

Funding approaches for First Nations child and family services (FNCFS)

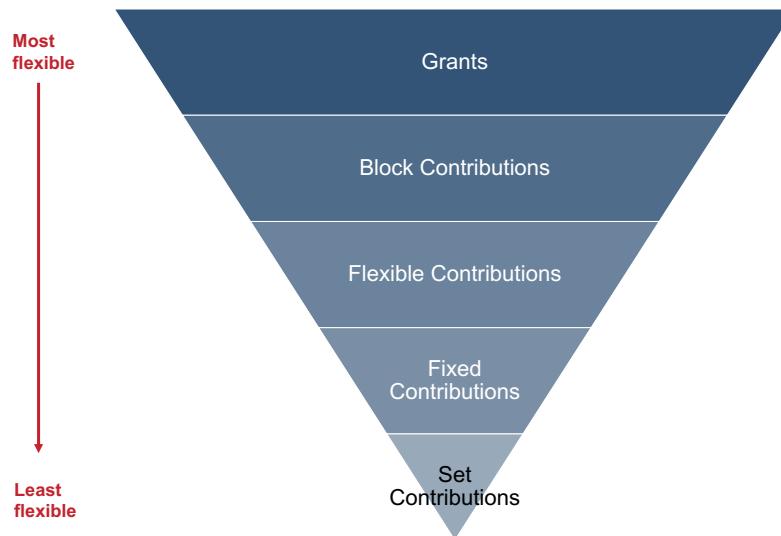
IFSD is pleased to share this monthly update for January 2023.

This update provides an overview of Indigenous Services Canada’s (ISC) principal existing funding approaches, namely block funding, and offers comparisons to the reformed FNCFS funding model tested by IFSD in Phase 3 research on costing out FNCFS reform.

Current funding approaches

To contextualize the model being tested in IFSD’s Phase 3 research, we will provide a review of current funding approaches. ISC uses a mix of grants and contributions to transfer public funds to First Nations and FNCFS agencies. Each funding type holds varied degrees of flexibility (Figure 1) (see [ISC’s website for a complete overview of its funding approaches](#)). **Increased flexibility in the use of funds comes with greater eligibility criteria and reporting requirements, that the vast majority of First Nations have the capacity to meet.**

Figure 1: ISC’s funding approaches.



The challenge with current approaches

ISC’s funding approaches follow a fee-for-service model; recipients are reimbursed for costs of the FNCFS program. This model **restricts long-term planning, program development beyond protection services, and meaningful problem-solving for root causes.**

IFSD’s proposed approach

IFSD proposes a trade-off: **maximize flexibility for recipients within a pre-defined set of resources.** A majority of FNCFS agencies and First Nations would qualify for block style funding; IFSD’s builds on the block model to create a model that allows for predictability with flexibility (Table 1).

Table 1: Comparing IFSD's proposed funding approach to ISC's current block transfer.

Elements of Funding Approach	Block Funding	IFSD Proposed Approach
Resource Allocation	Funds go to a block of programs, i.e., activities related to the major FNCFS program area, such as protection, prevention	Funds allocated to the service provider (e.g., First Nation or FNCFS agency) based on data, actual need and practice-informed principles
Resource Reallocation	Allowed within the block to address priorities and needs within the entire FNCFS program	Allowed based on need within the entire FNCFS program
Carry Forwards (within the life of the program)	Allowed	Allowed
Retention of unexpended funds (at the end of the program)	Allowed – use must be aligned with program objectives	Allowed – may be directed to program activities as needed
Eligibility Criteria	ISC General assessment score	Based on contribution agreement between ISC and the service provider (e.g., First Nation, FNCFS agency) or statute (i.e., legislation)
Special Purpose Allotment (SPA)	-	Parliament to “ring-fence” FNCFS funds in ISC’s budget to ensure FNCFS funding cannot be reassigned to other purposes within ISC
Emergency Funding	-	Additional funds available for unforeseen emergency situations that put additional

		pressures on service providers
Performance Criteria	<i>Output</i> focused, i.e., quantifies the products or services delivered	<i>Outcome</i> based performance indicators that help providers understand the efficacy of their programs in their unique context. This means defining a baseline (starting point) and tracking changes over time.

Differentiated funding arrangements

The Government of Canada leverages various **funding arrangements to better meet policy objectives**. Here are three case studies that may be useful for understanding the goals and principles of funding that is bottom-up, flexible, and as outlined in the Agreement-in-Principle on reform of FNCFS (Table 2):

Table 2: Overview of differentiated funding arrangements

Legislation	Description	Take-away
Equalization	Addresses fiscal disparities among the provinces.	Funding can be allocated with flexibility based on the decision of the recipient, assuming auditing and reporting parameters are in place.
Canada Health Act (CHA)	Defines criteria and conditions for health services that provinces and territories must fulfill to receive the transfer.	Funding is allocated against a set of principles to achieve desired results.
Farm Income Protection Act (FIPA)	Allows for agreements between the federal government and provinces to protect the income of agricultural producers through various programs in changing environments, e.g., natural disaster.	Funding can be dynamic based on the changing circumstances of recipients.

IFSD is writing to share its monthly update on First Nations child and family services (FNCFS) reform (updates will continue monthly). Feel free to share this update with colleagues or invite them to join our mailing list (info@ifsd.ca).