

MINISTRY OF EDUCATION AND CHILD CARE
DECISION BRIEFING NOTE

DATE: December 12, 2022
CLIFF: 286017

PREPARED FOR: Christina Zacharuk, Deputy Minister – **FOR DECISION**

SUBJECT: Operational Funding Model (OFM) – change to previous procurement approval

PURPOSE: Requesting approval to adjust procurement approach for consultant services to support Child Care Division (CCD) in refining and implementing the OFM.

BACKGROUND:

The OFM will shift provincial funding of child care from the current system of separate and distinct operating funding programs to an inclusive funding approach that will cover all expenditure except for parent fees of \$200 per month (\$10 a day). The initial development of the OFM was provided by Deetken Enterprises Inc. (Deetken) from August 2021 to January 2023¹. The initial work, including stakeholder engagement and draft model, was well received by CCD. As there are several outstanding policy decisions required before the OFM can be finalized, September 2023 is the earliest an initial OFM pilot may commence.

CCD is seeking assistance to continue to support the development and refinement of the OFM, including: developing modeling options to inform CCD's policy decisions, refining modelling and funding calculators based on final policy decisions, developing implementation strategies, and supporting the transition/ onboarding/ training of CCD staff to run the OFM pilot. Decision Briefing Note 284952 previously approved the issuance of a Request for Proposals (RFP) for these services for a total contract value of \$0.75 million over 2.5 years, assuming all three six-month options to renew are exercised.

DISCUSSION:

Key policy decisions did not meet the timelines originally anticipated, so further refinement of the model will be required. Deetken has acted as the subject matter experts and primary developers of the current state OFM and has knowledge, experience and skills that are critical to implementation.

- Deetken fulfilled the terms and conditions of the previous agreement issued for the development of the OFM, public funding calculators, and financial modelling systems while demonstrating the desired skills, experience and performance standards set by the Province.

¹ The Deetken contract was competitively bid via a short-term RFP in August 2021. Their Information Technology & Management Consulting Professional Services Agreement had a contract aggregate of \$555,000 and was provincially funded (STOB 61).

- Development of the OFM, public funding calculators, and financial modelling systems has given Deetken Enterprises Inc. significant and unique expertise and insight that the Ministry requires for the continued development and implementation of the funding model.
- The Province is under contractual obligation to the federal government as per the Canada-Wide Early Learning and Child Care Agreement (CWELCCA). Implementation of the OFM, public funding calculators, and financial modelling systems are components of the Province's obligations, and are subject to the timeframes and deadlines established in the CWELCCA.
- Implementation of the OFM is a component of the Province's obligations under the Canada-Wide Early Learning and Child Care Agreement (CWELCCA). The complex OFM modelling systems were built by Deetken from the ground up and this has given them the unique expertise and insight that the Ministry requires. As such, it is not expected that an alternate contractor could achieve the expertise necessary to effectively support a successful implementation within the timeframe required to meet the timelines under the CWELCCA.

The immediate responsibility of the required contractor will be to act as a consultant for CCD to connect to when learning to apply the funding calculators or other aspects necessary for implementation in fall 2023. Detailed expertise will continue to be required during and after implementation to adjust the model in response to early data collection and recommendations, in addition to the integration of the OFM and funding calculators into an IM/IT solution.

Further discussion with representatives of Child Care Policy, Capital and Community and the Modelling, Analysis and Information Management branches, key stakeholders and the end users demonstrated a need to continue to leverage the expertise of Deetken.

Therefore, under Core Policy and Procurements Manual **Ch6. 39 d. ii)** CCD is proposing to direct award the consultant services to support CCD in refining and implementing the OFM, as Deetken is the "only one contractor qualified to provide the services".

OPTIONS:

OPTION 1: Approve CCD Direct Award for continued support for refinement and implementation of the OFM to Deetken Enterprises Inc. (RECOMMENDED)

Implications:

- Operational support services will be critical to the success and timelines of the initial pilot of the OFM
- Will post a Notice of Intent to direct award on BC Bid to rationalize a sole source direct award criteria under CPPM 6
- Supports CCD to meet the timelines of OFM implementation as committed under the CWELCCA with the Government of Canada

OPTION 2: Do not approve CCD to direct award this service.

Implications:

- Service need will require fulfilment through competitive procurement
- Procuring and onboarding a new contractor will jeopardize the timeline for OFM implementation
- Without the expertise of Deetken there are risks to the design and implementation of the model:
 - Current CCD staff are yet to be fully trained on the funding calculators and other key tools to implement the OFM
 - CCD will not have the detailed expertise to coordinate with a future IM/IT contractor to integrate the model into an efficient solution

FINANCIAL IMPLICATIONS:

Funding for these services has previously been approved under DBN 284952. CCD's budget for 2023/24 confirms \$0.3 million for an IT & Management Consulting Services Agreement (STOB 61) for this project (\$0.3 million for 2024/25, \$0.15 million for 2025/26, for a total of \$0.75 million assuming options to renew are exercised).

INFORMATION TECHNOLOGY AND PRIVACY IMPLICATIONS:

Deetken will be a key stakeholder to integrate the OFM into a planned IM/IT solution. Planning and approvals for the IM/IT solution are forthcoming.

RECOMMENDATION:

Option: 1



Approved / Not Approved

Christina Zacharuk

Deputy Minister of Education and Child Care

December 20, 2022

Date Signed

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