



Written Submission to the Department of Finance
for Let's Talk Budget 2024
Pre-Budget Consultations
in Advance of the 2024 Federal Budget

by Pillar Nonprofit Network

**Advancing Government's Equity Goals
Through Better Collaboration
with Nonprofits and the Impact Sector**

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Recommendations

1. **Accelerate and expand anti-oppression work by resourcing initiatives that advance Reconciliation and eliminate racism and hate.**
 1. Increase investment in and accelerate work on Reconciliation with Indigenous peoples;
 2. Accelerate investment in Canada's Black Justice Strategy;
 3. Accelerate investment in implementing the federal recommendations to combat Islamophobia from the National Council of Canadian Muslims; and
 4. Accelerate the development and implementation of a National Action Plan on Combatting Hate.

2. **Accelerate and expand anti-oppression work by enabling and collaborating more closely with charities, nonprofits, and other social purpose sector organizations.**
 1. Continue to *implement, but also evaluate, changes to the nonprofit and charitable sector regulatory environment* to ensure more equitable disbursement of government funding and funding enabled by government;
 2. Be a leader in funding the full cost of services contracted to nonprofits and other impact organizations by establishing a *minimum core funding threshold*;
 3. Invest in better collaboration between Statistics Canada and the nonprofit sector toward *an ethical and equity-focused nonprofit data strategy*;
 4. Create a *Nonprofit Sector Labour and Workforce Development Strategy* that promotes decent work now and in the future economy;
 5. Invest in the development and implementation of a *National Action Strategy for Volunteerism* to reinvigorate Canada's flagging volunteer ecosystem.
 6. Invest in the future of Canada's critical nonprofit institutions and the efficacy of cross-sectoral collaboration by establishing a *home in government for the social purpose sector*.

Our shared goals and ambitions

Impact organizations, including nonprofits, charities, and foundations, share a commitment with government to operate for public benefit. Pillar Nonprofit Network recognizes this government's commitment to a more equitable Canada, but also that a government's priorities are most evident in its budget. We propose that Budget 2024 be taken as an opportunity to accelerate equity-building through direct investment and by catalysing deeper collaboration with the impact sector as an indispensable partner.

Context

Though many Canadians may not recognize festivals, food banks, and faith groups as a single sector, subject to common regulatory and funding environments, nonprofits and other impact organizations touch the lives of all Canadians. Even when we do recognize these organizations as social drivers, we may overlook the nonprofit sector's aggregate value in the economy as a major procurer, producer, service provider, and employer, responsible for 8-9% of Canada's GDP and roughly 10% of all jobs in Canada.^[1]

The sector has weathered under-investment for years but, in the current context of cascading crises, accelerating change, rising costs, falling revenues, decreased giving, and a teetering volunteer ecosystem, nonprofits are in existential crisis, causing moral injury and burnout in its workers and gaps in service to communities. And those workers are disproportionately *from* the same equity-deserving and underserved communities the sector largely serves.^[2] From hard-scrabble grassroots groups to local institutions, nonprofits can barely maintain the services that Canadians count on and that governments increasingly count on, too.

This is not a 'charity gap.' Nonprofits are innovative interventions in public policy gaps, driven by communities, and indispensable advisors and intermediaries in the government's delivery on public priorities. This is a widening [social deficit](#), in part the result of undervaluing and under-resourcing social purpose organizations. Though this government's equity goals are laudable, they urgently need resourcing and reliable partners to reverse this trend.

Detailed recommendations

- 1. Accelerate and expand anti-oppression work by resourcing initiatives that advance Reconciliation and eliminate racism and hate including, but not limited to, that experienced by First Nations, Inuit, Métis, Black, Asian, Latinx, Arab, Muslim, Jewish, and racialized and faith-based communities, alongside newcomers, women, persons with disabilities, and 2SLGBTQQIA+ persons, being sure to take an intersectional approach.**
 - 1. Increase investment and accelerate work on Reconciliation with Indigenous peoples** through the federal Calls to Action from the TRC; the Calls for Justice to the federal government from the Final Report of the National Inquiry into MMIWG; and the implementation of UNDRIP through the United Nations Declaration on the Rights of Indigenous Peoples Act Action Plan and the Implementation Secretariat;

2. **Accelerate investment in Canada's Black Justice Strategy**, ensuring an intersectional lens, including but not limited to an GBA+ lens and guidance from Black persons with disabilities;
 3. **Continue and accelerate investment in implementing the federal recommendations to combat Islamophobia** from the National Council of Canadian Muslims and investment in the work of Canada's special representative on combatting Islamophobia;
 4. **Accelerate the development and implementation of a National Action Plan on Combatting Hate**, ensuring the inclusion of trans communities in those measures as called for by [Egale Canada](#) and including National Support Fund for Survivors of Hate-Motivated Crimes as called for by the [National Council of Canadian Muslims](#) and [promised](#) in the 2021 election campaign.
2. **Accelerate and expand anti-oppression work by enabling and collaborating more closely with charities, nonprofits, and other social purpose organizations.**
 1. **Continue to implement, but also evaluate, changes to the nonprofit and charitable sector regulatory environment, including the Income Tax Act, to ensure more equitable disbursement of funding by government and by funders enabled by government.** We've welcomed changes to the disbursement quota and measures enabling collaboration between charities and non-qualified donees, but recommend government work with the sector to determine whether these changes are increasing the disbursement of funds to organizations led by or serving equity-deserving communities and adjust accordingly.
 2. **Be a leader in funding the full cost of services delivered by nonprofit organizations by establishing a minimum core funding threshold that invests in quality services and decent work.** 'Accountability to taxpayers' and 'fiscal responsibility' have long been invoked cynically to justify under-investment in the government's own stated goals. The outsourcing of delivery on public priorities to nonprofits on a 'project' or 'program' basis at less than the full cost of delivery has entrenched a culture of 'leanness' in nonprofits featuring poor compensation and burnout for nonprofit workers, themselves disproportionately from equity-deserving communities. Our [local surveying](#) shows that 'project funding' over 'core funding' hampers organizations' ability to attract, hire and retain nonprofit workers, especially for small organizations.^[3] To grow nonprofit capacity and model best

practices in funding for other funders, we recommend government classify 30% of all current project-based funding destined for nonprofits to be eligible as core funding and, considering the [acute effects on small organizations](#),^[4] take an equity approach to the provision of core funding to address historical inequities.

3. **Invest in better collaboration between Statistics Canada and the nonprofit sector toward an ethical and equity-focused nonprofit data strategy for improved decision-making and improved measures to support equity in nonprofits and the communities they serve.** As a signatory to the submission from the **Federal Nonprofit Data Coalition**, we encourage you to adopt all its recommendations. In view of the nonprofit sector's vital role in Canada's economy and social fabric, it is essential we have information to support optimal performance. We are delighted to hear of an upcoming follow-up to the 2003 National Survey of Nonprofit and Voluntary Organizations, and we recommend Budget 2024

1. Fund Statistics Canada to create a permanent external advisory committee with a mandate to improve data collection, analysis, and release practices related to the nonprofit sector; and
2. provide \$2 million in 2024-25 and \$1 million ongoing for the creation and maintenance of a Nonprofit Sector Data Lab.

4. **Work with the nonprofit sector to create a Nonprofit Sector Labour and Workforce Development Strategy that recognizes the importance of decent work in advancing equity now and the central role of nonprofit work in the future economy.** The nonprofit sector lacks a coherent labour force strategy despite persistent demonstrations of need^[5] and the sector's role as a major employer. The meagre information we have confirms the nonprofit workforce is disproportionately made up of people from equity-deserving communities and/or the underemployed.^[6] Locally, we've collaborated with our workforce planning board to reveal a [human resources crisis](#) for nonprofit and care economy employers in our region,^[7] confirming findings from [Ontario Nonprofit Network](#)^[8] and [Imagine Canada](#).^[9] In the wake of pandemic impacts to our communities, **there will be no economic recovery without social recovery**, and both require organizations that deliver critical services to underserved communities to have a stable workforce. Nonprofits have done everything possible to optimise their efficiency – diversifying revenue and 'running lean,' even at the expense of

their own workers. This is not sustainable through recovery from cascading crises and, perhaps, ever again, as awareness grows about [sectoral wage disparities](#).^[10] We recommend Budget 2024 resource a comprehensive nonprofit workforce strategy; enable talent retention through greater core funding access; and address urgent labour shortages in critical nonprofit subsectors.

5. **Invest in Volunteer Canada’s development and implementation of a National Action Strategy for Volunteerism** to strengthen and innovate Canada’s volunteering infrastructure by optimising the diverse ways people participate in their communities; addressing the systemic barriers that limit participation in volunteering; and better engaging equity-seeking groups who have their own cultural references for volunteerism.

6. **Invest in the future of Canada’s critical nonprofit institutions and the efficacy of cross-sectoral collaboration by establishing a permanent, effective, and accountable home in government for the social purpose sector.** The nonprofit sector is among Canada’s largest employers, among its largest contributors to GDP, and a force for social cohesion, but there is no minister accountable to Canadians for the health of this economic and social engine. Billions of dollars await a rainy day in foundations without a mechanism to reform an outmoded regulatory environment. We all value cross-sectoral collaboration and collective impact, but the nonprofit sector is absent when plans for public-private partnerships are evaluated. And the pandemic has exacerbated the need to ensure that resources for social and economic recovery are delivered in a way that optimises the critical work of the impact sector and ensures its survival. We recommend Budget 2024 create a “home in government” for nonprofits: a body to regularly convene an interdepartmental working group; convene federal/provincial/territorial meetings; create policies that cultivate a strong and resilient nonprofit sector; and collaborate with StatsCan on annual state of the sector reports and other data products.

Social purpose organizations help build equity, social cohesion, and economic resilience. We are knowledge keepers for our communities and pillars of Canada’s social infrastructure and economy. The interconnected recommendations above comprise urgently needed investments in the social purpose sector’s recovery and sustainability so that – as a complement to direct investment in equity-building – these organizations are fully prepared to help government deliver on its promise of a more equitable Canada.

Notes

- [1] [Non-Profit Organizations and Volunteering Satellite Account: Human Resources \(Statistics Canada\) Module, 2010 to 2019 & Non-profit institutions and volunteering: Economic contribution, fourth quarter 2022](#)
- [2] [Statistics Canada, Table 36-10-0651-01: Employment in the non-profit sector by demographic characteristic](#)
- [3] [Information for Action: Nonprofits struggle to attract support during the pandemic](#)
- [4] [Ibid.](#)
- [5] E.g., [Toward a Labour Force Strategy for Canada's Voluntary & Non-profit Sector, HR Council for the Voluntary & Non-profit Sector, 2008](#)
- [6] [Diversity Is Our Strength: Improving Working Conditions in Canadian Nonprofits](#)
- [7] [London Area Employers in the Care Economy Facing Significant Labour Challenges \(June, 2022\)](#) ; [New Report Shows Area Nonprofits Face Steep Workforce Recovery \(October, 2022\)](#); and [New Report Shows Area Nonprofits Still Struggling with Workforce Recovery \(May, 2023\)](#)
- [8] [2022 State of the Sector – Policy Report](#)
- [9] [Sector Monitor: The uneven impact of the pandemic on Canadian charities](#)
- [10] [Creating wage parity in community care \(The ONN\)](#)

About Pillar Nonprofit Network

Pillar Nonprofit Network is a placed-based network that strengthens, through a heightened equity lens, individuals and organizations invested in positive community impact in London and Southwestern Ontario. We deliver on our mission by advocating for equity in all sectors; increasing awareness of nonprofits and social enterprises as social and economic drivers and supporting them to develop inclusive workplaces; and facilitating cross-sectoral collaboration toward solutions to our community's persistent challenges.