

# The Perfect Storm

## Workforce Challenges and Escalating Costs in Community Disability Services

**The first quarter of 2022 is showing signs of a perfect storm brewing over community disability services.** A chronically underpaid workforce<sup>1</sup> – severely fatigued by pandemic demands – is causing a staffing crisis in frontline roles. Mid-managers and senior leaders are burnt out adapting to keep services afloat during two years of constant uncertainty.<sup>2</sup> With federal subsidies ending, revenue shortfalls have become more visible, revealing the impact of drops in fundraising, donations, and earned income sources.<sup>3</sup> Meanwhile, global developments are creating 30-year peaks in inflation, escalating administrative and indirect service costs that were already rising rapidly due to local pressures.<sup>4</sup>

**Since 2014, community disability services have received no increases in funding for staff wages.**<sup>5</sup> Nor has funding addressed increases in administrative costs due to inflation over the past 8 years, let alone more recent increases due to the pandemic or the current inflationary pressures. Service providers have subsidized funding gaps with fundraising or social enterprise revenues – a capacity which not all agencies have. Increasingly, many service providers have had to dip into their funding for direct services to pay for these hard costs, while trying to maintain quality supports for the people in their services.

**This is an unsustainable state for service providers, and an untenable situation for Albertans with developmental disabilities whose supports are at stake.**

This document reports the prevalence and impact of the elements converging into a perfect storm. **As with all crises, this one requires an urgent response.**

# Escalating Costs in the CDS Sector: A Summary

CDS organizations that believe their PDD services are at **HIGH RISK** in the next 1-3 years due to increasing unfunded admin and indirect costs

37%

Organizations that consider their PDD services to be at a **MODERATE RISK**

31%

62%

of service providers are budgeting a **deficit** in their **2022/23 PDD budget**

51%

are considering **reducing or changing** aspects of **non-PDD-funded services** due to the financial pressures of underfunded PDD services

72%

have **moved PDD funding from Direct to Indirect** due to rising administrative costs in the past year

**Community Disability Services Workers** make an average hourly wage of

**\$18.76**<sup>1</sup>

*"Inflation and expectations of stretching dollars too thin ultimately affects service delivery"*

There have been no increases to **PDD funding for staff wages** since

**2014**<sup>5</sup>

85%

of CDS organizations' revenues come from PDD; **PDD is the primary funder** for the majority of organizations<sup>6</sup>

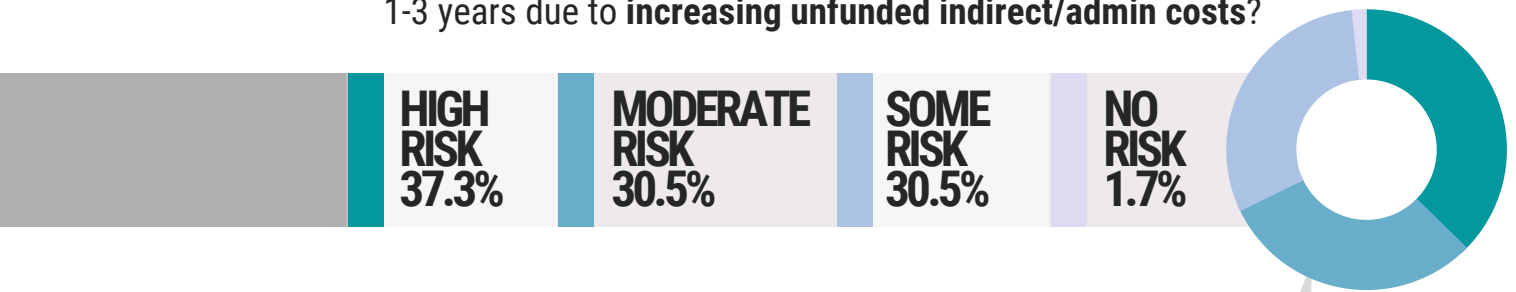
54%

of the entire CDS workforce make **under \$20.00/hr**<sup>1</sup>

# Impact of Rising Costs: Survey Results

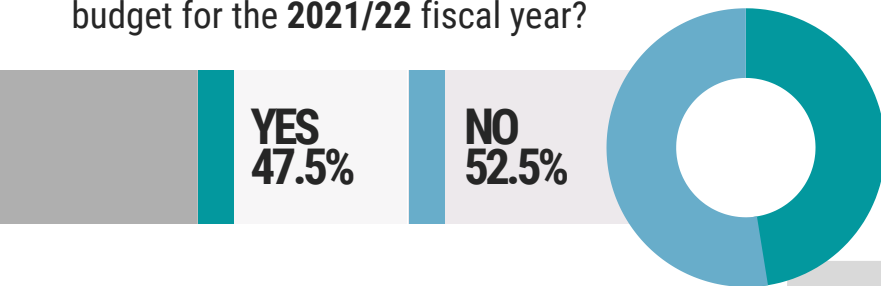
ACDS surveyed 132 member agencies in the Community Disability Services (CDS) sector in early March 2022 on administrative and indirect costs. 60 agencies responded for a response rate of 45%.

Do you feel that your **PDD services** are at risk in the next 1-3 years due to **increasing unfunded indirect/admin costs**?

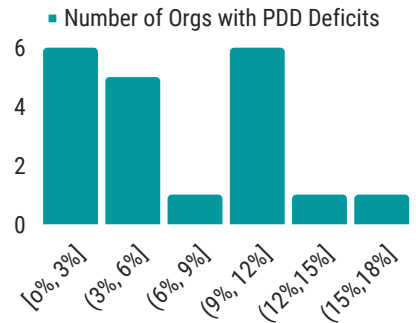


*"With the high inflation we are seeing for the cost of utilities, fuel, household supplies, food, etc., we won't be able to sustain our services without an increase in funding."*

Do you have a **deficit** in your PDD budget for the **2021/22** fiscal year?

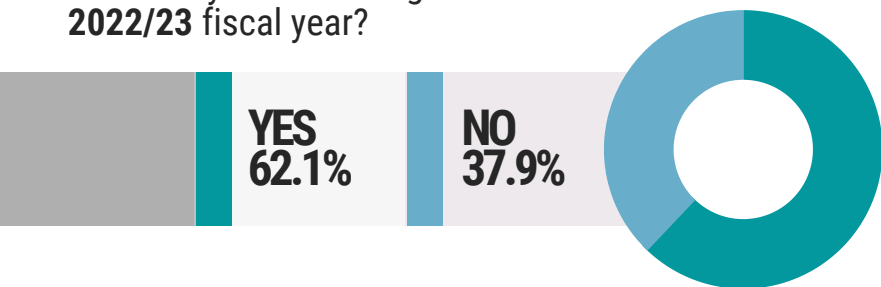


Reported deficits for the 2021/22 fiscal year ranged between 0.03% and 17%

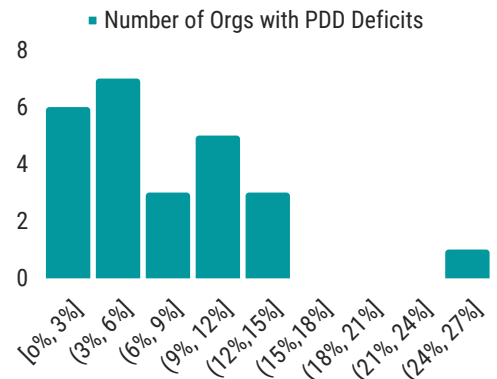


*"[We did not have a deficit] only because we moved Direct dollars to Indirect to cover."*

Are you budgeting/anticipating a **deficit** in your PDD budget for the **2022/23** fiscal year?



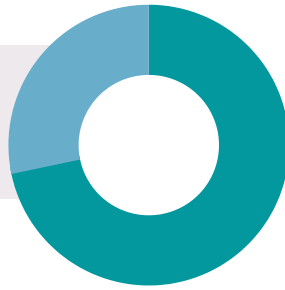
Reported deficits for the 2021/22 fiscal year ranged between 0.05% and 25%



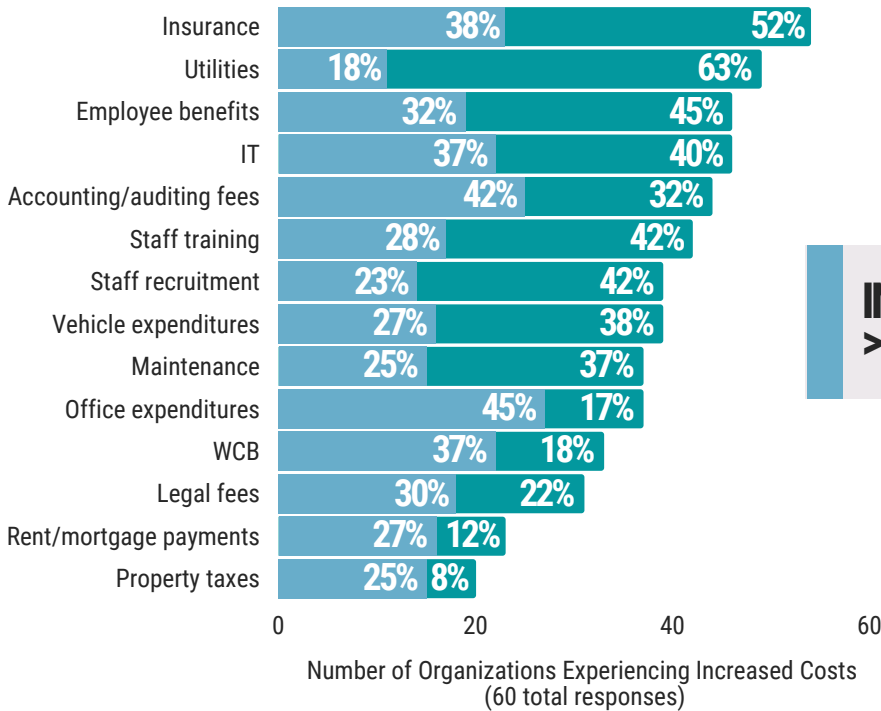
Have you moved PDD funding from Direct to Indirect due to rising administrative costs in the past year?

**YES**  
71.7%

**NO**  
28.3%



"No increases since 2014 and 18% inflation during the same period. We are cutting corners in administration but eventually you need to start moving dollars from Direct services which has a negative impact on wages for direct service delivery and creates a "rationing" of supports."



Which operating costs have increased significantly (over 10% or over 20%) over the past 3 years?

**INCREASED >10%**

**INCREASED >20%**

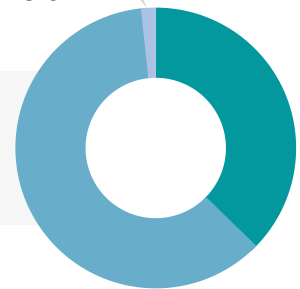
"The pressures for us in relation to operating costs have nothing to do with COVID-19 other than the inflationary impacts."

If experiencing increased operating costs, do you believe that these financial pressures have been due to COVID-19 or general inflationary costs?

**PRIMARYLY INFLATION**  
37.3%

**BOTH COVID-RELATED AND INFLATION**  
61.0%

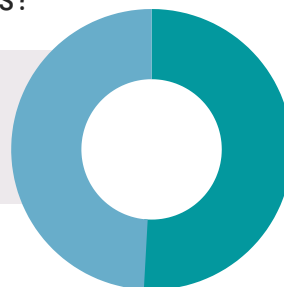
**PRIMARYLY COVID-RELATED**  
1.7%



Are you considering reducing or changing aspects of your non-PDD-funded services for individuals with disabilities due to the financial pressures of underfunded PDD services?

**YES**  
50.9%

**NO**  
49.1%



"We are having to fundraise and use donations to cover basic costs like audits. We have also had to increase the rent to individuals to cover rising costs. In the end it is the individuals and their quality of life and service that will be affected."

# Survey Responses by Different Organizational Types

## By PDD Funding as Percentage of Total Operating Revenues

Do you feel that your **PDD services** are at risk in the next 1-3 years due to **increasing unfunded indirect/admin costs**? Regardless of how much PDD funding an organization received, PDD services were seen as being at risk over the next few years by most organizations.

PDD Funding as % of Total Operating Revenues	n	No Risk	Some Risk	Moderate Risk	High Risk
≤75%	14	0%	29%	43%	29%
76% to 90%	15	0%	47%	13%	40%
>90%	28	4%	25%	36%	36%

Have you **moved PDD funding from Direct to Indirect** due to rising administrative costs in the past year?

Organizations that received the majority of their funding from PDD were more likely to move funds from Direct to Indirect, as they likely had fewer alternative sources to draw from.

PDD Funding as % of Total Operating Revenues	n	Yes	No
≤75%	14	36%	64%
76% to 90%	15	80%	20%
>90%	28	86%	14%

Are you budgeting/anticipating a **deficit** in your PDD budget for the **2022/23** fiscal year?

Agencies with less reliance on PDD funding were more likely to have budgeted a deficit in their PDD budget for 2022/23.

PDD Funding as % of Total Operating Revenues	n	Yes	No
≤75%	14	79%	21%
76% to 90%	14	43%	57%
>90%	27	59%	41%

## By Organizational Size (Number of PDD-funded Individuals in Service)

The percentage of agencies that consider their PDD services at risk as well as the percentage of agencies that moved PDD funding from Direct to Indirect remained relatively similar across organization size (number of PDD individuals in service).

Do you feel that your **PDD services** are at risk in the next 1-3 years due to **increasing unfunded indirect/admin costs**?

Number of PDD-funded Individuals	n	No Risk	Some Risk	Moderate Risk	High Risk
≤50	21	5%	29%	29%	38%
51 to 150	23	0%	26%	39%	35%
>150	14	0%	43%	21%	36%

Have you **moved PDD funding from Direct to Indirect** due to rising administrative costs in the past year?

Number of PDD-funded Individuals	n	Yes	No
≤50	21	76%	24%
51 to 150	23	65%	35%
>150	14	79%	21%

Are you budgeting/anticipating a **deficit** in your PDD budget for the **2022/23** fiscal year?

Organizations with fewer individuals in service were more likely to anticipate a deficit in their PDD budget for 2022/23.

Number of PDD-funded Individuals	n	Yes	No
≤50	19	63%	37%
51 to 150	23	70%	30%
>150	14	43%	57%

## By Program Type

Types of programs offered had no significant impact on agencies' view of risk, if they had moved PDD funding from Direct to Indirect, or if they were anticipating a deficit in their budget for the upcoming year.

Do you feel that your **PDD services** are at risk in the next 1-3 years due to **increasing unfunded indirect/admin costs**?

Offered Programs	n	No Risk	Some Risk	Moderate Risk	High Risk
Residential and respite	54	2%	33%	28%	37%
Employment supports	32	0%	25%	41%	34%
Community access and recreation	50	0%	34%	34%	32%

Have you **moved PDD funding from Direct to Indirect** due to rising administrative costs in the past year?

Offered Programs	n	Yes	No
Residential and respite	54	74%	26%
Employment supports	32	69%	31%
Community access and recreation	50	72%	28%

Are you budgeting/anticipating a **deficit** in your PDD budget for the **2022/23** fiscal year?

Offered Programs	n	Yes	No
Residential and respite	52	60%	40%
Employment supports	32	63%	37%
Community access and recreation	49	61%	39%

Are you considering **reducing or changing** aspects of your **non-PDD-funded services** for individuals with disabilities due to the financial pressures of underfunded PDD services?

Organizations offering employment supports were slightly more likely to be considering reducing or changing aspects of their non-PDD-funded services due to the pressures of their PDD services.

Offered Programs	n	Yes	No
Residential and respite	53	51%	49%
Employment supports	31	58%	42%
Community access and recreation	48	48%	52%

### References

- [1] The average wage throughout the CDS sector is \$21.50, and 54% of the workforce make under \$20.00 an hour. CDSW make up approximately 61% of all staff, and have an average wage of \$18.76. Alberta Council of Disability Services. 2021. *ACDS Survey 2020: COVID-19 Impact on CDS Workforce*. Calgary, AB.
- [2] Alberta Council of Disability Services. 2021. *COVID-19 Pandemic Year 2: Stories from Summer 2021 in Alberta's Community Disability Services Sector*. Calgary, AB.
- [3] In October 2020, fundraising revenues had fallen by 29% compared to budgeted costs in April 2020. PDD revenue, which made up the majority of organizations' funding, was estimated to be 2% lower than budgeted due to the inability to bill PDD for services that were suspended or forced to operate at lower capacity levels. Compared to pre-pandemic, average operating revenues had decreased by 4.7% in October 2021, while operating expenses had increased by an average of 1.2%. Alberta Council of Disability Services. 2021. *ACDS Survey 2020: COVID-19 Impact on CDS Workforce*. Calgary, AB; Alberta Council of Disability Services. 2022. *ACDS Survey 2021: Organizational Wellness and Workforce*. Calgary, AB.
- [4] Trading Economics. "Canada Inflation Rate". <https://tradingeconomics.com/canada/inflation-cpi> Last accessed March 10, 2022.
- [5] Alberta Council of Disability Services. 2019. *Developing a Comprehensive Human Resources Strategy for the Community Disability Services Sector: Discussion Paper*. Calgary, AB.
- [6] Alberta Council of Disability Services. 2022. *ACDS Survey 2021: Organizational Wellness and Workforce*. Calgary, AB.