

# Study of Budget Needs and Funding for Small First Nations in the Amended Draft Final Settlement Agreement for Long Term Reform of FNCFS Program



## Background

The Caring Society contracted EngageFirst Management Consultants to analyze the budget needs and funding available for small First Nations under the Draft Final Settlement Agreement (FSA) for Long Term Reform of the First Nations Child and Family Services (FNCFS) Program. EngageFirst conducted the study between September 2024 and May 2025, gathering information from online research and consultations with five small FNCFS providers, who also contributed data to the study.

For this study, a small First Nation is one with a total (on- and off-reserve) population below the median total population of all First Nations in Canada, which is 1054 members. The median on-reserve population for all First Nations in Canada is 454 members. The median total population of small First Nations is 504 members, and the median on-reserve population for small First Nations is 194 members.

Although the study was limited because of information gaps and challenges in achieving a representative sample (given time constraints), the study uses reasoned assumptions and inferences, taking care to reduce the impact of the limitations on the findings and conclusions.

## Key Findings

1. The five FNCFS providers included in the study are effective largely due to their overarching approach of holistic, culturally relevant, culturally connected, person-centered, multi-generational, and relationship-based child and family safety and wellbeing.
2. FNCFS providers are incrementally building organizational capacity that supports the skills, competencies, tools, and practices of culturally based prevention and protection services. They are also building their functional capacity in data and analytics, financial management, and technology to optimize service delivery to remote and sparse populations. Additional funding is needed to continue building this capacity to meet the expectations of the draft FSA.
3. The Draft FSA split of prevention and protection funding and services into arbitrary categories for administrative convenience does not align with the holistic service delivery of FNCFS. A block funding approach would allow FNCFS providers to prioritize the ways in which the safety and well-being of children, youth, and families are interconnected.
4. The funding for prevention in the Draft FSA is calculated using on-reserve populations, meaning members who reside off-reserve would not have access to prevention from their First Nation. Prevention supports for off-reserve members is crucial to First Nations. Participants expressed that there must be adequate funding to support off-reserve delivery and well-articulated and well understood reciprocal service delivery agreements between Provincial/Territorial governments and FNCFS providers.
5. The baseline funding outlined in the Draft FSA is not actually a baseline, since it is not minimum funding for an FNCFS agency. Instead, it is funding that is available only as long as children are in the legal care of the agency, which means it disincentivizes keeping families together and keeping children at home. FNCFS providers who are successful in reducing the number of children in care to zero would lose not only their baseline funding, but also their top-up funding, as both are tied to the number of children in care. This funding should, instead, be structured to incentivize keeping children at home and reducing the number of children in care.
6. The Draft FSA proposes a minimum guarantee of \$75,000 to small First Nations for delivering prevention services. However, the rationale for this amount is unclear. This amount reflects approximately 10% of the operational budget for a FNCFS provider to supply prevention services for an on-reserve population of 30 members. It does not factor in the direct cost of support and other realities of delivering prevention services in small and remote First Nation communities, including the direct costs of supporting families and staffing challenges, such as backfill and vacancies. It also appears that the minimum guaranteed

amount is not available for a First Nation that is not receiving services from a FNCFS agency.

7. For a First Nation with an on-reserve population of up to 175 members, the funding proposed in the Draft FSA would fund about 60% of the operating budget of \$1.2 million per year. For a First Nation with a total (on- and off-reserve) population of up to 175 members, the Draft FSA would fund only about 45% of the operating budget of \$1.2 million per year. For a FNCFS provider serving a total population of 1054 members (the median total on- and off-reserve population of First Nations in Canada), the Draft FSA would fund approximately 73% of the operating budget of \$4.13 million per year. For a small First Nation with a total population below 504 members (the median for small First Nations), in the best case, the Draft FSA would fund approximately 86% of the operating budget of \$2.2 million per year when 97% of members are living on-reserve. In the worst case, the Draft FSA proposes to fund approximately 39% of the operating budget of \$2.6 million per year when 26% of members are living on-reserve.
8. A possible pathway to financially sustainable operations for small FNCFS agencies could be through amalgamation of services with other First Nations. FNCFS agencies who meet the threshold of 1150-1300 total population, with or without amalgamation, and with a 90% on-reserve population, may receive funding that adequately supports their vision of self-jurisdiction.

gathering;

- Conduct financial modeling and scenario analysis to determine minimum outcomes and preferred outcomes from any future negotiated agreement with Indigenous Services Canada;
- Implement strategies to build consistency and shared standards in gathering, storing, and reporting financial and operational data for the FNCFS sector to ensure the availability of reliable data and enable reliable analysis on regional and national levels;
- Implement strategies to enhance the capacity of FNCFS providers for data management, analytics, and performance management to meet the expectations and accountabilities stemming from the Draft FSA or any other future agreement.

Find the full study here:

<https://fncaringsociety.com/publications/study-budget-needs-and-funding-amended-draft-agreement-long-term-reform-fncfs-program>.

## Proposed Next Steps

There is a complex interplay between the variables that affect the operational needs of FNCFS providers and the funding proposed in the Draft FSA, and many more questions need to be answered regarding the operational needs, challenges, and implications of the Draft FSA on First Nations wanting to deliver child and family services under their own jurisdiction.

The researchers proposed the following next steps:

- Conduct a thorough analysis of the Draft FSA and any future agreements for alignment with all Canadian Human Rights Tribunal rulings related to the long-term reform of the FNCFS program;
- Gain further clarity regarding the terms of the Draft FSA or any future agreement with a more rigorous study and modelling, and using more participative and focused data