



PROVINCIAL TRANSFER PAYMENT AGREEMENT SERIES

Brief three: Increasing administrative
burden in Transfer Payment Agreements



ONTARIO NONPROFIT NETWORK

About the series

There are two interconnected streams of nonprofit advocacy for transfer payment agreements (TPAs): more money and better money. While all [subsectors signal](#) the need for funding that reflects the true cost of delivering programs and services, keeps pace with inflation, and responds to emerging needs, this series focuses on the latter stream: better money. As the public policy landscape shifts towards austerity, there are limited opportunities to advance advocacy with the provincial government for more money. However, advocacy for better money can repurpose the province's red tape reduction, efficiency, and effectiveness agenda. Across the nonprofit sector there are shared issues with TPAs that cause the very same ineffectiveness and inefficiencies that TPAs are supposed to combat.

When done well, TPAs are simple, flexible, contain proportional oversight, and are built on accountability, and reciprocal respect. When not done well, TPAs divert resources from positive outcomes for organizations, their programs and services, and ultimately the communities nonprofits serve.

Over the past two years ONN has collected data through key informant interviews and state of the sector surveys on the most common issues plaguing nonprofits with their transfer payment agreements with the Ontario government. This series highlights those issues, with case studies, and puts forth recommendations for government.

Background

Apart from the [Accountability Directive](#), [Transfer Payment Operational Policy](#), and [Transfer payment Consolidation Smart Initiative](#), many factors influence the contents of transfer payment agreements as well as the procedures, behaviours, and attitudes of how the provincial government funds nonprofits:

- The mandate and priorities of the ministry providing funding.
- Legislation that specifically regulates service and program provision for specific types of services.
- Ministry/department history and program staff's personal experience working with nonprofits receiving the funding.
- Other ministry departments such as legal and financial/audit officials.

Issue

Over the past decade, increasing administrative requirements in TPAs have become more onerous. Namely, reporting requirements, data analysis, and navigating databases, can take numerous staff members a significant amount of time to complete, with little financial support to do so.

This can result in nonprofit workers spending more time on administrative requirements rather than supporting their communities, meeting impact goals, and advancing their missions.

Issue (cont'd)

In [ONN's 2025 survey](#), 30 per cent of respondents reported excessive or burdensome reporting requirements and 38 per cent reported that they received less than 15 per cent for funding administration costs. This left many of them struggling to adequately address administrative requirements as part of their TPAs.

Context

More rigorous and onerous administrative requirements in TPAs are based on the idea that intensive data collection and reporting is evidence of accountability, transparency, and quality program and service delivery. In reality, disproportionate time spent proving the organization is doing the work it is funded to do takes away from actually doing the work. Disproportionate administrative burdens lead to lower quality services, higher burnout and stress rates amongst staff, and less time spent meeting needs of communities.

Common administrative burdens:

- Data collection: Increased desire from ministries for data collection stems from the need for evidence-based public policy and program development. However, organizations collecting data required and reporting it back to their ministries rarely have access to that data so they can meaningfully use it. At times it's unclear if the ministries did anything with the data. Data collection and reporting is often not a funded activity.

Context (cont'd)

- Reporting: Fulfilling multiple, complex reporting requirements that are disproportionate to the funding received, is time consuming. More staff training and time is required to learn how to input the various required reports across programs and ministries. When the sheer volume of data entry increases exponentially, client service and relationships suffer. This is particularly true of nonprofits that manage more than one TPA, and have to report on their spending in different budget categories across different programs and ministries.
- Difficult databases: Organizations can be inadvertently required to spend significant time and money on developing databases and/or aligning with the databases ministries require for reporting and data collection. Different ministries can have different databases, and so one organization with multiple TPAs can be navigating various databases at once. This also includes spending resources on staff training and their time spent on filling out the databases. Sometimes, ministries can change and/or abandon databases, leaving organizations having to pivot, and pick up the associated costs without extra support.

Administrative burdens that lead to client harassment rather than client support

With the transformation of the Employment and Training sector in Ontario, administrative burdens associated with employment and training funding have ballooned. Some Service System Managers (SSMs) require staff to track clients for up to a year, resulting in following up with clients weekly seeking paystubs and spending increased time inputting case notes into the databases.

As a result, organizations are spending more money on hiring employees to solely input data. Staff waste time chasing clients for evidence of employment to meet a TPA's administrative requirements which in turn alienates clients rather than supporting them.

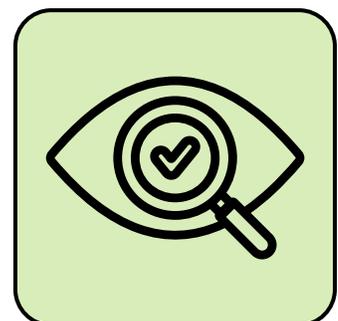
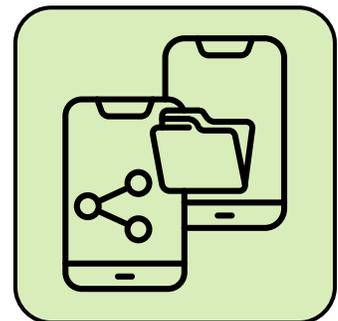
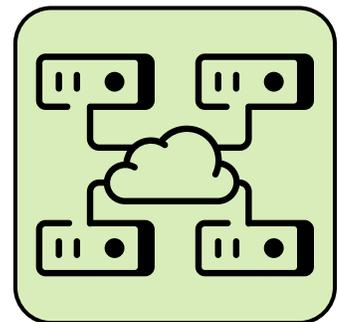
This creates a vicious cycle where decrease in the number of clients can impact an organization's performance assessment, and thus threaten their funding.

Opportunity

Administrative burdens that are disproportionate to funding received, function as red tape that wastes time and resources. Nonprofits could better utilize this capacity to serve Ontarians, especially when services are stretched thin.

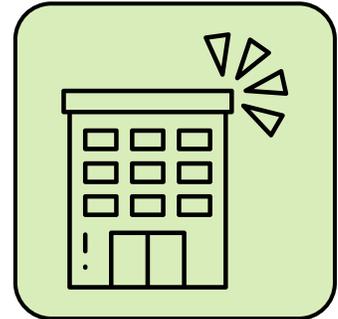
Recommendations for provincial government

1. Align database requirements across ministries.
 - a. Provide support for requiring use of databases.
 - b. Provide support for developing and/or changing databases.
2. Only ask for data that the government plans on using and sharing back with nonprofits.
3. Be transparent about the assessment criteria and data related to the Proportional Oversight Matrix which govern administrative requirements in TPAs, so the sector can inform development and implementation.
 - a. Consider a pilot project related to matrix transparency.
 - b. Consider including tenure of relationship as an element of the matrix.



Recommendations for provincial government

4. Treasury Board Secretariat to incentivise ministries to align with the Transfer Payment Accountability Directive and Operational Policies by establishing a new office to oversee its implementation across government.
5. Ministry of Red Tape Reduction to activate a time-limited initiative to review and remove TPA administrative burdens in consultation with nonprofits.



Conclusion

Ontario's nonprofit sector and the provincial government have a shared interest in accountability for government investments. However, transparency and accountability must be proportionate to the level and scale of investment for it to be effective.

A government focus on removing administrative burdens associated with TPAs can pave a better pathway for government and sector efficiency.

About ONN

ONN is the independent nonprofit network for the 58,000 nonprofits 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 across Ontario to work together on issues affecting the sector and channel the voices of our network to government, funders and other stakeholders.

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