

Ontario Budget 2023: ONN Pre-Budget Submission

Nonprofit partners in provincial progress

Introduction

Ontario's nonprofit sector is a ready ally to the provincial government in navigating these uncertain times and supporting Ontarians. We bring together the expertise of millions of volunteers and employees, strong social capital, and financial leverage to develop and deliver innovative solutions for the public good, while contributing to the province's prosperity. Our recommendations for the 2023 budget ensure that both the sector and provincial government are best serving Ontarians through timely and concrete actions.

Summary

Ontario's nonprofit sector is:

- An economic driver and ready for government investments to directly strengthen communities.
- A ready ally to the government on the ground, working alongside local communities.
- A key part of the solution to continue Ontario on the path to prosperity.

To ensure the 2023 budget is both responsible and flexible to navigate the province through these uncertain times, we urge you to:

- 1. Enable a whole-of-government approach for Ontario's 58,000 nonprofits and charities by creating a "home in government" for the sector.**
- 2. Ensure Ontarians have high-quality services by building a resilient nonprofit workforce.**
- 3. Strengthen Ontario's spirit by bolstering volunteerism.**
- 4. Leverage existing resources, including public infrastructure and procurement dollars, to multiply economic and social benefits in local communities.**
- 5. Remove barriers for nonprofits to build critical infrastructure including affordable housing, child care centres, long-term care homes, and other community amenities.**

Ontario's nonprofit sector has never been more critical for Ontarians.

Nonprofits are getting people back to work, serving on the front lines, and providing critical care services for the old, young, sick, and frail. Youth employment training services, Meals on Wheels, home care, and gender-based violence services are all nonprofit driven. As demand rises, we are also filling gaps for affordable housing, mental health and addictions programs, and settlement services. Our local theatres and festivals, minor soccer leagues, day camps, and places of worship are bringing communities back to life after COVID-19. Nonprofits weave together infrastructure that all Ontarians rely on and is necessary to unlock the full potential of our province's economy.

The sector is an economic driver and ready for government investments to strengthen communities.

From Thunder Bay to Barrie, Windsor to London, and across the GTA to Ottawa, the nonprofit sector is a significant job creator, a strong enabler of volunteer engagement, and a critical program and services delivery partner to the government. We drive community well-being in local communities.

The sector contributes \$65 billion to our province’s GDP, employing 844,000 people.¹ Our workforce reflects Ontario’s population in its diversity - two-thirds of the workforce consists of women, almost half are immigrants, and nearly a third are racialized.² The GDP of the nonprofit sector has increased 43 percent from 2010 to 2020.³

Nonprofits are economic amplifiers. As a sector, nonprofits receive less than half of their revenues from governments and reinvest all surpluses back into their missions. They leverage government revenues through private grants and donations, sale of goods and services, and volunteer efforts to create additional value for the communities they serve. With \$1.00 of investment, nonprofits generate up to \$2.18 in GDP impact, \$1.76 in employment income impact, and with an output of every million dollars 1.5 in job creation.⁴ This is quite similar in magnitude to many other industries in Ontario.

Where Statistics Canada data can be segmented by industries that consist of both for-profits and nonprofits, the data indicates that investment in a nonprofit yields greater benefits to communities than a for-profit entity.⁵

We are a ready ally to government on the ground, working alongside communities.

Our province is facing big challenges - a looming recession, crumbling healthcare system, and generational labour shortage. This is where nonprofits can step up. Our sector gets more done and faster, in ways that are cost-effective and ensure quality, with nimble flexibility and diverse options.

Now is the time to better leverage nonprofits’ expertise, local infrastructure, and community-centred missions to build an Ontario that works for everyone. Nonprofits are accountable to local communities, have higher levels of transparency, and reinvest profits back into their missions, ensuring taxpayer money is used effectively.

Three examples of nonprofits responding to government and community priorities in Ontario:		
<p>Building permanent affordable housing for the future. Community Land Trusts across Ontario - such as Chatham-Kent, Hamilton, Muskoka, Ottawa, Parkdale, Kensington, The Circle, Waterloo - are acquiring and holding land and other housing assets for the benefit of their local communities.</p>	<p>Responding to public health crises. Nonprofits in Durham, Peel, Toronto, York, and Ottawa successfully called for and led High Priority Community Strategies to increase COVID-19 testing, provide wraparound supports, roll-out vaccine programs, and combat vaccine hesitancy.</p>	<p>Welcoming immigrants and refugees. In response to the humanitarian crisis in Ukraine, immigrant and refugee-serving and housing nonprofits have coordinated rapid intake systems, facilitated rapid housing, arranged access to healthcare, education and jobs, and developed communities of care for newly-arrived refugees.</p>

¹ Ontario Nonprofit Network. "Get to Know Ontario's Nonprofit Sector." March 21, 2022. <https://theonnc.ca/publication/ontario-nonprofit-sector-infographic-english/>

² Imagine Canada. "Diversity is our Strength: Improving Working Conditions in Canadian Nonprofits." 2022. <https://www.imaginecanada.ca/sites/default/files/2022-10/diversity-is-our-strength.pdf>

³ Elizabeth Dhuey. "The Economics of the Nonprofit Sector in Ontario." 2022.

⁴ Elizabeth Dhuey. "The Economics of the Nonprofit Sector in Ontario." 2022.

⁵ Elizabeth Dhuey. "The Economics of the Nonprofit Sector in Ontario." 2022.

Solutions to continue Ontario on the path to prosperity.

Nonprofits in Ontario are in the midst of confronting fallout from the pandemic - unprecedented demand for services, domino effect of record breaking inflation, deepening financial precarity, and a relentless HR crisis and volunteer shortage. It's clear that current solutions are not working; the sector is weakening and as a result Ontarians will suffer. Without any action, the erosion of Ontario's critical social infrastructure - like minor soccer leagues, summer festivals, mental health and addiction supports, and progress on reconciliation priorities - will only speed up.

We all understand that vibrant, healthy, supported communities make good economic sense. But vibrant, healthy, supported communities are not possible without a strong and sustainable nonprofit sector.

Detailed solutions:

1. Enable a whole-of-government approach for Ontario's 58,000 nonprofits and charities by creating a "home in government" for the sector.

Ontario nonprofits deal with more than 16 ministries for policy planning, program delivery, regulatory compliance, and transfer payment agreements administration. While nonprofits often have great relationships with their most immediate ministries, more complex and collaborative, innovative work requires a minister-level appointment and office to lead, listen, and enable innovation without redtape. Currently, no such mechanism exists, creating a myriad of inefficiencies and lost opportunities.

- Create an Associate Minister-level appointment within the Ministry of Economic Development, Job Creation and Trade, supported by a Deputy or Assistant Deputy Minister in an Office representing nonprofits, charities, and social innovation.

2. Ensure Ontarians have high-quality services by building a resilient nonprofit workforce.

In our 2022 sector-wide survey, nonprofits reported a significant jump in demand for services compared to previous years, yet 86 per cent had longer waitlists and/or discontinued/scaled back programs or services.⁶ Organizations reported that the nonprofit labourforce and volunteer shortage was significantly delaying service delivery, impacting the quality of programs, and even stifling innovation. Due to high levels of stress and burnout on the job, stagnant pay, skills mismatch, and limited pathways into the sector, recruitment and retention of both operational roles, such as finance/HR/IT, and program roles, like coaches and counsellors, is more difficult than ever. Staggering and unfair wage disparity between institutional and community care settings are hampering the development of alternatives to expensive and over utilized institutional care.

- Allocate funds from the Skills Development Fund or other appropriate mechanisms to support the development of a sector-wide labour force strategy and workforce development plan. The strategy will include promoting careers in nonprofits and creating opportunities for workers to attain in-demand skills.
- Phase in wage parity with annual installments for similar groups of frontline workers across municipalities, hospitals, schools, and community settings to achieve equal pay for equal work in four years. Wage parity will lead to better talent recruitment and retention, resolving the HR crisis in community-care and taking the pressure off institutional care.

⁶ Ontario Nonprofit Network. "State of the Sector During Uncertain Times." 2022.

<https://theonnc.ca/topics/policy-priorities/covid-19-resources/covid19-pandemic-surveys/>

- Transition to stable, long-term, and flexible operational funding for nonprofits that reflects the true cost of delivering services and programs, keeps pace with inflation, responds to emerging needs, is on par with the public sector delivering similar services, and reduces administrative burdens. This particularly includes transfer payment agreements for nonprofits serving equity-deserving groups: Black and other racialized communities; First Nations, Inuit, Métis, and urban Indigenous communities and organizations; and persons with disabilities, women, 2SLGBTQI+ folks, youth, newcomers including Francophone newcomers, and low-income households. Better and long-term investment in nonprofits will clear waitlists and take the pressure off of institutional settings, like hospitals and long-term care.

3. Strengthen Ontario’s spirit by bolstering volunteerism.

Volunteers dedicate their time and expertise to making Ontario a better place to live, work and succeed. Half of Ontario’s nonprofit sector is completely volunteer driven. They support special events, raise funds, participate in program and service delivery all the while improving their own mental/physical health and gaining job and life skills training. However, volunteerism is rapidly on the decline. Our survey found that 62 per cent of organizations have lost volunteers, with the largest impact seen by health, sports, and faith organizations.⁷ According to the recent Canadian Survey of Business Conditions, in Ontario 68 per cent of nonprofits have or intend to recruit volunteers yet 36 per cent of them lack time and resources to do so.⁸

- Create a provincial volunteer recovery strategy in consultation with volunteer centres and the broader nonprofit sector to address the negative impacts of the pandemic on volunteerism and prepare for future emergencies.
- Build on recent removal of fees for Criminal Record Checks and Judicial Matters Checks by removing fees for vulnerable sector police record checks.

4. Leverage existing resources, including public infrastructure and procurement dollars, to multiply economic and social benefits in local communities.

Community benefit agreements (CBAs) are unquestionably the next frontier in public-private partnerships. When strategically embedded in all public infrastructure and housing programs, CBAs create targeted employment, training, and apprenticeship opportunities, new procurement pathways for local small businesses and suppliers, and improved neighbourhood amenities. The Gordie Howe International Bridge community benefit plan in Windsor has helped assign 300+ pre-apprentices to the project. The Toronto Eglinton Crosstown LRT’s community benefit program has resulted in the hiring of skilled newcomers and \$8 million in local business spending. A procurement strategy that also includes social enterprises and co-operatives - caterers and couriers, manufacturer and repair shops, daycare and PSW co-ops - can ensure government achieves their goals of efficient and strategic supply chains, enabling people with barriers to participate in the economy, and stimulating money locally.

- Introduce a provincial community benefits strategy by working with local community

⁷ Ontario Nonprofit Network. “State of the Sector During Uncertain Times.” 2022.

<https://theonn.ca/topics/policy-priorities/covid-19-resources/covid19-pandemic-surveys/>

⁸ Statistics Canada. [Table 33-10-0618-01 Impacts or expected impacts volunteer recruitment and retention challenges have had on the business or organization, fourth quarter of 2022](#)

benefit networks across Windsor, London, Hamilton, Niagara, Toronto, and Ottawa, that embed community benefit agreements in all major public infrastructure and housing development projects and facilitate progress in responding to the Truth and Reconciliation Commission of Canada's Call to Action #92.

- Ontario government to procure from nonprofits, nonprofit social enterprises and co-operatives to meet their target of \$3 billion in contracts to small businesses by 2026.

5. Remove barriers for nonprofits to build critical infrastructure including affordable housing, child care centres, long-term care homes, and other community amenities.

Nonprofits meet physical infrastructure needs that communities require, and are less likely to sell and resell property, leaving the government to pick up the pieces. However, access to stable space for operations is a barrier for all kinds of nonprofits, from child care and long-term care operators ready and willing to expand, to arts organizations that make small towns in Ontario tourism destinations. Furthermore, Indigenous communities and organizations require access to land for culture-based programming and ceremony. Limited access to financing restricts nonprofits from building and acquiring physical infrastructure and undermines their efficiency and creativity.

- Expand and expedite nonprofit access to capital through the Infrastructure Ontario loans program, or other rotating loan funds, to acquire/preserve/repurpose faith buildings and other nonprofit real estate, child care centres, long-term care homes, and multi-unit residential buildings.
- Make below-market financing available to nonprofits building community infrastructure (e.g., developments that locate child care next to housing or other complementary community services).
- Create a cross-ministerial pooled fund to backstop loan guarantees by municipalities who know their communities' needs best for nonprofit development.
- Create an inter-ministerial committee to eliminate barriers between government departments to streamline the support of mixed use developments that further multiple policy objectives (e.g., supportive housing, child care, long-term care, etc.).
- Support Indigenous communities and nonprofit organizations to expand their access to lands for programming, land-based learning, and ceremony.

Conclusion

The nonprofit sector is ready to partner with the province as we move towards progress. We look forward to building Ontario's future together.

About ONN

ONN is an independent nonprofit network for the 58,000 nonprofits and charities in Ontario, focused on policy, advocacy, and services to strengthen the sector as a key pillar of our society and economy. We work to create a public policy environment that allows nonprofits to thrive. We engage our network of diverse nonprofit organizations to work together on issues affecting the sector and channel the voices of our network to governments, funders, and other stakeholders.

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