

## **Pillar Nonprofit Network - Ontario Budget 2020**

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I am Michelle Baldwin and I am the Executive Director at Pillar Nonprofit Network, a regional network that supports individuals, organizations and enterprises invested in their community impact in London and across Southwestern Ontario.

We believe the three pillars – nonprofit, business and government working together is how we create an engaged, inclusive and vibrant community. I am also the Chair of the Ontario Nonprofit Network.

Our partnership with government is essential for nonprofits and social enterprises to thrive because they are essential to our economy and we are significant employers and contribute to job creation. Many of you are connected to our sector through your own volunteer work - in service clubs, minor hockey and soccer, museums, and more - so you know how vital nonprofits are to our communities in terms of the public benefit and impact they generate.

Nonprofits are also an economic driver, employing almost a million people in Ontario and contributing \$50 billion to the province's GDP.

Beyond service delivery, nonprofits also play a bridging role between communities and governments, bringing the voices of residents to government so that they can inform policy and program design.

2019 was a tough year for our sector. We saw up to 5-month delays in funding renewals and the restructuring of many funding streams. Organizations had surprise adjustments to budget reductions in a number of programs, as well as the cancellation of major social enterprise development funds.

Nonprofits want to work with the Government of Ontario as partners in the service of Ontarians, and nonprofits must be consulted in advance of initiatives so that we can bring our experience in communities to inform policy and avoid unintended consequences.

The first priority I am bringing forward is red tape reduction for nonprofits. Creating umbrella agreements - preferably multi-year for more stability, and finding other ways to reduce the reporting burden, will help reduce the time that both of our sectors spend on paperwork so we can focus on our programs.

But this isn't the only red tape reduction initiative that's needed. We also need to see proclamation of our sector's long-delayed corporate legislation, the Ontario Not-for-Profit Corporations Act, or ONCA, in 2020.

Our second priority: We recommend the development of a made-in-Ontario social enterprise strategy, in partnership with the nonprofit and co-operative sectors, to drive local job creation and support rural, remote, and urban self-reliance. Social enterprises are those enterprises that provide a social good while generating income to undertake their work. And it is one way for nonprofits to diversify funding to support their organizations.

A second element focuses on social procurement, using the opportunity presented by the government's initiative to centralize supply chains and to set targets for purchasing from social enterprises in areas like catering, couriers, and cleaning. This would allow our sector to continue to grow jobs for people facing barriers to the labour market. We recommend that the development of a full strategy be done in partnership with the nonprofit and cooperative sectors in Ontario.

Our third priority: decent work in the nonprofit sector. The Ontario government must take another look at Bill 124, the wage restraint bill, which will make it difficult for some nonprofits to attract and retain the talent they need. Allow me to paint a picture about its unintended consequences.

Imagine you're running a larger nonprofit, say in the home care, child care, or employment and training sector. You compete with the private sector for talent, both front-line workers as well as back-office staff and management. You have a million-dollar contract with the Ontario government but you also have other programs: a fee-for-service enterprise and a federally or municipally-funded agreement.

All of a sudden, Bill 124 passes. It imposes wage controls on your whole organization, not just the parts that are funded through a provincial agreement. It lasts three years and in that time you see your for-profit competitor increase wages strategically in areas where you're both seeing labour shortages. Because that for-profit is exempt from Bill 124, even though your funding contract with the provincial government is through the exact same funding envelope, you lose your IT people, your accountants, and many of your front-line staff to them.

This is the challenge that our sector has with Bill 124. It undermines the role of community-based boards of directors to manage their overall budgets for all their programs and services. It cuts nonprofits off at the knees who are trying to attract and retain workers in a competitive landscape, especially because Bill 124 exempts

for-profits that also get provincial funding. And it has implications beyond the provincial programs whose costs the Ontario government is looking to manage.

We ask that community-governed nonprofits be exempted from Bill 124 and that government control costs through overall funding envelopes and agreements they have with nonprofit service providers.

Those are our recommendations for Budget 2020: red tape reduction for nonprofits; a social enterprise strategy; and an exemption from Bill 124 for local nonprofits so they can attract and retain good workers.

Nonprofits and social enterprises are the foundation of Ontario and we are your partners. It is through cross sector collaboration between government, business and nonprofit that we build an Ontario that is prosperous together.