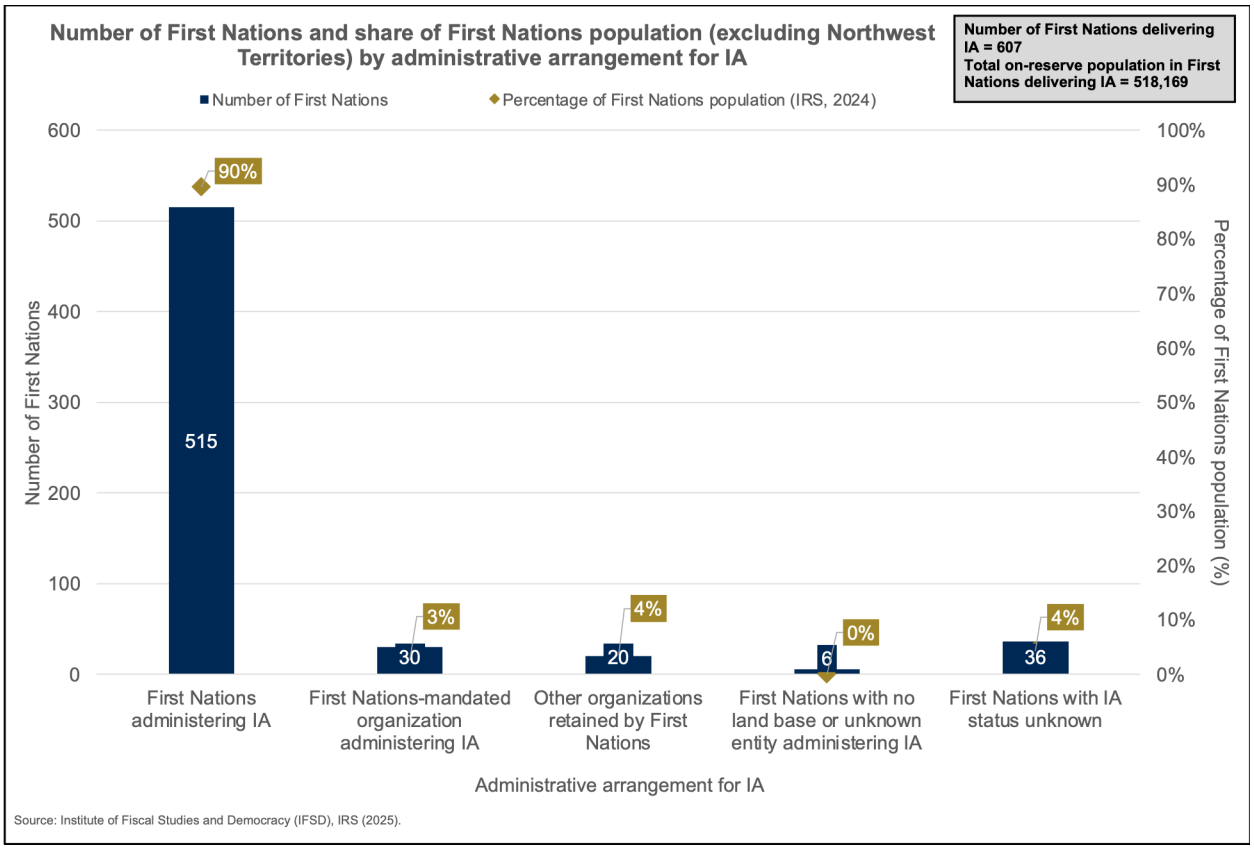
Proposed approaches to cost estimations of a reformed national Income Assistance Program

Costing the Income Assistance Program (IA) is limited by consistently available data on uptake in First Nations, the composition of case type, e.g., single, couple, etc., duration on IA, and special needs among recipients.

The majority of First Nations administer IA in their communities directly or through a designated provider.



Nearly all First Nations administering IA in community that participated in IFSD's questionnaire indicated insufficiency of existing rates to beneficiaries. From IFSD's work with First Nation collaborators delivering IA, administration needs were identified as gaps, namely on staffing sufficiency, approaches to case management, and consistency in data capture and reporting (beyond requirements from Indigenous Services Canada).

Contextual factors, such as suitable and sufficient housing and addictions impact the delivery of IA, as do reliable transportation, and employment opportunities in and around the First Nation. These factors will not be alleviated by rate adjustments or an increase in administrative capacity for IA delivery. These are whole of community

challenges that require integrated and coordinated responses across the First Nation and from funding governments. Delivering IA, as with the delivery of any social program, is influenced by the community's environment.

IFSD is contemplating three questions as it prepares its final analysis and recommendations for IA Program reform:

1) Do higher rates improve outcomes?
2) Do integrated services improve outcomes?
3) Do First Nations with supplementary revenues (outside of government resources) have improved outcomes?

Outcomes are measured through the well-being of the community, the portion of the population receiving IA, and the duration of access to IA benefits.

Relationships between expenditures and outcomes in IA are challenging to assess with available data. IFSD attempted to assess economic opportunity in First Nations by leveraging rural economic opportunity analysis. The researchers retained for the analysis indicated that factors other than geography, population, educational attainment, were impacting economic opportunity in First Nations. These factors may include intergenerational trauma, addictions, traditional lifestyles, etc., that are not consistently captured in national data sets. Analysis of national questionnaire data, e.g., expenditures, number of cases, total population served, geography, etc., did not generate meaningful correlations to drive cost estimation.

To model resource needs to address the gaps, IFSD has identified four approaches to cost estimation. The approaches will generate estimates based on the best available data at a national level to generate national IA Program cost estimates. The approaches apply different assumptions and adjustments. Due to data limitations, **the approaches are top-down for national estimates with escalators and provincial/territorial rates with adjustments** based on findings from collaborators and the national questionnaire. For administrative adjustments on an activity basis, collaborator data will be applied (subject to availability).

The approaches are presented in Table 1. They have different assumptions about program structure and policy, delivery, and funding:

1) National estimate: Current program expenditures + adjustments
2) Rates: Provincial/territorial rates[1] + adjustments
3) *Illustrative* estimate using adjusted rates with assumptions (from the questionnaire) on case composition
4) Per capita estimate of the cost to deliver a life skills or pre-employment support program

[1] Maytree, "Welfare in Canada," published July 2026, https://maytree.com/changing-systems/data-measuring/welfare-in-canada/, and IFSD. Any rates from 2025 were used without adjustment to prices.

The adjustments for the approaches include:

1) Consumer Price Index (for inflation adjustment)
2) Shelter and food portions only of the CPI (for cost adjustment)
3) Remoteness based on the RQAF (consistent with the 2024 Agreement on FNCFS)[2]
4) Administrative costs on an activity basis (per capita, population aged 16-64), from collaborator data)

[2] See for instance, Indigenous Services Canada, “Executive summary of the Final Agreement on Long-Term Reform of the First Nations Child and Family Services Program in Ontario,” last updated May 25, 2026, https://www.sac-isc.gc.ca/eng/1779719239515/1779719261811.

Table 1

Approach	Description	Data requirements	Justification	Limitations
National estimate: Current program expenditures + adjustments	Existing federal expenditures on IA adjusted by: • CPI • Food and shelter portions only of CPI • CPI + remoteness (RQAF) • Food and shelter portions only of CPI + remoteness (RQAF)	• Current federal expenditures on the IA program • CPI and its components • Remoteness adjustment by First Nation	An illustration of costs for the current program, i.e., payments to beneficiaries and costs for administration, with adjustments for current prices and remoteness.	Does not address program structural issues, e.g., administration. Does not necessarily reflect rates to beneficiaries or sufficiency of rate. Depending on contribution agreement structure or grant, First Nation may have latitude in resource allocation and policy to determine IA rates.
Rates: Provincial/territorial + adjustments	Existing provincial/territorial rates for social assistance, adjusted by: • CPI • Food and shelter portions only of CPI • CPI + remoteness (RQAF)	• Current provincial/territorial rates for social assistance	Administrative costs are not included.	Does not address program structural issues, e.g., administration. Does not necessarily reflect sufficiency.

	• Food and shelter portions only of CPI + remoteness (RQAF)			
National estimate: Expenditures with assumptions on case composition and rates + adjustments	Existing provincial/territorial rates for social assistance, adjusted by: • CPI • Food and shelter portions only of CPI • CPI + remoteness (RQAF) • Food and shelter portions only of CPI + remoteness (RQAF)	• Current provincial/territorial rates for social assistance • CPI and its components • Remoteness adjustment by First Nation • Assumptions on the number and proportion of clients by family type	An illustration of national costs when provincial/territorial rates are adjusted for current costs and remoteness. Administrative costs are not included.	Does not address program structural issues, e.g., administration. Does not necessarily reflect rates to beneficiaries or sufficiency of rates Depending on contribution agreement structure or grant, First Nation may have latitude in resource allocation and policy to determine IA rates.
Administrative adjustment	There is a need for life skills and pre-employment support programs in First Nations delivering IA. The proposed per capita estimate is based on collaborator	• Per capita costs for life skills and pre-employment program delivery	Administrative limitations in staffing, integrated case management, data capture and reporting, were defined as challenges in the IA Program.	Administrative supplements may alone be insufficient to generate alternative functions or outcomes in the delivery of IA.

	expenditures for specific activities. **<u>The activities and estimates are under review by IFSD and awaiting collaborator approval for use.</u>**		Leveraging activity-based estimates from collaborators, baseline costs are adjusted by adding administrative costs to reflect a more complex delivery of the program. Administrative costs will be estimated on a per capita basis using the on reserve population aged 16-64, consistent with eligibility criteria and service delivery across the community.	

Approach I: Current ISC expenditures, adjusted

A total expenditure from ISC is used as the baseline. The estimate below is generated using publicly accessible data on the total expenditures associated to the IA Program for fiscal year 2024-25 ($1.4B). IFSD's request for disaggregated expenditure data by First Nation remains outstanding. Should that data request be fulfilled, IFSD will revisit the estimate using detailed expenditure data to generate a national estimate.

The baseline expenditure is adjusted by:

- Inflation
- Population growth
- Remoteness

The table below adjusts the total IA Program expenditures and projects them for the next five years.

		Projections					
	2024-25	**2025-26**	**2026-27**	**20227-28**	**2028-29**	**2029-30**	**2030-31**
ISC reported IA Program total expenditures ($B) (FY 2024-25)	$ 1.40	$ 1.47	$ 2.13	$ 2.24	$ 2.35	$ 2.46	$ 2.58

The per capita cost of administering life skills or pre-employment supports can be added to the estimate, should the data be sufficient from First Nations collaborators.

Approach II: Adjusted IA rates by province/territory

Publicly reported provincial/territorial rates for IA are adjusted to bring them to 2025 prices and then adjusted for remoteness. The adjusted rates are compared to the Market Basket Measure (MBM) thresholds for communities with populations below 30,000 as an illustrative assessment of sufficiency. In all regions, the estimated household income using IA rates adjusted for inflation and remoteness are below the provincial/territorial MBM, with exception to Prince Edward Island.

Current rates were adjusted by:

- Food and shelter components (only) of CPI
- Remoteness

Current applicable provincial/territorial rates	Singles	Couples	Singles with children	Couples with children
Alberta	$ 860	$ 1,288	$ 1,495	$ 1,823
British Columbia	$ 898	$ 1,578	$ 1,255	$ 1,688
Manitoba	$ 921	$ 1,330	$ 1,721	$ 1,880
New Brunswick	$ 939	$ 1,292	$ 1,374	$ 1,410
Newfoundland and Labrador	$ 1,122	$ 2,244	$ 1,458	$ 2,244
Nova Scotia	$ 1,148	$ 2,262	$ 1,500	$ 2,317
Prince Edward Island	$ 1,404	$ 1,872	$ 2,360	$ 2,964
Ontario	$ 733	$ 1,136	$ 1,057	$ 1,250
Quebec	$ 1,132	$ 1,784	$ 1,087	$ 1,873
Saskatchewan	$ 995	$ 1,507	$ 1,381	$ 1,757
Yukon	$ 1,701	$ 2,506	$ 3,021	$ 3,431

Rates adjusted for inflation	Singles	Couples	Singles with children	Couples with children
Alberta	$ 934	$ 1,399	$ 1,624	$ 1,980
British Columbia	$ 1,115	$ 1,959	$ 1,559	$ 2,096
Manitoba	$ 1,056	$ 1,525	$ 1,974	$ 2,157
New Brunswick	$ 939	$ 1,292	$ 1,374	$ 1,410
Newfoundland and Labrador	$ 1,122	$ 2,244	$ 1,458	$ 2,244
Nova Scotia	$ 1,148	$ 2,262	$ 1,500	$ 2,317
Prince Edward Island	$ 1,481	$ 1,975	$ 2,490	$ 3,126
Ontario	$ 975	$ 1,511	$ 1,406	$ 1,663
Quebec	$ 1,235	$ 1,946	$ 1,186	$ 2,043
Saskatchewan	$ 1,139	$ 1,726	$ 1,581	$ 2,012
Yukon	$ 1,881	$ 2,772	$ 3,341	$ 3,795

Rates adjusted for inflation and remoteness	Singles	Couples	Singles with children	Couples with children
Alberta	$ 1,198	$ 1,794	$ 2,082	$ 2,539
British Columbia	$ 1,482	$ 2,605	$ 2,072	$ 2,787
Manitoba	$ 1,597	$ 2,306	$ 2,983	$ 3,260
New Brunswick	$ 1,152	$ 1,585	$ 1,686	$ 1,730
Newfoundland and Labrador	$ 1,747	$ 3,495	$ 2,271	$ 3,495
Nova Scotia	$ 1,404	$ 2,767	$ 1,835	$ 2,834
Prince Edward Island	$ 1,818	$ 2,425	$ 3,057	$ 3,839
Ontario	$ 1,415	$ 2,192	$ 2,040	$ 2,412
Quebec	$ 1,658	$ 2,613	$ 1,592	$ 2,744
Saskatchewan	$ 1,510	$ 2,287	$ 2,096	$ 2,666
Yukon	$ 2,597	$ 3,826	$ 4,613	$ 5,239

Annual MBM rates for population below 30,000	Singles	Couples	Singles with children	Couples with children
Alberta	$ 27,927	$ 39,495	$ 48,371	$ 55,854
British Columbia	$ 27,344	$ 38,670	$ 47,360	$ 54,687
Manitoba	$ 26,937	$ 38,094	$ 46,655	$ 53,873
New Brunswick	$ 25,488	$ 36,045	$ 44,146	$ 50,975
Newfoundland and Labrador	$ 26,211	$ 37,068	$ 45,399	$ 52,422
Nova Scotia	$ 25,959	$ 36,711	$ 44,961	$ 51,917
Prince Edward Island	$ 27,067	$ 38,279	$ 46,881	$ 54,134
Ontario	$ 26,437	$ 37,387	$ 45,789	$ 52,873
Quebec	$ 23,553	$ 33,309	$ 40,795	$ 47,106
Saskatchewan	$ 25,751	$ 36,417	$ 44,602	$ 51,502
Yukon	$ 33,976	$ 48,049	$ 58,847	$ 67,951

Across regions, estimated household incomes on IA rates are all below their respective MBMs, except for Couples in Newfoundland and Labrador.

Annual IA rates minus MBM rates	Singles	Couples	Singles with children	Couples with children
Alberta	$ (13,553)	$ (17,967)	$ (23,383)	$ (25,384)
British Columbia	$ (9,559)	$ (7,410)	$ (22,491)	$ (21,248)
Manitoba	$ (7,773)	$ (10,423)	$ (10,855)	$ (14,752)
New Brunswick	$ (11,660)	$ (17,020)	$ (23,909)	$ (30,215)
Newfoundland and Labrador	$ (5,241)	$ 4,872	$ (18,149)	$ (10,482)
Nova Scotia	$ (9,108)	$ (3,509)	$ (22,945)	$ (17,908)
Prince Edward Island	$ (5,248)	$ (9,176)	$ (10,192)	$ (8,062)
Ontario	$ (9,462)	$ (11,079)	$ (21,311)	$ (23,926)
Quebec	$ (3,655)	$ (1,950)	$ (21,688)	$ (14,182)
Saskatchewan	$ (7,632)	$ (8,974)	$ (19,454)	$ (19,506)
Yukon	$ (2,809)	$ (2,133)	$ (3,495)	$ (5,087)

Approach III: Illustrative national estimates based on case composition from the national questionnaire

First Nations that completed IFSD's questionnaire provided information on the number of IA clients by family type (case composition). IFSD used these data to:

- Estimate an average ratio for each family type
- Apply the ratios to First Nations' populations aged 16-64 to estimate the case composition by First Nation
- Multiply the estimated number of clients by the applicable IA rates to estimate total IA expenditures for each region and nationally

The resulting estimates were then adjusted for inflation and remoteness.

There are caveats to this approach:

- Case composition is assumed and is limited to four family types

- Duration of IA is assumed to be a calendar year
- Additional benefits, e.g., supplementary benefits, disability supports, are excluded from the analysis

While the approach is a helpful illustration of costs, it is prudent to focus on specific rates and their adjustments. Only when case composition, duration on IA, and supplementary benefits are known can bottom-up estimates be generated with greater precision.

Baseline

Based on current applicable provincial rates	Singles	Couples	Singles with children	Couples with children	Total
Alberta	$ 129,448,236	$ 22,517,932	$ 79,824,408	$ 31,578,033	$ 263,368,608
British Columbia	$ 103,770,564	$ 21,184,784	$ 51,473,094	$ 22,453,509	$ 198,881,950
Manitoba	$ 166,355,042	$ 27,900,390	$ 110,243,523	$ 39,082,390	$ 343,581,346
New Brunswick	$ 17,516,250	$ 2,799,323	$ 9,093,581	$ 3,026,501	$ 32,435,655
Newfoundland and Labrador	$ 7,618,590	$ 1,769,781	$ 3,511,851	$ 1,753,498	$ 14,653,720
Nova Scotia	$ 24,257,717	$ 5,551,567	$ 11,243,360	$ 5,634,233	$ 46,686,878
Prince Edward Island	$ 1,754,735	$ 271,844	$ 1,046,666	$ 426,388	$ 3,499,633
Ontario	$ 136,492,007	$ 24,569,512	$ 69,819,231	$ 26,786,377	$ 257,667,127
Quebec	$ 125,729,045	$ 23,014,365	$ 42,826,794	$ 23,940,196	$ 215,510,400
Saskatchewan	$ 150,572,912	$ 26,488,171	$ 74,133,461	$ 30,598,227	$ 281,792,771
Yukon	$ 12,631,785	$ 2,161,506	$ 7,958,074	$ 2,932,121	$ 25,683,486
Total	$ 876,146,883	$ 158,229,175	$ 461,174,043	$ 188,211,473	$ 1,683,761,573

IA cost at 2025 prices, using combined food and shelter inflation

Based on provincial rates	Singles	Couples	Singles with children	Couples with children	Total
Alberta	$ 140,580,784	$ 24,454,474	$ 86,689,307	$ 34,293,744	$ 286,018,309
British Columbia	$ 128,883,040	$ 26,311,502	$ 63,929,582	$ 27,887,258	$ 247,011,382
Manitoba	$ 190,809,234	$ 32,001,748	$ 126,449,321	$ 44,827,501	$ 394,087,804
New Brunswick	$ 17,516,250	$ 2,799,323	$ 9,093,581	$ 3,026,501	$ 32,435,655
Newfoundland and Labrador	$ 7,618,590	$ 1,769,781	$ 3,511,851	$ 1,753,498	$ 14,653,720
Nova Scotia	$ 24,257,717	$ 5,551,567	$ 11,243,360	$ 5,634,233	$ 46,686,878
Prince Edward Island	$ 1,851,246	$ 286,796	$ 1,104,232	$ 449,839	$ 3,692,113
Ontario	$ 181,534,369	$ 32,677,451	$ 92,859,577	$ 35,625,882	$ 342,697,278
Quebec	$ 137,170,389	$ 25,108,672	$ 46,724,032	$ 26,118,753	$ 235,121,846
Saskatchewan	$ 172,405,984	$ 30,328,956	$ 84,882,813	$ 35,034,969	$ 322,652,722
Yukon	$ 13,970,754	$ 2,390,626	$ 8,801,630	$ 3,242,926	$ 28,405,935
Total	$ 1,016,598,356	$ 183,680,894	$ 535,289,287	$ 217,895,105	$ 1,953,463,643

IA cost at 2025 prices adjusted for remoteness Based on provincial rates	Singles	Couples	Singles with children	Couples with children	Total
Alberta	$ 180,304,675	$ 31,364,571	$ 111,185,091	$ 43,984,122	$ 366,838,460
British Columbia	$ 171,358,103	$ 34,982,795	$ 84,998,398	$ 37,077,863	$ 328,417,159
Manitoba	$ 288,446,153	$ 48,377,014	$ 191,153,330	$ 67,765,695	$ 595,742,192
New Brunswick	$ 21,494,503	$ 3,435,099	$ 11,158,896	$ 3,713,874	$ 39,802,372
Newfoundland and Labrador	$ 11,865,716	$ 2,756,379	$ 5,469,598	$ 2,731,019	$ 22,822,711
Nova Scotia	$ 29,671,104	$ 6,790,463	$ 13,752,445	$ 6,891,576	$ 57,105,588
Prince Edward Island	$ 2,273,330	$ 352,185	$ 1,355,997	$ 552,403	$ 4,533,915
Ontario	$ 263,406,369	$ 47,414,981	$ 134,739,246	$ 51,693,155	$ 497,253,751
Quebec	$ 184,171,789	$ 33,712,152	$ 62,734,010	$ 35,068,338	$ 315,686,289
Saskatchewan	$ 228,498,878	$ 40,196,589	$ 112,499,735	$ 46,433,720	$ 427,628,922
Yukon	$ 19,287,089	$ 3,300,338	$ 12,150,941	$ 4,476,966	$ 39,215,334
Total	$ 1,400,777,709	$ 252,682,565	$ 741,197,688	$ 300,388,730	$ 2,695,046,692

IFSD is reflecting on interim recommendations and highlights the following considerations:

1) Provincial/territorial IA rates should be adjusted to reflect the higher cost of living and differentiated circumstances of First Nations;
2) Additional funding for life skills and/or pre-employment supports should be allocated to the IA program on a per capita basis to recognize needs in communities and support administrative costs.
3) AFN may wish to focus its advocacy on policy redesign and rate sufficiency, rather than aggregate national cost estimates of the IA Program.