
Subject: Budget Adjustment – Social Assistance and Employment Opportunities

Report to: Public Health and Social Services Committee

Report date: Tuesday, August 8, 2023

Recommendation

1. That an operating adjustment to the previously adopted 2023 Regional Municipality of Niagara (Niagara Region), Social Assistance and Employment Opportunities (SAEO), operating budget in the amount of \$1,287,250 gross and \$0 net, to be fully funded through the Ministry of Children, Community and Social Services (MCCSS) funding, **BE APPROVED**.

Key Facts

- The purpose of this report is to inform Council of a number of in-year MCCSS funding announcements totalling \$1,287,250 and to obtain Council approval of the related budget adjustment as per by-law 2017-63, Budget Control, items 6.6(a) and 6.6(b), requiring Council's approval for any amounts received in excess of \$1 million for operating programs.
- The influx of asylum seekers, placed by the Ministry of Immigration Refugees and Citizenship Canada (IRCC) in local hotels, put a significant strain on Niagara Region's ability to administer the Ontario Works (OW) program.
- On February 15, 2023, Niagara Region staff submitted a one-time funding request to MCCSS to address the anticipated costs associated with the influx of asylum seekers, placed in local hotels by IRCC as noted in Report COM 9-2023, Asylum Seekers Transferred to Niagara Falls - Request for Immediate Temporary Funding.
- On March 28, 2023, Niagara received confirmation from MCCSS regarding one-time funding of \$857,250, to hire eleven temporary staff to support asylum seekers applying for social assistance benefits as noted in Memorandum COM-C 27-2023, One Time Funding from MCCSS in Response to Asylum Seeker Arrivals in Niagara.
- On July 4, 2023, Niagara received confirmation from MCCSS regarding additional one-time funding of \$250,000, for OW program delivery and stability benefits and \$180,000, towards discretionary benefits to respond to the increased needs of asylum seekers.
- While these funds are helpful, SAEO may be required to make adjustments to service delivery and benefits to balance what is available to clients against the funds available.

Financial Considerations

The 2023 approved gross budget for SAEO is \$119,846,423, with a net levy impact of \$12,092,014. The 2023 budget includes OW Program Delivery Funding (PDF) from MCCSS of \$15,492,200, of which \$3,662,700 is funded 100% (no required cost share) and \$11,830,500 is funded by the province (with a required 50/50 cost share requirement with the Region). The province has frozen administrative funding to the social assistance sector and as a result this PDF funding has not increased since 2018.

Further to the operational pressures created by the IRCC decision to shelter several thousand asylum seekers in Niagara Falls, on February 15, 2023, SAEO submitted a one-time funding request in the amount of \$5,929,200 to MCCSS, based on data available, to address the dramatic caseload increase based on forecasted numbers available at that time. In March 2023, Niagara received \$857,250 from MCCSS that facilitated hiring eleven temporary staff to deliver OW to an increasing caseload. On June 29th, 2023, Niagara received confirmation from MCCSS regarding a modest additional one-time funding amount of \$250,000, to support the delivery of service and stability benefits and a one-time increase of \$180,000 in discretionary benefits in response to the influx of asylum seekers.

As clients are increasingly guided to move out of hotels and situate in other communities, there is a potential projected increase of costs in housing stability discretionary benefits of up to \$1,250,000 above the current budget.

Analysis

This report is being brought to committee in compliance with by-law 2017-63, Budget Control, requiring Council approval for in year budget adjustments in excess of \$1,000,000 million.

In February 2023, there were 1237 asylum seeker OW cases in 8 hotels in Niagara Falls (a case can be an individual, couple or family with children). As result, Niagara's OW cases increased by 8% in two months, rising from 10,428 in December 2022 to 11,288 in February 2023. To respond to the extraordinary increased demand for service, SAEO realigned existing resources and created additional specialized caseloads that offer dedicated case management supports responding to the unique challenges faced by the newcomer population.

For SAEO to operate within their approved 2023 budget, and in absence of financial support from the province, significant benefit policy adjustments were made that decreased the amount of stability and discretionary benefits available to clients.

In February 2023, Niagara Region staff submitted a funding request to MCCSS in the amount of \$5,929,200, to address the projected costs associated the influx of asylum seekers.

In response, Niagara received one-time funding of \$857,250 from MCCSS in March 2023, to assist with hiring eleven temporary staff to support asylum seekers applying for social assistance benefits. MCCSS committed to a further review of Niagara's request for 2023 one-time funding for stability and discretionary benefits.

In April 2023, the number of asylum seeker OW cases increased to 1978 residing in 14 hotels in Niagara Falls. As a result, Niagara's OW caseload further increased by 11%, rising from 11,288 in February 2023 to 12,511 in April 2023. SAEO staff continued to meet regularly with MCCSS regarding Niagara's one-time funding request for additional client benefits. SAEO staff made additional benefit policy adjustments to manage the increased demand for certain benefits to further mitigate year end budget pressures.

In April 2023, IRCC began to actively onboard additional communities in an effort to reduce the number of claimants in Niagara Falls. Between April 2023 and June 2023, 449 asylum seeker OW cases were transferred out of Niagara, resulting in 1529 asylum seeker OW cases in Niagara in June 2023. In consultation with IRCC and MCCSS, it was determined that approximately 1400 asylum seeker OW cases are expected to remain in Niagara for the next several months. MCCSS agreed to use the number of 1400 OW cases when considering the additional one-time funding request related to client benefits for asylum seekers.

On July 4, 2023, Niagara received confirmation from MCCSS regarding additional one-time funding of \$250,000 for OW program delivery and stability benefits, and a one-time increase of \$180,000 towards discretionary benefits to respond to the demand on expenditures created by the flux of asylum seekers based on 1400 cases remaining in Niagara.

Next Steps

While these funds are welcome, SAEO may require further adjustments or reductions to service delivery and client benefits to balance against the funds available.

IRCC has confirmed that accommodating asylum seekers in hotel rooms is not expected to be a permanent solution. However, rapid movement out of the hotels to permanent housing will require, under Niagara's current policy, additional discretionary client benefits (rent deposits) at an estimated unbudgeted cost of \$1,250,000. While benefit policy can be changed to reduce the funds available for housing stability benefits, failure to provide these housing related discretionary benefits may result in pressures on Niagara's shelter system as well as emergency shelters in other communities.

Staff will provide updates on IRCC's work to transition out asylum seekers from federally funded hotels and the potential impact on local resources and Niagara's shelter system.

Alternatives Reviewed

Should the budget adjustment not be approved, the unspent funds will have to be returned to the provincial government, resulting in less funding to support individuals in receipt of social assistance in Niagara.

Relationship to Council Strategic Priorities

The delivery of the OW program aligns with the Council Strategic Priority of Healthy and Vibrant Communities.

Other Pertinent Reports

COM 9-2023

COM 27-2023

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