

Research Summary – Looking for Transparency in Social Service Program Delivery

The objective of DIAND social service delivery is to achieve comparable standards to that of the relevant province or territory. This research compares social service delivery standards on reserve to those off reserve by comparing funding determination methods and service delivery funding levels between DIAND regions and the relevant province or territory.

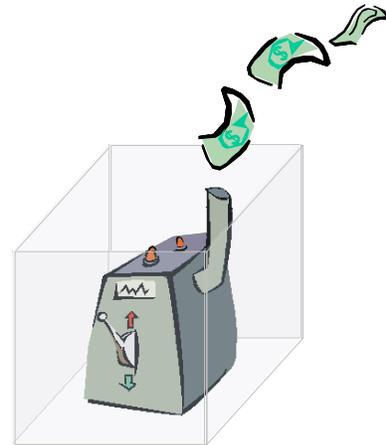
First Nations have a significant stake in the research. They want to be adequately resourced to deliver social programs of comparable quality to their neighbours. Moreover, they want to be adequately resourced so that social needs do not need to be subsidized by other revenues.

This interest is shared with the Indian Taxation Advisory Board and the First Nation Finance Authority. They expect that other local revenues will not be used to subsidize social service delivery because this would reduce the First Nation credit rating and potentially harm economic development initiatives.

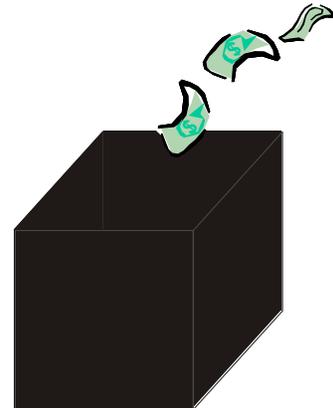
Funding Determination Methods Comparison

For this research, more transparency in social service program-delivery funding is better. There are two extremes: the bottom-up method and the top-down approach.

Bottom-up: First, there are ideal or entirely bottom-up social service delivery-funding methods. Transparent service delivery formulas are based on caseload standards, qualification and quality control processes. The drivers of these formulas, such as expected number of cases, number of required qualified persons and administrative requirements, are fed into the global budget estimate that is then distributed as per the transparent formula. This is illustrated as looking into a clear box and seeing the funding determination machine.



Top-down: At the other extreme are top-down funding methods, where fiscal and political considerations drive global service delivery-funding methods. These rather non-transparent funding envelopes are then distributed through seemingly arbitrary methods to deliver social service programs. This is like a black box just generating money.



In this research, neither extreme was purely evident but a continuum was identified. We did, however, come to the following conclusions:

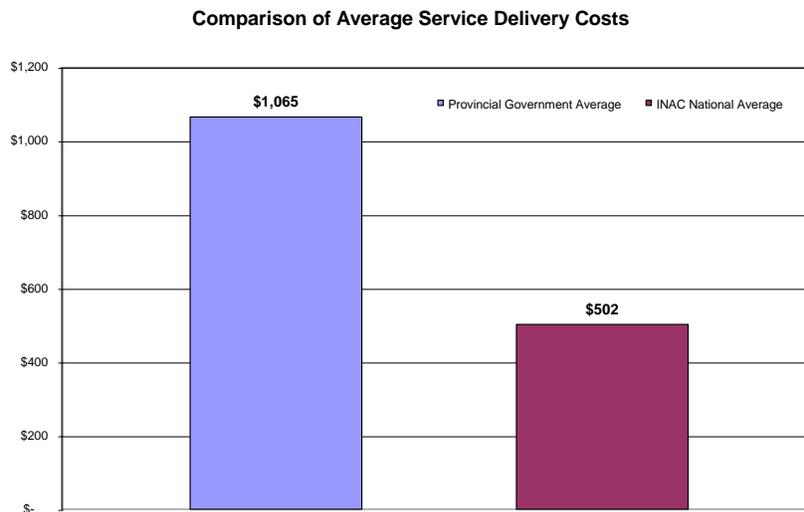
1. No province or territory respondent reported a transparent formula for social service-delivery determination.
2. All provinces and territory respondents reported using many elements of a bottom-up funding determination method for global funding.
3. DIAND's global funding estimate does not utilize regional estimates and does not explicitly consider any quality control elements.
4. For all the comparable respondents, provinces and territories use a more comprehensive service-delivery-funding approach than DIAND regions.
5. DIAND does not use case management costs as part of its global or global -distribution funding-determination processes.
6. DIAND does not use predicative variables such as economic growth or inflation as part of its global or global-distribution-funding-determination processes.
7. In general, the DIAND global and global distribution funding determination processes do not appear comparable to those used by provinces and territories.

Funding Level Comparison

Best efforts were made in this research to compare social service delivery costs per recipient by DIAND to provincial/territorial costs per recipient using estimates in the literature and available data. Our preliminary hypothesis was that DIAND social service delivery costs would be higher because the cases were more complicated, DIAND had an extra layer of bureaucracy compared to the provinces and there are fewer economies of scale in the First Nation social service delivery system. Our preliminary results as illustrated below are therefore surprising:



Preliminary estimates suggest DIAND spends considerably less on service delivery and administration per case or recipient than the provinces. Even if one were to adjust the national average for Band Support Funding, there would still be a significant gap between the two average costs per case. This preliminary comparison should be a cause for considerable concern and undoubtedly should be tested more rigorously.



Recommendations

We offer recommendations of at least four future steps to help ensure that social service-delivery-funding reform is successful.

- 1. Corroborate Results** – These preliminary estimates should be corroborated through a more detailed financial assessment.
- 2. Preliminary Funding Requirement Assessment** – A preliminary test of potential social service delivery costs could be conducted under a more transparent system.
- 3. National Service Delivery Funding Technical Team** – A technical team should be formed with First Nation partners to reform social service-delivery policy.
- 4. Seek Additional Resources** – The social service delivery technical team should develop a series of policy options and seek additional service delivery resources.

