

2016-2018 FAMILY & COMMUNITY SUPPORT SERVICES (FCSS) CALGARY FUNDING RECOMMENDATIONS

EXECUTIVE SUMMARY

This report presents Family & Community Support Services (FCSS) funding recommendations for 2016-2018. It aligns to Council's policy on FCSS (CSPS008), which states that the FCSS Board will meet annually in the first three months of the year, to consider Administration's funding recommendations. In accordance with Council direction of 2015 February 04, Administration will circulate an annual report to Council on the accomplishments of the past year before 2016 April.

FCSS is a joint municipal/provincial prevention program that supports and funds community agencies and City programs to deliver preventive social services that enhance the lives of vulnerable Calgarians. In Calgary, Community & Neighbourhood Services (CNS) administers and provides leadership to the FCSS program. The FCSS program continues to support Council's Social Sustainability Framework by directing funds to two priorities: increasing social inclusion and strengthening neighbourhoods.

After several years of no increases, the Government of Alberta has now demonstrated its strong commitment to preventive social services by providing a substantial funding increase to the FCSS program. Through the Interim Supply Budget announced in 2015 June, the province increased FCSS funding by \$10 million. This resulted in a \$2.8 million increase to the FCSS Calgary base funding.

Of the funds being made available, \$2.1 million (three quarters) were received late in 2015 and \$0.7 million (one quarter) will be received before 2016 March 31. Given the timing of the receipt of the funds, FCSS Calgary could not add the increase to the FCSS funded programs base budget in 2015. As such, the funds received in 2015, \$2.1 million, are recommended to be paid to funded agencies as a retroactive adjustment to base, paid as a one-time allocation as per Attachment 1. For 2016-2018, recommendations include the \$2.1 million as an adjustment to base, and the additional \$0.7 million is recommended for 30 currently-funded programs to enhance support to a number of excellent programs that for many years have been inadequately funded and yet have continued to serve our growing and changing population.

Through Budget 2015, announced in 2015 October, the provincial FCSS program saw an additional \$15 million investment. Calgary's portion of these funds, \$4.9 million in base funding, will be received before 2016 March 31. The additional \$4.9 million would be distributed through a call for funding proposals that will be held in 2016 Q2. This will ensure that the additional funds are allocated as soon as possible for the benefit of Calgarians. The total increase in provincial funds to FCSS Calgary is \$7.7 million in base funding.

In order to inform funding recommendations, currently-funded agencies are reviewed on a staggered three-year cycle. Funding recommendations are made for the corresponding cycle. Reviewing agencies and their programs every three years instead of every year, reduces the administrative burden for agencies and facilitates long-term planning for both agencies and the FCSS program. In addition, staggering the reviews, rather than holding them all in one year, increases staff efficiency, ensures the best use of resources and allows time to conduct thorough assessments.

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ADMINISTRATION RECOMMENDATIONS

That the SPC on Community and Protective Services recommends that Council:

1. Approve the funding allocations of \$2.1 million to 72 agencies as identified in Attachment 1, using funds from the FCSS Stabilization Reserve;
2. Approve the 2016-2018 Family & Community Support Services (FCSS) funding allocations of \$77.7 million as identified in Attachment 2 (\$27.1 million to 74 agencies in 2016; \$25.4 million to 54 agencies in 2017 and \$25.2 million to 47 agencies in 2018) from Program 421;
3. For the purpose of funding agencies for one-time capacity building and emerging issues, authorize Administration to access up to \$500,000 from the FCSS Stabilization Reserve in 2016;
4. Consider this report as an item of Urgent Business at the 2016 January 25 Regular Council meeting.

**RECOMMENDATION OF THE SPC ON COMMUNITY AND PROTECTIVE SERVICES,
DATED 2016 JANUARY 15:**

That Council:

1. Approve the funding allocations of \$2.1 million to 72 agencies as identified in Attachment 1, using funds from the FCSS Stabilization Reserve;
2. Approve the 2016-2018 Family & Community Support Services (FCSS) funding allocations of \$77.7 million as identified in Attachment 2 (\$27.1 million to 74 agencies in 2016; \$25.4 million to 54 agencies in 2017 and \$25.2 million to 47 agencies in 2018) from Program 421;
3. For the purpose of funding agencies for one-time capacity building and emerging issues, authorize Administration to access up to \$500,000 from the FCSS Stabilization Reserve in 2016.

Excerpt from the Minutes of the 2016 January 15 Special Meeting of the SPC on Community and Protective Services:

- "4. Consider this report as an item of Urgent Business at the 2016 January 25 Regular Council meeting.

CARRIED"

PREVIOUS COUNCIL DIRECTION / POLICY

FCSS has presented funding recommendations to Council annually since 1966.

On 2003 April 07, Council directed the establishment of the FCSS Stabilization Reserve Fund (CPS2003-26) to cover any shortfalls in case the provincial FCSS allocation is less than expected in any given year, and for the purpose of building the capacity of funded agencies as well as responding to emerging issues. The stabilization reserve fund ensures that new

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infusions of funds can be carefully and strategically assigned to priority areas and that community agencies have time to develop programs in a well-planned and sustainable way.

On 2008 November 03, Council directed FCSS to implement the Social Sustainability Framework (CPS2008-89). This Framework established FCSS funding priorities: increasing social inclusion for vulnerable Calgarians and strengthening neighbourhoods.

On 2011 March 21, Council approved the FCSS Policy (CSPS008), rescinding and consolidating 12 previous Council policies governing different aspects of the FCSS Calgary Program.

On 2014 December 01, as part of *Action Plan 2015-2018*, Council confirmed its commitment to the FCSS program by sustaining, as part of Community & Neighbourhood Services base operating budget, the municipal contribution at 30 per cent of the overall FCSS budget for a total of \$9.4 million annually (C2014-0863).

On 2015 February 04, Council received the FCSS funding recommendations for 2015-2017 (CPS2015-0150) and approved \$16.3 million to 27 agencies in 2015; \$0.9 million to eight agencies in 2016; and \$0.8 million to seven agencies in 2017.

BACKGROUND

The City has partnered with the Government of Alberta to provide preventive support to vulnerable Calgarians since the launch of the Preventive Social Services Act in 1966. The FCSS program is a joint provincial/municipal program governed by the FCSS Act and Regulation. An excerpt from the Act and Regulation, with sections relevant to this report, is included for information as Attachment 3. The purpose of FCSS is to support and fund preventive social programs and services.

While Calgary's population and the complexity of social issues increased considerably, the provincial grant to FCSS remained the same for six years. Factors such as an aging population and increased financial vulnerability due to the recent economic downturn have meant that the need for support has grown and will continue to grow. Council's leadership to maintain the municipal contribution to FCSS through *Action Plan 2015-2018*, has allowed for sustained funding for preventive social programs in Calgary. Recognising the increased need, at the request of Council, the Mayor sent letters in 2014 and 2015 to the Premier of Alberta advocating for increased FCSS funding.

In an exceptional decision in 2015 June, the Government of Alberta announced that the FCSS provincial program would receive a \$10 million increase in funding, as part of the Interim Supply Budget. Municipalities were informed of their allocated increase and received funds in October 2015. The increase for each municipality resulted in a 10 per cent increase in the provincial portion of the funding as well as growth funding based on population growth. Of the \$10 million, FCSS Calgary receives a base allocation of \$2.8 million. With the additional \$2.8 million, the municipal portion of FCSS funding drops to 27 per cent, above the council policy (CSPS008) requirement of 25 per cent, and provincial requirement of 20 per cent, but below the current

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funding proportion of 30 per cent. Due to the timing of the funding increase, FCSS Calgary received three quarters of the base allocation, \$2.1 million, in 2015 and the funds were transferred to the FCSS Stabilization Reserve Fund.

Budget 2015, released in October, announced an additional \$15 million for the FCSS program provincially (in addition to the \$10 million announced in 2015 June). From this additional increase, Calgary will receive \$4.9 million in base funding with payments starting in 2016. Attachment 5 provides a detailed breakdown of the funding increases received from the province and a summary of the intended allocations. Once the full allocation from the province is received, the total increase in base funding for the FCSS Calgary program will be \$7.7 million. With the full increase, the municipal contribution will drop to 24 per cent, below the council policy (CSPS008) requirement of 25 per cent but above the provincial requirement of 20 per cent.

To be eligible for FCSS funding, programs and services must be consistent with Council's funding priorities and with the FCSS Act and Regulation. They must work collaboratively and not duplicate existing programs. They must use evidence-based best or promising practices and demonstrate sound administrative and governance practices. Agencies are required to spend FCSS funding allocations according their FCSS Funding Agreement and FCSS Funding Principles.

If an agency and program meet all the review criteria, funding is recommended for three years. This promotes long-term planning and agency stability. If concerns come to light during the review process, conditional one-year of funding is recommended. Attachment 2 includes the conditions that may accompany funding. When there are conditions, Administration works closely with the agency to address the concerns. If the conditions are met during the conditional year, the agency is generally recommended for three years of funding the following year. However, if conditions are not met, funding is not recommended for the agency at the end of the conditional year.

In 2015, FCSS funded 133 preventive social programs in 75 agencies that collectively served more than 95,000 Calgarians. These programs mobilized almost 24,000 volunteers who contributed close to 900,000 hours of service, valued at close to \$25 million to the economy. In addition, 850 residents were mobilized to lead 433 neighbourhood-level projects in 23 neighbourhoods.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

The FCSS program provides a flexible and versatile method for the delivery of preventive social services. As demographics change and economic challenges arise, demand for services increases and social concerns become more complex. FCSS-funded programs provide vital threads in the fabric of healthy communities within a context of increasing social pressures faced by our growing and changing city.

The FCSS team explored a variety of options to allocate the increased funding received from the province to ensure that the money could be invested in the most effective manner. Of the

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initial \$10 million increase announced in the Interim Supply Budget, FCSS Calgary received a base allocation of \$2.8 million. Due to the timing of the funding increase, FCSS Calgary received a portion of the increase in 2015 totalling \$2.1 million. In communicating to municipalities, the province indicated that these additional funds represented a two per cent increase for each of the last five years for rising operating costs, i.e. consumer price index increases. The Council Policy on FCSS (CSPS008) indicates that, "... additional funds available for Consumer Price Index increases will be equally distributed to all agencies".

As such, Administration proposes that \$2.1 million be applied to adjust currently-funded agencies' budgets proportionally by nine per cent. These adjustments would result in a retroactive adjustment to base, paid as one-time payment as outlined in Attachment 1. Through this report, Administration is requesting the withdrawal of \$2.1 million from the FCSS Stabilization Reserve which represents the allocation FCSS Calgary received from the province in 2015.

Starting in 2016, as part of base funding, \$0.7 million, representing the population growth portion of the \$2.8 million provincial increase, would go towards strengthening 30 exemplary programs in 26 agencies to provide for the most effective investment in programs that are experiencing significant service demands due to our growing and changing population. Attachment 2 details the funding recommendations for 2016-2018 which include all adjustments to base based on the full \$2.8 million increase. The 30 exemplary programs have been facing high demand for their services, but have had inadequate funding for many years because of the stagnant FCSS budget. The additional investment into the exemplary programs ensures that programs that are serving a need in the community and performing well, see additional funding to meet the increasing demand for their services. These funding recommendations for 2016-2018 would provide an across-the-board increase close to the province's cited 10 per cent, while allowing additional support for exemplary programs that require extra resources so they can meet the growing demand they are experiencing.

The recent increase in provincial FCSS funding is timely given the pressures facing the social service sector due to increased demand. The additional funding will make a substantial difference to the availability of preventive social services for Calgarians. With a nine per cent increase in funding to make up for the years in which increases were not provided, agencies will be better equipped to meet the increased costs of doing business. High-performing agencies and programs that have historically had insufficient funds will be more able to make ends meet and serve more clients. The additional funds will mitigate the risk of losing staff and reducing programs.

The Calgary Chamber of Voluntary Organization's 2015 Fall Economic Climate Survey of charities and non-profits showed that Alberta's economy was still feeling the effects of low oil prices more than a year after prices began to fall. Four themes emerged: 1) decrease in revenue from all sources in the last 12 months; 2) reduced optimism for the likelihood of a quick turn-around; 3) tough choices such as cutting programs and laying off staff; and 4) an increase in demand for services accompanied by a decrease in donations. Not surprisingly, the demand for services has always exceeded available resources. For 2016, the requests from applying agencies exceeded available resources by \$7 million.

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A timeline with the FCSS 2016 Work Plan is included as Attachment 4 and outlines the reporting activities for the year. A report with policy revisions and identifying the funding requirements to maintain our current funding ratio of 30/70 achieved through *Action Plan 2015-2018*, is planned to come to the SPC on CPS no later than 2016 June. In order to make recommendations on the allocations of the additional \$4.9 million, representing Calgary's share of the remaining \$15 million provincial increase, Administration will conduct a call for funding proposals in 2016 Q2 and bring forward funding recommendations resulting from the call to the SPC on CPS, no later than 2016 September. Finally, regular funding recommendations for the 2017-2019 funding cycle would come forward no later than the 2016 December meeting of the SPC on CPS.

This report recommends funding to agencies with a track-record of organizational stability and strong program delivery. The recommendations are based on Council's Social Sustainability Framework, a 10-year prevention strategy that aligns with the Triple Bottom Line Policy. The Framework identifies two funding priorities: increasing social inclusion for vulnerable Calgarians and strengthening neighbourhoods to prevent the concentration of poverty. A comprehensive research and consultation process indicated that investing in these two areas prevents social problems from occurring or addresses them before they escalate into serious issues such as crime, violence, neighbourhood deterioration and poverty.

FCSS Stabilization Reserve Fund (CPS2003-26)

The FCSS Stabilization Reserve Fund was established in 2003 to hold unallocated funds resulting from significant provincial increases and any unspent dollars at year-end. The reserve fund is used to cover potential shortfalls in provincial funding. It is also used to respond to emerging social issues and to support clearly defined capacity-building agency initiatives with one-time grants. Agencies that are funded by FCSS Calgary are given priority to access the reserve fund.

Administration reviews applications for capacity-building or funding for emerging issues against specific criteria and agency requirements. At the end of the project or at year-end, agencies report on the impact of the funding they received.

In 2015, \$490,462 from this fund was allocated to 19 projects to promote agency stability and evidence-based program design, as well as to respond to emerging issues. The FCSS Stabilization Reserve Fund balance at the end of 2015 is estimated to be \$5.8 million. Having the reserve fund strengthens FCSS's role, not only as a prevention program funder, but also as a social infrastructure builder. Moreover, the reserve fund enables FCSS to respond to emerging and urgent issues in the community.

Through this report, Administration is requesting the withdrawal of \$2.6 million from the FCSS Stabilization Reserve Fund. A sum of \$2.1 million represents the allocation FCSS Calgary received from the province in 2015. It is recommended that this amount be allocated to currently-funded agencies as a retroactive adjustment to base paid as a one-time payment as identified in Attachment 1.

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The remaining \$500,000 request from the reserve fund is for one-time capacity-building initiatives of FCSS-funded agencies and emerging social issues in 2016. Although the FCSS program has seen a significant increase in funding through the provincial budget, the increase is for base funding and the need for one-time capacity building funds and potential response to other unexpected or emerging issues remains. One-time capacity building funds can be used to assist agencies in preparing long-term strategic plans to address required changes in programming and governance or increase their ability to deliver programs.

Stakeholder Engagement, Research and Communication

In 2015, FCSS Calgary undertook several initiatives that engaged stakeholders and strengthened partnerships with agencies and other funders, thereby informing the funding recommendations.

1. Funding Review Process

To arrive at funding recommendations, FCSS Calgary engaged with the board and staff of each applicant agency and program using a thorough review process that focused on all aspects of agency stability as well as program effectiveness. In 2015, 51 agency funding review meetings were held, involving approximately 90 board members and over 180 staff members.

2. Agency Advisory Group

FCSS Calgary communicated regularly with agency representatives through its Agency Advisory Group to ensure its approaches to agency and program assessment and funding recommendations remain as effective and efficient as possible.

3. FCSS Sustainability Forum

Since its inception in 2007, the FCSS Sustainability Forum has created the opportunity for board members and other stakeholders to develop and implement strategies to address the financial and systemic issues facing the FCSS program locally and provincially. In addition to emphasizing the value of preventive social services in the community and with government, the forum has primarily focused on the funding shortfalls and recommended sustainable funding models.

In 2016, the Agency Advisory Committee and the FCSS Sustainability Forum will be amalgamated to increase efficiency, improve communication and reduce the demand on agency staff.

4. Agency Survey

Each fall, FCSS Calgary surveys its funded agencies to evaluate the FCSS program outcomes and agency expectations. In 2015, the survey had an impressive response rate of 90 per cent. Results showed a year-over-year improvement in all seven categories.

Strategic Alignment

The FCSS funding program supports the Council Priorities of a *Prosperous City* and a *City of Inspiring Neighbourhoods* by partnering with other levels of government and with not-for-profit agencies to achieve community well-being.

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FCSS priorities align with the Calgary 2020 Sustainability Direction in relation to Community Well-Being and Prosperous Economy.

FCSS supports the implementation of the Social Sustainability Framework by investing in evidence-based programs and services that contribute to increasing social inclusion and strengthening neighbourhoods.

Social, Environmental, Economic (External)

Social

FCSS Calgary partners with community agencies and funders to make it possible for every Calgarian to live in a safe, strong community with the opportunity to succeed and contribute to a vibrant urban fabric. By funding community agencies to increase social inclusion, FCSS Calgary reduces and prevents social problems such as crime, family violence, neighbourhood decline and poverty.

Environmental

FCSS Calgary contributes to complete communities through investment in community development by which residents can improve the natural and built environment, build connections, gain greater access to programs, amenities and services nearby, and engage in community economic development projects. Research shows that strong neighbourhoods feature healthy and safe natural and built environments.

Economic (External)

An investment of \$1 in preventive social services produces a social return on investment of up to \$13, diverting resources from spending on other more costly services such as policing, justice, mental health and child protection. Vibrant, socially inclusive communities are more likely to attract and retain the workforce Calgary needs in order to thrive.

Financial Capacity

Current and Future Operating Budget:

The increase in provincial funding to FCSS Calgary has provided a significant boost to the program's financial capacity. It has enabled Administration to recommend a nine per cent increase to the cost of doing business for each funded agency. This takes into account that for the past five years agencies have not received increases to meet their growing operating expenses. In addition, a portion of the increase will assist exemplary agencies that were not funded adequately in the past to provide preventive programs more effectively to Calgarians and meet increasing needs. When FCSS Calgary receives the additional \$4.9 million in 2016 March, a call for funding proposals will open up funding to more agencies and programs and ensure that FCSS invests in the best preventive services for Calgarians.

Attachment 2 provides the 2016-2018 FCSS program funding recommendations for Council approval:

- \$27.1 million to 74 agencies in 2016
- \$25.4 million to 54 agencies in 2017 and

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- \$25.2 million to 47 agencies in 2018.

As part of *Action Plan 2015-2018*, Council confirmed its commitment to the FCSS program by sustaining the municipal contribution at 30 per cent of the overall FCSS budget (C2014-0863). Administration will present another report no later than 2016 June, providing information about the impact of the provincial FCSS budget increase on The City of Calgary budget.

Current and Future Capital Budget:

The FCSS Act and Regulation specifically disallows capital expenditures.

Risk Assessment

If Council does not approve the funding recommendations, much-needed preventive services would not be available to vulnerable Calgarians and more costly intervention and protective services would likely be required in the future.

At a time of economic downturn, more Calgarians are experiencing financial instability and accompanying stress, resulting in increased need for assistance from FCSS-funded agencies. There is a risk that agencies funded by FCSS will not be able to meet the increased demand for services in a system already operating beyond capacity. The nine per cent across-the-board increase and funding adjustments to high-performing agencies and programs that historically have been inadequately funded, will help alleviate some of the hardship agencies have experienced over the last several years. There is still a risk, however, that it will be difficult to meet the additional needs precipitated by the economic situation. To mitigate this risk, FCSS meets regularly with agencies to ensure services are on track and being delivered as contracted for maximum effect and that agencies address issues collaboratively wherever possible.

FCSS Calgary is a long-term funder for sustained impact, working with and strengthening its partner agencies. Multi-year renewable funding provides stability to the sector. A long-term funding approach assumes that currently funded agencies and programs are the best way to achieve the Social Sustainability Framework funding priorities and goals. With this approach, there is a risk that other programs that could advance these priorities may not have access to funding. To mitigate this risk, FCSS will be advancing a call for funding proposals in 2016.

REASONS FOR RECOMMENDATION:

FCSS Calgary saw a \$2.8 million increase to base funding from the province through the Interim Supply Budget, and the FCSS Stabilization Reserve Fund has been holding \$2.1 million (representing three quarters of the adjustment to base) received from the provincial government in 2015 October, pending approval of allocations. Approval of the recommended funding increase to currently-funded agencies will assist FCSS-funded partners to meet their costs of doing business after many years in which no increases were provided.

Approval of the 2016-2018 funding recommendations will ensure consistent funding to programs that are providing services to vulnerable Calgarians. The additional support for exemplary agencies and programs that have been inadequately funded and have been providing service with increased demand to our growing and changing population, will help make services

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available to those in need.

Access to \$500,000 from the FCSS Stabilization Reserve Fund will enable one-time grants for timely responses to emerging issues or short-term capacity-building needs for agencies.

Finally, considering this report as an item of urgent business at the 2016 January 25 Council meeting will enable Administration to distribute funds as early as possible in the new year, so that agencies have use of the funds right away and Calgarians get preventive social services when they need them.

ATTACHMENTS

1. 2016 FCSS Agency Funding Recommendations based on \$2.1M received from the Province in 2015
2. 2016-2018 FCSS Program Funding Recommendations
3. Excerpts from the *Family and Community Support Services Act and Regulation*
4. FCSS 2016 Work Plan
5. Summary of FCSS Increases and Intended Allocations