



Government of Bermuda

Ministry of Community, Culture and Sports

House of Assembly

BUDGET BRIEF 2015 - 2016

Head 55

Monday March 16, 2015

Presented by

The Hon. Patricia Gordon-Pamplin, JP MP
Minister of Community, Culture and Sports

Head 55 – Financial Assistance

Mr. Chairman, I will now present the estimates of expenditure and revenue for Head 55 – the Department of Financial Assistance for FY 2015/2016 – which can be found on pages B-255 through B-258 of the Estimates Book.

Mr. Chairman, page B-256 shows a budget allocation for programme 5501 of forty-nine million, one hundred and thirty-one thousand dollars (\$49.131M) for the Department of Financial Assistance for FY 2015/16. This represents an overall increase of two million, one hundred and eighty-three thousand dollars (\$2.183M) or 5% when compared to the budget allocation for FY 2014/15. This increase will be discussed later on in this presentation.

This year's budget will provide for:

1. The financial framework to sustain the Financial Assistance Programme, which encompasses:
 - A continued increase of clients with requests for financial awards to maintain a basic standard of living;
 - funding for the cost of HIP and FutureCare premiums;
 - the cost of rest home or nursing home care;
 - the cost of home or adult day care;

➤ medical equipment, supplies and medication

2. The financial framework to sustain the Child Day Care Allowance Programme, which currently provides awards of up to \$800 per month per child to attend a registered and/or licensed day care provider.

3. General administration and operational costs for the department.

Mr. Chairman, the mandate of the Department is to ensure that individuals and families with insufficient financial resources have access to services in order to gain, maintain, or regain a minimum standard of living whilst encouraging personal and economic independence. The services will also encourage the development of personal skills, resources and to ultimately foster financial independence from receiving assistance.

Mr. Chairman, the Department continues to provide income maintenance to Bermuda's neediest individuals and families and does so in the most effective, efficient and economical manner. This continues to be achieved through the commitment and diligence of the staff of the Department of Financial Assistance.

Mr. Chairman, the Department administers two business units, for which a general summary is contained on page B-256 of the Estimates of Revenue and Expenditure. These business units are 65050 (Grants Administration) and 65080 (General Administration) and will be discussed in that order.

Business Unit 65050 - Grant Administration

Mr. Chairman, the total amount budgeted for this business unit for FY 2015/16 is forty-six million and eighty-nine thousand dollars (\$46.089M). This reflects a net increase of 5% or \$2.122M when compared with original estimates for FY 2014/15 (see page B-256).

This amount is analyzed as follows:

Organizational Grant Recipients

This business unit includes funding for Organizational Grant recipients of two million and three thousand dollars (\$2.003M). This amount is paid out on a quarterly basis and it is estimated that on average, \$500,750 will be paid out each quarter over fiscal year 2015/16.

Grant recipients are: Care of the Blind (\$30K); Meals on Wheels (\$48K); Matilda Smith Williams Rest Home (\$275); Supportive Therapy

for persons with Aids and their Relatives (STAR) (\$175K); Teen Haven (\$225K); the Salvation Army (\$450K); Summerhaven (\$425K); and Packwood (\$375K). This represents a net decrease of \$196K from FY 2014/15 in an effort to contain costs as per the medium term expenditure framework – deficit reduction strategy and will be explained later on, in this presentation.

Mr. Chairman, in addition to the grant amounts specified above, all but two (2) of the organizations (Care for the Blind and Meals on Wheels) receives an additional monthly financial award, based on the number of clients who are in need of residential services in these organizations. This award is paid at the current rate of up to \$4,000 or \$5,000 monthly.

The Financial Assistance Programme

Mr. Chairman, business unit 65050 also includes funding for the Financial Assistance Programme in the amount of forty million, six hundred and eighty-six thousand dollars (\$40.686M) for FY 2015/16. This reflects a net increase of 5% or \$2.122M when compared with original estimates for FY 2014/15 (see page B-256).

The Financial Assistance Programme is earmarked for clients who are approved to be in receipt of financial awards.

Mr. Chairman, funding for the Financial Assistance Programme represents the increase in FY 2015/16 for Grants and Contributions as per the subjective analysis on page B-256. This increase will also be explained later on, in this presentation.

Mr. Chairman, the Department's Financial Assistance Programme, operates under the Financial Assistance Act 2001 and Financial Assistance Regulations 2004 and subsequent amendments made in 2004, 2008, 2011, 2012, 2013 and 2014.

The most recent amendments passed affecting the Financial Assistance Act 2001; the Financial Assistance Regulations 2004; were made in 2014 with a view to revamp current criteria and to impose additional conditions, in order to increase client responsibility and accountability.

Mr. Chairman, the Department continues to assess persons based on the formula indicated in our Regulations 2004. This indicates that the eligibility for an award will be established when the amount of allowable expenses of the person exceeds the amount of qualifying household income of the person/household for that period, and the value of investments (whether located in Bermuda or elsewhere) owned by the person does not exceed \$500 in the case of persons *under* the age of 65, and \$5,000 for persons *over* the age of 65.

Mr. Chairman, the majority of persons receiving financial awards are seniors and the disabled populations. Services and funding for seniors includes payments for rent, electricity, phone, gas, etc., rest/nursing home fees, home attendant care, which may be waived if rest/nursing home becomes more cost effective; and the cost for medication, medical equipment and supplies.

Mr. Chairman, currently, there are approximately 860 seniors serviced by the Department of Financial Assistance. This is an increase of 75 clients over 2014-2015. Approximately 285 are in rest/nursing homes, which is an increase of over 120 clients from 2014-2015. Ninety (90) are living in Bermuda Housing Trust properties. The remaining seniors reside alone or with family members. The Department currently spends approximately \$1.760M monthly to service this population.

Mr. Chairman, the cost of rest home or nursing home care is \$355,243 and \$420,983 respectively, on a monthly basis. Over \$776,000 is paid monthly. This is an increase of over \$110,000 from FY 2014/15.

Mr. Chairman, in addition to assistance provided for rest or nursing home care, the Department continues to support family members who qualify to enable their senior relative to remain in the household. This assistance, while cost effective to Government, continues to provide a much needed boost for seniors to spend time with their families, and to

remain in their own homes or those of their loved ones. This benefit is called Home Care Allowance and is at a cost of up to \$2,000 monthly. Currently the Department pays out \$86,377 monthly for this service.

Mr. Chairman, many seniors, who remain at home or reside in the home of their children or loved ones, often find idle time being alone as depressive, the Department pays for persons who fit this category with the ability to for them to be placed in an active and nurturing adult day care environment. At present, the Department pays \$86,377 monthly for this service.

Mr. Chairman, currently there are approximately 780 disabled persons receiving assistance. This is an increase of approximately 135 clients over last year. This number has also been increasing at a rate of 50%-80% over the last two year period. These disabilities can range from short term/temporary to long term/permanent. They can be of a physical nature or due to mental health challenge. The Department currently spends approximately \$1.290M monthly to service this population.

Mr. Chairman, the Department also pays for FutureCare Insurance for all senior clients. Currently this rate is \$450.00 monthly. HIP insurance is provided for all clients under the age of 65 at a current cost of \$390 monthly. The cost of health insurance premiums tends to increase

yearly. The amount paid out for health insurance at these rates total over \$610,000 monthly.

Mr. Chairman, the cost for medication for DFA clients is in excess of \$50,000 monthly. This amount remains consistent with that of last year; however, it is an increase of over 31% over the year before. The payout for medication is a clear sign that our clients, although living longer, are not in the best health.

Mr. Chairman, let me note here, that the cost of health care for aging baby boomers worldwide is astronomical. Having said that, the Department is constantly working with the Health Insurance Department to strategize cost effective measures going forward as this population is due to grow significantly over the next decade.

Mr. Chairman, the Department of Financial Assistance does not subscribe to appointments. There is a walk-in referral service that is open to the public. Pre-screen hours are between 10am-11:45am and 2pm-3:45pm Monday through Thursday. Persons are seen on a first come, first serve basis. The amount and category of pre-screened applicants continue to indicate, over the last seven quarters, a substantial influx of Able-bodied Unemployed and Earnings low persons applying. Statistics provided by the Department of Financial Assistance show that this continues to be the trend and although the higher overall numbers of

clients are among seniors/pensioners (32%) and the disabled (29%); the higher numbers of applicants are Able-bodied Unemployed and Earnings low persons.

Mr. Chairman, as the majority of clients serviced through this Department continue to be seniors, disabled and persons with special needs, we continue to endeavour in meeting the needs of these populations, in particular. Statistics revealed that as at end of the second quarter of fiscal year 2014/15, approximately over 1,678 persons were pre-screened through the Department as new applicants seeking a financial award.

Mr. Chairman, there continues to be a sustained demand for overall financial assistance within this last fiscal year. The total number of clients serviced has continued to increase, vacillating monthly, between 2,462– 2,637. This is an increase of approximately 288 more persons over this time last year. The overall increase in the numbers of applicants which are processed is directly attributed to the shrinking of financial resources in our current economic climate, inability to find employment, job losses and redundancies.

Mr. Chairman, due to the continued economic climate, the categories of able-bodied unemployed and earnings low persons have more than

doubled over the last 2-4 years. This equates to a payout of over \$1.5M monthly, just for these two categories of clients.

Mr. Chairman, expenditure over the last two years has increased from \$9.7 million per quarter in the first quarter of 2012/13 to over \$12 million for quarter 3 of this fiscal year 2014/15.

To reiterate, the high ticket items for payout include:

1. Rental Accommodations

Rental accommodations paid to clients have topped \$1.35 million monthly. The Department has taken steps, via policy, to decrease the numbers of applicants desiring to move into rental accommodations and not having a means to contribute to the cost of the rental unit.

2. Rest and Nursing Home Fees

Rest and nursing home fees, have a pay out of approximately \$776,000 monthly.

3. Insurance Premiums

This is a combination of both the cost of FutureCare for our seniors and HIP for persons under the age of 65, with a pay out of over \$678,000 monthly.

4. Food

The cost of food has a pay out of over \$411,000 monthly.

Mr. Chairman, all able bodied applicants are referred to the Department of Workforce Development and must register with them prior to even coming on as a client with the Department of Financial Assistance. This requirement has been in existence for a couple years now and encourages our clients to begin the process of looking for work in order to be in receipt of receiving a financial award.

Mr. Chairman, to further encourage our able-bodied clients to shorten the length of time on assistance, the Department launched its Community Service Component in July 2014. The aim of community service is to make our clients more work ready by providing service back to government and to the numerous charities across the island, while still being in receipt of a financial award.

Mr. Chairman, on July 11, 2014 following several stakeholders meetings with Keep Bermuda Beautiful (KBB), Department of Public Works, Department of Parks and the Salvation Army, the Department of Financial Assistance launched its community service component for an initial group of able-bodied clients, who had been in receipt of Financial Assistance for more than 3 months at that time. Forty-six (46) clients were in the initial group, some of them had already been involved in

community service and were allowed to remain with their current community service placement, of that number thirty (30) clients were signed up to begin community service. Clients are expected to provide up to 15 hours community service after being on assistance for a period of at least three (3) months and are required to complete five (5) job searches weekly (a reduction of twelve (12) job searches weekly, that must be completed by clients who are not yet involved with the community service component).

Mr. Chairman, while the clients are receiving Financial Assistance, the Department will continue its outreach to other Government Departments and charities island-wide to engage able-bodied unemployed clients the ability to become work ready and contribute back to the Island of Bermuda. In the first instance, until more stakeholders can be included as part of this initiative, there will be a three (3) month community service rotation. As more stakeholders are secured that period of time may lengthen.

Mr. Chairman, the Department endeavours to further develop the Community Service component over time to ensure they are making a contribution of service while in receipt of their financial award from the Government of Bermuda.

Mr. Chairman, the Department will continue to maintain a working relationship with the Department of Workforce Development, other government agencies and non-governmental agencies, with a view to increasing and enhancing collaboration in empowering financial assistance clients to seek and find gainful employment.

Mr. Chairman, the ultimate goal is to decrease the client's dependence for assistance or to eliminate the need all together.

The Child Day Care Allowance Programme

Mr. Chairman, business unit 65050 also includes the Child Day Care Allowance Programme in the amount of three million, four hundred thousand dollars (\$3.400M) for FY 2015/16. This amount remains unchanged from the prior year.

Mr. Chairman, the Child Day Care Allowance Programme was officially launched in November 2008 and is guided by the Child Day Care Allowance Act 2008 and Regulations 2008. The most recent amendments passed affecting the Child Day Care Allowance Act 2008 and the Child Day Care Allowance Regulations 2008 were made in 2013 with a view to revamping the current criteria and to impose additional conditions in order to increase client responsibility and accountability.

Mr. Chairman, most parents on the Programme remain single; employed and with two children (or less) in a registered or licensed child day care environment. The Government of Bermuda will continue assisting parents with the cost of child day care, however, in order to remain within budgetary constraints, we may have to pare back the level of benefit.

Mr. Chairman, to date, the Child Day Care Allowance Programme has paid over \$19.2 million dollars towards the day care of over 3,100 children, and continues to lessen the financial burden of their parents/guardians.

Mr. Chairman, persons applying for receipt of the Child Day Care Allowance and the child must be registered as status Bermudians. This status is determined by the Department of Immigration and does not benefit non-Bermudians or PRC holders. The child must also reside with the applicant at the time of application.

Mr. Chairman, this Programme's criteria is very different from that of the Financial Assistance Programme, in that, with this Programme, a person's eligibility is clearly centered on the total salary/wage of the applicant, if single, or of both parents, if married. Child maintenance payments are not factored as income into the assessment.

Mr. Chairman, parents/guardians of children in the Child Day Care Allowance Programme are working, attending school or looking for employment. They must job search if they are unemployed.

Mr. Chairman, this past fiscal year of the number of applicants for this Programme, over 300 families and 350 children benefited from this Programme. Another 40 applicants were found ineligible as a result of having incomes over the current established criteria income threshold of \$55,000 per annum.

Mr. Chairman, this Programme does not scrutinize or penalize savings, it encourages it. It is being suggested and encouraged that parents/guardians look at this small window of opportunity (while they are able to be in receipt of this financial award when their child is between the ages of 0-4) to begin saving and/or pay off current accumulated debt. Yearly amounts of savings could amount up to \$9,600 yearly, per child.

Mr. Chairman, to date, the expenditure for the Child Day Care Allowance Programme has ranged from \$267,000 to \$340,000 monthly, with an average monthly award of approximately \$796.00 monthly, per child. Total expenditure to date for FY 2014/15 is over \$3.3 million.

Mr. Chairman, the Department will continue to focus on internal policies and strategies to ensure that our clients can benefit from enhanced in-house services, as well as outreach services around issues dealing with minimizing or eliminating financial strife. The Department will continue to focus on strategies for reducing the overall expenditure of the Department.

Mr. Chairman, abuse, misuse and fraud, continue to be committed by a small margin of recipients, however, one infraction, remains one too many. The Department's Anonymous Hotline for persons to report suspected cases of abuse of the system is working well. The Hotline was established in January 2014. The Department continues to extend an invitation to members of the general public who may be aware of anyone who may be abusing the system, to report any possible misuse of Government funds by calling 297-STOP (7867).

Mr. Chairman, over this last fiscal year, over seventy (70) calls were made to 297-STOP. Of these calls, 86% have been substantiated or 60 cases have been confirmed fraud and between 25-30 cases of attempted fraud, while 14% have been unsubstantiated and 9 are currently under investigation.

Mr. Chairman, additionally, during the fiscal year 2014/15, fifty-three (53) clients/vendors were required to repay the Department. The

Department's Investigative Officers netted over \$88,000 in recovery this fiscal year compared with \$85,000 for the prior year.

Mr. Chairman, continued pay outs of over \$12 million in the second quarter of this fiscal year are entirely unsustainable. In order to be able to accommodate new client applications, and to remain within our budgetary vote, we have tabled legislation to further restrict duration of benefits for able-bodied unemployed under the age of 65. We recognize that the onset of additional economic stimuli into the economy will create opportunities, allow clients to become more self-sufficient, and reduce the dependence on the public purse.

Mr. Chairman, spending for the first quarter of FY 2014/15 was unprecedented at approximately \$11.824M. This amount was approximately 25% of the allotted budget for 2014/15 and includes the payout for the Financial Assistance Programme; the Child Day Care Allowance Programme; Grant recipients and overseas travel. It does *not* include Administrative expenditure, including salaries, which would add an additional 2%, thereby taking this to 27% of the allotted budget for 2014/15.

Mr. Chairman, in contrast, spending for the second quarter of FY 2014/15 was more than \$11.835M. Similar to first quarter, this figure includes payout for the Financial Assistance Programme; the Child Day

Care Allowance Programme; Grant recipients and overseas travel, but excludes administrative expenditure. When both quarters are combined this showed current total expenditure is approximately 55% of the allotted budget for 2014/15, which was tracked to be 5% over projected expenditure for the first six (6) months of FY 2014/15. Actual expenditure for the Financial Assistance Programme; the Child Day Care Allowance Programme; Grant recipients and overseas travel, but excluding administrative expenditure stands at \$49M as of March 13, 2015.

Mr. Chairman, actual expenditure for the entire department as of March 13, 2015 is \$51.5M. This is in line with the projection of \$50M-\$52M that was made at the beginning of the third quarter given the influx of new applicants and the continued increase of case loads.

Mr. Chairman, as a means to slowing down and with the intention of eventually stopping this unsustainable trend, the Department introduced certain measures and changes to the Financial Assistance Regulations 2008 – Amendments 2014. These measures are now explained:

(1) Public/Private Partnership between the Department of Financial Assistance and Digicel.

Mr. Chairman, it has long been the Department's strategic plan to reduce the amount of cash in the hands of clients, as they may not make the best decisions as regards usage of public funds. Before the public/private partnership 'initiative' between the Department of Financial Assistance and Digicel was launched, the Financial Assistance Regulations 2004 allowed for a maximum rate of \$50 per month to be paid for the purpose of clients maintaining a telephone. However, the Department is aware that some clients who receive the \$50 do not use the funds for telephone service. Instead, some clients use this cash to purchase items that are not allowed in the Schedule Table of Allowable Expenses under the Financial Assistance Regulations 2004.

Mr. Chairman, the decision to implement this new initiative, that is, the savings to be derived by Government from this initiative was based on the following analysis of 3 sample sizes:

(1) Sample size of 300

A sample size of 300 was chosen. This represented the targeted pilot group that included able-bodied unemployed clients who were due to begin community service. It also included sub-group, Community Driven Development, which had already started community service:

Cost to Government Pre-Initiative	\$180K
Cost to Government With New Initiative	\$144K
Savings to Government	\$36

(2) Sample size of 1500

A sample size of 1500 was chosen. This represented the next grouping of clients that will be added to this communication package. This represented clients who were seniors and persons with disabilities:

Cost to Government Pre-Initiative	\$900K
Cost to Government With New Initiative	\$720K
Savings to Government	\$180K

(3) Sample size of 2000

A sample size of 2000 was chosen. This represented all DFA clients, who will eventually be placed on the communication package:

Cost to Government Pre-Initiative	\$1.200M
Cost to Government With New Initiative	\$960K
Savings to Government	\$240K

Mr. Chairman, the Department of Financial Assistance eventually entered into a three (3) year agreement with Digicel to establish a communication package and to provide telephone service to the clients

of the Department of Financial Assistance. The cost of the contract is three hundred and twenty-four thousand dollars (US\$324,000) per annum. This amount is adjusted downward if the client base of Financial Assistance clients decrease, however, it remains at this level (\$324K) if the client base increases. This initiative is dubbed ‘ConnAct’ embracing the willingness of Digicel to ‘connect’ with Government and pro-activity to ‘act’ as a public/private partnership. The launch date was 1st February 2014 and 12 months later, the Department has paid out \$240K on this contract. This represents a savings of \$60K over and above what would have been paid if the telephone allowances had not been revised as per the Financial Assistance Regulations 2004.

Mr. Chairman, honourable members may recall that two years ago the Department partnered with the MarketPlace to begin use of a non-cash card. This eliminated the use of paper food vouchers and persons having to come into the Department on the first Monday of each month to collect the vouchers. Clients were allowed to shop at any MarketPlace on island. Whereas, previously, they could only shop at one grocery store, the Shopping Centre in Hamilton. Use of the non-cash card has given clients a better sense of dignity as they are no longer identified as being different from any other shopper. To date, this has been a great initiative and continues to work well for the Department’s client base.

Mr. Chairman, returning to the public-private partnership, it is important to note that on-going communication with the Department's client base is sometimes problematic because large numbers of clients maintain pre-paid phones. Often, clients contact the Department, but when return calls are made, the call cannot be accepted as there are no minutes available for use on the phone.

Mr. Chairman, as a result, discussions were held with various vendors to discuss an initiative for community service and also as a means to ensure our clients used their financial award for phone usage appropriately. These discussions began in September 2013 and after the tendering process was completed, Digicel was selected. As discussed above, this relationship has borne fruit in the form of valuable savings to government.

Mr. Chairman, benefits to DFA include:

- a) The ability to send SMS text messages at anytime to the Department's client base which will include:
 - 1. Alerts to clients;
 - 2. Urgent notices/messages; and
 - 3. Reminders of documents needed for assessments, etc.;

- b) Messages from the Department will get to the client regardless if there are minutes on the phone or not;
- c) The ability to monitor the receipt of the SMS messages by clients;
- d) The ability to review usage statistics and run reports (this helps to measure the communication between the Department and the client);
- e) Annual cost savings of up to \$240,000 which will be explained next.
- f) The phone shall remain the property of the Department while the client is active/approved. If terminated for any period of time, or if the individual is no longer a client of Financial Assistance the phone MUST be returned to the Financial Assistance worker. If damaged or lost or stolen, the DFA worker must be informed immediately and penalties will be applied.

2.Amendment to the Financial Assistance Regulations 2004 - Schedule Table of Allowable Expenses

Mr. Chairman, as previously mentioned, the current level and trend of financial assistance expenditures is unsustainable and must be reduced. One of the primary and immediate measures taken to reduce expenditures for financial assistance was to make adjustments to benefit levels on the Schedule Table of Allowable Expenses under the Financial Assistance Regulations 2004.

Accordingly, as of April 1st 2014, changes were made to the Schedule Table as indicated below:

- a) Elimination of all allowances for arrears payments, including: adult day care arrears, Belco arrears, child care arrears, disability arrears, fuel arrears, FutureCare arrears, group home arrears, HIP arrears, medical insurance arrears, medication arrears, nursing home arrears, rent arrears, rest home arrears, room and board arrears, room arrears, telephone arrears, and water arrears;
- b) A reduction on the maximum allowance for clothing from \$500 per annum to \$100 every six months and specify use for undergarments only. Clients will be directed to charitable organizations for outer clothing;
- c) A reduction to the maximum allowance for funeral expenses from \$4,000 to \$3,000;
- d) A reduction to the maximum rental allowance for studio, one, two and three bedroom units from \$1,300, \$1,700, \$2,100 and \$2,650, respectively to \$1,150, \$1,450, \$1,900 and \$2,400, respectively;
- e) A reduction to the maximum allowance for school clothing from \$800 per year to \$700 per year; and
- f) A reduction to the rate for overseas medical coverage from 'at cost' to 'to be determined by the Department' such that a cap is applied to the allowable expenses in this area. Establish a 'cap' on overseas medical travel costs after an assessment is made as to the quality of life a

person may have or if the medical travel is a life or death scenario, prior to travel.

Mr. Chairman, the total of all arrears payments made by the Department of Financial Assistance for the nine (9) month period from April – December 2013 was \$491,266. Based on implementation at April 1st 2014, it is estimated that cost savings for arrears payments will be in the region of \$600,000. Further cost savings are expected to be derived as proposed under 2 (b), (c), (d), (e) and (f) above.

3.Rental Accommodations Policy

Rental accommodations paid to clients have topped \$1.35 million monthly. The Department has recently implemented a rental accommodations policy designed to decrease the numbers of applicants desiring to move into rental accommodations and do not have a means to contribute to the cost of the rental unit.

The purpose of the policy is to provide clear and concise guidelines on the issue of payment for rental accommodations for the Department of Financial Assistance Applicants/Clients.

The policy statement outlines the following:

- I. Any *applicant*, identified as homeless, upon Pre-Screen, who presents for assistance and requires payment for rental accommodation will be recommended to seek shelter accommodation.
- II. Any *applicant* upon Pre-Screen who presents for assistance and requires payment for rental accommodation must be able to contribute towards the cost of the rent prior to being given a rent verification form.
 - i. Applicants will be encouraged to remain in their current accommodation until they are able to contribute toward a separate living arrangement, apartment, or accommodation.
- III. Any *active client* who request to move from their current accommodation to a larger accommodation with a higher rent, must be able to contribute towards the cost of the rent prior to consideration of payment for the larger accommodation.
- IV. Any *applicant/active client*, who is being evicted from their current accommodation due to failure to pay rent, will not be approved for the payment of a new rental accommodation exceeding the rental value of a room rate.
- V. Exceptions include:

- i. When an *applicant/client* has been abused/assaulted and must move to an alternative accommodation for safety reasons;
- ii. When an *applicant/client*, due to the physical condition of their current accommodation, must move for health reasons;
- iii. When an *applicant/client* due to physical health or disability must move for reasons of accessibility/safety;
- iv. When an *applicant/client* is requested to move by the landlord for reasons of renovations or members of the landlords family moving into accommodation;
- v. When an *applicant/client* is already housed in a rental accommodation and either due to loss of job or being made redundant – DFA would pay rent based on current legislation and the Schedule Table of Allowable Expenses; and
- vi. When an *applicant/client*, due to emergency reasons, requires emergency accommodation – the applicant can be housed in a guest house for no more than one (1) month at the cost not to exceed that set for a studio rent rate.

Business Unit 65080 - General Administration

Mr. Chairman, the total amount budgeted for this Cost Centre for FY 2015/16 is three million and forty-two thousand dollars (\$3.042M). This reflects a net increase of 2% or \$71K when compared with original estimates for FY 2014/15 (see page B-256).

This cost centre provides funding for general administration and operational costs for the Department. As per the subjective analysis on page B-256, the largest expenditure in this cost centre is salaries, which represents 93% or two million, eight hundred and twenty-nine thousand dollars (\$2.829M) of the budget allotment. This represents a 4% increase from salary estimates for FY 2014/15 and is attributable to payroll increments. The FTE count remains at 33 in FY 2015/16, as it was in FY 2014/15 (see page B-257).

Mr. Chairman, currently the staff of the Department of Financial Assistance carry individual caseloads exceeding 240. As per best practice this amount far exceeds what is an acceptable number. The work performed by the staff involves collection and careful review and analysis of various types of documents in order to complete a full assessment of each client. Clients are processed in a very efficient manner to ensure files and assessments are approved on a weekly basis in accordance with the Department's policies and procedures. The work performed by the staff is extremely challenging, demanding and strenuous as each staff member must pay close attention to detail at all times, when evaluating clients.

Mr. Chairman, the department has budgeted \$50K for Capital Acquisitions as per page C-13 of the Estimates book. This funding is required for the upgrade and monitoring of the Department's software

system (FASS). This upgrade is necessary to ensure that the FASS system can interface with the government's E1 system and other networks associated with the processing of payment for Financial Assistance clients.

Mr. Chairman, explanations for changes to various cost categories as per the subjective analysis found on page B-256 will now be provided:

Travel

The amount budgeted for travel in FY 2015/16 is \$3K, which represents a decrease of \$3K from the prior year. Travel in 2015/16 will be approved by the Director only if critical and absolutely necessary. This expenditure is expected to be kept to a minimum.

Advertising and Promotion

The amount budgeted for advertising and promotion in FY 2015/16 is \$18K, which represents a decrease of \$1K from the prior year. As a means to achieve cost savings on advertising and promotion, ample brochures were printed in FY 2014/15 to be used in FY 2015/16. These brochures give an overview on services and processes by the Department. Therefore, a reduction in advertising cost is expected in 2015/16.

Repair and Maintenance

The amount budgeted for repair and maintenance in FY 2015/16 is \$27K, which represents a decrease of \$25K from the prior year. It is anticipated that equipment purchased in FY 2014/15 will require minimum repair and maintenance in FY 2015/16.

Materials and Supplies

The amount budgeted for materials and supplies is \$95K in FY 2015/16, which represents a decrease of \$2K from the prior year. This decrease is directly related to the reduction in printing of brochures as previously explained in 'Advertising and Promotion', whereby less printing is required.

Changes to Grant Contributions

A listing of grants and contributions payable by the Department of Financial Assistance can be found on page C-19 of the estimates book. A point to note on this page is that the amount allocated for object code 7042 Social Assistance (\$41,361K) can be broken down into: Financial Assistance (\$40.686M); Matilda Smith Williams Rest Home (\$275K); STAR (\$175K); and Teen Haven (\$225).

Grantees	FY 2014/15	FY 2015/16	Increase/(Decrease)
Care of the Blind	\$30K	\$30K	\$0
Meals on Wheels	\$48K	\$48K	\$0
Matilda Smith Williams Rest Home (MSW)	\$300K	\$275K	(\$25K)
STAR	\$200K	\$175K	(\$25K)
Teen Haven	\$250K	\$225K	(\$25K)
Salvation Army	\$500K	\$450K	(\$50K)
Summerhaven	\$471K	\$425K	(\$46K)
Packwood Nursing Home	\$400	\$375K	(\$25K)
Child Day Care Allowance	\$3.400M	\$3.400M	\$0
Financial Assistance	\$38.378M	\$40.686M	\$2.308M
Total	\$43.977M	\$46.089M	\$2.112M

Changes above relate to:

Organizational grants for: Matilda Smith Williams Rest Home; STAR; Teen Haven; Salvation Army; Summerhaven; Packwood Nursing Home have experienced a net decrease of **\$196K** from the prior year. This decrease is attributable to the medium term expenditure framework – deficit reduction strategy, and the Department will endeavour to stay within the established financial framework.

Financial Assistance has increased by **\$2.308M** in FY 2015/16 to allow the department to continue to provide financial awards to Bermuda's

neediest population. In order to be able to accommodate new client applications, and to remain within our budgetary vote, we have tabled legislation to further restrict duration of benefits for able-bodied unemployed under the age of 65. We recognize that the onset of additional economic stimuli into the economy will create opportunities, allow clients to become more self-sufficient, and reduce the dependence on the public purse.

Mr. Chairman, explanations for Performance Measures as found on page B-258 will now follow:

To provide financial awards to 100% of our new financial assistance clients within 10 working days.

The Department of Financial Assistance has been successful in FY 2014/15 in providing clients with financial assistance within ten (10) working days. This process begins with an applicant applying for pre-screening at the department on day one. During the pre-screen interview the applicant is informed of documents that they will need to submit in order to make a file to be assessed. An example of documents might include picture identification, passport, banking statements, medical form and relevant bills, for example, BELCO, BTC, as required. The onus is on the applicant to submit the required documents in a timely manner. Once all documents have been submitted then a file is made and

vetted by the prescreen manager. If all documents are in place then an appointment is made with the Financial Assistance worker to assess the case. This process is generally completed within 7 - 10 days. The Department has again been successful in attaining 100% of this performance measure; however, this can only be achieved if the applicant returns all required documents in a timely manner.

To award grants to charitable organizations within 30 days of receiving request documents.

All organizational grant recipients must submit a letter of request along with quarterly financial statements requesting a quarterly grant allotment. Once received, the information is reviewed by the Director and if all information is correct request for payment is approved.

To provide awards to 100% of the daycare providers by last day of month before they are due.

Documents submitted by parents/guardians of children in the Child Day Care Allowance Programme are assessed on a quarterly basis. Once a financial assistance worker has made an assessment, the financial assistance manager will either approve or reject. Approvals for all Day Care payments are made directly to the Day Care providers. This is

generally done every three months and payments are made on the first of each month within that three month period.

To ensure that all 33 employees successfully complete at least one relevant training course per year.

All Financial Assistance workers successfully completed the IAC (Inter Agency Committee) - Success Focused Case Management, and all managers successfully completed the IAC - Supervision for Successful Managers.

To complete 700 site visits for financial assistance clients during the year.

The Department of Financial Assistance aims to complete at least one home visit each calendar year for all new clients. However, with increasing number of new cases, Financial Assistance workers are unable to make the desired amount of home visits. Although prospective clients may not be seen in the calendar year in which they become a client they are seen shortly thereafter.

Mr. Chairman, I would like to express my appreciation to the staff of this Department for their continued commitment and for the efficient manner in which they carry out their duties and responsibilities.

Mr. Chairman, this ends my presentation on the FY 2015/16 budgetary allocation for Head 55, the Department of Financial Assistance.