

Heads Up Ontario!

Current Conditions and Promising Reforms to Strengthen Ontario's Nonprofit Community Services Sector

Executive Summary

This report is a summary and analysis of current research on the status of Ontario's nonprofit community services organizations.

For people working in or with these organizations, the data and trends identified in this report will not be a surprise. Practitioners and researchers close to the sector have, for almost ten years now, been steadily sounding the alarm of a sector under stress. To these we add our own "heads up" to the government and people of Ontario on worsening conditions in the nonprofit community services sector across the province.

The "perfect storm" facing community service organizations results from the confluence of three trends: an increased reliance by governments upon the sector as a deliverer of services, persistent under-funding of the sector's program and administrative infrastructure, and the pressing requirement for increased service and community-building initiatives to address the impact of growing inequality, poverty and discrimination in our communities.

Despite the significant creativity and determination of organizations and workers juggling these complex challenges day-to-day, the cumulative impact has been disheartening.

- The sector is now one of the most dependent areas of our economy on part-time precarious work arrangements.
- Wage rates are consistently below those of other public and private sector comparators. Wages and benefits have been essentially stagnant for the last decade, as inflation climbed by more than 23%. Many workers have seen absolute reductions in pension and other benefits; some workers have no benefits or pension at all.
- The administrative infrastructure of organizations has been hollowed out to stretch resources to shore up programs underfunded by government.
- Large amounts of staff time that agencies used to be able to commit to community-building and service delivery are being siphoned off to attend to ever-increasing fundraising and administrative requirements.

All of this is forcing existing organizations to tread water, while struggling to continue to deliver services in their communities. While project funding has increased in some program areas over the years, most recently in the area of settlement services, there has been minimal new investment to expand community service infrastructure that is most needed to support thousands of new immigrants each year, plan for an aging population, and find creative solutions to address growing social and economic inequality.

Yet, the precarious state of our community services infrastructure in Ontario is not at present a well profiled story or broadly felt public concern. In part this is because the sector's success in maintaining community services in difficult times has come at the cost of limited public outcry.

There are solutions at hand that can stabilize and enhance the sector's ability to play a lead role in re-invigorating communities, re-imagining social policy, and reinventing the ways in which people can work effectively together.

In our opinion, what is most needed as a point of departure at this time is for the Ontario government to create a forum to explore and discuss these challenges, and to work in partnership with the sector to forge new commitments and practices that would create and sustain conditions of equity and well-being in all communities.

Findings

A) Scope and Financing of the Sector

Ontario's nonprofit sector is the largest in Canada. It includes approximately 45,000 organizations ... One in 11 Ontarians work in a nonprofit organization, and 7.8 million people volunteer for a non-profit organization, contributing a total of 791 million hours of volunteer labour each year.

At 45,360 organizations, the Ontario nonprofit sector makes up 28% of the 161,227 registered charities and incorporated nonprofits in Canada. The community and social service sector in Ontario is made up of about 9,000 organizations, which is about 20% of the total nonprofit sector in Ontario, behind only religious (23%) and sports and recreation (21%) organizations.

B) Social and Economic Contributions of the Sector

The contributions of nonprofit community service organizations are in fact much more extensive than the provision of services alone, and involve community-building and economic functions that are essential to our future success as a society.

In addition to the federal government, many local governments in Ontario and private foundation donors explicitly identify and recognize this full range of activities as the "value-added" they are seeking to mobilize through their partnering with the nonprofit community services sector. These include:

- Promoting civic participation and inclusion
- Advancing collaborative solutions to complex challenges
- Sustaining social innovation and early response
- Providing responsive high quality services
- Significant economic role of the sector.

C) Organizational Impact of Current Funding and Policy Context

Funding mechanisms to support nonprofit social service organizations have shifted over the past 10-15 years towards more funder-prescribed and project-centred investment models, which give funders more flexibility but impose burdensome constraints on fund recipients.

The combination of increased service demand, lack of internal capacity and increased reliance on project funding are all increasing the levels of strain. Key organizational impacts on the community service sector in this regard include:

- Underinvestment in agency administrative systems
- Underinvestment in agency infrastructure to address emerging needs
- Growing volatility, administrative and fundraising burdens are crowding out planning and local responsiveness
- Increased polarization and competition within the sector.

D) Impact of Current Funding and Policy Context on Workers

Community service managers and their volunteer boards are challenged with adapting to a more volatile and uncertain resource environment while still fulfilling their service mandates. Nonprofit community social service workers are committed to providing public services in communities across Ontario, but they

have sacrificed decent incomes to do this. Increasingly, the “intrinsic” rewards of work in the sector are being overcome by greater job insecurity, continuing poor compensation and deteriorating working conditions.

In the face of a growing labour shortage and heightened competition from both the for-profit and public service sectors, and under current funding frameworks, the nonprofit community service sector is hard-pressed to maintain and strengthen its human resource base.

Recommendations

Based on the state of the nonprofit community and social services in Ontario and the strong consensus on the major problems facing the sector that research at the national, provincial and community levels confirms, action for the sector’s vitality and sustainability is clearly needed in the following areas:

1. **Creating an Accord Between the Province of Ontario and the Nonprofit Community Service Sector**

Without delaying necessary action to implement reforms in funding frameworks and fair compensation, it is critical that the Ontario Government formally set up a structure and initiate a process of dialogue with the nonprofit sector, engaging organizations, unions, unorganized nonprofit workers, and communities, on major policy issues of shared concern.

2. **Reforming Provincial Funding Frameworks**

One of the first areas to address in provincial government-voluntary sector discussions would be the negotiation of a provincial code on funding practice as was done at the federal level. The following practices should be considered as essential components of these reforms:

- a) Supporting administrative infrastructure
Specific mechanisms that should be examined to achieve this goal include:
 - Core funding
 - Lead funding model
 - Full cost recovery.
- b) Establish more responsive, stable and enabling funding mechanisms
Specific reforms that should be examined to achieve these goals include:
 - Multi-year funding
 - Global budgeting
 - Intentionally supporting innovation and collaboration.
- c) Enable locally raised funds to be used for innovation and responding to unique community needs
- d) Index funding to cost of living
- e) Use fair and simplified accountability procedures
- f) Funding should only be provided for public, nonprofit service delivery.

3. **Dedicated “Community Hub” Funding**

The “community hub” model should be promoted as an effective way for funding collaborations to establish the foundations for community service capacity. The Province of Ontario must once again enter into these collaborative funding relationships in a more systematic way, and as primary partner, to ensure that new, not-for-profit community infrastructure can be established.

4. Ensure Fair Compensation to Community Service Workers

Setting a standard wage rate for various positions within the whole community services sector is unlikely to be achieved in the near future, given the diversity of the sector. There is, however, some promise in doing comparative salary, wage and benefit studies within similar clusters of services. At a minimum, wage indexation is also critically important to make sure that compensation does not fall behind cost of living increases. Indexation should be implemented annually before parity is reached and maintained after parity has been achieved.

5. Promote More Collaborative Funding Models

An emerging consensus in social policy analysis suggests that effectively addressing complex community issues will require greater levels of collaboration and working across traditional silos. This “horizontality” will require a more strategic and intentional approach on the part of governments to supporting synergies between the government and the community sectors.

6. Set up Ongoing Mechanisms for Monitoring and Reporting on the Sector

One area of useful government-community sector collaboration in Ontario would be the design of monitoring research on the health of community services in the province. A provincial report card on critical indicators of vitality and sustainability that would track administrative burdens, staff salary rates, benefits, capacity for volunteer management, supervision, training, etc. could be produced at three- to five-year intervals.

The Costs of Not Acting

Stability and sustainability are the key issues for organizations in the sector. Current funding frameworks guarantee neither. Failure to act on the kinds of recommendations we report out of the research to date will bear costs, including:

- Inefficient use of project funding dollars on short-term initiatives without building and supporting the administrative capacity in underserved communities to use project and program funding for their intended purposes.
- Withering of the sector’s capacity for social innovation, civic engagement, and social inclusion, as funding continues to emphasize targeted service needs, and neglects the sector’s key role in contributing more broadly to the reduction of social inequities.
- Continuing to reinforce low wage, gendered employment ghettos, leading to further decline in working conditions and threatening the loss of a skilled and committed workforce.
- Failing to regenerate the sector’s employee base by attracting new workers within the context of a more competitive labour market.

In the end, the people of Ontario really bear these costs – whether community residents, service recipients, volunteers or workers. Their fate depends on the vitality and strength of the community-based organizations in which they are engaged. The Ontario government must recognize what is at stake and engage with the community sector in addressing the issues detailed in this report.

For more information on the Community Social Services Campaign and for the full report, visit <http://www.socialplanningtoronto.org>

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