



April 2023 Monthly update – Phase 3

FNCFS agencies and First Nations exercising jurisdiction

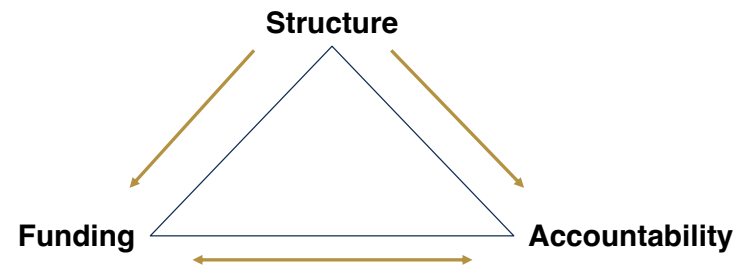
DRAFT – FOR DISCUSSION ONLY

What's the purpose of Phase 3?

- Preparing for implementation of a funding model to support changes to the First Nations Child and Family (FNCFS) Program.
- Phase 3's purpose is to build representative models of change by building budgets, capital plans, and transition strategies linked to mandates
- Working with 20 research collaborators that are generally representative of the population of FNCFS agencies and First Nations exercising jurisdiction
- Phase 3 will present a series of potential funding approaches, based on different service and programming contexts and points of departure

Funding structure

- Sustainable change of FNCFS with the goal of supporting holistic well-being of children, families, and communities, requires changes to structure, funding, and accountability together as a whole: change to one element requires similar changes to all three elements.



- 1) Structure: The incentives, rules, and conditions that determine when and how funding moves in a system.
- 2) Funding: The amount of money allocated to recipients.
- 3) Accountability: Monitoring of detailed indicators to determine if the system structure and funding are working to achieve desired goals.

Structure and long-term success

Changes to those three elements will require adjustments across various activity areas:

- Policy change
- Regulatory change
- Program performance criteria
- First Nations care and control of delivery
- Transition time

These changes are necessary to uphold the basis of the CHRT's rulings, which are to:

- End discrimination
- Ensure it does not reoccur

Fighting hundreds of years of institutional path dependency requires different incentives and time.

Funding components

- There are several funding components that a First Nation and/or FNCFS agency may wish to consider for the delivery of FNCFS:
 - Ensuring funding is commensurate to mandate, connected to needs in communities, and is linked to the goal of FNCFS (e.g., well-being), is important for service delivery and sustainability.
 - Don't forget to consider the **structure** and **accountability mechanism** along with the amount of funding.
 - For more information on existing funding approaches for FNCFS from ISC, and proposed changes, see https://ifsd.ca/web/default/files/users/169/2023-02-03_January%202023%20monthly%20update_FINAL.pdf

Funding components overview

- This table (continued on the next three slides) provides an overview of the proposed funding components of a reformed mechanism. Each component is listed in the left-hand column. Reading the table from left to right, there is a description of the component, funding formula options to consider, and notes whether Phase 3 research has resulted in changes from Phase 2, considerations of the approach, and IFSD’s recommendations.

Component	Description	Options	Change from Phase 2 (Y/N)	Considerations	IFSD recommendation
Baseline budget	Existing FNCFS agency budget, considered sufficient for protection and related activities.	1) Total FNCFS agency expenditures (irrespective of funding sources) 2) ISC-only portion of FNCFS agency reported expenditures 3) ISC-only portion of FNCFS agency reported expenditures net remoteness (based on CAF)	Y	Federal obligation to fund programming on-reserve.	3) ISC-only portion of FNCFS agency reported expenditures
Information technology (IT)	Allocation for hardware and software, based on not-for-profit industry standards.	1) 5% of the baseline budget 2) 5.5% of the baseline budget 3) 6% of the baseline budget	N	Different needs and IT sophistication among agencies. Some will require complete reset, others will be adding to existing capacity.	Any
Results	Allocation to support data collection and analysis.	1) 1% of the baseline budget 2) 3% of the baseline budget 3) 5% of the baseline budget	N	Data is essential for control and improved decision-making. Collecting and analyzing your own relevant information can be an early warning sign of challenges and can highlight successes.	3) 5% of baseline budget

Component	Description	Options	Change from Phase 2 (Y/N)	Considerations	IFSD recommendation
Poverty	Allocation to mitigate some impacts of poverty and its contact with protection services. Not meant to alleviate or solve poverty in a First Nation	Difference between Market Basket Measure (MBM) by province/region for populations <30,000 people and after tax median household income on-reserve (Census 2021 data). Data is not available for household median income and the number of households for all First Nations. For each agency, we used the population-weighted average of the after-tax median income of the First Nations for which we have data to extrapolate the missing data.	N	Poverty is known driver of contact with protective services. The allocation recognizes that some resources are required for agencies to manage issues associated to poverty/deprivation and CFS but will not alleviate poverty in First Nations.	2) 5% of the difference or 3) 7% of the difference
		1) 3% of the difference			
		2) 5% of the difference			
		3) 7% of the difference			
Emergency fund	Support responses to unanticipated circumstances related to CFS that affect demand for core services.	1) 0.5% of the baseline budget	N	Insurer of last resort should be clarified with consideration of provincial laws v. jurisdiction.	3) 2% of the baseline budget
		2) 1% of the baseline budget			
		3) 2% of the baseline budget			
Maintenance allocation	Support to mitigate the changing costs of child maintenance (over and above inflation).	1) 1% of the baseline budget	Y	Similar to emergency funding, additional resources should be made available to mitigate changes to maintenance funding needs. Should the funding not be required for maintenance, it could be redirected, e.g., prevention programming.	3) 3% of the baseline budget
		2) 2% of the baseline budget			
		3) 3% of the baseline budget			

Component	Description	Options	Change from Phase 2 (Y/N)	Considerations	IFSD recommendation
First Nations representative services	Support to ensure First Nations represent the best interests of their children and families in a culturally relevant manner.	Per capita allocation: \$283	Y	Allocation based on Ontario's practices.	N/A
Post-majority services	Resources to support transition to adulthood.	At actuals	Y	Allocation unknown. Requests for reimbursements should be tracked and coded to begin to capture needs and improve cost estimates.	Align data collection to understand needs.
Prevention	Resources to design and deliver programming to reduce child contact with protective services and keep families unified.	Per capita allocation: \$2,500	Y	ISC split between FNCFS agency and First Nations is unknown on a per agency/First Nation basis. The per capita allocation estimate was based on an existing organization already providing CFS. Sufficiency for circumstances without an operating base cannot be guaranteed.	Clarify resource allocation to ensure accuracy in bottom-up budget building.
Geography/remoteness	Resources to recognize the different costs of serving children and families in different geographic environments.	<p>1) Factor increase to the baseline budget based on ISC's weighted remoteness quotient (relative basis) (factor of ^1.1, at 0.25%, 0.5% and 1%) based on Statistics Canada's remoteness index.</p> <p>2) Cost Adjusted Factor (CAF) calculated based on the remoteness index of a community and whether it has access to roads.</p> <p>3) 15% CAF for First Nations above a Remoteness Index of 0.4, and weighted based on population to apply to agency funding.</p> <p>4) 15% CAF applied to all First Nations, and weighted based on population to apply to agency funding.</p>	Y	The remoteness top-up should be recognition of the additional costs of delivering a different set of needed services.	For discussion

Component	Description	Options	Change from Phase 2 (Y/N)	Considerations	IFSD recommendation
Capital asset replacement fund	Resources for major capital projects, e.g., new building, extensive renovation, etc. Proposed to be made available by application through a fixed pot.	Fund endowment estimates produced based on three square footage scenarios and construction costs from the ALTUS Group. 1) \$133M 2) \$173M 3) \$200M	N, but subject to revision	Capital needs assessment ongoing with Phase 3 collaborators. Needs are expected to vary with changing mandates and needs.	For discussion
Capital maintenance	Allocation to extend the useful life of owned assets.	Percentage of total value of owned capital assets for maintenance. 1) 1% 2) 1.5% 3) 2%	N	Current capital maintenance is estimated as a percentage of the capital asset replacement fund, allocated in one installment.	For discussion
Inflation	Pegged to the Consumer Price Index (CPI).	Variable; adjusted for the previous year's average inflation rate.	N	Inflation is a smoothing factor not a mechanism to adjust for underfunding.	CPI
Population	IRS population data by Band	Census data	N	Members seeking services may not always reside in community.	IRS population data by Band

Get in touch

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