



First Nations K-12 Education Transformation Review and Costing Analysis

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Executive Summary

Background

In 2019, Canada replaced inadequate proposal-based education programs with regional education approaches and funding models aimed at providing more sufficient, predictable, and sustainable core funding. This endeavour for improvement is referred to as the *First Nations K – 12 Education Transformation*. The First Nations K – 12 Education Transformation includes two key phases:

- Implementation of Interim Regional Funding Formula (IRFF), which ensures base funding is comparable to provincial systems plus adaptations to address the specific cost drivers for First Nations students, schools and communities.
- Development of Regional Education Agreements (REA) allowing First Nations to replace IRFFs with needs-based funding allocations.

After five years of implementing the co-developed policy proposal, the Assembly of First Nations (AFN) contracted MNP to conduct a study on the costs associated with REAs and the challenges and successes of First Nations K – 12 Education Transformation implementation. The findings and costing information in this study are intended to inform future federal budget asks, guide First Nations in their REA negotiations, and provide recommendations to both Canada and First Nations.

Methodology

MNP's methodology involved a review of publicly available documentation and IRFFs, 18 interviews with representatives of First Nations and First Nations education organizations, and five interviews with AFN staff, Indigenous Services Canada (ISC) officials, education consultants, and subject matter experts assisting First Nations with their REA development. Using the information collected, MNP developed two anonymized needs-based costing examples and the final report.

Major Findings

Interim Regional Funding Formula

The introduction of the IRFFs had the following positive impacts:

- It improved funding transparency, resulted in more equitable funding distribution, and addressed long-standing funding disparities that existed between First Nations and provincial educational systems.
- It included several positive additions above and beyond provincial comparability (adaptations for remoteness in fly-in communities in Ontario, improvements to transportation funding, funding for before-and after-school programs, student support funding, and others.)
- There have also been positive changes in student eligibility criteria, including the removal of nominal roll attendance requirements and the inclusion of adult students.



Among key challenges related to the IRFF:

- There was a lack of change management and consistent communications regarding funding changes.
- Funding breakdowns, referred to as side-by-sides, were considered confusing, not user-friendly, and difficult to understand.
- There was a lack of transparency in how funding amounts were calculated and a lack of knowledge of the formula among ISC staff at the regional level.
- First Nations' feedback and recommendations on enhancements to IRFFs were not implemented, making it evident that region-wide technical tables (e.g., Ontario) were more successful in advocating changes to their IRFFs than those that did not have those tables.

Lastly, there is agreement that First Nations are starting from a very different starting point so funding parity with provincial school jurisdictions is insufficient to ensure parity in educational outcomes.

Regional Education Agreements

To date, 10 REAs have been signed. Additionally, there are 14 active negotiations tables: three in Saskatchewan (near completion), four in Alberta, one in Manitoba, two in Ontario, one in Quebec, and three in the Atlantic region. While some progress is being made, 10 First Nations groups that initially indicated willingness to pursue an REA have either officially withdrawn or suspended the process. Additionally, 29 other groups have stopped engaging with ISC or showing that REA development activities are underway.

The limited success of REAs is rooted in a lack of formal published communications and training, a lack of meaningful and open dialogue and collaboration, constant staff turnover, and — ultimately — a lack of funding to conclude agreements. With the exception of large regions represented by strong support organizations such as the First Nations Education Council (FNEC) in Quebec and the First Nations Education Steering Committee (FNEC) in BC, First Nations across Canada, including those that have a current REA, have been unsuccessful in negotiating needs-based funding, despite having submitted multiple budget requests to ISC.

While this situation has led to significant disappointment among First Nations, some REA holders have noted positive developments in governance. Specifically, REAs have been instrumental in establishing clear governance structures and creating education authorities that operate independently from chief and council.

Costing Results

In order to assist First Nations with the development of their REA costing and quantify the funding gap, MNP created two anonymized costing examples. For simplicity, MNP divided all K – 12 education costs into seven categories: governance and administration, instruction, inclusive education, transportation, operations and maintenance, and wrap-around supports.

The table below provides a comparative analysis of the current funding per student and the needs-based cost estimate per FTE across various First Nation educational authorities of different sizes and geographic zones. The costing data for the first two First Nations is estimated by MNP, and the data for the latter three is based on needs-based budget requests submitted by the REA holders.



First Nation	Geographic Zone	Number of Schools	Number of Students	Current Funding per FTE Generated by IRFF	Needs-Based Cost Estimate Per FTE
Ontario Fly-in First Nation*	4	1	145	\$33,830	\$74,612
Alberta Urban First Nation Education Authority*	1	3	450	\$22,420	\$43,557
Saskatchewan First Nation Education Authority	4	4	1,229	\$24,718	\$59,978
New Brunswick First Nation	2	1	358	\$16,996	\$39,996
Alberta First Nation Education Authority	2	6	1,242	\$23,940	\$50,122

*Costing for the first two First Nations is calculated by MNP.

The data in the table shows that remote and fly-in communities face much higher operational costs due to higher salary costs, reliance on external professionals and consultants to carry out education functions, high travel costs, etc. Further, based on a comparison between Ontario and Saskatchewan Zone 4 communities, larger enrolment sizes help distribute fixed costs more effectively, reducing the per-student cost.

However, even with larger student populations, as seen in the Saskatchewan and Alberta First Nation Education Authorities, significant funding gaps remain, preventing First Nations from substantive equality and parity of education outcomes.

Summary of Recommendations

In response to the identified challenges and funding gaps, MNP developed the following recommendations for ISC, as well as First Nations considering pursuing an REA.

Summary of Recommendations to Indigenous Services Canada (ISC)	
1	Work with First Nations and funding experts to improve the format and readability of the existing funding information package(s), i.e., side-by-sides, etc.
2	Provide detailed background/calculations, in addition to an Interim Regional Funding Formula Overview (funding manual).
3	Distribute funding information in advance of the new fiscal year, even if some formula elements are subject to change based on the official budget allocations/announcement.
4	Engage with First Nations nationwide to better understand nominal roll trends and develop accurate enrolment projections. This will help predict operational funding needs and plan for capital expansions.
5	Develop a formal framework for the development, renewal, and negotiation of REAs, including fiscal and policy parameters for future agreement negotiations and an approach to REAs based on First Nations-developed funding formulas.



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6	Develop and publish a formal REA guidebook, which includes, but is not limited to, the REA development process, a budget ask submission, a sample outcome reporting framework, description of the annual budget cycle, as well as sample agreements and best practices.
7	In consultation with First Nations organizations, develop training sessions for regional office staff and First Nations. Topics should include annual IRFF changes, REA negotiations, and differences between education agreements, as well as the role of ISC. The audience should include education directors, service providers, boards, and chiefs and councils.
8	Implement nationwide funding enhancements in key gap areas, such as inclusive education, language and culture, nutrition, and operations and maintenance, regardless of whether the REA is in place or not.
9	Incorporate recurring expenses currently covered by Jordan's Principle into core funding.
10	Explore an incremental funding approach for needs-based budget submissions, where First Nations can access an increasing portion of agreed-upon, needs-based funding negotiated through an REA.

Summary of Recommendations to First Nations

1	Ensure community buy-in before starting technical table discussions with ISC. Lack of early community engagement can disrupt negotiations, requiring adjustments or halting discussions completely. Engagement should address funding, programming, service delivery, governance, and outcome measures defining educational success for the First Nation(s).
2	Secure a Memorandum of Understanding (MOU) with ISC to negotiate an REA, outlining roles and responsibilities, the structure, and the frequency of negotiation tables.
3	Link any funding requests to improvements in educational outcomes. For a successful budget submission, ISC emphasizes the need for predictable, credible, and recent data, plus strong evidence-based justification showing how additional funding will improve student outcomes.
4	Collaborate with other First Nations in the region. Even if signing an REA at a regional level is not feasible, it is helpful to work with partners to develop common REA tools and templates. Additionally, organizing joint advocacy efforts at a regional level tends to yield better results than having each First Nation approach the government independently.
5	Engage a strong team composed of education leaders, technical experts, lawyers, government relationship professionals, and formula specialists.
6	Take ownership of the negotiation process. First Nations should assume leadership in setting agendas, documenting next steps, and ensuring timely follow through on action items committed to by ISC.
7	Plan for transition. It is essential to secure funding and develop a plan to support key transition activities that must take place after the REA signing.



Introduction

In December 2017, AFN Resolution 65/2017: *New Interim Funding Approach for First Nations Education* supported policy or program changes that advance First Nations control of First Nations education. In 2019, in co-development with the Chiefs Committee on Education (CCOE) and the National Indian Education Council (NIEC), Canada pledged to transform First Nations education funding on-reserve. It subsequently replaced its outdated and inadequate proposal-based education programs with regional education approaches and funding models that aimed to provide more sufficient, predictable, and sustainable core funding. This endeavour for improvement is referred to as the *First Nations K – 12 Education Transformation*. Implemented as of April 1, 2019, with subsequent enhancements in 2021 and 2022, the new co-developed framework:

- Replaced several outdated funding approaches with base funding that is comparable to provincial systems across the country.
- Provided additional investments in language and culture programming, full-time kindergarten for four- and five-year-old children, before- and after-school programming, as well as other programs.
- Offered the opportunity for First Nations to develop REAs to respond to the education goals and priorities set by participating First Nations.

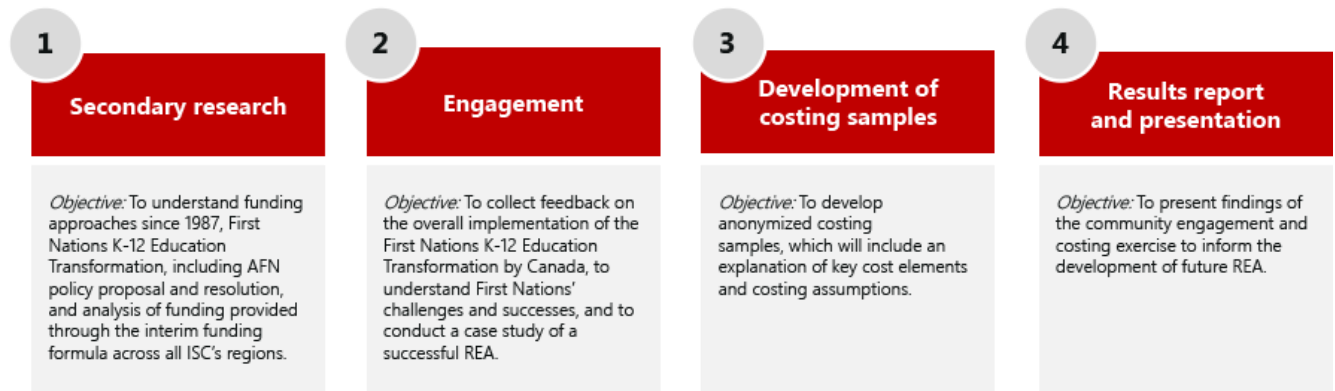
After five years of implementing the co-developed policy proposal, AFN contracted MNP to conduct a study on the costs associated with REAs and the challenges and successes of First Nations K—12 Education Transformation implementation. This study is intended to inform future federal budget asks, guide First Nations in their REA negotiations, and reinforce AFN's advocacy by providing recommendations to Canada.



Methodology

Figure 1 below outlines the methodology used for this review and costing analysis. A description of each component follows.

Figure 1: First Nations Education K-12 Transformation costing analysis methodology



Secondary Research

The secondary research reviewed the existing and historic funding approaches and involved:

- A review of First Nations K – 12 Education Transformation background documents and published reports, such as AFN policy proposal and communication materials provided by ISC.
- Analysis of IRFFs across all ISC regions to identify gaps and determine the extent of provincial comparability achieved.
- Examining funding changes and improvements year-over-year.

Engagement

The objective of the engagement phase of this project was to connect with various stakeholder groups across Canada and conduct a case study of a successful needs-based REA¹. The stakeholder engagement focused on Canada's overall implementation of First Nations K – 12 Education Transformation to further understand communications with ISC, achievements of the regional technical tables, budget ask and negotiations process, etc.

A particular focus was placed on gathering cost data, specifically from First Nations that have conducted costing studies and submitted REA budget requests. Through targeted questions developed in collaboration with AFN, MNP collected information regarding the challenges and barriers organizations faced when considering or pursuing an REA.

¹ A needs-based REA incorporates a funding formula specifically designed to address the unique needs of First Nations, rather than one based on provincial parity.



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Eighteen interviews were conducted with organizations that serve 319 on-reserve schools, supporting approximately 38,500 students across Canada. The interviewees were selected to ensure the sample of responses reflected the diversity and experiences of First Nations across Canada. Specifically, MNP's goal was to ensure balanced representation by region, province, type of services provided, size of education system, etc. The map below provides information regarding the geographical distribution and characteristics of the interview participants.

Figure 2: Interview participants for First Nations K-12 Education Transformation Review and Costing Analysis Report





Additionally, a total of five interviews were held with other stakeholders: AFN staff involved in First Nations K – 12 Education Transformation, ISC officials, and education consultants and subject matter experts assisting First Nations with their REA development.

Development of Costing Samples

The anonymized costing samples for two sample First Nations were developed using the following:

- Cost data shared by interview participants (e.g., REA funding asks).
- Secondary research of publicly available data, including collective bargaining agreements, salary information, and provincial school jurisdiction financial reports.
- Input from subject matter experts, like curriculum developers, experienced education system leaders, and service providers.
- First Nations' financial statements.
- MNP's best practice research, as well as data accumulated through previous costing projects.

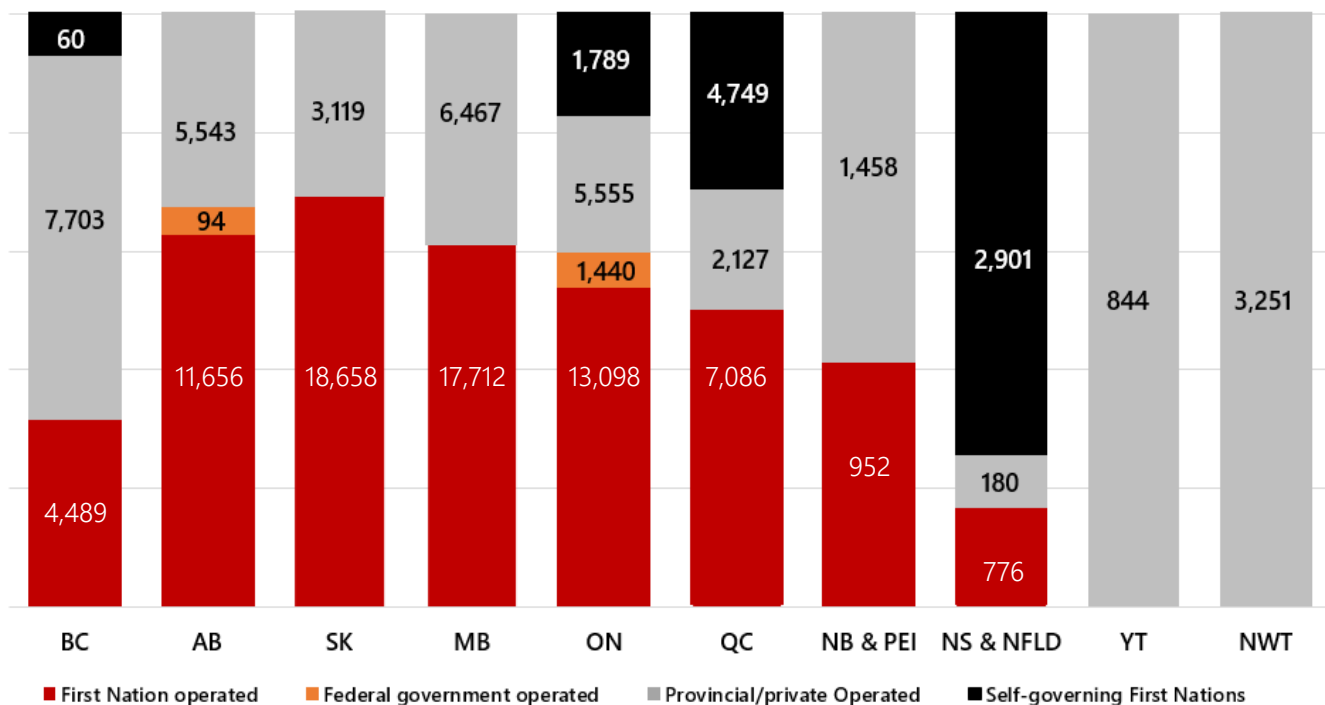


K – 12 Education Program and Funding Overview

First Nations K – 12 Education System

There are more than 120,000 First Nations elementary and secondary students living on-reserve. As of 2021, about 65 percent (a three percent increase from 2015) of these students attended a First Nations-operated school, while roughly 32 percent of First Nations students attended a school in the provincial school system.² Figure 3 shows the number of First Nations students in each province attending schools operated by First Nations, provincial school boards, federal government, as well as self-governing First Nations.

Figure 3: Distribution of First Nations student enrolment by type of school, 2021



Source: Assembly of First Nations K-12 Factsheet (2023) <https://afn.bynder.com/m/583fa08a55428449/original/K-12-Factsheet.pdf>

There are a total of 450 schools in First Nations communities across Canada. Of these, 402 are band-operated, 24 are self-governing, two are private, seven are federal, and 15 are provincial schools. In addition, ISC's Education Information System tracks all school programs, regardless of having a physical asset. This includes virtual schools, kindergarten programs, elementary and secondary programs, and others. There is a total of 543 such school programs in Canada.

² Assembly of First Nations K-12 Fact Sheet, 2023 <https://afn.bynder.com/m/583fa08a55428449/original/K-12-Factsheet.pdf>



Organizations involved in the delivery of education services include:

- Individual First Nations who are the right holders and assume responsibility for education.
- Aggregate First Nations education organizations with delegated authority to deliver all education services on behalf of their member First Nations.
- Second-level service providers like tribal councils, treaty organizations, or other regional organizations authorized by First Nations to deliver specific services on their behalf. Examples of these organizations include Ontario's Nishnawbe Aski Nation (NAN) and the Manitoba First Nations Education Research Centre (MFNERC).

When comparing First Nations education systems to provincial education systems, First Nations (except for those in British Columbia) lack the third-level services typically provided by each province's ministry of education, teachers' unions, and other government-funded organizations. Unlike provincial ministries, ISC's role is solely focused on funding administration and does not include employment services, research, policy development, communications services, data management, and more.

Historical Overview of Education Funding

First Nations receive program funding through contribution agreements to support various educational needs. This funding covers instructional services in on-reserve schools, reimbursement of tuition costs for students who attend off-reserve provincial schools, and other services like transportation, operations and maintenance, and finance. It also supports second-level services, like guidance counselling, special education, libraries, speech therapists, school administration, and student support services.

For the past five decades, First Nations consistently asserted that First Nations control, supported by fair, predictable, and sustained federal funding for education systems, is the cornerstone for overcoming the education outcomes gaps.

First Nations advocacy efforts to improve the sufficiency and predictability of education funding have been extensive and multifaceted, encompassing the following key events, milestones, and publications that have shaped these efforts. For example, initiatives like the Kelowna Accord (2005) and Bill C-33, First Nations Control of First Nations Education Act (2014), though ultimately unsuccessful, have cumulatively influenced the current state of First Nations education. These efforts highlight numerous challenges, including changes in government, lack of political support at the federal level, and limited appetite for legislation.



Figure 4: First Nations Education Historical Milestones





Education Funding Prior to Transformation

Through a combination of core funding and proposal-based mechanisms, both block and non-block First Nations³ received funding for K–12 programs.

Core Funding

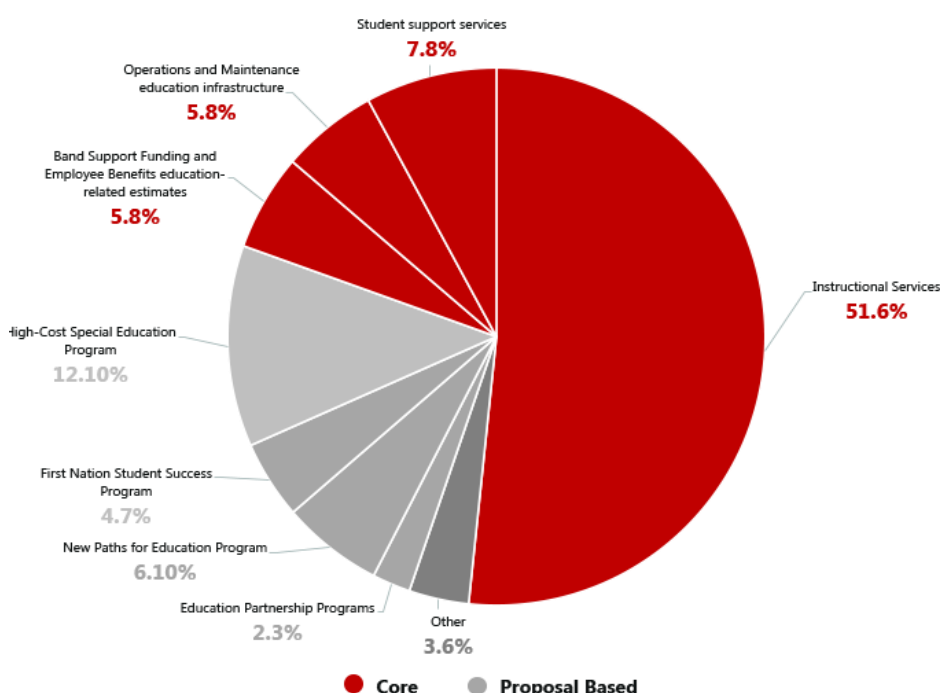
Core funding is a predictable allotment each year used to pay for instructional services, professional and support staff, classroom supplies, student support services, busing for band-operated schools, and tuition fees for students attending provincial schools.⁴

From 1996 to 1997, when the country faced a serious financial deficit, the government capped the annual growth rate of core program funding to First Nations for elementary and secondary education. This included on-reserve schools, as well as other services like social welfare and child and family services. The cap was six percent in 1996 and three percent in 1997, then set at two percent between 1998 and 2016.

At two percent growth, the expansion in core appropriations matched the Bank of Canada's median target inflation rate, leaving the funding unchanged in real terms. However, the 29 percent growth of the First Nations population between 1996 and 2006 means that actual per-student funding declined three to four percent each year.

In contrast, most provinces only continued the constraint on education spending until they returned to balanced budgets in the late 1990s. After that, they ramped up education spending until the recession hit in 2009, resulting in an annual average provincial spending increase on education of 1.7 percent per capita in real terms from 1998 to 2009.

Figure 5: 2018–2019 kindergarten to grade 12 operating expenditures for First Nations education



Source: Indigenous Services Canada, Kindergarten to grade 12 operating expenditures 2018 to 2019 overview (2023) <https://www.sac-isc.gc.ca/eng/1673356052382/1673356084391>

³ Block contribution funding is an option which allows funds to be reallocated within the block of programs, such as education, child and family services, housing etc., as long as progress towards program objectives is being achieved.

⁴ Office of the Parliamentary Budget Officer, Federal Spending on Primary and Secondary Education on First Nations Reserves, 2016, https://publications.gc.ca/collections/collection_2016/dpb-pbo/YN5-113-2016-eng.pdf



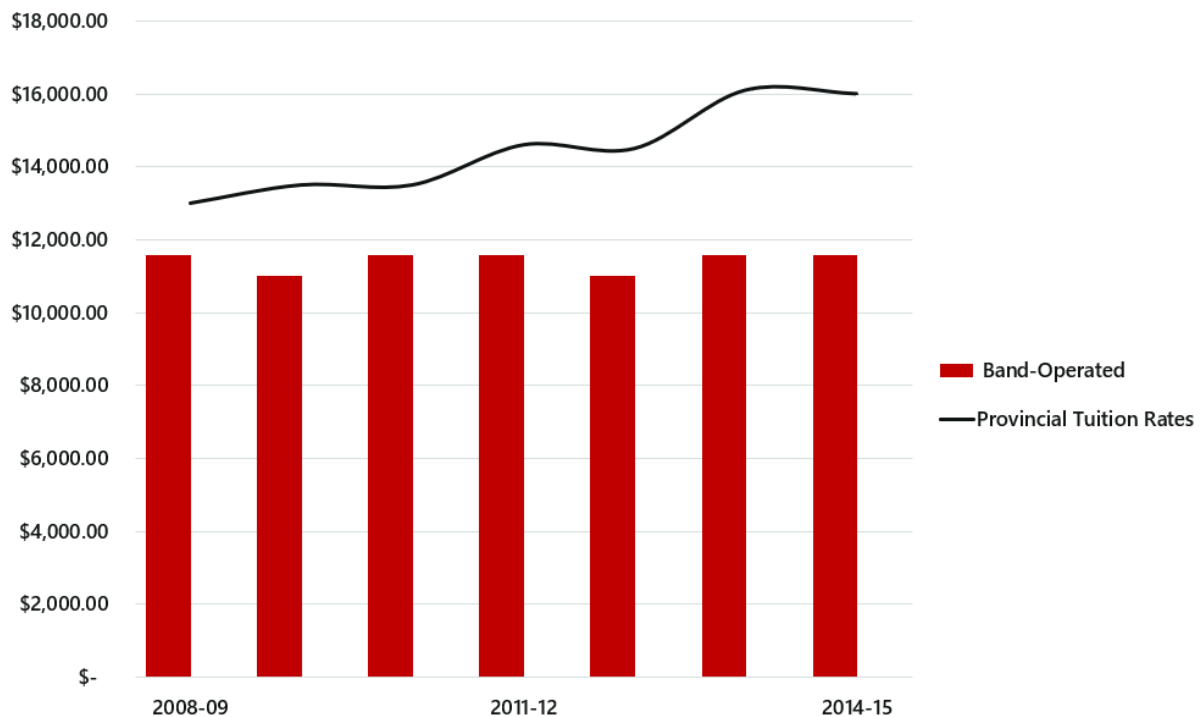
Proposal-Based Funding

Unlike core funding, proposal-based funding typically targets defined or time-limited projects or students with high-cost special needs.

Between 2009 and 2015, Canada increased support for band-operated schools through proposal-based sources like the First Nations Student Success Program (FNSSP), the New Path for Education program, the High-Cost Special Education Program, and several other smaller programs. Figure 5 shows that, in 2018-2019, 28.8 percent of K-12 operating expenditures were allocated through the proposal submission process. The 2016 Parliamentary Budget Officers Report found such combination of core and proposal-based funding mechanisms had several negative impacts on First Nations students:

- **Favoured students living on-reserve who attended provincial schools.** The report outlines these disadvantages using Ontario as an example. Figure 6 below illustrates how, in 2008 – 2009, core funding allocations for Ontario First Nations students attending provincial schools continued to increase from \$13,000 per student to \$16,100 in 2014 – 2015. The allocation for students attending band-operated schools remained at about \$11,600 during this period.

Figure 6: Trends in core funding per student: Ontario example



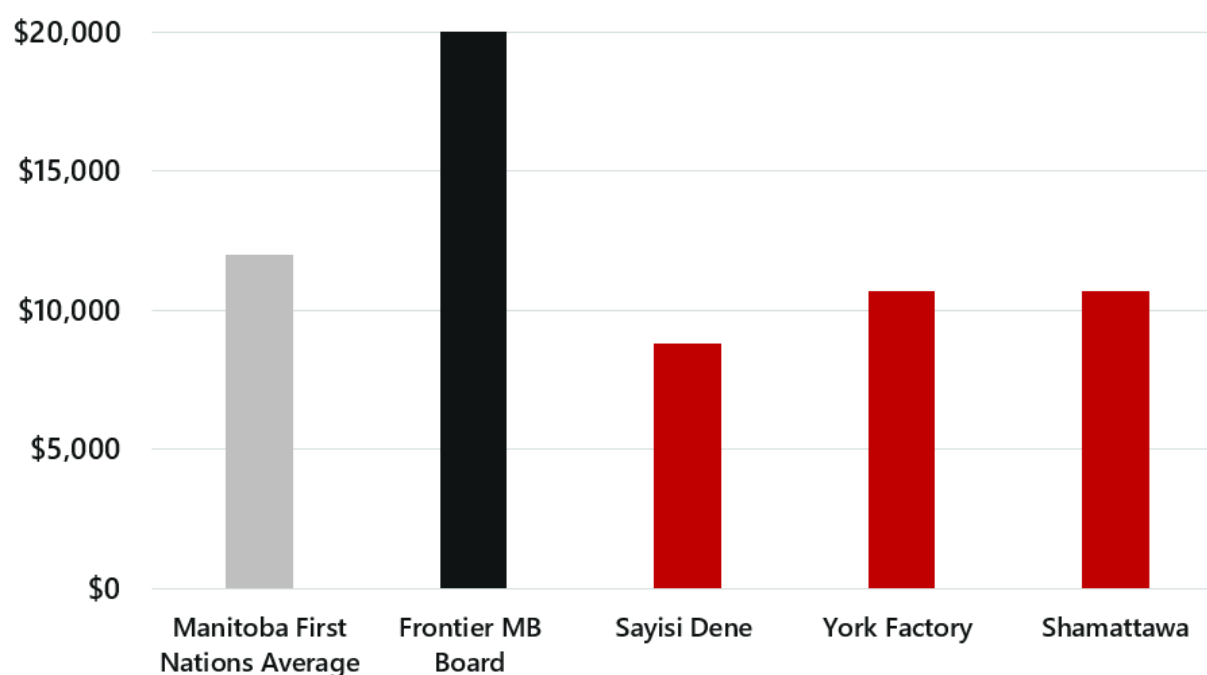
Source: Office of the Parliamentary Budget Officer, *Federal Spending on Primary and Secondary Education on First Nations Reserves* (2016) https://publications.gc.ca/collections/collection_2016/dpb-pbo/YN5-113-2016-eng.pdf



- **Put small schools in northern or remote locations at a significant disadvantage.**⁵ Proposal-based funding increased, offsetting the stagnant growth of core funding. For example, proposal-based funding in Ontario increased from \$11 million in 2008 to over \$31 million in 2015. This funding was awarded to First Nations and First Nations education organizations, such as second-level service providers, and had the capacity to develop successful application proposals. On the contrary, small, remote, and unaffiliated First Nations with less capacity for proposal writing were at a disadvantage, even if their needs were the highest. This is illustrated by an example from Manitoba in Figure 7.

Office of the Parliamentary Budget Officer Report 2016 shows a large variation in total per-student funding rates, including core and proposal funding. The data demonstrates that the three remote northern schools analyzed for 2012-2013 received between \$8,800 and \$10,700 per student, depending on their proposal writing efforts, while the Frontier School Board received \$20,000 per student.

Figure 7: Manitoba Example: 2012-13 Comparisons of Per-Student Funding



Source: Office of the Parliamentary Budget Officer, *Federal Spending on Primary and Secondary Education on First Nations Reserves* (2016) https://publications.gc.ca/collections/collection_2016/dpb-pbo/YN5-113-2016-eng.pdf

These apparent disparities in First Nations education funding drew media attention and — with substantial advocacy from First Nations — quickly became a priority for the newly elected Liberal government. In 2016,

⁵ Office of the Parliamentary Budget Officer, *Federal Spending on Primary and Secondary Education on First Nations Reserves*, 2016, https://publications.gc.ca/collections/collection_2016/dpb-pbo/YN5-113-2016-eng.pdf



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the federal government lifted the two percent cap on First Nations core funding and announced additional funding of \$2.6 billion over five years starting in 2016 – 2017 (Figure 8).

Without a new structure for distributing funding, the additional funds from the 2016 budget announcement continued to be allocated through the existing proposal mechanisms, making these mechanisms an even larger source of funding.

Although unpredictable and lacking structure, the decision to release funds enabled addressing immediate needs and kept pace with short-term cost growth. For instance, language and culture needs were addressed through New Path Program proposals, literacy and numeracy needs through the FNSSP, and special education needs through the High-Cost Special Education Program. Additionally, the gap in teacher salaries was mitigated through Teacher Salary Enhancement Funding.

Figure 8: Indigenous Services Canada’s Annual Investments and Planned Spending on Elementary and Secondary Education



Source: Assembly of First Nations K-12 Factsheet (2023) <https://afn.bynder.com/m/583fa08a55428449/original/K-12-Factsheet.pdf>

Further work on First Nation Education began in response to AFN Resolution No. 16/2016 *Honourable Process to Develop Recommendations to Support First Nations Education Reform*, which called upon the Government of Canada to engage in an honourable process with First Nations to support education reform. A joint working committee was established with representatives from Indigenous and Northern Affairs Canada (INAC), AFN, the CCOE, and the NIEC to address various issues of importance to First Nations education.



This working group conducted engagement between November 2, 2016, and March 31, 2018. The engagement included five methods of data collection: community-level discussions, online surveys, task teams, leadership dialogues, and regional technical discussions. The outcome of that work led to the development of the First Nations K – 12 Education Transformation.

First Nations K – 12 Education Transformation

The year 2017 marked the submission of the policy proposal *Transforming First Nations Elementary and Secondary Education*, co-developed by the AFN, NIEC, and ISC. The proposal called to authorize the Minister of Indigenous Services to use the 2016 budget allocations to enhance First Nations elementary and secondary education through regional models providing predictable and sustainable funding.

The policy proposal went in as a memorandum to cabinet and included the following key elements:⁶

- The implementation of provincial comparability funding models, known as IRFF, replaced ISC funding for school facilities operations and maintenance, education-related band employee benefits, funding from the Elementary/Secondary Education Program, and proposal-based funding from the New Paths Program and FNSSP.
- Support for First Nations in negotiating and finalizing REAs in each region, replacing the IRFF approach.
- Establishment and support of regional technical tables.

In addition to implementing the IRFFs, ISC conducted an expenditure project to analyze all proposal-based funding received by First Nations second-level service providers, like tribal councils, treaty organizations, and regional education organizations. The goal was to attribute the funding to each First Nation and allow for a thorough comparison with the funding provided under the proposed IRFFs.

⁶ Policy Co-development Team - Policy Proposal: Transforming First Nations Elementary and Secondary Education
https://www.afn.ca/wp-content/uploads/2016/11/POLICY_PROPOSAL_-_TRANSFORMING_FIRST_NATIONS_EDUCATION_-_FALL_2017-V15-AFN-FINAL.pdf



Interim Regional Funding Formulas

Overview of Formula Application

As one of the key components of the First Nations K – 12 Education Transformation, ISC developed provincially comparable IRFFs that apply provincial formulas to First Nations as a base. These IRFFs estimate how much funding First Nations would receive if provincial formulas were applied to on-reserve education. While formulas vary by province, they respond to variable cost factors, including school size, remoteness, language and culture, and socio-economic status.⁷

Where possible, the provincial formulas are applied directly. For grants and components where a straightforward application of the provincial formula is not possible, ISC uses school district proxies and/or formula modifications. For example, neighbouring school division proxies are often used to calculate components of the formula intended to address geographic circumstances. Meanwhile, northern or rural school boards with lower socio-economic status and higher incidence of First Nations students are used as proxies to determine funding for nutrition, inclusive education, and various other needs.

IRFFs were not applied to those covered by an REA — including First Nations in British Columbia — under the Tripartite Education Framework Agreement. IRFFs were also not implemented in Yukon in the absence of band-operated schools and defined territorial funding formula. Furthermore, block-funded First Nations across Canada had the option to opt out of the IRFF until 2023 – 2024 and continued to be funded through the old funding model.

It is worth noting that IRFFs were never intended to be needs-based or serve as a tool for achieving substantive equality with respect to First Nations education. Instead, they were intended to provide a more predictable and equitable process and formula for education funding allocation.

⁷ Indigenous Services Canada – Saskatchewan Interim Funding Formula Overview 2023-24



Positive Impacts of IRFFs

Interview participants noted the following advantages and successes related to IRFF implementation:

IRFFs helped achieve greater funding equity. The introduction of IRFFs increased funding transparency and resulted in a more equitable funding distribution to First Nations. It also eliminated the disparity in funding between block and non-block First Nations. Some participants from the Alberta and Atlantic region noted their funding doubled. For example, a First Nation highlighted a significant increase in funding since 2019. Prior to the First Nations K – 12 Education Transformation, they received \$14,000 per full-time student. Now, it has increased to \$24,000.

ISC has also committed to ensuring that the transition to a new funding approach will not result in a decrease in funding, compared to the 2017–2018 levels, for instructional services, student support services, education-related employee benefits, and the operation and maintenance of education facilities. This commitment extends to funding provided to First Nation recipients and organizations and funding for the FNSSP.

Such funding protection was particularly important for block-funded First Nations, which were negatively impacted by the implementation of the IRFF. For example, one of Alberta's large block-funded First Nations faced a \$10 million decline, representing 30 percent of its total funding, and did not consent to the IRFF for the first three years. However, they secured funding protection, which will decrease by 1.5 percent annually while maintaining approximately the same amount per full-time student.

Furthermore, a First Nation education board indicated that, prior to the First Nations K – 12 Education Transformation, their schools were burdened with discriminatory policies — like the Nominal Roll attendance compliance — which resulted in large numbers of students being unfunded. However, since the implementation of the First Nations K – 12 Education Transformation, these attendance requirements have been lifted, resulting in a more just and equitable system.

There have been positive improvements to the IRFFs over the past five years. As part of the IRFF rollout, ISC committed to supporting the ongoing joint review, evaluation, and refinement of the IRFFs. To this end, some First Nations in provinces like Ontario and Manitoba created regional technical tables. For instance, the Ontario Technical Table - Interim Funding Approach (OTTIFA) was created to provide a forum for Ontario's First Nations technicians and ISC's technicians to collaborate on the development, implementation, and evaluation of the IRFF for First Nations in Ontario.

The recommendations from OTTIFA⁸ resulted in a number of approved improvements, including:

- **Remoteness adaptation for fly-in communities in Ontario:** Implemented in 2019 – 2020, this recommendation is divided into four parts and includes adapting employee salaries to account for the cost of living, operations and maintenance, as well as travel allowances for out-of-community staff and students in private home placements.
- **Distance/urban factor formula refinement in Ontario:** Urban factors are now assigned based on the census sub-divisions of a band's actual location rather than using provincial proxies that encompass larger city centres. This refinement assumes that all fly-in communities have a minimum distance of 1,150 km, matching the largest distance in the model. Previously, the average urban factor for each community was

⁸ Chiefs of Ontario – Ontario Technical Table – Interim Funding Approach, K-12 Funding Session, November 2023



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assigned based on nearby provincial school board urban factors from the Grants for Student Needs legislation⁹.

- **Provincial grants for student room and board** have been substituted with a new student accommodation formula that caters to the unique needs of students living away from home. This new formula is based on research conducted by the MFNERC on students in private home placements.¹⁰

Furthermore, beginning in the 2022 – 2023 school year, a **number of the ISC regional funding formulas for transportation were overhauled**. For many provinces, this meant that the transportation funding formula was more closely driven by actual costs. Certain ISC regional models use provincial benchmarks, while others are not linked to the respective provincial models.

- In Alberta, the previous formula applied an annual inflationary increase to historical funding levels without providing a detailed description of how these historical funding levels were calculated. The new formula provides funding based on the number of students, population density of the jurisdiction, size of the jurisdiction in kilometres, and distances from the school in kilometres. Weighting factors are applied based on grade level and special needs.
- Certain provinces provide additional funding and/or formula adjustments for items like bus replacement, bus maintenance, and heavy snowfall. However, Nova Scotia provides funding based on a provincial per-student average with no additional adjustments.

In addition to funding provided through provincial formula, **IRFFs include several nationwide enhancements above and beyond provincial funding**. The major ones are described below:

Country-wide enhancement	Description
Enhancements for language and culture programming	Funding focused on First Nations language, culture, and land-based programs will be included in each IRFF, so every First Nation school receives \$1,500 per student.
Full-day kindergarten for ages four and five	For regions where a full-time kindergarten program for students aged four and five is not the norm, targeted funding is provided to First Nations communities and schools that choose to offer such full-time programming for two years.
Before and After School Programming	Starting in 2021 – 2022, ISC IRFF included an enhancement to support First Nations-operated schools on reserves in implementing Before-and-After-School Programming (BASP) as an extension of in-class instruction. Linked to instructional services, BASP aimed to expand the scope of a First Nation school's academic programming to contribute to overall student academic success. BASP utilized existing school resources and academic programs managed by

⁹ ESDPP-EB-ON-Regional Funding Model-Narrative Overview-2023-2024 https://education.chiefs-of-ontario.org/wp-content/uploads/2021/11/ESDPP_Eb_ONRegional-Funding-Model-Narrative-Overview-2021-22-BASC.pdf

¹⁰ ESDPP-EB-MB-Regional Funding Model-Narrative Overview—2023-2024 https://education.chiefs-of-ontario.org/wp-content/uploads/2021/11/ESDPP_Eb_ONRegional-Funding-Model-Narrative-Overview-2021-22-BASC.pdf



Country-wide enhancement	Description
	First Nations and was connected to First Nation schools' academic teaching and curriculum. ¹¹
Student Supports	Since the 2021 – 2022 fiscal year, First Nation students attending First Nation-operated schools have been eligible for this component. Previously, it was exclusive to First Nation students attending provincial/private schools. This enhancement is designed to cover expenses typically incurred by parents for services/products related to extracurricular or ancillary learning activities ¹² . Although funding varies regarding student support, Saskatchewan, Manitoba, Atlantic Canada, and Alberta are consistent with the 2019 – 2020 formula amount of \$500 per FTE and adjusted annually for inflation.
Funding Stabilization	Funding stabilization is a formula measure developed to ensure stable and predictable funding levels from year to year. While similar measures may exist provincially, they typically assume that a school district manages a larger district-level budget and can adjust for decreases in individual schools within that larger budget. First Nation schools generally do not benefit from a larger district-level budget and are more vulnerable to funding changes due to enrollment or provincial rate declines. ¹³
Adult Education	An additional benefit following the First Nations K – 12 Education Transformation is the adjustment to student age requirements. Initially, the age eligibility was extended from 18 to 21, and in 2022, ISC began allowing adult students to be accounted for on Nominal Roll.

Challenges Associated with IRFFs

The most quoted challenges regarding the rollout of the IRFFs are summarized below.

Funding breakdowns, referred to as side-by-sides, were considered confusing, not user friendly and difficult to understand. Across all 18 interviews conducted with First Nations and First Nation organizations, it was undeniably clear that most participants experienced significant frustrations with the layout and explanation of their funding (referred to as side-by-sides). This is compounded by the lack of formula knowledge at the ISC regional level and the inability to explain how funding is calculated.

¹¹ ESDPP-EB-MB-Regional Funding Model-Narrative Overview—2023-2024 https://education.chiefs-of-ontario.org/wp-content/uploads/2021/11/ESDPP_Eb_ONRegional-Funding-Model-Narrative-Overview-2021-22-BASC.pdf

¹² ESDPP-EB-MB-Regional Funding Model-Narrative Overview—2023-2024 https://education.chiefs-of-ontario.org/wp-content/uploads/2021/11/ESDPP_Eb_ONRegional-Funding-Model-Narrative-Overview-2021-22-BASC.pdf

¹³ ESDPP-EB-ON-Regional Funding Model-Narrative Overview 2023-2024.docx



Some First Nations noted that most of the funding-related questions need to be relayed to the ISC funding team in Ottawa, which made it difficult to get answers in a timely fashion. As a result, a number of First Nations reported hiring external consultants and subject matter experts to help them understand how funding works.

Some participants were concerned about transparency regarding how funding amounts were calculated.

The manuals are often missing key data, which makes it impossible to apply the calculations independently. A couple of interviewees also complained about the inability to access the actual formulas/spreadsheets showing all calculations to determine funding.

First Nations noted errors found within funding calculations. For example, one First Nation education authority in Alberta found an error in the application of the geographic component of the funding formula, as well as the English as a Second Language component. Other formula application errors and miscalculations were found in Newfoundland and Labrador, and Quebec.

The annual funding allocation details are distributed to First Nations with significant delays. First Nations have expressed frustrations about funding information being distributed with significant delays—sometimes three to four months into the new fiscal year. Such delays cause issues with planning and budgeting, hindering First Nations' ability to allocate resources effectively, prioritize projects, and manage operational costs. It also negatively affects hiring decisions, leading to staffing shortages for the upcoming school year.

First Nations' feedback and recommendations on enhancements to IRFFs were not actioned. Through the interviews, it became evident that regional and province-wide technical tables (e.g., in Ontario, British Columbia, and Manitoba) were more successful in advocating for changes to their IRFFs compared to First Nations that chose to approach the government independently or were not associated with regional organizations. For example, numerous written requests by an isolated community in Alberta to implement a remoteness enhancement like that available to Ontario communities were unsuccessful. Another education organization noted they hired an external consultant to develop a comprehensive report on special needs using data from the public school district. Although the report was submitted, no additional funding has been provided to date.

IRFFs do not allow for substantive equality. Lastly, all interviewees agreed that First Nations funding equity is insufficient to ensure parity of educational outcomes and that First Nations are starting from a very different starting point. They emphasized that solutions must be systemic for Canada to achieve true education transformation. That includes adequate living conditions, sports and recreation opportunities, and culturally relevant resources. Furthermore, they stressed that achieving equitable funding requires more than just reflecting provincial levels; it calls for addressing long-term inequities and ensuring that the funding formulas are built around First Nations students' specific needs and deserved outcomes.



"If Canada wants to achieve a true transformation, it must address other aspects influencing educational outcomes. The solutions need to be systemic. This includes providing adequate living conditions and housing and providing adequate opportunities for sports and recreation (hockey arenas, gyms, basketball courts). Kids cannot come to school ready to learn if they live at homes with 20 people and take turns sleeping on a bed."

"Reaching provincial comparability under the IRFF is not nearly enough to provide services that the students need. Education is health and culture—all the services we provide to students above learning. The child's needs must be met to pay attention in school."

"They are looking at provincial equity in terms of funding, but not outcomes. Because we have had long-term inequity, we require more funding to get to par."



Common Gaps

Through the combination of the 2023 – 2024 IRFF analysis and feedback collected during interviews, the following gaps were identified:



Language and culture funding



Nutrition funding



Inclusive education funding



Funding for third-level services



Operations and maintenance and minor capital funding



Teacher pension



Additional funding to recognize extreme remoteness/isolation



Administration funding.



Targeted funding for small schools/school authorities



Targeted funding to address outcome gaps

It is important to note that most of these identified gaps go beyond ISC's mandate to ensure provincial comparability of funding and are primarily focused on meeting the unique needs of First Nations, recognizing that they are not starting from the same point.

Language and Culture Funding

The language and culture funding as part of the IRFF is calculated at \$1,500 per student per year (adjusted for inflation) for band-operated schools.

Figure 9: 2019 – 2024 language and culture funding plus adjustments for inflation

	2019-20 Formula Amount	2019 Inflation Rate	2020 Inflation Rate	2021 Inflation Rate	2022 Inflation Rate	2023-24 Formula Amount
Language and Culture Rate	\$1,500	2.17%	0.95%	4.90%	6.90%	\$1,734.90

While the language and culture funding amount of \$1,735 is consistent across provinces, its application varies considerably depending on the funding components related to Indigenous education already present in provincial manuals.



For example, in Saskatchewan, this funding replaces all incremental funding for immersion students and schools. In Alberta, most language and culture funding comes from the First Nations, Métis, and Inuit Education Grant already included in the provincial manual, resulting in only \$534 in incremental funding. In Ontario, the provincial manual includes funding for school boards offering Indigenous languages and studies courses. As the formula generates substantial funding, incremental funding is only provided to First Nations, where the per-student rate falls below \$1,735. In those cases, the investment in language and culture programming entailed replacing or supplementing the existing formula components instead of providing an enhancement on top of the existing provincial formulas.

On the other hand, in some provinces — like Newfoundland, where the provincial funding manual did not include funding for Indigenous languages — the total amount of \$1,735 was added over and above provincial amounts.

This current funding was widely criticized among interview participants as insufficient to cover various language and culture expenses, such as hiring language instructors, offering high-quality training for instructors, developing appropriate classroom curriculum and resources, and organizing cultural activities. The lack of funding is particularly pronounced in smaller First Nations or those with languages at risk of becoming dormant. For example, it is much more expensive to run effective language programming in the Yukon, which has eight endangered languages and a small number of speakers, than in a Cree community with a high number of speakers and numerous quality resources (dictionaries, books, apps) available for use by First Nations schools.

Due to the lack of funding for language and culture, nations and education authorities reported using various sources to support the language and culture programming, like funding through Heritage Canada and, in some cases, Education Partnership Program (EPP) and Jordan's Principle.

Four interviewees noted that to ensure provincial comparability, First Nations should be funded similarly to francophone school boards, which also operate in a unique linguistic minority context. Based on the funding review conducted by the Public School Boards' Association of Alberta in 2021, the average per-student funding for francophone school boards in Alberta was higher by about \$3,500 compared to public and separate school boards. This funding is provided through several grants, such as the Francisation Grant and Francophone Equivalency Grant, and may receive additional funding from the Francophone Regional Authority. In Saskatchewan, a factor of 1.5 is applied for several funding categories in francophone schools.

Providing funding levels comparable to those of francophone school boards was suggested as a viable short-term option to address the existing shortfalls while also promoting social justice and preserving Indigenous languages and traditions.

Inclusive Education Funding

A common theme throughout the interviews was the funding shortfall in inclusive education due to the high incidence of students with special needs, lack of economies of scale, intergenerational trauma, and other factors. This shortfall significantly contributed to the perception that the IRFF was not meeting provincial parity in terms of service levels and ultimately failing to meet the needs of students with special needs.

It was also noted that inclusive education funding within IRFFs was primarily enrolment-driven and unresponsive to the changing number of students with special needs.



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Interviewees acknowledged that Jordan's Principle funding has been favourable and helped reduce the funding shortfall in inclusive education. For example, one interviewee from Atlantic Canada noted that with the IRFF providing only \$460,000 for this area, the remaining \$4 million had to be drawn from Jordan's Principle.

Similarly, an education authority in Alberta reported that \$3.7 million — or 65 percent — of their total inclusive education expenditures were covered through Jordan's Principle. They noted that an additional \$2.6 million was needed to fully meet the demand for inclusive education services.

These interview findings align with the *AFN First Nations Inclusive Education Costing Summary Report, 2023*¹⁴, which included a needs-based cost model adhering to the principle of substantive equality. The model generated costs for permanent staffing, specialized services, equipment and resources, cultural supports, professional development, and more. The costs derived by this model ranged from \$9,206 per FTE for a First Nation close to a major urban center to \$22,148 per FTE for a small fly-in community, with current funding two-and-a-half to five times lower than the actual needs.

Jordan's Principle funding is viewed as unreliable, inconsistent, lacking transparency and creating a significant administrative burden for education staff. While interviewees saw an ongoing need in proposal-driven funding to address one-off/complex student needs, they felt that the vast majority of Inclusive education costs should be covered through core funding mechanisms.

¹⁴ Assembly of First Nations, *First Nations Inclusive Education Costing Summary Report, 2023*



Operations and Maintenance and Minor Capital Funding

While the funding formulas vary across provinces, most include a per-square-metre rate for repairs and maintenance. Additionally, the basic per-square-metre rates are often supplemented by enrolment-driven funding, space utilization, and remoteness adjustments.

	AB	SK	MB	ON	NB
FUNDING CALCULATIONS	\$62.62 per sq. m., plus \$215.13 per student.	\$79.76 per sq.m. adjusted for utilization. Northern factor applied for First Nations within three northern school boards	\$93.11 per sq.m, multiplied by remoteness index. Additional funding is also provided to cover additional utility costs for diesel-powered schools.	Per sq. meter rates are based on funding provided to proxy school boards. Remoteness factor is used for fly-in communities.	\$30.57 per sq.m., plus \$627.95 per student.

Despite the differences in formulas and rates, a shortfall in operations and maintenance (O&M) funding was a key concern for most interviewees. Several remote interviewees reported that utilities and insurance alone consumed all their O&M funding. Additionally, some interviewees noted that despite the overall increase in core funding since the implementation of the IRFF, their O&M funding had declined, with reductions as much as 40 – 50 percent.

Numerous interviewees were also concerned about the lack of available funding for minor capital projects. Since minor capital and the O&M of non-school facilities do not fall within the programming provided by the ISC Education Branch, provincial formulas for minor capital have been excluded from IRFFs. Instead, ISC continues funding minor capital through an out-of-date Community Infrastructure Branch program.

To secure provincially comparable minor capital funding (like Infrastructure Maintenance and Renewal), two REA holders in Alberta submitted a formal O&M funding study and other written requests. These requests have not been actioned or even responded to by ISC. As a result, deficiencies have persisted for years, resulting in numerous emergency repairs, reduced lifespan and functionality of buildings, and — most importantly — posed health and safety risks for students and staff.

In addition to school O&M and minor capital funding shortfalls, remote First Nations also reported ongoing struggles to maintain their teacherages. Funding for teacherage maintenance is not part of the IRFF and has not been reviewed and updated by ISC for the past decade.



Nutrition Funding

Providing daily nutritious meals to First Nations students is crucial for their overall well-being and academic success. Depending on living circumstances and geographic region, the prevalence and severity of household food insecurity among Indigenous households in Canada are about two to six times greater than those for other Canadian households.¹⁵ This disparity highlights the urgent need for funding nutritious meal programs at schools to ensure students have the necessary energy and nutrients to focus, learn effectively, and achieve their full potential.

To combat food insecurity in their respective communities and enable learning, interviewees felt obligated to offer hot breakfasts, lunches, and snacks in their schools.



"Our children cannot learn when they are hungry. These basic needs have to be met before we start talking about learning and academics."

Unfortunately, this need is not recognized in most provincial funding formulas and is considered the responsibility of parents. In the few provinces that do include nutrition components in their funding formulas, the amounts provided are minimal. For instance, in Alberta, the funding allocated through this component covers less than 10-15 percent of the actual nutrition program costs incurred by Alberta First Nations.

Canada has recently committed \$1 billion over five years to a National School Food Program, aimed at ensuring students across the country have access to nutritious food at school. However, the funding allocation criteria for First Nations have not yet been disclosed.

Additional Funding to Recognize Extreme Remoteness/Isolation

Based on the Remoteness Index, First Nations are more remote than all other communities in Canada, with population-weighted averages of remoteness indices of 0.142 and 0.427, respectively (zero being the least remote and one being the most remote).

Remoteness significantly impacts several education-related costs, including:

- Higher salaries or special allowances are often necessary to attract and retain qualified teachers in remote areas due to the challenging living conditions and isolation.
- Increased costs for providing professional development and training opportunities, as these often require travel to more urban centres.
- Higher costs for procuring and delivering educational resources and supplies.
- Higher utility and operational costs, including heating, cooling, and other essential services, due to the remote and often extreme environments.

While all provincial formulas, to a different degree, incorporate geographic or sparseness components, they fall short in addressing the circumstances of extremely remote or fly-in communities. This flaw of the provincial comparability formula has been recognized and, in some cases, addressed by ISC. For instance, the Ontario

¹⁵ Statistics Canada. Food Insecurity Among Canadian Families, 2023 <https://www150.statcan.gc.ca/n1/pub/75-006-x/2023001/article/00013-eng.htm>



region (with advocacy of OTTIFA) has been leading the way in introducing remoteness-related enhancements. Similarly, the Manitoba region has witnessed formula enhancements for remote communities, particularly for transportation and, operation and maintenance.

Conversely, some regions continue to use provincial proxies to calculate geographic components of the formula, with no additional enhancement added to provincial comparability formula. For example, in Saskatchewan, the northern factor of 1.33 is used when calculating funding for governance, administration, transportation, and plant operation and maintenance for First Nations located within boundaries of three northern school boards. Such formula application may work for some northern communities but is inadequate for fly-in First Nations, which have no analogs within the provincial school system (e.g., Hatchet Lake or Fond du Lac).

Similarly, northern Alberta First Nations were concerned about applying Northland School Division rates as geographic proxy for all northern communities since some First Nations communities were considered much more remote than their counterparts within Northland School Division boundaries.

Targeted Funding for Small Schools/School Authorities

According to the 2020 ISC Annual Report to Parliament, 70 percent of First Nations reserve communities have less than 500 inhabitants, while only four percent have more than 2,000 inhabitants. With on-reserve populations being small, First Nations school jurisdictions do not benefit from economies of scale the way their provincial counterparts do — even those located in sparsely populated areas.

The lack of economies of scale significantly impacts the ability of First Nations communities to deliver quality education on reserves. For example, small enrolment numbers make it challenging to spread the fixed costs of running a school system — such as building maintenance, administration, utilities, and insurance — over a larger student body, leading to higher per-student costs. Employing a full range of teachers for specialized subjects like sciences, languages, or arts and offering specialized programs, extracurricular activities, and advanced placement courses is not feasible at the current per-FTE funding rate. Additionally, small First Nation communities often rely on outsourced experts, specialists, and consultants. While this approach provides access to specialized knowledge as needed, it also increases per-student costs.

Like remoteness factors, every provincial formula has elements that speak to small school size:

- Alberta's funding formula contains Rural Small Schools Grant, which has a funding rate based on different weighted moving average FTE enrolment thresholds.
- Saskatchewan provides additional funding for a small school if it is deemed a small school of necessity.
- Manitoba's formula provides additional instructional support for small schools if the school's instructional support and sparsity support funding do not exceed \$125,000.

However, the general theme is that IRFFs do not go far enough in addressing small school size and lack of economies of scale. Furthermore, the lack of funding tends to increase as the school size becomes smaller.



Teacher Pensions

Pension costs encompass ministry contributions for teachers in school jurisdictions and employer contributions for current service employees during the fiscal year. While including teacher pension funding in IRFFs marks a significant improvement over the former Band Employee Benefit program, it still fails to provide equitable treatment for teachers working in First Nations communities.

In the provincial system, teachers participate in defined-benefit pension plans, guaranteeing a fixed retirement income based on years of service. Conversely, First Nations teachers' retirement income depends on contributions and investment performance. Even with significant employer contributions or matching from First Nations, defined contribution plans do not guarantee retirement income, which is perceived as a competitive disadvantage by teachers. Years of service in a First Nation that does not offer a provincial teachers' pension plan are not counted towards a defined benefit pension and are often viewed as a waste of time. The only exception is Ontario, where on-reserve education authorities can opt into the Ontario Teachers' Pension Plan.

Since funding alone is insufficient to address this deeper jurisdictional challenge, it would be beneficial for ISC and AFN to initiate dialogue with the provinces to implement an opt-in model like the one that exists for Ontario Teachers' Pension Plan.

Administration Funding

Historically, First Nations were not funded as education systems, requiring administrative personnel, policies, processes, and institutions to properly structure K – 12 education. While every provincial formula contains an administrative component, it assumes funding for a well-functioning and established education system. It does not include the capacity-building (developmental) component, nor does it account for the fact that First Nations education systems are much smaller than their provincial counterparts and lack access to expertise available through provincial ministries of education and other quasi-government education organizations.

First Nations interviewees highlighted a significant reliance on EPP funding to bridge the gap in governance and administration funding. This funding is crucial as it helps cover staffing expenses and invest in developing policies, planning, implementing student data tracking, and financial management systems. However, First Nations participants noted the burden of having to submit proposals for additional funding, highlighting a lack of knowledge of the program and capacity issues within communities. The proposal process is onerous and time-consuming, adding to the challenges faced by First Nations. Those First Nations that do apply are often rejected or receive only a fraction of the requested funding.

While EPP funding has been helpful in addressing some short-term administrative needs, it lacks consistency and predictability. This inconsistency does not allow First Nations to build a comprehensive education system and catch up to their provincial counterparts in the long term.

Funding for Third-Level Services

Third-level services are not funded through the IRFFs, apart from the British Columbia Tripartite Education Agreement (BCTEA). Third-level services offered by FNEC to First Nations and First Nation schools are comparable to services provided by the British Columbia Ministry of Education and provincial school boards



to public schools in BC. These services are tailored to meet the distinct needs of First Nation communities to enhance efficiency and attain economies of scale.

In collaboration with the First Nations School Association (FSNA), FNEC's third-level services aim to support First Nation students in British Columbia. These services encompass a variety of activities, including:

- Advocating for systemic change through policy development.
- Engaging in partnership agreements with government and provincial agencies.
- Negotiating and engaging to ascertain funding agreements and develop formal agreements.
- Monitoring and overseeing of agreements.
- Communicating and working with First Nations leadership and parents.

To support these services, Canada committed to providing annual funding to FNEC based on 5.67 percent of the total funding following the British Columbia First Nation Education Funding Model, with the exception of the Special Education and Language and Culture components.¹⁶

Additional Funding to Close Outcome Gaps

In 2018, approximately 44 percent of First Nations on-reserve (age 18 – 24) have completed high school, compared to 88 percent of other Canadians.¹⁷ Further, according to a Statistics Canada report, First Nations youth living off-reserve are more likely to obtain their high school diploma (73 percent) than First Nations youth living on-reserve (46 percent).¹⁸ Such statistics call for increased academic and wrap-around supports for First Nations students attending on-reserve schools.

However, except for Manitoba — which currently allocates a small amount of funding toward focused strategies to improve academic achievement for Indigenous students — IRFFs do not address the additional support required to close the outcome gaps.

¹⁶ BC Tripartite Education Agreement <https://www.fnesc.ca/wp/wp-content/uploads/2018/08/AGREEMENT-BCTEA-2018-FINAL-Signed-with-Schedules-WEB-VERSION-2018-08-1.pdf>

¹⁷ Indigenous Services Canada: Quality Education https://www.canada.ca/en/indigenous-services-canada/news/2018/01/quality_education.html

¹⁸ [Statistics Canada: First Nations youth: Experiences and outcomes in secondary and postsecondary learning](#)



Regional Education Agreements

Overview

Based on the language within the *Policy Proposal for Transforming First Nations Elementary and Secondary Education 2017*, the intention was for Government of Canada officials to work with First Nations in each region to negotiate new and/or conclude existing REAs that were intended to replace the IRFF approach as early as 2019 – 2020. For the purposes of the REA, the definition of "region" refers to any territory where First Nations choose to implement First Nation control of First Nation education and negotiate an agreement. This could include, but is not limited to, a territory defined by a single First Nation, a tribal council, a treaty affiliation, a language family, or an entire province.¹⁹ The REA is meant to include:

- **Comprehensive funding mechanisms.** These encompass all funding and supports for K – 12 education:
 - **A new funding formula for First Nations education.** This would reflect the real needs of First Nations students and ensure that First Nations students have the funding and supports they need to deliver a quality education and promote student success as defined by First Nations in each region.
 - **Targeted multi-year funding for regional strategies.** This funding refers to additional funding beyond the needs-based funding formula to help First Nations students, schools, communities, and the overall system catch up or build the capacity to deliver education services to students effectively.
 - **Targeted multi-year funding to support First Nations education organizations.** This funding would provide second- and/or third-level education services to First Nations students, schools, and communities. This funding and the allocation approach would reflect the investments required to enable First Nations and First Nations education organizations to support the identified roles and responsibilities set out in the agreement.
- **Governance/service delivery model.** The agreement must set out the roles and responsibilities of First Nations and First Nations education organizations regarding the provision of K – 12 education services.
- **Mutual accountability mechanisms.** The agreement would outline mutual accountabilities of First Nations, First Nations education organizations and authorities, and the Government of Canada. Agreements would also outline clear objectives, performance indicators, and reporting requirements.
 - For First Nations, reporting requirements may include graduation or high school completion rates, student outcomes, and student retention data.
 - For the Government of Canada, indicators and reporting may include comprehensive, multi-year financial information regarding elements within the regional agreement, reporting on how

¹⁹ Policy Co-development Team - Policy Proposal: Transforming First Nations Elementary and Secondary Education
https://www.afn.ca/wp-content/uploads/2016/11/POLICY_PROPOSAL_-_TRANSFORMING_FIRST_NATIONS_EDUCATION_-_FALL_2017-V15-AFN-FINAL.pdf



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Canada is implementing the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and calls to action regarding elementary and secondary education.

Unlike self-government agreements, REAs are short-term, administrative agreements that do not result in the recognition of First Nation law-making powers or the permanent removal of First Nations from the education provisions of the Indian Act. REAs do not prevent First Nations from participating in the negotiations for an education sectoral self-government agreement.



"... nothing in this Agreement shall be construed so as to prejudice ... the Aboriginal and Treaty rights of the participating First Nation and ... shall not prejudice the ability of the Nation to benefit from any other current or future agreements, programs or policies."

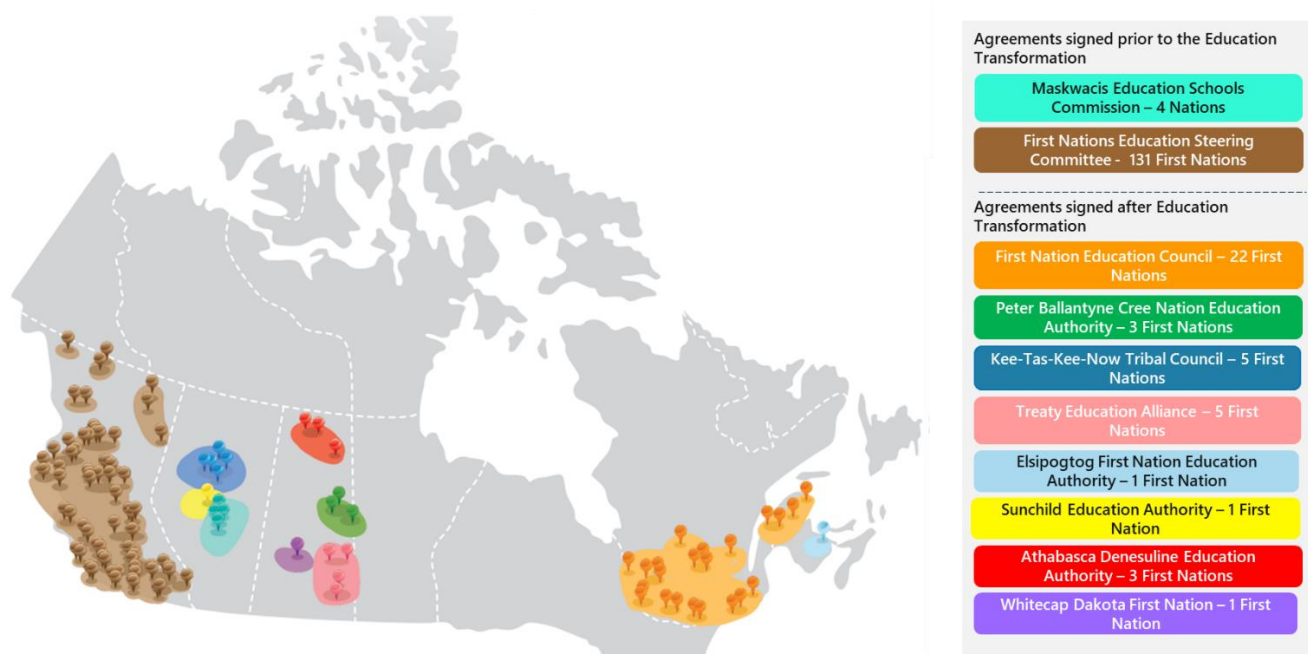
Elsipogtog REA



Current Status

According to ISC's 2024 – 25 Departmental Plan, ten REAs have been signed, supporting approximately 25,000 students in five provinces. Manitoba, Ontario, Newfoundland and Labrador, Prince Edward Island, Nova Scotia, as well as the territories currently have no REAs in place.²⁰

Figure 10: Map of the provinces and territories indicating the signed REAs



Source: Assembly of First Nations K-12 Factsheet (2023) <https://afn.bynder.com/m/583fa08a55428449/original/K-12-Factsheet.pdf>

It is worth noting that two out of 10 of those agreements—the BCTEA and the Maskwacis Transformation Agreement—were signed prior to First Nations K – 12 Education Transformation and are technically not considered REAs.

Also, Whitecap Dakota First Nation recently signed its self-government agreement. The Nation has received a notice from ISC that its REA is no longer in effect and that the funding will be determined based on the provisions of the self-government agreement.

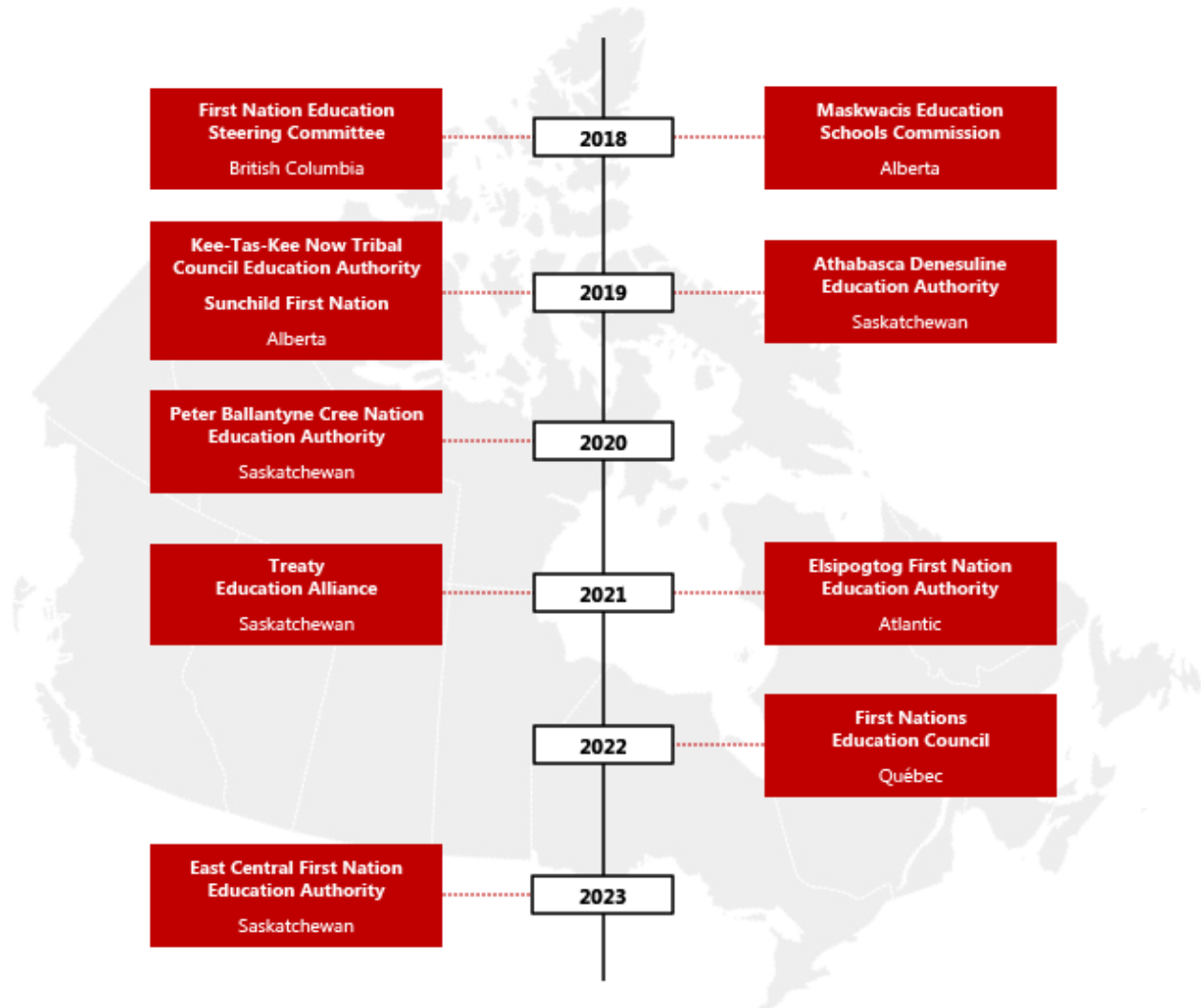
²⁰ Assembly of First Nations K-12 Fact Sheet 2023 <https://afn.bynder.com/m/583fa08a55428449/original/K-12-Factsheet.pdf>



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The signing timeline is provided below:

Figure 11: Education agreement signing timeline²¹



Most Education Agreements are signed for five-year terms. However, the agreements for the First Nation Education Steering Committee, Kee-Tas-Kee Now Tribal Council Education Authority, Maskwacis Education Schools Commission (MESCC), and Athabasca Denesuline Education Authority are signed for 10-year terms.

²¹ Indigenous Service Canada – REA 101 ESDPP EB June 27, 2024



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In addition to the above-signed agreements, there are 14 active negotiations tables (in REA development and approval stages: three in Saskatchewan (near completion), four in Alberta, one in Manitoba, two in Ontario, one in Quebec, and three in the Atlantic region. While some progress is being made, 10 First Nations groups that initially indicated willingness to pursue an REA have either officially withdrawn or suspended the process. The status of 29 additional REAs is unknown, suggesting that those First Nations may have paused their efforts due to internal challenges or diminished confidence in the outcomes of negotiations.

The REA activities tracked by ISC's regional offices as of January 2024 are summarized below.

Province	Active REA tables				Inactive REA tables		
	Expression Interest	Exploration	Development	Final Review/ Approvals	Unknown (Status follow-up needed)	Stalled	Withdrawn from the process
Alberta	2	4	4		5	3	2
Saskatchewan				3	12	4	1
Manitoba			1				
Ontario	2	17	2		10		
Quebec		1	1				
Atlantic		2	3		2		
Yukon							
Northwest Territories							
Totals:	4	23	11	3	29	7	3

Source: Indigenous Services Canada - Regional Education Agreement Status – By Region, January 2024

Definitions for Status of Agreements

- **Expression of Interest:** First Nation/organization has expressed interest, either formally or informally, that they will be applying for EPP REA support funding.
- **Exploration:** The First Nation/organization is receiving support funding to explore the potential outcomes of entering an REA and are engaging the community for feedback.
- **REA Development:** First Nation has begun developing a draft agreement in collaboration with ISC.
- **Final Review/Approvals:** Draft agreement developed (e.g., parties referring draft agreement to legal counsel or First Nation/organization presenting to Chief and council).
- **Unknown (status follow-up needed):** First Nation/organization has not applied for one or more consecutive EPP REA component Call for Proposals and has not indicated whether activities are still underway and/or if REA development remains the goal.
- **Stalled:** REA development has reached an impasse and cannot resume until the issue(s) is/are resolved.
- **Withdrawn from Process:** First Nation/organization has formally indicated to ISC that they no longer intend to engage in REA tech tables or development at this time.



REA Development Process and Timelines

Through interviews with REA holders and those currently developing an REA, various approaches have been utilized, with no standard process in place.

Among the seven interviewees with a signed REA, negotiation timelines varied from four months to two years. However, a common theme was that the agreements concluded within the IRFF (i.e., without additional funding) were concluded quickly as funding was already within ISC's policy authority²².

Within those timelines, there were two common activities:

- **REA exploration and community engagement:** This phase includes community engagement, research of existing REAs, and assessment of needs. In all cases, community engagement included collaboration with Chief and Council to define governance structure, particularly if REA entailed creating an education authority as a separate legal entity. It also includes the development of a service map clarifying the roles of education service providers and individual First Nations. One First Nation education authority representing four First Nations noted that the most challenging yet rewarding aspect of their REA journey was conducting more than 60 community engagement sessions, which accounted for 70 percent of the entire effort.
- **REA technical tables:** REA technical tables with ISC generally involve communicating vision, governance structure, and drafting the REA agreement. In a needs-based REA, this also involves defining performance measures, developing need-based costing, and working with ISC headquarters and region to create a funding request. The participants at the technical tables can vary significantly. While some interviewees reported having senior ISC officials involved early in the process, others dealt primarily with regional office representatives.

To support the above community engagement, REA exploration and negotiation activities, First Nations have accessed the REA funding through the EPP.

²² ISC has the policy authority but would have to return for a budget ask above and beyond the IRFF allocations.



Outcomes to Date

As part of the stakeholder engagement process, MNP interviewed seven REA holders. The input from REA holders is summarised below and contains feedback related to both REA outcomes as well as key successes and challenges related to REA implementation.

Funding as Part of the REAs

As mentioned in the previous section, the co-developed *Policy Proposal for Transforming First Nations Elementary and Secondary Education* intended for REAs to incorporate a new needs-based funding formula for First Nations education. However, as ISC began implementing the First Nations K – 12 Education Transformation, official government communications related to the funding component have shifted. Between 2019 and 2022, there was no mention of “needs-based funding” in most of ISC’s official publications (e.g., website, PowerPoint presentations).

Out of seven agreement holders interviewed, only the First Nation Education Council (FNEC) reported receiving needs-based education funding designed to address cost drivers unique to FNEC member First Nations, which is not rooted in provincial comparability. Additionally, two agreements signed prior to the First Nations K – 12 Education Transformation, while not entirely needs-based, contain several funding enhancements to address the unique needs of First Nations.

- The BCTEA includes funding enhancements for special education, language and culture, bus replacement, and provision of third-level services.
- MESC Transformation Agreement, which initially included additional funding for language and culture and minor capital, particularly as they relate to addressing health and safety concerns.

All other REA holders reported being funded based on the IRFFs in their province despite having submitted their REA budgets to ISC multiple times. These budget requests have not been successful, and the biggest frustration was that ISC did not provide updates or explain the reasons for their lack of success.

Below are the details of three budget asks submitted by REA holders in three provinces.



"We submitted our funding request four years in a row...We cannot wait when it comes to student safety and student well-being."

Example	Budget Ask Financial Summary	REA Budget Submission Details
REA Budget Ask Example #1 <i>(rural)</i>	Number of students = 358 2023-24 IRFF Funding = \$6,084,700 Funding gap = \$8,230,000 or \$23,000 per student.	- Costing was developed with a consultant at the community organizational level. The New Brunswick funding formula for schools was discussed, including proxies and how funding is provided for provincial schools. The budget request categories focus primarily on high-cost special education and language and culture funding. - The REA holder submitted the ask to ISC in October 2023 and is awaiting a response.
REA Budget Ask Example #2 <i>(remote)</i>	Number of students = 1,117 2022-23 IRFF Funding = \$27,640,000 Funding gap = \$22,530,000 or \$24,700 per student	- Costing was developed by a consultant in collaboration with education authority staff using actual expenditures, as well as unmet program needs. The budget ask categories included O&M for schools and teacherages, nutrition, IT, funding for outreach schools, funding to address education outcome gap, as well as learning loss resulting from Covid. - Additionally, in 2020, the REA holder submitted a detailed O&M and transportation study and met with senior ISC officials to discuss deficits in these areas. - There was no formal response to the O&M study. The budget ask was unsuccessful.
REA Budget Ask Example #3 <i>(fly in/remote)</i>	Number of students = 1,229 2023-24 IRFF Funding = 30,378,424 Funding gap= \$43,360,775 or \$35,260 per student	- Costing was developed by funding experts and a former superintendent of one of the provincial school divisions using a provincial formula structure. The premise of the costing exercise was to ensure equal opportunities and programming for students. - The REA holder has submitted their budget ask to ISC four times. They did not receive an actual formal response, except for one time when they voiced their concerns to the members of the opposition parties.



The only financial advantage of having an REA for the above REA holders was prioritized access to EPP funding. For larger education authorities, these EPP funds often exceeded \$1 million annually and were used for a variety of expenses, including administration, IT, transportation, psychologists, and language and culture programming. Some REA holders also felt that, due to the signed REA, they were being prioritized for leftover Capital Maintenance Program and other proposal funding within their respective regions.

"EPP funded an operations manager to oversee bussing and enabled us to hire a psychologist to support student development. If kids aren't ready to learn, curriculum won't matter."

REA Governance/Service Delivery Model

From a governance and service delivery standpoint, there are several types of education agreements that respond to the education goals and priorities set by First Nations. Five out of 10 existing agreements are the so-called education authority-style agreements. While there are distinctions between these agreements, the common characteristics of their governance/service delivery model are:

- The Education Authority is typically a separate legal entity governed by a board of directors who administers education funding and education services to on-reserve students and negotiates education service agreements with provincial school boards. While this authority has support from chief and council, it acts as a single window of accountability for the education system itself and student outcomes²³.
- The delegation of authority from chief and council to the education authority is outlined in a delegation agreement, which becomes a schedule to the REA.
- In the case of multiple First Nations creating an aggregate, the REAs have become instrumental in improving economies of scale (e.g., enhancing administrative capacity and/or the ability to hire specialists). These education multi-Nation education authorities have similar responsibilities and scope to those of provincial school boards.

"All our funds were directed under band control for all those years, always going through band administration. Since we signed an REA and became an education authority, we have more autonomy with finances because of the delegation agreement. We are able to direct funding to the kids in the classroom."

On the other hand, FNEC and FNECSC agreements do not include such delegation agreements. Instead, individual First Nations remain independent in their local decision-making and funding administration:

- Individual First Nations independently provide first-level services to students and determine a governance model that best suits them. In some cases, schools are under the direct authority of chief and council, with

²³ House of Commons Standing Committee on Public Accounts - Indigenous Services Canada
Final Report on the Negotiation of Regional Education Agreements 2021,
<https://www.ourcommons.ca/Content/Committee/421/PACP/WebDoc/WD8148750/PACP-Sessional-ActionPlans/2018-Spring-OAG/Rpt05/IndigenousServicesCanada-RegionalEducationAgreements-e.pdf>



no board or committee. In other cases, communities have decided to establish a formal education authority. This is a distinct legal entity, usually under the Provincial Societies Act.

- FNEC and FNEC/FNSA act as providers of second and third-level services and are funded separately.
- Each individual First Nation and regional organization are solely responsible for the management of their own funds, including any deficit or surplus incurred.

While the governance and funding distribution aspects of FNEC and FNEC are quite similar, the FNEC agreement is a tripartite agreement and includes commitments by the Province of British Columbia.

Reporting

For REAs concluded within the IRFF allocations, the reporting requirements are minimal and typically involve the submission of an annual report and financial statements.

On the other hand, needs-based REAs or education agreements that include funding enhancements require a robust performance measurement strategy. For example, the BCTEA includes Schedule I, which details the reporting requirements for all parties. These include:

- FNEC collects, aggregates, and provides aggregate data on performance indicators to Canada and British Columbia. These include metrics like the percentage of students who meet or exceed grade-level expectations for reading, writing, and numeracy; teacher/student ratios; student attendance rates; and the number of special needs students. FNEC also provides an annual report on second and third-level services, including financial statement summaries.
- The Province of British Columbia provides aggregate data to FNEC for First Nations students who attend public schools, similar to the data collected by FNEC for First Nations students attending band-operated schools. They also produced the *How Are We Doing?* report.
- First Nations, through chiefs and councils, report to the Government of Canada regarding the Nominal Roll and staffing, while all other performance indicators are submitted to FNEC for processing and aggregation.
- ISC provides updates to FNEC and British Columbia regarding its funding in response to changes in the provincial education funding formula, implementation of updates on the UN Declaration and the Truth and Reconciliation Commission's (TRC) Calls to Action, as well as the results of any research and analysis conducted pertaining to elementary and secondary education.



First Nations Education Council REA Case Study

As the first needs-based REA, the FNEC agreement creates an important precedent and sets the tone for future negotiations. FNEC Regional Education Agreement was signed by the grand chiefs and chiefs of the 22-member First Nations and ISC on July 14, 2021. The agreement covers 5,800 students from kindergarten to grade 12 and will be in place for five years (until renewal in 2027).



Governance Structure

The FNEC's governance structure is a democratic model, with full participation in the decision-making process by all 22 member communities. The structure includes a Special General Assembly, a Chief's Committee, a General Assembly, and a Finance and Administration Committee. This unique governance structure respects the realities of First Nations, reinforcing local and regional capacity in education. The FNEC champions member communities' issues and encourages them to exercise their authority in education.

Service Delivery Model

The REA is comprised of the main agreement and seven different schedules. Individual First Nations independently provide first-level services to students. Under this agreement, FNEC provides second-level services that include:

- Advocacy and administrative action to ensure that First Nations regain full control of their education.
- Conducting studies and making recommendations on government political and administrative decisions related to First Nations education.
- Managing programs transferred by different government departments and ensuring services are developed for the benefit of member communities.
- Providing human resources and consulting services to member communities.
- Facilitating training.
- Publishing educational documents, newsletters, and brochures on topics of interest to member communities.
- Establishment and maintenance of community technology infrastructures.

Funding

Funding provided under the REA is based on a funding formula entirely designed by and for First Nations members of the FNEC. There are 13 principles of the FNEC formula, including adequacy, substantive equality, sustainability, and needs-based approach. The formula consists of seven components:

- **Instructional Services:** Supports hiring teachers, language and culture instructors, and other specialists needed for classroom instruction.



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- **Special Education:** Addresses the needs of students with special needs.
- **Complementary Services:** Covers school administration, curriculum specialists in language and culture, school-based childcare, attendance support, extracurricular activities, and other wrap-around services.
- **Capital and Operations:** Covers expenses for energy, equipment, minor renovations, and other costs associated with managing educational facilities, including the leasing of spaces or equipment.
- **Technology:** Provides funding for software, computer labs, and computer and network support.
- **Provincial Support Services:** Provides funding for tuition fees, room and board, and administrative services for students attending provincial schools, including the hiring of a liaison officer.
- **Transportation:** Provides funding for all transportation-related costs.

Based on the formula, approximately \$1.1 billion over five years was committed to support communities in implementing education programs aimed at improving the academic success of First Nations students.

Each of the 22 individual First Nations is responsible for managing their funds, administering schools, hiring staff, etc. The per-student funding in this agreement ranges from \$20,000 to more than \$50,000 per student, depending on unique cost drivers experienced by each community, such as size, remoteness, etc. This funding reduces class sizes to 12-14 students, increases the pedagogical capacity of teachers, and ensures education is focused on the culture, language, social, and geographical realities of the communities.

In addition to formula funding, which flows directly to First Nations, FNEC receives second-level services funding from ISC to support the delivery of centrally provided services. These funds are disbursed directly to FNEC and are not part of the funding formula. Funding from ISC to FNEC totalled \$46,555,522 in 2022 and \$30,366,857 in 2023.²⁴

It is important to note that FNEC's REA includes comprehensive funding stabilization mechanisms to ensure that First Nations receive sustainable and predictable funding. These mechanisms fall into three categories:

- **Band School Funding Stabilization** is applied when band school funding decreases by more than 1.5% compared to the previous year.
- **Provincial School Funding Stabilization** pertains to the provincial schools' component of the FNEC Funding Formula.
- **Specific Formula Component Stabilization** is applied to components such as capital and operations and special education under specific conditions. For instance, operations and maintenance funding stabilization is provided for communities lacking electricity or sanitary infrastructure in their school buildings.

Another unique feature of FNEC's REA is that the responsibility for calculating funding for communities on an annual basis lies with FNEC, as opposed to ISC.

²⁴ First Nations Education Council Annual Report 2022-23 <https://cepn-fnec.ca/en/wp-content/uploads/2023/08/ANNUAL-REPORT-2022-2023-web.pdf>



Performance Indicators

FNEC and its member communities are responsible for jointly developing a performance mechanism and performance indicators to measure the impacts of the agreement. Thus, throughout 2022 – 2023, education representatives, school leaders, and school teams had the opportunity to define the yardsticks for measuring the success of the REA. The specific performance indicators are tailored to the funding formula and include:

- **Improved recruitment of educational staff.** Metrics include employee retention rate, number of positions hired relative to those generated by the funding formula, percentage of certified teachers, and percentage of First Nations teachers.
- **Improved student success.** Indicators include:
 - Attendance rate.
 - Graduation rate.
 - Special education services provided or in progress.
 - Language and culture-related expenses.
 - Percentage of elementary schools offering daycare services.

Negotiations Process

While it took FNEC seven years to lay the foundation for the agreement—engaging communities, securing support, and developing the formula—the negotiation process itself was relatively quick. The Chiefs granted the mandate to negotiate on April 10, 2019, but it took ISC a year to assemble a team. Progress stalled until the Chiefs met with the Minister and signed a formal Memorandum of Understanding (MOU). This MOU was crucial in signalling the bureaucracy to begin the process.

In addition to the main negotiations table, there were four sub-tables working in parallel. One sub-table focused on understanding and reviewing the formula; another reviewed the draft agreement proposed by FNEC, a third addressed the governance of the agreement concerning the financial relationship (how the agreement would impact funding), and the fourth concentrated on performance indicators.

It is important to note that the meetings were organized mostly by FNEC. The meeting frequency was once a month with the main table. The four sub-tables had their own timetables. Some sub-tables, such as the funding formula table, met nearly every week to explain the 65-page funding proposal. Overall, it took 13 to 15 months, including work at the main table and four sub-tables, to fast-track the proposal, secure band council resolutions, and complete the process leading to the signing ceremony.

Key Success Factors

- **Thorough preparation:** Years of adequate preparation, planning, and advocacy proved crucial for successful negotiations for FNEC. This included a thorough understanding of the unique needs and circumstances of each of the communities, as well as the development a robust custom formula backed by evidence-based data relevant to the communities.



- **Securing approvals from First Nations Leadership.** FNEC ensured that the details of the REA package were well-understood by the Chiefs and that all documents were approved by the leadership ahead of time. *"... commitments and dedication were key".*
- **Securing a formal commitment from ISC:** An MOU was signed between the Minister and the Chiefs, establishing a shared mandate for negotiations. It recognized the original mandate from the Chiefs and the four REA pillars Canada sought to achieve. The MOU set clear parameters for negotiations, detailing the items to be addressed, the process, and the teams involved.
- **Taking charge.** Every meeting agenda, preparatory document, and set of minutes was uploaded to a shared folder in Teams, accessible to all representatives FNEC and ISC. FNEC also ensured that follow-up actions were taken after each meeting and that the minutes were signed by ISC officials.
- **A strong team of experts:** A key contributor to the success of this agreement was FNEC having its own skilled negotiator at the technical table, along with a strategic and persistent advocacy effort with Canada. Another crucial factor was the effectiveness of specialized team members, including an in-house economist, lawyers, former government officials, and formula development experts.
- **Building trust:** According to FNEC, trust in ISC was minimal due to historical challenges and the lack of a real negotiation mandate from the department. ISC did not have the team or expertise to implement Canada's commitments to transforming education. Each negotiation table required an individual mandate, rather than enabling ISC to negotiate with a blanket authority. FNEC had to work hard to instill an environment of respect for their expertise and capacity to take charge of education.
- **Ongoing advocacy work:** FNEC's fearless advocacy played a crucial role in negotiations of the REA. Meetings with all levels of government and political officials, including opposition members, were held at various stages of developing the agreement. The discussions revolved around the educational challenges confronting First Nations students, such as the eligibility for English-language instruction and the systemic barriers that impede their educational autonomy.

Future Focus

In accordance with the agreement, parties agree to initiate discussions on the following matters:

- **Infrastructure:** Estimating costs for major renovations and replacements, including the construction of schools and teacherages, to develop a comprehensive funding mechanism.
- **Adult and vocational education:** Integrating adult and vocational education as a new component of the Funding Model.
- **Funding mechanisms for non-eligible students attending First Nation schools** (e.g. First Nation members residing off-reserve).



K-12 Education Transformation: Lessons Learned

Lack of Change Management

ISC, First Nations, and AFN all agree that more focus on change management was needed during the implementation of the First Nations K – 12 Education Transformation. Key issues identified included:

- **Stakeholder Engagement:** Regions lacking strong advocacy organizations expressed frustration over the process being perceived as forced and non-collaborative. Furthermore, First Nations engagement significantly decreased after the formal rollout of the IRFFs, with limited opportunities for ongoing input. Technical tables that were active before 2019 stopped or were reduced in frequency after the First Nations K – 12 Education Transformation rollout. The lack of collaboration between national and regional education organizations and ISC hindered the government's ability to develop systemic solutions to address issues and risks as they arose.
- **Communications:** Many interviewees reported a significant disconnect in messaging between different regions and between ISC headquarters (HQ) and regional offices. Regional representatives, who often led communications, frequently lacked understanding of the complexities of the treasury budget processes or made promises that could not be fulfilled. Conversely, HQ representatives were perceived as paternalistic, lacking an understanding of First Nations context and making decisions that were detached from reality.

There was also a general concern about the lack of published information regarding REAs. Specifically, interviewees noted that they would benefit from an overview of best practices (e.g., reporting requirements, funding, and governance structures) and a clear outline of the REA development process, including samples and templates for costing and funding justification. This absence of reliable public information led to misinformation, rumours, and speculation. It also resulted in the erosion of trust, poor decision-making by First Nations leadership, and a negative perception of the government and the First Nations K – 12 Education Transformation initiative, despite its multiple merits quoted earlier in the report.

- **Training and Support:** Both ISC and First Nations felt that training and support were inadequate. This included explaining the outcomes of the Expenditure Project and funding prior to transformation, facilitating the service mapping exercise, and helping First Nations understand the IRFFs.

Lack of Understanding of REA Components and Process

While First Nations across the country are familiar with the REA components, many still lack a thorough understanding of what makes a successful REA. The complexities include:

- **Costing development:** Most interviewed First Nations and education organizations view the REA as a vehicle to receive needs-based education funding. However, there is limited understanding of what goes into the development and justification of REA costing, including:
 - The level of detail required for cost models.
 - The data needed to justify costs.



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- Whether costing should focus only on incremental expenses (unmet needs) beyond the IRFF or be developed from scratch, like the FNEC model.
- **Government budget cycle:** ISC representatives and several interviewees highlighted a general lack of awareness regarding the government budget cycle, including the timelines and processes that occur before funding approval is granted.
- **Negotiation process and participants:** For those without a signed REA, a common theme was lack of awareness about the stages of the REA process, who needs to be engaged at the various stages of REA development, and how ISC can support and guide the process.
- **Outcome reporting requirements:** A key success factor in securing funding under the REA, based on FNEC's experience, is having a strong student outcome reporting system in place to demonstrate progress and value for money invested in education. The importance of focusing on outcomes and what good outcome reporting should include was rarely addressed during initial discussions. This created a barrier to developing successful REAs. Additionally, many First Nations are uncomfortable committing to — or even discussing — outcomes until there is a commitment from Canada to provide needs-based funding.
- **REA legalities:** There was evident confusion among First Nations interviewees on several issues:
 - **Differences between REAs, 10-year grants, and jurisdiction agreements:** First Nations found it difficult to navigate the changing policy landscape, understand how different agreements interact, what aspects they address, and any legal risks involved.
 - **Impact on treaty rights:** In some First Nations, the REA is viewed as an agreement that might prevent them from exercising their treaty rights or negotiating a jurisdiction agreement or another form of treaty-based agreement in the future.

Many First Nations are suspicious of the REAs, seeing them as a way for the government to reduce liabilities and address shortcomings within contribution agreements, including insurance requirements and additional reporting.

"There was talk that we broke our treaties and that they were going to cut funding. REA became a bad word."



Lack of Meaningful Collaboration and Dialogue

Both parties reported a willingness to collaborate, but the intention rarely translated into real action. The REA development process is often seen as adversarial as opposed to being value-creating. Both ISC representatives and First Nations come to the negotiation tables with a pre-determined outcome in mind. They are often unable or unwilling to engage in a meaningful and transparent dialogue. This lack of transparent communication and follow-through often results in stalled negotiations and unsuccessful REA budget submissions.

From ISC's perspective, First Nations often submit incomplete REA packages that do not tie funding needs to improving educational outcomes. They also fail to provide recent, replicable, sourced data or evidence for their budget submissions.

Conversely, First Nations interviewees who have initiated formal REA discussions expressed frustration with the lack of follow-up or feedback on proposed costing, written communications, and presented information. There is also often a lack of clarity on both sides regarding next steps and any necessary activities that may effectively conclude the process.



"Canada is eager to meet; they will attend meetings and send representatives from HQ. However, it often feels as though it's just about checking the box and saying, 'we've done consultations.' After the meetings, nothing is happening; there is no follow-up, and action items seem to stall."

Constant Turnover and Lack of Capacity on Both Sides

One of the most pronounced challenges is the constant turnover within the government, particularly at the ISC headquarters level. New employees often seem to be inadequately briefed or lack awareness about previous activities. As a result, First Nations must start from scratch, explaining unique circumstances, walking through costing, and detailing accomplishments related to their governance structure and legal agreements.

Turnover and frequent changes in leadership are not unique to the government. Many First Nations and First Nations organizations face similar challenges, where progress on developing agreements is negated after Chief and Council elections, changes in the education department, and shifting perceptions towards second-level service providers.

With a few notable exceptions, like FNEC and FNESC, it is evident that both sides lack capacity in terms of dedicated human resources for REA negotiations, expertise in First Nations education, government funding, and agreement negotiations. This lack of capacity translates into a lack of negotiation structure, general unpreparedness for REA meetings, unproductive conversations and lack of momentum.

On ISC's side, the lack of capacity also results in delays in responding to First Nations inquiries and sending funding information (like side-by-sides), an inability to perform deeper analysis of costing information provided



"We're basically getting a little tired of explaining our circumstance to ISC. You never talk to the same person longer than a year."



by First Nations, a lack of feedback on preparation work completed, and a lack of support for First Nations in a partner capacity.

Limited Incremental Funding Available to Support First Nations Education

Since ISC has now funded the first needs-based REA, it is anticipated that an increasing number of First Nations will seek to advance their own needs-based REAs.²⁵ The departmental plan states that the department may face difficulties concluding some REAs and closing education gaps due to limited incremental funding.

In addition to developing needs-based REAs, ISC officials also communicated risks related to:

- **Increases in nominal roll:** Driven by recent changes to nominal roll eligibility, including the addition of adult learners and the removal of attendance requirements, there has been an increase in nominal roll across the country. ISC faces difficulty accurately projecting the required annual funding due to insufficient analysis of current enrolment trends and the key factors contributing to enrolment growth.
- **Maintaining provincial comparability:** Many provinces have recently witnessed significant changes to funding formulas and increases in education funding. Such changes are difficult for ISC to predict, raising concerns about the government's ongoing ability to maintain provincial comparability.

²⁵ ISC 2023-24 Departmental Plan: Main Report <https://www.sac-isc.gc.ca/eng/1666289629121/1666289645507>



Sample Costing

Cost Structure

Through the combination of primary and secondary data gathering, as well as input collected through stakeholder interviews, MNP identified the following seven major cost categories

Governance and Administration	Instruction	Language and Culture	Inclusive Education	Transportation	Operations and Maintenance	Wrap-Around Supports
Salary/Staffing Expenses • Education Director • Assistant Education Director • Administrative Assistant • Finance Manager • Finance/Payroll Clerk • IT Technician • Communications Officer/Coordinator • HR Officer	Salary/Staffing Expenses • Principal • Vice-Principal • School admin/receptionist • Teacher - Elementary • Teacher- Secondary • Substitute Teacher • Literacy Coordinator • Numeracy Coordinator • Guidance Counsellor • Data Analyst • Librarian	Salary/Staffing Expenses • Language and Culture Coordinator • Resource/Curriculum Development Lead • Land-Based Learning Instructor • Language/Culture Instructor • Elders	Salary/Staffing Expenses • Inclusive Education Program Coordination • Special Education Teachers (Resource Teachers) • Education Assistants • Counsellors/ Social Worker • Assistant SLP	Salary/Staffing Expenses • Transportation Coordinator • Transportation Assistant/Dispatcher • Bus Drivers • Bus Monitors	Salary/Staffing Expenses • O&M Coordinator/Manager • Custodians • Maintenance staff	Salary/Staffing Expenses • Nutrition Coordinator • Cook • Community Liaison Workers (Home-Family Liaison) • Before and after-school program staff
Non-Salary Expenses • LEA Board Expenses • Interest and bank charges • Memberships and subscriptions • IT Expenses • Office equipment and supplies • Professional Services (audit, consulting, policy development legal) • Recruitment • Personal travel and Individual business travel • Group/travel meetings	Non-Salary Expenses • Classroom supplies • Literacy, numeracy, and shop resources • Library (books) • Student Technology (chrome books) • School Technology (purchase licenses, whiteboards, etc.) • Professional development • Teacher Mentor/Coach • Student retention initiatives and incentives • Personal travel and Individual business travel • Group travel/meetings • Field trips	Non-Salary Expenses • Elder Honoraria – Curriculum Development • Curriculum/resource development • Assessment tools • Cultural events/camps/gatherings • Specialized equipment • Professional Development • Personal travel and individual business travel • Group travel/meetings	Non-Salary Expenses • Assessments • Physiotherapy (PT) • Occupational Therapy (OT) • Speech-Language Pathologists (SLP) • Psychology • Classroom Resources • School Resources • Elders and Knowledge Keepers – Mental Health focused • Cultural Ceremonies/Traditional Wellness and Healing • Professional Development • Community Engagement • Case Management	Non-Salary Expenses • Bus Replacement Costs • Maintenance Costs • Fuel • Licensing/Insurance • Drivers Recruitment and Training	Non-Salary Expenses • Supplies and services • Insurance • Utilities • Professional Development • Personal/Business Travel • Vehicle expenses • Travel expenses	Non-Salary Expenses • Groceries/nutrition supplies • After-school program/summer school supplies • Family/community engagement events • Tutoring Program • Summer programming (K-6) • Summer programming (Gr. 7 - Gr. 12)



Needs-Based Approach

As part of its departmental plans, ISC commits to taking a substantive equality approach to minimize the gaps and barriers First Nations communities experience when accessing services, including education.

Substantive equality is the recognition that not all people start off from the same position and that these unequal needs make it more difficult for some to be successful. Treating everyone equally is only fair if everyone starts from the same position. Substantive equality seeks to address the inequalities that stem from an individual's particular circumstances, to help put them in the same position and offer them the same opportunities as others.²⁶

Using the principle of substantive equality, the costing samples are designed to reflect First Nations' needs and leading practices across Canada. Although provincial benchmarks, common practices, and standards have been referenced as part of MNP's analysis, the specific costs and ratios for staffing and resources aim to address current inequalities and bridge the outcome gaps for First Nations students.

Sample Communities and Costing Assumptions

To demonstrate the range of costs associated with the delivery of K-12 education services, two First Nations communities were selected:

	SAMPLE FIRST NATION # 1	SAMPLE FIRST NATION # 2
1. PROVINCE	Ontario	Alberta
2. GEOGRAPHIC ZONE	4 (fly-in)	1
3. GRADE LEVELS OFFERED	JK – 8	JK – 12
4. NUMBER OF SCHOOLS	1	3 (incl. one elementary school, one middle school and one high school)
5. TOTAL NUMBER OF STUDENTS	145	450
NUMBER OF STUDENTS IN K-6	123	249
NUMBER OF STUDENTS IN GRADE 7-12	22	201
NUMBER OF STUDENTS WITH MILD/MODERATE SPECIAL NEEDS	29	90
NUMBER OF STUDENTS WITH SEVERE/PROFOUND SPECIAL NEEDS	8	23
6. TOTAL SCHOOL SPACE (SQ. M)	2,300	11,700

²⁶ Government of Canada - Jordan's Principle: Substantive Equality Principles <https://www.sac-isc.gc.ca/eng/1583698429175/1583698455266>



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The key assumptions used to calculate the costs of delivering education services are outlined below:

- **Base Salaries:** Base salary estimates are based on secondary research. Salaries of teachers and unionized staff are based on the midpoint of salary grids included in collective bargaining agreements for Ontario and Alberta. Other salary data is derived from a combination of data from the Government of Canada Job Bank website and primary data sources.

- **Benefits:** Benefits are calculated at 22 percent of the base salary for all permanent full-time staff:

Description	Percentage (%)
Canada Pension Plan Rate	5.95
Employment Insurance (EI) Rate	2.32
Workplace Safety Insurance Board Rate	0.41
Employer Health Tax Rate	0.35
Health/Dental Plan	2.95
Employer pension contributions (varies province to province, with the average employer contribution rate of 10 percent)	10
Total	21.98

- **Non-Salary Expenses.** The non-salary expenses are calculated using a combination of the following data sources:
 - Actual spending data included in the financial statements of the sample First Nations
 - Quotes from consultants and contractors (e.g., with regard to curriculum development.)
 - Primary data collected through the interview process.
 - Other costing studies shared with MNP by interviewees.
 - AFN costing reports related to infrastructure, inclusive education and O&M.
- **Adjustment for Remoteness:** For the purposes of calculations, the following adjustments have been made for Sample First Nation #1 (fly-in community in Ontario):



1. Salary adjustments	The isolated posts allowance rate as per the Isolated Posts and Government Housing Directive is applied to all permanent staff salaries employed and is equal to \$21,500 (assuming no dependents). ²⁷
2. Personal travel and individual business travel	Every staff member from outside of First Nation is entitled to compensation for two trips annually at the 2024 Vacation Travel Assistance (VTA) fare of \$2,324.
3. Group travel/meetings	Average group meeting expenses for a group of eight people are estimated at \$22,400. This includes: • Charter flight at \$12,000 roundtrip. • Hotel accommodation & catering/meals for a group of eight at \$8,400 (at \$350 per person/day.) • Conference room and audio/visual rental at \$2,000.
4. Shipping Cost	A shipping cost factor of 240 percent is applied to materials, equipment, and supplies delivered from outside the community. The calculations are derived from ISC-Model for Cost Adjustment Factors based on Remoteness 2018. ²⁸

Limitations

The sample calculations below describe and estimate costs associated with providing K—12 services in two First Nations. While they do not reflect the unique circumstances of every community, they serve as a useful starting point for developing a budget submission as part of the REA process.

The example below does not incorporate the following:

- Needs of students attending provincial schools.
- Infrastructure needs beyond regular operations and maintenance. For example, the model does not include minor capital funding to address the existing maintenance backlog.
- Maintenance expenses related to teacherages.
- Third-level services.
- Language immersion programming.

Lastly, the data, particularly related to non-salary expenses, is based on one to three data points and may require further validation.

²⁷ National Joint Council Isolated Posts and Government Housing Directive <https://www.njc-cnm.gc.ca/directive/d4/en>

²⁸ ISC-Model for Cost Adjustment Factors based on Remoteness 2018: Data Table B.3: Shipping Cost from Point of Comparison (PoC) cities to 278 Isolated Posts.



Cost Summary

The cost summary below provides the total costs derived from the needs-based costing exercise.

Cost Component	Sample First Nation #1		Sample First Nation #2	
	Amount	Percentage	Amount	Percentage
Governance and administration	\$1,215,863	11.23%	\$1,640,015	8.37%
Instruction	\$2,670,153	24.67%	\$5,645,709	28.81%
Language and culture	\$1,061,790	9.81%	\$1,764,270	9.00%
Inclusive education	\$2,602,283	24.04%	\$4,537,322	23.14%
Transportation	\$515,585	4.76%	\$2,223,008	11.34%
Operations and maintenance	\$1,304,121	12.05%	\$1,732,883	8.84%
Wrap-around supports	\$1,455,491	13.45%	\$2,057,305	10.49%
Total Costs	\$10,825,282	100%	\$19,600,512	100%
Costs per FTE	\$74,657		\$43,557	

Based on these calculations, Sample First Nation #1 requires 71 percent more in funding than First Nation #2, with the drivers being remoteness and lack of economies of scale. The specific observations for each cost category are as follows:

- **Governance and administration.** Sample First Nation #1 spends a higher percentage of its total costs on governance and administration due to lack of economies of scale and reliance on contractors to support HR, IT, finance and other responsibilities. It also spends more on business and personal travel allowances and recruitment due to much higher staff turnover.
- **Instruction.** The per-student cost discrepancy is primarily due to remoteness (additional salary expenses, travel and shipping costs). It is expected that the gap between Sample First Nation #1 and Sample First Nation #2 would widen if Sample First Nation #1 provided high school programming, where staffing requirements would decrease the student/teacher ratio.
- **Language and Culture.** Due to substantial fixed costs associated with language and culture programming, the non-salary expenses are comparable across the board due to remoteness, with the exception of cultural events/camps/gatherings occurring at a higher frequency in Sample First Nation #2 due to its size.
- **Transportation.** Transportation is the only category where Sample First Nation #2 incurs higher costs than First Nation #1. Sample First Nation #2 allocates a significantly larger portion of its budget to transportation at 11.34 percent, compared to Sample First Nation #1, which allocates only 4.76 percent.



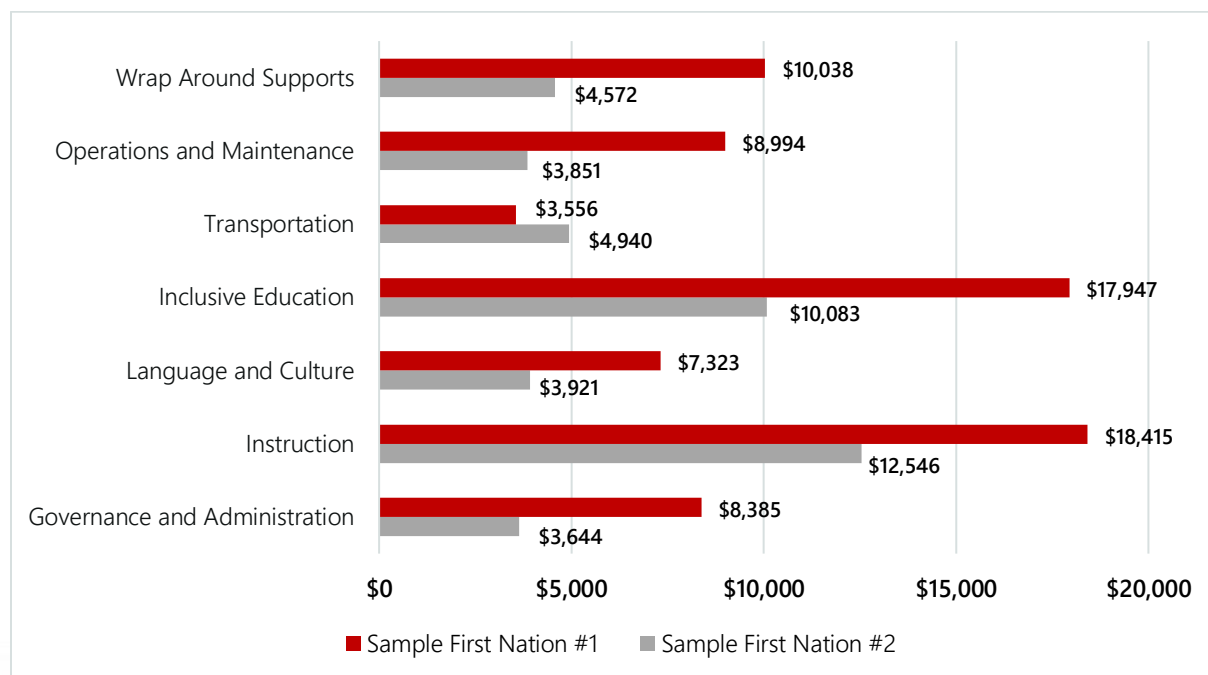
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Increase in costs is due to the increased number of buses, bus drivers, and bus monitors required to accommodate a large territory and low population density of Sample First Nation #2, as well as the need to provide off-reserve transportation.

- **Operations and Maintenance.** Sample First Nation #1 spends 12.05 percent of its total costs on operations and maintenance, compared to 8.84 percent allocated by Sample First Nation #2. This difference is primarily due to significantly higher utility costs (heating and electricity) and insurance. Additionally, the gap in O&M costs would widen further if teacherages were included in the calculations.
- **Inclusive Education.** Inclusive Education costs are similar to Instruction costs, as Sample First Nation #2 can utilize economies of scale in their staffing for special education teachers and inclusive education program coordinator. It is important to note that the variance would increase if MNP had access to the actual numbers of students with special needs in each community. The proportion of students with special needs tends to be much higher in remote and isolated communities, driving salary costs, costs of specialized services, targeted professional development, and case management.
- **Wrap-around Services.** Sample First Nation #1 allocates 13.45 percent of its total costs to wrap-around supports, whereas Sample First Nation #2 dedicates 10.49 percent to this category. The difference in per-student costs is due to lower socio-economic status First Nation #1, higher demand for before and afterschool programming due to absence of other opportunities for extracurricular activities, as well as the need to closely work with students' families to improve attendance.

The graph below further compares the costs incurred by two sample First Nations across various cost components.

Figure 12: Costs per student by category





The per-student calculations show the largest differences in the following categories:

- Governance and administration costs for Sample First Nation #1 are 130.2 percent higher than those for Sample First Nation #2.
- The operations and maintenance costs for Sample First Nation #1 are 133.6 percent higher than those for Sample First Nation #2.
- The wrap-around support costs for Sample First Nation #1 are approximately 119.5 percent higher than those for Sample First Nation #2.
- The language and culture costs for Sample First Nation #1 are approximately 86.8 percent higher than those for Sample First Nation #2.
- Inclusive education costs for Sample First Nation #1 are approximately 78 percent higher than those for Sample First Nation #2.

Cost vs. Funding Comparison

The table provides a comparative analysis of the current funding per student and the needs-based cost estimate per student across various First Nation educational authorities of different sizes and geographic zones. The costing data for the first two First Nations is based on MNP's calculations above, and the data for the latter three is based on needs-based budget requests submitted by the REA holders.

First Nation	Geographic Zone	Number of Schools	Number of Students	Current Funding per FTE Generated by IRFF	Needs-Based Cost Estimate Per FTE
Ontario Fly-in First Nation*	4	1	145	\$33,830	\$74,612
Alberta Urban First Nation Education Authority*	1	3	450	\$22,420	\$43,557
Saskatchewan First Nation Education Authority	4	4	1,229	\$24,718	\$59,978
New Brunswick First Nation	2	1	358	\$16,996	\$39,996
Alberta First Nation Education Authority	2	6	1,242	\$23,940	\$50,122

*Costing for the first two First Nations is calculated by MNP.

MNP cost calculations are generally consistent with the estimates shared by the REA holders, who have gone through the process of developing needs-based costing.

With the exception on an Alberta urban First Nation, costs required to achieve outcome parity are more than twice the current IRFF funding. This points to an urgent need to address funding gaps both through REAs, as well as through nation-wide enhancements to the funding formula to ensure that no First Nations are left behind.



Detailed Calculations

The detailed calculations and assumptions for each cost component are presented in this section and developed based on the above assumptions. For example, cost estimates for each full-time position include benefits and salary adjustments for isolated posts.

Governance and Administration

Governance and administration costs encompass expenses related to the management and operation of the school system, including salaries for administrative staff, board members, and education directors, as well as costs for board meetings, policy development, and strategic planning. These costs ensure effective leadership, compliance with regulations, and the smooth functioning of the education system.

For the purposes of developing sample costing, it is assumed that both First Nations have governance boards, do not receive services from regional education organizations, and do not rely on chief and council to support them in fulfilling their administrative functions.

Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Education Director	The education director oversees the strategic direction and operational management of a school system. One position is required, regardless of the size of the school system. However, the compensation does depend on the size.	\$161,777	\$212,245
Assistant Education Director	The assistant education director supports the education director by overseeing specific administrative functions (e.g., instruction and/or finance). One position is required regardless of the size of the school system; however, Sample First Nation #1 employs an uncertified staff member to fulfill this role, while Sample First Nation #2, due to higher enrollment, requires a higher-paying certified staff member (e.g., associate education director of instruction).	\$133,722	\$131,934
Administrative Assistant	An administrative assistant handles clerical tasks, organizes office operations, and supports administrative functions within the First Nations education system. With the assistant education director in place, the administrative assistant position is unnecessary in Sample First Nation #1.	n/a	\$64,647
Finance Manager	A finance manager oversees budgeting, financial planning, and expenditure tracking. In Sample First Nation #1, the finance manager role is carried out by an external financial advisor (<i>see professional services</i>).	n/a	\$126,859



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Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Finance/Payroll Clerk	Finance staff handle basic accounting, payroll, budgeting, and financial reporting. Sample First Nation #1 requires one finance staff member, while sample First Nation #2 needs three positions: one payroll clerk, and accounts payable clerk, and one accountant.	\$92,541	\$228,347
IT Technician	An IT technician is responsible for maintaining hardware, software, and networks, assisting staff and students with technical issues and implementing software. Sample First Nation # 2 requires a full-time IT technician. Sample First Nation #1 requires a part-time IT technician with local on-site IT capacity supplemented by a qualified IT service provider/consultant (<i>see professional services</i>).	\$51,840	\$112,423
Communications Officer/Coordinator	The communications coordinator manages and disseminates information, engages with the community, plans events, and updates media content. In Sample First Nation #1, this role is fulfilled by an assistant education director.	n/a	\$85,376
HR Officer	An HR officer oversees recruitment, employee relations, training, and personnel management, ensuring compliance with policies and fostering a positive work environment. In sample First Nation #1, the HR duties are performed by an HR consultant working remotely (<i>see professional services</i>).	n/a	\$189,984
SALARY EXPENSES TOTAL		\$439,880	\$1,151,815

Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
LEA board expenses	Sample First Nation #1 has a five-member board, while Sample First Nation #2 has a seven-member board. Board meetings are held monthly. - Honoraria are estimated at \$300 per meeting per board member. - Professional development and strategic planning expenses are estimated at \$30,000, which include facilitator's fees, room booking, catering, and meals.	\$60,000	\$67,200
Interest and bank charges	Costs include bank account maintenance, transaction fees, processing fees, and specialized services.	\$10,000	\$15,000



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Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Memberships and subscriptions	Costs incurred for access to services and content regularly, including fees for professional organizations, digital media platforms, etc.	\$15,000	\$20,000
IT expenses	Costs associated with internet and network services, educational software, and licenses (e.g., PowerSchool, finance/HR licenses, and security software).	\$25,000	\$45,000
Office equipment and supplies	General office supplies, equipment, and furniture are estimated at \$15,000 to \$30,000. These include office equipment, toner, paper, etc. Shipping factor is applied for Sample First Nation #1.	\$36,000	\$30,000
Professional services	Professional services vary based on the size of the education system and include the following: - Annual audit fees (\$60,000 - \$90,000). - Legal fees (\$10,000 - \$30,000). - Consulting fees associated with policy development, planning, and communications support (\$120,000). Sample First Nation #1 incurs the following additional consulting costs due to lack of available local expertise: - HR consulting fees (six hours per week at \$250 for 52 weeks). - Finance consulting services (six hours per week at \$250 for 52 weeks). - IT consulting fees (four hours per week at \$250 for 52 weeks).	\$398,000	\$240,000
Recruitment	Recruitment costs are based on estimates provided by First Nations. Sample First Nation #1: - Participation in job fairs and job postings on job boards, incl. (\$21,000). - Annual social media advertising campaign and video content to attract teachers (\$50,000). - Printed promotional materials and giveaways (\$15,000). - Financial incentives (signing bonuses for eight new teacher's members at \$3,000 each). - Relocation costs at \$4,000 per staff member (assuming an average of eight new teachers and two staff members from outside the community each year). Sample First Nation #2 - Participation in job fairs and job postings on job boards, incl job postings on job boards (\$9,500).	\$150,000	\$20,000



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Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
	Printed promotional materials, videos and giveaways (\$10,500).		
Personal travel and individual business travel	For Sample First Nation #1: - The education director and finance staff are hired from outside of the community and require a vacation travel allowance. - There is a need for quarterly travel to urban centres for two staff members (e.g., recruitment trips, meetings with contractors, vendors, and other partners). - IT, HR, finance, and other consultants make a total of 12 trips to the community each year. For Sample First Nation #2: - Require a budget of \$15,000 for local business travel (mileage expenses for staff), includes mileage for meetings.	\$37,184	\$15,000
Group/travel meetings	Travel expenses for two off-site board meetings (one for annual strategic planning and one for onboarding).	\$44,800	\$36,000
NON-SALARY EXPENSES TOTAL		\$775,984	488,200

Instruction

This cost component is intended to provide classroom instruction resources, salaries, and benefits for teachers and other school-based staff. The expenses outlined here are often referred to as first-level services.

Please note that the ratios and assumptions below are not based on provincial practices. Instead, MNP based its calculations on input collected from First Nations, with the overall goal of providing sufficient funding to catch up to their provincial counterparts.

Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Principal	One principal per school is required, regardless of size, to oversee school operations' management and provide staff leadership.	\$168,860	\$399,606
Vice-Principal	One vice-principal per school is required to assist the principal, focusing on discipline, student behaviour, staff support, curriculum implementation, and daily administrative tasks.	\$168,860	\$399,606



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Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
School Admin/receptionist	A school receptionist handles administrative tasks, greets visitors, manages phone calls, tracks absences, coordinates communication, and supports the school's daily operations. One position is required in every school, regardless of its size.	\$76,481	\$152,231
Teacher – Elementary	The elementary school teacher's role is to educate and nurture young students by delivering curriculum-based instruction. Due to the existing education outcome gaps and the need to provide personalized attention and support, one teacher is required for every 15 students.	\$972,126	\$1,824,489
Teacher – Secondary	A secondary school teacher plans and delivers subject-specific lessons. Due to the existing education outcome gaps and the need to provide personalized attention and support, one teacher is required for every 15 students for Sample First Nation #2. <i>If Sample First Nation #1 offered high school programming, it would require a total of eight teachers, regardless of enrollment (including four core subject teachers and four specialized teachers) to meet curriculum requirements.</i>	\$251,283	\$1,506,352
Substitute Teacher	A substitute teacher temporarily fills in for a regular teacher. Sample First Nation #1 has no ability to hire substitute teachers. As a result, the vice-principal and EAs act as substitutes. Sample First Nation #2 hires substitute teachers at a rate of \$222 per day, assuming a five percent absence rate (nine days per teacher annually).	n/a	\$59,940
Literacy Coordinator	The literacy coordinator develops and implements school-wide strategies to enhance reading and writing skills. One full-time literacy coordinator per elementary and middle school is required.	\$122,861	\$231,949
Numeracy Coordinator	The numeracy coordinator oversees school-wide initiatives to improve mathematical skills. One position per elementary school is required.	\$122,861	\$231,949



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Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Guidance Counsellor	A school guidance counsellor supports students in secondary grades in their academic and career success. Sample First Nation #1 requires a part-time guidance counsellor, while Sample First Nation #2 requires a full-time guidance counsellor.	\$51,747	\$79,997
Data Analyst	The data analyst collects, processes, and analyzes educational data to provide insights that support decision-making and improve student outcomes. A part-time position is required for Sample First Nation #1, and a full-time position for Sample First Nation#2.	\$52,614	\$81,190
Librarian	A school librarian supports students' and teachers' needs by managing library resources, promoting literacy, guiding research, and teaching information literacy skills. A part-time librarian is required for each school.	\$33,287	\$62,400
SALARY EXPENSES TOTAL		\$2,020,980	\$5,029,709

Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Classroom supplies	A budget of \$1,000 per classroom per year is needed to cover essential items like paper, pencils, markers, and art supplies. Shipping factor is applied for Sample First Nation #1.	\$24,000	\$30,000
Literacy, numeracy, and shop resources	A budget of \$60,000 per school is required for literacy enrichment materials, such as manipulatives, literacy program materials, classroom and school library updates, etc. Shipping factor is applied for Sample First Nation #1.	\$144,000	\$180,000
Library (books)	A budget of \$10,000 per school is required to replenish library books, digital resources, supplies, and technology. Shipping factor is applied for Sample First Nation #1.	\$24,000	\$30,000
Student technology	Every student requires a Chrome book (at \$400 each) and a three-year replacement cycle.	\$46,400	\$60,000



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Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
	Shipping factor is applied for Sample First Nation #1.		
School technology	The school-based technology expense budget is \$15,000 to purchase licenses, whiteboards, etc. Shipping factor is applied for Sample First Nation #1.	\$36,000	\$45,000
Professional development	One professional development conference for all staff members at \$40,000 (facilitator fees and room booking). \$1,000 per teacher for other professional development of their choice.	\$50,000	\$70,000
Teacher mentor/coach	The teacher mentor/coach provides new teachers guidance, support, and professional development to enhance instructional practices and student learning outcomes. One hour per teacher, per new teacher, per week for 36 weeks at \$200/hour. This assumes 50 percent turnover at Sample First Nation #1 and 25 percent in Sample First Nation #2.	\$36,000	\$54,000
Student retention initiatives and incentives	A budget of \$200 per student per year is required for various incentives and celebrations. Shipping factor is applied for Sample First Nation #1.	\$69,600	\$90,000
Personal travel and individual business travel	For Sample First Nation #1, travel includes: - Quarterly travel for teacher mentor/coach to observe teachers in classroom and conduct in-person sessions. - vacation travel allowance for teachers, assuming 80 percent are hired from outside the community.	\$39,973	n/a
Group travel/meetings	One large off-site annual professional development conference/retreat that includes the following: 32 people in attendance for Sample First Nation #1. 96 in attendance for Sample First Nation #2 (no airfare/accommodation required).	\$89,600	\$15,000
Field trips	Sample First Nation #1 offers one field trip to the closest urban centre for grade 6 and 8 students each year. Group	\$89,600	\$42,000



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Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
	meeting/travel rate applied (30 students and staff travelling each year). Due to its proximity to an urban centre, Sample First Nation #2 organizes two field trips per grade yearly at an average cost of \$1,500 each, consistent with local public school board practices.		
NON-SALARY EXPENSES TOTAL		\$649,173	\$616,000



Language and Culture

This cost component is intended to provide resources to meet the cultural and linguistic needs of the sample First Nations. It is assumed that both Nations are teaching Indigenous language as a second language. Therefore, the costing below is insufficient to cover the implementation of an immersion program.

Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Language and Culture Coordinator	A position designed to oversee Language and Culture Program delivery across all schools. Duties include preparing and maintaining all comprehensive records for all education programs, providing training to all staff members, performing various grant research, assisting education programs, and coordinating with various schools to maintain effective communication within the community. One position is required, regardless of the size of the community.	\$122,861	\$115,975
Resource/ Curriculum Development Lead	One position responsible for project management, requirements gathering, planning sessions, and development of curriculum documents and resources. In Sample First Nation #1, this role is fulfilled by the language and culture coordinator.	n/a	\$103,683
Land-Based Learning Instructor	A land-based learning instructor in a First Nations school integrates traditional ecological knowledge with an academic curriculum, facilitates experiential learning on the land, teaches cultural practices, fosters environmental stewardship, and supports holistic student development through connection to Indigenous teachings and community values. One position is required per school to conduct weekly land-based learning activities, organize culture camps, etc.	\$106,886	\$256,158
Language/Culture Instructor	Language instructors are required to provide hour-long daily instruction for each grade level. Two positions are needed per school.	\$218,651	\$526,954
Elders	Honoraria for Elders to support the Elders-in-Residence Program in each school at \$300 per day in Sample First Nation #1 and \$250 per day in Sample First Nation #2.	\$45,000	\$135,000
SALARY EXPENSES TOTAL		\$493,398	\$1,137,770



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Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Elder honoraria – curriculum development	Honoraria for bi-weekly curriculum meetings with five Elders. Elder honoraria are estimated at \$300 per day in Sample First Nation #1 and \$250 in Sample First Nation #2.	\$39,000	\$32,500
Curriculum/ resource development	The annual budget for external curriculum development consultant to develop curriculum-aligned resources (handouts, presentations, educator guides, variation videos, etc.). The curriculum development costs assume the gradual development of necessary resources over ten years.	\$250,000	\$250,000
Assessment tools	This annual budget is for external consultants to develop and update assessment tools aligned with curriculum outcomes.	\$90,000	\$90,000
Cultural events/camps/ gatherings	This annual budget supports locally sourced tools and supplies for on-the-land activities (like hunting, canoeing, trapping, and making traditional medicine).	\$40,000	\$120,000
Specialized equipment	This supports audio and video collection package at \$6,000 per school. Shipping factor is applied for Sample First Nation #1.	\$14,400	\$18,000
Professional development	This supports creating and delivering custom workshops and on-demand videos (\$80,000 annually), plus a discretionary professional development budget of \$1,000 per language per culture staff member.	\$84,000	\$91,000
Personal travel and individual business travel	This annual budget supports local travel to collect materials, data, etc. (at \$10,000). Quarterly trips for two consultants or language and culture staff are at the VTA rate.	\$28,592	\$10,000
Group travel/meetings	This supports one professional development event off-site annually for language and culture staff.	\$22,400	\$15,000
NON-SALARY EXPENSES TOTAL		\$568,392	\$626,500



Inclusive Education

The inclusive education cost component creates a learning environment that allows all children to integrate and participate in school activities. The costing below is calculated using the *AFN First Nations Education Costing Summary Report*²⁹ and model developed by MNP in 2023. Since the costs associated with this component are driven primarily by the number of special education students, for costing purposes, it is assumed that:

- Students with mild and moderate special needs comprise 20 percent of total enrolment;
- Students with severe and profound special needs comprise 5 percent of total enrolment.

Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Inclusive Education Program Coordinator	Every education system needs an inclusive education program coordinator (certified teacher) who would assume a lead role in the capacity building of inclusive practices within the school and community.	\$73,590	\$123,501
Special Education Teacher (Resource Teachers)	The special education teacher (often referred to as a resource teacher) is the in-house expert on meeting the needs of diversified learners. The number of special education teachers is based on the number of students with special needs. Sample First Nation #1 requires one full-time special education teacher, while Sample First Nation # 2 requires two teachers.	\$121,516	\$214,646
Education Assistants	Education assistants (EAs) support students in a multidisciplinary team with teachers and other support personnel to provide meaningful instruction. The number of EAs is calculated based on the number of special needs students. • One EA is hired for each student with severe to profound special needs, regardless of grade level. • One EA is hired for a grouping of five students with mild to moderate special needs in elementary grades (K-6). • One EA is hired for a grouping of 10 students with mild to moderate special needs in secondary grades (Gr.7 – 12).	\$1,080,996	\$2,112,206

²⁹ Assembly of First Nations - First Nations Inclusive Education Costing Summary Report, 2023



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Counsellors /Social Worker	Counsellors are considered Level Two support persons (Level Two is the escalation team in an organization or specialists who handle more complex cases) who work with individual students and student groups.	\$102,007	\$189,069
Speech Language Pathology Assistant	Regardless of enrolment, every school will employ a Speech-Language Pathology Assistant (SLPA).	\$100,299	\$259,817
SALARY EXPENSES TOTAL		\$1,478,408	\$2,899,239

Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Assessments	Ten percent of the total student enrolment requires assessments. All assessments are contracted and conducted in person. Assessment fees are based on the average of quotes collected from assessment providers in each specific province. To cover travel expenses and travel time associated with professionals travelling to First Nations to conduct assessments, the fees are adjusted for remoteness.	\$86,059	\$127,000
Physiotherapy (PT)	All physiotherapy services are contracted and provided in-person. The number of hours of service required is calculated as follows: - One hour per week for 36 weeks for individual students (severe/profound.) - One hour per week for 36 weeks for groups of five students (mild/moderate.) Hourly fees are based on the average of quotes collected from providers in Ontario and Alberta.	\$142,443	\$178,670
Occupational therapy (OT)	All occupational therapy services are contracted out and provided in-person. The number of hours is calculated in the same way as for physiotherapy. Hourly fees are based on the average of quotes collected from providers in Ontario and Alberta.	\$159,536	\$254,108
Speech-language pathologists (SLP)	All speech and language pathology services are contracted out and provided in-person. The number of hours is calculated in the same way as for physiotherapy.	\$153,838	\$226,315



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Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
	Hourly fees are based on the average of quotes collected from providers in Ontario and Alberta.		
Psychology	Psychology services are contracted out. One full-time psychologist is needed for every 500 students. A full-time psychologist works 40 hours/week, 36 weeks/year (1,440 hours/year.)	\$212,444	\$261,468
Classroom resources	The estimate includes a designated quiet space, sensory/calm down kit, flexible seating option, FM system, C-pens (text to speech), specialized apps, etc.	\$139,052	\$198,522
School resources	Each school requires a stand-alone sensory room. Sensory room budget is based on a rotation rationale of \$6,000 per school per year to replace damaged or broken resources. Each school requires one designated outdoor classroom space to enhance both cultural practices and optional learning environments, with an annual budget of \$5,000 for equipment and resources	\$11,000	\$33,000
Elders and knowledge keepers – mental health-focused	Schools usually have one Elder working part-time (4-6 hours per day, 180 days per year).	\$45,000	\$135,000
Cultural ceremonies/ traditional wellness and healing	Every school has a budget of \$25,000/year/school for supplies (medicine bags, smudge kits, hand drums, pipes, etc.).	\$60,000	\$75,000
Professional development	The professional development budget is based on: \$2,000 for each special education teacher and inclusive education coordinator. \$1,500 per classroom teacher and counsellor, or a minimum of \$25,000, regardless of the number of teachers. Teachers include classroom teachers. \$500 per education assistant (as generated by the model), or a minimum annual budget of \$8,000 regardless of the number of EAs.	\$83,650	\$74,000
Community engagement	The budget allots \$20,000 to provide quarterly community engagement sessions for parents and interested community members to promote inclusive education awareness and understanding.	\$20,000	\$60,000



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Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Case management	A case management team is established for every student with a severe/profound code. Costs reflect six individuals involved in each case management meeting. \$200/meeting x 3 meetings/year = \$600 annually.	\$10,853	\$15,000
NON-SALARY EXPENSES TOTAL		\$1,123,875	\$1,638,083

Transportation

The costing below is intended to cover transportation costs incurred by the sample First Nations. The calculations below use the *AFN First Nation Education Transportation Report* and model developed by MNP in 2021, as well as primary and secondary data collected by MNP from First Nations (e.g., the number of bus routes, kilometres driven, and up-to-date cost information).

Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Transportation Coordinator	The transportation coordinator manages bus scheduling and routes, ensures the safety and maintenance of buses, coordinates with drivers and parents, and addresses transportation-related issues to ensure efficient and safe student transport. In Sample First Nation #1, one of the bus drivers fulfills coordination responsibility at a \$10,000 salary top-up.	\$10,000	\$92,705
Transportation Assistant/Dispatcher	A transportation assistant/dispatcher supports the school transportation coordinator by scheduling bus routes, dispatching buses, maintaining communication with drivers, and addressing any transportation issues to ensure timely and safe student transport. Due to the small size of operations, this role is not needed in Sample First Nation #1.	n/a	\$30,000
Bus Drivers	The number of regular bus drivers equals the number of active bus routes: - Sample First Nation # 1 has four routes. - Sample First Nation # 2 has 17 routes. All regular bus drivers are employed 7.5 hours per day for 180 days per year (depending on the province), plus five maintenance and training days.	\$307,141	\$1,035,171



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Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
	Due to its large area and lower population density, Sample First Nation # 2 operates 17 bus routes.		
Bus Monitors	Each bus route requires a part-time bus monitor to ensure bus safety, prevent bullying, and assist students with special needs. In Sample First Nation #1, this role is fulfilled by EAs (working two extra hours per day). Sample First Nation #2 has longer bus runs and ride times and, therefore, requires bus monitors to work five hours a day.	\$28,800	\$306,000
SALARY EXPENSES TOTAL		\$345,941	\$1,463,876

Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Bus replacement costs	The number of active buses equals the number of bus routes. Sample First Nation #2 also requires a spare bus in case of a breakdown, while Sample First Nation #1 does not need one (shorter routes make it possible to do double runs if necessary). Each bus costs \$169,000. Due to poor road conditions, the buses are to be replaced every six years, and costs are amortized over this period.	\$112,667	\$507,000
Maintenance costs	An average number of kilometres travelled per bus each year: - Sample First Nation # 1 – 5,400 km. - Sample First Nation # 2 – 15,000 km. Maintenance costs are estimated at \$0.24 per km and adjusted for remoteness.	\$12,442	\$61,200
Fuel	Fuel costs are calculated based on the number of kilometres. Fuel consumption rate is calculated at 3.009 per litre of diesel. Fuel price is \$1.25 per litre for Sample First Nation #2 and \$3 per litre for Sample First Nation #1.	\$21,535	\$105,932



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Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Licensing/insurance	Insurance costs are incurred regardless of bus usage — both active and spare buses require insurance.	\$18,000	\$70,000
Driver recruitment and training	All training is delivered by third-party providers, as opposed to in-house. Costs associated with entry-level training, licensing, medical examinations, and travel are fully covered by First Nations school jurisdictions.	\$5,000	\$15,000
NON-SALARY EXPENSES TOTAL		\$169,644	\$759,132



Operations and Maintenance

The O&M cost component is intended to cover expenses associated with the school facilities' upkeep, repair, and daily functioning. This includes utilities, cleaning, repairs, and safety services. The calculations for this component reference several data sources, including *the First Nations Education Infrastructure Operation and Maintenance Needs Assessment 2022*, actual data collected from sample First Nations, and data provided by interviewees.

Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
O&M Coordinator/Manager	An O&M manager oversees the maintenance, safety, and operational efficiency of school facilities and grounds, ensuring a clean, safe, and functional environment for students, staff, and visitors.	\$65,642	\$107,983
Custodians	Custodians are responsible for cleaning and maintaining the cleanliness of the building, including sweeping, mopping, and sanitizing surfaces. One custodian is required per 1,500 sq.m, rounded up.	\$147,380	\$266,404
Maintenance Staff	Maintenance staff perform routine and preventive maintenance tasks, repairs, and inspections to ensure the building's systems and equipment function properly. One maintenance staff member per school and one maintenance worker for Sample First Nation #1 are needed to take care of teacherages. For the purposes of the costing exercise, it is assumed that maintenance staff are not certified journeymen.	\$153,941	\$220,735
SALARY EXPENSES TOTAL		\$366,963	\$595,122



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Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Supplies and services	Supplies and services costs include contracted services, as well as costs associated with purchasing O&M supplies and equipment. These are based on <i>AFN Infrastructure Needs Assessment</i> report (estimates for Zone 1 and Zone 4 school) - Sample First Nation #1: \$130 per sq.m. - Sample First Nation #2: \$52 per sq.m.	\$299,520	\$608,400
Insurance	Insurance costs are based on 2023– 2024 actuals and equal: - Sample First Nation# 1: \$53.48 per sq.m. - Sample First Nation# 2: 20.79 per sq.m.	\$123,000	\$243,243
Utilities	Utilities costs include electricity and heating. These costs are based on actuals: - Sample First Nation #1 (diesel-fueled): \$205 per sq.m. - Sample First Nation #2: \$19.80 per sq.m.	\$472,930	\$231,618
Professional development	Professional development is calculated at \$2,500 per maintenance staff each year. It is intended to cover expenses associated with first aid training, OH&S training, building management system training, etc.	\$11,250	\$22,500
Personal/business travel	Costs for Sample First Nation #1 assume: - One trip for each maintenance staff member to complete training at the VTA rate. - A budget of \$20,000 for local travel (amortization for two trucks and a fuel budget). Costs for Sample First Nation # 2 assume: \$32,000 (amortization for two trucks and a fuel budget).	\$30,458	\$32,000
NON-SALARY EXPENSES TOTAL		\$937,158	\$1,137,761



Wrap-Around Supports

The wrap-around supports cost component is meant to address the holistic needs of students beyond academics. These services include nutrition, mental health services, before- and after-school care, and family support. The aim is to create a supportive environment to help First Nations students overcome socio-economic barriers to learning and development. In the provincial school, these supports are typically provided by parents and other community organizations and are, therefore, not reflected in the provincial funding formulas. Please note that mental health supports are included as part of the inclusive education cost category.

Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Nutrition Coordinator	A nutrition coordinator oversees the planning and implementation of school meal programs, managing cooks, ordering groceries and supplies, etc. The nutrition coordinator is required for Sample First Nation #2, while at Sample First #1, a supervisory role is performed by one of the cooks (for an additional \$10,000 in salary.)	\$10,000	\$45,669
Cook	One cook is required for every 50 students to prepare and serve nutritious meals to students.	\$190,471	\$388,189
Community Liaison Workers (Home-Family Liaison)	Community liaison workers (home-family liaison) in a school system act as a bridge between the school and families, facilitating communication, supporting family engagement, addressing student and family needs, and connecting them with community resources and services. Sample First Nation #1 requires one position per 50 students, given the lack of parental engagement, poor attendance, significant socio-economic challenges, and the need to assist students transitioning between on-reserve and off-reserve schools. Sample First Nation #2 requires one position per school.	\$254,789	\$182,677
Before and After School Program Staff	Student care staff ensure the safety of students before and after school hours, provide structured recreational activities, assist with homework, and support students' social and emotional well-being. One staff member per 15 children is required (based on regulatory requirements, working for five hours each day). 75 percent of students are utilizing the program in Sample First Nation #1, and 50 percent in Sample First Nation #2.	\$133,828	\$249,750
SALARY EXPENSES TOTAL		\$589,088	\$866,285



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Non-Salary Expenses	Description	Sample First Nation #1	Sample First Nation #2
Groceries/nutrition supplies	Nutrition supplies cost is estimated as follows: - Breakfast costs = \$2/student. - Lunch = \$5/student. - Snacks = \$1.5/student. Total Annual Cost: \$1,530 per student each year. Shipping cost factor applied.	\$532,440	\$688,500
After-school program/summer school supplies	This includes athletic, recreation, and arts equipment and supplies at \$200 per student per year. Shipping cost factor applied.	\$69,600	\$90,000
Family/community engagement events	This budget provides monthly education sessions/workshops within the community (10 in total), including an estimated catering expense (\$1,000) and programming (\$1,000).	\$24,000	\$24,000
Tutoring program	This allows for two hours per student per week at an hourly rate of \$30. About 50 percent of students utilize the program.	\$156,600	\$243,000
Summer programming (K-6)	For grades 1-6, this budget supports one staff member per 15 children (based on regulatory requirements of working eight hours each day for 80 days during the summer). This assumes 50 percent of students utilize the program.	\$63,763	\$119,520
Summer programming (Gr.7-12)	Two summer camps each year, using the estimate provided by First Nations.	\$20,000	\$26,000
NON-SALARY EXPENSES TOTAL		\$866,403	\$1,191,020



Conclusions and Recommendations

With notable challenges and miscommunications along the way, First Nations K – 12 Education Transformation marks an important transition from proposal-driven funding to formula funding. With few exceptions, the IRFF resulted in greater equity of funding distribution and provided investment in previously overlooked areas like teacher pensions, full-time kindergarten, and before and after-school programming, among others. These changes — along with the expansion of nominal roll eligibility requirements, such as age and attendance — have had a positive impact on First Nations' ability to deliver education programs and services, as well as satisfy a growing demand for services.

However, purely relying on IRFF is insufficient to achieve substantive equality and parity of education outcomes. Based on MNP's sample costing detailed in the report, **the costs required to achieve outcome parity are more than twice the current funding produced through IRFF.** MNP calculations are consistent with the estimates shared by the REA holders, who have gone through the process of developing needs-based costing.

The REA budget request process has been fraught with unmet requests and frustrations. These issues stem from inconsistent communication and collaboration, a lack of understanding of government processes and constraints, and, ultimately, insufficient funding to finalize agreements. With the exception of large regions represented by strong support organizations such as FNEC in Quebec and FNEC in British Columbia, First Nations across Canada — including those that have a current REA with ISC — have been unsuccessful in negotiating needs-based funding.

The lack of success in REA funding negotiations highlights the potential for structured improvements, which would be instrumental in achieving positive education outcomes, as well as improving overall relationships between government, First Nations, and other service providers.

With the intention of improving communications and transparency, it is recommended that ISC:

1. **Work with First Nations and funding subject matter experts to improve the format and readability of the existing funding information package (side-by-sides).** The data needs to be presented in a user-friendly format for First Nations to engage in a productive and informed dialogue.
2. **Provide detailed background/source calculations.** In addition to an IRFF overview, to increase transparency and eliminate unnecessary questions.
3. **Distribute funding information in advance of the new fiscal year.** Even if some formula elements are subject to change based on the official budget allocations/announcement. Such an approach would be consistent with many provincial school jurisdictions that issue projected operational funding and allow First Nations to better plan for the upcoming fiscal year and avoid under or overspending.
4. **Conduct analysis and engage with First Nations across the country to better understand nominal roll trends and develop projections.** Accurate enrolment projections are instrumental in accurately predicting operational funding and planning capital expansions. For example, due to a lack of planning and analysis surrounding the demand for adult education, First Nations are finding themselves lacking infrastructure facilities to accommodate adult learners.



5. **Develop a formal framework for the development, renewal, and negotiation of REAs**, including fiscal and policy parameters for future agreement negotiations and an approach to REAs based on First Nations-developed funding formulas. ISC identified this action item in their 2023 – 2024 Departmental Plan, yet it is unclear if it was fulfilled, and if it was, it has not been clearly communicated to First Nations.
6. **Develop and publish a formal REA guidebook**. This includes, but is not limited to, the REA development process, a budget ask submission, a sample outcome reporting framework, as well as sample agreements and best practices. Having access to such information will help First Nations better plan their REA activities and subsequently optimize the use of REA development dollars. The guidebook should be validated by First Nations organizations to ensure it reflects clear and straightforward procedural rules. It must be easy to read and understand by Elders and elected leaders, not just by individuals with advanced academic degrees.
7. **Work with First Nations organizations to conduct training sessions for** regional office staff and externally for First Nations. It would touch on key topics related to First Nations K-12 Education Transformation, such as changes to the annual IRFF, REA negotiations, differences between existing education agreements (e.g., REA vs. self-government agreements vs. ten-year grant), etc. The audience in First Nations should include both First Nations education directors, second-level service providers, as well as boards and chiefs and councils. Due to a lack of change management and communications in the past, the REA training should be offered to all First Nations and not be limited to those who already participate in technical tables.
8. **Continue implementing nationwide funding enhancements**, regardless of signed REA agreements, particularly in high-need areas like inclusive education, language and culture, nutrition, O&M and minor capital. Such incremental nationwide improvements are key to ensuring that small independent First Nations and/or First Nations lacking the capacity and political stability to engage in the REA process also have access to much-needed funding.
9. **Incorporate expenses currently covered by Jordan's Principle into core funding**. There is a consensus among interviewed First Nations groups that recurring and ongoing needs currently covered through proposal-based Jordan's Principle (e.g., speech pathology, psychology, etc.) should become part of core funding. This approach will not fully eliminate the need for Jordan's Principle funding, as there will always be one-off situations where students require expensive assistive devices and technology, additional specialist support, medical supplies, etc. However, it would reduce the amount allocated through this source and promote the sustainability and continuity of services.
10. **Explore an incremental funding approach for needs-based REA budget submissions**, where First Nations can access an increasing portion of agreed-upon, needs-based funding negotiated through an REA. The reason behind this is that it often takes time and capacity to ramp up programming (i.e., hire teachers and specialists and plan and organize additional activities) and spend needs-based dollars. With funding requests growing significantly across the country, such an approach will allow for more prudent management and equitable distribution of funding.



For First Nations wanting to pursue an REA, it is recommended to:

1. **Ensure community buy-in before starting technical table discussions with ISC.** Lack of upfront community engagement often leads to disruptions at the negotiation table, requiring course corrections or even suspending negotiations. Community engagement should cover not only funding and programming needs but also the service delivery model, governance structure, and outcome measures that define educational success for the First Nation(s).
2. **Secure an MOU.** Leveraging FNEC's experience, it is beneficial to begin official REA negotiations by obtaining a formal commitment from ISC to negotiate an REA, outlining roles and responsibilities, the structure, and the frequency of technical tables. This can be accomplished using the EPP: REA component funding.
3. **Link any funding requests to improvements in educational outcomes.** According to ISC, for a budget submission to be successful, it must rely on predictable, credible, and recent data — along with strong evidence-based justification — to demonstrate how incremental funding will help improve student outcomes. To this end, it is helpful for First Nations to start collecting and tracking the necessary student data early in the process and use it as a baseline to measure improvements over time.
4. **Collaborate with other First Nations in the region.** Even if signing an REA at a regional level is not feasible, it is helpful to work with partners on developing common REA tools and templates. For example, developing baseline costing for the entire region would be more cost-effective than having each First Nation do the work independently. Additionally, organizing joint advocacy efforts at a regional level tends to yield better results than having each First Nation approach the government independently.
5. **Engage a strong team.** A team composed of education leaders, technical experts, lawyers, government relationship professionals, and formula specialists tends to be more successful in their negotiations than those relying on politicians to lead the process.
6. **Take ownership of the negotiation process.** Even with a well-established and streamlined REA development process, First Nations should assume leadership in setting agendas, documenting next steps, and ensuring timely follow through on action items committed to by ISC. This includes obtaining signatures for the minutes as soon as possible, after each meetings.
7. **Plan for transition.** It is essential to secure funding and develop a plan to support key activities that must take place after the REA signing. These activities include recruitment, training, policy updates, collecting and analyzing baseline performance data, securing proper insurance, and other value-added initiatives to help communities implement the agreement effectively.