning and intervention for children in shelters, transitional programs and transitional housing.

### **(e) Community Investment Strategy**

In 2008, the Region, jointly with the United Way of Peel Region, completed a broad community consultation around the respective funding priorities. Through the consultation, the community encouraged the Region to approach things differently and to look at investment as both financial (Community Programs Fund) and facilitative. More detailed recommendations are outlined in the Community Investment Strategy Report. Aside from community investment through the

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Community Programs Fund, the community asked that Peel Region develop joint funding priorities which achieve community outcomes, work with community agencies to enhance the ability to measure outcomes at both the program and community level, build capacity within each priority area from both the individual, family and neighbourhood/community perspective, assist in strengthening human service agency capacity and the capacity of Peel’s non-profit leaders, streamline funding processes by exploring joint applications and/or reporting processes, support the communities desire for broader community wide planning and continue the leadership and advocacy roles. Staff has been working closely with the United Way and the community to incorporate the recommendations within the Community Programs Fund and develop other opportunities to move forward with the communities input on investment.

### Section II. Resources to Deliver 2009 Services:

Current \$'000	2008 Actual	2009 Budget	2009 Projection	2009 Variance Under/(Over)
Total Expenditures	154,189	156,036	184,293	(28,257)
Total Revenue	97,980	95,245	116,079	20,834
Net Cost	56,210	60,791	68,214	(7,423)
FTE	298.5	292.5	336.5	(44.0)

#### 2009 Budget

For 2009, the OW gross operating budget was approved at \$156.0 million with net operating budget of \$60.8 million. The approved staff complement level is 292.5 FTE.

#### 2009 Projection

The division is expected to end 2009 with \$7.4 million deficit primarily due to the following:

- The social assistance caseload is estimated to end the year with 13,050 monthly average compared to budget of 10,400. The caseload increase is attributed to the economic downturn.
- Higher caseload management resources (caseworkers and support staff) are needed due to caseload increase.
- Council has already approved funding of up to \$7.2 million from Working Fund reserves to offset the deficit, resulting in a residual deficit of \$0.2 million.

**Section III. Performance Measurement/Benchmarking:**

The Region of Peel is one of 15 municipalities currently participating in the Ontario Municipal CAO’s Benchmarking Initiative (OMBI). Shown in the following table are 2008 OMBI data for social assistance and hostels.

The social assistance data suggests that investment in administration (staffing, training, business process and policy improvement, supports) and client benefits (client programming, supports) results in:

- Lower caseload and beneficiary ratios to population
- Fewer months on assistance (program savings)

<b>Measure Name</b>	<b>Peel</b>	<b>OMBI Median</b>
<b>Social Assistance:</b>		
Average Time on Social Assistance (Months)	13.0	14.3
Monthly Social Assistance Caseload per 100,000 Household	2,660.4	3,677.6
Number of Social Assistance Beneficiaries per 100,000 Population	1,603.2	2,621.3
Monthly Social Assistance Caseload per FTE	32.4	32.4
Monthly Social Assistance Administration Cost per Case	\$267.62	\$256.66
Monthly Social Assistance Benefit Cost per Case	\$831.57	\$695.65
Monthly Social Assistance Cost per Case	\$1,099.19	\$920.09
Social Assistance Response Time to Client Eligibility (Days)	7.6	6.6

The hostel data shows a positive relationship between investments in programming (higher proactive programming costs) and a reduced length of stay.

<b>Measure Name</b>	<b>Peel</b>	<b>OMBI Median</b>
<b>Hostels:</b>		
Average Length of Stay per Admission to Emergency Shelters (Days)	8.1	10.8
Average Length of Stay per Admission to Emergency Shelters – Singles (Days)	6.5	10.0
Average Length of Stay per Admission to Emergency Shelters – Families (Days)	25.8	24.8
Average Nightly Number of Emergency Shelter Beds Available per 100,000 Population (Beds)	22.2	35.1
Percentage of Municipally Operated Emergency Shelter Beds Available	95%	37.4%
Percentage of Contracted Emergency Shelter Beds Available	5%	100%
Gross Hostel Cost per Emergency Shelter Bed Night	\$99.86	\$51.67
Net Expenditure for Hostels per Emergency Shelter Bed Night	\$62.24	\$18.04
Average Nightly Bed Occupancy Rate of Emergency Shelters	69%	85.2%

The chart below provides the average lifetime costs for OMBI social assistance and homelessness shelter clients and Peel savings. Peel’s lifetime cost per case for social assistance clients for 2008 is \$14,289 vs. OMBI median of \$13,157. For 2007, Peel reported lifetime costs of \$13,427 vs. OMBI median of \$14,171. This represents an increase of \$862 (6.4 per cent) for Peel and a decrease of \$1,014 (-7.2 per cent) for OMBI median. The large fluctuation in the OMBI median life time costs is because the OMBI median for “Average Time on Assistance” has decreased by 1.6 months.

A factor that affects the reported “Average Time on Assistance” calculation is that each social assistance case is treated on an equal weight no matter when the client started receiving benefit payments. What this means is that a municipality that is facing large increases in caseload intakes in the latter part of the year will report lower average time on assistance for 2008, therefore impacting the reported lifetime social assistance cost per case. In Peel, the higher lifetime cost per case is offset by the fact that the number of cases per 100,000 households is 27 per cent less than the OMBI median.

Peel pays \$251 more, for an average hostel stay. The province funds approximately 20 per cent of the higher cost, with Peel funding the remaining 80 per cent. Higher costs are the result of higher investments in programming designed to assist hostel residents in securing and maintaining supported or independent living upon leaving.

Lifetime Costs	Peel	OMBI Median	(Savings) / Higher Cost		
			Total	Province’s Allocation	Peel’s Allocation
Lifetime Social Assistance Cost per Case (Benefit & Administration)	\$14,289	\$13,157	\$1,132	\$226	\$906
Gross Hostel Cost per Average Stay	\$809	\$558	\$251	\$50	\$201

**Section IV. 2010 Base Pressures:**

**Economic Downturn/Population Growth**

OW is estimated to incur approximately \$14.4 million in budget increases due to the economic downturn and population growth, consisting of the following factors:

- The social assistance caseload is expected to increase to 14,614 from the 2009 budget of 10,400, representing an increase of 4,214 or 40.5 per cent. The net cost associated with the caseload is estimated at \$7.9 million. About 490 cases at net a cost of \$0.9 million can be attributed to normal caseload increase due to population growth. The remaining 3,724 cases at a net cost of \$7.0 million, are attributed to the current economic downturn.
- Additional funding of \$0.8 million due to a subsidy rate increase from current 80.0 per cent to 80.6 per cent has already been incorporated.
- The employment benefit costs for social assistance clients are expected to increase by \$1.6 million, in correlation to caseload increase. Approximately \$1.4 million is attributed to the economic downturn and \$0.2 million due to normal population growth.
- The social assistance caseload and employment management costs are expected to increase by \$4.6 million in correlation with the caseload volume increase. OW is requesting additional \$4.0 million in caseload management staffing costs equivalent to 66.0 FTE increase. 44.0 FTE has been approved in 2009 as in year adjustments. 22.0 FTE is being requested for 2010 budget. Also included is \$0.5 million in external caseload management contract costs. To house the additional staff, additional office lease costs of \$0.3 million, funded from Reserve is included in the 2010 budget. Therefore the net tax funded budget increase is \$4.6 million. Approximately \$4.1 million is attributed to the economic downturn and \$0.5 million due to normal population growth.

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- The overall Rent Bank program is facing significant increase in demand due to economic downturn. The demand is estimated at \$0.7 million. Approximately \$0.4 million of the increase can be funded by Provincial Funding, currently residing in internal Reserves. Therefore, the net tax funded budget increase is \$0.3 million.

### Annualization

For 2010, OW will incur following budget annualization of \$0.9 million:

- The Region of Peel currently contracts with an external vendor to manage its emergency shelters. The current vendor's 2009 budget request was reduced as the vendor reported \$0.6 million available carryover funds from 2008.
- Council approved the new "emergency and transitional housing" program delivery model for the 2009 budget, for partial year implementation. The annualized impact for 2010 is \$0.3 million.

### Cost of Living Increase/Inflation

OW base budget increase will increase by \$2.3 million in 2010 due to the following factors:

- OW base budget will increase due to cost of living adjustments, primarily in salaries and benefits for existing staff.
- The existing emergency shelter program management external contracts will increase due to cost of living adjustments.
- The community agency funding budget increase of \$50 thousand to support cost of living.

## Section V. Cost Mitigation Through Efficiencies and Recoveries:

### Human Services Department Restructure

In June 2007, the Region of Peel was restructured to align corporate services, programs and supports to better serve a Common Purpose: *to enhance the trust and confidence of citizens in their regional government.*

The reorganization included consolidating key divisions of the Social Services and Housing and Property departments into a new Human Services department responsible for children's services; employment, financial and homelessness services; and social housing, including Peel Living.

A project team was formed to plan and implement the integration of these important programs and services, including provision of internal supports. Extensive consultation was undertaken with employees, clients, community partners and other stakeholders resulting in the development of the first Human Services Plan (2009-2011). The department's mandate is to: Plan, manage and deliver quality integrated human services and resources that invest in people to enable participation in the changing community and the economy.

A functional review was undertaken of every role in the department, resulting in a new service delivery model and an organizational structure to support the model.

This new department will have seven divisions:

- Client and Community Access
- Client Relationships
- Directly Operated Childcare
- Facilities Management
- Service System Management
- Integrated Business Support
- Strategic Planning, Policy and Partnerships

When the transition project is completed within the next two years, it is forecasted that this change will bring about savings and efficiencies in how we do business. This means, we will be able to absorb anticipated growth within the existing staff group. While this won't be the case for social assistance because of an optimum caseload to worker ratio of 100:1, the capacity of many other service areas will be expanded. An example is the fact that only caseload related staffing increase are requested in the 2010 budget.

For full details, please refer to "Human Services Department Restructure" under Human Services Section.

### **Recoveries**

The Province has announced a new two year, time limited "Enhanced Employment Supports for Vulnerable Persons" program. Approximately \$0.6 million of the current 100 per cent Regionally funded employment program costs qualify under the new program.

### **Caseload Management Strategies**

In addition to hiring more staff to manage the increased caseload, efforts have also been made to increase staffing by redeploying employees from other business units, ending some contract positions in other areas early and delaying the start for staff beginning some new contracts that would deplete the front line resources. Business procedural changes have also been implemented to help expedite the intake and case management processes. Continuous improvement in this area is ongoing to determine if there are other changes that can support expedited service to the clients.

## **Section VI. Challenges and Emerging Trends:**

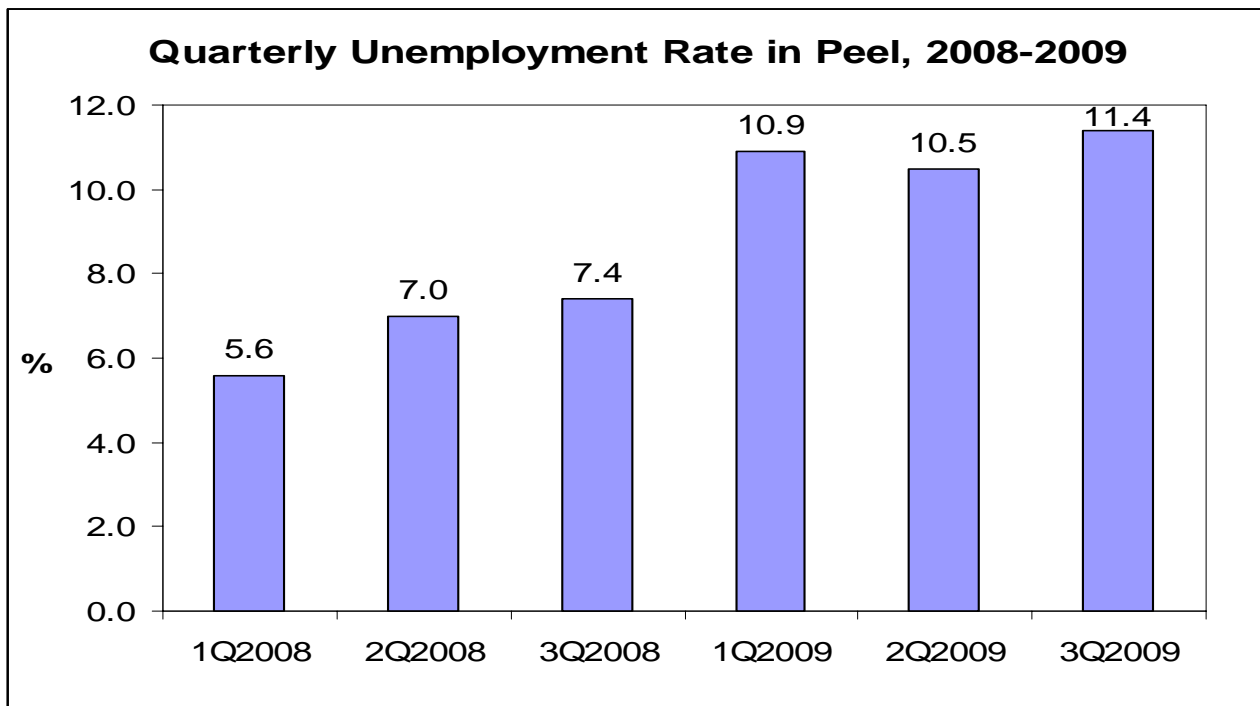
During 2009, staff submitted a series of Council reports outlining recent economic trends and its effects on Human Services programs. The relevant sections from the second economic status update are replicated below:

### **a) Economic Conditions and Indicators**

The global economy remained in recession during the first half of 2009. According to the Organization of Economic Corporation and Development (OECD), the economies of the seven largest industrialized economies shrank at annualized rates of 8.4 per cent and 0.1 per cent during the first and second quarters of 2009 respectively. The Canadian economy declined at annualized rates

of 6.1 per cent and 3.4 per cent during the same two quarters extending the economic recession in Canada to three quarters.

The recession has negatively impacted Peel. Peel's unemployment rate remained elevated at almost 11 per cent during the first half of 2009 and increased further in the third quarter. For the first and second quarter of 2009, Peel's quarterly average unemployment rates were 10.9 per cent and 10.5 per cent respectively, up from 5.6 and 7 per cent registered during the first and second quarters of 2008 respectively. In the July - September quarter of 2009, Peel's unemployment rate climbed to 11.4 per cent, the highest rate since the collection of Peel specific quarterly labour force data started in 2003. At 11.4 per cent, Peel's quarterly average unemployment rate for July – September 2009 was higher than September's unemployment rates in Canada, Ontario and the Toronto CMA. In fact, Peel's unemployment rate was higher than those registered in 10 out of 11 major cities in Ontario falling only behind the 14.3 per cent unemployment rate registered in Windsor for the month of September 2009.



The strong deterioration in Peel's labour market reflected the impact of the recession on key sectors in Peel. On average, close to a quarter of Peel's labour force is employed in the manufacturing and construction sectors. In the third quarter of 2009, there were approximately 19,300 fewer workers in Peel employed in the manufacturing sector compared to the third quarter of 2008, a drop of 18.7 per cent. Over the same time period, Peel's residents employed in the construction sector lost 10,400 jobs, a 31.3 per cent decline. The job losses over this period were not only limited to manufacturing and construction, but were widespread affecting many other industries in the economy.

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Table 1: Peel Labour Market Changes, 3rd Quarters 2008 and 2009

Economic Indicators	3rd Quarter 2008	3rd Quarter 2009	Increase / (Decrease)	
			No	%
Total Employment	613,500	547,200	(66,300)	(10.8%)
Full Time	515,300	461,600	(53,700)	(10.4%)
Part Time	98,200	85,600	(12,600)	(12.8%)
Manufacturing Employment	103,000	83,700	(19,300)	(18.7%)
Construction Employment	33,200	22,800	(10,400)	(31.3%)
Trade Employment	104,600	109,400	(4,800)	4.6%

In addition to significant and widespread losses in employment, there are other signs that Peel's economy continued to experience recessionary conditions in 2009. The table below compares the Year to Date 2009 (January – August) with YTD 2008:

Table 2: Peel Economic Indicators

Economic Indicators	January – August 2008	January – August 2009	Increase / (Decrease)	
			No	%
Value of Building Permits in Peel (millions of dollars)	\$1,660.8 M	\$857.6 M	(\$803.2 M)	(48.4%)
Number of Housing Starts*	5,244	2,944	(2,300)	(43.9%)
Number of Housing Completions	4734	3116	(1,618)	(34.2%)
Number of Single Family Residential Housing Sales	13,333	12,933	(400)	(3.0%)

Prospects for world economic growth have improved in recent months. The OECD now expects the world economy to recover earlier than previously anticipated. The Canadian economy is poised to emerge from the recession ahead of the other major industrialized economies. However, growth is expected to be fragile given the weaknesses in other major economies, particularly the US and the impact of the strengthening Canadian currency on export growth.

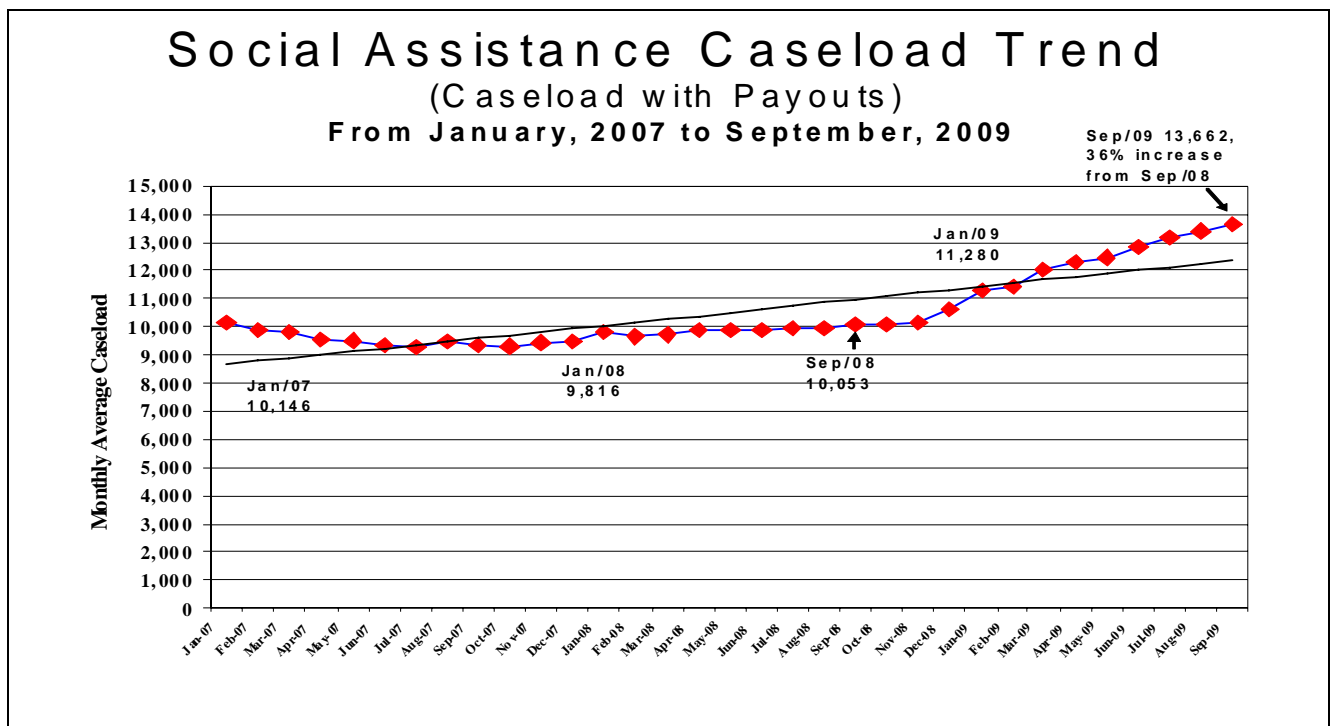
Evidence of more positive economic changes in the Canadian economy has started to emerge. In June 2009, real GDP increased by 0.1 per cent and in August, the Canadian economy creating 27,100 new jobs, with 18,600 of these jobs being created in the Toronto Census Metropolitan Area (CMA). The recent employment growth coupled with the Gross Domestic Product (GDP) growth in June is a sign that the worst of the recession could be over. Despite these recent positive signs, labour market conditions are expected to remain relatively weak in upcoming months with rising unemployment rates reflecting two main factors:

- **Employment is a lagging indicator:** After an economic downturn, the increase in employment usually lags behind an increase in GDP. As such, improvements in the job market are expected to occur after the rebound in the economy.
- **Increased entry into the labour force:** With the rebound in GDP, there is likely to be more persons entering the labour force, pushing the labour force higher. This is likely to occur at a pace above the growth in employment, resulting in increases in the national, provincial and regional unemployment rate.

The recovery in the labour market globally is also expected to lag the upturn in output with high unemployment rates. The OECD expects unemployment rates to approach 10 per cent by the second half of 2010, up from 8.3 per cent as at June 2009. OECD also said that there is a risk that the rise in joblessness could result in a permanently higher unemployment level that could take many years to bring back down.

**b) Social Assistance Caseload Update**

As the number of people who are unemployed continues to increase, it is expected that, after a lag of several months, the OW caseload will continue to rise. As the economy contracts and unemployment rates continue to increase, the Region of Peel will continue to experience a spike in the social assistance caseload. The caseload for September 2009 is 13,662 (cases with actual cash payouts during the month) or 13,313 (cases remaining on assistance at month end). From September 2008 to September 2009, the caseload increased by 36 per cent.



In July and August, the Finance department conducted an econometric exercise aimed at developing a forecast model for the OW caseload in Peel. This exercise examined the historic relationship between the change in the annual unemployment rate for the Toronto Census Metropolitan Area (CMA) and the change in Peel’s OW caseload from the year 1990, the start of the last significant recession, to the present. The unemployment rate for the Toronto CMA was used in this analysis because unemployment data for Peel Region was only available from 1996 onward. The Toronto CMA is a geography that includes Peel and one that was deemed more representative of changes in Peel (relative to other data sets like Ontario and Canada).

The relationship was tested statistically (correlation) before proceeding to develop a regression model. The exercise used both the statistical results as well as knowledge of the influences on the OW caseloads to develop a predictive model that could explain 63 per cent of the change in the OW

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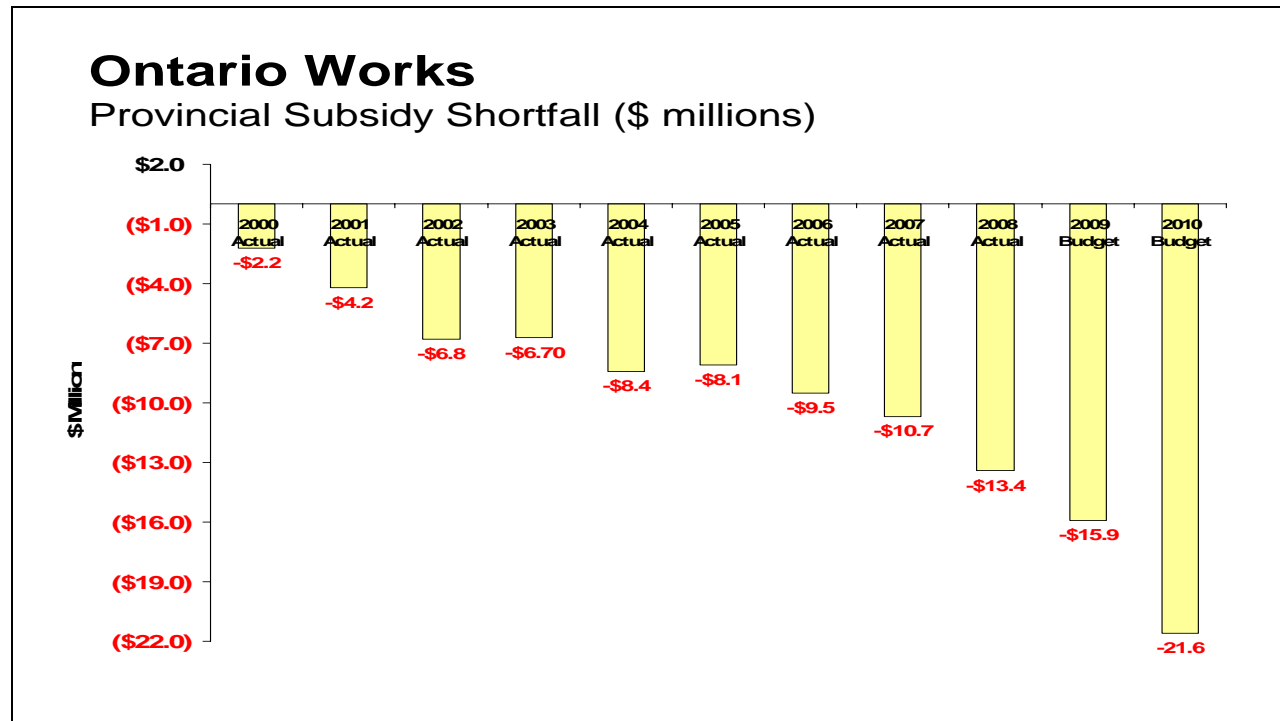
caseload. This model provided estimates which will be used as the basis for forecasting the level of monthly average OW caseloads for 2009 and 2010. The estimates are presented below:

OW Caseload	2009			2010		
	Lower Limit	Mid Point	Upper Limit	Lower Limit	Mid Point	Upper Limit
Total OW Cases	154,069	160,294	170,949	166,087	175,362	188,898
Average Monthly Caseload	12,839	13,358	14,246	13,841	14,614	15,742

Based on this model, the OW monthly average caseload is predicted to be approximately 13,358 for 2009. For 2010, the OW monthly average caseload will be considerably higher with average monthly caseloads forecast ranging between a low of 13,841 cases and a high of 15,742 cases as the unemployment rate continues to climb through the remainder of 2009 and into the early part of 2010. For 2010 budget purposes, staff is recommending using a monthly average caseload of 14,614, the mid point of the forecast range. The 2010 budgetary impact will be discussed as part of the budget process.

**c) Subsidy Inequity Status:**

Provincial subsidy funding shortfalls for mandated programs continue to be a critical issue for OW. The cost of providing service continues to increase due to inflationary, growth and economic pressures. However, the provincial subsidies continue to lag behind as illustrated below. For 2010, the subsidy shortfall is expected to increase by \$5.7 million from the 2009 budget.



The following table illustrates the 2010 subsidy shortfall by individual programs.

Program Name	Legislated Cost Share	What Subsidy Should Be	Actual Subsidy (\$'000)	Actual Cost Share	Subsidy Shortfall (\$'000)

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		(\$'000)			
Social Assistance	80.6 / 19.4	\$110,913	\$110,913	80.6 / 19.4	NIL
Program Management	50 / 50	\$18,426	\$7,477	20 / 80	\$10,949
Employment	80 / 20	\$10,170	\$6,643	52 / 48	\$3,527
Homelessness	80 / 20	\$10,452	\$3,334	67 / 33	\$7,118
<b>Total</b>	<b>74 / 26</b>	<b>\$149,961</b>	<b>\$128,367</b>	<b>64 / 36</b>	<b>\$21,594</b>

### Section VII. 2010 Program Pressures – Current:

#### Service Demand:

Even in a normal and healthy economy, the social assistance caseload and related costs will increase due to normal population growth and local demographic factors. For Peel, the historical pattern has been that the caseload increases by about 4.7 per cent per annum. The costs related to caseload increase (social assistance benefits, caseload management and employment benefit payments) are estimated at \$1.6 million.

The high level explanation of the 2010 budget pressures is stated below. The 2010 net budget program budget pressures are estimated at \$78.5 million. Details can be found in [Appendix I](#).

OW Programs	2009 Net Budget (\$'000)	2010 Net Budget Increase (\$'000)				2010 Net Budget (\$'000)
		2010 Base Pressures	2010 Program Pressures	Total	%	
Social Assistance	\$19,094	\$6,995	\$918	\$7,913	41.4%	\$27,007
Caseload Management	\$23,482	\$4,680	\$533	\$5,213	22.2%	\$28,695
Employment	\$4,018	\$1,602	\$490	\$2,092	52.1%	\$6,110
Homelessness	\$11,417	\$2,014	\$0	\$2,014	17.6%	\$13,431
Community Support	\$2,780	\$90	\$350	\$440	15.8%	\$3,220
<b>Total</b>	<b>\$60,791</b>	<b>\$15,381</b>	<b>\$2,291</b>	<b>\$17,672</b>	<b>29.1%</b>	<b>\$78,463</b>

**Section VIII. 2010 New Initiatives - Current:**

For 2010, OW is requesting the following new program initiatives, with a total net budget cost of \$0.65 million:

- The Neighbourhood Capacity Support program is intended to support youth in risk. During 2009, staff evaluated the program delivery needs and is recommending that for 2010, this program be expanded to include contracted costs for youth engagement workers, summer camps for youth, community engagement events and a pilot storefront youth project.
- Some subsidized parents currently incur out of pocket parental co-payments for child care. There are two portions to the parental co-payment:
  - (a) \$5 per family per diem charged by Region of Peel (ROP),
  - (b) fees that are charged directly to the parents by the external child care centres due to ROP practice of capping the per diem rates that are paid to the childcare centre.

The parental co-payment is a Regional practice implemented under the "needs testing" subsidized child care eligibility criterion. Currently under the new "income testing" Provincial eligibility criterion, clients who are deemed to have no ability to pay a fee are being negatively impacted by the policy. In short, ROP is not complying with the Provincial policy. The division is recommending that the parental co-payment be eliminated to assist clients with undue financial hardships. The estimated cost is \$6.5 million per year (\$6.2 million in Children's Services \$0.3 million in OW). It is recommending that the additional cost be funded from the tax room gained from repatriated budget room (ODSP, pooling and OW benefits).

**Section IX. 2010 Program Pressures – Capital:**

The following table lists the new capital plan for 2010, as well as the carry forward capital balance from 2009 that includes the total capital budget available. Details are found in [Appendix II](#).

<b>Carry Forward from 2009 \$'000</b>	<b>2010 New Capital \$'000</b>	<b>2010 # of New Projects</b>	<b>Total Capital Available \$'000</b>	<b>2011 - 2019 Forecast \$'000</b>	<b>2011 - 2019 # of New Projects</b>
\$669	250	1	\$919	\$4,947	10

The 2010 capital plan includes a capital facility maintenance project for the 3 regionally operated hostels with a budget of \$0.25 million.

**Section X. Future Outlook:**

**2011 and 2012 Current Budget**

The future operating budget will correlate to social assistance caseload increases. Expected social assistance caseload increases for 2010 and 2011 will impact the level of operating budget needed. Notwithstanding future provincial policy change impacts, population increases will result in social assistance caseload increases of approximately five per cent to six per cent per annum. The division's

## Ontario Works – 2010 Budget Document

caseload to caseworker ratio is 100:1 and there will be a need to increase caseload management and support staff each year to maintain this ratio. As a result, the net operating budget is expected to, at minimum, increase by six per cent to seven per cent each year.

### **2011 - 2019 Capital Plan**

To support the capital maintenance plan for the three regionally operated hostels, the capital plan for 2011 - 2019 is \$4.9 million.

### **Section XI. Pressures not included in 2010 Budget:**

The 2010 operating budget is based on positive outlook on the economic recovery. As such, the caseload forecast and its related costs are based on conservative estimate. If the economic downturn continues and does not show an improvement in 2010, OW year end financial result will be in a deficit position. Staff is recommending that available internal reserves be used to fund the deficit.

### **Appendices:**

Appendix I	2010 Current Pressures
Appendix II	2010 Capital Overview
Appendix III	2010 New Capital Detail
Appendix IV	Ten Year Capital Plan
Appendix V	Output/Outcome Measures

**APPENDIX I**  
**ONTARIO WORKS**  
**2010 CURRENT PRESSURES (\$'000)**

	<b>Ontario Works</b>		
	<b>Total Expenditures</b>	<b>Total Revenue</b>	<b>Net Cost</b>
<b>2009 Revised Cost of Services</b>	<b>156,036</b>	<b>95,245</b>	<b>60,791</b>
<b>Economic Downturn - Section IV</b>			
1. The social assistance caseload is expected to increase to 14,614 from 2009 budget of 10,400, representing an increase of 4,214 or 40.5 per cent. \$0.8 million additional funding due to subsidy rate increase from current 80.0 to 80.6 per cent has already been incorporated. 88.0 per cent of the caseload increase is attributed to economic downturn.	39,588	32,593	6,995
2. The employment benefit costs for social assistance clients are expected to increase in correlation to caseload increase.	1,445	-	1,445
3. The social assistance caseload and employment management costs are expected to increase in correlation with the caseload volume increase. Caseload management staffing related costs will increase by \$3.923 million. Also included is \$0.7 million in external caseload management contract costs and additional office lease costs.	4,369	300	4,069
4. The overall Rent Bank program is facing significant increase in demand due to economic downturn. \$0.4 million of the increase in costs can be funded by Provincial Funding, currently residing in internal Reserves.	700	400	300
<b>Sub Total</b>	<b>46,103</b>	<b>33,293</b>	<b>12,810</b>
<b>Annualizations - Section IV</b>			
1. The emergency shelter program management contract for Salvation Army will need to be annualized as the vendor had an 2008 accumulated surplus of \$0.6 million to reduce the 2009 funding requests.	600	-	600
2. The Emergency / transitional housing" program delivery model as approved for 2009 will need to annualized for full year of costs.	300	-	300
<b>Sub Total</b>	<b>900</b>	<b>-</b>	<b>900</b>
<b>Cost of Living Increase/Inflation - Section IV</b>			
1. Ontario Works base budget increase due to cost of living adjustments, primarily in salaries and benefits for existing staff	1,623	-	1,623
2. The existing emergency shelter program management external contracts will increase due to cost of living adjustments.	600	-	600
3. The community agency funding budget increase due to cost of living	50	-	50
<b>Sub Total</b>	<b>2,273</b>	<b>-</b>	<b>2,273</b>
<b>Recoveries - Section V</b>			
1. The Province has announced a new two year, time limited "Enhanced Employment Supports for Vulnerable Persons" program. Approximately \$0.6 million of the current 100 per cent Regionally funded employment program costs qualify under the new program.	1,160	1,762	(602)
<b>Sub Total</b>	<b>1,160</b>	<b>1,762</b>	<b>(602)</b>
<b>2010 Base Changes</b>	<b>50,436</b>	<b>35,055</b>	<b>15,381</b>

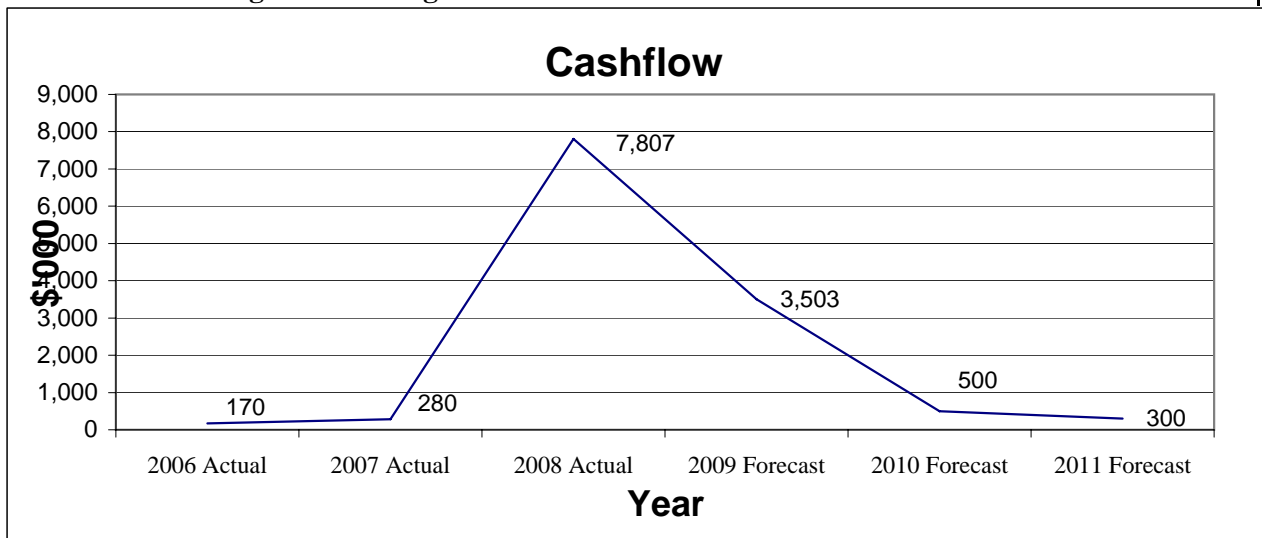
**APPENDIX I (Cont.)  
ONTARIO WORKS  
2010 CURRENT PRESSURES (\$'000)**

	Ontario Works		
	Total	Total	Net
<b>Service Demand - Section VII</b>			
1. Under normal economy, the social assistance caseload is expected to increase by approximately 4.7per cent or 490 cases. The net budget impact of 490 cases is \$0.9 million.	5,195	4,277	918
2. 4.7 per cent of the employment benefit cost increase is correlated to social assistance caseload increase under normal economy.	190	-	190
3. 4.7 per cent of the caseload management cost increase is correlated to social assistance caseload increase under normal economy.	534	-	534
<i>Sub Total</i>	<b>5,918</b>	<b>4,277</b>	<b>1,641</b>
<b>New Initiatives - Section VIII</b>			
1. The Neighbourhood Capacity Support program is intended to support youth in risk. During 2009, staff evaluated the program delivery needs and is recommending that for 2010, this program be expanded to include contracted costs for youth engagement workers, summer camps for youth, community engagement events and a pilot storefront youth project.	350	-	350
2. Subsidized parents currently incur out of pocket parental co-payment for subsidized childcare. There are two portions to the parental co-payment: (a) \$5 per family per diem charged by ROP (b) fees that are charged directly to the parents by the external child care centres due to ROP practice of capping the per diem rate that are paid to the childcare centre. The parental co-payment is a Regional practice implemented under the "needs testing" subsidized child care eligibility criterion. Currently under the new "income testing" Provincial eligibility criterion, clients who cannot afford to pay a fee are being negatively impacted by our policy. In short, ROP is not complying with the Provincial policy. Staff are recommending that the parental co-payment be eliminated to assist clients with undue financial hardships. The estimated cost is \$6.5 million per year (\$6.2 million in Children's Services \$0.3 million in Ontario Works). Staff is recommending that the additional cost be funded from the tax room gained from repatriated programs (ODSP, pooling and OW benefits).	-	(300)	300
<i>Sub Total</i>	<b>350</b>	<b>(300)</b>	<b>650</b>
<b>2010 Pressures</b>	<b>6,268</b>	<b>3,977</b>	<b>2,291</b>
<b>Total 2010 Pressures</b>	<b>56,704</b>	<b>39,032</b>	<b>17,672</b>
<b>2010 Recommended Cost of Service</b>	<b>212,740</b>	<b>134,277</b>	<b>78,463</b>

**APPENDIX II  
ONTARIO WORK  
2010 CAPITAL OVERVIEW (\$'000)**

	<b>Capital Budget</b>	
	Number of Projects	Total Budget
<b>Carry Forward: January 1, 2009</b>	<b>10</b>	<b>2,159</b>
<b>Additions:</b>		
2009 Capital Plan		
New 2009 Projects	0	-
New funding to Existing Projects		2,013
In year Approvals( i.e. Council Approval, Redelopments)		
<b>Subtractions:</b>		
Budget Reductions		
Closed Projects	(2)	(321)
Expenditures to September 30, 2009		(2,455)
<b>Subtractions: Projections from Aug.1 - Dec 31, 2009</b>		
Closed Projects		
Expenditures		(727)
<b>Balance: December 31, 2009</b>	<b>8</b>	<b>669</b>
<b>Additions:</b>		
New Proposed 2010 Capital Plan		
New 2010 Projects	1	250
New funding to Existing projects		
<b>Balance: January 1, 2010 with approval</b>	<b>9</b>	<b>919</b>
Projected 2010 Cashflow		(500)
<b>Projected Balance: December 31, 2010</b>		<b>419</b>

**Comments on Changes in Funding:**



APPENDIX III  
 ONTARIO WORKS  
 2010 NEW CAPITAL DETAIL

**2010 Financing Sources and Funding Status (\$'000)**

2010 Funding Status:  
 Approved or Pending  
 (A/P)



Project #

Project Name

Ward

2010			
<u>Total</u>	<u>Funding</u>		
<u>Expense</u>	<u>External</u>	<u>Internal</u>	<u>DCA</u>

Ontario Works
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A	10-0100	SHELTER CAPITAL REPAIR & REPLACEMENT	PEEL	250	0	250	0
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<i>Totals for Budget Year: 2010</i>	250	0	250	0
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**APPENDIX IV  
ONTARIO WORKS  
TEN YEAR CAPITAL PLAN**

**Ten Year Combined Capital Program (\$'000)**

<u>Sub Type</u>	<u>Description</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Yrs 6-10</u>	<u>Gross</u>
<b>Ontario Works</b>								
Ontario Works								
<b>10-0100</b>	<b>SHELTER CAPITAL REPAIR &amp; REPLACEMENT</b> SHELTERS CAPITAL REPAIR AND REPLACEMENT FOR: 3190 MAVIS ROAD, 15 WILKINSON AND 2500 CAWTHRA.	250	250	250	250	250	1,250	2,500
<b>16-0150</b>	<b>NEW SHELTER</b> CONSTRUCTION OF NEW SHELTER FOR ONTARIO WORKS TO BE FUNDED BY DC FINANCING	0	0	0	0	0	2,697	2,697
<b>10 Year Totals For:</b>	<b>ONTARIO WORKS</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>3,947</b>	<b>5,197</b>
<b>Totals for 10 Year Capital Plan:</b>		<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>3,947</b>	<b>5,197</b>

**APPENDIX V  
ONTARIO WORKS  
OUTPUT AND OUTCOME MEASURES**

<b>Output/Outcome Measures</b>	<b>2009 Target</b>	<b>2009 Projection</b>	<b>2010 Target</b>	<b>Commentary</b>
Monthly Average Social Assistance Caseload	10,400	13,100	14,614	The deteriorating economy is the main driver for the significant caseload increase.
Number of months on social assistance	13.0	12.1	15.0	Average number of months on assistance is lower in 2009 due to the increased number of new cases being granted in the last few months. It is projected in 2010 that months on assistance will increase as the economy worsens and more people lose or could not find jobs.
Monthly Social Assistance Benefit Cost per Case (Social Assistance Component Only)	\$746.28	\$763.94	\$786.46	Increase in cost per case is a combination of the 2 per cent increase, OCB impact, discretionary increase and volume increase. Also, the average family size in Peel is increasing.
Monthly Social Assistance Administration Cost per Case (Social Assistance Component Only)	\$256.81	\$218.16	\$214.52	Actual gross administration cost for 2010 increased by 5.5 million however, the projected rate of caseload increase outpaced the cost increase therefore actual cost per case is lower.
Lifetime Social Assistance Cost per Case (Social Assistance Component Only)	\$13,040.17	\$11,883.41	\$15,014.70	Lifetime cost is related to the above 4 measures.
Per cent of Social Assistance Caseload that have earnings	6.50%	5.70%	5.00%	Forecasted to decline as caseload increases. Substantially influenced by economic environment.
Number of Newcomers (in Canada less than 10 Years) as per cent of the Caseload	24%	24%	24%	Forecasted to be stable for 2010.
Social Assistance Caseload Turnover Rate	7.2%	5.9%	5.9%	Shortage of jobs in a recessionary climate will impact participant's opportunities to exit social assistance.
Per cent of Internal Review decisions (appeals) upheld	82%	82%	82%	Forecasted to be stable for 2010.
Regionally Operated Emergency Hostels Occupancy Rate (Operational Capacity)	90%	85%	90%	Occupancy rate for 2009 was affected by renovations and move of clients to the new Peel Family Shelter. Forecasted to be back on track in 2010.
Average length of stay in Emergency Shelters (days)	8.5	8.5	8.5	Length of stay is historically longer for families than singles however the average for all cases is forecasted to be stable for 2010.