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Decolonizing First Nations Health and Social Services Funding in Canada

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Abstract

This article considers the many ways in which mechanisms delivering funding for health and social services to First Nations on reserve embed colonial biases. Against a backdrop of trade-offs inherent in different funding mechanisms, we examine the extent to which colonial biases result in greater need for health and social services for which the same per unit funding would be inadequate, and how the colonial biases in operationalizing the funding mechanisms result in lower per unit funding than is afforded Canadians, in some instances. For better informing current efforts to co-develop a renewed fiscal federalism, we conclude with a path forward cast as different decolonizing options of increasing complexity.

Keywords

Indigenous health and services funding, funding mechanism, funding formula, health and social services on reserve, fiscal federalism

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Decolonizing First Nations Health and Social Services Funding in Canada

Under the rubric of “decolonization” there have been notable efforts to confront colonial perspectives embedded in the education, child welfare, and justice systems that operate alongside efforts to uphold the principle of self-determination in direct negotiations with First Nations Peoples. This article addresses the under-examined area of funding arrangements as an additional issue in which colonial assumptions underpinning the design and application of current funding mechanisms can reproduce colonial ways of thinking. We focus on examples of the funding of health and social services and examine the extent to which colonial influences are embedded in proposal funding, formula funding, and block funding mechanisms. Given increased interest in performance-based funding, we consider this mechanism as well.

The substantial underfunding of First Nations health and social services on reserve has been recognized for some time. Numerous sector-specific reports identify gaps in the amount of funding for basic incomes (Metallic & Wein, 2019), child welfare (Blackstock, et al., 2005; First Nations Chiefs of Ontario, 2019), health (Lavoie, 2018; Vives & Sinha, 2019), education (Office of the Parliamentary Budget Officer, 2016), housing and infrastructure (AFN, 2023a), and water on First Nations reserves (Thistlethwaite, et al., 2020). The sources of this underfunding are also widely understood; the greater need for social services arising from resource dispossession and historical trauma, the higher costs imposed on First Nations to navigate jurisdictional complexities, the higher costs of delivery due to geography (remoteness, isolation), and the restricted uses of funds for colonial-defined services are all commonly held areas of concern (Bezanson, 2018; Coates & Finnegan, 2022; Fallon, et al., 2021; MMIWG, 2019; Pasternak, 2023; TRC, 2015). These gaps and inequities have “demonstrated that the health and well-being of First Nations in Canada continues to be affected by colonial governing structures, inconsistent policies, and underfunding compared to non-Indigenous communities” (Assembly of First Nations [AFN], 2021).

Indigenous Services Canada (ISC, 2021a) identifies the following key elements of this underfunding:

1. Insufficient transfers
2. Insufficient and underutilized revenue generation opportunities
3. Inflexible and unpredictable funding arrangements
4. Excessive administration and reporting burdens
5. Excessive focus on compliance rather than results

To address some of these elements, ISC (2021a) reported an intention to move to block funding, that is, permanent and reviewable funding agreements with grants up to 10 years, “to leverage full flexibility

under the Policy on Transfer Payments” and reduce excessive administrative and reporting burdens.¹ Whereas block funding may be preferred to a proposal-based funding mechanism given how it reduces administrative and reporting demands and it may be preferred to a funding formula given how it offers greater spending flexibility, there are nevertheless clear trade-offs to be considered before deciding which funding mechanism is most appropriate for which First Nation and for which service or bundle of services.

In addition to attending to the trade-offs themselves, the issue of how these funding mechanisms are operationalized requires attention. Both the trade-offs and the operationalization of a chosen funding mechanism have consequences for the total amount of funding delivered. This paper examines the operationalization of the various funding mechanisms in the context of these trade-offs to expose the ways in which assumptions embedded in funding mechanisms have masked a persistent colonial thinking.

We provide a short summary of the foundational circumstances that have given rise to the government’s obligation to fund First Nations social services on reserve and consider the jurisdictional context defining funding responsibilities. By way of further context, we offer a synopsis of the various dimensions of a colonial legacy still plaguing funding adequacy. We focus our examination on different funding mechanisms and the trade-offs inherent in each of them illustrated by stylized examples of current and historical funding mechanisms and program details. We conclude with a vision for a path forward that will consider different decolonizing options of increasing complexity. Considered together, these options for funding adjustments may serve as a map of the possible funding arrangements that could support First Nations in their pursuit of transformation to self-governance and economic self determination.²

Treaty rights and the *Indian Act*

Nation-to-Nation relationships grounded the original treaties between First Nations, Europeans, and Canada (Dussault & Erasmus, 1996). Connected through the principles of respect, trust, friendship, and sharing for peaceful coexistence, there was an explicit assumption of a kinship relationship based on equality and freedom without interference. Over time, however, this balanced relationship deteriorated. Settlers accessed land and resources for their own economic benefit while in exchange promising “assistance in a number of areas including education, health and medicine, economic independence,

¹ A renewed fiscal relationship does not, by itself, guarantee funding adequacy. Rather, “First Nations and the Crown seek to co-develop new approaches to support capacity-building by First Nations and to empower First Nations councils [sic] to plan and invest based on their own socio-economic, education and health priorities [and] to work toward the closure of socio-economic gaps between First Nations and other peoples of Canada,” (ISC, 2021, emphasis added). As Page (2023, p.6) notes, ISC “uses the word ‘responds’ to needs rather than concepts of sufficiency or adequacy” in its interpretation of the federal government’s spending obligations. Notably, however, in an earlier document, Canada and AFN do state a goal of funding sufficiency in their shared vision statement (Assembly of First Nations and Government of Canada, 2018).

² Transformation itself progresses at a pace set by each First Nation as guided by their unique needs and their specific plans for programs and services. Consequently, this overall process will require the establishment of the necessary infrastructure, the advancement of the key determinants of well-being, and the construction of the human resource capacity required to deliver services effectively, which adequate funding is necessary to support (First Nations Chiefs of Ontario, 2019).

hunting, fishing, trapping, gathering, annuities, agriculture, prohibition of liquor, exemption from taxes and conscription” (Boyer, 2014, as cited in Craft & Lebihan, 2021, p. 17).

A related colonial action with implications for funding of health and social services on reserve is the creation of the reserve itself over which the federal government—via the *Indian Act* of 1876—retains sole responsibility. Indigenous Services Canada, acting on behalf of Parliament, is the primary source of funding for Indian Act Bands. This funding covers a range of health, education, and social programs, as well as housing, (ISC, 2023a). While the federal government is responsible for funding health and social services on reserve, the division of powers set by the *Canadian Constitution Act* of 1982 delegates to provinces the responsibility for setting the applicable standards.

Colonial Funding Legacies

The underfunding of First Nations health and social services on reserve is measured for purposes here against a benchmark defined by the principle of vertical equity—a principle that requires more services be directed to those with greater need (see Raine, et al. 2016).³ Greater need layered on top of both higher costs to deliver on the same need and allowances for alternative models of service delivery means funding needs are highest for First Nations on reserve. Funding mechanisms that do not account fully for these needs embed a colonial legacy and entrench a colonial bias. This section offers a brief synopsis of these needs.

Greater Need

Historical attempts to force assimilation have led to substantial and well-documented trauma passed down through generations. This legacy of colonial interference creates a relatively greater need for health and social services supports for First Nations peoples, including mental health and addictions supports, special education supports, and the like (Bezanson, 2018; Fallon, et al., 2021). Funding mechanisms that are designed to deliver the same amount of funding per service or per person for First Nations peoples as non-Indigenous Canadians will inevitably underfund and so under provision this greater need.

In addition to the trauma-inducing residential school experience and the so-called “Sixties Scoop,” the issue of land dispossession is a case in point. According to a recent report by the Standing Senate Committee on Indigenous People (Government of Canada, 2021), government actions ensured that First Nations people were forcibly removed to reserves and subject to assimilation. “Assimilation affected Indigenous groups differently depending on the region and their relationship with the Crown, although the effects of relocation and dispossession were especially devastating for all, given the importance of the land as a source of identity, spirituality, governance and sustenance” (Government of Canada, 2021, p. 8).

The greater geographical dispersion of First Nations communities on reserve, caused in part due to land dispossession and relocation, has resulted in greater need as well as extraordinary service delivery

³ A principle of horizontal equity, as an alternative, is one in which people with equal needs are treated the same.

challenges and higher costs. Medical relocation, for example, is itself a consequence of this legacy (Lavoie, et al., 2015), where the difficulty of accessing routine medical care for prevention creates a greater need for intensive medical care (emergency room visits, surgeries, etc.).

Higher Costs for the Same Need

Land dispossession has impeded access to health and social services and driven costs up. The fact that many First Nations are in remote and isolated areas has resulted in extra challenges for the effective delivery of health and social services, challenges that require increased funding to deliver on the same need. Funding mechanisms designed to deliver the same funding amount for the same given service to First Nations on reserve as to non-Indigenous Canadians living off-reserve will systemically underfund First Nations on reserve relative to these higher costs.

The complexities of the Canadian constitutional structures complicated by the race-based distinctions imposed by the *Indian Act* have combined to impose further demands on the implementation and the operation of health and social services on First Nations reserves. Jurisdictional complexities often result in confusion and an excessive administrative burden. The distinction between those who live “on reserve” and those who live “off reserve” and the related matter of First Nation citizenship (or “membership”) define eligibility for different sources of funding and result in an administrative quagmire. In health care, for example, as Martin, et al., (2018, p. 1729) observe, the result is,

a dizzying array of services in the health-care system, including federal programmes, provincially provided services, and highly bureaucratized add-ons, together continue to fail to meet the needs and constitutional rights of Indigenous people. Indigenous people are covered by provincial Medicare plans, but some on-reserve health-care services fall under federal jurisdiction, and many Indigenous people receive supplemental insurance through the federal government.

The confusion over federal-provincial obligations, jurisdictional gaps, and inequities adds a layer of complexity that intensifies the underfunding and under-provisioning of social services given how limited resources are siphoned off to pay for navigation and enhanced administration supports. For accessing health and social services, the issue of jurisdictional confusion results in an increased need for federal and provincial program managers, for example. Notably, this jurisdictional quagmire results in human suffering as in the case of Jordan River Anderson and his family (First Nations Child & Family Caring Society, 2023). Other examples involving family separation include relocation to access medical care, as mentioned above, (Lavoie, et al., 2015), children taken into distant care (KPMG, 2017), and relocation to access special education needs (AFN, 2016).

First Nations Experience with Remoteness Adjustments

Remote or isolated communities face higher costs of travel, the absence of many services, the higher costs for available services, and higher costs of building and construction in northern locations. This all results in higher funding requirements for the same needs (Alasia, et al., 2017; Barnes, 2019; Canada, 2022). The absence of a remoteness adjustment, the misapplication of it, or the capping of it will result in disproportionate underfunding of remote or isolated First Nations relative to both non-Indigenous

Canadians and non-remote First Nations. A distribution of funding intended to ensure the same access to services must deliver relative funding shares in proportion to the remoteness premium needed to cover higher costs.

In formula funding, for example, an index of remoteness should ensure a proportionate increase in the funding allocation to the remote community. If a remote community faces 30 percent higher costs to deliver the same service, then the ideal Remoteness Index (RI) multiplier in the formula will deliver 30 percent more funding to it. When the cost of remoteness is primarily the additional travel costs to a distant service centre, then an RI based on travel cost differentials will be the appropriate index to include in the formula. When the funding to be distributed relates to a housing allocation or any in-community services, however, an RI assessed on travel cost differences will be unsuitable.

Colonial Definitions of Services Not Same as First Nations'

The *Indian Act, 1876* which "controls almost every aspect of the life of a registered Indian person" (Monture-Angus, 1995, p. 155), and, for which there is no parallel for non-Indigenous people, continues to interfere with both the social values and the economic development of First Nations. In its Departmental Evaluation Plan for 2023-2024 to 2027-2028, Indigenous Services Canada acknowledges that "[c]ommonly used methodologies for program evaluations are often rooted in Westernized, positivist perspectives that do not incorporate the diversity and vibrancy of Indigenous nations, peoples, cultures, worldviews and knowledge systems."

As Richmond & Cook (2016, p.4) argue,

These colonial structures set the stage for a debilitating, systemic public policy that continues, in the modern day, to powerfully shape patterns of Aboriginal health, social inequity and access to health care and other services. Historically, the systems of care for Aboriginal people (health, education, child welfare, justice, economic development) were developed, and continues to provide services, based on a foundation of racial discrimination, colonialism and a lack of recognition of the self-determination of Aboriginal peoples and governance in communities.

Funding mechanisms that support western-designed social services impose western economic imperatives on First Nations to the exclusion of First Nations' social values. Individualism and the market economy underpin the current Income Assistance Program (ISC, 2023c), for example, in a manner that is contrary to the notions of community, collectivism, Nationhood, and inherent rights and self-determination embraced by First Nations peoples. Shewell and Spagnut (1995, p. 41-42) argue that the very existence of an income assistance program is founded on an "ethnocentrically misguided assumption."

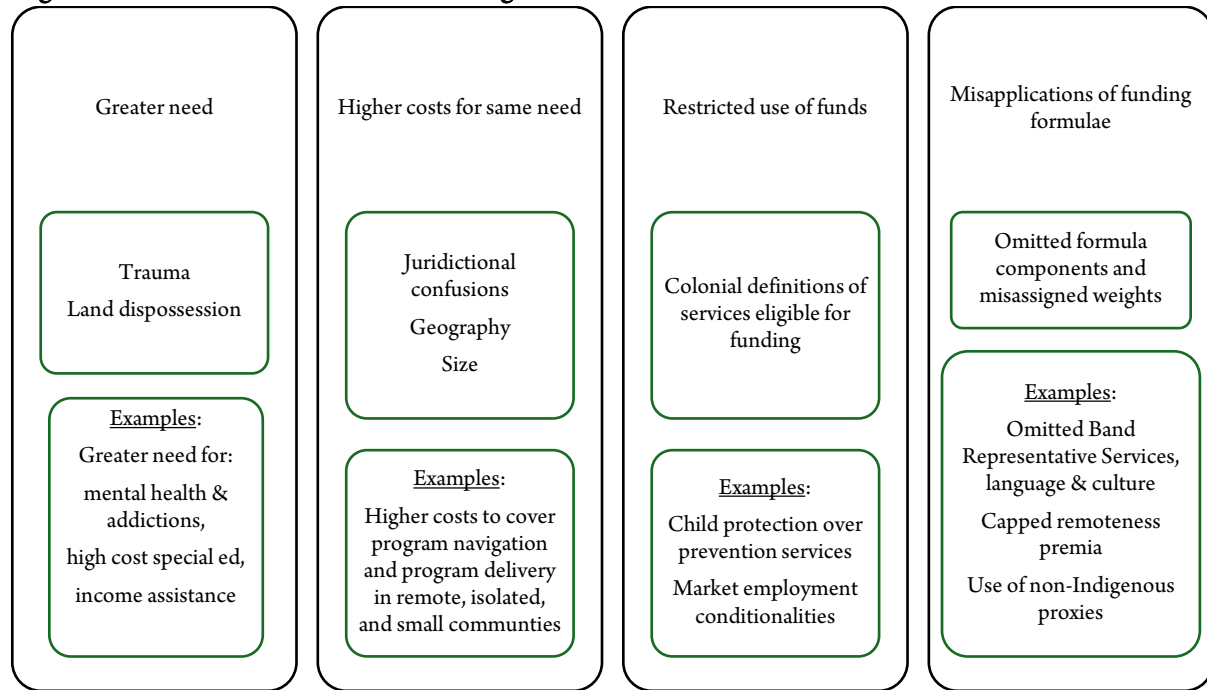
Historically, like any independent and economically self-sufficient peoples, First Nations had their own ways of coping with times of scarcity and hardship. The main impact of the Euro-Canadian Social Assistance programme has been its individualization of poverty and the undermining of collective and traditional patterns of helping, sharing and co-operation centred on interconnected kinship systems.

The wage economy has itself contributed to the growth of poverty, (MMIWG, 2019) and impeded the economic development of First Nations. The wage payment system has directly impacted traditional activities that historically formed the basis of life. This includes such matters as the provision of shelter, food, clothing, and transportation. As Duhaime and Edouard (2019, p.224-225) point out in the case of the Inuit, “Though they remain very much alive, hunting, fishing, trapping, crafts, and the traditional institutions of sharing have undergone major changes in role and status. The pursuit of such activities has become more and more dependent on the market economy ... The penetration of money and the market has thoroughly transformed the configuration of social arrangements and relationships.”

A western “interventionist” approach grounds child welfare funding as well contrary to First Nations-defined child and family well-being services that emphasize community prevention and prioritize rebuilding healthy families. In this sphere, the matter of land dispossession intersects with greater need and the Indian Act along with the Canadian government structures to impose extra-jurisdictional administrative costs. When First Nations children and families do encounter protection services, children may be taken into distant care. Band Representatives navigate the jurisdictional quagmire and act as a liaison for the community. The historical exclusion of these services from funding formulas and the absence of an allowance to cover family travel costs, underscores the way in which services and funding mechanisms are intimately connected.⁴

These colonial legacies shape First Nations need for health and social services. Funding amounts have been shaped by these colonial influences through the details attached to the operation of a given funding mechanism. Using non-Indigenous frames of reference in the design of the funding mechanisms have embedded colonial biases, as summarized in Figure 1. Conditions required to deliver equitable funding include dismantling these colonial biases.

⁴ Band Representative services are now funded. “In Ontario, First Nations, Tribal Councils, and First Nations Child and Family Services Agencies are reimbursed for their actual costs of providing band representative services, pursuant to orders issued in 2018 by the Canadian Human Rights Tribunal.” (ISC, 2021b). Covering costs to support family reunification with children in distant care still requires attention.

Figure 1. Colonial biases in the funding of First Nations health and social services

Funding Mechanisms

In operationalizing a given mechanism, the elemental question of “*How*” to allocate “*how much?*” is intimately connected to the other key elemental questions of circumstance. *What* services will be eligible for funding? *Where* are the funded services located? “*Who* will be eligible for funding?” In the interconnected design of funding social services, the services being funded have implications for and are implicated by how the mechanism for delivering their funding is operationalized.

There are three basic funding mechanisms for funding health and social services on reserve (Deber et al., 2008; see World Health Organization, 2008 as well). Given the growing interest in performance-based funding, we include this mechanism as well.

1. Proposal-based funding is a short-term grant mechanism offered under highly prescriptive terms that are justified by the costs of the service to be provided.
2. Formula funding is a mathematical allocation rule based on cases (e.g., children in care) or population measures (e.g., number of children on reserve)
3. Block grant funding is a global funding mechanism that delivers a fixed amount of funds guaranteed for multiple years. In Canada, block funding agreements transfer funds from the federal government to a sub-federal government.
4. Performance-based funding emphasizes performance incentives as an added condition that must be met to unlock continued funding.

Funding mechanisms define allocation criteria such that the operationalized mechanism determines the amount of money each eligible First Nation receives. These funding mechanisms also guide the terms and conditions under which the money is transferred – what the ISC (2023b) labels “Funding Approaches.”⁵

Generic Dimensions of a Funding Mechanism

The fundamental trade-off to be considered when deciding the preferred funding mechanism is first and foremost where to locate control over the funds. The autonomy that comes with control over the *distribution* of the funds will be traded off against control over the *size* of the total funding envelope. In cases where the funder retains control over the distribution of the funds control over the size of the total funding envelope is eroded. For example, if the funder commits to covering the costs of children in care, then the size of the funding envelope will vary with the number of cases. On the other hand, with block funding, the control over the size of the total funding envelope is easier but with some loss of control over the distribution of the funds. From the receiver’s point of view, the opposite holds—gaining control over the distribution of funds received comes with some loss of control over the total amount of funding transferred.

In addition to the locus of control over the use and amount of funds, there are additional trade-offs that exist with respect to risk, burden, fairness, predictability, and stability in relation to the funding amounts. Closely linked to the locus of control is the issue of *risk*, which refers to who bears the risk of cost overruns when costs are higher than estimated. Administrative *burden* refers to the costs of processing the funding commitment as well as the costs of preparing applications, adjudicating requests, processing disbursements, and compiling reports. *Fairness* refers to perceived equity in the distribution of funding. We adopt the relative need principle of vertical equity (see above, p.3) though it should be noted that other principles (for example, horizontal equity, see above n. 3) and their proxies—measured in terms of proportionate cost coverage, or same per capita amounts—may be preferred. *Predictability* refers to the ability to forecast expected funding (from the recipient’s standpoint) or to forecast a funding obligation (from the standpoint of managing the government’s budgetary commitments) and is closely related to *stability* or consistency of the funding year over year.

Proposal-based Delivery Methods

The proposal-based delivery method requires that funded organizations develop a proposal for a discrete project and, on approval, receive funding for a fixed period. The funds are offered on a one-time-only basis with no guarantee of renewal and an obligation to report back to the funder confirming the expenditures. Proposal-based methods connect funding directly to outputs/activities as justified by the explicit accounting of expected input costs. As administered, the government retains control of the funds both through setting the eligibility criteria and adjudicating applications against them. The principal

⁵ The ISC taxonomy of set, fixed, flexible, and block contribution approaches offers information about the terms of a transfer of funds while shedding no light on how an envelope of funds might be allocated across eligible First Nations. For a detailed description of the federal government’s appropriations and budget management processes, see Page (2023).

benefit of the proposal-based mechanism for First Nations is the potential to receive funding that covers costs on a need basis.

The principal drawbacks for First Nations include how funding tied to applications eliminates spending flexibility, proposal writing and reporting carry high administrative burdens and demand their own unique set of skills, and the allocation of such funding is often opaque. Further, fixed funding envelopes that are inadequate to cover all eligible proposals require the introduction of an additional allocation mechanism, such as one that might follow the “first come, first served” principle. Such secondary allocation principles are rarely made explicit, however, and thus they further limit transparency and fairness.

This type of funding mechanism works well for infrequent, time-limited, discrete projects such as infrastructure projects that require large capital expenditures, or the piloting of an innovation in services, for example. As a mechanism for funding on-going expenditures, however, the proposal-based funding mechanism has significant drawbacks over other funding mechanisms. These drawbacks include administrative burdens, lags in funding delivery, and a lack of transparency in final allocation decisions, which all render this mechanism inferior for funding operations. In addition, there is the uncertainty of renewed funding, which severely limits the predictability and stability of funding needed for planning ongoing activities. Applicants to proposal-based funding envelopes cannot predict future application success. Moreover, given how these monies remain discretionary in the federal budget they are at risk of being eliminated by a future government (Office of the Parliamentary Budget Officer, 2016).

In 2011, the Auditor General of Canada identified limited term “contributions” funding as an inappropriate funding mechanism for funding ongoing services given its uncertainty and high administrative burden.

The federal government primarily uses contribution agreements to fund the delivery of services on First Nations reserves. However, the use of yearly contribution agreements can lead to delays in funding, uncertainty about funding levels and a lack of clarity about who is accountable for achieving improved outcomes or specific levels of services. Also, contribution agreements involve a significant reporting burden, which is especially problematic for small First Nations with limited administrative capacity. (Office of the Auditor General of Canada, p. 2).

Five years later, the Parliamentary Budget Office repeated the same inditement. “The Auditor General notes ... that proposal based mechanisms are not transparent, favour communities and associations with greater capacity to develop and prepare proposals and create additional administrative burdens associated with reporting requirements,” (Office of the Parliamentary Budget Officer, 2016, p.23).

By way of example, federal funding of High-Cost Special Education Program (HCSEP) to First Nations on reserve from inception in 2002 through to 2018 was a protected envelope of money distributed on application (Office of the Parliamentary Budget Office, 2016). In 2016, the Parliamentary Budget Office reported that funding for elementary and secondary education, including for the HCSEP, was significantly less than the amounts that would have been generated using the comparable provincial formulas for the same need. In April of 2019, the funding mechanism for First Nations’ education was

fundamentally changed to mirror the distributional mechanism of a region's provincial counterpart: "interim funding formulas for each region for 2019-2020 [will] use the provincial education funding model as a base to determine allocations, plus adaptations to address the specific needs of First Nations schools and students" (AFN-NIEC & INAC 2017, p.2). Shifting the delivery mechanism from proposal-based funding to a funding formula on par with provincial counterparts went some distance toward closing the funding gap. Problems remained, however, in the application of the provincial formula to funding HCSEP students on reserve due to the way in which the formula was calibrated in some cases (see next section).

Formula Funding

Funding *formulas* are the application of "mathematical rules that determine the magnitude of the funding received by a local agency" (World Health Organization, 2008, p. 3). The formula itself controls the allocations. In a pure formula mechanism, a funder loses control over the size of the total funding envelope. The base funding unit in a formula may entail either the cases to be funded or the population segment potentially in need of the service to be funded. For example, in child welfare, the formula may be based on the number of children under protection, or the number of First Nations children on reserve, or on a combination of the two in a complex formula.

The principal benefits of formula funding reside in the potential of the formula to deliver a fair and transparent distribution, while also generating predictable and stable funding. Case-mix funding formulas have the greatest potential for ensuring that funding covers actual sector-wide average costs of delivering outputs/activities.⁶ Alternatively, population-based or "capitation" formulas use demographics and other population characteristics to forecast the anticipated need of a service on a per capita basis with formula weights calibrated to the average cost of the bundled inputs.⁷ In both case-based and population-based formulas a service delivery model operates in conjunction with other primary cost drivers (e.g., remoteness) to inform formula components. Different service definitions and delivery choices will determine different formula components with sector-wide average costs informing the weights assigned to formula components.

The principal drawback of formula funding is that cost deviations from sector-wide cost averages will reduce the funding adequacy for some First Nation recipients. The process of calculating an average cost based on historical costs suppresses community-specific cost differences and thus can introduce funding inequities if these cost differences across First Nations are large.⁸ The process of identifying relevant formula components and calibrating the formula to historical costs also risks future deviations from true

⁶ Activity-based funding is a version of case-mix funding. In health care the Diagnosis Related Group funding is one such example.

⁷ Formulas intended to distribute a fixed total amount of general-purpose funding may have a per capita component, but in these instances the weights are unrelated to service costs and determined instead by fairness considerations alone. For example, fairness considerations might guide the development of a simple formula that divides up a fixed sum of money across a base amount per community plus a per capita amount plus a remoteness adjustment to determine the share of the total amount that each First Nation receives.

⁸ Significant cost deviations from cost averages may be partly compensated through a formula adjustment such as introducing the remoteness adjustment mentioned above.

costs in the absence of an adjustment mechanism when inflation drives up average costs, or when relative input costs change, or if the service delivery model changes, or some combination of the above.

In addition, the funds received remain largely inflexible outside of the funded services and can introduce perverse incentives. Case-based funding can inadvertently introduce an incentive to *create* cases to unlock funding in situations where the user of the funds has scope to influence case loads. In addressing the impact of a funding formula covering expenses of children in care, a report by Indigenous and Northern Affairs Canada (INAC, 2007) states,

The program's funding formula, Directive 20-1, has likely been a factor in increases in the number of children in care and program expenditures because it has had the effect of steering agencies towards in-care options – foster care, group homes and institutional care because only these agency costs are fully reimbursed.

A per capita based formula, on the other hand, “controls cost better but can encourage providers to deliver less [services] than optimal” (Srivastava, Mueller, & Hewlett, 2016, p. 11).

Problems arise too when non-Indigenous input costs and needs are assumed to apply to First Nations via the use of non-Indigenous proxies. If weights in a First Nations funding formula have been calibrated on non-Indigenous service costs, then the formula will deliver less per capita funding to First Nations than it delivers to non-Indigenous when incidence rates are higher on reserve.

The case of proxy rates to assign funding weights in a regional HCSEP formula is a case in point.⁹ In the calculation of a formula entitlement, the extension to First Nations of the average total costs of a non-Indigenous service will result in less funding per HCSEP student on reserve. What drives the problem of underfunding in such instances is the application of costs averaged over all students in the non-Indigenous school and not just with respect to non-Indigenous students with special needs. Averaging costs over all students to determine an average cost of supporting special needs students subsumes an incidence rate.¹⁰ Since the proportion of First Nations students on reserve with special needs is two to three times higher than the proportion of non-Indigenous students with these same needs (Willms, 2018), then First Nations special education programming will be underfunded in absolute terms (i.e., less funding per HCSEP student on reserve).¹¹

⁹ This same problem of under-weighting appears in the Ontario child welfare formula as well, (see First Nations Chiefs of Ontario, 2019; Loepky & Loxley, 2017).

¹⁰ Specifically, if the proxy rate for funding is calculated as the Total Costs of HCSEP/Total Eligible Students (i.e., HCSEP students and non-HCSEP students combined) in the non-Indigenous school, then the proxy rate would generate an equitable funding entitlement only when incidence rates (as the rate of HCSEP students to Total Eligible Students) are the same in the two schools.

¹¹ If the First Nations school has an incidence rate three times higher than that of the non-Indigenous school, then the need of First Nations' for HCSEP funding is three times higher. To fund these services at a rate determined by the total costs in non-Indigenous schools averaged over all students will deliver to First Nations schools on reserve only a fraction (1/3rd) of the per student funding available off reserve. At the time of writing, HCSEP funding is a mix of a provincially comparable funding formula topped up with proposal-based funding of exceptional needs, (see ISC, 2024)

Block Funding

Block funding grants are the principal funding mechanism defining a renewed fiscal framework. Generically, block funding is a type of global funding wherein a lump sum amount of funds is transferred to another spending unit. In Canadian public finance, the term is used to refer to intergovernmental transfers. “A block fund is a sum of money provided from one level of government to another for a specific purpose” (Government of Canada, 2018, para. 4). As a funding delivery method, the term refers to both a global method of delivery *and* a longer-term commitment of funds.

[Block contribution funding] is an option for providing transfer payments to Aboriginal recipients where the recipient has met certain assessment criteria and where a number of transfer payment programs that require a five or more year relationship with the recipient to achieve objectives can be funded under a single multiyear funding agreement (Government of Canada, 2022).

The principal advantages of block funding over other delivery mechanisms are the predictability and stability of funding, the increased flexibility in the use of the funds, the ability to carry forward surpluses, and a reduction in the reporting requirements (see the First Nations Financial Management Board, 2023). The trade-off in adopting the block grant delivery method is the cap in the amount of the funds, which would shift the full risk of cost overruns to First Nations.

Determination of the total amount of the block grant may be based on anticipated future need, but such a forecast of expected needs and costs is a difficult and time-consuming exercise. Typically, instead, the block funding amount is set by historical precedent—the funding amount delivered last year determines funding going forward. Problems with this approach are widely recognized—both funders and recipients are “held hostage to history,” as the approach perpetuates existing social inequities and funding unfairness and leaves all actors “powerless to react to changed circumstances” (Smith, 2007, p.4), outside of the spending flexibility specified in the agreement.

Funding Mechanism Trade-offs

There are inherent trade-offs in choosing between funding mechanisms as illustrated by the matter of funding children in care. In 1992, Western Region Child and Family Services (WRCFS) in Manitoba entered into an agreement with Indian and Northern Affairs Canada (INAC) whereby payments for federally funded children in care would be paid as a block grant thus replacing the previous agreement to cover the actual costs for the number of child days in care. While spending flexibility was enhanced under the block grant, including the ability of the Agency to devote funds to prevention, the Agency could not recover expenditures incurred above those allocated in the grant unless such additional costs could be demonstrated to have occurred because of exceptional and justifiable circumstances. (McKenzie, 1994, p. iv-v). While the change from cost recovery to block funding enhanced spending flexibility for the recipient, it shifted the risk of cost overruns to them as well.

With the subsequent transition to formula funding defined by the Enhanced Prevention Focused Approach (EPFA), the block funding experiment in Manitoba ceased. Gaspard (2018, p.84) causally

attributes to this change in funding mechanism “a significant reduction to [the Agency’s] ability to provide prevention services. Rates of children in care began to increase following the end of the pilot, after having been on the decline.”

This causal conjecture suggests that block funding is superior to formula funding. The shift from block funding to formula funding partly reversed spending flexibility and while it may have had the undesirable effects Gaspard suggests, not everyone would agree. Researchers Esmail (2021) and Sutherland et al. (2013) argue the opposite in the case of hospital funding—that formula funding is preferable to block (or “global”) funding for ensuring equity. In particular, Sutherland et al. (2013, p.4) recommended moving away from block funding to a type of formula funding to reduce a recipient’s risk of a funding shortfall and to improve fairness in the rates of reimbursement.

Internationally, global budgets are primarily associated with the policy objective of restraining hospital expenditure growth. They allow governments to shift nearly all of the financial risk for hospital care to the hospitals themselves by providing a straightforward mechanism for capping funding. ... They free hospitals to exercise discretion around the types and volume of services they provide, so long as they balance their budgets... [and] are presumed to provide hospital managers and physicians with the flexibility to respond to local pressures ... [Global funding mechanisms] tend to be products of historical legacy; [the mechanism] creates a situation where hospital funding is not clearly connected with the volume, type or quality of care delivered. Funding inequities are perpetuated whereby different hospitals are reimbursed at different rates for the same level of work.

The experience of funding child welfare in Manitoba underscores the fact that there is no one universal ideal funding mechanism. It illustrates as well, some of the important trade-offs and debates that centre around the priorities attached to these trade-offs.

Performance-based Funding

There is increasing attention being paid to pay-for-performance mechanisms in the public sector given that the federal government launched its “Policy on Results” in 2016, (Armstrong, 2018). Pay-for-performance funding mechanisms remunerate based on achieving some pre-specified goal thereby creating incentives to achieve a desired outcome. The logic is simply “(1) that increasing performance-contingent incentives will lead to greater motivation and effort and (2) that this increase in motivation and effort will result in improved performance” (Ariely, et al., 2009, p. 451). The ability of this funding mechanism to improve performance depends on the existence of the foundations needed for successful outcomes, including issues of reciprocal accountability between the funder and the recipient of the funds (Reed, et al., 2024; Wilson, 2008), the ability of the relevant sector to develop the appropriate outcome metrics, and the ability of the funded entity to affect the outcomes upon which their funding depends.

As an example of colonial bias, it is common in discussions of funding mechanisms to emphasize the need to monitor funding and account to the funder for the use of funds by the recipient. It is far less common to address the matter of reciprocal accountability in the obligation of the funder to the funding recipient, consistent with First Nations’ worldviews that emphasize the interconnected and reciprocal

nature of relationships. In establishing performance-based funding elements, it is critical to consider contingencies for any less-than-timely delivery of funds, for example, as well as the contingent impact on expected performance of less-than-adequate funding in these agreements.

Any funding mechanism that incorporates outcomes-based incentives must also attend carefully to the relationship between what is measured and what can be directly controlled by the unit receiving the performance-contingent funds. Complicating the exercise is the fact that both qualitative and complex health and social services outcomes escape precise quantification. Attempts to introduce measurable outcome incentives for qualitative outcomes risks distorting the incentive structure. As Weibel, Rost, and Osterloh (2009, p.404) argue in the context of public services, a pay-for-performance funding mechanism “requires the precise measuring of performance and the attribution of this performance to individual efforts to be effective. However, public service institutions often have to deliver complex products and services.”

Funding Mechanisms – Summary

Elements of an underfunding problem sourced in the choice of funding mechanism include the inappropriateness of proposal-based funding for on-going operations and the limited ability of formula funding to account for cost variations across communities. While the block funding option has some desirable attributes, it is not uniformly superior to other mechanisms in every aspect. Without any ideal funding mechanism, therefore, trade-offs must be considered. Table 1 summarizes these trade-offs, which are identified as advantages and disadvantages of the different funding mechanisms.

Table 1. Funding Mechanism Options and Trade-offs

Delivery Method	Funding Unit	Advantages	Disadvantages
PROPOSAL BASED FUNDING			
Proposal funding	Eligible activity or project	Funding connected directly to a project justified by input costs; can promote greater accountability of funds.	No guarantee of renewal; difficult to fund ongoing operations; privileges proposal preparation skills; time-consuming administration. Risk of funding inequities whereby different First Nations are reimbursed at different rates for the same level of services.
FORMULA FUNDING			
Case-mix funding	Actual cases serviced	High potential to cover actual costs of delivering outputs	High start up costs for establishing benchmark cost estimates to calibrate formula weights. Introduces an incentive to create cases to unlock funding. Over time, cost deviations from the historical costs used to calibrate the original formula will erode funding fairness and adequacy.
Per capita or population-based funding	Demographic and other population characteristics	Easy to understand and easy to calculate community entitlements. Creates modest incentive to adopt different service delivery model. Promotes sense of fairness insofar as community shares are transparent to others. Fewest reporting demands	High start up costs for establishing benchmark cost estimates to calibrate formula weights. Connection with detailed cost drivers is distant. Community-specific deviations from estimated cost drivers creates funding inequities. Unfair if there are large differences in cost drivers across communities beyond those that can be accounted for in a formula adjustment (e.g., with a remoteness adjustment). Over time, cost deviations from the historical costs used to calibrate the original formula will erode funding fairness and adequacy.

Complex formulas	Mix of cases and populations (may include policy objectives as outcome measures)	Fairness is ensured if the formula is understood to be a fair formula. More closely tracks and remunerates complex cost drivers.	Transparency is lost due to complexity of formula, and distance from actual cost calculations; opaqueness inhibits easy adjustment. Ability to fairly allocate funds based on relative need erodes over time as both community situations and relative costs change.
BLOCK FUNDING			
Block funding	Historical total spending	Relatively easy to determine funding amount; easy for the funder to cap amounts; allows greater flexibility in the use of the funds; provides longer term funding certainty.	Entrenches historical spending amounts. Requires agreement on a formula for ongoing adjustments and for covering exceptionalities. Diminished pan-First Nations perspective on relative priorities and needs thus limiting savings from coordinating services and sharing resources. Risk of funding inequities whereby different First Nations are reimbursed at different rates for same level of services.
Block funding	Needs-based funding	Same as above except the needs funding base provides an appropriate estimate of expected needs and related costs in community.	Same as above except the needs funding base is more difficult to determine. Determining need requires assistance from an on-going support team and possibly an audit mechanism to ensure consistency across communities. High reporting demands at start up for establishing benchmark costs (complex reporting template and high time costs of calculating and forecasting).
PERFORMANCE BASED FUNDING			
Performance funding	Specified outcomes	Creates monetary incentives for ensuring effective budgeting and performance management.	Effectiveness depends critically on the ability of the relevant sector to develop appropriate outcome metrics and on the ability of the funded entity to affect these outcomes; requires reciprocal accountability on the funder for the timely delivery of adequate funding.

Decolonising Funding: Options for Moving Forward

Decolonizing the funding of First Nations services on reserve requires first and foremost sufficient funds as initially envisioned by Canada and AFN back in 2018: “... the new fiscal relationship will ensure **sufficient** funding.” (Assembly of First Nations and Government of Canada, 2018, p.1, original emphasis). Sufficient funding would go some distance toward achieving relative equity with non-Indigenous Canadians if it delivered proportionately more funding to cover both the greater need and the higher costs of delivering on the same need on reserve to and across First Nations.

Beyond increasing the total available monies to fund services on reserve, the challenge to decolonize funding will be met by the genuine co-development of the funding mechanism that is informed by the costs of providing First Nations-designed services. What is central to co-development is the equal and transparent participation of all concerned parties in the designing, developing, implementing, monitoring, and evaluating of any funding initiative. Such authentic collaboration has the potential to bridge different worldviews, perspectives, and priorities throughout the decision-making process while simultaneously ensuring that initiatives are relevant, effective, and successful in aligning with decolonizing initiatives in other spheres of Crown-Indigenous relations.

The availability of a larger funding envelope ensures the likelihood of delivering sufficient total resources to support First Nations-defined needs. Sufficient funding will go some distance toward achieving equity in outcomes between First Nations and non-Indigenous Canadians. Underfunding is, however, sourced in more than just insufficient funding. Deliberate attention to colonial biases and funding mechanism trade-offs are required as well and will be just as important for a First Nation deciding its allocation of funding across its communities as it will be for all First Nations in their negotiations with the Crown. Such attention will render visible the funding inequities that are both a separate source of global underfunding and a source of distortion in the allocations of a given funding envelope across First Nations.

The negotiated funding arrangements may ultimately include block funding for some First Nations, for some services. A different funding mechanism may be preferred for other First Nations or for different services. Keeping in mind that “no one size fits all,” we consider a transformation model with options that involve progressively more complex adjustments. We offer some examples of such adjustments as suggestive illustrations. These adjustments address the relationship between First Nations and the Crown in differing ways. We categorize these options along a spectrum from simple to complex adjustments: immediate funding adjustments that are straightforward to implement, the expansion of the reach of current programs, the alteration of the funding delivery system (with particular attention to the block funding option) and finally, the full transformation of the existing funding system. These options point toward a possible transformation path for First Nations pursuing greater economic independence. The options acknowledge that various First Nations pursue their own desired goal of postcolonial transformation and determine their own pace of change. Such transformation takes time and requires supportive actions in legislation and policy necessary to eliminate the barriers preventing the self-determination and economic development of First Nations.

Immediate Funding Adjustments

Funding formulas are the funding mechanisms most amenable to “quick fixes.” If we take as given the design and the delivery of social services as well as the associated funding mechanism, a review of the cost estimates underlying the calibration of the weights in a funding formula has the potential to reveal required improvements. Where First Nation-specific costs are known, such costs may justify a recalibration of the weights in a funding formula. Where costs are not known but incidence rates are known, then proxy adjustments may be easily implemented. For example, a review of the proxy rates in HCSEP would suggest an upward adjustment of the formula weights to accurately reflect the higher need for special education supports and to ensure that First Nations on reserve receive the same funding on a per child basis.

Ensuring that the appropriate Remoteness Index is used to adjust all funding allocations ensures a fair distribution to remote communities that is proportionate to actual costs even in instances where the total amount of available funds cannot adequately cover all of them. The choice of a Remoteness Index (RI) must be appropriate to the costs being covered (for example, a travel cost RI to compensate higher costs of service access, a construction cost RI to cover higher building costs, etc.) and the remoteness envelope should not be capped.

Expanding the Reach of Funding.

Within colonially defined social services there are marginal adjustments to accessibility and service delivery that can better respond to First Nations-defined needs. Where formula funding is involved, First Nations “add-ons” might be introduced into a formula. These add-ons could include factors to account for language and culture, or for community prevention, as have been introduced in some child welfare formulas, for example. Such funding modifications on the margin have the potential to go some of the distance toward supporting the reconciliation of non-Indigenous social services with preferred First Nations-designed services.

Where conditionalities govern access to funding in any funding mechanism, then extending eligibility to include First Nations-defined activities constitutes another means by which to expand the reach of and thus increase program funding. In the case of income supports, for example, the *Cree Hunters and Trappers Income Security Program*, introduced in 1975, supports Cree people pursuing non-marketed harvesting activities as a way of life, (Legault, 2020). This program simply expands eligibility for income supports to recipients who pursue these culturally relevant activities.

Alteration of the Funding Mechanism.

A review of the advantages and disadvantages of each funding mechanism may suggest benefits to changing the way funds are delivered for some needs. To fund operations, for example, there is clear benefit in replacing a proposal-based funding mechanism with a funding formula. Given the current emphasis on a block funding alternative, we focus attention here on its potential benefits and elaborate on ways to mitigate against its disadvantages.

Negotiating a block grant funding agreement holds promise for the widely understood advantages that the block funding mechanism offers. Decolonizing block funding requires attention to several elements of the funding agreement. It entails disentangling the funding agreement from other colonial structures, ensuring agreed upon amounts cover costs of First Nations-defined needs, ensuring an adjustment mechanism to cover inflation as well as any other significant change in underlying costs, and finally, creating a mechanism by which fairness *across* block funding agreements is assured and transparent.¹²

The importance of disentangling block funding from other colonial structures can be illustrated most easily with the Canada-wide proposal to convert many of the Income Assistance supports into a Basic Income Guarantee (Forget, 2018; MMIWG, 2019). While it is the individual and not a First Nation that would be the recipient of a Basic Income Guarantee, the proposal shares many benefits in common with a block funding agreement. Notably, a significant benefit of shifting from the current Income Assistance program to a Basic Income Guarantee is the reduction in administrative demands and freeing up the additional resources used to navigate jurisdictional complexities. To have the greatest success for First Nations, however, any Basic Income Guarantee program for First Nations should not itself be delivered through the tax system but should instead include the equivalent monetary value of all tax-delivered income supports, given that not all First Nations citizens choose to file taxes with Canada (Canada Revenue Agency, 2017).

Addressing criteria for establishing the level of a block grant requires, in turn, that First Nations have the opportunity to fully define and cost their needs. The process of costing needs as self-assessed by each community would ground a funding agreement in the actual costs of delivering First Nations-defined health and social services. Such an approach would ensure that cost differences across communities are reflected as accurately as possible, which is particularly acute for remote First Nations.

Experience and analysis together suggest that block funding agreements must also factor in adequate adjustments over time to account for changing costs. The general conclusions of McKenzie's (1994, pp. 50-52) evaluation of the block funding pilot at Manitoba's West Region Child and Family Services organization centre on the need to address criteria for establishing the initial level of the block grant as well as the need for an adequate adjustment mechanism for determining future funding entitlements. Adjustments to changing factors that affect an agency's capacity to utilize the grant are necessary, McKenzie argues, to ensure the grant continues to fund both the required needs of children and families and the need to build community capacity over time.

Finally, it is important to clarify the criteria guiding the allocation of funding *across* block funding agreements. If there is a lack of transparency in the allocation of the total funding envelope, then the transition to block funding risks re-introducing problems endemic to proposal-based funding and on a much larger scale. In the absence of any such criteria, transparency of and fairness in the distribution of

¹² An additional consideration is the implicit positioning of the block funding categorization itself. Given the historical assignment in Canadian public finance of block funding agreements to intergovernmental transfers, the question arises as to whether such a categorization will risk entrenching First Nations in a sub-federal position within the state of Canada rather than honouring the nation-to-nation intent of the original treaties.

the aggregate block funding amount across First Nations will be undermined in the same way that fairness in the distribution of funding across funded proposals is currently difficult to achieve.

First Nations Transformation

First Nations transformation prioritizes the well-being of the collective and establishes the foundation for fostering First Nations economic self-determination and self-governance (Department of Justice Canada, 2021; TRC, 2015; United Nations, 2007). It acknowledges the importance of financial capacity and financial governance for leveraging private investment by First Nations as well as the importance of physical infrastructure and a robust financial asset base to achieve economic autonomy consistent with the objective of a renewed fiscal relationship (Tulo Centre of Indigenous Economics, 2014)

The harder path but the one that would have better addressed the issue would have been to reinvest in the rebuilding of First Nations – their economies, their governing structures, their education systems, their cultures. Some First Nations in different parts of the country are showing that, with outstanding leadership and government supports, it is possible to transition away from high levels of transfer payments and dependence, (Metallic & Wein, 2019).

Achieving economic autonomy and self governance requires legislative change, financial capacity, and an adequate resource base, at a minimum. In addition to the recent legislative and policy developments in the child welfare sphere, the self-government agreements recently concluded by Cowessess First Nation (Miyo Pimatisowin Act, 2020) and by Treaty #3 First Nation (Abinoojii Inakonigewin [Child Care] Law, 2021; Grand Council Treaty #3, 2021) are such examples.

The economic autonomy required to fully support self-government requires, in turn, strong financial capacity. In their analysis of First Nations financial capacity in Canada, Brock & Migone (2018, p.495-496) conclude that “financial capacity of Indigenous governments is strong and becoming more robust” in a manner that runs contrary to media representations. “[G]ood governance and good public finance principles are being followed by most communities.” The authors base their conclusion on an in-depth audit of First Nations Financial Transparency Act statements and schedules.¹³

Finally, there are issues of resource ownership that must be addressed. Land back initiatives that resolve “comprehensive and specific land claims” (Yellowhead Institute, 2019; AFN, 2023b) will go some distance to returning economic autonomy to First Nations and supporting self-government. Resolving issues of resource ownership in favour of First Nations has the potential to reduce the need for health and social services over time and subsequently result in the reduction of external funding requirements.

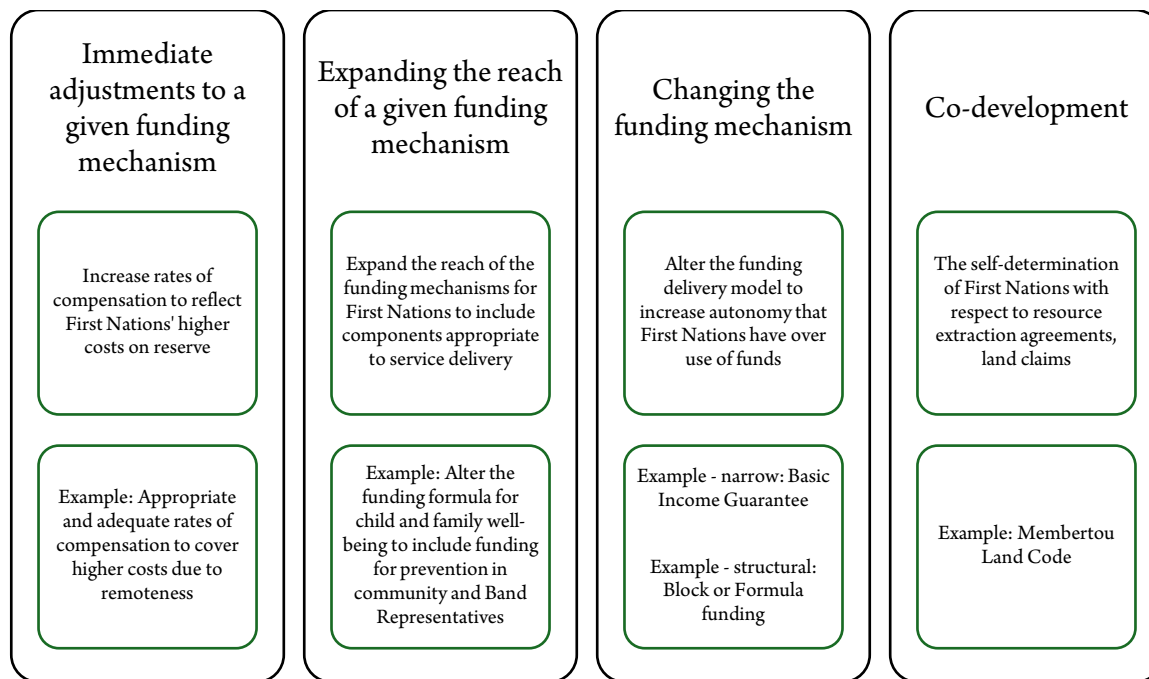
An example of how resource resolution may support greater economic autonomy is the Membertou Land Code. Membertou is an urban Mi'kmaq community located on Unama'ki on Cape Breton Island

¹³ Block funding agreements currently require First Nations governance readiness as a condition of receiving federal funding. Anticipating increased emphasis on performance as a condition of continued future funding, performance metrics as indicators of good governance and good public finance practices may be a means supporting strong performance. Contingent performance-based funding has been used in Australia to support good governance practices, for example (Moran et al., 2014).

(MacDonald, 2023). In 2020, Membertou led a coalition of Mi'kmaq communities from across Nova Scotia and Newfoundland (Membertou, Waycobah, Potlotek, Paqtnekek, Pictou Landing, Sipekne'katik, Miawpukek, and We'koqma'q) to achieve open and transparent governance and continuous citizen engagement in various economic development processes. In 2019, the community ratified the Membertou Land Code and in doing so, they had the potential to “take back control of 44 sections of the Indian Act” (MacDonald, 2023, p. 80) and define the use of its own lands and resources (First Nations Land Management Resource Centre, n.d.).

These decolonizing options together with our illustrative examples are summarized in Figure 2.

Figure 2. Options for decolonizing funding mechanisms



Conclusion

To me, a new relationship between Indigenous People [and] Canada means to be able to walk alongside each other in balance. There's inequity. It's not Canada with Indigenous People; it's not Indigenous People with Canada. It's Canada and Indigenous People working together in a positive way, in a good way, for everyone. (Indigenous youth leader Holly Sock, as cited in Canada, 2021)

Canada's relationship with First Nations is changing. This paper combines lessons from the past with lingering challenges to highlight some of the ways in which colonial biases can adversely affect funding. As Abele, Ahmad, and Grady (2019, p.27) state, “financial arrangements remain a work in progress—shaped and overshadowed by the imbalance of power between Indigenous Peoples and nations, and the

Crown.” More than simply a neutral enabler of services, funding mechanisms form and deform health and social services on reserve. As Finnegan and McCrea (2019, p.5-6) characterize it, funding is a “key mechanism through which relationships of power are created and mediated across social space, on various scales and levels and through time. ... Funding in this sense functions as a connective tissue within power configurations: it is not simply an enabler of [community development], it is also constitutive of it.”

Negotiating a renewed fiscal relationship will have the best chance of success if it includes full awareness of the trade-offs inherent in funding options for First Nations. A detailed examination of the operationalized mechanisms reveals the many layered ways in which legacy funding arrangements embed operational assumptions infused with colonial bias. This is more than simply a problem of not enough money to fund health and social services on First Nations reserves. Underfunding in absolute terms can be sourced in the choice and administration of an inferior funding mechanism. The early reliance on proposal-based funding to support HCSEP operations delivered less funding per child than the provincial funding formulas delivered to non-Indigenous HCSEP, as but one example.

Greater need due to intergenerational trauma, land dispossession and relocation created by colonial interference combined with higher costs for the same need due to relocation away from traditional lands to remote and isolated locations, for example, require funding formulas be calibrated on these higher needs and costs. Underfunding in relative terms can be sourced to the colonial bias inherent in the naive application of non-Indigenous formulas that do not account for such differences.

Colonialism also compromises funding indirectly via its influence on the operational definition of a given social service. Social services framed by colonial influence are conceived of as *interventions* addressing the need to protect children by removing them from their community or to cover basic living expenses and support transitions into the wage economy, for example. Such an interventionist perspective contradicts the community-centred approaches to supporting families that have been historically embraced by First Nations. Interventionist approaches embed colonial biases in the design of social services, biases that are then mirrored in funding conditionalities.

In sum, not only have colonial biases resulted in a greater need for health and social services for which the same per unit funding has been inadequate, but colonial biases in the funding mechanisms themselves have resulted in lower per unit funding entitlements than has been afforded non-Indigenous Canadians, in notable instances. These colonial biases have also created funding inequities across First Nations whereby different communities receive different total funding amounts for the same scale of service. A move to block funding requires careful attention to fully costing First Nations-designed services for determining the initial level of funding, to the adjustment mechanism for ensuring ongoing funding adequacy, and to a means of ensuring fair and transparent allocations across all First Nations of the total funding available from government appropriations.

Notable improvements are being made; mindful attention to systematically decolonizing funding can drive further progress. Such progress will be supported by particular attention to the more encompassing view of health and social services in relation to wellness services. This more wholistic conception of wellness “includes mental, physical, emotional, and spiritual health and well-being, all of which are

intimately connected to socio-economic and environmental factors, including the health of lands and waters within Indigenous territories” (Craft & Lebihan, 2021, p. 6). Such an interconnection has implications for health and social services programming which, in turn, may be supported or thwarted by the details of a given funding mechanism, as we have seen. It is important, therefore, to keep this connection at the forefront of funding negotiations. By ensuring that services experts together with finance and legal experts are present at the negotiation table, negotiators will be better able to identify the trade-off options involved in the design and operationalization of any final funding agreement.

The transition from a settler colonial past to a new postcolonial era that respects First Nations peoples and their right to self-determination is best supported by understanding the advantages and disadvantages that are inherent in different funding mechanisms. First Nations right to self-determination sets the stage for genuine co-development of the companion funding framework. There is “no one size fits all” when it comes to choosing a funding mechanism as there is none in choosing a transformation path forward. Whichever path a First Nation decides to take, decolonization of the chosen funding mechanism is necessary to support the health and well-being of all First Nations fully and equitably.

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