

# Advice on the Funding Model

Ontario Association of Children's Aid Societies

June 2007



**Ontario Association of Children's Aid Societies**

*The voice of child welfare in Ontario*

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## Executive Summary

The face of child welfare is changing. With the Transformation agenda's broader focus on working more with families and collaborating more with other service providers, a shift of both activities and costs is taking place. The funding model needs to evolve to meet these changing needs and we are pleased to be asked for our advice on this evolution.

The funding model needs to be flexible enough to:

- Encourage agencies to adopt the Transformation agenda
- Provide comparative data so that agencies can compare their performance
- Provide more, and better, options for transitioning our growing number of youth to successful adult lives

The use of historical agency-specific benchmarks was a good first step in the funding models evolution. In our view, however, it is a bit "stiff" in an environment that calls for more fluidity. We encourage the Ministry to focus on the end goal as the funding model evolves: a system that provides more prevention, collaboration and family-based options. The small investments in Block 2 (as currently defined) and the flexibility provided by volume corridors are insufficient to achieve the end goal. Our advice is designed to remove existing funding barriers to this shift in practice.

Boarding for children in care is, and will remain, the largest portion of CAS expenditures. We are recommending a redefined and expanded configuration of Boarding Groups. The current funding model has the capacity to severely disadvantage those that are successful in operating family based models and those that are moving in that direction. Our advice in this area is to provide more incentive to develop family based models while recognizing that some children will benefit from more intensive settings. This is in keeping with both the transformation agenda and the Child Advocate's Report released on June 21, 2007. We have also taken the important step of clearly identifying children with extraordinary care requirements such as those awaiting placement in other sectors. This is important from both a system planning and sustainability perspective.

It is critical to ensure that there are adequate staffing levels to deliver the services required; a point raised by the Auditor General. We are calling on the Ministry to work with the CASs to conduct a workload study. Not only will such a study serve to assess the impact on workload of the way services are provided under the Transformation agenda, it will provide the necessary information to assess the reasonableness of agency staffing levels. The impact of Transformation is also being felt by the administrative staff, who have more work from family group conferencing and community based case transfers. We recommend that this study include administrative staff who are working with service staff.

When it comes to caring for our youth we have adopted the adage, "What would a good parent do?" Our youth face a multitude of challenges, some of which would not be difficult or very expensive for the Ministry to mitigate. ECM rates that are well below the poverty rate, and



forcing youth to transition out of foster care to ECM while they are still in high school are two of the largest challenges. At this critical time in a youth's life, a successful transition to adulthood will impact his/her entire future and his/her involvement with other sectors such as welfare, mental health and criminal justice. The advice we prepared in this area is mirrored in the Child Advocate's Report, "We Are Your Son's and Daughters", where on page 4-5 it says:

*It is patently clear that we as a society are not affording youth who are involved with child welfare agencies the same support and possibilities that are commonly available to their peers as they transition to adulthood.*

We commend the Ministry for the work it is doing in the area of Permanency. Open adoptions are an excellent step in that direction. We encourage the Ministry to build on this work by expanding its focus in the areas of funding for legal custody and kinship placements. Making adoption subsidies more volume sensitive and building in recognition for the fluctuating nature of the costs of these agreements over time would also be beneficial. Adoption subsidies are not served well by historical funding benchmarks, even agency specific ones.

Child Welfare has a very difficult time competing for Capital Funds. We are calling on the Ministry to ensure fair access to provincial capital dollars.

As the funding model moves into Phase 2, it is critical that the long outstanding issues of Northern Remoteness funding and French Language Services funding be addressed. The OACAS has provided a detailed paper with recommendations on Northern Remoteness that we are requesting be adopted into the funding model. In May 2006, we received a proposed work plan and quote from Deloitte & Touche estimating costs of \$140,000 to \$180,000, plus GST and expenses, to complete a study on funding French language services. In discussions with the Secretariat it was clear that a grant request of this size would not be supported. This has served to further delay the evaluation of the cost of legally required bilingual service delivery. We call on this Ministry to ensure that Phase 2 of the Funding Model include a French Language Services funding factor. Phase 2 is scheduled to begin for the 2008/09 fiscal year, so time is of the essence. We would be pleased to provide whatever information we have gathered to assist the Ministry in fulfilling its legal obligations and political commitments in this regard.

The funding model is only one method of shaping child welfare service delivery. The field would like opportunities to compare performance and seek out best practice, but the current financial and statistical definitions severely limit the field's capacity to compare data and learn from each other. This is compounded by a lack of implementation of outcome indicators across the field. The Funding Model is built on a foundation of financial and statistical data which is shaky at best. We encourage the Ministry to work with the field to develop comprehensive definitions and outcome indicators that will enable agency comparisons to improve service quality and efficiency.

Thank you again for this opportunity to participate in the evolution of the funding model. We trust that our input will support the Ministry's policy directions and enable better outcomes for children and their families.



## Preface

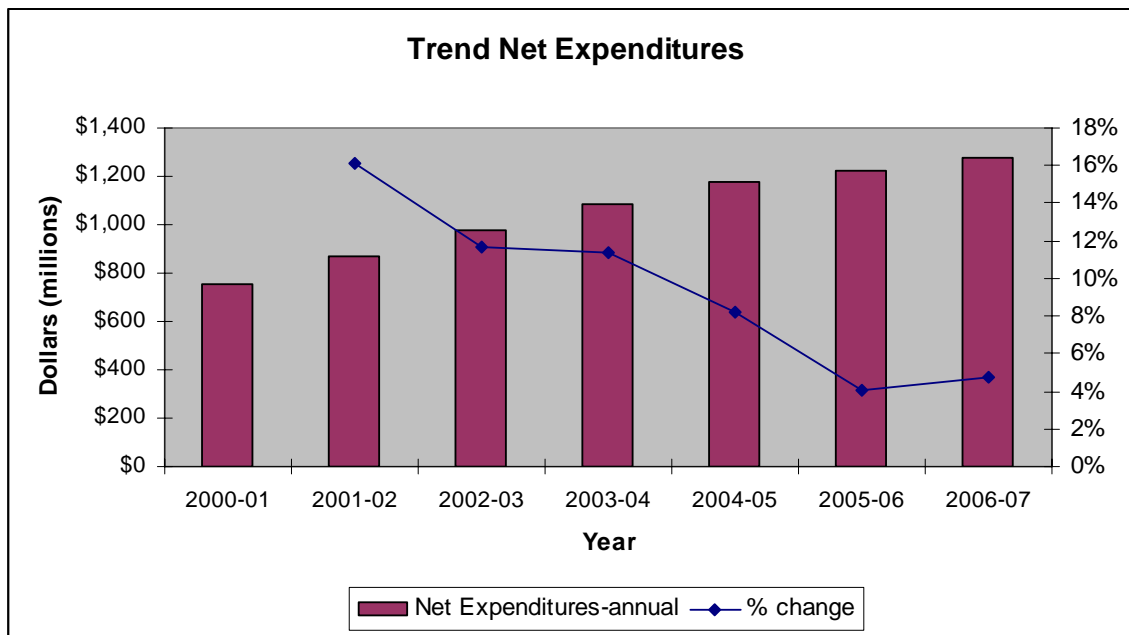
There is overall appreciation for the direction that the funding model has taken. Agency-specific funding factors have certainly brought the formula a long way in recognizing the unique attributes and challenges of different communities.

It is important to note that while these historical baselines recognize differences, they do not address the issues of changes in practice and workload relating to the ongoing roll-out of the Transformation agenda. New workload benchmarks need to be established and the full impact needs to be incorporated into base line year funding factors.

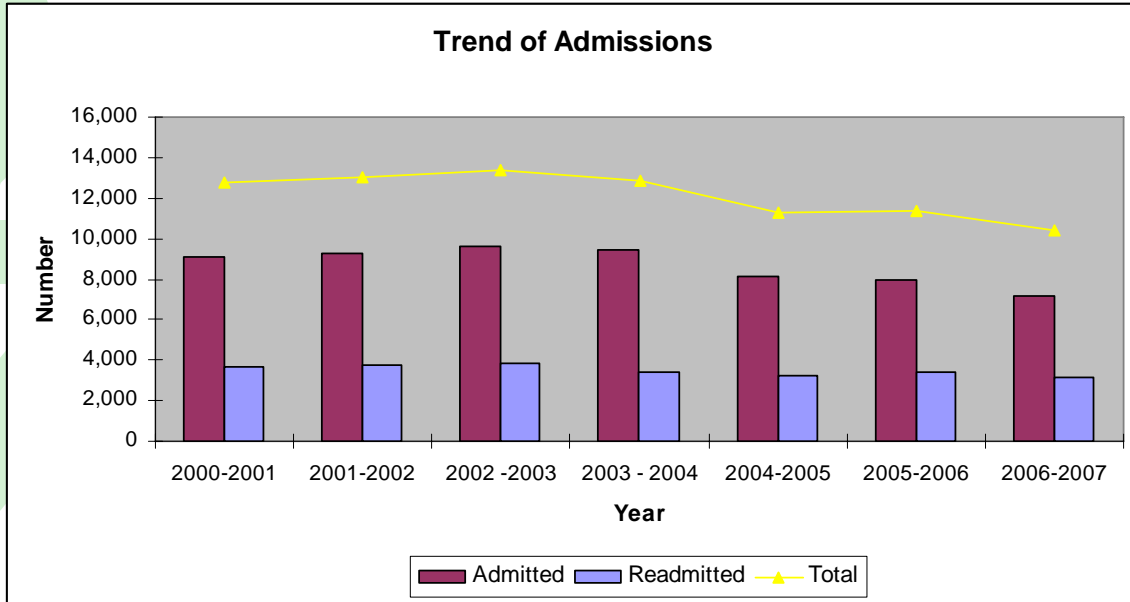
## Transformation

The Transformation agenda was designed to improve outcomes and limit the growth of the child welfare envelope. While it is too early for outcome data to adequately prove that the service children receive is more effective, we can see the changes of Transformation in several of our broad indicators. Specifically:

(a) Growth of child welfare net expenditures has been substantially reduced from 16% annual growth rates in 2001-2 to 4-5% in each of the past two years (see chart below);



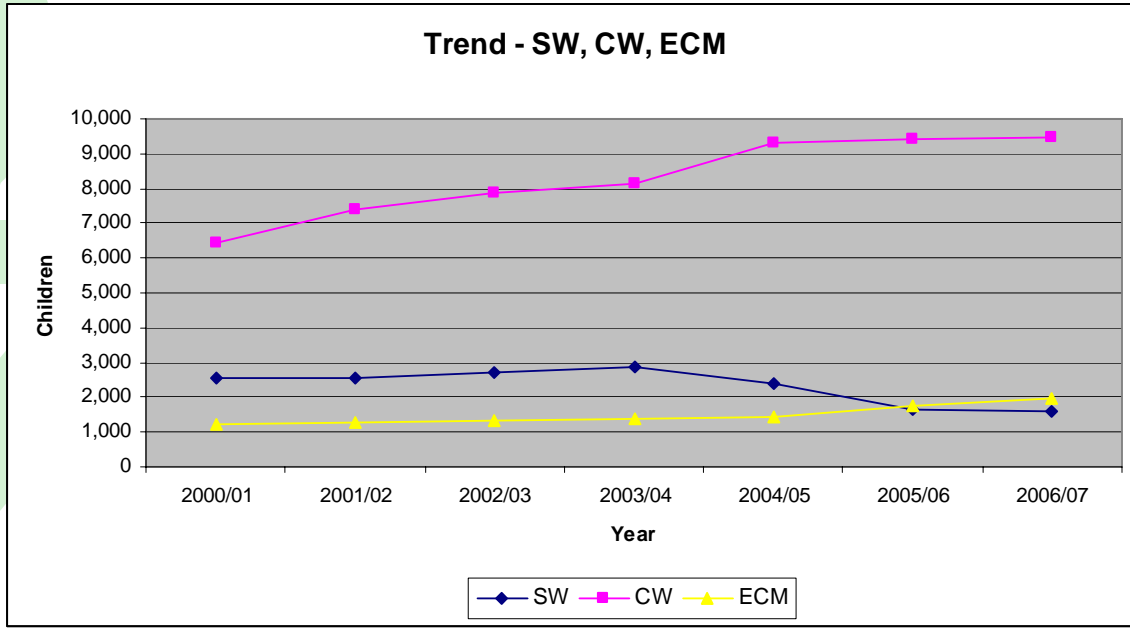
(b) A dramatic reduction in the number of admissions as 2006-07 admissions were 25% lower than the peak year of 2002-03 and total admissions/readmissions were 23% lower over the same period (see chart below);



(c) A levelling off of the growth in Crown wards;



(d) A 44% reduction in the number of Society wards in 2006/07 compared to the peak year of 2003/04.



It is within this context that we have developed our input on the funding model. We have endeavoured to address components that will build on the aspects of Transformation that have already been implemented and support the upcoming changes.



## Summary of Recommendations

### **Recommendation 1 – Block 2:**

Reserve Block 2 funding for short term implementation items such as training and curriculum development and other one-time costs. All ongoing cost elements should be assigned a funding factor that recognizes the full cost and be placed in Block 1.

### **Boarding**

#### **Recommendation 2a - Boarding Groups:**

The Groups should be redefined as:

- Group 1 – Foster Care, Customary Care and Kinship Care (Purchased and Society)
- Group 2 – Group Care (Purchased and Society Operated)
- Group 3 – Extraordinary Care
- Group 4 – Independent Living and Extended Care and Maintenance
- Group 5 – Other Care

#### **Recommendation 2b – Block 1 Boarding Funding Factors:**

Block 1 funding for groups 1, 2, and 5 should be at the agency specific funding factor.

#### **Recommendation 2c – Block 3 Boarding Funding Factors:**

Block 3 funding for groups 1 and 2 should be at the agency specific average of groups 1 and 2 combined. This will:

- Reward growth in Foster Care utilization because each day will be at a higher rate,
- Be neutral to those that experience growth but no change in the utilization rate of foster and Group Care,
- Discourage growth in Group Care utilization rates.

#### **Recommendation 2d – Extraordinary Care:**

We have introduced a new group, Group 3, that we have called Extraordinary Care. In the child welfare sector there is a group of children with extraordinary care and/or expense requirements. Currently, there are inadequate methods to capture the data related to these children. We recommend that three new cost and statistical centres be created for the following circumstances:

- Children awaiting placement in other sectors such as the developmental sector or mental health sector,
- Transitional age youth,
- Children with extraordinary needs that require per diem costs greater than 5 times the overall provincial average for boarding costs.

#### **Recommendation 3 - Permanency:**

The funding model should include a mechanism that will provide ongoing caregiver funds and staffing allotments to support these permanency options. We recommend that 90% of the



Foster Care rates should be made available for legal custody and kinship placements with no imposition of income caps.

**Recommendation 4 – Workload Measurement:**

In partnership with the CASs, we propose that the Ministry sponsor a Workload Measurement Study to assess the impact of Transformation on workload, in order to develop reasonable caseloads and adopt common language to ensure uniformity of response. The period of the study would be over a 3-4 weeks, with funding obtained from the Ministry to support this study.

## *Youth*

**Recommendation 5a – ECM Rates:**

- Set a new minimum ECM that is well above the poverty line.
- Index the rate so that it can increase with cost of living so children in care don't slip back into poverty as the years proceed.

**Recommendation 5b – Incentives for Youth:**

- Create incentives for youth to find and maintain employment by eliminating the clawback of ECM funds.
- Set a higher threshold for allowed combined work earnings and ECM funds that ensures youth who are working can elevate themselves from poverty rather than being penalized for working by having ECM cheques reduced.

**Recommendation 5c – Transitional Age Youth:**

- The funding model should support continued per diems in foster homes for youth who turn 18 but have not yet completed school.

## *Capital*

**Recommendation 6a – Access to Capital:**

Children's aid societies should be granted fair access to provincial capital dollars. A formula should be developed to ensure child welfare receives a reasonable share of available Provincial Capital funds.

**Recommendation 6b – FTE Based Capital and Technology Funding:**

If the Ministry chooses to migrate from Agency-specific funding for Block 4 Capital and Technology to FTE based funding then that formula should apply to all staff, including those on contract and secondments. The defining criteria should include the need for space/computer, etc. being provided by the Society.

**Recommendation 6c – Repairs and Maintenance:**

Sufficient capital money should be made available for appropriate upkeep of the properties.



## *Funding Shortfalls*

### **Recommendation 7a – Implement Northern Remoteness Study:**

For agencies in the far north, deficit minimization has historically been achieved but at the cost of lower levels of service. To rectify this situation, we recommend the Ministry implement the funding recommendations of the Northern Remoteness Study which clearly demonstrates that the cost of providing service in the far north is significantly higher than elsewhere in the province.

### **Recommendation 7b – French Language Services:**

We call on this Ministry to fulfill its legal obligations and political commitments and ensure that Phase 2 of the Funding Model include a French Language Services funding factor.

### **Recommendation 7c – Extraordinary Events:**

Occasionally agencies are confronted with extraordinary events (such as: litigation / lawsuits that are not covered by the agency's insurance policy, disasters (natural and other), catastrophic downturn in the community's economic condition, etc.) that are beyond the agency's control. To this end, we recommend a reserve fund for catastrophic events be established by the Ministry and that agencies experiencing an extraordinary event be eligible for expense offsets from this reserve.

### **Recommendation 7d – Equity:**

We call on the Ministry to ensure equity in service capacity in its funding decisions; to consider a mechanism that will deal with evolving funding shortfalls.

### **Recommendation 7e – Baseline Year:**

We call on the Ministry to update the baselines on a regular basis. The utility of a set baseline year diminishes dramatically over time. We recommend that the baseline year be updated on a regular basis.

### **Recommendation 7f – Expenditure Caps by Category:**

We call on the Ministry to eliminate category expenditure caps.

### **Recommendation 8 – Meaningful Comparisons:**

The Ministry must work with the field to clarify the financial, category and statistical definitions used in the chart of accounts and the Ministry Quarterly, Budget and MYRBP Templates.

### **Recommendation 9 - Outcomes:**

The Ministry should place a priority on working with the field to develop, publish and improve the quality and interpretation of the outcome data.



The OACAS appreciates the opportunity to provide input into the development and evolution of Phase 2 of the Funding Model for child welfare. The input into this paper has been coordinated by the Funding Advisory Committee; a sub-group created with Finance Managers, a Quality Assurance manager and Bill Bevan as the Executive Director liaison; and broad consultation with the field was incorporated.

The input we provide is designed to achieve the following:

- Build on the funding model's agency specific historical funding factors by incorporating the impact of current and future changes resulting from Transformation;
- Recognize new workload standards;
- Recognize the annualized cost of new initiatives;
- Reduce unintended negative consequences of the current formula;
- Buffer good performance;
- Improve outcomes for Youth; and
- Address the needs of Northern Remote agencies and French Language agencies.

We trust that you will find our input balanced and in keeping with the Ministry's policy direction.



## Section 1 – Funding Model Recommendations

### 1.1 Funding Transformation

The introduction of Block 2 funding specifically aimed at promoting and funding Transformation was welcomed by the field. Block 2 funding was made up of two distinct elements:

- One time costs relating to training, curriculum development, etc.
- Ongoing costs such as kinship care per diems, kinship service, etc.

The implementation of this funding has, unfortunately, become a disincentive for Transformation implementation. Block 2 funding is inadequate to deliver on Transformation activities, many of which have defined expenditure expectations (i.e.. kinship care and kinship service).

The ongoing costs reflect a new way of doing business. As such, we recommend that they be given funding factors and placed in Block 1. Block 2 should be restricted to one time costs related to implementation. Continuing to have a funding model that dramatically underfunds the costs of this new way of doing business encourages agencies to invest their resources in status quo service delivery models.

We appreciate the 2007/08 announcement that Kinship Care has been moved fully into Block 1. This will free up some room in Block 2 for further transformation activity.

#### **Recommendation 1 – Block 2:**

Reserve Block 2 funding for short term implementation items such as training and curriculum development and other one time costs. All ongoing cost elements should be assigned a funding factor that recognizes the full cost and be placed in Block 1.

It is important to stress that home of origin is a placement choice. Programs dedicated to strengthening families and keeping children out of care are philosophically, emotionally and economically sound. While there are some excellent models running in Ontario, agencies still fear that the cost of developing and running these models will leave them economically burdened at the expense of other programs. Algoma developed one such model about two years ago called “Community Corner”. The results of the program were evaluated by Algoma University College and released in a report in January of 2007.

*Clearly, finding ways to support families so that children are safe within their own family units is a highly desirable societal goal from both social and economic standpoints. Not only is child apprehension emotionally traumatic for the entire family and sometimes community; it is also costly, with estimates of maintaining one child in foster care ranging from \$35,000 to \$40,000 annually. Programs which can reduce the number of children in care would therefore prove highly valuable in both social and economic terms.*

#### **Recommendation 1:**

Reserve Block 2 funding for short term items; reassess ongoing costs and place them in Block 1



It is important not only to ensure that there is enough flexibility in the funding model to support development of such programs but to adequately address the trust issue giving agencies the confidence to embrace the opportunities. Clear guarantees within the funding model to support innovation and program development to implement transformation need to be included, in particular in the area of prevention.

## 1.2 Funding Boarding

Given that boarding costs represent almost 40% of the child welfare envelope, any developmental work must include careful consideration of this area. Currently the funding model recognizes two primary boarding classes:

- Group 1 – Agency provided Foster care, ECM and Independent Living, other days
- Group 2 – Group Care and Purchased Foster Care

An agency specific funding factor is provided for both groups. Volume growth in Group 1 and Foster Outside Paid Institution (OPI) is provided at the Provincial Average funding factor and growth in Group Homes (Society and OPI) is not funded.

In the interest of improved equity across the province and to encourage a continuing shift to lower cost family based Foster Care we are recommending a slight change in the funding methodology for funding boarding costs.

We have identified three issues relating to the current method:

### Scenario 1:

First, we asked what would happen if the Transformation agenda was successful and we were able to a) keep more children out of care and b) move more children from group to Foster Care when appropriate for the needs of the child. While overall cost reductions are likely to result, the effect on the per diems would be as follows:

Group 1 – increased average per diem.

- Diversion from care is more successful with children who require less intensive care. This leaves more difficult and expensive children, on average, in Foster Care.
- Children moving from Group to Foster Care tend to become the more expensive Foster Care children. Supports for both the foster parent and child are required.

Group 2 – increased average per diem.

- The children that are able to be shifted from Group Care to Foster Care are likely to be the less difficult and less expensive Group Care children to serve. This leaves fewer children in Group Care but with a higher average level of complexity and cost.

Success is actually penalized through the use of historical benchmarks in this case. Compounding this issue is the fact that volume growth in Foster Care is at the provincial average rates. Agencies that are more successful at keeping complex children in Foster Care



will have higher Foster Care average per diems. Funding volume growth at the Provincial average penalizes them for being successful at providing family based placement options. This is further compounded by the fact that the rates for purchased Group Care are set by the MCYS and historically these rates increase far more than the 2% annual funding factor increases.

**Scenario 2:**

The second issue we identified relates to a rapidly growing agency that has been able to maintain its ratio of children in Foster Care and Group Care. Even though their care delivery ratio stays the same, the 0 cap on Group Care days results in them not being funded for what is substantially a volume growth issue, not a utilization rate increase.

**Scenario 3:**

Third, an agency that has a history of being very successful in maintaining a high Foster Care ratio can be hurt by the 0 cap on Group Care if their utilization rate changes even a little. A “buffer” for good performance should be built into the formula.

Our recommendations to address these issues are as follows:

**Recommendation 2a –Boarding Groups:**

The Groups should be redefined as:

Group 1 – Foster Care, Customary Care and Kinship Care (Purchased and Society)

Group 2 – Group Care (Purchased and Society Operated)

Group 3 – Extraordinary Care

Group 4 – Independent Living and Extended Care and Maintenance

Group 5 – Other Care

In developing the Groups we used the principle of keeping similar choices together. For example, for most children under 18 the choice is Foster Care or Group Care. Mixing in ECM and other care skews the per diems and does not represent a true choice. Purchased Foster Care has more in common with Society Foster Care than it does with Group Care. It is family based and the per diems are usually closer to Foster Care than Group Care rates.

**Recommendation 2b – Block 1 Boarding Funding Factors:**

Block 1 funding for groups 1, 2, and 5 should be at the agency specific funding factor.

**Recommendation 2c – Block 3 Boarding Funding Factors:**

Block 3 funding for groups 1 and 2 should be at the agency specific average of groups 1 and 2 combined. This will:

- Reward growth in Foster Care utilization because each day will be at a higher rate,
- Be neutral to those that experience growth but no change in the utilization rate of foster and Group Care, and
- Discourage growth in Group Care utilization rates.

We believe this is a more equitable model than currently exists.



**Recommendation 2d – Extraordinary Care:**

We have introduced a new Group, Group 3, that we have called Extraordinary Care. In the child welfare sector there is a group of children with extraordinary care and/or expensive requirements. Currently, there are inadequate methods to capture the data related to these children. We recommend that three new cost and statistical centres be created for the following circumstances:

- Children awaiting placement in other sectors such as the developmental sector or mental health sector,
- Transitional age youth, and
- Children with extraordinary needs that require per diem costs greater than 5 times the overall provincial average for boarding costs.

**Recommendation 2d:**

Recognize “extraordinary care” requirements – mental health, transitional age youth and children with substantially higher per diem costs

They can be rolled up into Group 3 for funding purposes but each centre should be individually reported on the quarterly reports. We recommend that children in these classifications be closely reviewed by the agencies and that they be **fully funded**. Not only will this tracking assist the Ministry in assessing needs in the sector, it will ensure appropriate review and care for these children. Removing them from their current funding and statistical centres will reduce distortions in the per diems and lead to better comparison data. This distortion can be quite large in smaller agencies.

Independent Living and Extended Care and Maintenance have grown as a percentage of children in care and now constitute 13.8% of our total days, up from just 9.5% in 2002/03 (this excludes adoption probation, other and free days). The needs of youth are unique among the other classifications as are the costs. Youth has its own section later in the report. It is important to note that we recommend that Extended Care and Maintenance should be a placement option that is not defined by age. Continued foster or group home placements for youth will often result in better outcomes.

**1.3 Funding Permanency Options**

A key component of the Transformation Agenda is increased permanency options for children that are in need of protection services.

New options for moving children that are currently in the care of the Society and receiving residential services are included in Bill 210 and in amendments to the regulations. The new options could be either Legal Custody 65.2 with or without a subsidy/support services agreement **or** Adoption, with or without a subsidy, and with or without an openness order or agreement.

The cost of providing ongoing residential services to Crown wards includes:

- The current per diem rate and any allowances (Foster Care, Group Care),
- The expenses for dental/medical/educational and other specialized services,
- The cost of a child's worker and the support costs,
- The cost of resource worker (homestudy, support and OPI referral process).



The vision for expanding the permanency options that would allow children to become part of a family and obtain legal and psychological permanency was to expand the use of Legal Custody 65.2 and Adoption as viable and preferred options for children in need of protection.

The current funding model does not allow for long term support for these permanency options. Thus foster parents who were an identified caregiver group for these permanency options are reluctant to move from guaranteed supports through Foster Care rates to either legal custody or adoption subsidy/support agreements. As a field we are amazed at the willingness of certain families to adopt very complex, multiple-need children. Often the only barrier to adoption for these children is the economic reality the adoptive parents would face.

**Recommendation 3:**

Include a funding mechanism to support caregivers and staff with new permanency options

Adoption subsidies, custody arrangements, kinship, etc. need to be volume sensitive to encourage expanded utilization of these options. It should be recognized that some adoption subsidy agreements will not have costs until several years after signing so the costs will not appear in the base line cost per agreement. This can lead to a distorted picture when the costs begin to appear while the volumes may not be changing. Development work in the funding model needs to take place to ensure that this is fairly incorporated.

Alberta has shifted to the extensive use of legal custody for kinship placements for the past five years and has reduced child welfare placements. The province currently provides approximately 90% of the Foster Care rates to this support with no imposition of income caps.

**Recommendation 3:** The funding model should include a mechanism that will provide ongoing caregiver funds and staffing allotments to support these permanency options. We recommend that 90% of the Foster Care rates should be made available for legal custody and kinship placements with no imposition of income caps.

This will lead to a decrease in Crown wards in long term care over time with a reduction in child welfare residential costs.

### 1.4 Funding Workload

The Auditor General made the following recommendation with respect to workload measurement:

Children's aid societies should:

- Establish reasonable caseload benchmarks for their caseworkers; and
- Collect information on caseworker caseloads in a format that allows comparison to established benchmarks in order to determine whether current Society caseloads are appropriate

The Ministry's current Funding Model does not have caseload benchmarks. Inherent in the current funding factors, however, agencies are provided with the same level of staffing as the previous Funding Framework benchmarks, as follows:



- Investigations – 12.5 Hours per case or 7.4 case closures per month
- On-going protection – 5.5 hours per month or 17 cases per worker
- Children In Care – 3 to 5 Hours per month or average of 21 cases per worker

The Ontario Child Protection Required Tools effectively screen out many borderline cases. Societies service primarily serious protection cases that are more complex and time consuming to serve. It is our strong belief that the number of hours provided is grossly inadequate. Workers are finding that they are spending much of their time in traveling, completing extensive documentation requirements and court documentation.

In 2002, the Ontario Association of Children’s Aid Societies published a Workload Measurement Study that provided data on the average number of hours of work for broad categories of child welfare work. The study recommended that staffing benchmarks be increased by an average of 38%, as follows:

	OACAS Workload Measurement Recommendation	Previous Funding Framework Benchmarks	Percentage Difference
Investigation	4.9 Case Dispositions	7.4 Case Dispositions	51%
Ongoing Protection	13.2 Cases	17 Cases	29%
Children In Care	13.2 Children	21 Children	59%

In the absence of current caseload benchmarks, many CASs continue to use caseload benchmarks from previous Funding Framework as a guide for making staffing decisions. The inadequacy of the previous staffing benchmarks is the primary reason why many agencies are struggling to meet Ministry standards. This study did not include new investigations on open family cases and this continues to be a significant issue.

With Transformation, **there is a need to update the workload measurement study and assess the impact of changes in legislation and Ministry standards.** There is also considerable pressure in negotiations dealing with workload and caseload caps. This has the potential to put upward pressure on staffing size and cost.

A group of 22 Human Resources Directors/Managers met to review the Auditor General recommendations for workload measurement. Their recommendations are incorporated in the following:



#### **Recommendation 4 – Workload Measurement:**

In partnership with CASs, we propose that the Ministry sponsor a Workload Measurement Study to assess the impact of Transformation on workload in order to develop reasonable caseloads and adopt common language to ensure uniformity of response. The period of the study would be over a 3-4 weeks, with funding obtained from the Ministry to support this study.

Representatives from Human Resources Directors, Directors of Finance and Service would form the working group. The study would commence once the field practice with the new standards stabilizes. The date should be set in consultation with the OACAS.

The impact of the new standards may vary across the province. Remote areas may experience a different impact based on the increased travel requirements of this model. The workload study should include a remote agency.

It is important to note that the field continues to believe that the amount of administrative time to manage caseloads is not only excessive, but that it is dramatically so. At some point additional standards, recording, and monitoring begin to defeat the purposes that they were introduced for and begin to erode, not improve, the safety of and outcomes for children. The alternative to reducing caseloads is to carefully review and streamline the administrative requirements placed on social work staff.

Changes such as family group conferencing have also increased the workload of administrative staff. The impact on administrative time needs to be incorporated as part of the workload study.

### **1.5 Funding Youth**

In an effort to increase success for youth as they age out of the child welfare system, the Funding Model must reflect the philosophical and clinical framework for providing service to these youth in answering the question: What would a good parent do?

This over-arching philosophical approach helps to ground our work, as parents, in parental models. The current Funding Model does not support this approach and actually increases rates of poverty for our clients during their most critical years of development. As the Child Advocate's Report states on page 84;

*Currently, there is no comprehensive policy in place regarding Crown Wards aging out of care, and the utter lack of funding earmarked for this purpose suggests that this is not a priority for the government. According to the literature cited above, the predictable long-term consequences for tax payers is increased spending in areas such as welfare, criminal justice, health and mental health.*

#### **Recommendation 4:**

Create a Workload Measurement Study to assess the impact of Transformation on workload



*The Child Welfare Secretariat (2006) has identified education, housing, preparation for independence and youth justice as areas that influence key outcomes for youth leaving care. As such, the government is currently targeting these areas for future policy development and financial support.*

### **ECM Rate**

The provincial ECM rate of \$663 has not changed since 1994. Agencies that have increased this amount have done so out of their core operating budgets. This has led to inconsistencies across the province.

The current Ministry rate of \$663 relegates youth receiving ECM funding to living in poverty, below both Statistics Canada's relative poverty rate and even below the Fraser Institute's absolute poverty rate.

Children's aid societies invest tremendous resources to help disadvantaged children who have no access to family and have become Crown wards. Relegating them to poverty between ages 18-21 through poverty-level ECM rates erodes our investment and unnecessarily graduates many into lives of adult poverty. The 2006 StatsCan LICO (low-income cut-off) figures are \$11,495 in rural areas less than 30,000 population and \$17,570 in urban areas with more than 500,000 population.

### **Recommendation 5a – ECM Rates:**

- Set a new minimum ECM that is well above the poverty line
- Index the rate so that it can increase with cost of living so children in care don't slip back in to poverty as the years proceed.

### **Recommendation 5a:**

Set a new minimum ECM that is well above established poverty lines

The Child Advocate provides similar advice. From the Child Advocate's Report, Recommendation 21.

*That the government of Ontario set standards for the life prospects of the youth who transition from care. This includes completion of their secondary school education, safe affordable housing, and the establishment of one positive relationship in their life and financial support that is well above the poverty line and that these standards become a regulatory requirement. The government of Ontario and child welfare agencies should be required to evaluate compliance to these standards annually.*

### **ECM Funding and Work Earnings**

Currently, youth in care who exceed minimum wage earnings (ECM funds combined with employment earnings) have ECM funds reduced at a 1:1 ratio to a maximum of 40 hours per week at minimum wage. The ECM Guidelines give youth the option to reduce work hours so as



not to have ECM funds reduced. This acts as a disincentive to become and remain employed. In short, the youth who are having the greatest success are penalized the most for their efforts.

**Recommendation 5b – Incentives for Youth:**

- Create incentives for youth to find and maintain employment by eliminating the clawback of ECM funds.
- Set a higher threshold for allowed combined work earnings and ECM funds that ensures youth who are working can elevate themselves from poverty rather than being penalized for working by having ECM cheques reduced.

The objective is to increase a youth's incentive to become employed and stay employed, helping their transition to adulthood by reducing the likelihood of adult poverty upon emancipation from care.

**Per Diems Post-18**

Many youth who turn 18 have not finished school but must move out into the community. Typically, they must learn to live on their ECM allowance in poverty, learn to live independently without family support and attempt to continue to stay in school. This would prove difficult for any youth, but it is doubly difficult for this vulnerable group who have so few supports and who have experienced much trauma. Many drop out, reducing their potential adult work earnings and increasing their need for adult social safety net supports.

**Recommendation 5c – Transitional Age Youth:**

The funding model should support continued per diems in foster and group homes for youth who turn 18 but have not yet completed school.

Supporting foster parents seamlessly before and after 18 for those youth attempting to finish school would:

- Create the greatest opportunity for success for youth in their care.
- Reduce high school drop out rates for youth who cannot afford to live on their own yet attend school and sustain themselves on ECM funding and a possible low-paying part-time job.
- Increase the likelihood of moving more youth in care on to post-secondary education.

**1.6 Funding Capital**

The child welfare sector requires access to capital funding. The funding sources available to schools, hospitals and education are not easily available to this sector.

It is interesting to note that some of the agencies with the lowest administrative rates are those that own their facilities and are no longer subject to lease or mortgage payments. While Ministry of Public Infrastructure funds are available, child welfare has fared so poorly in this regard that most agencies do not even consider this an option.



**Recommendation 6a – Access to Capital:**

Children’s Aid societies should be granted fair access to provincial capital dollars. A formula should be developed to ensure child welfare receives a reasonable share of available Provincial Capital funds.

**Recommendation 6b – FTE Based Capital and Technology Funding:**

If the Ministry chooses to migrate from Agency-specific funding for Block 4 Capital and Technology to FTE based funding then that formula should apply to all staff, including those on contract and secondments. The defining criteria should include the need for space/computer, etc. being provided by the Society.

**Recommendation 6c – Repairs and Maintenance:**

Sufficient capital money should be made available for appropriate upkeep of the properties. There are fixed and variable cost aspects for capital and infrastructure. Small agencies may require a proportionally higher amount. There is concern that changes in this section of the funding will be difficult to react quickly to and should be phased in over a three-year period.

**1.7 Funding Shortfalls**

No matter how effective the funding methodology, there will always be situations where unexpected circumstances or consequences arise or evolve. Funding shortfalls are primarily of three types; systemic, evolving and one time in nature.

It is imperative that the Ministry address the following two systemic issues:

**Recommendation 7a – Implement Northern Remoteness Study:**

For agencies in the far north, deficit minimization has historically been achieved but at the cost of lower levels of service. To rectify this situation, we recommend the Ministry implement the funding recommendations of the Northern Remoteness Study which clearly demonstrates that the cost of providing service in the far north is significantly higher than elsewhere in the province.

**Recommendation 7a:**

Implement the funding recommendations of the Northern Remoteness Study

The study makes recommendations as to how the funding formula might address the service gaps in the two child welfare agencies north of 50° latitude – Tikinagan and Payukotayno. In order to achieve the first two objectives, to allocate sufficient resources for the extraordinary costs of providing services in remote northern areas and to provide adequate service to meet the needs in the communities, the study recommends a baseline funding increase to \$19,802,965 for Tikinagan and \$4,789,955 to Payukotayno.

The report took into consideration the high cost of living; the isolation factor, dependence on weather conditions and difficult working conditions for staff; the level of despair over the lives of



children and grandchildren; the repeated tragedy of child deaths and suicides; funding patterns not significantly different from the rest of the province; and challenges that limit the capacity to serve including the extreme lack of community services to support children and youth. These two agencies must be seen as unique in dealing with the challenges they face in carrying out the child welfare mandate. The total increase to raise the level of service for these two agencies is estimated at \$24,592,920.

### **Recommendation 7b – French Language Services:**

In 2006, the Ministry of Children and Youth Services asked the OACAS to provide advice on the development of a funding factor for French Language Services.

This is a complex issue. In May 2006, we received a proposed work plan and quote from Deloitte & Touche estimating costs of \$140,000 to \$180,000, plus GST and expenses, to complete the study. We were advised, in discussions with the Secretariat, that this would not be supported. Since that time, Deloitte has completed a Review of Bilingual Service Delivery for Prescott-Russell Services to Children and Adults and it may be possible to lever some of the work in this review into determining a provincial funding factor for French language services.

The French Language Services Act guarantees each individual the right to receive provincial government services in French in 24 “designated areas” of the province. Of the 53 Children’s Aid Societies throughout Ontario, 24 operate in “designated areas”. Of these 24 agencies, only 7 have been designated by Cabinet, through regulation, as providers of services in French. In Deloitte’s original work plan, they were to develop an approach that would work for all 24 agencies. At this time, we are proposing that the scope be limited to only the 7 agencies that have been designated by Cabinet as providers of service in the French language.

Under the CFSA Section 2.(1) it states:

*Service providers shall, where appropriate, make services to children and their families available in the French language.*

The cost of providing services in Canada’s two official languages is higher than the cost of providing services in only one language. The incremental costs need to be determined and adequately addressed. Prescott-Russell has suggested a 10% factor for direct service (RRNI, Investigations, Ongoing protection, Child in care, Foster care, Average per diem, etc) for services provided in designated agencies to francophone clients. Their calculations indicate that the maximum cost of this approach would be \$5 million province-wide. While the OACAS is not able to endorse this as a recommendation due to the fact that there has not been broad consultation with the other French language service designated agencies, it is certainly valuable



information and it provides an indication of the reasonable financial scope of introducing funding for the incremental costs of French Language Services.

In a letter of August 18, 2005 from Bruce Rivers, Chair of the Child Welfare Secretariat, to Jacques Prevost, Board President at Prescott-Russell, the following was said:

*As we move forward with the refinement and further policy development related to child welfare transformation and in particular the funding model and multi-year results based plans, the Secretariat is exploring options for recognition of the additional costs incurred when delivering French Language Services.*

We call on this Ministry to honour this commitment and ensure that Phase 2 of the Funding Model include a French Language Services funding factor. Phase 2 is scheduled to begin for the 2008/09 fiscal year, so time is of the essence. We would be pleased to provide whatever information we have gathered to assist the Ministry in fulfilling its legal obligations and political commitments in this regard.

**Recommendation 7c – Extraordinary Events:**

We call on the Ministry to consider a mechanism to deal with the impact of one time events.

Occasionally agencies are confronted with extraordinary events (such as: litigation / lawsuits that are not covered by the agency's insurance policy, disasters (natural and other), catastrophic downturn in the community's economic condition, etc.) that are beyond the agency's control. To this end we recommend a reserve fund for extraordinary events be established by the Ministry and that agencies experiencing an extraordinary event be eligible for expense offsets from this reserve.

**Recommendation 7d – Equity:**

We call on the Ministry to ensure equity in service capacity in its funding decisions.

The use of a baseline year fails to recognize that some agencies were under funded and/or under servicing their communities during the baseline year due to efforts to live within allocation. While data for comparing agency funding equity is not well developed (as discussed in more detail in Section 2) it is critical that all agencies be provided with the funding to provide a comprehensive range of child welfare services across the province. It would also be helpful for the MYRBP to incorporate a listing of programs and services provided by agencies. This should be actively considered in the budget submission process as a negotiation point. Agencies should not be penalized by the past as they plan for the future.

We call on the Ministry to consider a mechanism that will deal with evolving funding shortfalls. While the issue of Workload has already been addressed earlier in this paper it deserves a



mention here as well. Some agencies that experience historical pressure on their caseloads are now finding they have to maintain these high caseloads based on their base year funding factors. High caseloads have several causes including high turnover, large volume growth or dealing with a funding crisis in the short term through hiring freezes. Agencies that find themselves in this situation need to have an avenue to constructively deal with this issue with the Ministry. We would suggest that, prior to the workload study being completed, regional average caseloads be used to assist in determining the merits of agency requests to increase staffing beyond their funding factor entitlements. This would help ensure reasonable service capacity for a mandatory service.

**Recommendation 7e – Baseline Year:**

We call on the Ministry to update the baselines on a regular basis. Baselines should never be more than 2 years old.

Cost factors are influenced by a variety of factors including volume changes, introduction of new legislation (i.e. Bill 210), implementation of new practice models that incorporate the philosophy of transformation, and inflation just to name a few. The utility of a set baseline year diminishes dramatically over time. We recommend that the baseline year be updated on a regular basis.

Additionally, the use of a single baseline year in the calculation of funding factors can result in one year fluctuations in cost being penalized for several years. There should be a mechanism to identify significant shifts in the funding factors of an agency. Use of this data by the Ministry and the agencies through the MYRBP process should allow for changes to specific funding factors that are clearly being impacted by a one year “blip”.

**Recommendation 7f –Expenditure Caps by Category:**

We call on the Ministry to eliminate category expenditure caps.

Periodically the Ministry imposes expenditure caps either by expense line (i.e. Travel) or by expenditure category (i.e. Infrastructure). As highlighted in Section 2.1 of this report, comparisons across Agencies are not meaningful due to varying service delivery methodologies as well as different interpretations of the Chart of Accounts, categories and statistical definitions. This is further compounded by the fact that Agencies who are in the lowest spending quartile for a given expense line or category are often least able to deliver further cost reductions. We therefore strongly recommend that caps of this nature be eliminated.



## Section 2 – Beyond the Funding Model

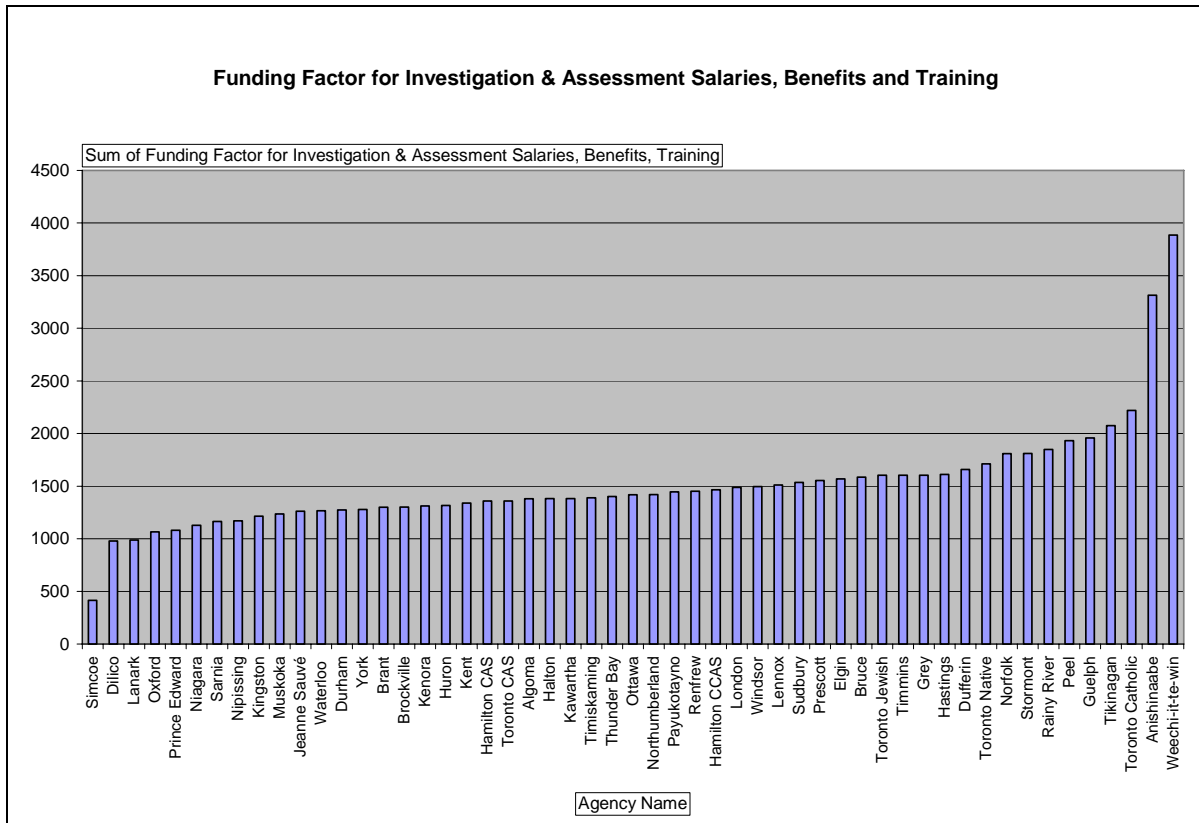
The Funding Model is an important tool in creating equity and encouraging practice change and efficiency. Of equal importance is creating an environment where the agencies have tools to improve their performance.

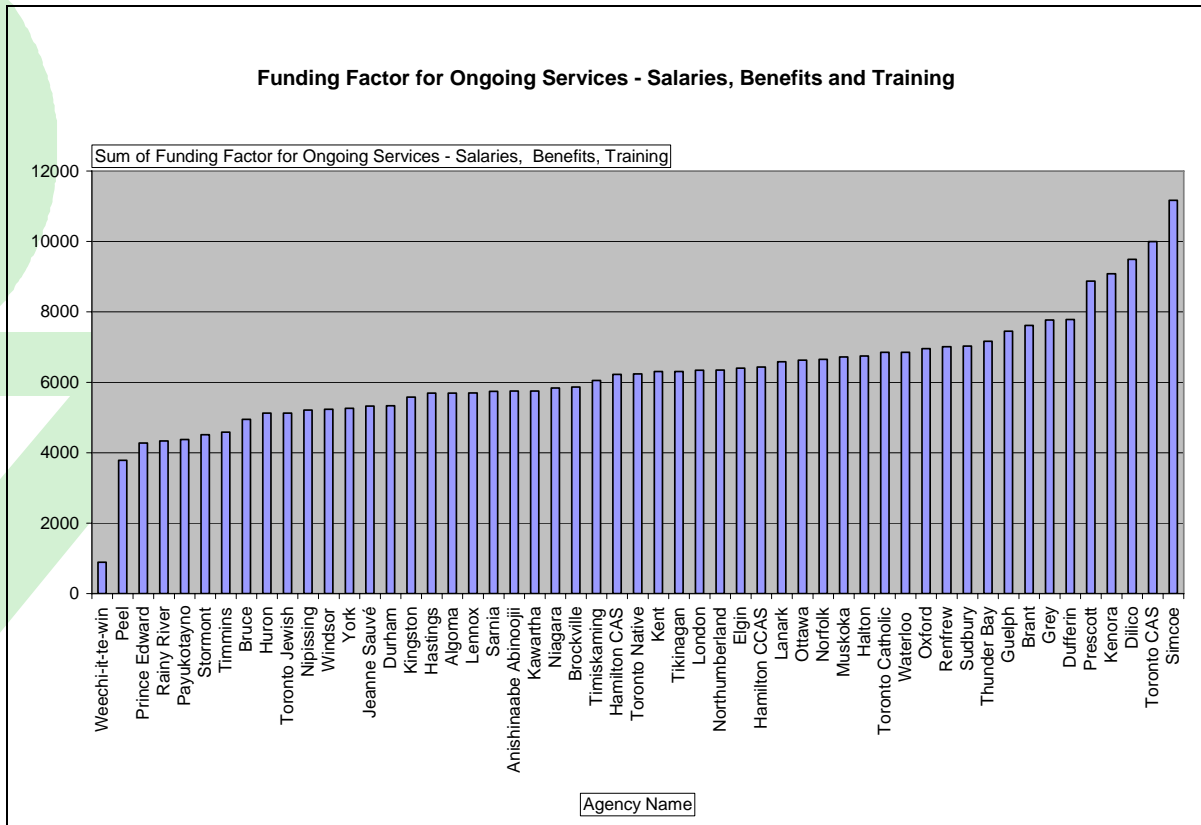
In this section we look at the capacity of agencies to compare their outcome data in search of improving service and their ability to compare their financial data to improve efficiency.

### 2.1 Comparing data

There is very little capacity to compare costs between agencies in child welfare. Limitations in the chart of accounts definitions are compounded by varying service delivery methodologies.

In the charts below we can see that the funding factors for 2005/06 for Investigations and for Ongoing Service show an extremely large range. More interesting to note is that the agency with the *smallest* funding factor in investigation has the *largest* funding factor in ongoing and vice versa. This clearly shows that the cost allocation methodologies being used by these agencies are reflecting their service delivery methodologies. Any attempt to rely on these measures for evaluating efficiencies would be completely erroneous. There is not room to explore this fully in this report but this dynamic can be seen across many of the cost areas.





Recommendations for improving the chart of accounts are *under development* by a *Chart of Accounts Sub-Group of the Finance Managers Provincial Network*. Far more work needs to be done on the chart of accounts, cost allocation, and statistical definitions.

**A note on the SIS Project relationship to data quality**

While the field actively endorses the implementation of a Single Information System, it is important to note that this will not solve the cost distribution problems. The new Single Information System is being built upon the existing chart of accounts structure and definitions. Therefore the issues on non-comparability of data will still exist post implementation of SIS. Information will be available quicker and with far more detail but the ability to compare the data will only be marginally improved.

**Recommendation 8 – Meaningful Comparisons:**

The Ministry must work with the field to clarify the financial, category and statistical definitions used in the chart of accounts and the Ministry Quarterly, Budget and MYRBP Templates.



## 2.2 Publishing outcome measures

We have identified four major overarching level outcomes of interest in child welfare through the “Outcomes Matrix’ devised by Trocme et al in the mid-90s. These four outcomes (safety, permanence, well being and family and community support) have subsequently been conceptually linked to service related outcome indicators; safety, for example, is measured in relation to case re-openings.

Several attempts to develop such outcome indicator data have been initiated by the Ministry. Numerous difficulties have ensued related to the reliability of the data (is it consistently reported?), its validity (is it measuring what we think and want it to measure?, is it accurate?), and to what degree we can influence an increase or decrease in the numbers (can we change the trend?). The latest project has involved 12 agencies and looked at a variety of Safety and Permanence indicators.

Outcome measures are often considered the most important indicator of a program’s success, the best measure of progress and value for money in terms of client and ultimately societal benefit. At present we are not able to aggregate the good work we do as a field from this case data, in the majority of service areas. Major steps forward have been taken with the advancement of the Looking After Children materials but even here there is much development work needed.

Outcomes are a key perspective in satisfying accountability expectations. Presently, it is the few negative outcomes for which we are called on to be accountable. If we wanted to determine the effect of all the policy directives that we are given we have a very limited range of provincial measures. As a field we should be able to answer the question, “What is the impact of the Differential Response model?”

There has been a growing emphasis on accountability for results rather than simple compliance with process. In part, this has emerged with information systems and our increasing ability to measure more complex interactions, and also from questioning whether doing the right thing is producing the desired results.

### Recommendation 9:

Work with the field to develop, publish and improve the quality and interpretation of the outcome data

#### Recommendation 9 - Outcomes:

The Ministry should place a priority on working with the field to develop, publish and improve the quality and interpretation of the outcome data.



## Section 3 – Other Comments

In preparing this document, we have heard a number of comments from the field. While we have condensed the input into a handful of recommendations, there is both context and richness in the comments that we did not want to lose. In this section we have gathered some of those thoughts together.

### 3.1 Field Driven Activities

- The OACAS has introduced a \$100,000 annual budget for research at the request of the Local Directors and Zone Chairs.
- The Finance Managers have created a Chart of Accounts Working Group to provide recommendations on improving comparability among agencies.

### 3.2 Economic Pressures

- Grid Movement – with the rapid expansion of child welfare, our workforce has been less experienced than it normally is. This has caused the impact of movement through the salary grid to be much larger than it would be during a period of stability. Now that volumes are stabilizing we are seeing a higher average salary but lower annual impact due to grid movement.
- Collective agreements have been running around 3% and pay equity is still an issue for many agencies.
- Some costs are beyond agency control: OPI rates are set by the Ministry; Insurance costs for CASs have increased an average of 69% from 2003/04 to 2006/07; benefit costs are also running much higher than inflation.
- Small agencies are very susceptible to volume/cost fluctuations. They do not have a large enough base to average out the impact of a few children more than expected coming into care. It is important that the funding model recognize this.
- It sometimes takes a year or more to build a full complement of staff after a volume surge. Unfortunately, the baseline measurements for staffing are based more on the size of staff you have even if it is understaffed, rather than the size of staff you are working towards for optimum performance and efficiency (or best possible case management).
- Block 2 is capped, and then it is not capped; now it is to be capped again this year. And we have problems with our fiscal projections?
- There is an annualized effect of mid-year legislation that needs to be recognized when the baselines are established.
- The cost of implementing the Auditor General recommendations is quite high from an administrative time perspective.

### 3.3 Managing Change

- Transformation is the right direction to go but sometimes it seems like we have more people in constant training rather than doing the work.



- There are a lot of changes, transformations, recommendations coming to staff all at once such as the Transformation, SIS, the auditor general recommendations.
- If we are going to focus on prevention then we need to fund prevention.

### **3.4 Budget Timing**

- Having a budget template while you are in the process of planning your budget would be better than having such a template part way through the year.
- It seems like the field is always reacting to mid-year budget announcements whereas being proactive would be better and basing the budget on earlier announcements would be good.

### **3.5 Other Comments**

- Funding corridors are questionable. Are the next 50 cases supposed to be free?
- Investigations on open family service cases are not funded. Volunteer development has the potential to improve service with little or no cost. Better recognition and appreciation of volunteer department costs would help.
- It would help if there were a recovery/revenue line that could, for funding purposes, be directly applied against the admin and infrastructure lines to take into account that those admin costs are not truly being spent within child welfare. While this is a chart of accounts issue, it certainly needs to be considered in the detailed development of the funding framework.
- One big item that has not been funded is the investigations done on open family services cases. We should recommend some funding for this as we have traditionally reported it to the Ministry so the cost could be estimated as well. The areas of access programming and volunteer development are not clearly funded as well.



## Section 4 – Conclusion

It is our hope that the advice we have provided will be beneficial to the Ministry as it continues to evolve the Funding Model. We have tried to balance efficiency and effectiveness in our presentation.

As a field we look forward to working with the Ministry in providing the best possible care to children and youth in need in the Province of Ontario.

