

**BUILDING  
STRONG  
COMMUNITIES**

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*A call to reinvest in  
Ontario's nonprofit  
social services*

# **BUILDING STRONG COMMUNITIES:**

## ***A CALL TO REINVEST IN ONTARIO'S NONPROFIT SOCIAL SERVICES***

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### **INTRODUCTION**

The non-profit community services sector in Ontario is at a significant juncture. Without renewed attention, our community social service infrastructure is poised to buckle under the load of:

- Inadequate and restrictive funding to community services;
- Growing program delivery expectations; and
- Increased demand for services from families and individuals resulting from cuts to welfare, social housing, childcare, health and education.

A network of concerned community service organizations and unions are working together to redress the factors that are undermining the effectiveness of Ontario's non-profit social service sector.

### **I) Non-Profit Social Services: Essential to our Communities**

The non-profit social service sector plays a critical role in strengthening the economic and social well being of all communities across our province. It is an integral component of social services in Ontario.

Non-profit social service agencies provide essential services for all community members, and generate increased levels of social inclusion, access and equality through specific supports for vulnerable and marginalized community members. The non-profit social services sector workers account for approximately 6% (350,000) of all employees in Ontario.

Families and individuals need supports such as those provided by non-profit community-led organizations. These include the delivery of accessible community services, supportive and social housing, crisis centres, counseling services, services for women, services for seniors, drop-in centres, services for persons with disabilities, support groups, child and youth services such as English as a second language (ESL), American Sign Language (ASL), literacy, immigrant and refugee settlement services, and employment and skills training.

Led by community-based boards of directors, non-profit social service organizations shape local initiatives to meet community needs. As skilled and experienced practitioners in community building, they are often most effective in addressing public social policy objectives 'on the ground.'

The unique contributions provided by non-profit social service organizations as they develop and deliver community-based programs and services include their capacity to:

- Involve diverse communities in building solutions to shared concerns;
- Develop appropriate responses to address poverty and social exclusion, and systemic inequality in our community;
- Sustain community visioning, planning and ownership;
- Support local problem identification – the community’s eyes and ears for what’s going on;
- Deliver services to populations who are disenfranchised by reason of poverty and discrimination;
- Increase access and equality - bridging, language and cultural barriers to institutions and public services;
- Provide ongoing awareness of and timely response to changing community needs (e.g. capacity to respond to newcomer communities);
- Generate innovative and appropriate program designs to meet unique local needs;
- Connect the community with other resources, acting as catalysts to get other sectors (public and private) working together and responding effectively to local issues.

## **II) Non-Profit Social Services Facing Serious Challenges**

### **Increased Demands**

The scope of the non-profit community based sector in Ontario is growing as government departments turn increasingly to social service agencies to carry out their policy objectives and implement community-based programs that are accessible, accountable, and sensitive to the diverse needs of local residents.

Along with increasing program delivery expectations, organizations are struggling to respond to conditions of intensified social and economic disadvantage experienced by community members. In particular, increased demand for services from families and individuals have resulted from cuts to welfare, social housing, childcare, health and education, along with the increasing diversity of our communities.

There has been enormous pressure put on organizations to move from advocacy and assistance to crisis based interventions. This has occurred due to the fragmentation of our social infrastructure and the deterioration of conditions essential for daily life like adequate incomes and housing.

### **Uncompetitive Wage Rates and Staff Turnover**

As a front line response to worsening community conditions, social service agencies are experiencing greater challenges to meet increased needs. As well, agency staff are

experiencing greater levels of stress and burnout. Coupled with minimal or a lack of salary, and benefit increases for many years, these social and economic trends have resulted in a serious deterioration of the quality of working life in the sector. This has diminished the capacity of organizations to retain their staff. Increased staff turnover and reduced job security is in turn adversely affecting the consistency and quality of services that community organizations can deliver to community members.

Evidence from Statistics Canada's *1999 Workplace Employment Survey (WES)*, indicates that wage rates in the non-profit sector are significantly depressed relative to other sectors. In all but clerical job classifications, non-profit median hourly salary rates are roughly 85% of private sector wages, and merely 50-75% of the quasi-public sector industries (including elementary/secondary schools, colleges/universities, hospitals, and physical infrastructure). Median hourly wage rates for clerical positions were found to be the same in the non-profit and private sectors, both lagging at 86.1% of the quasi-public sector rate. In addition since the incidence of temporary and part-time work is higher in the non-profit sector, employees work fewer hours, thus further increasing the income gap. Despite the assumed intrinsic benefits often claimed about working in the non-profit sector, job satisfaction was similar to workers in the quasi-public sector and for-profit sectors. However, for workers aged 45 or more, only 63% were satisfied with their pay and benefits compared 75% in the for-profit sector. (McMullen and Schellenberg, *Human Resources in the Non-Profit Sector*)

The quality of programs is associated with wages and working conditions, training, staff turnover, staff morale, staff/client ratios, and other factors. Decent wages and working conditions make it more likely that program quality will be higher and recruitment and retention of workers will be easier. (See for example *You Bet I Care! Wages and Working Conditions, and Practices in Child Care Centres and February 2000 KPMG Compensation Survey on Behalf of Six Ontarian Agencies/Organizations*).

## **Increased Expenses and Inadequate Funding**

The costs of operating in Ontario have increased significantly over the past five to seven years. Inflation in Ontario has accumulated to about 16% since 1995. The erosion of community infrastructure is being borne on top of fragile agency structures where administrative costs were already cut to the bone as a result of significant government funding reductions during 1995-1996. In 1996, \$19 million in government funding cuts was recorded for a sample of one-third of Toronto's social service agencies. This resulted in the closure of 33 agencies, and the elimination of 313 programs across the 629 organizations reporting. (Municipality of Metropolitan Toronto, 1997). According to another study, nine out of ten responding organizations said that their ability to serve clients has been significantly weakened by income instability or cuts. (Reed and Howe, *Voluntary Organizations in the 1990's*)

Key provincial departments and ministries that fund the operations of non-profit social service agencies have only increased their support of agencies' administrative and

core-cost expenditures by at most 1% in total over the last eight to ten years. Most government grant programs have provided no administrative increases for the last five years (Howarth 2003, *Shaken Foundations: The Weakening of Community Building Infrastructure*). In the context of inflation rates over this same period, this represents an effective loss of at least 15% in agency operating expenses throughout the sector.

Recent shifts in government funding methods have eroded administrative and planning structures in non-profit community agencies. Many of the volunteer mobilization, community development, human resource technical systems, and capital expenditures that are essential to the long-term viability of these organizations are ineligible for funding, or have been held at a constant level for over five years.

Community agencies now dedicate more of their scarce organizational resources to meet government funders' extensive reporting requirements. These organizations struggle to implement increased services each year with no attendant investment in their workers or organizational systems.

In the absence of core stable funding agencies have to fundraise to insure the provision of essential services to the community. This is a problem because fundraising activity divert time, energy and resources from the provision of services, moreover the differing capacity of agencies to fundraise is creating disparity between organizations that have capacity of fundraising and those that don't.

### **III) The Results of Neglect**

#### **Crumbling Community Capacity**

The economic foundations of life in Ontario, particularly access to affordable housing, secure incomes, and subsidized childcare spaces, have been eroded for a growing number of individuals and families. It is of particular concern that these trends have accelerated a widening and increasing gender and racialized gap between the haves and have-nots in our communities.

These growing inequities have had a substantial impact on the capacity of non-profit social services organizations to fulfill their role effectively. Organizations that have weathered the shrinking of administrative resources have also had to divert funds from preventive strategies for community building, to more reactive efforts to shore up our frayed social safety net. Emerging organizations seeking to support immigrant communities and those in more isolated geographic areas have little or no access to funding for community building.

Healthy communities require a range of services and supports that enable all residents, including those who are the most vulnerable members of our society, to work together for mutual benefit. These supports are our social glue, linking young and old, rich and

poor, newer and long-time residents, and those of diverse cultures and lifestyles in the shared project of community building.

There are numerous communities in our province that have virtually no community support structures in place. Many geographic neighbourhoods and ethno-racial communities in urban centres are completely under-resourced in terms of organizational infrastructure, community building and service delivery capacity. This lack of funding for the core functions of community agencies is further entrenching social and economic inequities. Communities without non-profit social service organizations do not have the capacity to take advantage of program funding even if it is targeted to meet the needs of under-resourced communities. Such communities are often unable to meet grant application requirements (e.g. incorporation and charitable status) let alone to establish the systems required to implement, manage, and evaluate programs effectively.

#### **IV) A Call to Action**

In the interest of all Ontarians, the provincial government must act quickly to restore adequate supports for non-profit social service agencies.

In this regard, we call upon the provincial government to:

- Immediately increase provincial allocations to non-profit agencies to help offset the cuts by previous governments and start to address the losses incurred by inflation.
- Convene discussions with representatives of non-profit social service agencies, unions, and key ministries to identify and implement funding practices and levels that will:
  - Enable agencies to attract and maintain a highly qualified and stable workforce by paying decent wages and benefits to their workers.
  - Revive the sector's capacity to plan effectively and ensure that programs and staffing levels are responsive to growing community needs.
  - Set the stage for planned long-term development and financial sustainability of the sector.
- Strengthen government social and economic supports for all Ontarians so that they may effectively participate in our society – with immediate actions to improve welfare rates, build affordable housing, expand affordable child care programs, and ensure decent public health care and education.

## FURTHER READING

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