OASIS

ONTARIO AGENCIES SUPPORTING INDIVIDUALS WITH SPECIAL NEEDS
AGENCES ONTARIENNES DE SOUTIEN POUR LES PERSONNES QUI ONT DES BESOINS SPECIAUX

OASIS Operating Cost Pressures Survey Results

July 2012

EXECUTIVE SUMMARY

The OASIS Operating Cost Pressures Survey was sent out to developmental services (DS) sector organizations to complete from June 4, 2012 until June 22, 2012. Please note that the survey was completed several weeks before the Minister of Finance's letter to the Broader Public Sector regarding wage constraints.

The intent was to gather information regarding the DS sector's increased operating cost pressures; where the pressures were; how organizations were dealing with the pressures; and, to solicit options and ideas for dealing with these pressures that might be adopted by other agencies.

The survey was distributed to the organizations using email (OASIS ED mailing list & through the Provincial Network representatives) and the participants were asked to complete an on-line survey. It is estimated that approximately 200 organizations were asked to participate.

Of this, 139 organizations participated for a 69% participation rate.

The survey was structured into the following general sections:

- Where are organizations increasing costs coming from;
- How are organizations managing these increasing costs (and their existing situation);
- Innovative methods of dealing with increasing costs

The overall tone of the survey responses was that of concern with the increased pressures this fiscal year (2012/13); and one of uncertainty and great concern about the ability to absorb the increasing costs while still delivering the same service levels in future years. Comments were expressed with regard to having 'bargained reasonable collective agreements as encouraged by MCSS in order to ensure labour stability, and having delivered two years of zero as the Government had requested yet not receiving additional funding'.

Concerns were noted of the increasing negative impact on quality of care, and deterioration in service delivery as a result of continued fiscal pressures and no funding increases. Community based inclusive activities are being cancelled due to the financial circumstances facing agencies. Shifting staff and management resources to complete increasing administrative requirements, while at the same time having to reduce or eliminate positions are causing increasing levels of stress for all levels of employees in organizations. Pay Equity obligations exacerbate other inflationary pressures, with volunteer Boards taking various positions with respect to breaking the law and not paying these increases, or paying them and incurring additional financial pressures.

Organizations have implemented cost savings measures; however many of these are 'one time activities' that will not be easily replicated in future years. Organizations have also implemented new fees for various services in order to increase funding levels. Increased rigidity with respect to only providing 'funded services' is having a negative impact on wait lists and crisis situations across the province, as agencies are unwilling to assume the risk of taking on additional individuals with no corresponding funding.

This document summarizes the responses to the survey.

Summary of OASIS Operating Pressures Survey Results

Increasing costs

Wages

For the organizations that responded to the question regarding wage increases:

- 57% will be providing an increase in staff wages for 2012/13
    - the majority of these increases are between 1.1% - 3.0%

- 61% will be providing an increase in staff wages for 2013/14
    - the majority of these increases will be between 1.1% - 3.0%

- 23% of respondents did not know if there would be an increase for 2013/14

It should be noted that for organizations with unions, almost 70% will also be providing their non-unionized staff the same increase as that negotiated with the union for 2012/13.

Only 49% of all organizations will be providing a wage increase to management for 2012/13. For 2013/14 70% of organizations either do not know, or will not be providing any increases to management.

Other staffing items affecting costs

Items of note that will affect operating budgets were:

- increase to mileage reimbursement (approx 80% of respondents)
- changes to leave entitlements (approx 25% of respondents)
- increase to other benefits (approx 40% of respondents)

Some other items affecting a smaller percentage of organizations were:

- increases in training costs (e.g. CPI),
- increases in shift premiums, vacation time and bereavement leaves.

Just over half the respondents stated that some increased operating costs were a result of Pay Equity obligations (88% response rate to this question). Of the 40% of organizations that were able to provide the financial impact of this item for the current fiscal year, the dollar range was from a low of $25,000 to a high of $870,000. The average amount for respondents was $95,000. Many organizations noted that this dollar amount will increase in subsequent years.

Not surprisingly, the vast majority of respondents (over 90%), cited inflation as a factor in increased operating costs (e.g. hydro).

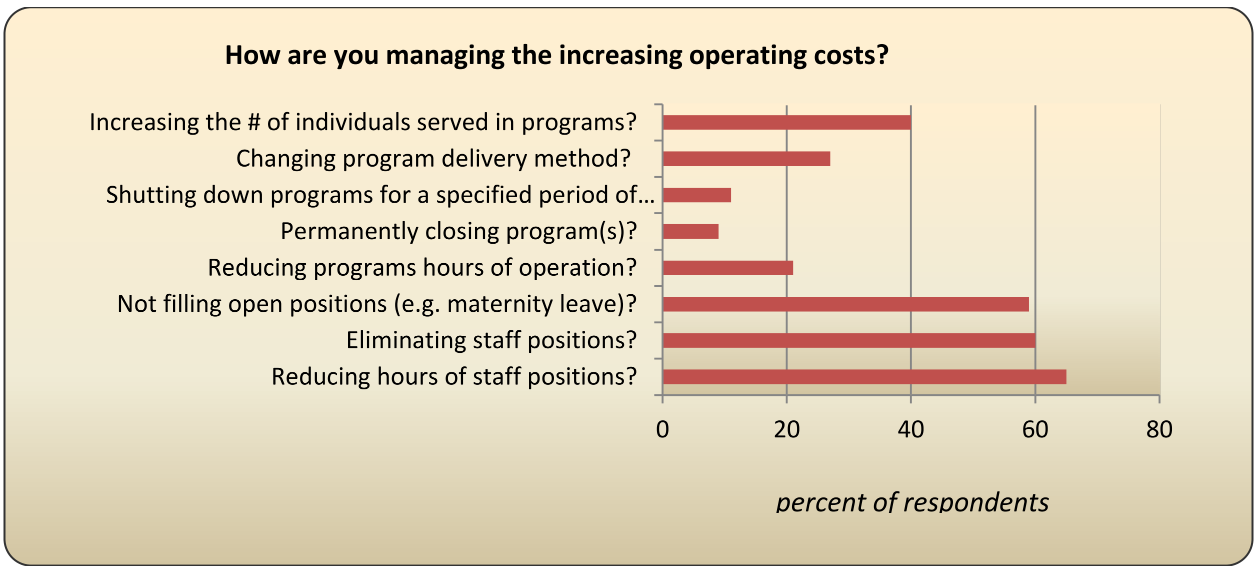
How organizations are managing with increasing costs

Cost cutting measures

84% of organizations responded to the question "How are you managing the increasing operating costs?" Of these replies:

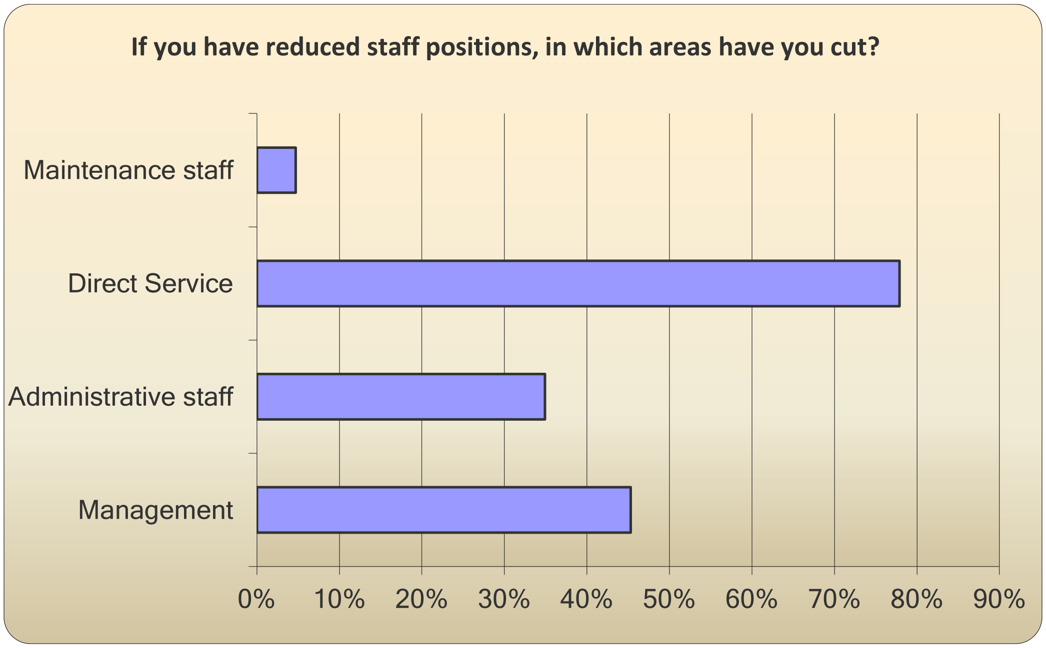
- 43% are increasing the number of individuals served in programs
- 31% are changing program delivery methods
- 13% are shutting down programs for a specified period of time
- 10% are permanently closing program(s)
- 24% are reducing program hours of operations
- 59% are not filling open positions (e.g. maternity leave)
- 58% are eliminating staff positions
- 64% of respondent organizations are cutting staff hours

The chart below provides a visual depiction of the above statements.



Resource reduction

The chart below displays the major areas where organizations are cutting resources e.g. 45% of respondents are cutting management resources.



From the comments, other positions being cut included coordinators, drivers and overnight staff. Note that some organizations are still reviewing this situation.

Changes to service delivery

Organizations were asked if they had "reluctantly" implemented any changes to service delivery not captured by previous questions. Just fewer than 40% replied "Yes".

Many organizations mentioned that they have made changes to staffing situations e.g. adjusted staffing ratios, are using less relief staff, changes to staff sick day entitlements, considering implementing unpaid days off, sharing staff between units etc.

A number of organizations also identified making changes to outings for individuals e.g. reducing outings, requiring individuals to completely fund, reducing or eliminating vacations etc.

Many organizations have also made changes to travel policies e.g. busing contracts cancelled, support staff expenses no longer covered while on out of town trips and travel budgets reduced.

Other responses to these "reluctant" changes included:

- Reduced summer event planning
- No longer providing meals for staff in residential homes
- Now charging a service fee to families
- Increased camp fees
- Less repairs and maintenance
- Only mandatory training for staff allowed

The overall tone of responses was that these changes are adding stress to staff and lowering service levels (quality of life) to the individuals receiving the support.

Current situation of organizations

Deficit situation

Almost 30% of respondent organizations have budgeted a deficit for 2012/13. Of the respondents that could provide figures, the average deficit is just over $260,000 (low of $18,000 to a high of $3.8 million). Again, this number is more of a snapshot that a real average due to the differing sizes of organizations.

Almost 40% of organizations that completed this question have had a deficit in previous years.

However, over two-thirds of organizations have a plan on how to reduce their debt.

To reduce the debt, the strategy mentioned by many organizations was that of increasing their fundraising efforts. Also mentioned by more than one organization was that they are no longer filling vacant positions, have reduced staffing hours and are reviewing all non-staffing expenses.

Other comments regarding deficit reduction plans included:

- Implemented fee for service for day programs
- Implemented fee for SSAH/Passports
- Reconfiguration of services
- Searching for alternative sources of revenue
- Closing a home
- Changing staffing ratios

Impact on service

Two-thirds of respondents believe that there has been a negative impact on the quality of services as a result of increased costs.

Many organizations noted that increased staff stress and dissatisfaction is impacting services. As staff hours are cut, there is no doubt that delivered services are declining (e.g. less one on one opportunities, less recreational activities for individuals, less community inclusion activities, less ability to individualize programming etc.).

More than one organization also noted that the increased administrative requirements has meant that management staff is spending more time on direct service vs. planning, and that client service staff is being used for administrative purposes rather than providing actual direct service. This was summed up well by one response, which stated that the demands by the Ministry (MCSS) for the transformation process has resulted in agency staff spending more time doing recording than actual time spent with individuals.

Several organizations also noted that the service level this year has not been overly impacted; however they are very concerned when it comes to next year and beyond.

There have been some successes. One initiative to pursue alternative residential support for people actually resulted in an increased quality of life for people as they pursued less costly options. Another organization discovered that the impact of reduced hours only modestly impacted quality. These examples were the exception though.

Overall the tone of the responses was one of frustration. Diminishing staff morale combined with increased Ministry demands and fewer areas being available to cut further appear to be increasing stress levels of not only staff but management as well.

Other comments regarding the impact on quality included:

- Reduced direct service hours - as the hours of service to an individual are reduced, their support will most likely reflect a more "custodial" nature. The DS sector is and should be focused on quality of life.
- Pay Equity order will likely force a house closure or dramatic staff reductions
- Client services reduced to essentials
- Full-time experienced employees are replaced with part-time less qualified employees
- Time delays are inevitable
- Vehicles not being replaced
- Less training for staff
- Have had to relocate individuals into larger group homes
- Decrease in continuity of care
- Staffing reductions over the last few years have resulted in more overtime and sick leave
- Quality and quantity of food has been reduced

New/Redesigned operational efficiencies

Almost two-thirds of organizations have implemented new operational processes to manage the impact of increasing costs.

Many organizations have reduced costs by changing/upgrading their information technology systems and processes. By renegotiating or changing internet providers; increasing the use of electronic funds transfers vs. cheques (online bill payments, direct deposit for salaries); sharing IT services between organizations; implementing new software for scheduling; upgrading to allow remote access to data; implementing a VOIP telephone system and even outsourcing all the IT services, many organizations have realized significant savings.

Other new efficiencies mentioned in the survey included:

- Increased use of rewards programs (e.g. air miles)
- Increased rents to individuals
- More automation in production equipment
- Changed office service providers (photocopier, phone services, office equipment etc.)
- Increased use of social media has cut paper, postage and printing costs
- Moved from RNs to RPNs
- High efficiency washers and dryers installed - try to avoid peak hydro rates for laundry
- Online training for staff
- Reduced office rental cost
- Found better rates for group benefits
- Leasing unused space
- Took advantage of Government purchasing plans

The overall tenor of these responses was positive. Of concern is that at least for the nearer term, these areas have realized many of the savings available to them.

Innovation

Approximately 40% of respondent organizations have implemented innovative ways to manage the financial pressures.

There were some interesting innovations that came out of the survey. Some of these innovations were discussed in the previous section on new operational efficiencies; primarily the technology solutions.

However ideas such as increasing the use of volunteers, signing up for discount programs, installing solar generators for additional revenue and cross training of positions could possibly be of interest to other organizations.

In an attempt to create a positive and cooperative environment moving forward, more than one organization has reached out to their various stakeholders for ideas on how best to deal with the cost pressures.

Some organizations have begun collaborating with other agencies (shared IT, HR and legal services), which in the short term will save money and may well pay unforeseen dividends in the future as these networks expand and mature.

Other innovations, while they may help with the bottom line, will likely affect direct services and in turn, staff morale. Redefining caseload management criteria; shorter, fewer or the elimination of staff meetings, and only serving funded spaces while possibly saving money, may not lead to increased satisfaction.

Some of the other innovations mentioned were:

- Taken on some private service arrangements (income which assists in offsetting some costs)
- No longer purchasing bottled water
- Liquid thickener paid through special diet subsidy for eligible individuals
- Review of all day to day maintenance contracts

- Vehicle challenge - challenging staff to reduce driving - prize awarded to winner
- Implemented Fee for Service programming
- Revaluating properties to take advantage of new accounting rules
- Shorter or less frequent staff meetings (information disseminated through IT)
- Investigating Grant opportunities (Federal and Provincial)

Summary of dollar amounts

Question	Total Amount ($)	Average Amount ($)	Lowest amount	Highest amount
Is there a wage increase for 2012/13 and if "Yes" what is the total dollar amount of the increase to your budget?	4,479,842	127,995	9,700	800,000
Is there a wage increase for 2013/14 and if "Yes" what is the total dollar amount of the increase to your budget?	7,307,599	162,391	15,000	900,000
Other items (e.g. mileage, leave entitlements)	476,696	34,090		
If you are providing management with an increase, what is the total dollar amount of the increase to your budget? (2012/13)	449,486	18,729	0	97,195
If you are providing management with an increase, what is the total dollar amount of the increase to your budget? (2013/14)	595,264	22,047	0	100,111
FY 2012/13 Total all increases	5,406,024	154,457		
FY 2013/14 Total all increases	7,912,270	175,828		