



EXECUTIVE SUMMARY

This analysis was produced by the Institute of Fiscal Studies and Democracy (IFSD) through a contract with the Assembly of First Nations (AFN). The views and analysis do not necessarily reflect the views of the AFN.

IFSD is grateful to its Phase 3 collaborators whose generous contributions made this work possible. IFSD wishes to also recognize the many other First Nations Child and Family Services (FNCFS) agencies and First Nations who have shared their knowledge, information, and expertise to support this work. Their contributions are reflected throughout this report. IFSD's recommendations and analysis do not necessarily reflect those of the collaborating and/or contributing FNCFS agencies and First Nations.

IFSD has undertaken research and analysis for the reform of the First Nations child and family services (FNCFS) Program at the request of the Assembly of First Nations (AFN) and the First Nations Child and Family Caring Society (Caring Society). IFSD was mandated to provide its best advice based on the evidence. With the support of its clients, IFSD is offering independent analysis and recommendations.

We, at IFSD, have been humbled by the generosity of spirit of the many contributions from FNCFS agencies and First Nations. We are grateful to have worked alongside fierce champions and tireless advocates for children. This report lays out a blueprint for FNCFS Program reform.

The Canadian Human Rights Tribunal (CHRT) delivered two orders that guide IFSD's work:

1. end discrimination in FNCFS; and,
2. ensure it does not reoccur.

Upholding these orders requires sustainable change of the FNCFS Program. Since 2018, IFSD has been working on FNCFS Program reform:

Phase 1: Costed the FNCFS system and identified gaps.

Phase 2: Developed a bottom-up needs-based funding structure, and the *Measuring to Thrive* framework (a well-being focused measurement framework).

Phase 3: Tested and modelled the approach from Phase 2, into First Nation and agency specific delivery models.

Each phase of work relied on the quantitative and qualitative contributions of FNCFS agencies, First Nations, and other technical experts. Through questionnaires, case studies, working groups, and extensive collaborations, Phase 3 modelled and tested the funding approach and performance framework defined in Phase 2.

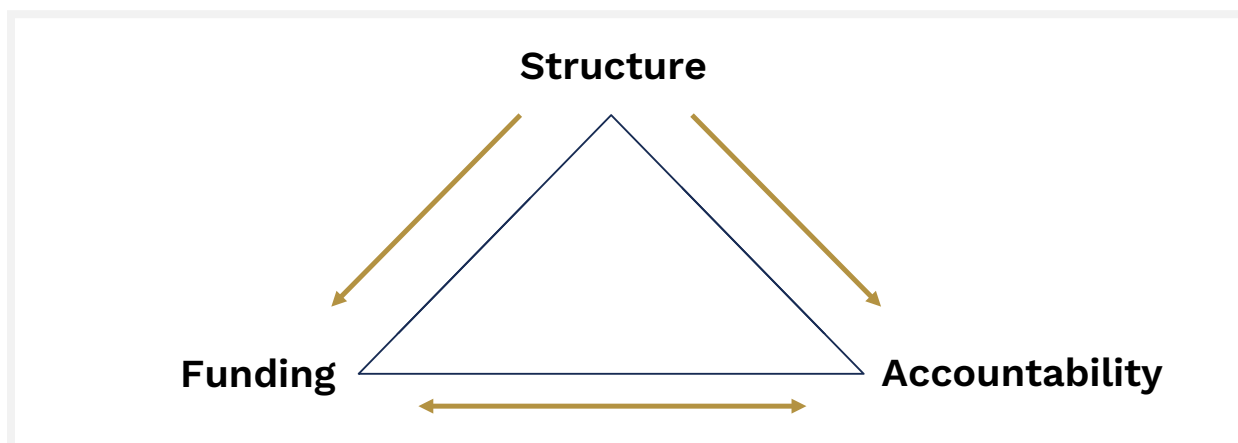
With the contributions of 20 collaborators (a combination of FNCFS agencies and First Nations exercising/contemplating jurisdiction) alongside many other FNCFS agencies and First Nations, IFSD's approach was refined and considerations for transition were defined.

This report provides a blueprint for FNCFS Program reform with consideration of structure, funding, and accountability, and transition. The section on transition captures lessons from collaborators testing and modelling elements of the approach. Findings indicated the time and challenges associated with service delivery and the importance of clarity around accountability. Existing service providers will be better positioned to implement changes in 2 to 5 years, whereas those without existing services can take 10 to 15 years to achieve operational stability.

Regardless of the type of service provider, there are significant constraints on delivery capacity. The reform of the FNCFS Program must consider the evidence. The FNCFS Program funds *FNCFS on reserve and in the Yukon* (and the provinces/territories providing services on reserve). This means that the FNCFS Program is funding FNCFS agencies, First Nations, transfers to provinces/territories, and jurisdiction.

There are three related areas of focus for reform of the FNCFS Program: structure, funding, and accountability (Figure 1).

FIGURE 1



1. **Structure:** The incentives, rules, and conditions that determine when and how funding moves within 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.

Upholding the CHRT's orders to end discrimination and ensure it does not reoccur will require changes to structure, funding, and accountability, alongside consideration of the transition process. The challenge of sustainable reform is linking an increase in funding with competent delivery and monitoring of outcomes to improve the well-being of children.



IFSD makes the following recommendations:

STRUCTURE

1. Clarify federal policy and associated regulations (including terms and conditions and outcome-based performance indicators) for the FNCFS Program to focus on well-being with alignment to the principles of *An Act respecting First Nations, Inuit and Métis children, youth and families*.
2. Implement a block funding approach for existing FNCFS agencies, with a carry-forward provision.
3. Ensure resources for the FNCFS Program are secure and cannot be used for other purposes by Indigenous Services Canada (ISC) through a Special Purpose Allotment (SPA), with a carry-forward provision.
4. Adopt the allocation approach proposed in this report for FNCFS agencies with a holistic understanding of the allocation for existing service providers. This means leaving the approach and its components intact and not artificially segmenting the allocation, as ISC has done with its interim funding commitments.
5. Stop all ad hoc decision making and changes to funding and to FNCFS Program rules.
6. Adopt a cohesive reformed approach that includes recommended changes to structure, funding, and accountability. Notify service providers of the full intended reform and its parameters at least one full fiscal year in advance of the change.

7. Provide service providers at least one full fiscal year in advance of the change with:
 - a. A clear statement of policy on the FNCFS Program and its associated terms and conditions;
 - b. A five-year funding allocation in a block approach;
 - c. Performance reporting indicators aligned to the goals of a reformed FNCFS Program.

FUNDING

8. Allocate resources to the service provider able to continue to or immediately deliver child and family services in First Nations. This includes protection and prevention (primary, secondary, tertiary) services.
9. Understand the funding approach and allocation holistically. Do not pull apart the allocation intended for a service provider, as the amounts may not be sufficient for the discharge of their mandate.
10. Ensure the existing federal baseline for service providers is maintained as the foundation on which to add activity and context specific components (adjusted by inflation and population escalators).
11. Develop allocations to service providers with funding principles linked to their activities and different contexts (e.g., poverty, geography, and over time, outcomes). IFSD provides recommendations for each funding component.



ACCOUNTABILITY

12. Require a national reporting practice for FNCFS for transparency to First Nations and their delegated service providers while holding the Government of Canada accountable.
13. Establish a First Nations-led secretariat to support data gathering and analysis and best practices in FNCFS.
14. Define the reporting and service obligations of different funding recipients through the FNCFS Program, e.g., if FNCFS agencies and First Nations are expected to deliver secondary and tertiary prevention services, their reporting obligations on an activity basis should be the same.
15. Ensure ISC's performance indicators for a reformed FNCFS Program reflect the structural drivers of contact with protective services.
16. Include a review of the allocations to reform the FNCFS Program, e.g., \$47.8B from the Draft Final Agreement (assuming it is ratified), its allocation, and outcomes as part of a five-year program review.

Ending the discrimination against First Nations children and ensuring it does not reoccur takes more than writing a cheque — although additional resources are essential. It means fixing the policies, rules, terms and conditions, performance indicators, reporting requirements, and incentives that shape the decisions of actors in the system, both inside and outside of the Government of Canada.

FNCFS agencies and First Nations have shared their knowledge, their data, and their experiences to shape an approach that comes from the front lines. IFSD's proposed approach fits within the Government of Canada's existing contribution approaches and policies on results. Canada should not miss this opportunity.

True reform of the FNCFS system will take years. **This is an opportunity to get a major policy change right.**