



STAFF REPORT ACTION REQUIRED

Welcome Policy Recreation Program – Subsidy Allocations

Date:	June 15, 2011
To:	Community Development and Recreation Committee
From:	General Manager, Parks, Forestry and Recreation
Wards:	All
Reference Number:	P:\2011\Cluster A\PFR\CD05-062911-AFS#13092

SUMMARY

This report reviews the status of the Welcome Policy recreation subsidy program and recommends the current program be converted from a course-based entitlement to a non-refundable annual credit per user. It recommends that the annual subsidy be set at \$455 for children and youth, and \$212 for adults. The adoption of the new model will create more flexibility and choice for Welcome Policy users, greater fairness in the distribution of recreation subsidies and will enable an estimated 6,100 additional low income residents to access recreation programs.

RECOMMENDATIONS

The General Manager of Parks, Forestry and Recreation recommends that:

1. City Council direct the General Manager of Parks, Forestry, and Recreation to convert the current program-based Welcome Policy allocation to a dollar-based allocation in which users receive a non-refundable credit per year of \$455 for children and youth and \$212 for adults including seniors; and
2. City Council request that the General Manager of Parks, Forestry and Recreation report back to the Community Development and Recreation Committee in the summer of 2012 on the impact of the new subsidy system on program registration and recommend any adjustment in the level of subsidy that may be required.

FINANCIAL IMPACT

These recommendations will have no financial impact on the Council approved 2011 Operating Budget of \$8.7 million for the Welcome Policy program. This report proposes that the subsidy structure be changed to a non-refundable credit, per year, of \$455 per person for children and youth (6 months to 24 years of age) and \$212 per person for adults (25 years of age and older), based on current year funding. Future year increases to the Welcome Policy subsidy resulting from fee increases and increased program demand will be submitted by the Division for consideration as a part of the Operating Budget process.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

EQUITY IMPACT STATEMENT

The change to the Welcome Policy recommended in this report is guided by the principles of equity, inclusion, quality and capacity-building. The objective of altering the manner in which the recreation subsidy is allocated is to ensure more fairness in the distribution of subsidy funding, provide more flexibility in program options, and to enable broader access to quality recreation programs.

DECISION HISTORY

At its meeting of April 26, 1999, City Council authorized implementation of the Welcome Policy subsidy for residents whose incomes fall below Statistics Canada's Low Income Cut-Off (LICO). The fundamental objective of the Welcome Policy, as adopted by City Council, was to ensure that all City residents have year-round access to community recreation and leisure programs, regardless of their ability to pay.

Report – P. Parks, Forestry and Recreation, Clauses 64 (a) and (g):

<http://www.toronto.ca/legdocs/1999/agendas/council/cc/cc990426/sp8rpt/cl001.htm>

Certificate of Amendment – Parks Forestry and Recreation (P), Clause 7:

<http://www.toronto.ca/legdocs/1999/agendas/council/cc/cc990426/cofa.htm>

At its meeting of March 6, 2001, City Council directed staff to continue to extend Welcome Policy subsidies to families who could not afford recreation programs, and also directed that Parks, Forestry and Recreation staff enhance their outreach efforts to low income residents to promote use of the Welcome Policy program.

<http://www.toronto.ca/legdocs/2001/agendas/council/cc010306/edp2rpt/cl001.pdf>.

In approving the 2011 operating budget at its meeting of February 23 and 24, 2011, City Council requested the General Manager of Parks, Forestry and Recreation (PFR) report to the Budget Committee, through the Community Development and Recreation Committee by June 2011, on a strategy for converting the Welcome Policy program from a "course-based" to a "dollar-based" allocation system that will result in equitable allocation and adequate levels of Welcome Policy resources and request the General Manager to consult with affected participants and communities in preparing this report.

ISSUE BACKGROUND

Welcome Policy is a fee subsidy program that provides access to free recreation programs at all City-owned or operated facilities for individuals with family incomes below the Statistics Canada's Low Income Cut-Off (LICO). Torontonians who apply and qualify for the Welcome Policy currently receive a 100 per cent fee subsidy for recreation programs that they are entitled to register in. The division's goal of increasing the participation rates of children and youth in recreation programs results in a greater proportion of both programs and subsidy being directed to children and youth than to adults.

The Welcome Policy is one of three ways in which PFR removes barriers to participation in its programs. The others are Priority Centres—the 21 community centres which offer free programs for children and youth—and drop-in programs. The current budget for Welcome Policy is \$8.7 million; the foregone revenues for the free programs offered at Priority Centres will be about \$2.6 million in 2011, while the incremental cost of free drop-in programs at the City's recreation centres is approximately \$10 million.

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. Transportation to children's camps, before and after program care, and materials costs are also included. Welcome Policy users have access to the same program portfolio as fee paying residents and payment is recovered from the subsidy budget rather than from the user.

The Welcome Policy has a ten year history and was initially implemented with no set budgeted amount but was simply forgone registration revenue. The inability to plan for the impact of forgone revenue on the PFR budget led to the program becoming a budgeted expenditure in 2005. Over the past three years, actual Welcome Policy expenditures have approached the budgeted level. As a result, the Welcome Policy budget is allocated proportionately by registration season, based on the previous year's registrations during each of the winter, spring, summer and fall registration seasons. This ensures that a portion of the divisional subsidy budget is available for each registration season and that the entire budget is not exhausted mid-way through the year.

While there are no limits imposed on the number of eligible low income residents who can receive the subsidy, there have been limits on the number of programs for which they can register. Welcome Policy participants can use their entitlements only during the applicable season and the calendar year that they're enrolled in the program. Unused entitlements cannot be carried forward to the next season or calendar year and have no cash value. Welcome Policy use is limited only by the total divisional subsidy budget (allocated on a seasonal basis).

In 2010, the eligibility review and enrolment processing function for the Welcome Policy program was transferred to Toronto Employment and Social Services (TESS). Since this transfer occurred, low income residents who were signed up for benefits under the Ontario Disability Support Program (ODSP) and the Ontario Works program, were able to enrol in the Welcome Policy, in a one-window, customer service approach. As a result, there has been a sharp increase in the total number of eligible residents who have signed up for the Welcome Policy program.

COMMENTS

Principles Guiding Financial Access Policy

In approving the consultation framework for the development of a Recreation Service Plan, City Council approved four guiding principles:

Equitable Access — providing equitable recreation access to all city residents on a geographic and demographic basis.

Quality — providing the highest quality of programs and services to enhance the health, quality of life and well-being of residents.

Inclusion — ensuring that everyone has the opportunity to access recreation programs and services that are planned, delivered and managed to recognize diversity and encourage participation of marginalized and racialized people and groups.

Capacity Building — providing programs and services of social, economic and physical benefit to all participants and that create a sense of community, belonging and vitality.

These principles are also useful in evaluating the appropriateness of financial access policies. To be successful, policies must assist residents to overcome financial barriers to participation and encourage them to access the range of quality recreation and skill-building programs Parks, Forestry and Recreation has to offer.

Welcome Policy Program Growth

The Welcome Policy subsidy program has grown dramatically since it began ten years ago. Since its inception in 2001, the Welcome Policy program, as shown in Figure 1, has grown from 12,699 people approved for subsidy in 2001 to nearly 108,000 in 2011, an increase of almost 850 per cent over this period. Although not all those approved use Welcome Policy, the number of people enrolled in recreation programs under the Welcome Policy has increased by 680 per cent. In 2010, Welcome Policy registrants accounted for 11.2 per cent of all registrants in PFR recreation programs. The budget expenditure for this program has also increased significantly, from \$673,461 to \$8.7 million since its inception.

Figure 1 — Annual Growth in Welcome Policy Program

Year	WP Approved	WP Enrolled	Program Budget
2001	12,699	3,456	\$ 673,461
2002	13,592	6,880	1,267,519
2003	17,284	8,839	1,945,399
2004	22,016	10,791	2,531,458
2005	25,750	12,427	2,500,000
2006	30,070	15,353	3,254,000
2007	29,908	17,159	3,254,000
2008	32,835	17,979	4,744,000
2009	37,444	18,068	4,744,000
2010	63,029	22,653	8,044,000
2011	107,868	23,527	8,689,000

Of the 107,868 approved for use of the Welcome Policy program in May 2011, 23,527 (approximately 22 per cent) were registered in PFR recreation programs. 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.

As the number of participants grows, the subsidy budget will likely be insufficient to meet demand in each season. Under the current program entitlement, there is no dollar limit to the value of the programs in which each Welcome Policy user can enrol 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.

Actual Expenditures on Recreation Programs by Welcome Policy & Non-Welcome Policy Users

Most Welcome Policy users use considerably less than their full program entitlement. Figure 2 shows the median and average expenditures of Welcome Policy users compared to those of non-subsidized users. (The median is the middle figure in a list of expenditures i.e., 50 per cent of expenditures are above that figure and 50 per cent are below).

Figure 2 —Recreation Expenditures by Subsidized and Non-Subsidized Users

	Average Non-Subsidized	Median Non-Subsidized	Average WP	Median WP
Children & Youth	\$165	\$95	\$381	\$274
Adults	84	54	182	137
All	142	77	325	220

In program fiscal year 2009-2010, the latest complete year, 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 \$381. Approximately 37 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, including more expensive ski programs or other specialized summer camps. The average per capita annual subsidy amount used by adults was \$182. In 2009-2010, approximately 38 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.

The current program-based subsidy results in a variable pattern of subsidy use; with a small proportion of Welcome Policy recipients using a much greater proportion of their subsidy allocation than the majority. Registration data shows that 30 per cent of Welcome Policy participants use 60 per cent of the total subsidy allocation. In spite of the growth of the Welcome Policy budget under the current program-based system, it is estimated that no more than 25,000 users can be served.

Welcome Policy Consultations

Many Welcome Policy users have voiced concerns about the barriers inherent in the current program-based structure. During May 2011, Toronto Employment and Social Services, on behalf of PFR, conducted four focus group sessions with Toronto residents who are approved for the Welcome Policy program. The sessions included people who had registered in recreation programs and those who had not. Many focus group participants expressed frustration about the lack of choice in program options available under the Welcome Policy, about the availability and capacity of programs in their neighbourhoods, and about the limited availability of extra supports for participants with disabilities. The other major source of frustration was the seasonal funding caps that have limited access to programs.

In early June, two consultation sessions with representatives of social agencies were facilitated by Parks, Forestry, and Recreation staff. The agency representatives focused on the challenges of informing newcomer and vulnerable communities about the Welcome Policy and recreation programs. They recommended expanded outreach to these communities using school, libraries and other hubs. (A list of focus group locations and agency participants can be found in Appendix I.)

The consultation findings underline the fact that the program, as currently designed, can be inflexible and is not serving many of the people for whom it is intended. Children and youth must use their subsidy within each season and for specific types of programs. Participants are unable to substitute one program for another except in summer when there is flexibility to replace one of the non-aquatic programs with an additional one-week camp session.

Adults must also choose their programs by season. Any entitlement that is not used within a particular season is lost. As a result, Welcome Policy users are faced with a cumbersome system of matching available Welcome Policy entitlements to their seasonal program registrations.

Conversion to a Dollar-Based Subsidy

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 report recommends that the per person allocation be set at a level that would exceed the actual average annual expenditures on recreation programs of both fee paying and Welcome Policy users. The new system would also provide the Division with a much better tool to achieve efficiencies in administration as well as improving financial control.

This report recommends that Welcome Policy subsidy expenditures be allocated to each individual participant as an annual non-refundable credit. Children and youth would receive a dollar subsidy of \$455 per person annually, while adults would receive \$212. This proposed subsidy level is set at the 70th percentile of current usage; 70 per cent of Welcome Policy users spent less than \$455 and \$212 on their recreation programs for children and youth and adults respectively. Approximately 30% have historically spent more than the proposed allocation of \$455. This will result in some current users being required to reduce their registrations or exercise their option of topping up their allocation to continue to access the same programs.

Moving to a per person dollar allocation would increase the program's flexibility by providing Welcome Policy users with more choices throughout the year. There would be no seasonal or other restrictions on the programs they can choose, apart from their individual subsidy cap and the total available in the divisional subsidy budget. Users would be free to choose the programs that most interest them and to skip a season if they prefer to register in more programs in other seasons.

As with the current program, the revised Welcome Policy program would give children and youth a larger subsidy than adults. Seniors (those 55 years of age and older) now receive a discount of 50 per cent for all adult programs so the conversion to a dollar-based system would increase the value of their subsidy.

Also, as with the current program, the subsidy allocation would have to be used during the year of enrolment and any unused portion could not be carried over to subsequent years. The seasonal distribution of funding for the Welcome Policy program would also remain in place, so if the divisional subsidy budget is reached in one season, Welcome Policy users would have to wait until the next season to use their subsidy. This will ensure that there are sufficient funds available throughout the year for those who wish to use them.

If Welcome Policy users wish to augment their subsidy entitlement by paying a portion of their program fees in any season, (e.g. to register in more courses or to register in more expensive memberships, specialized courses or camp sessions), under the flexible dollar-based subsidy program, they could do so.

The majority of participants in the focus groups conducted by Employment and Social Services supported the conversion to a dollar-based system. They said the conversion would allow them greater flexibility to access the types of program that they wanted to participate in, including which season they want to use their subsidy. Participants, however, were concerned that the subsidy level might not enable them to continue accessing the programs they currently used. A majority of agency representatives also generally supported the conversion, saying that a dollar-based allocation is the most equitable approach to providing subsidies. Like the focus group participants, they cited the increased flexibility that would result from changing the system.

The conversion to a dollar-based allocation will result in over 6,100 more residents being able to access subsidy funds to register in programs (see Figure 3, below), which will mean that more people are able to register within the funding allocation for each season without disadvantaging the majority of current users. 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, and every year there is approximately a 50 per cent turnover in Welcome Policy users. By increasing the flexibility of the program and by allocating a subsidy amount well above what the average user spends, it is anticipated that there will be a considerable increase in registrations, particularly if outreach efforts are intensified.

Figure 3 — Current and Potential Subsidy Recipients

	Children	Adults	Total
Current Users	16,262	6,391	22,653
Additional Potential Users After WP Conversion	4,600	1,500	6,100
Total Potential Users After WP Conversion	20,862	7,891	28,753

The full impact of the conversion will be better understood when program enrolment data from the upcoming registration periods is analysed. This report recommends that the General Manager of Parks, Forestry and Recreation be requested to report back in the summer of 2012 on the impact of the new subsidy system on program registration and recommend any adjustment in the level of subsidies that may be required.

Subsidy Programs in Other GTA Municipalities

Other municipalities offer financial access assistance. Some provide fee discounts to their low income residents while others provide a lump sum dollar subsidy of the type this report recommends. None of these subsidies are program-based, like Toronto's current program, and all have a lower value. With the switch to a dollar-based subsidy, Toronto's Welcome Policy program will continue to be more generous than the other comparator municipalities such as Mississauga, Kingston, Peterborough and London.

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SIGNATURE

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ATTACHMENTS

Appendix I — Participants in Stakeholder Consultations

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Two stakeholder consultations were conducted by Parks Forestry and Recreation staff in June 2011 at:

- Wellesley Community Centre
- Driftwood Community Centre

Agencies participating in the stakeholder consultations included:

- Scadding Court Community Centre
- CultureLink
- Canadian Centre for Victims of Torture (Central and Scarborough offices)
- East Scarborough Storefront
- South Asian Women's Organization
- Toronto Community and Culture Centre
- East End Community Health Centre
- Heritage Skills Development Centre
- Frontline Partners with Youth Network
- Scarborough Centre for Healthy Communities
- Unison Community Health Centre
- Jane/Finch Community and Family Centre
- North York YMCA
- Jamaican Canadian Association (JCA)
- Jewish Vocational Services (JVS)
- The Rexdale Community Health Centre
- CUIAS Immigrant Services
- Teach to Learn
- Women's Habitat
- Mentoring Arts Tutoring Athletics

Four focus groups sessions involving residents approved for Welcome Policy were conducted by Toronto Employment and Social Services staff in May 2011 at:

- Don Montgomery Community Centre (Scarborough)
- Thistletown Community Centre (Etobicoke York)
- Wellesley Community Centre (Toronto and East York)
- Northwood Community Centre (North York)