

First Nations Child Welfare Funding

Indian and Northern Affairs Canada (INAC) is responsible for the provision and funding of child welfare services for First Nations families living on reserves through its First Nations Child and Family Services (FNCFS) Program, created in 1990 and through a separate arrangement in Ontario known as the 1965 Indian Welfare Agreement. INAC provides funding to First Nations, First Nations child welfare agencies, and directly to provinces in some cases. The FNCFS Program supports over 100 First Nations agencies serving approximately 160,000 children and youth in approximately 447 of 573 First Nations communities (First Nations recognize 633 First Nations). The level of funding is determined by a formula developed in 1988. It has been well-documented that the proportion of children on reserves residing in care is far greater than that of children living off reserves.

An audit conducted in May 2008 by the Auditor General of Canada (AOG) and a March 2009 report issued by the Standing Committee on Public Accounts concluded the following regarding the funding of First Nations child welfare on reserves:

1. Funding to First Nations child welfare agencies needs to be compared to provincial funding of similar agencies:

The Committee report indicated concern regarding how the level of funding is determined by INAC and how the Department is assured it is treating First Nations children equitably. The report also states that it would be reasonable to expect First Nations agencies to receive greater funding given their “unique and challenging circumstances.”

2. The current funding formula is outdated:

- The formula is based on the assumption that each First Nations agency has 6% of on-reserve children in care. The AOG audit found that the actual percentages of children in care on reserves ranged from 0-28% in 2007.
- The current formula provides only minimal funding for prevention services and other least disruptive measures to maintain children in the family home (e.g., in-home supports).
- The formula is unresponsive to variations in the operating costs of First Nations agencies (e.g., differences in community needs or size of agencies).
- There is inconsistency across provinces in the interpretation of costs covered by the formula when the province has not fully delegated child welfare services to First Nations agencies.

Will a new funding formula fix the problem?

- A new formula was developed in 2007 in Alberta First Nations agencies based on an enhanced prevention approach to allow greater flexibility to First Nations child welfare agencies to allocate funds to different types of child welfare services (e.g., family supports and kin care).
- This new formula has since been implemented in Saskatchewan and Nova Scotia and INAC hopes to implement it in the remaining provinces by 2012.

- Both the AOG audit and the Standing Committee report expressed concerns that the new formula still calculates funding based on a fixed percentage of First Nations children in care rather than using need as the basis for funding.
- The Committee notes that continuing to use a fixed percentage as the basis for funding under the new formula will leave some agencies still underfunded to provide needed services to children and families.
- The Committee was also “quite concerned” that the majority of First Nations children in care on reserves continue to live under a funding policy that clearly does not work.
- The Committee recommends that INAC immediately modify First Nations child welfare funding on reserves rather than wait for new agreements with provinces to be signed as many First Nations children are currently being taken into care unnecessarily and **“This is unacceptable and clearly inequitable.”**

References:

Auditor General of Canada report (May, 2008). *Chapter 4: First Nations Child and Family Services Program-Indian and Northern Affairs Canada.*

Standing Committee on Public Accounts (March, 2009). *Chapter 4, First Nations Child and Family Services Program- Indian and Northern Affairs Canada of the May 2008 report of the Auditor General.*

**Compiled by Nicole Petrowski, Centre of Excellence for Child Welfare
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