



REPORT TO: Co-Chairs and Members of
Public Health and Social Services Committee

SUBJECT: Impact of Current Economic Condition on Niagara Region's
Community Services, Niagara Regional Housing and Public
Health Programs

RECOMMENDATION

That this Committee recommend to Regional Council that this report be received for information.

EXECUTIVE SUMMARY

- Niagara Region is experiencing the impacts of the global economic crisis resulting in layoffs and plant closures, plus changes in tourism that have impacts on a number of communities/economic activities.
- The local labour force participation is declining.
- The Ontario Works intake activity is up in the range of 22% to 26% in the months of September through to November.
- Children's Services' eligibility activity has increased over the same period due to bankruptcies claims, reduced earnings due to job loss and reduced hours of employment with clients

FINANCIAL IMPLICATIONS

Community Services

Community Services is anticipating a potential exposure to additional costs for Ontario Works allowances and benefits, employment programs and child care fee subsidy beyond the amounts included in the proposed 2009 current budget submission of \$1,560,000.

Community Services currently has a social assistance reserve fund of \$5,965,735 available to support any potential budget deficits.

Niagara Regional Housing

Niagara Regional Housing would have an exposure of \$173,500 at a downturn impact of 7.5%. Mitigation to this impact would be provided in the form of reduced mortgage interest expenses as a result of interest rate reductions.

Public Health

Economic difficulties generally do not generate direct additional costs for Public Health or for Emergency Services. However, it is important to identify that surge capacity is critical to these programs and services.

Public Health must respond to disease outbreaks and this sometimes involves many staff and a considerable number of work hours including overtime. This type of health emergency requires a surge capacity to handle all the work related to the outbreak as well as the regular operations. An estimate of overtime costs for an outbreak lasting several weeks is \$50,000.

Emergency Services also may experience surges in demand. The cost estimate to provide additional service to cover surge capacity over a 12-month period is \$780,000. Further details of this surge capacity requirement follow in the report section.

PURPOSE

The purpose of this report is to address the change in economic circumstances in Niagara and globally since the time when budget estimates were first established for the 2009 current budget. Caseload figures for Ontario Works were estimated based on activity up to June 30 2008, as budget work commenced in July and August for submission in September. The Children's Services 2009 budget took into consideration continued increased parent fee revenue generated by higher income families accessing fee subsidy through the Income Testing model. The economic downturn gained strength in the fall, after budget estimates had been established and significant changes to Ontario Works activity and intake volumes were not known until October. Updates on Children's Services' client ongoing eligibility outcomes for child care subsidy became evidenced as well during the latter quarter of 2008 as some clients started to report reduce earnings due to job losses and reduced hours of employment and in some cases bankruptcy claims.

BACKGROUND

As a result of these changes, members of the Public Health and Social Services Committee, in its meeting of December 9, 2008, requested a sensitivity analysis and information report on the potential impacts for the Region and the corresponding mitigation available.

REPORT

Community Services

The economic downturn and resulting layoffs and plant closures in the Niagara Region is beginning to show itself at the intake lines of Ontario Works. In the months of September through November 2008 Community Services has experienced an increase in intake volume of 22% to 26% in November. Based on an analysis of 2008, 87% of calls into intake are deemed to be eligible for Ontario Works.

Based on a review of the labour force market information there was a definite impact in November and December 2007 of 0.6% and 1.8%, and that may be the impact currently being seen at intake¹. However the labour market did stabilize somewhat after that and the next significant decline is November 2008 of 0.8%. Given the number of recent announcements, there is a feeling that the number of calls into intake that are truly eligible may not be as high as past trends. November caseload data is not yet available, however, it may be that individuals impacted by recent announcements are calling to see if they are eligible for assistance. In addition, when individuals are moving to Employment Insurance, they may be accessing emergency assistance and not translating into on going clients.

A sensitivity analysis Chart A, provides an analysis of Ontario Works allowances and benefits costs, employment program costs and impacts to staffing as well as the impact on childcare budgets for subsidized day care, given different possible caseload growth patterns.

Chart A

Should Caseload Grow To:	5%	7.5%	10%	15%
Ontario Works				
Allowances and Benefits	\$375,000	\$687,500	\$1,000,000	\$1,625,000
Employment funding	\$165,240	\$303,270	\$441,120	\$716,820
New staffing –				
Casemanager	\$59,168	\$118,336	\$177,504	\$295,840
Community Services	\$80,699	\$161,397	\$242,096	\$403,493
Worker				
sub total	\$680,107	\$1,270,503	\$1,860,720	\$3,041,153
Childcare				
Subsidy	\$157,248	\$288,288	\$419,328	\$681,408
Grand Total	\$837,355	\$1,558,791	\$2,280,048	\$3,722,561
Reserve Balance	\$5,965,735	\$5,965,735	\$5,965,735	\$5,965,735
Percent of Balance	14.0%	26.1%	38.2%	62.4%

¹ Stats Canada Monthly Labour Force Survey

Based on a review of the labour market data available, and the requirement for individuals to access Employment Insurance and other income sources in order to be eligible for Ontario Works, Community Services believes that a reasonable estimate of the exposure for the 2009 budget is a caseload growth of 7.5%, where the budget incorporates only a 2% growth as submitted. This would have an impact of an estimated \$1,560,000 for 2009.

Should the year end surplus dollars be transferred to the social assistance reserve in this amount, the 2009 impact of the economic downturn could be addressed through the reserve, while still allowing for the current reserve balance to be sustained, to support social assistance costs in future years, in the event the economic downturn is sustained beyond 2009. In the event that the social assistance reserve fund is the source of funding to support the potential deficit of \$1,560,000, this would utilize 26% of the reserve.

Niagara Regional Housing

An economic downturn affects the NRH budget on both the revenue and expense side. As tenants lose their employment, their rent is recalculated to a lower amount to reflect the reduced income. A 5% reduction in employed households results in an annual reduction of approximately \$59,100 in revenue. Chart B below illustrates the implications of a 5%, 10% and 15% reduction.

An economic downturn affects the non-profit and co-operative housing providers in the same manner. Rents are recalculated at lower amounts to reflect the reduced income from the household. This results in decreased revenue for the provider and the need for additional subsidy from NRH. A 5% reduction in the housing provider portfolio results in an annual increase in subsidy of approximately \$56,567.

As noted in the chart below, the total net levy impact of a 5% reduction is \$115,667 with projections of \$231,333 at 10% and \$347,000 at 15%.

Chart B

	5%	10%	15%
Rent Revenue Decrease	\$ 59,100	\$ 118,200	\$ 177,300
Housing Provider & Rent Sup Subsidy Increase	56,567	113,133	169,700
Net Levy Impact of Economic Downturn	\$ 115,667	\$ 231,333	\$ 347,000

In its 2009 budget, NRH proposed an increase in revenue and did not request an increase in housing provider subsidy. Taking the above projections into consideration there is every indication that the 2009 budget will not be adequate. NRH is projecting a year end surplus for 2008 that could be transferred NRH Reserve Fund for the Owned Units to offset this pressure.

Public Health

Public Health services are generally not directly driven by increases in volume resulting from an economic downturn. However, rates of unemployment and poverty increase during difficult economic times and research shows that the health of people/families is adversely affected by these economic stressors. People unemployed or living in poverty are more susceptible to illness and health problems. The eventual health effects of increasingly poor economic times may be more evident in the long term than at the point when the downturn is in its early stages. However, adverse health effects resulting from long-term poverty may cause increased volumes in some Public Health programs such as:

- School Health - The Ontario “Breaking the Cycle” Poverty Reduction Strategy speaks to, as part of the strategy, an investment of \$10 million annually in an After School program that will support children in high needs neighbourhoods with new after-school programming and new initiatives focused on physical activity and wellness. There is terrific opportunity to build on programs and services currently delivered through our School Health/Family Health Division and Chronic Disease and Injury Prevention Divisions to align with this provincial direction and integrate physical health, positive mental health, 40 developmental assets and obesity prevention programming in a responsive, innovative fashion. We can build on and strengthen existing after school programming currently being developed in Niagara through United Way efforts and others. Building on existing Public Health efforts will also utilize staff expertise and programs delivered in school hours affording children and youth, often with few other choices something healthy, educational, safe and fun to provide opportunity to build self esteem, develop new skills, and form attachments with peers and mentors.
- Sexual Health – increased demand for services resulting in more clients wishing to obtain lower cost oral contraceptives due to their level of poverty
- Vaccine Preventable Disease – fewer people attending immunization clinics that provide fee-for-service options for vaccines (e.g., HPV vaccine for students not covered by MOHLTC initiative)
- Infectious Disease – fewer people attending “fee-for-service” travel clinics due to the downturn in the economy resulting in less travel OR people taking a greater risk of travelling without being vaccinated due to the added expense of travel clinic
- Community Mental Health – additional burden to those with extremely serious and chronic mental illness, those who already barely exist at the poverty level; service requirements may increase due to stress related to the declining economy
- Reproductive Health – prenatal class clients (families who have been laid off from work) will be affected re: paying for classes

- Dental – potential increase in CINOT caseload due to an increase in lay-offs at certain companies which may have ramifications on the budget; a guess of a 10% increase in caseload would equal a \$40,000 increase in the CINOT budget
- Healthy Babies Healthy Children (HBHC) – there may not be a direct increase in costs for HBHC but rather may result in wait lists and not being able to service clients in need; more families needing more coordination of services and referrals to community partners for support are anticipated due to increased complexity of needs; the number of high risk Parkyn screening tests will go up since financial hardship contributes to the score increasing demand for public health services; HBHC provincial budget is being directly affected by the economic downturn as there is a risk that the province may cut budgets across the board.
- Child Health - parents will not be able to afford quality child care or other quality early learning opportunities; food access and quality may become an issue for pregnant and nursing mothers resulting in low birth weight babies; housing will become unaffordable; recreational activities for children will be out of reach for some families budgets
- Domestic violence and child neglect and abuse increases in economic downturn, family stress—all these factors will place demands and stress on NRPH programs and the Department will be forced to reduce FTE and be unable to serve them
- Infant and Child Development Services (ICDS) – provincial funding has been static for several years and indications are that funding will not increase in the foreseeable future which strains the ICDS budget.

It is anticipated that any increases in service volumes for 2009 would be handled with current resources within the programs outlined above except for those where costs are specifically identified. One potential source of funding support is being explored as a partnership with Family and Children Services (FACS). This funding would support the secondment of a Public Health Nurse (PHN) to assist FACS with any child under the age of 24 months who is living in a high risk environment in an effort to improve the well being of the child and the family, enhance the coordination of services, and advocate for families in need. However, health emergencies and emerging issues may occur through 2009 which will strain the already-stretched resources of Public Health. The 2009 Public Health budget does not include any dollars for surge capacity to cover these additional responsibilities. The estimated additional cost for overtime during a serious outbreak lasting a few weeks is \$50,000. Multiple serious outbreaks would significantly add to the cost. These costs are not built into the 2009 Public Health budget and would have to be covered within the existing operating budget.

Public Health – Emergency Services Division

Historically Niagara Emergency Medical Services never budgets for surge capacity within the normal budget process. For the 2009 Operating budget, EMS has not allocated any dollars related to increased call volumes (surge capacity) that may result from the current economic downturn in the Canadian and Niagara Region economies. Call volumes for EMS services do tend to increase during depressed economic times as a result of increased stresses on people. These additional stresses may lead to increased risk of vehicular accidents; substance misuse; and general injuries, as well as increased instances of violence. However, these service increases are typically covered with the resources at hand.

Pressures on Niagara EMS services are caused from issues such as offload delays, possible hospital restructuring and anticipated increases to call volumes related to the economic downturn. As a result of these ever increasing pressures, Niagara EMS could experience a surge in service demand which would overwhelm current resources. If there is surge capacity to be built into the Niagara EMS budget for 2009, it would encompass all the issues listed above, and may not be caused by any one particular issue.

Niagara EMS is currently developing a 10-year Strategic Plan for the service. Results of this study will not be available until early 2009. A consultant has been retained to complete this study and has been asked to incorporate not only operating costs and capital costs into the plan, but also that will address changes in demographics and possible impacts of hospital restructuring. This report will be brought to Committee in the first quarter of the new year. Contingencies plans are being developed to address and mitigate these risks as outlined.

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