

Community Services Briefing to

Executive Committee

2024 July 23

ISC: UNRESTRICTED

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Fair Entry Eligibility Expansion

PURPOSE OF BRIEFING

This briefing is prompted by previous Council direction to develop a one-time operating request for November 2024 midcycle budget adjustments that identifies a source of funding and recommended amount to execute a two-year pilot program that expands the eligibility of the Fair Entry program for Calgarians in need.

An eligibility expansion pilot would provide significant short term benefits to newly eligible Calgarians, but would require substantial capital and operational investment. Fair Entry, in its current form, is facing unprecedented demand and is focused on sustaining the integrity of the program within the current eligibility criteria. Additionally, three Fair Entry subsidy programs are unable to expand due to capital constraints and eligibility that is set externally.

Administration has gathered the information requested including the required investment; however, a funding source has not been identified for either the interim or long term. As a result, The City is not in a position to expand the eligibility for Fair Entry at this time.

SUPPORTING INFORMATION

Fair Entry Eligibility

Calgarians living with low incomes can apply for low or no cost programs and services offered by The City of Calgary and Partners by submitting one application through Fair Entry. This includes the Low-Income Transit Pass and Recreation Fee Assistance. More details in Attachment 1 – About Fair Entry.

Eligibility for Fair Entry is based on household income using the Low Income Cut-off, an income threshold from Statistics Canada in which a household spends more than an average household on basic needs. The current (2023) Statistics Canada Low Income Cut-off thresholds are found in Attachment 2 – Fair Entry Eligibility Scenarios.

Current State

Calgarians, especially equity-denied groups and those living with a low income, are experiencing significant financial pressures. The challenges of the sustained affordability and housing crises were frequently mentioned in targeted engagement (more details in Attachment 3: Targeted Engagement Summary). Calgarians living with low incomes are increasingly required to make difficult financial choices, and Fair Entry subsidy programs help to offset the rising cost of living.

Fair Entry is seeing very high demand for its services. Comparing January to June 2023 to the same period in 2024, there has been a 16 per cent increase in Fair Entry applications (close to 11,000 more individuals) and a 10 per cent increase in approvals, (6,000 individuals). This increase is influenced by various factors, such as the Low Income Cut-off threshold increasing by almost four per cent, resulting more eligible Calgarians. Calgary is also experiencing high population growth which may include new Calgarians under the Low Income Cut-off, with 5.6 per cent growth in 2023 and an almost five per cent projected growth in 2024.

In response to the affordability challenges faced by Calgarians, Administration was directed to scope out expanding the Fair Entry program eligibility beyond the Low Income Cut-off. Two expansion scenarios were examined: the Low Income Cut-off plus 10 per cent and 25 per cent. These scenarios would include Calgarians living with a low income as defined by the Low Income Cut-off, and those with an income above the Low Income Cut-off who do not currently qualify for Fair Entry but are experiencing income poverty.

Population and Cost Analysis

Forecasts of program usage for each expansion scenario were calculated based on 2023 program usage from the Fair Entry Dashboard and 2021 census data (population distribution by family size and total income, found in attachment 2). The 2021 Federal Census is the source of the most recent population data for the City of Calgary, providing the most certainty and reliability. More recent Fair Entry program data, from 2023, shows trends in current use of the Fair Entry programs.

In 2023, approximately 136,000 people were within the Low Income Cut-off, and of those, nearly 112,000 people applied and were approved for Fair Entry. Using the above mentioned scenarios, the increased number of eligible Calgarians and estimated additional costs of an expansion are:

	Additional People Eligible (approximate)	Initial Capital Cost ¹	Annual Operating Cost ²
Low Income Cut-off plus 10 per cent	40,000	\$2.7 million	\$20.6 million
Low Income Cut-off plus 25 per cent	90,000	\$6.7 million	\$42.1 million

Note: The above estimates do not include three Fair Entry subsidy programs that are unable to accommodate an expansion, due to program eligibility that is determined externally. More details are available in Attachment 2.

Timeline

If resources were available, some Fair Entry subsidy programs would be ready to expand immediately while others would need up to two years in order to scale up capital and operational requirements to meet the needs of a higher number of eligible Calgarians.

Benefits

A two-year expansion to Fair Entry eligibility, as proposed by Council for investigation, for either scenario would provide the following opportunities:

- **Affordability and accessibility:** Expanding Fair Entry eligibility would better fulfill the goal of making crucial City services more accessible and affordable for residents.
- **Community wellbeing:** An eligibility expansion would support increased access to services, such as the Low-Income Transit Pass and Recreation Fee Assistance, which in turn promotes physical, financial and mental wellbeing.

¹ Capital requirements include, for example, opening an additional Fair Entry and Calgary Transit site to accommodate increased customers.

² Includes subsidy amounts, additional employees, and ongoing operational costs (security, IT, etc.). Operating costs vary according to each subsidy program and the services they deliver, and are therefore an estimate.

- Equity and inclusion: An expansion would further contribute to inclusive access to City services for equity-denied groups, particularly people living with low incomes.
- Alignment: An expansion would align with City strategic goals related to equity and inclusion, affordability, and integrated services that anticipate customer needs, including Route Ahead, the Social Wellbeing Policy, and Council's Strategic Direction focus area of Social Equity.

Challenges

The challenges of a two-year eligibility expansion include:

- Financial sustainability: Fair Entry and the subsidy programs already face financial challenges, such as reliance on seasonal revenues and other non-tax supported funding sources. As previously indicated, Fair Entry and the subsidy programs have limited financial resources to meet increased demand. Expanded eligibility would necessitate additional funding (approximately \$23 million and \$49 million for each scenario) or reallocation of resources.
- Workforce requirements: An increase in people eligible for Fair Entry would result in an increased need for staffing, training and administrative support to process applications and provide effective customer service.
- Timeline: A two-year pilot would result in financial uncertainty and confusion around eligibility status for those who were newly eligible should it revert back after the pilot period. Some subsidy programs would have challenges with operationalizing the increased eligibility for a temporary term.

Next Steps

Fair Entry subsidy programs are focused on ensuring sustainability within the current eligibility model as funds are not available at this time even to maintain current levels of service with the increased demand for some programs. Administration will continue to focus on meeting the current program demands by investigating how to reallocate funds for the required staffing and capital investments for Fair Entry and subsidy programs.

Fair Entry is one lever in addressing the affordability challenges faced by Calgarians, and as previously indicated, there is currently no funding source identified for expanded Fair Entry eligibility. Administration will continue to leverage opportunities to address the affordability crisis in collaboration with community partners and other orders of government. The information contained in this briefing and its attachments is available for future budget conversations if a funding source becomes available.

ATTACHMENTS

1. About Fair Entry
2. Fair Entry Eligibility Expansion Scenarios
3. Targeted Engagement Summary

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General Manager, Katie Black, concurs with the information in this Briefing.