



Community Services & Protective Services Report Item: Urgent Business UNRESTRICTED
Community and Protective Services Committee REPORT NUMBER
2015 September 11 CPS 2015-0712 CPS2015-0712

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Sliding Scale Proposal for The City of Calgary Subsidy Programs

EXECUTIVE SUMMARY

The City of Calgary has demonstrated tremendous leadership by offering subsidized programs to individuals and families who need support to access fee based City services. As directed by Council, Administration is bringing forward a sliding scale proposal. The goal of a sliding subsidy scale is to align differential subsidy rates to different levels of income. The proposed sliding scale is intended to extend subsidy benefits beyond the current low income threshold and provide more affordable fees/fares for those currently receiving subsidies.

Current subsidy programs apply a flat rate subsidy to all eligible applicants at or below Statistics Canada's Low Income Cut Off (LICO). Through its investigation, Administration identified that households whose income is up to 30 per cent above LICO, would greatly benefit from being included in the subsidy programs. A five band scale would provide more affordable fees/fares, and make it easier for Calgarians to understand the benefits.

Preliminary cost estimates for the implementing the proposed sliding scale are \$11 million ongoing with \$1.5 million in one time costs. Cost estimates have been built using considerable discounts to current fees and fares. However, raising or lowering fees and fares would impact the overall cost estimate. Regardless, this would be a significant investment and as such, Administration recommends advocating to other levels of government to share this cost. Though substantial, the investment represents a ground-breaking approach. A sliding scale for subsidy delivery will allow all Calgarians to have the same opportunity to participate in the community, improve their quality of life, and contribute to Calgary's vitality.

ADMINISTRATION RECOMMENDATION(S)

That the Standing Policy Committee (SPC) on Community and Protective Services recommend that Council:

1. Direct Administration to use the sliding scale proposal in the Attachment as a foundation for:
 - a. advocating to other orders of government for funding support, including the current consultation process for the provincial government's 2016-2017 budget,
 - b. continue to refine a sliding scale approach including an implementation plan and funding frameworkand report back to the SPC on Community & Protective Services no later than 2016 July; and
2. Receive this report as an item of Urgent Business for the 2015 September 14 Combined Meeting of Council.

RECOMMENDATION OF THE SPC ON COMMUNITY AND PROTECTIVE SERVICES, DATED 2015 SEPTEMBER 11:

That the Administration Recommendations contained in Report CPS2015-0712 be approved.

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Opposition to Recommendation 1 b.:

Opposed: P. Demong

PREVIOUS COUNCIL DIRECTION / POLICY

On 2014 November 3, Council approved TT2014-0768, "That Council direct Administration to develop a sliding scale fee proposal for low income Calgarians that would apply to City of Calgary low income subsidy programs and return to the SPC on Community and Protective Services no later than 2015 September with this proposal that would identify a time line for implementation, requirements/options for funding and administrative requirements."

BACKGROUND

Under Council's leadership, The City of Calgary has taken significant strides to ensure income is not a barrier to participation in City programs and services.

In 2015 May, The City of Calgary became one of only three Canadian municipalities to offer a single entry approach to fee subsidy programs, called Fair Entry. Prior to the introduction of Fair Entry, Calgarians who wanted to access fee subsidy programs through The City would have to apply and prove their eligibility separately for each program. Now, Calgarians now have access through one application to a Low Income Transit Pass; Recreation Fee Assistance; Property Tax Assistance and Waste & Recycling Rebate Program; the No Cost Spay and Neuter Program; and Seniors' Home Maintenance Services.

Although Fair Entry is a process improvement that benefits financially disadvantaged citizens, current subsidized rates remain a barrier for some Calgarians. Reduced fees or fares are available to citizens with income below Statistics Canada's LICO threshold; however, the fee or fare is the same price no matter how far a citizen is below the threshold. The fee or fare may still present a barrier to some of the most financially disadvantaged while sufficiently improving access to those with higher incomes but still in a financially precarious position.

A sliding scale represents a subsidy delivery approach that adjusts fees/fares according to a household's income level, whereas the current "flat rate" is applied regardless of household income level, as long as it meets the basic eligibility requirement. With a sliding scale, individuals with lower incomes would pay a proportionately lower amount for a service than those with a higher income. A sliding scale is a more complex subsidy delivery approach that can be challenging to administer and implement, with added complexity in assessing and qualifying applicants. In addition, a sliding scale approach can make it challenging for those receiving the benefits to know and understand their level of subsidy.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

A range of fees and fares provides an equitable approach to subsidy delivery, consistent with the Fair Calgary Policy. A sliding scale would assist in supporting people as they move out of poverty and become more economically self-sufficient. This proposal would expand income

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eligibility thresholds for subsidy benefits and improve affordability for those that are most financially vulnerable by including bands below the current threshold level.

Fair Entry Eligibility Threshold

Low Income Cut Off is defined by Statistics Canada as an income threshold below which a family is likely to experience financial vulnerability as it has to spend a greater proportion of its income on necessities such as food, shelter and clothing. It is adjusted for size of household and size of municipality. Additionally, LICO is indexed based on the Consumer Price Index providing adjustments for inflation.

Current access to subsidy programs is based upon an 'eligible' household income at or below LICO. Those households with income above LICO are not eligible to receive the benefits of any of the Fair Entry subsidy programs.

Current LICO thresholds for Calgary are as follows:

Household Size	LICO
1 person	\$24,328
2 persons	\$30,286
3 persons	\$37,234
4 persons	\$45,206
5 persons	\$51,272
6 persons	\$57,826
7 or more persons	\$64,381

Expanded Eligibility

There are limited comparative examples of sliding scales in municipal subsidy programs. Administration investigated the appropriateness of LICO as the upper threshold for eligibility and based upon a review of available low income measures and thresholds, recommends 130 per cent of LICO as the upper limit for subsidy eligibility. Research indicates that at 130 per cent of LICO, Calgary households are better able to meet their basic needs such as housing, transportation, nutrition; maintain a safe, decent, dignified standard of living; save for future needs and goals; and devote quality time to family, friends and community.

Proposed Bands

Sliding scales are often comprised of several "bands" or "steps" and can range from three "band" to a dollar-by-dollar slide. Each band is defined by specific eligibility criteria (e.g. a certain household income) and an associated fee, fare, or discount rate.

A band approach provides a series of income ranges and attributes for a fee/fare to each range. In planning for the various band thresholds, Administration examined a number of income support programs, many of which are used currently in the determination of eligibility for subsidy

¹ Vibrant Communities Calgary

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programs. Based on community input, current income support programs and Fair Entry data, Administration recommends a five band approach. With an expanded threshold to 130 per cent of LICO, the following bands are recommended.

Band	Proposed State	Current State
A	≤50 per cent LICO	All eligible for the same level of subsidy
B	>50-85 per cent LICO	
C	>85-100 per cent LICO	
D	>100-115 per cent LICO	Not eligible for subsidy
E	>115-130 per cent LICO	

New Demand Estimates

Based on the proposed sliding scale, the demand for subsidy will likely increase based on more affordable fees and fares for those currently accessing subsidy, and expansion of subsidy eligibility to 130 per cent LICO. It is the expansion of the eligibility threshold to 130 per cent of LICO that would represent the largest impact on subsidy programs. The total population of Calgary with income between 100 and 130 per cent LICO is estimated to be 68,000, while the population with income below LICO is 127,000.

Administrative Requirements

With the introduction of a sliding scale, Fair Entry would remain the single point of access for income assessment and program referral. However, the sliding scale presents unique implications to each subsidy program. Current subsidy programs are at varying states of readiness to introduce a sliding scale. A sliding scale would also impact the operation and administration of Fair Entry and its IT infrastructure.

Timeline

Introducing the proposed sliding scale would require time for further planning and analysis, including technology enhancements, expansion of service counters, staff and promotions. It is estimated that it would take approximately one year once funding is confirmed to fully implement the sliding scale proposed. A high level implementation timeline is included in the Attachment.

Stakeholder Engagement, Research and Communication

Sliding scales present many complexities and there are limited examples of municipalities using them for their subsidy programs. In the absence of a standardized practice, extensive research and consultation with internal and external stakeholders has informed this proposed model.

Stakeholders involved in this proposal include: Animal & Bylaw Services, Calgary Transit, Community & Neighbourhood Services, Information Technology, Recreation, and Waste & Recycling Services. The Alberta Veterinary Medical Association and Recreation Fee Assistance program partners were also consulted. Community & Neighbourhood Services met regularly with subsidy program representatives, the community advocacy group Fair Fares, the United

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Way of Calgary and Area and other community partners. Feedback from the community with respect to the proposal has been positive. Recreation Fee Assistance partners who participated in the consultations were generally supportive of the efforts and asked for as much notice as possible if we moved to a sliding scale as they would need to assess any impact to their own programs.

Strategic Alignment

Ensuring support is available to help vulnerable Calgarians live and succeed in Calgary aligns with a number of key priorities and guiding documents, including:

- Council Priority, P7 "Continue policies and programs to reduce the number of people living in poverty";
- Fair Calgary Policy, to increase accessibility and usage of programs, services, facilities and public spaces provided directly by The City of Calgary;
- 2020 Sustainability Direction, "By 2020, 100 per cent of low-income Calgarians have improved access to low-income programs and services";
- Economic Development Strategy for Calgary which aims to "Invest in equal opportunity and prosperity for all Calgarians"; and
- *Enough for All* poverty reduction strategy goal, "Everyone in Calgary has the income and assets needed to thrive and can easily access the right supports, services and resources".

Social, Environmental, Economic (External)

Social: A sliding scale would allow more Calgarians to access City services and in turn, become more active community members. Increased access to subsidy programs and an enhanced support system, as provided through Fair Entry, contributes to an improved quality of life for the customer. It is estimated that a sliding subsidy scale would improve the lives of 30,000 new subsidy users with income levels between 100 per cent and 130 per cent LICO. In addition, a sliding subsidy scale would also benefit over 70,000 existing subsidy customers through more affordable fee and fares.

Environmental: Increasing the accessibility to an effective transit service to all Calgarians is consistent with achieving The City's environmental goals.

Economic: An expanded approach to reduced user fees/fares, and access to low income programs and services, contributes to a city where people want to live, work and invest. Enhanced access to City services would increase the ability of those with low incomes to improve economic self-sufficiency and increase their contributions to our city economically.

Financial Capacity

Current and Future Operating Budget:

Preliminary estimates based on the proposed sliding scale as described in this report with considerable subsidy discounts applied, suggest that approximately \$11 million would be required to operate the model. The \$11 million estimate is based on approximately \$9.5 million in subsidy discount costs and \$1.5 million in operating expenses. In addition, just under \$1.5 million would be required for one-time set up expense.

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As the vast majority of the financial implications are due to direct subsidy costs, it is important to note that current cost estimates have been built using considerable discounts to current fees and fares. As subsidy discounts change, the financial implications of the subsidy cost would change. Should Council approve the sliding scale approach as proposed in the Attachment, a report with a funding framework would be developed and brought back to Council in 2016 July.

Current and Future Capital Budget:

N/A

Risk Assessment

The financial sustainability of the proposed sliding scale presents a significant risk. As Calgary grows, costs will continue to increase as more individuals access subsidized services. In order to mitigate this risk, it is desirable to have other levels of government cost-share this endeavour. This argument is strengthened given that participation in subsidy programs also impacts access to employment, health care and social services for people living on low income.

Business units have traditionally absorbed growth in subsidy programs. With a change to a sliding scale and resultant increases in subsidy program participants, business units will no longer be able to absorb increasing costs. Mitigation includes ensuring adequate funding is in place to address growth associated with a move to sliding subsidy scale.

Expanded eligibility criteria and increasing demand may have an impact on partners, especially Recreation Fee Assistance partners. As such, the current proposal does not include partners. In order to mitigate potential risk to partners, further engagement and consultation is required, preserving each partner's autonomy for its own subsidy approach and fee/fare structure.

REASON(S) FOR RECOMMENDATION(S):

The proposed sliding scale is an innovative approach for low income Calgarians to access City services. The proposed subsidy bands are based on a household's ability to afford City programs and services. This in turn enhances opportunities for Calgarians who are currently unable to afford fees/fares to have the same opportunity to participate in the community, access employment, improve their quality of life, and contribute to Calgary's vitality as other citizens. Council's support in principle would enable Administration to continue investigating a feasible funding framework and implementation strategy.

Financial sustainability of this innovative approach is a substantial risk. The City should look to the provincial and federal governments to cost-share the financial implications of a sliding scale.

ATTACHMENT

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