

CANADA SUMMER JOBS WAGE SUBSIDY PROGRAM

Submission to the Standing Committee on Human Resources, Skills
and Social Development and the Status of Persons with Disabilities

October 25, 2023

On October 10, 2023, the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) began its study of the Canada Summer Jobs wage subsidy program to determine how the program can be modified to improve funding and flexibility for applicants. Canada Summer Jobs (CSJ) provides wage subsidies to employers from not-for-profit organizations, the public sector, and private sector organizations with 50 or fewer full-time employees to create quality summer work experiences for young people aged 15 to 30 years.

Canada's charitable sector contributes \$192 billion in economic activity annually, representing 8.3% of our GDP. We employ 2.5 million people annually, with one in ten Canadians working for a charity or nonprofit. Our workforce is 77% women, 47% newcomers and 35% Indigenous and racialized people. Since the start of the pandemic, our sector has faced an unabated increase in demand for services from charities and nonprofit organizations. The current affordability crisis is straining donations and generating new and increased demand for services.¹ The costs of operating are currently high: inflation is affecting program supply costs; insurance is currently more expensive to obtain or less available; and organizations are competing for talent acquisition and retention in a very competitive job market. Recent research published by Imagine Canada reveals that our sector's labour force is aging.² Sustainable labour force planning requires organizations to attract workers from younger generations.

The nonprofit sector welcomes the study of CSJ. This program has provided opportunities for youth to develop and improve their skills within the nonprofit sector, allowing them to make valuable contributions to improve outcomes in their communities. As our sector continues to experience unprecedented demand for services and substantial recruitment and retention challenges, we are grateful CSJ funds 100% of the employee's wages. CSJ has helped by diminishing the impact of labour shortages in the sector, allowing the sector to hire youth to fill job vacancies. Many of the youth who have held CSJ positions have gone on to work in other jobs in the nonprofit sector. We appreciate the opportunity to communicate the following concerns to improve the administration of the program.

¹ Ontario Nonprofit Network. 2023. 2023 State of the Sector survey – Technical Report
<https://theonncan.ca/publication/2023-state-of-the-sector-survey-technical-report/>

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

Funding and Recruitment

Maintain 2020 Program Funding Levels

The 2020 Fall Economic Statement proposed an allotment of \$447.5 million in new investments in CSJ to support up to 120,000 job placements.³ However, this funding was significantly reduced for subsequent years starting in 2023. From 2023-2024, CSJ will only receive \$400.5 million over two years to cover approximately 70,000 annual summer job placements.⁴ Since the COVID-19 pandemic, demand for services offered by the nonprofit sector has grown substantially to respond to the needs of Canadians in various communities. Cuts to the program not only reduce employment opportunities for hundreds of youth who need work experience to enter the workforce but also prevents nonprofit organizations from getting the support they need to sustain their operations. Reduced funding translates to fewer opportunities for students to work at summer camps, recreation and outreach programs, as well as with charitable organizations that assist vulnerable people. As noted in the statistics cited earlier, a significant proportion of women, newcomers and Indigenous people are employed by the nonprofit sector. A reduction in funding to CSJ is a missed opportunity to support the career development of individuals from several equity-seeking communities.

Create a New Funding Stream For Nonprofits

While many employers in the public and private sector are able to offer youth positions, whether or not they are awarded funding, organizations in our sector face a different reality. Many organizations rely on funding from CSJ to fill positions over the summer, and many rely on CSJ funding to maintain operations. For some organizations, the reduction or absence of CSJ funding translates to a reduction in services offered. The creation of a stream for nonprofits separate from the broader pool of public and private sector applicants would reduce competition for funding and ensure a certain number of organizations are granted access to the program.

Employment Costs and a Living Wage

While CSJ offers a wage subsidy, the funding provided to compensate wages can be too low for many organizations. There can be an inability to top up wages to attract students with the level of skill needed for the positions offered. Organizations go to great lengths to ensure students have a good experience with appropriate orientation and ambitious yet achievable and appropriate coaching, supervision and support. These efforts require a significant investment of resources that are not covered by CSJ. Nonprofit organizations would benefit from the ability to claim some of the overhead costs incurred, such as increased accounting fees, payroll costs, and vulnerable sector check fees (if required). Many organizations have declined CSJ grants because they were not able to supplement the funds needed for approved positions. Often, CSJ grants

³ Government of Canada. Employment and Social Development Canada - Departmental Plan for 2021 to 2022. <https://www.canada.ca/en/employment-social-development/corporate/reports/departmental-plan/2021-2022.html>

⁴Government of Canada. Departmental plan for fiscal year 2023 to 2024.

https://www.canada.ca/en/employment-social-development/corporate/reports/departmental-plan/2023-2024.html?utm_source=orilliamatters.com&utm_campaign=orilliamatters.com%3A%20outbound&utm_medium=referral

are approved for a much shorter period than the organization applied and planned for. Awarding less funding than applied for leaves organizations responsible for supplementing the extra funds required for that position.

Staggered Hiring

CSJ allows organizations to stagger hiring, which causes small nonprofits problems when issuing the final payment. For example, if an organization is approved for 10 positions at eight weeks each, Service Canada allows five to be hired from May to June and five to be hired from July to August. Service Canada also releases 75% of the funding in two installments: 75% for the first five in May and 75% for the remaining five in July. However, the total balance, the remaining 25%, is released only at the end of August. As a result, the organization must temporarily cover 25% of the wages for the first five hired in May until the end of August. Some nonprofits may not have the cash flow needed to cover those costs.

Reduce Administrative Burden by Streamlining the Application Process

Better Communicate Program Information and Application Deadlines

Applying to CSJ is a highly technical and administratively complex process. While the opportunity may be a worthwhile learning experience for the student, organizations may not see it as a strong enough return on investment. Organizations submitting an application are required to provide Mandatory Employment Related Costs calculations, a description of the job position, a mentorship plan and details of how the position aligns with a national priority, including the organizations' local Member of Parliament's priorities. To support organizations with strained capacity who also need to spend resources to offer a short-term placement a meaningful experience, staff would benefit from clear examples of successful applications and an indication of how much detail is necessary to provide. Information about the program, how projects are prioritized for funding and clarity about application deadlines need to be better communicated to potential applicants.

Announce Funding Decisions Earlier

The nonprofit sector relies heavily on project-based funding. Often, funding agreements are designated for new or short-term initiatives rather than ongoing core programs and services or the core operating expenses needed to sustain them. Organizations often have to respond to narrow calls for proposals reflecting government priorities rather than being able to find funding for priority initiatives for the communities they serve. Due to short funding terms, charities and nonprofits must consistently allocate resources to apply for new project-based funding to stay afloat. Hiring students for the summer can be incredibly challenging because employer

applications are often processed in late spring (April). Often, organizations have to begin the hiring process without confirmation as to whether the position will be funded. If organizations are successful, the full amount is often not covered for the position, or they are unable to fill the position due to the short runway between the application being proceeded and hiring. As a result, organizations must absorb the additional costs of hiring to provide students with a short-term opportunity. Several proponents of the program have suggested that CSJ could be improved by announcing a start date for interviews to occur, allowing staff to plan for staff availability. Additionally, communicating funding decisions earlier, before the end of the term for students (such as in March), would also improve the program. To ensure better outcomes for students applying to positions in the nonprofit sector, CSJ must work to communicate funding refusals earlier and provide applicants with concrete reasons when funding is not approved to allow them to improve their application for the following year.

Address Equity Concerns

The protracted application and approval process for CSJ creates further inequities as only organizations with the time and resources may submit an application, leaving smaller resource-strapped organizations without the valuable support they need to support their communities. Smaller, newer and equity-seeking organizations may also be less likely to apply due to time and resource constraints, further emphasizing the program's inequities. An inequitable distribution of CSJ positions across the country greatly affects the number of youth able to engage in meaningful employment, especially in rural locations where employment is often extremely limited. Furthermore, without an equitable distribution of CSJ opportunities, many organizations in the nonprofit sector do not have the resources to employ youth in jobs that would build new skills. We urge the committee to assess how organizational size, location (rural and remote organizations), and equity-seeking status (especially urban and rural Indigenous organizations) affect an organization's ability to access CSJ. If inequities are found, we ask that the committee ensure appropriate solutions are implemented to promote equitable access across Canadian communities.

Allow for Greater Flexibility

The Nature of Work

The pandemic has forever changed the nature of work. Many nonprofits operate remotely and hire youth from coast to coast, not just in the riding where the organization's physical office is located. Many organizations in the nonprofit sector also have operations that extend beyond the summer season, which could provide youth with valuable experience. Extending the appointment period, offering positions beyond the summer and ensuring organizations are able to hire youth from all provinces (not just in their ridings) will significantly benefit students and employers.

Employment Terms

Many youth often seek employment outside of the sector and their field because CSJ is posted at the end of the school year. Although *up to 16 weeks* of funding is offered, most organizations that are successful are usually only granted funding for an 8-9 week position, which may not be suitable for many work environments as organizations may not be able to fully onboard a student in the current time period allotted by the program due to the complexity and the sensitive nature of the work involved. Consequently, many students may not gain valuable experience in the short time frame allotted. For many underrepresented and vulnerable youth, transportation, housing, food security, and safety are daily obstacles that make securing and maintaining employment difficult. For example, for youth with disabilities, the strict hours and weeks of service for CSJ make it challenging for youth to fill those positions because they may not be able to work full-time for eight weeks. Greater flexibility in the number of weeks and hours worked would solve this issue. CSJ should allow for flexible work arrangements outside of the traditional working conditions currently stipulated in CSJ. CSJ should also recognize that some youth may require extra mentorship, guidance, and sometimes additional educational support (literacy/math skills) to align with their peers. Additionally, youth who struggle with their employment risk putting organizations at risk of defaulting on the grant for the unused portion, which jeopardizes the organization's ability to get future funding and may stigmatize underrepresented and vulnerable youth as being risky and unreliable, barring them from consideration for future employment opportunities such as those offered by CSJ. Greater flexibility in employment will allow the sector access to crucial human resources needed to support its operations. Moreover, students with diverse financial backgrounds will be encouraged to seek these positions as opposed to only students who are more likely to have a higher socioeconomic status. Broadening the scope of CSJ to include other entry periods is a significant step forward for the government to promote greater equity and diversity in Canadian workplaces.

Reallocation of Funding

It can be challenging to allocate CSJ to a program since the applications must be sent in before the position is filled. If the organization is not able to fill the position with a student, they must reallocate the spot, which can be challenging if the hiring process has already been completed.

Recommendations:

1. Maintain the funding increases to the Canada Summer Jobs program that were introduced in 2020 and commit to an increase in Budget 2024 to:
 - a. allocate a greater number of funded positions for nonprofit organizations to create more opportunities for young people to acquire nonprofit workforce skills;
 - b. implement greater consideration of longer-term appointments when requested to ensure quality experiences and good community outcomes;

- c. support a living wage;
 - d. offer funding for supplementary employment costs.
- 2. Improve program administration by:
 - a. streamlining the application process;
 - b. better communicating program information and application deadlines;
 - c. announcing application approvals earlier;
 - d. disclosing Canada Summer Jobs funding projections for each riding to potential applicants.
- 3. Increase program flexibility and continuity by:
 - a. allowing multi-year agreements, year-round and extended placements, and reallocating funding to new positions.

About Imagine Canada

Imagine Canada is a national charitable organization dedicated to providing charities and nonprofit organizations with programs, assistance, and resources designed to help them better support the Canadians and communities they serve. Altogether, our sector adds 8.3 percent to Canada's GDP and employs more than 2.4 million people across the country with over 170,000 nonprofits and charities. If you have any questions, please do not hesitate to contact us at cedwards@imaginecanada.ca or **1.800.263.1178 x325**.

Sincerely,

Chantal Edwards

Manager, Public Policy

Imagine Canada