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ECONOMIC ANALYSIS OF HUMAN SERVICES COSTS

The Planning and Economic Development Committee recommends the adoption of the recommendations contained in the following report dated October 4, 2007, from the Commissioner of Planning and Development Services:

1. RECOMMENDATIONS

It is recommended that:

1. The Regional Clerk circulate this report to the local municipalities and the Human Services Planning Coalition (HSPC).
2. Staff report the results of the Economic Analysis to Council in early 2008.

2. PURPOSE

The purpose of this report is to provide Regional Council with information regarding projections and analysis of human service expenditures between 2007 and 2031 as part of the Region's Growth Management and Regional Official Plan update process.

3. BACKGROUND

York Region is Canada's sixth largest metropolitan centre. As of June 2007, it is home to 965,000 residents. It is in the midst of a period of very rapid growth that will be sustained for some time in the future. It is estimated that York Region's population will surpass 1.5 million by 2031. As a result of population growth there will be further changes experienced to the Region's socio-demographic structure, most likely continuing the trend of high rates of ethnic and linguistic diversity, aging population and increasing income polarization.

Human services are the services and programs that support a safe, healthy community and maintain and promote its quality of life. In York Region, human services expenditures for 2005/2006 (12 month period) were estimated to be \$2.7 billion dollars. Of that portion, the Region was responsible for approximately \$361.5 million (gross) or 13% which included health services, community services, housing and GTA Pooling. Rapid population growth, aging and socio-demographic diversity will fuel the demand and type of human service programs needed.

4. ANALYSIS AND OPTIONS

4.1 Growth Management Review

On January 16, 2006, the Ministry of Public Infrastructure Renewal (PRI) released “*Places to Grow*” the Growth Plan for the Greater Golden Horseshoe. The Growth Plan includes policies which support the development of more compact, vibrant, transit-supportive communities. In order to address the unprecedented growth, the Region is currently undertaking a comprehensive Growth Management Review. One component of the review includes the draft *Sustainability Strategy* to compliment its growth management planning. The *Sustainability Strategy* provides a model for municipal planning and decision-making that integrate the values of sustainable natural environment, healthy communities and economic vitality. Integrated, long-term and sustainable planning of human services contributes to building of healthy communities, one of the three values of the *Sustainability Strategy*.

4.2 Economic Analysis of Human Services Costs

In September 2000, the Centre for Policy and Program Assessment at the School for Public Administration, Carleton University was commissioned by the Region’s Human Services Strategy to conduct economic analysis and projections of human services costs of York Region from 2000-2026. The results of the study were documented in the report: “*Changing Roles for Human Service Providers and An Economic Analysis of Human Service Costs*” (*Human Services Strategy Background Report #5*). Based upon the 2000 service levels and population projection, the total spending by major providers of human services in York Region would grow from \$1.9 billion in 2000 to \$3.1 - 3.4 billion in 2006. The total expenditure of human services delivered by the Regional Municipality of York would grow from \$411 million in 2000 to \$750 – 789 million in 2026. The results of the analysis also provide reference to the Human Services Planning Coalition to calculate and update the gaps of human service funding that York Region receives on per-capita basis compared with the rest of Ontario. The provincial government is requested to allocate human services funding based upon growth and population.

4.3 Next Steps

In light of the rapid population growth, changing demographics, trends and the ongoing review of provincial and municipal government responsibilities with respect to human services, it is timely to conduct another analysis and projection of human services cost for the Region and other major human services providers of the Region in the coming 25 years. In order to facilitate an economic analysis of human service costs, next steps include:

- The Human Services Planning Branch of the Regional Municipality of York will invite quotations and hire a qualified consultant to update the *Human Services Background Report #5* prepared in September 2000 by Carleton University.
- The consultant will work closely with Regional departments and major human service providers of the Region to provide projections and analysis of human service expenditures using a selected methodology.

- The consultant will submit a work plan, including timelines for completion of key deliverables, specific tasks and progress reports as required.
- Representatives of the Human Services Planning Coalition of York Region will be consulted on the progress and preliminary findings of the study.
- A final report will be presented to Regional Council, the Human Services Planning Coalition, interested local municipalities in York Region and respective ministries/offices of Provincial and Federal government in early 2008.

4.4 Deliverables

The project will consist of seven key deliverables including:

- Updating the current aggregate and program specific human services expenditures of York Region.
- Providing projections and analysis of aggregate and program specific human services expenditures until 2031 based upon demographic changes of York Region and variations of consumer price index of Ontario.
- Consulting sector representatives of the Human Services Planning Coalition of York Region in respect of the research plan, progress and preliminary findings.
- Developing viable policy recommendations on human services planning in the context of the Region's growth management planning and Sustainability Strategy.
- Including risk/sensitivity analysis in the proposed recommendations.
- Developing in-house, user-friendly tools for the Human Services Planning Branch to up-date the report in the future.

4.5 Relationship to Vision 2026

An assessment of the cost associated with human services expenditures speaks to the Vision 2026 goal area of *managed and balanced growth*. Financing growth and securing adequate funding for future needs support healthy communities, economic vitality, sustainable natural environments and effective human services.

5. FINANCIAL IMPLICATIONS

The completion of an economic analysis of human services expenditures is an important component of the Region's Growth Management Strategy. Funds for this study are included in the 2007 current Departmental budget.

6. LOCAL MUNICIPAL IMPACT

Planning for human services is critical in a fast growing and diverse region. Within the context of the Region's growth management strategies, the continued development of future expenditure models and projections, based upon population growth, changing

demographics, service responsiveness and policy priorities, will assist human service providers in their budgetary planning and priority setting process.

7. CONCLUSION

Human services are those programs and services that support a safe, healthy community and maintain and promote its quality of life. The Regional Municipality of York has an increased role in providing and delivering human services to its residents. Undertaking an economic analysis of the costs associated with human services requirements and delivery is an important component of the Region's Growth Management Strategy.

For further information about the report, please contact Simon Cheng, Director, Human Services Planning at 905-830-4444, ext. 1514 or simon.cheng@york.ca.

The Senior Management Group has reviewed this report.