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2012 BUDGET BRIEFING NOTE

PF&R 2012 WELCOME POLICY SUBSIDY

Issue:

- This Briefing note provides information on the comparison of the number of residents who will be able to access the Welcome Policy in 2012 under the current program-based allocation with the number of residents who would be able to access Welcome Policy if it were converted to a dollar-based allocation.
- In 2011, Welcome Policy subsidy of \$8.69 million is forecasted to accommodate 26,000 participants. In 2012, the Welcome Policy subsidy increased by \$1.46 million to a total of \$10.15 million and is expected to accommodate 32,000 participants under the current course-based entitlement.
- Welcome Policy subsidy program can serve an additional 7,500 participants for a total of 39,500 participants if it is converted from a course-based entitlement to a non refundable annual credit per user that is set at the 70th percentile of current Welcome Policy usage.

Background:

- A report to June 29, 2011 Community Development and Recreation Committee that recommended an annual subsidy of \$455 for Children and Youth and \$212 for Adults has been referred back to the General Manager for consideration after the Recreation Service Plan is complete and the strategies and funding related to access are considered by Council.
- The Welcome Policy subsidy program has grown dramatically since its inception in 2001, from 12,699 people approved for subsidy in 2001 to over 108,000 in 2011. Although not all those approved for Welcome Policy actually enroll as participants in recreation programs, the number of people enrolled in recreation programs under the Welcome Policy has increased by 680 per cent.
- In 2010-2011, Welcome Policy registrants accounted for 11 per cent of all registrants in PFR recreation programs.
- Currently, the Welcome Policy subsidy is provided through program-based entitlements for each season. Children and youth are entitled to register in three programs each season for a total of 12 programs per year. Adults (including seniors) are entitled to register in one program per season for a total of four programs per year.
- Under the current program entitlement, there is no dollar limit to the value of the programs in which each Welcome Policy user can enroll and subsidy use is on a first come first serve basis.

Therefore, the high demand and high value registrations leave a higher proportion of Welcome Policy users without recreation opportunities and seasonal subsidy allocation is reached within season.

- As the number of Welcome Policy participants grows, the Welcome Policy budget will be insufficient to meet demand in each season. Of the 107,868 people approved for use of the Welcome Policy program in May 2011, 23,527 (approximately 22 per cent) were registered in PFR recreation programs or memberships. Although the number of Welcome Policy users had grown each year, the percentage of those actually registered in programs has decreased as a result of the increase in numbers of those approved for subsidy.
- In program fiscal year 2010-2011, approximately 80 per cent of Welcome Policy registrants were children and youth. During the year, the average annual subsidy amount used by children and youth was \$361. Approximately 36 per cent of children and youth used more than the average on their program entitlements. Families whose children and youth used more of their program entitlements than the average level typically enrolled in more instructional programs each season and registered in more camps and specialized programs.
- The average per capita annual subsidy amount used by adults was \$189. In 2010-2011, approximately 39 per cent of adult Welcome Policy users exceeded the average amount. Those adults who used more than the average subsidy amount tended to use high-end fitness memberships or other more specialized programs.
- A more flexible and efficient way of apportioning subsidy funds is needed to provide greater choice to current Welcome Policy users and to encourage the participation of new users. Converting the Welcome Policy program to a dollar-based system, would result in more people being able to access subsidies.
- This proposed subsidy level is set at the 70th percentile of current usage. Based on the most recent data, 70 per cent of Welcome Policy users spent less than \$434 and \$218 on their recreation programs for children and youth and adults respectively.
- In the report to the June Community Development and Recreation Committee, the conversion to a dollar-based allocation was expected to result in over 6,100 more participants being able to access subsidy funds to register in programs, which would mean that more people are able to register within the funding allocation for each season without disadvantaging the majority of current users.
- Based on revised calculations and conservatively allowing for a 10% increase in usage for clients previously spending below the cap amount, the dollar-based allocation will provide subsidy for 7,500 additional participants. The additional number of clients accommodated could be as high as 10,000 if additional users are assumed to use the same amount on average as current clients.
- The additional funding of \$1.46 million provided in the 2012 Recommended Operating Budget will provide recreation subsidy to 6,000 additional residents under the current program-based allocation. The funding increase combined with the dollar-based allocation is estimated to provide subsidy to 13,200 additional residents.
- However, it is difficult to precisely predict the impact of the change. Currently only 22 per cent of those approved for Welcome Policy actually register in recreation programs.

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