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DATE 17 March 1997

TO/DEST. Regional Chair
Regional Councillors

FROM/EXP. Social Services Commissioner

SUBJECT/OBJET **RESPONSE TO INQUIRY - BACKGROUND INFORMATION
ON FACTORS INFLUENCING DEMAND FOR SOCIAL
ASSISTANCE AND RELATED SERVICES**

PURPOSE

This report is in response to Councillor Cullen's request for background information on the factors influencing the demand for social assistance and related services. This information may help the Region assess the financial implications of the Provincial announcements to change the funding and delivery of General Welfare Assistance (GWA) and Family Benefits Allowance (FBA).

BACKGROUND

During the week of January 13-17, 1997, the Provincial Government made several announcements dealing with the transfer of services and funding responsibilities to the municipal level of government. The announcements dealt with a broad number of issues that will impact several Regional Departments and the Corporation as a whole. The impact of these announcements on the Social Services Department is still unclear. More information from the Province is required in order to determine the exact nature of the changes, the timeframes and the financial implications.

However some information has been confirmed.

1. The Regional Municipality of Ottawa-Carleton (RMOC) will be responsible for administering the Ontario Works Program which includes General Welfare Assistance, Family Benefits Allowance, Employment Programs and other community and residential programs.
2. Social assistance programs will be restructured to separate the disabled from employable and temporarily unemployable clients. The Province is developing an Income Support program for the disabled which will take them out of the welfare system. It is still unclear who will administer the program, however municipalities will cost share the program on a 50/50 basis.
3. Social assistance costs will be cost shared with the Province on a 50/50 basis. This includes program and administrative costs, special needs expenditures and drug costs.
4. The Province announced a province-wide Municipal Social Assistance Reserve Fund with an initial contribution of \$700 million intended to offset escalating costs due to unforeseen local economic circumstances. It is unclear at this time if local circumstances will render the RMOC eligible for these funds.

The information provided in the remainder of the report is a collection of statistical information, socio-demographic trends, economic trends and policy issues that may aid the Region and the Department in assessing the overall impact of the changes.

DISCUSSION

Ottawa-Carleton Caseload Information

Table 1 represents a six year profile of GWA and FBA caseloads and expenditures, and relates them to the unemployment rate of the same period.

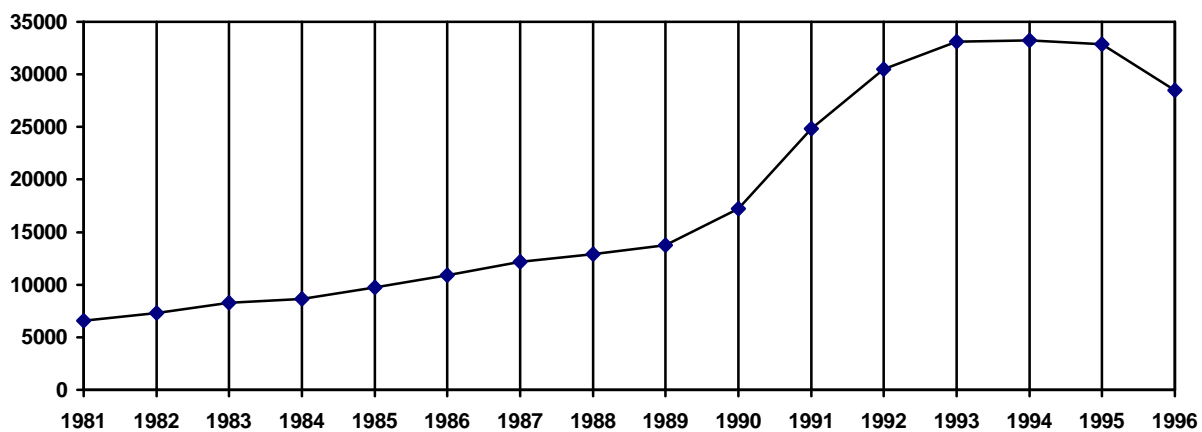
TABLE 1: GWA and FBA Caseloads and Expenditures (1991 -1996)

Year	GWA			FBA		Unemployment rate
	Caseload	Expenditures \$000		Caseload	Expenditures \$000	
		Gross	Net			
1991	24,836	137,582	26,194	14,899	118,735	7.3%
1992	30,501	257,936	29,628	16,482	151,874	8.7%
1993	33,116	290,882	31,842	17,638	171,994	8.4%
1994	33,232	296,244	32,471	20,016	188,068	8.4%
1995	32,899	288,100	33,511	21,346	211,781	9.7%
1996	28,488	226,736	33,031	21,598	213,164	8.6%

In reviewing the fluctuations of caseloads and expenditures over this period, a direct link to the unemployment rate cannot be made. However, it is clear that unemployment or the availability of an adequate supply of jobs is an important contributing factor to the caseload growth and decline.

Graph 1 represents the GWA caseload over a longer time period, from 1981 to 1996. It would be fair to assume that over time the social assistance caseload would fluctuate in accordance with economic fluctuations such as recessions and recoveries. However, when the 1981, 1986-87 and 1991 recessions and subsequent recoveries are superimposed on the caseload trend, no such fluctuations are evident. In fact the GWA caseload increased year over year from 1981 to 1994 at an average rate of 14%. In contrast 1995 and 1996 reflect the only caseload decline in that time period, the first post recession decline in fifteen years.

GRAPH 1: GWA Caseload Trend from 1981 to 1996



Statistical information on caseloads provide one piece of the picture needed to assess future impacts. Other factors such as demographic and economic trends, political changes and policy directions as well as social indicators also provide insight on caseload projections and associated cost implications. The following sections reflect some of this analysis.

Socio-Demographic Trends

Overall Population:

The RMOC population has steadily increased since 1989, from 646,535 to 719,160 in 1995. Although the RMOC population is anticipated to increase to 773,830 by 2001, the rapid growth in population experienced over the last decade has slowed and remains steady at 10,000 to 12,000 per year.

In 1996 the total number of beneficiaries in receipt of some type of social assistance represented approximately 14.2% of the population, a decline from the 15% of 1995.

Net Migration:

Net migration includes all arrivals and departures from Ottawa-Carleton, including new immigrants to Canada. Net migration in RMOC increased by approximately 34% from 1989 to 1992 and by 18.3% per year from 1993 to 1995.

A model developed in the 1990 report, *Human Services In the Regional Municipality of Ottawa-Carleton* attempted to assess the impact of population growth and changing population structure on the various human services programs delivered by the RMOC. The model concluded that at the margin, an additional 100 migrants to the area gives rise to up to 12 additional GWA recipients.

Special Needs:

The number of persons age 65 and older is estimated to increase by approximately 10,000 from 79,320 in 1996 to 90,550 in 2006. Such increases in the proportion of senior within the Region may result in more seniors requiring assistance. Needs tested benefits such as homemaking services and supplementary benefits would most likely be the most influenced by this trend.

Prescription drug costs are reported to be one of the fastest growing expenditures in the health care system. Canadians pay more than \$9 billion a year for medical drugs, \$4 billion more than they did a decade ago, an 80% rise in costs. As the population ages and increases its use of medical drugs and as drug costs will now be shared on a 50/50 basis with the Province, this factor may be important to note for future cost implications.

The Region purchases beds from Residential Care facilities (also known as domiciliary hostels) to provide housing to people with psychiatric illnesses and other individuals such as seniors who require limited supervision and assistance. The program is not part of the long term care system. From 1989 to 1994, the total number of annual purchased bed nights rose from 261,000 to 292,000, an 11.8% increase. In 1994 the number of purchased beds was capped thereby limiting further growth.

The Region purchases emergency hostel bed nights, to provide services to the homeless, from six shelter operators (one women's shelter, two youth shelters and three men's shelters) for a total bed night capacity of 313. The Region also purchases bed nights from the YM/YWCA to deal with special circumstances. The emergency hostel bed nights purchased have increased by over 3,700 per year between 1989 and 1996.

It is unclear how the upcoming changes to the health services sector will affect both these service areas or how the Region would be able to cope with increased demand.

Economic Trends

Strains and stresses on the national economy coupled with Federal government downsizing have had an impact on the local economy. Consequently, job availability has been changing.

Rate of Unemployment:

The local rate of unemployment has increased from 5.9% in 1989 to 9.7 in 1995, with a slight reduction in 1996 to 8.6%. The first nine months of 1996 show a 1.5% decline in the local unemployment rate to 8.2%. Subsequently this rate has increased to 9.8% at the end of February 1997. Questions on the real availability of jobs to meet the needs of the community arise from these facts.

Since 1988 the employed rate in the Region has increase by 2.7%, however the working age population has risen by 19% during that same time period.

Employment Forecasts:

Ottawa-Carleton's employment forecast survey recently released by Manpower Temporary Services, indicates that 23% of Ottawa employers queried expect to hire workers during the next three months while 14% anticipate cut backs. Another 60% will maintain current levels of staffing.

Human Resources Development Canada predicts that employment will grow just over 4% in the area over the next year. The national unemployment rate forecast in from 9.3% in 1997 and 8.8% in 1998.

Policy Issues

National and Provincial policy directions also have an influence on the size of GWA caseloads.

Over time the definition of Canada's and Ontario's social safety net has varied to allow for more liberalization or constraints. For example, in the late 1980's, amendments to the social assistance system in Ontario resulted in improvements in benefit levels and less restrictions of eligibility criteria. More recently, in October 1995, the Provincial government implemented 21.6% cuts to social assistance benefits and made restrictive changes to eligibility criteria. This may partly explain the steady caseload increase of the 1980's and 1990's and the subsequent decline of caseload in 1995 and 1996.

A recently released Statistics Canada report indicates that the proportion of unemployed individuals receiving Employment Insurance (EI) has decreased from more than 85% in the early 1990's to 30,8% at the end of 1996. Various reforms to the unemployment insurance system in the 1990's have restricted the eligibility criteria, cut the level of benefits and reduced the duration of benefits. At the same time there has been a rising proportion of long term unemployed who exhaust their benefits and a rising number of unemployed who are not able to work long enough to qualify for benefits. In fact, EI payments fell by 5% last year while the number of unemployed rose. These changes to EI have had a significant impact on caseload size as the unemployed turn to social assistance when benefits are exhausted or to top up EI payments.

Structural changes to the labour market also impact caseload size. In the 1990's, demand for workers has increased for those with university education and significantly decreased for workers with high school education or less. These trends do not mesh well with GWA caseload trends since in 1996 only 29% of new applicants had post secondary education while 67% had high school education or less.

PUBLIC CONSULTATION

Public consultation was not required for this report.

CONCLUSION

A myriad of factors impact social assistance caseloads, such as shifts in population, economic trends and changes to other social security programs. Projecting caseloads and associated costs, while taking into account the non-controllable variables influencing demand is complex. In addition, assessing financial implications while negotiations between the Province and Municipalities are still being played out on the overall trade-offs of costs is difficult at this point in time since many issues remain outstanding and questions unanswered.

On February 21, 1997, the Minister of Community and Social Services announced the formation of a *Who Does What Social And Community Health Transition Team*. The team will have representatives from across the Province, including politicians and staff from both the provincial and municipal governments. The team's role is to facilitate the transition and advise the government on various facets of the integrated delivery of social and community health programs, including the design of the Municipal Social Assistance Reserve Fund, and issues related to the design and implementation of changes in cost sharing.

Committee will be kept informed of the progress of the Social and Community Health Transition Team.

*Approved by
Dick Stewart*

AMH/JSTJ