

The nonprofit sector is the federal government's partner in building a fair, inclusive, and green recovery for Canadians

Election 2021: A how-to guide for the next Government of Canada to engage nonprofits in the recovery

EXECUTIVE SUMMARY

Transformations on the horizon need an ambitious plan

The way Canadians work, live, and thrive, is both fundamentally and rapidly changing. Canada is headed into a decade of significant transformations. Canadians need an ambitious plan, based on principles of fairness, inclusivity, and sustainability, to match the scale of social, economic, environmental, and technological transformations heading our way.

Building a fair, inclusive, and green recovery for Canadians cannot be achieved without the partnership of the nonprofit sector. A true partnership would leverage nonprofits' expertise, local infrastructure, and community-centered missions to build an economic system that works for everyone. Black-led and Indigenous-led nonprofits are essential to bringing people together and empowering communities for nation-to-nation building and eradicating racism. Nonprofits can assist in fast-tracking sustainable practices in communities that will steward our planet for generations to come. By working in partnership with the nonprofit sector, the next Government of Canada can realize this vision. The well-being of our communities and environment depends on it.

ONN's recommendations

1. Stabilize the nonprofit sector to ensure its critical infrastructure remains strong for rebuilding Canada:

- Allocate direct investment in nonprofits and charities to ensure organizations can carry on their work, effectively transition programs and business models to meet needs in the recovery, and prepare to take advantage of future opportunities.

2. Establish a home in government for the nonprofit sector:

- Establish a home in government that takes a cohesive and strategic approach to coordinating policy and engaging with our diverse sector, as a partner rather than a service provider.

3. Partner with nonprofits for better community-led solutions:

- Build and expand a Canada-wide licensed child care system with the nonprofit — including nonprofit cooperatives — and public sectors exclusively;
- Prioritize procurement from local social enterprises, co-operatives, and nonprofit organizations;

- Tailor the design of the Social Innovation Strategy and the Social Finance Fund to embed an equity lens.

4. Create multiple pathways for women to grow and thrive in women-majority sectors and occupations to advance gender equity:

- Include strategies for sectors that are traditionally overrepresented with women, like the nonprofit sector, in the National Action Plan for Women in the Economy;
- Prioritize the care economy in rebuilding Canada and ensure care work is decent work;
- Modernize Employment Insurance to reflect women’s current and anticipated labour market realities.

A necessary partnership with a natural ally

The nonprofit sector is a natural ally to the government in our shared commitment to using our collective resources to support the needs and priorities of Canada’s diverse communities, and more generally, the public good.

Across urban and rural Canada, the nonprofit sector plays an essential role in job creation, volunteer engagement, and programs and services that support the well-being of Canadians. The sector generates more than 8.1 per cent of the country’s GDP, employing 2.4 per cent of the workforce – of whom 80 per cent are women, making us a women-majority sector.¹ As a sector, nonprofits receive less than half of their revenues from governments. Nonprofits reinvest all surpluses in their missions and leverage government revenues through private grants and donations, the sale of goods and services, and volunteer efforts to create additional value for the communities they serve. Through their job creation and local spending activities, nonprofits generate considerable economic impact above and beyond the extensive social, cultural, and ecological value they provide to Canadians.

Nonprofits are also at the forefront of fighting the COVID-19 pandemic and supporting communities into pandemic recovery. Many frontline workers in the sector are considered essential workers in essential services. Others in the sector are supporting communities in transitioning from crisis to recovery, for example, through affordable housing, youth employment, and inclusive economic development. Arts and culture, sports and recreation, faith, and environmental organizations are ensuring community well-being is front and centre when needed the most. All Canadians, especially those that have been disproportionately impacted by the pandemic - women, Indigenous Peoples, Black and other racialized people, youth, seniors, and newcomers to Canada - rely on nonprofits.

Nonprofit organizations are a valuable source of knowledge about what’s happening on the ground and have expertise in serving diverse communities. Our trusted leaders and local networks can function as strong intermediaries. Nonprofits put mission at the core and have higher levels of accountability to the community than the private sector.

¹ Imagine Canada. “Everything you need to know about Canada’s charities and nonprofits.” August 20, 2021. <http://www.imaginecanada.ca/sectorstats>

RECOMMENDATIONS

1. Stabilize the nonprofit sector to ensure its critical infrastructure remains strong for rebuilding Canada

- **Allocate direct investment in nonprofits and charities via grants to ensure organizations can carry on their work, effectively transition programs and business models to meet needs in the recovery, and prepare to take advantage of future financing and fundraising opportunities.**

A robust nonprofit sector is essential to the health and well-being of communities and local economies. The Government of Canada recognized this when it ensured that nonprofits were eligible for emergency economic measures like the wage subsidy and rent supplement. During the pandemic, many more Canadians than usual turned to nonprofits for help – and nonprofits delivered. Investing in nonprofits will enable them to rehire employees and hire even more people to deliver services on which constituents depend for relief and recovery. Further, investing in nonprofits will allow these organizations – the third largest employer in the country and consumers of products and services² – to operate as economic multipliers by providing needed services, such as child care and job training, and stimulate economic activities, such as by people spending money at restaurants and retail stores near the arts and cultural institutions they visit. For virtually every need in the community, there is likely one or several nonprofits ready to ramp up their service delivery or expand to provide new services to help all residents get past the pandemic.

Governments should look to nonprofits as economic drivers in local communities, employers of a significant portion of the workforce, and vital partners for essential services addressing community needs. A vibrant nonprofit sector is also ready to step in when public health crises, natural disasters, and other emergencies arise, as has been evident with COVID-19 and provincial forest fires.

Federal supports such as the Canada Emergency Wage Subsidy, Canada Emergency Commercial Rent Relief, Canada Emergency Business Account, and pandemic pay were helpful, yet they did not go far enough. A recent survey by ONN revealed that 63 per cent of nonprofit organizations did not benefit from any of the federal support programs.³ Participation of such programs also varied considerably across different subsectors. The limitations of this support from the federal government will mean the closure of many more in the coming months. These closures translate into lost jobs and less activity for local economies, and will leave major gaps in the programs and supports intended to help Canadians rebound from a pandemic almost a year long already.

² Statistics Canada. "Employment in the non-profit sector by type of worker." (April 30, 2021). <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610065001>

³ Ontario Nonprofit Network and L'Assemblée de la francophone de l'Ontario. "COVID-19: State of the Ontario Nonprofit Sector One Year Later." July 2021. https://theonnc.ca/wp-content/uploads/2021/07/2021_ONN_State-of-the-Ontario-Nonprofit-Sector.pdf

2. Establish a home in government for nonprofits so they can effectively serve their communities

- **Take a cohesive and strategic approach to establishing a home in government for nonprofits that can coordinate policy and engage strategically with a diverse sector, as a partner rather than a service provider.**

A home in government makes economic sense, will strengthen the sector as a whole and thus benefit the communities the sector serves. A coordinated approach to policy and engagement of nonprofits by a central body can eliminate duplicate efforts and rather harness the sector's knowledge, expertise, local insights, and data. It would create the kind of federal policy framework, programs, and investments that have been used successfully in other economic sectors like transportation, agriculture, and small business, all of which have federal department support. Moreover, it will enhance the sector's ability to access financing, offer decent work, invest in digital transformation, rely on quality data, and benefit from more enabling regulation. An equitable recovery will require strong nonprofits and charities, and now is the time to work collectively with the government to invest in and transform the sector, so nonprofits can meet the needs of communities today and into the future.

3. Partner with nonprofits for better community-led solutions

- **Build and expand a Canada-wide licensed child care system that is nonprofit, including nonprofit co-operatives, and public sector-driven for affordable, accessible, high quality, and inclusive child care.**

Nonprofits are the best partners for governments to build and expand a Canada-wide licensed child care system that is affordable, accessible, high quality, and inclusive.⁴ The sector is well positioned to offer a variety of flexible child care choices to parents that enhance quality of care, safety, and working conditions. Expanding the system in partnership with the nonprofit sector now will have positive cascading effects for children and parents - especially women, the child care workforce, communities, and the broader economy - for years to come.

We are encouraged by the new bilateral child care agreements with provinces and territories that strongly commit to nonprofit and public sector expansion of child care. To strengthen the sector's ability to expand, the federal government can provide investments in capital for building new licensed child care spaces and retrofitting existing ones. Also investing in start-up/scaling up of nonprofits that can function as intermediaries between nonprofit child care services and the child care spaces building process (e.g., technical assistance and capital project financing experts) can ensure the sector is prepared to meet demand.

⁴ Ontario Nonprofit Network. "Nonprofits Deliver Canada-Wide Child Care System." June 2021. <https://theonnc.ca/wp-content/uploads/2021/06/Nonprofits-Deliver-Canada-Wide-Child-Care-System-Briefing-Note-JUNE-2021.pdf>

- **As part of recovery investments, prioritize procurement from local nonprofit social enterprises and co-operatives, to create exponential positive social and economic impact.**

Public Services and Procurement Canada should continue to advance work on social value procurement across government to create access to business opportunities for nonprofit social enterprises. These enterprises reinvest surpluses back into their mission and often employ people with barriers to employment, creating meaningful work, building economic self-sufficiency for local communities, and reducing reliance on social programs.

- **Tailor the design of the Social Innovation Strategy and the Social Finance Fund with an equity lens to enable the scaling up of local, community-led solutions.**

Focus the forthcoming Social Innovation Strategy, and the Social Finance Fund in particular, on supporting community-led solutions to the biggest challenges of our time. Specifically, ensure that funds are not only accessible to nonprofit social enterprises but also that they are targeted to Black-led, Indigenous-led, and women-led nonprofits, as well as those led by people with disabilities, other racialized Canadians and people across rural regions. Nonprofit and co-operative associations/intermediaries (linking organizations) need to be supported to enable small community nonprofits to take advantage of larger-scale investment streams. The focus needs to be on building community-owned assets rather than subsidizing private capital and risk.

4. Create multiple pathways for women to grow and thrive in women-majority sectors and occupations to advance gender equity.

- **Include strategies for sectors that are traditionally overrepresented with women, like the nonprofit sector, in the National Action Plan for Women in the Economy.**

Women's economic recovery must include multiple pathways for women to grow and thrive in women-majority sectors, like the nonprofit sector. Women's economic recovery will not happen if only industries, sectors, and occupations in which women are underrepresented are targeted. Pre-pandemic strategies that focus on increasing women's representation in entrepreneurship or science, technology, engineering, math (STEM), and trades, are not sufficient. These strategies do not impact most women nor do they address the undervaluing of work in which women are concentrated.

Historically, women have been concentrated in industries and occupations that are aligned with their traditional gender roles, namely caring, clerical, catering, cashiering, and cleaning work such as child care, seniors' care, and caring for people with disabilities.⁵ Black, immigrant, migrant, and undocumented women are particularly concentrated in care work. These industries and occupations have a disproportionate share of low-waged and precarious work and are vastly

⁵ Canadian Centre for Policy Alternatives. "COVID-19 crisis response must address gender faultlines." March 20, 2020. <https://monitormag.ca/articles/covid-19-crisis-response-must-address-gender-faultlines/>

undervalued, which significantly drives down women's economic security overall. Many of these industries and occupations are found in the nonprofit sector.⁶

- **Prioritize the care economy in rebuilding Canada and ensure care work is decent work.**

In the future of work, care jobs are the fastest growing jobs and, as the pandemic has highlighted, they are also essential to Canada's economy.⁷ Care jobs are the supports and services that allow Canadians to work, grow, and thrive. These jobs meet the physical, psychological, and emotional needs of adults and children, old and young, frail and able-bodied.⁸ Investment in care infrastructure fuels strong families and communities, just like investments in transportation, roads, bridges, the electrical grid, and public health. Many care work industries are part of the nonprofit sector.

Demand for care in Canada is going to grow exponentially as baby boomers age, our working age population shrinks, and women's participation in the labour market increases (as women usually take on the bulk of unpaid care work). The Organisation for Economic Co-operation and Development (OECD) reports that in 2015, globally, there were 28 people aged 65 and over for every 100 people of working age and by 2050, this ratio is projected to double.⁹ Unlike in other sectors where technological disruption is eradicating jobs, care jobs are projected to grow in the future of work. Technology will not eliminate care jobs, but rather assist in doing the work. The World Economic Forum forecasts that over the next three years, 37 per cent of projected job opportunities are in emerging professions in the care economy.¹⁰

The pandemic has highlighted and increased unmet needs for affordable and quality care services, especially child care, seniors' care, and across other community care (particularly supports around mental health and addictions); the current supply of care workers is not enough to meet the demand. The supply of care workers would expand if job quality is improved. In our

⁶ Canadian Women's Foundation, Canadian Centre for Policy Alternatives, Fay Faraday and Ontario Nonprofit Network. "Resetting Normal: Women, Decent Work and Canada's Fractured Care Economy." June 2020. <https://theonn.ca/our-work/our-people/decent-work/resetting-normal/>; Canadian Women's Foundation, Canadian Centre for Policy Alternatives, Kathleen Lahey. "Resetting Normal: Funding a Thriving Women's Sector" May 2020. <https://theonn.ca/our-work/our-people/decent-work/resetting-normal/>

⁷ Institute for Women's Policy Research. "Future of care work." September 23 2019. https://iwpr.org/wp-content/uploads/2020/07/C486_Future-of-Care-Work_final.pdf; Institute for Women's Policy Research. "Women, Automation, and the future of work." May 23, 2019.

<https://iwpr.org/iwpr-issues/employment-and-earnings/women-automation-and-the-future-of-work/>;

Women Deliver. "How a business can build a 'future of work' that works for women." 2019.

<http://womendeliver.org/wp-content/uploads/2019/08/BSR-WomenDeliver-Future-of-Work-for-Women-Framework.pdf>

⁸ International Labour Organization. "Care Work and Care Jobs for the Future of Decent Work." June 28, 2018.

https://www.ilo.org/wcmsp5/groups/public/--dgreports/--dcomm/--publ/documents/publication/wcms_633135.pdf

⁹ Organisation for Economic Co-operation and Development. "OECD Employment Outlook 2019: The Future of Work." April 25, 2019. <https://doi.org/10.1787/9ee00155-en>

¹⁰ World Economic Forum. "Jobs of Tomorrow: Mapping opportunity in the new economy." January 2020. http://www3.weforum.org/docs/WEF_Jobs_of_Tomorrow_2020.pdf

networks, we have seen many care work positions go unfilled because these demanding but rewarding jobs are insufficiently compensated.

The International Labour Organization estimates that each dollar invested in the care economy has the potential to generate two to four times more jobs than if the same dollar was spent on other sectors, such as physical infrastructure and construction.¹¹ A pair of UK economists have specifically modelled a care-focused COVID-19 recovery, comparing investments in the care economy to have much greater “bang for the buck” than investments in construction. In studying select European Union countries and the United States, these economists found that matching employment and wages in care work to the high levels of Scandinavian countries would raise employment rates by more than five percentage points and halve most gender employment gaps.¹²

Modelling from Australia shows that increased tax revenue from increased labour market participation and indirect effects would offset 80 per cent of the cost to the government in investing in the care economy.¹³ Similarly, research from the UK forecasts that investing in care rather than in construction would create 2.7 times as many jobs and increase overall employment rates by five per cent. Half the investment could be recouped by the Treasury in direct and indirect tax revenue, and the policy choice would produce 30 per cent less greenhouse gas emissions.¹⁴ In economic modelling for the US, an annual public investment of \$77.5 billion in child care, residential care, and home health care would generate over \$220 billion in new economic activity annually and 22.5 million new jobs over 10 years.¹⁵

Other countries are taking note. In Argentina, budgeted investments in care amount to 6.6 per cent of total public investment while the proposed United States American Jobs Plan has a strong focus on investments in health care and child care.¹⁶

¹¹ International Labour Organization. “A Guide to Public Investments in the Care Economy.” March 2021.

https://www.ilo.org/wcmsp5/groups/public/--ed_emp/documents/publication/wcms_767029.pdf

¹² Jérôme De Henau and Susan Himmelweit. “A Care-Led Recovery from COVID-19: Investing in High Quality Care to Stimulate and Rebalance the Economy.” March 2021.

<https://www.tandfonline.com/doi/full/10.1080/13545701.2020.1845390>

¹³ National Foundation for Australian Women. “Press release: NFAW independent modelling shows Economic Boost from increased funding in the Care Sector.” October 19, 2020.

https://nfaw.org/news/nfaw-independent-modelling-shows-economic-boost-from-increased-funding-in-the-care-sector/?fbclid=IwAR1eY3KDD037cA9fIRKzbqAxyR8_7G58fU6UJ1TrZimEfMutQ2fFxQ-tAOQ

¹⁴ Women’s Budget Group (UK). “A Care-Led Recovery from Coronavirus.” June 30, 2020. Report available at: <https://wbg.org.uk/analysis/reports/a-care-led-recovery-from-coronavirus/>

¹⁵ Time’s Up Foundation. “It’s Time to Care: The Economic Case for Investing in a Care Infrastructure.” February 2021.

<https://timesupfoundation.org/work/times-up-impact-lab/times-up-measure-up/its-time-to-care-the-economic-case-for-investing-in-a-care-infrastructure/>

¹⁶ International Labour Organization. “Building Forward Fairer: Women’s rights to work and at work at the core of the COVID-19 recovery.” July 2021.

https://www.ilo.org/wcmsp5/groups/public/--dgreports/--gender/documents/publication/wcms_814499.pdf

Expanding the care economy and ensuring care work is decent work is key in supporting women's labour market participation as it employs mostly women, especially Indigenous, Black, immigrant, and other racialized women who, not surprisingly, have been disproportionately impacted by the pandemic, and relieves women of caregiving responsibilities so they can go to work. Care work that is decent work keeps more women in the labour force, eases reliance on income supports, and ensures women do not remain concentrated in the low end of the labour force or drop out completely. For this reason, investments cannot only be for expanding the care workforce, but also ensuring that the workforce has decent work for better recruitment and retention.

- **Modernize Employment Insurance to reflect women's current and anticipated labour market realities.**

During the pandemic, unpredictable economic shutdowns, school and daycare closures, and reduced demand in the services and retail sectors affected women disproportionately. These pandemic-related disruptions accelerated existing job precarity which will only be compounded by technological disruptions on the nature of work. Eligibility criteria that are based on a no-longer-dominant standard employment relationship creates a relatively small pool of EI beneficiaries, leaving many at the margins of the labour market - especially Indigenous, Black, immigrant, and other racialized women and women with disabilities. It is essential that EI become better equipped to support Canadian workers.

To enhance the maternity and parental leave special benefits: implementation of an incentive structure for employers to offer maternity and parental benefit top-ups and re-calibrate the Family Supplement low-income salary cut-off for claimants to reflect the newly established official poverty line in Canada.¹⁷ To support women workers, make permanent the temporary changes to EI: elimination of waiting periods for seamless transition between work and benefits, lowering the number of hours required to qualify for EI, and creating a flat-rate income replacement floor, so low-income workers can retain more of their earnings. More generally, it is long past time to increase the benefit rate and adjust rules to facilitate access for workers with multiple jobs who lose one or some, but not all, jobs or significant hours of work (20 per cent reduction in work hours as per EI worksharing).

Conclusion

As Canada stands at a critical juncture of "building back better" for all or reverting to a status quo with growing inequality and catastrophic climate change, nonprofits are a natural partner for the federal government. The sector's economic, social, cultural, and ecological impact on the health and well-being of Canadians is profound. Nonprofits know what's happening on the ground. They are trusted leaders in communities and their rooted infrastructure can be mobilized quickly as an intermediary for rebuilding efforts. Their business models put communities, and not profit, first.

Stabilization of the nonprofit sector can prepare it for the building back that lies ahead, while strategic partnerships on child care, social procurement and social innovation can elicit better

¹⁷ Employment and Social Development Canada. "A Market based measure is used to calculate the poverty line."

community-led solutions. An enabling public policy environment for nonprofits can ensure the sector continues to serve communities effectively and efficiently. Lastly, supporting women-majority sectors, like nonprofits, through targeted labour market measures can advance gender equity and facilitate an inclusive and green COVID-19 recovery for all.

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