

# Written Submission for the Pre-Budget Consultations in Advance of Federal Budget 2022

By the Equitable Recovery Collective



**Policy Wise**  
for Children & Families



**DEEN** | DISABILITY  
EMPLOYMENT  
EQUALITY  
NETWORK  
Support Services



## **Recommendation 1 - Strategic engagement with the nonprofit sector**

We recommend the creation of a “home” for the nonprofit sector within the machinery of government that can coordinate policy and engage strategically with our sector. We further recommend that the government take an equity approach to this recommendation, engaging directly with organizations from equity-deserving communities to understand and address the specific challenges that they are facing.

## **Recommendation 2 - Provide more core funding for nonprofits and charities**

We recommend that the government:

- I. Provide more core funding opportunities to the charitable and nonprofit sector. We recommend that the government take an equity approach to this recommendation by addressing specific funding gaps faced by organizations from equity-deserving communities.
- II. Ensure that departments and agencies cover the full administrative costs associated with delivering the services being funded in transfers to charities and nonprofits.

## **Recommendation 3 - Enhance the Community Services Recovery Fund and ensure equitable program design**

We recommend that the government:

- I. Ensure that all public benefit nonprofits and registered charities are eligible to receive funding through the CSRF on the basis of need and with an equity lens.
- II. Expand the CSRF by providing an additional \$300 million in funding.
- III. Extend the timeline for use of CSRF funds to at least March 30 2023.

## **Recommendation 4 - Enable more equitable partnerships**

We recommend that the government work with the sector to reform the existing rules on qualified donees and direction and control so that public and charitable funds continue to be protected, but in a way that allows organizations to respond more equitably and effectively to future challenges and crises.

## **Recommendation 5 - Invest in social infrastructure**

We recommend that the government include dedicated support for social infrastructure in its planned 2022 infrastructure investments.

## **Recommendation 6 - Invest in better data on our sector**

We recommend that the government give Statistics Canada a mandate to collect ongoing disaggregated data on the nonprofit sector, the work it does, and the populations it works with, to be able to monitor the sector, the state of equity in the sector and community health coming out of the recovery.

## Introduction

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The nonprofit and charitable sector is a key part of Canada's social fabric, contributing meaningfully to quality of life in our communities. Contributing 8.4% to GDP, it is a pillar of the economy. Never has this been more clear than throughout the pandemic, when our organizations delivered critical programs and services when they were needed most.

Our organizations connect with, are led by, and serve members of equity-deserving communities, who were among those hardest hit by the COVID-19 pandemic. Budget 2021 recognized the nonprofit sector as “key partners in our work to reopen and rebuild our communities.” We are ready and willing to work with the government to create an equitable recovery.

Accordingly, the Equitable Recovery Collective is urging the government to engage with the nonprofit and charitable sector in a strategic and meaningful way and to take action on several key measures to create a more equitable and robust operating environment.

## Recommendation 1 - Strategic engagement with the nonprofit and charitable sector

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The public and nonprofit sectors are natural partners, working in tandem on many common issues from health care to arts and culture. Frequently, the government turns to our organizations to help deliver on its priorities. Unfortunately, the recognition of this partnership has been lost over the past 15 years. This is exemplified by the fact that there is no entity in government responsible for coordinating nonprofit sector policy and ensuring the health of our sector. To unleash the potential of the sector, advance equity and deliver on key priorities, we need a working relationship with the government.

Organizations from equity-deserving communities face particular challenges and barriers, including anti-Black racism, anti-Indigenous racism, anti-Semitism and Islamophobia, and serve communities with unique needs. A one-size-fits-all approach will not be appropriate to deal with a sector as diverse as ours. This context further emphasizes the need for an entity that can engage with the nonprofit sector in a nuanced and meaningful way.

***We recommend the creation of a “home” for the nonprofit sector within the machinery of government that can coordinate policy and engage strategically with our sector. We further recommend that the government take an equity approach to this recommendation, engaging directly with organizations from equity-deserving communities to understand and address the specific challenges that they are facing.***

## Recommendation 2 - Provide more core funding for nonprofits and charities

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Decades ago, the government provided core funding to many organizations, covering costs such as rent, communications, fundraising, technology, benefits, evaluation, reporting, insurance, software, and training, all of which are essential to delivering quality programs. However, in the time since, core funding opportunities have become rare. Additionally, when the government funds nonprofit organizations to deliver specific programs, it often fails to cover the full cost of program delivery. This has

created a starvation cycle, where organizations are reliant on project funding that doesn't cover core costs and therefore face a chronic under-investment in key operational areas. They must constantly chase project funding rather than improve the quality of core programs and services or invest in long-term initiatives and organizational health. This hinders an organization's ability to pursue its mission and support its community.

The absence of stable core funding also has an impact on decent work for the sector's workforce of 2.4 million people,<sup>1</sup> the majority of whom are women (77%).<sup>2</sup> Too many of the jobs in the sector are precarious, low-wage, and offer few benefits as a direct result of the way our organizations are funded.

The pandemic severely impacted sources of unrestricted core funding (mainly donations and earned income).<sup>3</sup> Unfortunately, a lack of core funding inhibits organizational resilience and the ability to respond and adapt in times of crisis. This has impacted many organizations' ability to weather COVID-19.

There is strong evidence that organizations from equity-deserving communities face particular challenges in accessing funding. For instance, recent reports examined structural reasons that mean funding for the women's sector is lower than other parts of the nonprofit sector<sup>4</sup> and how Black-led and Black-serving organizations are dramatically underfunded.<sup>5</sup> The government can start to reverse these trends through the provision of core funding.

***We recommend that the government:***

- I. Provide more core funding opportunities to the charitable and nonprofit sector. We recommend that the government take an equity approach to this recommendation by addressing specific funding gaps faced by organizations from equity-deserving communities.***
- II. Ensure that departments and agencies cover the full administrative costs associated with delivering the services being funded in transfers to charitable and nonprofit organizations.***

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<sup>1</sup> Statistics Canada. (2021). The Daily — Non-profit institutions and volunteering: Economic contribution, first quarter 2021. Retrieved from: <https://www150.statcan.gc.ca/n1/daily-quotidien/210628/dq210628c-eng.htm>

<sup>2</sup> Statistics Canada. (2021). The Daily — Non-Profit Organizations and Volunteering Satellite Account: Human Resources Module, 2010 to 2019, . Retrieved from: <https://www150.statcan.gc.ca/n1/daily-quotidien/210430/dq210430d-eng.htm>

<sup>3</sup> Imagine Canada. (2021). Sector Monitor: Ongoing Effects of the COVID-19 Pandemic. Retrieved from: <https://www.imaginecanada.ca/sites/default/files/Sector-Monitor-Ongoing-Effects-COVID-19-Pandemic-EN.pdf>

<sup>4</sup> Canadian Women's Foundation, Ontario Nonprofit Network, Canadian Centre for Policy Alternatives and Kathleen Lahey. (2020). Retrieved from: <https://fw3s926r0g42i6kes3bxg4i1-wpengine.netdna-ssl.com/wp-content/uploads/2020/05/Resetting-Normal-Report-Womens-Sector.pdf>

<sup>5</sup> Network for the Advancement of Black Communities and Carleton University's Philanthropy and Nonprofit Leadership program. (2020). Unfunded: Black Communities Overlooked by Canadian Philanthropy. Retrieved from: <https://www.forblackcommunities.org/assets/docs/Unfunded-Report.pdf>

### **Recommendation 3 - Enhance the Community Services Recovery Fund and ensure equitable program design**

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The pandemic continues to have a major impact on the sector's finances and capacity to deliver programs and services.<sup>6</sup> The CSRF is a welcome infusion of core operating support that will help charities and nonprofits modernize and adapt to the challenges created by COVID-19.

Small and medium organizations serving small regions are having a disproportionately hard time adapting to the conditions created by the pandemic.<sup>7</sup> They have also been less likely to access emergency measures such as the CEWS and the CERS, putting the diversity of the sector at risk.<sup>8</sup> The CSRF is an opportunity to counter this trend and bolster those organizations that most need support. Additionally, we believe it's important that the CSRF be open to all public benefit nonprofits and registered charities on the basis of need and with an equity lens, rather than just those organizations providing frontline services.

The scale of need in the nonprofit sector is much greater than the \$400 million already allocated to the program. Additionally, the current deadline to disburse CSRF funds is March 30, 2022, an incredibly tight timeline for a program of this magnitude. In order to ensure that the funding reaches those who need it most, it's critical that there is sufficient time to select intermediaries that can fund nonprofits and reach organizations from equity-seeking communities. It is also important that organizations have time to apply for and spend funding in meaningful ways so that the program has a truly transformative impact.

***We recommend that the government:***

- I. Ensure that all public benefit nonprofits and registered charities are eligible to receive funding through the CSRF on the basis of need and with an equity lens.***
- II. Expand the CSRF by providing an additional \$300 million in funding.***
- III. Extend the timeline for use of CSRF funds to at least March 30 2023.***

### **Recommendation 4 - Enable more equitable partnerships**

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Charities do crucial work with equity-seeking communities, helping to bolster social cohesion, inclusion, and contribute to healthier, safer, more sustainable societies. However, outdated rules prevent charities from providing funds to non-charities unless they enter into an agreement whereby they exercise "direction and control" over the activities of their non-charity partner. This requirement hinders equitable partnerships by creating unequal and colonial power dynamics. It also makes charitable work cumbersome, inefficient and ineffective. Ultimately, the current rules undermine genuine and long-standing commitments to reconciliation with Indigenous peoples, as well as efforts to address systemic racism, as Indigenous and Black-led partners are forced to act as mere agents of large charitable organizations.

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<sup>6</sup> Imagine Canada. (2021). Forthcoming Sector Monitor report.

<sup>7</sup> Imagine Canada. (2021). The Ongoing COVID-19 Experience Of Canadian Charities. Retrieved from: <https://www.imaginecanada.ca/sites/default/files/Sector-Monitor-report-highlights-2021.pdf>

<sup>8</sup> Ontario Nonprofit Network. (2021). COVID-19: State of the Ontario Nonprofit Sector One Year Later. Retrieved from: [https://theonnc.ca/wp-content/uploads/2021/07/2021\\_ONN\\_State-of-the-Ontario-Nonprofit-Sector.pdf](https://theonnc.ca/wp-content/uploads/2021/07/2021_ONN_State-of-the-Ontario-Nonprofit-Sector.pdf)

***We recommend that the government work with the sector to reform the existing rules on qualified donees and direction and control so that public and charitable funds continue to be protected, but in a way that allows organizations to respond more effectively to future challenges and crises.***

## **Recommendation 5 - Invest in social infrastructure**

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Social infrastructure provides the spaces where people gather, connect, build community and strengthen bonds and social relationships connecting diverse groups. Examples include youth centres, new arrival services and community green spaces.

Throughout Canada's history, while infrastructure investments have significantly improved quality of life for some, we recognize that it has also excluded others and contributed to structural inequities. Infrastructure has played a significant role in displacing Indigenous communities, in propagating a car-centric approach, and in restricting the mobility of disabled people and safety of women.

As we look to build back better through the recovery, we need to adopt a holistic understanding of infrastructure that values social infrastructure alongside traditional physical infrastructure. Through strengthened collaboration and participatory decision-making, Canada's investments in infrastructure have the potential to leave a legacy of strengthened community resiliency. In doing so, we can create a more equitable Canada for future generations.

***We recommend that the government include dedicated support for social infrastructure in its planned 2022 infrastructure investments.***

## **Recommendation 6 - Invest in better data on our sector**

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There are numerous gaps in the data currently collected by the government about the nonprofit sector such as macroeconomic, human resources, and organization-level information. Evidence is key to informed decision making and greater public transparency, and this data deficit creates challenges for policymakers and nonprofit sector leaders alike. Furthermore, collecting better data on the nonprofit sector would advance the government's recent commitments to improve its quality of life measures and the availability of disaggregated data. It would also highlight the need for proper investments in organizations led by and serving equity-deserving communities.

***We recommend that the government give a mandate to Statistics Canada to collect ongoing disaggregated data on the nonprofit sector, the state of equity in the sector, the work it does, and the populations it works with, to be able to monitor sector and community health.***

## **About the Equitable Recovery Collective**

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The Equitable Recovery Collective formed in response to the COVID-19 pandemic's impact on the nonprofit sector and the communities it serves. The Collective includes leaders from across the sector and aims to advance an equitable recovery and a strong nonprofit sector.

**Members:**

National Association of Friendship Centres  
Policywise for Children and Families  
Egale Canada  
Philanthropic Foundations Canada  
Muslim Association of Canada  
Network for the Advancement of Black Communities  
Prosper Canada  
Imagine Canada  
Community Foundations of Canada  
Disability Empowerment Equality Network Support Services

**Contact:**

Bernadette Johnson  
Director, Advocacy and Knowledge Mobilization  
Imagine Canada  
514.886.6135  
bjohnson@imaginecanada.ca