



Backgrounder

**ONTARIO CHILD WELFARE
FACTS ABOUT FUNDING**

October 21st, 2009

Introduction

The child welfare sector appreciates this opportunity to set the record straight on myths and erroneous statements about funding to CASs. The facts include:

- CAS expenditures are growing slower than provincial expenditures
- CAS funding increases cited by the Minister are budget-to-budget and do not include funding for actual expenditures incurred
- CAS expenditures are counter-cyclical to the economic condition of the province
- Effects of child welfare reform and child welfare transformation were anticipated – more children are protected, more are kept with their families, but neither outcome is fully funded
- Measures of children in care should not be based on admissions in one year, but on the costs of providing services for up to 21 years in the life of a child

Fact: CAS expenditures are growing slower than provincial expenditures.

YEAR	CAS (millions)	PROVINCE (millions)	CAS EXPENDITURES AS A % OF PROVINCIAL EXPENDITURES
2003/04	1,085	73,883	1.47
2009/10 (budget)	1,433	108,900	1.32

Contrary to the claims that CAS budgets are “out of control” they have, in fact, grown slower than overall provincial spending, with CASs now receiving a smaller portion of the provincial budget than in 2003/04.

Fact: CAS budgets have increased \$30 million, budget to budget, over last year.

The government states that, this year, it has increased CAS budgets \$30 million, budget to budget. In fact, the government is providing \$23 million less this year than what agencies actually received last year, according to MCYS documentation.



Fact: The rates for outside paid resource (OPR) group homes and foster homes are set by the government, not CASs.

CASs use outside paid resources (OPRs) when they are unable to place a child with a CAS foster or group home. The rates for OPR homes are set by the government. Rate increases have been substantially higher than inflation. Because of how the funding model works, an agency's use of this type of care will be reflected in the budget approximately two years later. Therefore, if a CAS that had historically not used OPR placements suddenly has to use this more expensive resource, it will be substantially underfunded for the following two years.

Fact: Inflation has not been fully adjusted for in the funding model – CASs are 2 years behind.

Funding factors for 2009/10 are based on the average of 2006/07 and 2007/08 expenditures, adjusted by 1.7% for 2008/09 and 0% for 2009/10. This places funding factors about 2 years behind inflation.

Fact: Historically, the Ontario government has always underestimated the budget figures and CASs have needed their budgets to be “topped up” at year end.

The reality of child welfare is that the needs of a community change and can be unpredictable, impacting if and what types of services children might require from CASs. In fact, as the economy struggles, so do many families, increasing the need for child protection services. This is supported by prior research.

Providing financial reimbursement for actual services delivered at fiscal year-end has historically been part of the standard budget cycle.

Fact: CASs have taken out lines of credit to pay for government mandated services, often at the direction of Ministry Regional Offices.

In the past, CASs have taken out loans or lines of credit to help manage cash through the year. They were always assured that there would be funds at the end of the year to cover these loans. This year, Regional Offices have encouraged some CASs to continue to use lines of credit, but have advised that there will be no funds to cover the financial liability.

No child welfare agency should have to borrow money to deliver critical child protection services.

The protection of children must remain the priority of Ontario's Children's Aid Societies. In fact, CASs have a statutory obligation to protect children by responding to the needs of their communities. They cannot ration services when the government does not fulfill its obligations.

Under these circumstances, community-led Board of Directors of CASs question their corporate and personal liability for services rendered to their communities. CAS Boards are not protected, in statute, from liability in the same manner as hospital Boards and police services Boards. As a result, CASs are already having difficulty recruiting new community Board members.



Fact: CAS expenditures are highly sensitive to the economic condition of the province.

The *Child Welfare Program Evaluation Report, November 2003* states that there is no jurisdiction in North America that is more cost-effective than Ontario.

Quoting from the final paragraph of the OACAS submission to the Standing Committee on Finance and Economic Affairs in January 2007, well prior to recession, "In conclusion, it is important to remember that child welfare costs increase dramatically when the economy weakens. Given the strength that the Ontario economy has had for a number of years, the current expenses in child welfare are likely at a fairly low point in their cycle. If the economy weakens, there will be strong upward pressure on costs in this sector."

In the following year, OACAS noted examples of surges in caseloads and cited research which illustrates this dynamic.

It is important to note that CASs are managing to help families deal with the stress of unemployment and poverty. In spite of the recession, expenses are only forecast to increase 3% for this fiscal year.

Fact: CAS growth over the past 10 years is almost \$1 billion, from \$500 million to \$1.4 billion. Much of the growth relates directly to government decisions to address significant gaps in the system that had left children at risk of abuse, neglect and even worse – death.

Government has not taken into account the effects of Child Welfare Reform and Transformation, both of which changed substantially the profile of child welfare expenditures.

The growth was anticipated and planned. Over the past ten years, the costs of child welfare have increased substantially due to two major reforms that were spearheaded by government – Child Welfare Reform (1997-2000) and Child Welfare Transformation (2006 and ongoing).

Child Welfare Reform changed and expanded the definition of a "child in need of protection", which increased the number of children brought into care. Under new legislation, more children at risk were "in need of protection" by CASs. Legislation was changed to include:

- Addition of chronic neglect to the definition of a child in need of protection
- Emotional abuse considered as a child protection concern
- Children at risk of physical abuse, emotional abuse, sexual abuse and neglect
- Increased requirements for public and professional reporting of child abuse and neglect
- Sanctions for not reporting
- Introduction of standardized eligibility and risk assessment tools in all CASs

As a result of these changes, it was anticipated that the number of children and families served would increase. The changes were proclaimed in 2000, with implementation by CASs to take place over several years, including hiring over 760 additional staff to assume new functions and serve all eligible cases.



Since 2006, a second reform, Child Welfare Transformation, has been introduced and implemented. Transformation is about providing safe, stable, family-centred options for children by keeping children safe with biological and kin families and finding adoptive families when necessary. The model requires CASs to increase the time staff members spend with families and community partners to develop plans which balance “family” with safety. Some of the changes include:

- A shift from intrusive investigative approaches to balancing risk with supporting families, which is a much more labour intensive service, although not fully reflected in the current funding framework (e.g. delivery of kinship services)
- Much more time spent searching for kin who may be interested in helping to care for a child
- Screening kin to assess whether they could provide a safe home for the child(ren)
- Mandatory use of alternate dispute resolution prior to using court processes
- A need for a greater number of qualified and skilled staff who can work with complex families
- A large increase in mandatory service and administrative requirements, policies, directives, regulations and standards related to services, including over 200 reporting requirements, involving more casework and paperwork

The following table outlines the 26 Directives introduced since the beginning of 2006:

DATE OF ISSUE	DIRECTIVE	EFFECTIVE
February 6, 2006	Out of Care Kin Placement	February 6, 2006
March 28, 2006	Child Death Reporting and Review	March 31, 2006
August 21, 2006	SAFE	December 4, 2006
August 21, 2006	PRIDE	April 2, 2007
August 21, 2006	OnLAC	December 3, 2007
November 30, 2006	Alternative Dispute Resolution	November 30, 2006
November 30, 2006	New Client Complaint and Review Procedure	November 30, 2006
November 30, 2006	Kinship Service Standards	December 31, 2006
November 30, 2006	Consultation with Aboriginal Representations	November 30, 2006
November 30, 2006	Family Law Court Rules	December 1, 2006
November 30, 2006	Differential Response and Standards	April 1, 2007
January 8, 2007	Children's and Youth Group and Foster Residential Licensing – Implementation of Bill 210	November 30, 2006
January 26, 2007	Ontario Permanency Funding Policy Guidelines	February 6, 2007
February 1, 2007	Travel, Meal and Hospitality Expenses	April 1, 2007
February 19, 2007	Registered Education Savings Plans for Children in Care (RESP's)	April 15, 2008
April 1, 2007	Auditor General Review and Report	2007/08 fiscal year
June 13, 2007	Fleet Management and Use of Other Road Transportation	September 1, 2007
August 31, 2007	Transfer Payment Accountability	April 1, 2008
October 22, 2007	Procurement of Goods, Services and Consulting Services and Use of Society Credit and P-Cards	December 3, 2007
June 3, 2008	Access to Adoption Records Act 2007 (Phase 1)	September 1, 2007
June 3, 2008	Access to Adoption Records Act 2007 (Phase 2)	September 1, 2007
June 20, 2008	Enhanced Serious Occurrence Reporting	July 31, 2008
August 1, 2008	Licensed Residential Setting Policy Requirements: Food & Nutrition, Food & Nutrition Group Care, Food & Nutrition Foster Care, Cultural Competency, Policy Records Check, Guidelines for Assessing Competency and Past Conduct of New Applicants	November 1, 2008



DATE OF ISSUE	DIRECTIVE	EFFECTIVE
August 20, 2008	Transfer Protocol of Child Protection Cases Between Societies (CAST, CCAS, JF&CS, NCFST)	August 22, 2008
October 29, 2008	Ontario Child Benefit (OCBe)	November 14, 2008
February 27, 2009	French Language Services Implementation Plan	December 31, 2009

Ontario is now beginning to experience the anticipated outcomes of Transformation. Since 2004/05:

- Admissions of children into CAS care have decreased by 18%
- The number of children in the care of CASs has decreased by 5%
- Adoptions have increased by 29%

A major element of Transformation – kin services – is helping to reduce the number of children in care and is bringing down the cost of residential services. However, the service levels and costs are not adequately captured in provincial data. This creates a skewed picture of overall service provision, perpetuating the misrepresentation of “costs up and services down”.

Fact: Not all child welfare expenses are child welfare related.

Children, youth and adults awaiting placement in other sectors – In April 2008, OACAS conducted a survey of member agencies focusing on this population of youth. Thirty-two agencies responded to the survey. Of those agencies, 22 reported costs in fiscal 2007/08 that totaled \$17,650,171. Had all 53 agencies participated in the survey, these costs would be higher. (see Advice on the Funding Model Update, Fall 2008)

Fact: The “service volume” argument used to criticize the cost of protecting children is incomplete. It does not include volume indicators to reflect the extensive work done to help children remain safe – with their families.

The government notes a decrease in children coming into care, as costs are going up. Serving children in care is only one part of the services CASs provide. These services also include conducting investigations and providing services to families to ensure their children can remain in their homes. This is time consuming, demanding work.

Ultimately, decreasing services volumes will lead to decreasing costs for children in care. However, this takes time. If CASs bring fewer children into care, the savings will not be immediate, as children who are already in care are still receiving service. It will take a number of years for them to leave the child welfare system, at which time services and costs will contract. Preliminary analysis indicates it takes approximately 7 years for the full impact of a change in admission rates to be experienced.

Service volumes quoted relate to a reduction to “in care” volumes. Children “in care” crested in 2003/04 and has fallen in 4 of the 5 years since. However, this does not take into account other important statistics, such as families kept together. For example, the delivery of kinship services is labour intensive and not fully reflected in the funding model. Transformation invested staff time and resources to strengthen families, work with community partners, and reduce “in care” volumes, which has occurred.



There is a different set of outcomes for the effects to be delivered by Transformation – ones that are not linear to “in care” volumes, but related to good outcomes for children and families.

Since 2003/04....

MEASURE	2003/04	2008/09	CHANGE
Admissions	12,842	9,282	-27%
Children in Care	19,105	17,947	-6%
Adoptions	633	819	+29%
Kin Service Children (monthly avg.)	n/a	2,810	
Community Links	n/a	14,228	

Twenty-one year cycle....

A child can be involved with Children’s Aid for up to 21 years. Changes introduced to the system take a long, long time for their full impact to be measured. Child Welfare Reform of the late 1990’s caused a significant period of years where admissions were higher than discharges to the system.

YEAR	CIC BEGINNING	ADMISSIONS	DISCHARGES	ADMISSIONS LESS DISCHARGES	CIC END
1998	11,260	11,633	11,284	349	11,609
1999	11,609	11,960	10,658	1,302	12,911
1999/00	12,926	12,660	11,367	1,293	14,219
2000/01	14,203	12,735	11,146	1,589	15,792
2001/02	15,794	12,984	11,816	1,168	16,989
2002/03	16,883	13,408	12,165	1,243	18,126
2003/04	18,389	12,842	12,119	723	19,105
2004/05	19,110	11,313	11,593	-280	18,830
2005/06	18,830	11,384	11,717	-333	18,497
2006/07	18,497	10,378	10,100	278	18,775
2007/08	18,775	9,468	10,071	-603	18,172
2008/09	18,172	9,282	9,507	-225	17,947

Fact: While the government announced the Sustainability Commission in June 2009, members have not been announced and work has not begun.

MCYS has communicated to the child welfare field that a Sustainability Commission will be established to, among other initiatives, address cost containment within CASs. While CASs continue to look forward to the appointment of Commission members and to working with them on achieving long-term sustainability of the child welfare sector, funding policy and funding decisions should be informed by the Commission’s work, not precede it.



Fact: While CASs are willing to work with government towards solutions, time is needed to make decisions, implement changes and see results.

The government announced CAS funding cuts “in year”, with notification long after CASs had developed their plans.

Ontario’s CASs are experiencing service delivery issues as a direct result of the government’s funding cuts for this fiscal year. Agencies received notice of their funding allocations on June 26, 2009, three months into the fiscal year. Through changes to the funding model, there were significant unanticipated reductions to most agency budgets that cannot be addressed within the current fiscal year.

Fact: Ontario has the second lowest rate of children in care in Canada, less than 70% of the Canadian average.

Children and Youth in Out-of-Home Care in 2007 by Province & Territory
(data provided by Canadian Centre of Excellence in Child Welfare)

PROVINCE	CHILDREN IN CARE	CHILD (0-18) POPULATION	RATE PER 1000
British Columbia	9,271	915,168	10.1
Alberta ²	8,891	841,392	10.6
Saskatchewan	5,447	251,271	21.7
Manitoba	7,241	297,004	24.4
Ontario	18,763	2,931,745	6.4
Quebec	12,750	1,625,581	7.8
New Brunswick	1,388	154,395	9.0
Nova Scotia	1,706	194,389	8.8
Prince Edward Island ²	166	31,713	5.2
Newfoundland	1,329	102,857	12.9
Yukon	178	7,212	24.7
Northwest Territories	395	12,810	30.8
Nunavut ¹	197	12,839	15.3
Canadian Total	67,706	7,378,376	9.2

¹ Nunavut data are from 2006. No data on children in out-of-home care was available for 2007.

² Monthly count.

Fact: CASs are reacting to the government direction to reduce costs – and the service cuts are already being felt by the most vulnerable clients – youth aged 16 and over who are living on their own.

Youth are already noting that services have been cut:

- Staffing reductions have the most direct impact on youth – CASs try to balance critical child protection investigation and assessment functions with all other services – in some CASs, supports to youth have been scaled back so that CASs can deal with the emergencies



- Some CASs have reduced travel costs and volunteer drivers
- Clothing allowances have been reduced or eliminated for older youth
- Developmental programming, such as mentoring and organized sports, have been curtailed

Youth in care have been advocating for more opportunities for success. In the past 3 years, many CASs have strengthened services to youth. Additionally, there have been government investments in post-secondary supports. Without emotional support – which includes staffing – youth will continue to struggle to graduate from high school and will not be able to take advantage of the “Crown Ward Championship” program.

Fact: Aboriginal and First Nations CASs are already seriously under-resourced, but are amongst the agencies with the largest funding cuts.

A number of sources cite the need for additional resources for First Nations CASs, including:

- The MCYS 2003 Evaluation of Child Welfare Reform, which noted that there was “insufficient recognition of the high cost of living and the extraordinary costs of services in the remote north”, yet no action was taken on this finding.
- A third-party review of agencies “North of 50” which found a shortfall of over \$25M for Payukotanyo and Tikinagan CASs. The government has not responded to this report.
- The Federal Auditor General, who found First Nations CASs unable to offer services comparable to those offered in mainstream CASs. Neither the federal or provincial governments have responded to this finding.
- The Office of the Coroner, in the 2009 report of the Pediatric Death Review Committee, who noted serious concerns about suicide deaths in at least one First Nations community, and wrote:

The “performance of the Society [Tikinagan] is not the key to the issues observed in these nine deaths. The Society has repeatedly identified the profile of the desperate conditions in the community.

To date, no action has been taken to address the critical issues in this community – aside from reductions in child welfare funding for Tikinagan.