



New Fiscal Relationship Grant

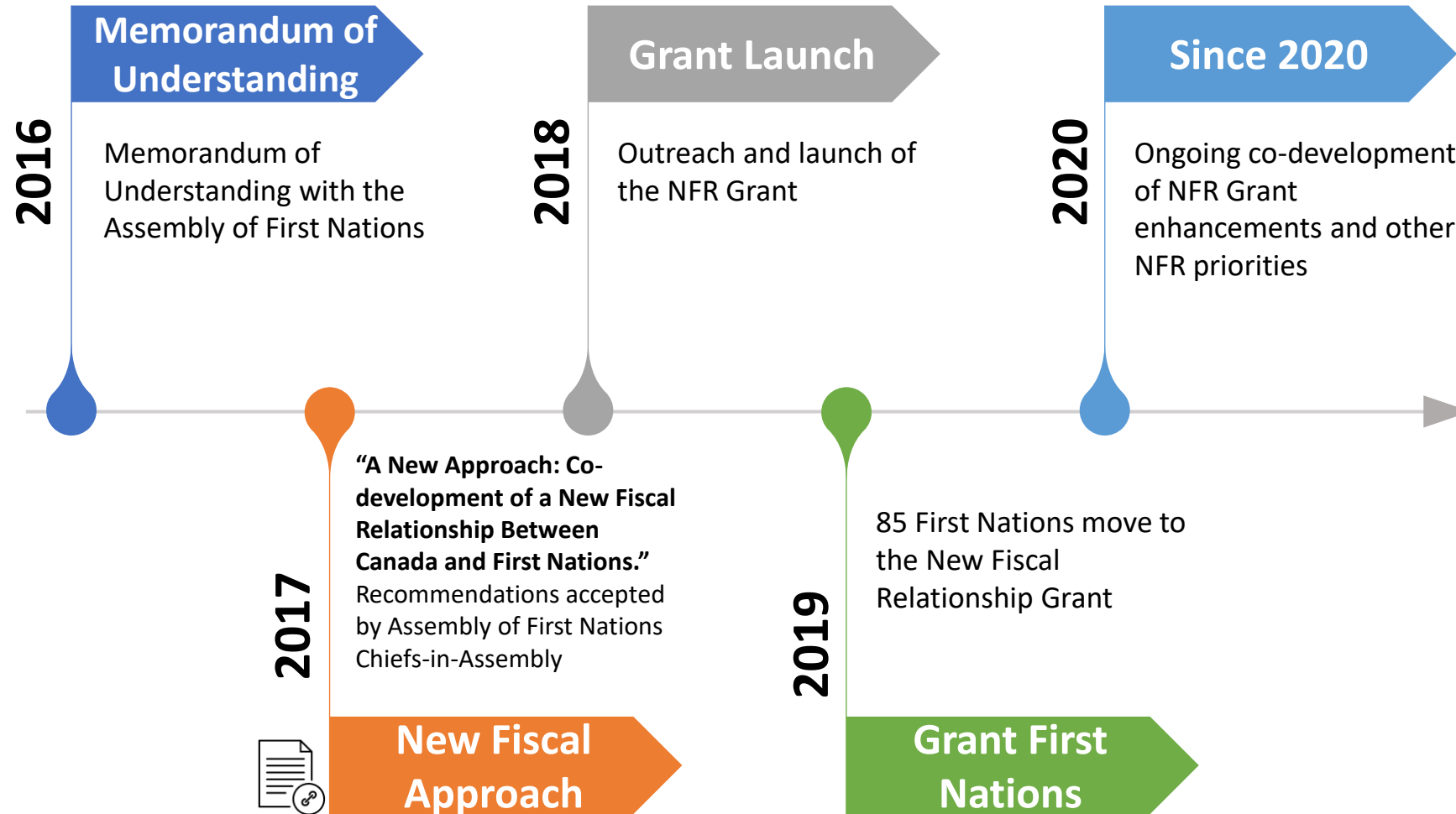
Michelle Parsons
Manager, NFR Grant Implementation
Indigenous Services Canada



Indigenous Services
Canada

Services aux
Autochtones Canada

NFR Grant Timeline



NFR Grant Statistics

	2019-20	2020-21	2021-22	2022-23	2023-24
Expressions of Interest	250 +	104	10	36	34
Met Eligibility	104	41	7	20	17
Accepted Grant Offer	85	27	6	13	13
Total Grant First Nations	84	111	117	130	143
Total NFR Grant Funding at Year End	\$636m	\$790m	\$910m	\$1.1B	\$1.2B

- Deadline of **September 29, 2023**, to express interest for 2024-25.
- 316 of 578 First Nations (55%) have formally expressed interest in the NFR Grant at least once since 2018.



NFR Grant

The NFR Grant is a **funding mechanism** available since 2019-20, which offers greater **flexibility, predictability and sufficiency** for First Nations.

Interested First Nations must:

- provide a **written request** to ISC
- Meet two **eligibility requirements** and
- be approved by the Minister of ISC.

Only funds for programs specifically **authorized by Treasury Board** for inclusion in the NFR Grant can flow through the NFR Grant.

Funding agreements with the NFR Grant are up to **10 years** and are renewable



NFR Grant Programs

Service Area	Program Area	Program
Health	Public Health Promotion and Disease Prevention	-Mental Wellness -Healthy Living -Healthy Child Development -Communicable Disease Control and Management -Environmental Public Health
	Home and Long-Term Care	-Assisted Living -Home & Community Care
	Primary Health Care	-Clinical and Client Care -Community Oral Health Services
	Health Systems Support	-Health Planning, Quality Management and Systems Integration
Children & Families	Income Assistance	-Income Assistance
Education	Elementary and Secondary Education	-Elementary/Secondary Education
	Post-Sec. Education	-Post-Secondary Education
Infrastructure & Environments	Community Infrastructure	-Housing Operations and Maintenance -Housing Capital -Education Facilities Operations and Maintenance -Education Facilities Capital -Health Facilities -Other Community Infrastructure Operations and Maintenance -Other Community Infrastructure Capital -Water and Wastewater Operations and Maintenance -Water and Wastewater Capital
	Communities and the Environment	-Reserve Land Management
Economic Development	Community Economic Development	-Economic Development
Governance	Indigenous Governance and Capacity Supports	-Band Support -Band Employee Benefits -Individual Affairs



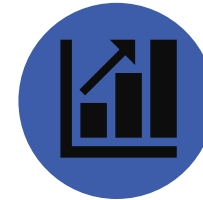
NFR Grant Key Benefits



Flexibility



Predictability



Sufficiency

The **Grant** is a funding mechanism that will enhance self-determination by providing greater **flexibility, predictability and sufficiency** for First Nation governments.

The Grant is intended to **facilitate collaboration** between First Nations and the department and help lay a foundation for more respectful, nation-to-nation fiscal relationships.





Flexibility



First Nations have full control over the design and delivery of services funded through the NFR Grant;



Flexibility in allocating funding to better accommodate local needs without permissions from Canada;



No clawbacks/restrictions when First Nations raise funds from other government sources;



Unrestricted ability to retain unexpended funds at year-end and at end of the agreement;



Grant prioritizes accountability in First Nation governments reporting to citizens – replacing up to 90% of reporting data elements previously provided to Canada for programs that now fall within the NFR Grant;



No recipient audits initiated by Canada for programs under the NFR Grant.



Predictability



Greater predictability of base funding to support long-term goals.



Ability to carry over unexpended flex funding for the duration of the agreement.



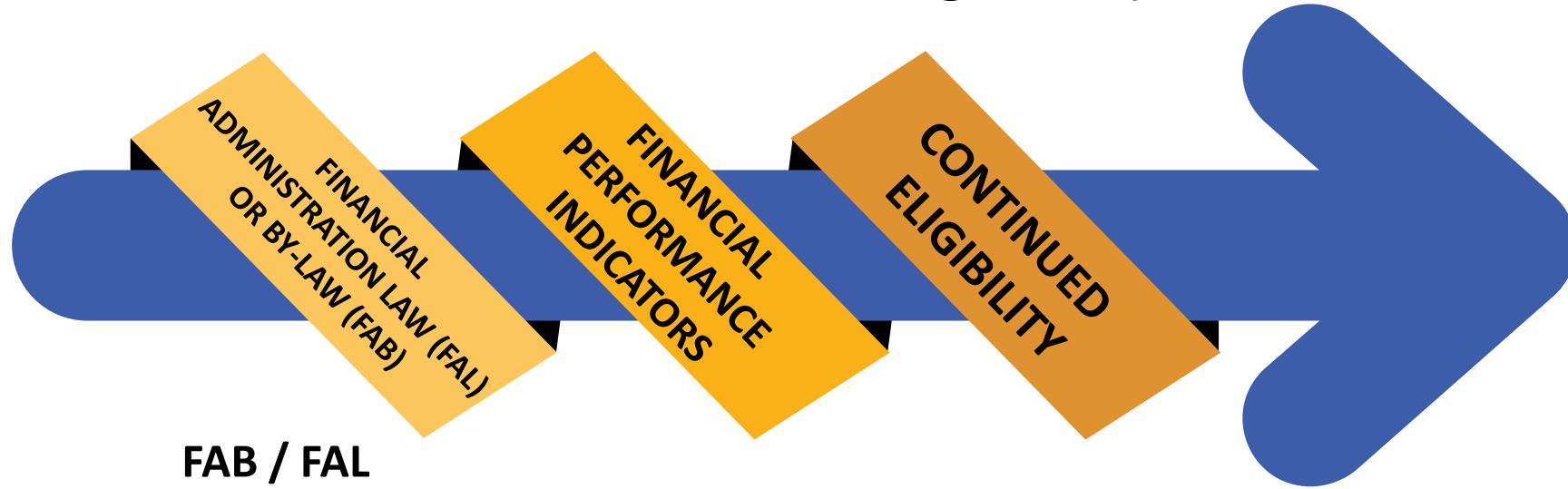
Sufficiency



Escalation of funding to address inflation and population growth (minimum of 2 percent annual growth)



NFR Grant Eligibility



FAB / FAL

Need to meet co-developed standards and assessed by the Financial Management Board.

Financial Performance Indicators

Ratios determined by review of Annual Audited Financial Statements. Five Financial Performance Indicators thresholds need to be maintained:


- Fiscal Growth; Operating Margin; Asset Maintenance; Net Debt; Interest Expense Ratios.

Continued Eligibility

To continue receiving NFR Grant, these eligibility criteria need to be maintained.



NFR Initial Funding Level

01  **Initial base funding levels** for the NFR Grant are set based on existing funding levels.

A guiding principle for the NFR Grant is that no First Nations should lose funding as a result of the transition to the NFR Grant.

02  Any **new investment** or measures to support program sufficiency, such as announcements from Budget 2023, would support all eligible First Nations regardless of funding mechanism (including those who already adopted NFR Grant).

03  First Nations with the NFR Grant may **request reviews of base funding** for a particular program, with the review based on ISC program's terms and conditions. Adjustments to base funding will be coordinated with escalation payments to date to avoid duplication of funding growth.

K-12 Funding

Beginning in 2019-2020, funding for K-12 Education is calculated annually for First Nations, including those under the NFR Grant, using the new demand-driven regional funding formula based on nominal roll data and provincial funding models.

Proposal-Driven Programs

First Nations in the NFR Grant continue to be eligible for proposal-driven programs, as well as other funding not currently eligible under the NFR Grant (such as Major Capital). This funding provided under the set, fixed and flex funding approaches are provided through the same funding agreement as the NFR Grant.



NFR Grant Escalator

The NFR Grant Escalator funding is an **annual increase to Grant eligible programs (except K-12)**. Escalator funding was implemented following Budget 2021. It provides assurances of **predictable** funding growth for the duration of a Grant funding agreement.

The escalator includes adjustments: for inflation, population growth, and a guaranteed minimum annual increase of 2%.

Escalator payments begin in the **2nd year of the agreement** and are calculated using the final Grant core funding amount eligible for escalation at the end of the previous fiscal year.

	2021-22	2022-23	2023-24
Average Escalator Rate	2.8%	3.4%	4.5%
Annual NFR Grant Escalator	\$13.5m	\$18.7m	\$30.0m
Cumulative Grant Escalator	\$13.5m	\$32.2m	\$62.2m



NFR Grant Escalator Calculation

NFR Secretariat completes line-by-line comparisons of **three formulas** and use the highest percentage as the escalator:

01



Inflation and population growth

02



Minimum 2% increase

03



Regional ISC Block indexing rate



NFR Key Steps and Dates to Consider

September 29

Deadline for Expression of Interest to be sent to ISC in writing

November 3

Deadline for annual audited financial statements to be made available to the FMB

November 24

Target for FMB to complete its reviews and issue signed eligibility reports to ISC for all applicants



October 13

Target for submission of draft FAL to the FMB for review

November 10

Target for FINAL signed FAL by Council

January

Invitations to adopt NFR Grant for upcoming April 1 shared with eligible First Nations for their consideration and decision

Please refer to the NFR Grant FAQ and/or reach out to your Funding Services Officer (FSO) if you have any questions.

