

Federal Budget 2021 Analysis

Key Messages

- Nonprofits and charities are recognized as a women-majority sector, as critical pillars in communities, and partners in rebuilding.
- There are broad measures that include the sector (employer support programs) as well as targeted investments for many subsectors.
- Impact for women who work, volunteer and receive services from nonprofits huge - game changing
- The federal government has taken a first step in taking profit out of care by stating they want to build a primarily not-for-profit child care system. We'll be following along to ensure this happens and also across care services.
- Overall critical investments are being made that will impact nonprofits and charities on the ground and there are big opportunities for transforming systems so time to roll up our sleeves;
- Missed opportunity for sector-wide systemic change, such as stabilization funding, home in government

Analysis

Federal Budget 2021: Acknowledgement as a women-majority sector and the value of care work

Finance Minister Chrystia Freeland presented the federal government's [first budget in two years](#), against the backdrop of Canada's race between mass vaccination and a surging pandemic third wave. The \$100 billion budget invests in key stimulus levers including child care, employment and training, and areas that have been the hardest hit by shutdowns, such as arts, culture, sports, and recreation. It also addresses those that have been most impacted, including women, youth, and low-income individuals, families, and workers, and extends existing COVID-19 supports.

Underlying the budget is the assumption that the pandemic will wind down this summer and our economy will come back to life in the fall and therefore we need to meet urgent needs while building for the long-term.

ONN is delighted to see the nonprofit sector explicitly recognized as a women-majority sector - a particularly important win as the federal government charts a National Action Plan for Women in the Economy. The federal government noted the sector's significant role in communities providing

vital services, and acknowledged that the sector has also faced hardship. The budget showed the first step to valuing care work, with a note that care work is the backbone of the economy and is just as important as physical infrastructure.

Key budget wins for the sector include:

- \$30 billion to build a **national “primarily nonprofit” child care system**.
- \$400 million for a **Community Services Recovery Fund** to help nonprofits and charities adapt and modernize so they can better support economic recovery in communities.
- \$200 million this year to establish a new **Black-led Philanthropic Endowment Fund**.
- \$25 million per year this year and next to renew the **Investment Readiness Program** for cooperatives and nonprofit social enterprises and launch the Social Finance Fund later this year with \$220 in the first two years.
- Sustaining temporary changes to **Employment Insurance (EI)** and announcing a \$3.9 billion funding increase and targeted consultations for modernization.

On top of the Community Services Recovery Fund, there is significant funding on the table for nonprofits through broad (e.g., Canada Recovery Hiring Program) and targeted measures. This includes funding for energy retrofit work, capacity building for Black-led nonprofits, restarting arts and culture industries, training workers and developing workforce solutions, services to combat gender-based violence, home care, nonprofit community housing providers, responding to the Missing and Murdered Indigenous women and girls inquiry, food security, employee ownership trusts, and kick-starting sports and recreation.

The federal government has taken a first step in taking profit out of care by stating they will build a “primarily nonprofit child care system”. Minister Freeland shared recently with [CBC](#) that, “when it comes to our elders and also the very youngest Canadians, the people who are least able to speak up for themselves and advocate for themselves, I think we that should have a strong bias for not-for profit care and the not-for-profit system and that is an approach that will also be reflected in our own approach to early learning and child care”. Ensuring this massive growth is not in for-profit, [financialized](#), or [big-box chains](#) is crucial. There is a direct link between the nonprofit business model, care work wages, and the quality of service, something the pandemic has highlighted all too well. The federal government can begin to take profit out of care by ensuring access to capital and operational grants to build and expand care services are not open to for-profits. They can also make a commitment to valuing care workers by dedicating their funding envelopes to enhancing wages, so care work is decent work. We’ll be following along and looking for continued resolve on this front.

For the majority of nonprofits whose revenues come in the form of earned income, the movement on the Social Finance Fund is [overdue but significant](#). And there’s an important connection between the child care investment and the ramp up of repayable financing for the sector: Quebec’s social economy grew by leaps and bounds with the introduction of their child care system, as nonprofit and cooperative enterprises flourished under the program. Similarly, new federal child care dollars (and long-term care dollars) could be the spark to enable Ontario’s

neglected social enterprise sector to finally benefit from investment- assuming the feds hold firm on “primarily nonprofit” and fix the outdated [regulatory environment](#) at the same time. Moreover, the \$87 million to diversify federal government procurement (i.e., purchase goods and services from more Indigenous-owned, Black-owned, women-owned, and social enterprises) was underwhelming in the context of the government’s overall spending. The investments in affordable housing are modest compared to the scale of need- both social value procurement and the nonprofit/cooperative housing sector (new build and retrofits) are opportunities to grow nonprofit enterprise. There also was a lack of investment in programs for urban Indigenous people and friendship centres, as noted by the [National Association of Friendship Centres](#).

The child care announcement is a game changer. ONN welcomes this investment with its threefold implications for the sector: a majority of sector workers rely on child care to come to work, it is a significant source of employment for women itself, and a significant portion of child care in Ontario and Canada is currently delivered by nonprofits. However, child care responsibility is shared by federal and provincial/territorial/Indigenous jurisdictions and given the fraught relationship with some provinces/territories looking for significant health transfers instead or wanting child care money with no strings attached, Ontario nonprofits will need to advocate. The sector must ensure these big gains happen as intended and that no child care money is left on the table.

Sub-sector Impacts

ACCESSIBILITY

- \$100 million over 2 years starting this year for the Enabling Accessibility Fund (through ESDC) to **offset the costs of renovations, retrofits, and accessible technologies** in workplaces in nonprofits, women’s shelters, child care centres, and Indigenous organizations.
- \$29.2 million over two years, starting this year, to ESDC for the **Enabling Accessibility Fund** to support child care centres retrofits.

ANTI-RACISM

- \$200 million this year to establish a new **Black-led Philanthropic Endowment Fund** which will be led by Black Canadians and create a sustainable source of funding to improve social and economic outcomes in Black communities. *(Note that these dollars will need [shared platforms](#) if they are to reach grassroots groups and other non-charitable organizations.)*
- \$100 million this year to the **Supporting Black Canadian Communities Initiative** which supports capacity building for Black-led nonprofits.
- \$11 million over 2 years starting this year to **expand the work of Canadian Race Relations Foundation**.

- \$21.5 million over 5 years starting this year for a **Racialized Communities Legal Support Initiative** that would support organizations that provide free public legal education and information as well as legal services and advice to racialized communities.
- \$2 million this year for **Communities at Risk: Security Infrastructure Program** which funds nonprofits working with communities at risk of hate-motivated crimes.

ARTS AND CULTURE INDUSTRIES

- \$200 million through regional development agencies to **support major festivals.**
- \$200 million through Canadian Heritage to **support local festivals, community cultural events, outdoor theatre performances, heritage celebrations, local museums, amateur sport events, and more.**
- \$49.6 million over 3 years starting this year for the Building Communities Through Arts and Heritage Program, the Canada Arts Presentation Fund, and the Celebration and Commemoration Program.
- \$17.2 million this year to the National Arts Centre to address COVID-19 financial pressures and support artists. An additional \$6 million over 2 years starting this year to **support collaborations with equity deserving groups** to help relaunch the performing arts sector.

GENERAL COVID-19 RELIEF MEASURES

- **Canada Emergency Wage Subsidy** extended till September 25, 2021; the subsidy rate will decrease beginning July 4, 2021.
- **Rent Subsidy and Lockdown support** extended until September 25, 2021; the subsidy rate will decrease beginning July 4.
- **New Canada Recovery Hiring Program** (subsidy) to help businesses hire more workers between June and November 2021 who continue to experience decline in revenues relative to before the pandemic.
- **Canada Recovery Benefit** extended for 12 additional weeks; first 4 weeks will pay out at \$500 a week, while the remaining at \$300 a week.
- **Canada Recovery Caregiving benefit** extended for an additional 4 weeks.

CHILD CARE

- Federal government will work with provincial, territorial, and Indigenous partners to build a **Canada-wide, community-based system of quality child care.**
- **\$30 billion over the next 5 years**, and \$8.3 billion ongoing, for Early Learning and Child Care and Indigenous Early Learning and Child Care (ELCC). A minimum of \$9.2 billion per year ongoing will be invested in ELCC starting in 2025-2026
- Working with provinces and territories to **support primarily nonprofit child care providers to grow-quality spaces across the country**
- Goals:
 - **\$10-a-day child care** within the next 5 years.

- **50 per cent reduction in average child care fees by the end of 2022.**
- Ongoing **annual growth in quality affordable child care spaces** across the country
- Meaningful progress in **improving and expanding before and after school care**
- Up to \$27.2 billion over 5 years starting this year will bring the **federal government to a 50/50 share of child care costs with provinces and territories**. In year 6, future funding will be determined based on an understanding of needs and progress achieved as part of this initial plan.
- \$2.5 billion over the next 5 years starting this year to ensure more **Indigenous families have access to high-quality programming**, up to 3,300 new spaces, support before and after-school care for First Nations children on reserves, repair and renovate existing infrastructure, to build and maintain new centres in additional communities. Funding to increase by 3 per cent each year starting in 2027-2028.
- \$34.5 million over 5 years starting this year, to ESDC for the new **Federal Secretariat on Early Learning and Child Care**.
- **Tabling federal ELCC legislation** in fall 2021 to enshrine the principles of a Canada-wide child care system in law.
- \$118.4 million over 2 years starting this year, for ESDC to expand federal investments in after-school programming support for **national and local after-school organizations**.

CLIMATE CHANGE AND ENVIRONMENT

- \$8.7 billion over 5 years for **environmental and climate initiatives**, including \$779 million over 5 for homeowner energy retrofits (via Canada Mortgage and Housing Corporation interest-free loans).
- Develop and apply a **climate lens** for federal government decision-making (\$36.2M over 5 years).
- **Federal green bond** with an expected \$5 billion initial offering.
- Almost \$500 million reinvestment in the Chemicals Management Plan for evaluation and **management of toxic chemicals**.
- \$6 billion in financial support and new tax credits for **high-emitting sectors**.
- Almost \$4 billion over five years for **land and oceans protection**.
- \$1.4-billion for the **Disaster Mitigation and Adaptation Fund**, which finances natural infrastructure projects.
- \$491 million over six years for **high-frequency passenger rail** in the Toronto to Quebec City corridor.
- \$27.5 million over five years, and \$6.1 million ongoing, to create a **census to help monitor environmental trends** and support evidence-based decision-making.

EMPLOYMENT AND TRAINING PROGRAMS

- \$960 million over 3 years starting this year to ESDC for a **Sectoral Workforce Solutions** program. Through sector associations and employers funding would help design and

deliver training that is relevant to the needs of small-medium sized businesses and their employees. (e.g., PSWs, clean energy, construction). The program will ensure that 40 per cent of supported workers are from underrepresented groups.

- \$298 million over 2 years beginning this year to ESDC for a Skills for Success program that would help Canadians at all skill levels improve their foundational and transferable skills. It could go to **community organizations to support their employees or clients they serve.**
- \$55 million over 3 years starting this year, to ESDC for a **Community Workforce Development** program to support communities in connecting employers with training providers to upskill and reskill jobseekers.
- Allowing **secondary earners to exclude** up to \$14,000 of their working income when income-testing for the Canada Workers' Benefit.
- \$15 million over two years to extend the **Racialized Newcomer Women Pilot** initiative, which will continue to improve their employment outcomes and career advancement.

GENDER EQUITY

- \$601.3 million over 5 years starting this year to advance towards a new **National Action Plan to End Gender-Based Violence.**
- \$200 million over 2 years starting this year for Women and Gender Equality Canada (WAGE) to **support gender-based violence organizations** and \$14 million over 5 years starting this year to establish a **National Action Plan to End Gender-Based Violence Secretariat.**
- \$105 million over 5 years starting this year for WAGE to **enhance its Gender-Based Violence Program.**
- \$55 million over 5 years starting this year to WAGE to **bolster the capacity of Indigenous women and 2SLGBTQIA+ organizations.**
- \$30 million over 5 years starting this year to WAGE for **crisis hotlines.**
- \$20 million over 5 years starting this year to the Canadian Institutes of Health Research to support a new **National Institute for Women's Health Research.**
- \$15 million over 3 years starting this year to the Department of Women and Gender Equality Canada (WAGE) for a new **LGBTQ2 Projects Fund** dedicated to supporting community-informed initiatives to overcome issues facing the community.
- \$11 million over 5 years starting this year to WAGE for **gender-based violence research and knowledge mobilization.**
- \$7.1 million over 3 years starting this year to Canadian Heritage for the **LGBTQ2 Secretariat.**

HEALTH AND LONG-TERM CARE

- \$4 billion one-time top-up to **Canada Health Transfer** which was already announced.
- \$3 billion over 5 years starting next year to Health Canada to support provinces/territories in ensuring **standards for long-term care** are applied and permanent changes are made.

- \$90 million over three years starting this year for ESDC to launch the **Age Well at Home Initiative** which will assist community-based organizations in providing practical support that helps low-income and vulnerable seniors age in place.
- \$45 million over 2 years starting this year to Health Canada, Public Health Agency of Canada, and the Canadian Institutes of Health Research to help develop **national mental health service standards**.
- \$45 million over 3 years, starting this year to Health Canada to fund community-based organizations that help make **sexual and reproductive health care information and services** more accessible for vulnerable populations.
- \$29.8 million over 6 years starting this year to Health Canada to advance a **palliative care strategy**.

HOUSING AND ECONOMIC DEVELOPMENT

- \$2.5 billion over 7 years starting this year to Canada Mortgage and Housing Corporation (CMHC) - in part - for the **Rapid Housing Initiative**, the **Affordable Housing Innovation Fund**, and to **support community housing providers** that deliver long-term housing.
- \$567 million over 2 years, starting next year, for the **Reaching Home initiative**.
- \$250 million, with \$200 million this year, under the National Housing Co-Investment Fund to support the construction, repair, and operating costs of almost **560 units of transitional housing and shelter spaces for women and children fleeing violence**.

INCOME SECURITY

- Proposing to increase Old Age Security for 75+ seniors beginning next year.
- **Canada Workers benefit** income level threshold to be raised to \$32,000.

INDIGENOUS PROGRAMS

- \$2.2 billion over 5 years starting this year to help build a **safer, stronger, and more inclusive society for Indigenous women and girls** and in response to the MMIWG inquiry.
- \$1.4 billion over 5 years starting this year to **maintain essential health care services** for First Nations and Inuit.
- \$1.2 billion this year to support the **COVID-19 response in Indigenous communities** which includes topping-up the Indigenous community Support Fund.
- \$597.6 million over 3 years starting this year for a **distinctions-based mental health and wellness strategy** with First Nations, Inuit, and the Métis Nation.

SOCIAL SERVICES

- \$140 million this year to top up the **Emergency Food Security Fund and Local Food Infrastructure Fund**.

- \$116 million over 2 years starting this year for the **Substance use and Addictions** program to support innovative approaches to harm reduction, treatment, and prevention at the community level.
- \$49.5 million over 3 years starting this year to ESDC to support community-based organizations providing **migrant worker-centre programs and services**.
- \$15.4 million over 2 years starting this year to the Public Health Agency of Canada to work with partners to support the creation of a **national autism strategy**.

SOCIAL ENTERPRISES AND COOPERATIVES

- Aside from the Social Finance initiatives mentioned above, the Government of Canada will engage with stakeholders to examine barriers to creating **employee ownership trusts** in Canada and how workers and owners of private business could benefit from the use of employee ownership trusts. (*Note that Employee Ownership Trusts are [not the same as worker co-operatives](#), but can be democratically controlled by workers.*)
- \$146.9 million for the **Women Entrepreneurship Strategy**.
- \$51.7 million over 4 years for the **Black Entrepreneurship Program**.

SPORTS AND RECREATION

- \$300 million over 2 years starting this year, to Canadian Heritage to establish a **Recovery Fund for Heritage, Arts, Culture, Heritage and Sports Sectors**.
- \$80 million over 2 years starting this year to Canadian Heritage to remove barriers to participating in sports programming and to **help community organizations kick-start local organized sports** that are accessible to all.

What others are saying

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[Canadian Labour Congress](#)

[Canadian Women's Foundation](#)

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[Child Care Now / Ontario Coalition for Better Child Care](#)

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ONTARIO NONPROFIT NETWORK

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[Ontario Council of Agencies Serving Immigrants \(OCASI\)](#)

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[Social Capital Partners](#) (on employee ownership trusts)

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