
DATE: May 11, 2009

REPORT TITLE: **ECONOMIC INDICATORS AND HUMAN SERVICES PROGRAM IMPACTS**

FROM: Keith Ward, Commissioner of Human Services
Norma Trim, Acting Chief Financial Officer and Commissioner of Corporate Services

RECOMMENDATION

That the estimated additional increase in social assistance benefit costs of \$5.6 million be funded from Social Assistance Stabilization Reserve (R1261) if other 2009 year end surplus alternatives do not materialize;

And further, that upon consultation with the Chairman, Chief Administrative Officer and Chief Financial Officer, for every caseload increase of 700, the Commissioner of Human Services be given the delegated authority to hire a team of additional caseworkers and increase supporting resources in support of social assistance caseload management efforts;

And further, that upon consultation with the Chairman, Chief Administrative Officer and Chief Financial Officer, a delegated authority be given to the Commissioner of Human Services to increase current program service levels and introduce new service delivery programs;

And further, that the additional costs for caseworkers, caseload supporting resources, expansion of current program service levels and new service delivery initiatives, estimated at \$3.7 million be funded from the General Government Working Fund (R1250) if other 2009 year end surplus alternatives do not materialize;

And further, that the Commissioner of Human Services and Chief Financial Officer report back every four months to Council on the changing status of economic conditions, Human Services program impacts and costing of program and financial resources used to mitigate the economic downturn.

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REPORT HIGHLIGHTS

- The economy is deteriorating and has negatively impacted Peel.
- Peel's seasonally unadjusted unemployment rate has jumped to 10.9 per cent in the first quarter of 2009.
- The Social Assistance caseload is steadily increasing and has reached 12,306 for April, 2009. Based on recent trends, the caseload is expected to average 13,172 for 2009. As a result, the under resourcing of caseworkers is a serious problem in managing workload and ensuring program integrity.
- The net cost due to caseload volume is expected to be \$5.6 million for 2009.
- Other Human Services programs are experiencing pressures for increased subsidy.
- Community agencies are also facing increased funding needs due to lower level corporate sponsorships.
- The Human Services department is proposing several new initiatives and funding, in response to client needs due to the economic downturn that will also help to stimulate the economy.
- Staff is recommending that the increase in social assistance benefit cost be funded from Social Assistance Stabilization Reserve (R1261) if other 2009 year end surplus alternatives do not materialize.
- Staff is recommending that the additional costs for caseworkers, supporting resources, expansion of current program service levels and new service delivery initiatives, estimated at \$3.7 million be funded from the General Government Working Fund (R1250) if other 2009 year end surplus alternatives do not materialize.

DISCUSSION

1. Significant Economic Deterioration

a) Economic Indicators

In December 2008, as part of the 2009 Regional Budget deliberations, Regional Council was apprised of the deteriorating economic conditions both globally and nationally. These conditions have continued to worsen and now a confluence of economic forecasts confirms that the world economy will shrink in 2009. Canada's economy also has substantially weakened since the fall and is poised to contract in 2009. Canada's Gross Domestic Product (GDP) has declined for seven straight months (August 2008 to February 2009). Should this trend continue for another month, the Canadian economy will officially be in a recession (defined as two full negative quarters of growth).

The recent economic downturn has negatively and dramatically impacted Peel. The quarterly unemployment rate (seasonally unadjusted) in Peel jumped to 10.9 per cent in the first quarter of 2009 compared to 5.6 per cent in the first quarter of 2008. It is much higher than it was in the fourth quarter of 2008 (6.7 per cent). Peel's unemployment rate for the first quarter is also higher than the (seasonally adjusted) unemployment rate for Ontario (8.7 per cent) for March 2009 and the Toronto Census Metropolitan Area (8.8 per cent).

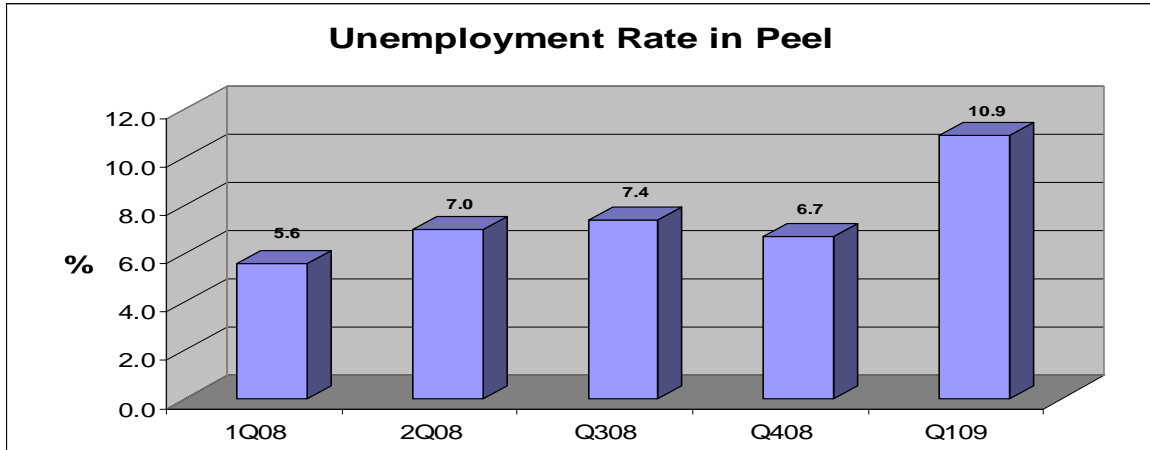
Close to 20 per cent of Peel's labour force is employed in manufacturing. Since the first quarter of 2008, just over 20,000 manufacturing jobs have been lost in Peel. As a result, the job losses in manufacturing significantly affect communities like ours and partly explain the sharp rise in our unemployment rate. The job losses over this period

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were not only limited to manufacturing and construction but were widespread affecting many other industries.

The local Brampton Human Resources Development Canada office is seeing up to 800 Employment Insurance (EI) applicants per day and will be extending service to Saturdays and some evenings. As well, according to a provincial source, approximately 700 automobile assembly workers will soon exhaust their EI benefits. Some of these workers will be approved for the province's Second Career funding, but at the time of writing this report we do not know how many.



In addition to significant and widespread losses in employment, there are other signs that Peel is in a recession as indicated below:

Economic Indicators	January-March, 2008	January-March, 2009	Increase / (Decrease)	
			No	%
Total Employment:	660,400	583,300	(77,000)	-11.7
Full Time	562,800	489,600	(73,200)	-13.0
Part Time	97,600	93,700	(3,900)	-4.0
Manufacturing Employment	124,900	104,200	(20,700)	-16.6
Construction Employment	39,500	28,600	(10,900)	-27.6
Trade Employment	118,900	110,300	(8,600)	-7.2
Number of Single Family Residential Housing Sales	4,032	2,800	(1,232)	-30.6
Number of Housing Completions	1,465	866	(599)	-69.2
Number of Housing Starts*	1,052	1,545	493	46.8
Value of Building Permits in Peel	\$448,441,000	\$385,730,000	(\$62,711,000)	-14.0

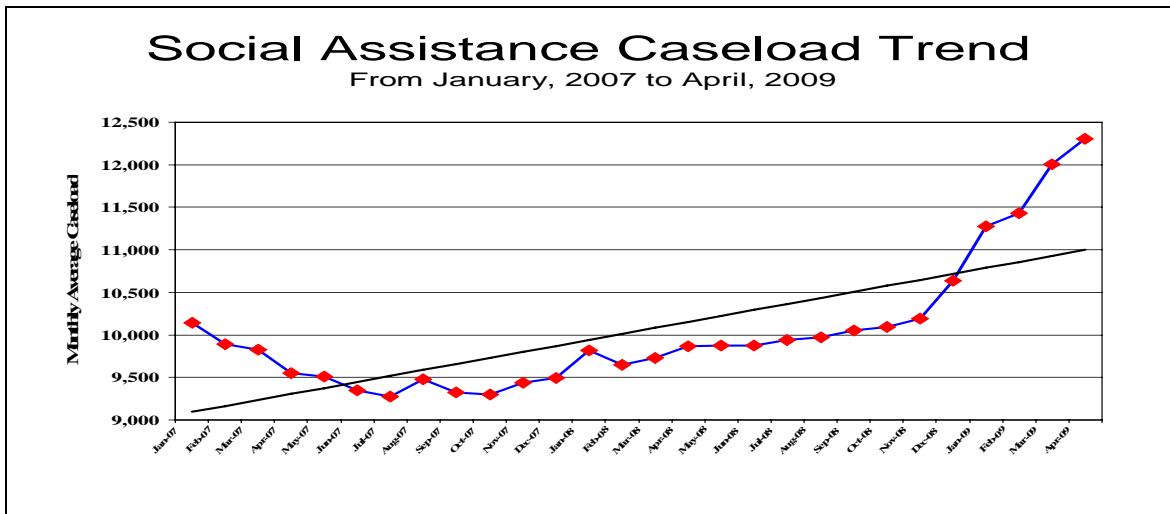
*Note- the 46% increase in housing starts in the 1st quarter of 2009 over the 1st quarter 2008 is due to a six fold (668%) increase in multiple starts in March 2009, which boosted overall housing starts for this month by over 300% from March 2008 levels. In fact, Housing starts for the period of January – February 2009 relative to January – February 2008 fell by 59.0%.

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b) Social Assistance Caseload Update

A recent spike in our social assistance caseload is a solid indication of the growing need in Peel due to the recession. The caseload for April, 2009 stands at 12,306. This was the first time since August 1995 that the monthly caseload in Peel exceeded 12,000 cases. From September, 2008 to April, 2009, the caseload increased incrementally by 322 per month on average; the first time in recent years there have been consistent month-over-month increases. More recently, the caseload increased by 417 per month from January, 2009 to April, 2009. In a healthy economy, the caseload should decline during the 1st quarter of the year.



Assuming that from May to December, 2009, the caseload was to incrementally increase by 350 per month, the 2009 monthly average caseload is expected to be 13,172. If this increase were to continue to the end of 2010, the monthly average caseload for 2010 would be 17,381.

The caseload projection is based on current trend over the past few months. The future caseload projection will be primarily dependent on future economic conditions. It is therefore difficult to estimate the degree of impact the future economy will have on the caseload volume. Staff will report back regularly on the status of the social assistance caseload.

The approved 2009 caseload budget is based on a monthly average caseload of 10,400. Based on a 2009 projected caseload volume of 13,172, the additional in year Regional cost is estimated to be approximately \$5.6 million. For every caseload deviation of 100 per month, the incremental net cost to the Region is approximately \$200,000.

Social Assistance Caseload	2007 Actual	2008 Actual	2009 Projected	2010 Projected
Monthly Average Caseload	9,549	9,976	13,172	17,381
Increase per cent over Prior Year	-	4.5 %	32.0 %	32.0 %

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c) Social Assistance Caseload Management

Peel's optimal caseload management staffing level is 100 cases per caseworker. The approved 2009 caseload management staffing level is sufficient to handle 10,400 cases. Based on the April 2009 caseload volume of 12,306, an additional 16 caseworkers are needed. To overcome the shortage, staff in other classifications with previous caseworker experience has been diverted to caseload management. Other redeployments from the department and process changes are also being considered to help balance the workload of social assistance caseworkers. Additional caseworker staffing and support resources will need to be evaluated as future caseload volume increases.

Staff is also looking at other ways to mitigate the workload impacts associated with the growing caseload. Staff will use caseload trend data to review current processes and make recommendations for changes to those processes to alleviate workload pressures at the intake/caseworker level (if they are deemed to exist). This will include:

- a. looking at current business process in intake and ongoing case management
- b. current recruitment strategies
- c. current training strategies

Staff is also seeking temporary relief from provincially required procedures and practices. The province has indicated that changes will be forthcoming in the next month.

Connected to the increase in the number of caseworkers is the issue of available office space. If the caseload projection holds true through to 2011, the need for additional staff and office space could be up to 70 staff. The new 10 PEP Suite B as presently configured cannot handle this additional staff. To this end, staff is considering an extension to the current lease for the Ontario Works office located at 21 Coventry Road in Brampton. The annualized cost to extend the lease at 21 Coventry is estimated to be \$643,000.

2. Increased Needs in the Community due to the Recession

a) Assessing the Recession's Impact on Client's and Community's Needs

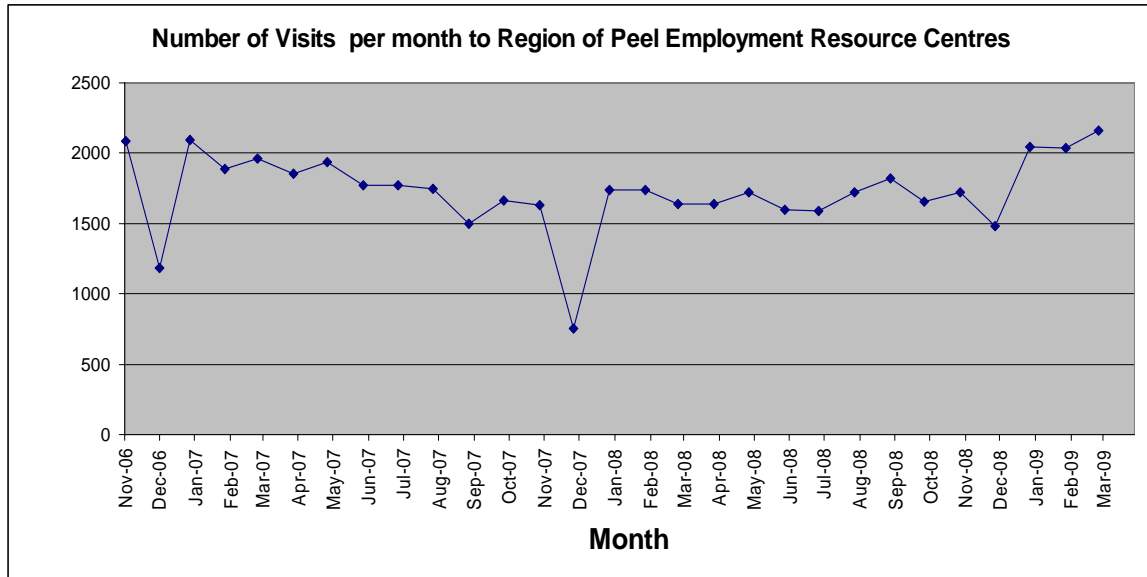
Besides monitoring the economically sensitive Social Assistance caseload, Human Services staff will be regularly identifying and tracking key indicators drawn from Ontario Works, Children's Services, and Social Housing data to assess the recession's impact on our clients and budget. This work will help to inform the department's decisions about resources to meet the growing demand and plan for the 2010 budget.

Some of the indicators of note so far include Employment Resource Centre visits, market renters in social housing on the approved Rent Geared to Income (RGI) waiting list and rent bank assistance provided.

- **Employment Resource Centres (ERCs):** Visits to our two Regionally operated ERCs are also up for the first quarter of 2009 compared to the first quarter of 2008. The monthly average number of visits to our ERCs for quarter 1 of 2009 was 2,080 compared to 1,704 for the same period in 2008. For three consecutive months beginning in January 2009, there have been more than 2,000 visits per month.

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- **Market Renters in Social housing units approved for RGI wait list:** Currently, there are 67 market renters on the waiting list who qualify for RGI versus 45 for the same period last year.
- **Rent Bank Program:** For the 1st quarter of 2009, 187 households received assistance through the Provincial Rent Bank program and the Regional part of this program, up from 118 households for the first quarter of 2008. This represents an increase of 58 per cent.
- **Seniors Dental Program:** The Health Department is currently experiencing a higher demand for senior's and children's dental services due to the economic downturn. For further information, please refer to the accompanying General Committee report from the Health Department.

Human Services staff with help from the United Way is also collaborating with community agencies to measure the impact of the recession on their clients and programs. The Region will be analyzing indicators collected from the agencies and will report back findings and trends to the community to help inform their budgetary and planning activities. However, generally speaking, community agencies are struggling from lost fundraising revenues, volunteer costs (previously unclaimed), increased service demands and resulting waiting lists for families and individuals in crisis and in need of immediate help. In addition, Mississauga Foodbank is reporting a 30 per cent increase in first time users.

b) Human Services Department's Response to the Growing Need

The Region is looking for ways to mitigate the impact of the recession on our most vulnerable clients by adopting a variety of new measures or increasing service levels. These measures will help to stimulate the economy and complement the federal and provincial government's economic stimulus efforts. There is a consensus that increased financial/income supports to low income households is the fastest way to increase consumer spending, boost demand and get the economy moving again as they are likely to spend the additional income immediately on basic needs.

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- Currently, the social housing policies are too restrictive to stabilize the housing situation of those at risk of losing their social housing. Staff is proposing to revise a current local service manager policy to double to two years the time market rent tenants can automatically regain their previous RGI status. Currently these tenants, after moving from a RGI to market rent, only have 12 months status to regain their previous RGI status.
- Staff is proposing issuance of discretionary benefits to provide a housing allowance to vulnerable clients in need to stabilize their housing situation. Currently, within the social housing system, there is an increase in market renters who are in need of RGI due to declining income levels. The intention is to offer a housing allowance to market households affected by the economy or approved households on the waiting list with RGI priority until the economy shows signs of steady improvement. This will assist those who may only need short term assistance until they find new employment. It will also prevent unnecessary and costly evictions and buffer housing providers against rental revenue loss. Approximately 200 units are targeted with an average allowance of \$400 per unit per month. The approximate cost is estimated to be \$1 million.
- Staff is proposing the continuation of Peel's Affordable Home Ownership program (AHOP) to assist 30 market renters living in social housing units to purchase a home. This would be set up with clients as a forgivable loan, repayable if program conditions are not met. The provincially funded homeownership program ended as of March 31, 2009. Currently there is a waiting list of nearly 300 applicants approved for participation should another program become available. The situation now is extremely favourable for purchasers who may want their own home. A lot of housing stock in Peel is currently priced under the previous program maximum of \$247,000 and mortgage interest rates have not been this low in years. If approved, this funding will help to stimulate economic activity within Peel Region in numerous ways and by targeting renters who currently live in market units with social housing providers, there may be an opportunity for the provider to then flip the unit to subsidy and house an applicant off of the chronological waiting list for subsidized rental housing in Peel. The approximate cost is estimated to be \$300,000.
- The Regional part of the Provincial Rent Bank program will need to be expanded to meet the growing need amongst residents who are on the verge of losing housing. The Provincial Rent Bank Program is stringent, providing assistance only to those households with no more than two months arrears and once every 24 months. Currently, those exceeding the provincial criteria are evaluated under the Regional part of the program and if they qualify are provided assistance. Many of the households contacting the Region for assistance under this program have more than two months arrears and need help with first and last months deposits and even mortgage arrears. For the first quarter of 2009, 113 households received assistance totalling \$195,000 through the Regional component of the Rent Bank, up from 78 for the same time last year, a 44 per cent increase. Based on this trend, staff project that an additional 175 households will be assisted. The estimated cost is \$300,000.
- Staff in our Regionally operated child care centres have reported the growing need to increase not only children's food portions for their daily breakfast, lunch and evening snack but additional food for parents and siblings in need, who are dropping off and picking up children in the Centres. Staff has also reported that many families are worried that they don't have sufficient funds to buy enough food for their family to eat, which has resulted in more healthy snacks extended to families during morning

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drop-off and evening pick-up times. To meet the growing need, staff is proposing that our Child Care Centres' food purchasing budget be enhanced to support these families in need. The expansion of the food budget would provide healthy snacks not only to the children in our centres, but to their parents as well. This initiative is meant to tackle the growing food insecurity amongst our most vulnerable clients. The approximate cost is estimated to be \$100,000.

- Most community agencies' operations rely on fundraising to cover a large share of their program budget. Many are reporting that corporate donations are down, putting increased pressure on their budgets at a time of increased demand. As the economy has deteriorated, agencies report increased service levels and serving more people coping with the stresses and consequences of job losses. Agencies are trying to meet the growing need within their current budget but more and more people are on waiting lists for counselling and other services, which exacerbates the situation for families and individuals already in crisis. Increased investment in our community agencies ensures that families receive the help they need to get back on their feet, crises are averted, and unnecessary use of more costly health and other services is avoided. Staff is proposing an expansion of the Community Agency Funding to meet the increased demand for financial support during the recession. The cost is estimated to be \$400,000.

3. Proposed Direction

As the future economic outlook, its corresponding impacts on Human Services programs and the amount of additional program and financial resources needed to mitigate the economic downturn are all difficult to forecast, staff is recommending the following.

- Upon consultation with the Chairman, Chief Administrative Officer and Chief Financial Officer, a delegated authority be given to the Commissioner of Human Services to either expand current program service levels or introduce new program delivery initiatives for Human Services clients as outlined in this report. The need to increase the program service levels and introduction of new programs will be reviewed every four months if the social assistance caseload continues to grow.
- Upon consultation with the Chairman, Chief Administrative Officer and Chief Financial Officer, for every caseload increase of 700, the Commissioner of Human Services be given the delegated authority to hire a team of additional caseworkers and increase supporting resources in support of social assistance caseload management efforts. Future staffing levels will be evaluated and decreased if caseload volume decreases.
- That the Commissioner of Human Services and Chief Financial Officer report back to Council every four months, on the future status of economic conditions, Human Services program impacts and costing of program and financial resources used to mitigate the economic downturn.

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FINANCIAL IMPLICATIONS

Programs	Identified Costs
Social Assistance Caseload	\$5.6 million
Caseload Management Cost (Staffing)	\$1.0 million
Office Leasing Renewal	\$0.6 million
Expansion & New Initiatives	\$2.1 million
Total	\$9.3 million

The total cost for economic downturn impacted programs is estimated to be \$9.3 million as outlined above. In 2008, \$7.8 million of corporate surplus was transferred to the General Working Fund Reserve (R1250) for future withdrawal by programs affected by the economic downturn.

Staff is proposing that in the event that other 2009 year end surplus funding alternatives do not materialize, the estimated increase in social assistance caseload costs of \$5.6 million be funded from the Social Assistance Stabilization Reserve (R1261), with the remainder \$3.7 million from the General Working Fund Reserve (R1250). The amount left from 2008 corporate surplus carry forward will be \$4.1 million which could be used for other programs impacted by the economic downturn such as declining recycling revenue.

CONCLUSION

The negative impacts on Peel of the economic downturn are accelerating. This is strongly confirmed by key economic indicators, notably increasing unemployment rates and social assistance caseloads. Both the federal and provincial governments have made significant investments in stimulating the economy. The Region of Peel is positioned to complement these efforts with local interventions that meet the specific and critical needs of our community. Staff is recommending new, quick initiatives to mitigate the impact of the recession on our most vulnerable clients and help stimulate the economy by adopting a variety of new measures or increasing service levels.

The Human Services department will closely monitor the economy and its impact on programs and report back as required.

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