Community Care NORTHUMBERLAND

BRIEFING NOTE

To:	Jordan Prosper
From:	Jordyn Boivin & Adam Kolisnyk
Re:	Annual Financial Sustainability Plan for Pay Equity Implementation
Date:	10/6/26
Need by:	n/a
Our mission:	***To connect our communities to the support, service and care they need throughout their lifelong journey***

☐ **Immediate Attention** ☐ **Follow Up Requested** ☒ **Other (specify below)**

☐ **For Information** ☐ **Signature Required** For discussion

Background (problem we are trying to solve):

CCN is evaluating the financial impact of implementing pay equity, with support from Whiting & Gale. For planning purposes, the estimated annualized incremental cost pressure is approximately $200,000.

Target go-live is assumed to be October – after a September Board approval. As a result, the Year 1 (2026/27) financial impact is expected to be approximately 50% of the annualized pressure, or $100,000, with the full $200,000 annual pressure beginning in the following fiscal year (2027/28).

The challenge for the Board is therefore twofold:

1. How CCN will manage the Year 1 implementation pressure; and
2. How CCN will sustainably fund the ongoing annualized cost once fully implemented.

Current state Assessment:

CCN finished 2025/26 in a balanced position, with limited recurring operating margin available to absorb new compensation costs.

CCN's liquidity position is stronger than its operating margin. The organization has access to a High Interest Savings Account of approximately $1.1M and have received an insurance payout of approximately $136K. This provides flexibility to manage timing and implementation risk, but reserve funding should not be used as the permanent solution for a structural compensation increase.

Financial Analysis:

The pay equity pressure should be considered in two phases:

Phase	Timing	Estimated Pressure	Funding Approach
Year 1 implementation	October 2026 – March 2027	**~$100K**	Can be funded through the $136K insurance payout
Full annualized impact	Following fiscal year onward	**~$200K annually**	Requires permanent recurring offsets

The expected **$**136K insurance payout is sufficient to cover the estimated Year 1 pressure of $100K, leaving a small implementation buffer of approximately $36K. However, the insurance payout is one-time funding. It solves the implementation-year timing issue but does not solve the ongoing annual pressure.

Management should therefore develop a recurring annual mitigation plan of at least $200K, with a recommended target of $275K to provide contingency.

Recommended recurring mitigation plan & target:

Mitigation Area	Annual Target
Management/admin restructuring and role redesign	$100K
Revenue growth, fundraising, grants, and fee recovery	$60K
Program optimization	$40K
Procurement, purchased services, insurance, IT, and professional fees review	$35K
Workforce stabilization and vacancy/turnover savings	$40K
Total recurring target	**$275K**

This approach fully offsets the annualized pay equity pressure and creates a modest $75K contingency. The plan also assumes that the structural elements of this plan can be executed in the latter half on 2026/27 so that 2027/28 will benefit from the annualized savings.

If both pay equity *and* HOOPP proceed, CCN will need to evaluate the combined compensation pressure. The HOOPP analysis estimated an incremental annual employer cost of approximately $80K–$160K, with a most likely scenario of approximately $125K. In combination, pay equity and HOOPP could create a recurring annual pressure of approximately $325K.

Qualitative Analysis:

Pay equity supports fairness, internal consistency, recruitment, retention, and employee morale. It also reduces compensation-related risk and aligns with CCN's broader workforce sustainability objectives. However, because pay equity becomes embedded in the wage structure, the Board should treat it as a permanent compensation commitment. The October go-live improves Year 1 affordability, but it does not reduce the long-term financial obligation. Management restructuring should remain an option, but it should be targeted rather than arbitrary. The focus should be on role redesign, span of control, vacancies, duplication, and opportunities to align administrative capacity with current operations. Revenue growth should also be a key part of the solution, particularly because benchmarking suggests CCN may have more opportunity to improve non-OH revenue than to find large savings through broad expenditure cuts.

Expected Outcomes:

If implemented as proposed, CCN would be able to:

- Proceed with an October pay equity go-live after September Board approval;
- Fund the estimated $100K Year 1 pressure using the expected $136K insurance payout;
- Avoid using the HISA in Year 1, unless final costs exceed current assumptions;
- Preserve the HISA for liquidity and strategic flexibility;
- Establish a recurring plan to offset the full $200K annualized pressure;
- Improve internal equity, morale, recruitment, and retention – supported by baseline and improvement metrics;
- Avoid broad-based service reductions.

Recommendation:

It is recommended that the Board support pay equity implementation in principle, subject to final costing from White & Gale and approval of a comprehensive financial mitigation plan.
Specifically, CCN's board should:

1. Approve a September decision timeline with a targeted October go-live.
2. Recognize the Year 1 financial pressure (for planning purposes) as approximately $100K, based on 50% of the annualized cost.
3. Allocate the expected $136K insurance payout to fund the Year 1 implementation pressure.
4. Avoid using the HISA unless final costs exceed the current estimate or retroactive costs emerge.
5. Direct management to develop a $275K recurring annual mitigation plan before the full annualized pressure takes effect in Year 2.
6. Consider pay equity and HOOPP together as part of CCN's total compensation affordability strategy.
7. Report quarterly to the Board on implementation costs, savings achieved, revenue initiatives, and any reserve use.

This approach allows CCN to move forward with pay equity while maintaining fiscal discipline and protecting liquidity.