



December 16, 2021

Susan McArthur, Chair
Portable Benefits Advisory Panel
By email: portablebenefitspanel@ontario.ca

Submission on Ontario's portable benefits program

To Susan McArthur, Portable Benefits Advisory Panel Chair:

We are writing to share the potential impact of a portable benefits program on the nonprofit and charitable sector and to provide recommendations for building a program that works for both nonprofit workers and employers.

Ontario's nonprofit sector has never been more critical for Ontarians.

Nonprofits are providing critical care services for the old, young, sick, and frail. Youth employment training services, Meals on Wheels, shelters, and gender-based violence services are all nonprofit driven. As demand rises, we are also filling gaps for affordable housing, mental health and addictions programs, and settlement services. Our local theatres and festivals, minor soccer leagues, day camps, and places of worship are bringing communities back to life after COVID-19. Nonprofits weave together infrastructure that all Ontarians rely on and is necessary to unlock the full potential of our province's economy.

The sector is a significant job creator in Ontario

From Thunder Bay to Barrie, Windsor to London, and across the GTA to Ottawa, the nonprofit sector is a significant job creator, a strong enabler of volunteer engagement, and critical for community well-being. The sector contributes \$65 billion to our province's GDP, employing 844,000 employees.¹ Two-thirds of the workforce consists of women, almost half are immigrants, and nearly a third are racialized.² The size of the nonprofit labour market in Ontario has grown tremendously during the last decade. It is clear that the COVID-19 pandemic has further intensified demand, particularly for front line and essential workers.

Nonprofits are economic amplifiers. As a sector, nonprofits receive less than half of their revenues from governments and reinvest all surpluses back into their missions. They leverage government revenues through private grants and donations, sale of goods and services, and volunteer efforts to create additional value for the communities they serve.

¹ Ontario Nonprofit Network. "Get to Know Ontario's Nonprofit Sector." March 21, 2022.
<https://theonn.ca/publication/ontario-nonprofit-sector-infographic-english/>

² Imagine Canada. "Diversity is our Strength: Improving Working Conditions in Canadian Nonprofits." 2022.
<https://www.imaginecanada.ca/sites/default/files/2022-10/diversity-is-our-strength.pdf>

The sector's biggest asset - our people - are not doing well and communities are losing high quality care

Nonprofits have been ringing the alarm on a relentless human resource crisis during a time when it is more important than ever to recruit and retain the best people to carry out our sector's community-oriented missions and address the most complex social problems of our time. We are competing with each other and across the public and for-profit sectors for people of all skills and expertise during a province-wide generational labour shortage, and are struggling to keep up.

In our 2022 sector-wide survey³:

- One-third of organizations reported having a job vacancy rate higher than 10 per cent.
- 65 per cent are experiencing recruitment and retention challenges. More Indigenous-led (87 per cent) and Black-led (82 per cent) organizations and those in the Niagara region (79 per cent) indicated recruitment and retention challenges.
- Two-thirds of organizations indicated that both staff burnout/stress and a skills shortage (lack of candidates with the skill sets sought by the organization) are the main factors affecting their organization's ability to recruit and retain staff.
- More than half of organizations identified Wage Disparity⁴ and non-competitive compensation packages as key factors affecting their organization's ability to recruit and retain staff and one-third identified lack of funding.

As a result, 86 per cent reported that essential programs and services have been scaled back, waitlists have increased, and programs and services are being discontinued amidst never before seen demand for these same services.

From the worker perspective, nonprofit workers can no longer afford to stay in precarious low-paying jobs. Skyrocketing inflation is accelerating the exodus of workers across positions as the rising cost of fuel, groceries and housing means that some are accessing the very services our sector provides. It is also pushing them out of the cities they work in. Those left in the sector are burning out with the increase in demand for services and high acute case workloads amidst decreasing resources and ongoing staff turnover. Coupled with the rapid digitization of the sector over the past two and a half years, nonprofits now need to recruit people with a variety of skill sets and expertise, such as IT professionals, HR managers, digital marketing specialists, and data analysts. The skills shortage is also exacerbated by a large number of staff retiring. The province-wide labour shortage means that workers are demanding decent work, especially better wages, comprehensive benefits, flexibility and hybrid work models, and long-term stability, rather than simply hoping for it.

More than ever, nonprofit employers are struggling to meet worker needs because of the fallout from the pandemic - unprecedented demand for services, domino effect of record breaking

³ Ontario Nonprofit Network. "State of the Sector During Uncertain Times." 2022.

<https://theonnc.ca/topics/policy-priorities/covid-19-resources/covid19-pandemic-surveys/>

⁴ Staff with the same job, responsibilities, and qualifications receive vastly different wages in the various sectors even when funded by the same government program. See more: Ontario Nonprofit Network. "Creating wage parity in community care." June 2022. <https://theonnc.ca/publication/creating-wage-parity-in-community-care/>

inflation, and deepening financial precarity. Without any action, the erosion of Ontario's critical social infrastructure will only speed up.

Part-time, contract workers and those in small-to-medium size nonprofits are least likely to have benefits coverage

Fiscal pressures on nonprofit employers drive limited to no benefit coverage for nonprofit workers. These include time-limited project-based funding, inflexible transfer payment agreements, increasing demand for services, skyrocketing operational/program/HR costs, and declining fundraising revenues that normally bridge costs and grants. It's not the case that nonprofit employers do not want to provide robust benefits, but rather they lack an enabling environment to do so.

Characteristics of nonprofit jobs with limited to no benefit coverage:

- **Part-time and/or contract based:** While at least a quarter of the sector's workforce consists of part-time workers and contract workers respectively, only 5 per cent of part-time contract workers in non-unionized workplaces have health benefits coverage.⁵
- **Non-unionized:** Only 14 per cent of the sector is unionized (mostly the larger nonprofits with 21+ employees) and unionized workers are more likely to have a higher benefit coverage compared to those working in non-unionized workplaces, regardless of characteristics of employment (full-time/part-time/contract). For instance, among permanent full-time employees, 95 per cent received drug, vision, dental, and life benefits compared to only 67 per cent in non-unionized workplaces.⁶
- **Concentrated in small-to-medium size nonprofits:** The nonprofit sector consists mostly of small employers with less than 15 staff and their similarly small budgets cannot support high cost of benefits for a small staff complement.
- **Predominantly staffed with:** Women, particularly Black, Indigenous, racialized and/or immigrant women serving in frontline roles who are left with no coverage for themselves and their families, as usually they are primary caregivers.

Health, dental, vision, and extended professional services are more likely to be offered than any form of retirement benefits across all characteristics of employment.

Over the years, and especially during the pandemic, there has been a growing movement for access to comprehensive, culturally competent health and retirement benefits. They are an important recruitment and retention tool for employers, key to managing cost-free individual and family healthcare for workers, and mitigate the impact of stressful and difficult jobs.

Recognizing the need for these benefits, as well as the high cost, ONN has researched and launched two successful solutions that pool risk and resources, driving down costs for employers to offer health and retirement benefits. Through Cowan Insurance, ONN offers group rates⁷ for

⁵ Mowat Centre. "Shaping the Future: Leadership in Ontario's Nonprofit Labour Force." 2013.

<https://theonncanada.ca/wp-content/uploads/2011/06/ONN-Mowat-Shaping-the-Future-Final-Report-October2013.pdf>

⁶ Mowat Centre. "Shaping the Future: Leadership in Ontario's Nonprofit Labour Force." 2013.

<https://theonncanada.ca/wp-content/uploads/2011/06/ONN-Mowat-Shaping-the-Future-Final-Report-October2013.pdf>

⁷ See: <https://theonncanada.ca/services/services-for-nonprofits/onncanada-employee-benefits-program/>

health benefits for our members. Secondly, after extensive research and consultation, we endorsed a portable defined benefit pension plan - OPTrust Select at OPTrust.⁸ The offering was launched in January 2019 and currently has 61 nonprofit employers that cover 3100 workers in the sector. Both programs have seen an increase in takeup since the pandemic began, as the need for worker well-being has become even more pronounced and critical.

Key considerations for designing a portable benefit program

A well-designed portable benefits program, that functions as part of all other health and well-being scaffolding for Ontarians, has the potential for significant positive impact on nonprofit employers and their workers. We urge you to consider the following design principles:

- 1. Centre equity and accessibility for maximum impact on those who require portable benefits the most.**
 - Develop an inclusive eligibility criteria that captures workers most likely to be in part-time, contract, gig, and temporary work (e.g., workers in the underground economy, those without immigration status).
 - Develop a barrier-free eligibility criteria that bundles hours and days worked, number of workplaces worked at, and types of work, rather than relying only on one aspect for qualification.
 - Ensure accessibility is not based on access to other benefits (e.g. employment insurance) or tied to a social insurance number.
- 2. Offer standard benefit coverage to ensure seamless labour mobility and avoid a two-tiered system that benefits no one.**
 - The benefits package should be comparable to what is offered to full-time permanent workers by employers currently. It should include medical, dental, vision, professional services, short-term disability, and long-term disability.
- 3. Include an element that connects employers to the portable benefits program to alleviate recruitment and retention issues, rather than aggravate them.**
 - Benefits are a recruitment and retention tool for nonprofit employers and contribute to competitive compensation packages. This will be at risk if the portable benefits program is only tied to workers and there is no mechanism connecting the employer to it.
- 4. Ensure that portable benefits do not replace adequate employment standards and universal supports to continue building a healthy workforce for the future**
 - Employment standards bolster the labour market with a minimum floor for all and are broader than health and dental benefits.
 - Universal programs are more cost-effective because with shared/distributed risk there is a lower cost and more people are covered.

⁸ See: <https://theonnc.ca/2018/09/how-we-created-a-pension-plan/>

Conclusion

An absence of benefits has a negative impact not only on workers and their employers, but also on our intensive secondary care and tertiary institutions like hospitals, long-term care homes, and/or treatment centres with more people presenting with preventative health issues. Benefits are also key to containing public health crises.

There are some solutions industries or sectors like ours can and should create. However, the sheer volume of small employers and precarity of funding, which generates more contract and non-permanent roles, makes it difficult to implement across the entire sector. Workers - community members - are following through the cracks and a systemic approach is needed that is equitable, accessible, and cost-effective.

This is a significant opportunity to reform the benefits policy landscape. We are eager to support the panel and available to consult and convene with nonprofit workers and employers when needed.

Thank you for your serious consideration.

A handwritten signature in black ink, appearing to read 'Cathy Taylor', written in a cursive style.

Cathy Taylor
Executive Director
Ontario Nonprofit Network

About ONN

ONN is an independent nonprofit network for the 58,000 nonprofits and charities in Ontario, focused on policy, advocacy, and services to strengthen the sector as a key pillar of our society and economy. We work to create a public policy environment that allows nonprofits to thrive. We engage our network of diverse nonprofit organizations to work together on issues affecting the sector and channel the voices of our network to governments, funders, and other stakeholders.