



Funding First Nations child and family services (FNCFS): A performance budget approach to well-being

How does this work connect to the Canadian Human Rights Tribunal (CHRT) rulings on FNCFS?

- The Canadian Human Rights Tribunal (CHRT) found the First Nations child and family services (FNCFS) system to be discriminatory and inadequately funded.
- Canada was ordered to develop an alternative system to fund FNCFS that focuses on prevention and addresses the funding gaps identified by the CHRT.
- Canada has supplemented the current system with Tribunal-mandated funding for retroactive payments, as well as for wellness/prevention focused programming.
- While there have been benefits from the supplementary funding, the funding is short-term and does not solve the underlying challenge of the system.
- The current fee-for-service funding system is focused on protection and maintenance. This means that agencies and service providers do not have the flexibility required to allocate resources to focus on well-being and prevention based on community need.
- What is needed is a First Nations-led data architecture, with funding commensurate to need in communities.
- This work seeks to reset the structure, funding, and governance of the current FNCFS system to mitigate and address the causes of contact with the protection system.
- The proposed approach has two connected parts:
 - 1) **The *Measuring to Thrive* framework for well-being:** developed by agency leadership, experts, and practitioners, the framework is designed for data collection by First Nations for First Nations. The interrelated elements of child, family and community well-being are captured through a series of culturally informed indicators. The information collected can be used as evidence to support decision-making and planning efforts by First Nations. As data is collected and turned into evidence, it can help to improve the alignment of funding to the goals of child, family, and community well-being.
 - 2) **A needs-based funding structure:** designed to address known gaps in FNCFS funding, including prevention, information technology, capital, geography, poverty, and data collection for results. Funding is allocated through these components and transferred as a block to the entity providing FNCFS. This equips the service provider with the necessary resources and flexibility to apply them to meet the needs of the First Nations served.
- Taken together, the *Measuring to Thrive* framework and the new funding structure offer a new vision built from the bottom-up with FNCFS agencies to journey toward the goal of holistic wellness for children, their families, and communities.

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How does this work connect to An Act respecting First Nations, Inuit and Métis children, youth and families (formerly, bill C-92)?

- Three core principles frame *An Act respecting First Nations, Inuit and Métis children, youth and families* (section 9): acting in the best interest of the child; substantive equality of services; the importance of cultural continuity.
- With the goal of holistic well-being, this work presents a performance architecture (the *Measuring to Thrive* framework) and a funding architecture to reform the resourcing and results tracking of the First Nations child and family services (FNCFS) system.
- The Act affirms the right to self-governance and provides a platform for interested Indigenous governing bodies to assume jurisdiction in child and family services.
- Whether through an existing FNCFS agency or through the development of an alternative structure, the planning, delivery, and ongoing assessment of child and family services requires financial resources.
- This work aligns to the spirit and letter of the Act in three ways:
 - 1) **Defines funding parameters:** There are no clear funding mechanisms in the Act (other than a requirement to negotiate an agreement to determine fiscal arrangements for the provision of child and family services). This work defines a funding approach for the provision of FNCFS with a future-focused vision rooted in well-being to support equity and the best interests of the child through a culturally informed approach.
 - 2) **Promotes equity in service provision:** The approach is designed to fund service providers to deliver their mandates by addressing root causes of contact with the protection system, e.g. poverty. Resource allocation is informed by relevant data (collected by First Nations for First Nations) and need.
 - 3) **Emphasizes First Nations control:** Funding is transferred in a ‘block’ to promote flexibility in resource application by service providers. This means that those on the ground can allocate resources to promote the best interests of the child in a culturally informed way, without penalty.
- The proposed funding approach responds to the requirement in the Act to determine fiscal arrangements that address long-term positive outcomes, substantive equality, and needs. Designed and built from the bottom-up, this funding approach captures a critical mix of resources and structures for thriving First Nation children, families, and communities, as expressed by those working on the ground.

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What's this work about?

There have been important changes in First Nations child and family services in the last four years:

- The Canadian Human Rights Tribunal (CHRT) found the First Nations child and family services (FNCFS) system to be discriminatory and inadequately funded. These rulings required Canada to provide agencies and First Nations with short-term funding to address funding gaps to meet some FNCFS needs.
- *An Act respecting First Nations, Inuit and Métis children, youth and families* became law in 2020, affirming the right to self-governance in FNCFS, and providing a platform for interested Indigenous governing bodies to assume jurisdiction in child and family services. There are three core principles in the Act: acting in the best interest of the child; substantive equality of services; and the importance of cultural continuity.

In this context, a new approach to performance measurement and funding are proposed to support the well-being of First Nations children, families and communities. This work represents a departure from the current state's funding and performance tracking. The new approach is built from the bottom-up, informed by FNCFS agencies, experts, and practitioners.

The approach (including the performance framework and funding structure) responds to this changed context in three ways:

- 1) **It resets the current system to focus on well-being.** The current state for many First Nations living on-reserve is a challenging one, with inequitable points of departure across health and well-being indicators. To shift focus to a holistic conception of well-being of First Nations children and families means also supporting the well-being of communities. The *Measuring to Thrive* framework was developed by agency leadership, experts, and practitioners, for data collection by First Nations for First Nations.

The Measuring to Thrive framework marks a departure from the current state of performance measurement for the FNCFS program. Understanding a child's environment is integral to their well-being. How can a child be well if their housing is not safe and secure? If potable water is not readily available? If the effects of trauma and addictions impact their communities? Measuring to Thrive connects children, families, and communities to capture a holistic vision of well-being. Thriving First Nations children need thriving First Nations communities.

The information collected can be used as evidence to support decision-making and planning efforts by First Nations. As data is collected and turned into evidence, it

can help to improve the alignment of funding to the goals of child, family, and community well-being.

- 2) **It addresses known gaps in FNCFS funding.** Children, families and communities have needs. Some may need more support than others for various reasons. Professionals and communities should have the tools, resources, and flexibility with which to employ them to address the *causes of the causes* of need. The choice of tools should not have adverse fiscal consequences, when accountable decisions are made for the well-being of children, families and communities.

To deliver on the desired goal expressed in Measuring to Thrive, a funding approach that is informed by need with latitude for service providers to act in the best interests of those they serve is necessary. A bottom-up funding approach was designed as a block transferred budget with components addressing gaps in need, including prevention, poverty, geography, information technology, capital, with supplements for the shift to a results-focused approach. Funding is allocated through these components and transferred as a block to the entity providing FNCFS. This equips the service provider with the necessary resources and flexibility to apply them to meet the needs of the First Nations served.

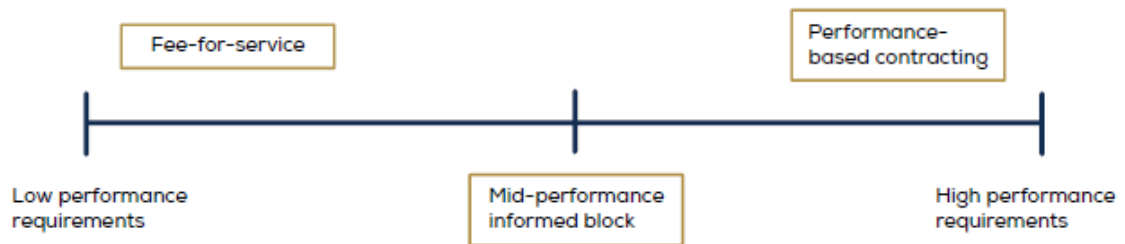
- 3) **It alters the operating requirements for Canada and service providers on the ground.** The new funding and performance architectures represent fundamental changes to the way FNCFS is funded, as well as its accounting for results through the Measuring to Thrive framework, and accountability is reoriented to a dual dynamic between ISC and FNCFS agencies and First Nations.

Data availability, access, and collection will take time to develop. There will be challenges along the way. Shifting from the current to future state system will require an openness to collaboration, in-course adjustments, unforeseen challenges, data-driven approaches, and learning.

To support the transition from the current to future state, a First Nations-led secretariat is proposed. With a dual mandate to support data collection and analysis and operations, the secretariat will be a resource for FNCFS agencies and First Nations.

This work was undertaken with consideration of a changing federal context. The pre-amble of *An Act respecting First Nations, Inuit and Métis children, youth and families* commits the federal government to “engaging with Indigenous peoples and provincial governments to support a comprehensive reform of child and family services that are provided in relation to Indigenous children”. There is an opportunity to leverage these legislative commitments to reset the course on FNCFS, reorienting funding and performance to a holistic vision of well-being.

FIGURE 39: Funding mechanisms on a performance continuum.



The proposed funding approach sits at the performance midpoint between performance-based contracting and a fee-for-service model. It is designed as a multi-year (five year) block transfer, allocated annually to agencies. The results-focused program is intended to maximize flexibility in delivery and to meet needs in communities.

Building a funding approach

A new funding approach to FNCFS will require consideration of the funding principle, the funding mechanism and the allocation mechanism. Combinations of options are possible and require consideration based on the desired results for the funding system (see Figure 40).

FIGURE 40: Overview of funding component options.

Funding approach for FNCFS agencies

Component	Options		
Funding principle <i>Determining when resources are flowed to recipients.</i>	Prospective <i>Before services are provided</i>	Retrospective <i>After services are provided</i>	
Funding mechanism <i>How resources are flowed to recipients.</i>	Block grant <i>One-time funding</i>	Performance-based contract <i>Funding tied to outcomes</i>	Fee-for-service <i>Funding ties to services</i>
Allocation mechanism <i>The basis by which resource allocations are determined for recipients.</i>	Per-capita	Activity-based	Needs-based

In the current state of FNCFS, there is a lack of alignment between social policy and financial resources. Social policy research and FNCFS agencies have repeatedly emphasized the importance of prevention-

All Suggestions Below from IFSD Phase 3 Report

FIGURE 64: Cost estimate overview of the proposed funding approach.

