



Written Submission for the Pre-Budget Consultations in Advance of the 2025 Federal Budget

by Pillar Nonprofit Network

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Recommendations

Recommendation 1: That the government make strategic Investments in a nonprofit data strategy for improved efficiency, increased impact on communities, and demonstrably evidence-based decision-making, including:

- \$500,000 annually to Statistics Canada to carry out annual updates to the national survey of nonprofit organizations;
- \$750,000 to Statistics Canada to establish a unit whose mandate is to collect, analyse, and share data on the nonprofit sector; and
- \$2 million in 2025-26 and \$1 million ongoing to establish and maintain a Canadian Nonprofit Data Lab, modelled on the successful Business Data Lab.

Recommendation 2: That the government initiate reforms to the way it funds the full spectrum of Canadian nonprofit organizations to increase efficiency, efficacy, transparency, responsiveness, and accountability, beginning with a process similar to the Grants and Contributions Transformation Initiative undertaken by Global Affairs Canada.

Recommendation 3: That the government invest in a nonprofit sector labour and workforce development strategy recognizing the critical role of nonprofit work in the delivery of public priorities and programs, the central role of nonprofit work in the future economy, and the opportunity to support people of diverse intersectional identities by way of access to decent work. We recommend that this include, but not be limited to:

- A one-time increase in contributions to 2021 levels for the Canada Summer Jobs program for 2025 while consulting with the nonprofit sector to create a similar program under the portfolio of Employment and Social Development Canada by 2026 that better serves the function of introducing young people to nonprofit work while benefiting communities.
- A commitment that all government grants and contributions will meet the full cost of services delivered by nonprofit organizations by establishing a minimum core funding threshold that enables quality services and decent work.

Recommendation 4: That the government invest in the increased impact of Canada's critical nonprofit institutions and the efficiency of cross-sectoral collaboration by establishing a permanent, effective, and accountable home in government for the social purpose sector.

About Pillar Nonprofit Network

Pillar Nonprofit Network is a place-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.

Our shared goals and ambitions

Like government, purpose-driven organizations, including nonprofits, charities, and foundations have mandates and missions for public benefit. Pillar Nonprofit Network recognizes this government's commitment to a just, equitable, and inclusive Canada, and also that these priorities have been represented in previous budgets, including recent investments in the implementation of the National Action Plan on Combating Hate and the development of a national volunteer action strategy. These measures will help in time to reduce the urgency of demand for nonprofit services and build capacity in the sector to meet remaining needs. We encourage you to accelerate and amplify the impact of earlier investments by making strategic investments in Budget 2025 that build the capacity of the nonprofit sector to collaborate meaningfully and efficiently with government, toward achievement of our shared goals.

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, contributing 8.3% of Canada's GDP and 2,800,000 jobs as of 2023, roughly well over 10% of all jobs in Canada.¹

In the current context of cascading global, national, and local crises – accelerating change, rising costs, falling revenues, decreased giving, a teetering volunteer ecosystem, growing wealth gaps, digital gaps, and information gaps – nonprofits are in existential crisis, causing moral injury and burnout in its workers and widening gaps in service to communities. And nonprofit workers themselves are disproportionately *from* the same

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](#) & [Statistics Canada. Non-profit institutions and volunteering: Economic contribution, fourth quarter 2023](#)

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 they are indispensable advisors and intermediaries in the government’s delivery on public priorities. This is a widening social deficit,³ in part the result of chronic undervaluing and under-resourcing social purpose organizations. Though this government’s goals are laudable, they urgently need resourcing and reliable partners to reverse this trend.

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 targeted investments in our recommendations, implemented together, will rapidly increase the capacity of the nonprofit sector to collaborate with government toward more efficient, effective, and accountable service to Canadian communities..

Recommendation 1: That the government make strategic Investments in an ethical and equity-focused nonprofit data strategy for improved efficiency, increased impact on communities, and demonstrably evidence-based decision-making.

A persistent data deficit in and about Canada’s nonprofit sector prevents government from unleashing the full potential of the sector to collaborate optimally to serve Canadian communities. This gap became stark in the context of our recent public health emergency, when government officials were “shocked and appalled” that no one knows who serves what communities in specific locales and not even how many nonprofits there are.⁴ We had the same experience when our local municipal recovery initiative sought indicators to track the relative recovery of the sector and we were challenged to daylight scant information hidden in data sets designed for other purposes.⁵

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. Additionally, in light of increasing misinformation and disinformation, it is critical that governments and nonprofits

² [Statistics Canada, Table 36-10-0651-01: Employment in the non-profit sector by demographic characteristic](#)

³ [Canada's Emerging Social Deficit \(imagine Canada, August 20, 2018\)](#)

⁴ [“Statistics Canada is going to do another full-scale survey of charities and nonprofits — and they haven’t done that since 2003.” \(PANL Perspectives, September 25, 2023\)](#)

⁵ [New Report Shows Area Nonprofits Face Steep Workforce Challenges](#), Pillar Nonprofit Network, October 28, 2022;

be able to demonstrate clearly to Canadians that policies and programs are evidence-based. We were delighted that the 2003 National Survey of Nonprofit and Voluntary Organizations was finally repeated in 2023/24, but note that a survey conducted only every 20 years does not provide sufficient information about trends to be of value to policymakers, researchers, and nonprofits themselves.

As a contributing member of the Federal Nonprofit Data Coalition (FNDC), Pillar has had the opportunity to contribute to and cosign the FNDC's written submission. We urge you to make the investments indicated in that submission, including:

- \$500,000 annually to Statistics Canada to carry out annual updates to the national survey of nonprofit organizations;
- \$750,000 to Statistics Canada to establish a unit whose mandate is to collect, analyse, and share data on the nonprofit sector; and
- \$2 million in 2025-26 and \$1 million ongoing to establish and maintain a Canadian Nonprofit Data Lab, modelled on the successful Business Data Lab.

Recommendation 2: That the government invest in reforms to the way it funds the full spectrum of Canadian nonprofit organizations to increase efficiency, efficacy, transparency, responsiveness, and accountability.

Though the alarm has been sounding for years that there needs to be a new framework for grants and contributions to the nonprofit sector, nonprofits have continued to weather either under-investment and/or investments ill-suited to support a resilient sector. From the days of the Voluntary Sector Initiative to the present day there have been calls for reform from inside government as well as the sector. We are pleased to see the Grants and Contributions Transformation Initiative undertaken by Global Affairs Canada for international activities and we recommend government initiate a similar exploration of reform to grants and contributions across the sector with a similar focus on:

- minimising administrative burden, making it easier to apply for funding;
- improving risk assessments; and
- making information more current and easier to share.

Recommendation 3: That the government invest in a nonprofit sector labour and workforce development strategy that recognizes the indispensable role of nonprofit work in the delivery of public priorities and programs, the central role of nonprofit work in the future economy, and the opportunity to support people of diverse intersectional identities by way of access to decent work. In Budget 2025, this should include, but not be limited to:

- A one-time increase in contributions to 2021 levels for the Canada Summer Jobs program for 2025 while consulting with the nonprofit sector to create a similar program under the portfolio of Employment and Social Development Canada by 2026 that better serves the function of introducing young people to nonprofit work while benefiting communities.

- A commitment that all government grants and contributions will meet the full cost of services delivered by nonprofit organizations by establishing a minimum core funding threshold that invests in quality services and decent work.

The nonprofit sector lacks a coherent labour force strategy despite its role as a major employer and persistent demonstrations of need.⁶ The meagre information we have confirms the nonprofit workforce is disproportionately made up of people from equity-deserving communities and/or the underemployed.⁷ Locally, we've collaborated with our workforce planning board to reveal a human resources crisis for nonprofit and care economy employers in our region,⁸ confirming findings from the Ontario Nonprofit Network⁹ and Imagine Canada.¹⁰

'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. 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.¹¹

Our local surveying shows that disproportionate 'project funding' over 'core funding' hampers organizations' ability to attract, hire and retain nonprofit workers, especially for small organizations.¹² 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,¹³ take an equity approach to the provision of core funding to address historical inequities.

⁶ e.g., [Toward a Labour Force Strategy for Canada's Voluntary & Non-profit Sector](#), (HR Council for the Voluntary & Non-profit Sector, 2008)

⁷ [Diversity Is Our Strength: Improving Working Conditions in Canadian Nonprofits](#) (Imagine Canada, 2023)

⁸ [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 \(May, 2023\)](#)

⁹ [2022 State of the Sector – Policy Report](#) (Ontario Nonprofit Network)

¹⁰ [Sector Monitor: The uneven impact of the pandemic on Canadian charities](#) (Imagine Canada)

¹¹ [Creating wage parity in community care](#) (Ontario Nonprofit Network)

¹² [Information for Action: Nonprofits struggle to attract support during the pandemic](#) (Pillar Nonprofit Network, May 4, 2022)

¹³ [Ibid.](#)

Recommendation 4: That the government invest in the increased impact of Canada's critical nonprofit institutions and the efficiency 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 2025 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.