Shaken Foundations

The Weakening of Community Building Infrastructure in Toronto

Impacts of a five-year core funding freeze on Toronto's community-based social service organizations.

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Executive Summary

> When asked to name the one factor that would most improve the capacity of their organizations to achieve their objectives, most participants did not, as one might have expected, just say "more money." Nonprofit and voluntary organizations more frequently called for "better money" — access to revenues that are flexible and therefore provide organizations with enough autonomy to decide what activities to pursue, the ability to develop and maintain human resources, and the stability that permits long-term planning.
>
> - from **The Capacity to Serve: A Qualitative Study of the Challenges Facing Canada's Nonprofit and Voluntary Organizations,** Canadian Centre for Philanthropy, May 2003; report prepared from consultations with more than 300 representatives of nonprofit and voluntary organizations across Canada

The not-for-profit community services sector is at a significant juncture. Without renewed attention, Toronto's community social service infrastructure is poised to buckle under the load of increased program delivery demands. We are witnessing the transition from an organizational model that offered the promise of building inclusive and resilient communities in all areas of our city, to one that provides an inequitably distributed collection of narrowly defined band-aid solutions that may achieve little more than expanded service-dependency.

Governments must re-engage in supporting the core functions of not-for-profit organizations in order to strengthen their community building capacity, and enable them to implement efficient and effective responses to community needs.

There is an urgent need for the provision of dedicated resources for volunteer coordination, community development, and administrative and technical supports.

This could be achieved through the introduction of core funding and capacity building programs and the re-design of current project funding models so that they include sufficient allowances to cover the administrative and systems costs needed to sustain flexible and responsive community organizations.

Private sector models of good business practice recognize the critical importance of product research and development, planning, evaluation, and maintaining the necessary administrative and managerial supports to adapt a firm's business model to meet changing market dynamics over the long term.

In contrast, recent shifts in government funding have eroded comparable administrative and planning structures in not-for-profit community agencies. Many of the volunteer mobilization, community development, human resource and technical systems that are

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essential to the long-term viability of these organizations are ineligible for funding, or have been held at a constant level for over five years. The resulting not-for-profit organizational model has been compromised with respect to community responsiveness and effectiveness.

There are also numerous areas of the city that have virtually no community support structures in place. Pre-amalgamation municipal inequities in policy and resources allocated to support community infrastructure have resulted in a patchwork of not-for-profit community agencies across the City of Toronto. These historical inequities have now been entrenched as a result of a freeze to funds available to support organizational and community capacity building. Many neighbourhoods and ethno-racial communities are completely under-resourced in terms of organizational infrastructure, community building and service delivery capacity.

At the same time governments are turning more and more to the not-for-profit sector to operationalize their policy objectives through implementing community-based programs that are accessible, accountable and sensitive to the diverse needs of local residents or target populations.

Community organizations hold the promise of being much more than a collection of poorly connected services. The social support and connections fostered through effective neighbourhood organizations are central determinants of a community's resiliency and capacity to act. These social connections are the building blocks of our civil society. They are the foundation for mutual support, social cohesion, and civic engagement in our democratic processes. Tragically, this community-building capacity of the not-for-profit sector in Toronto has been all but eliminated in most communities, and continues to be chronically absent in many more.

> More and more, charities are finding that funders will support only specific programs - preferably programs that are new and innovative. Some of this program funding provides administrative dollars to deal with a charity's overhead costs - supervision, facility costs, and so on. But even those costs must relate only to the specific program being funded.
>
> The Muttart Foundation is concerned that these types of funding arrangements fail to consider the needs of the agency as a whole. A charity is more than the sum of the programs it offers. Rarely can staffing, facility, and equipment costs neatly be divided into a series of programs.
>
> At the same time, it seems self evident that an effective, efficient charity, properly staffed and equipped, can deliver much better programming than charities that lack the resources they need.
>
> - **The Muttart Foundation**, Alberta
> (quoted from the Foundation's web site)

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Shaken Foundations: The Story So Far

I) Program Expenses Increasing:

The costs of doing business in Toronto have increased significantly over the past five to seven years. There has been a 12.8% cost of living increase during the period 1995 – 2002, reflecting significant program cost increases (e.g. supplies, utilities, insurance), and inflationary pressures on staff wage scales. As well, space costs have increased significantly both in the private market and through user fee increases for publicly owned space. A one-year 28% drop in community program use of space in Toronto's schools and municipal facilities was documented in 2002 as a result of user fee increases alone (City of Toronto & United Way research, see note 1).

II) Administrative Funding Freeze:

At the same time, key government departments and ministries that fund the operations of not-for-profit community service agencies have only increased their support of agencies' administrative and core-cost expenditures by at most 1% (on average) over this period. Most government grant programs have provided no administrative increases for the last five years (TNC agency survey 2003 - note 2).

This represents an effective loss of at least 10% in agency operating expenses throughout the sector.

III) A Legacy of Cuts:

This erosion of infrastructure is being borne on top of agency operational structures where administrative costs were already cut to the bone as a result of significant government funding reductions during 1990-1996. In 1996, a documented $19 million in government funding cuts was recorded in a sample of one-third of Toronto's social service agencies. This resulted in the closure of 33 agencies, and the elimination of 313 programs across the 629 organizations reporting. (Profile of a Changing World, 1997).

Significant among these funding reductions was the cancellation in 1995 of the Community and Neighbourhood Support Services Program (CNSSP) which for ten years had provided the only government funding source expressly dedicated to supporting the administrative and community-building functions of organizations (including volunteer coordination, fundraising, and flexible community development dollars). These resources were particularly critical for new and emerging organizations that were established over this period in neighbourhoods of the city that had few services, and for ethnocultural organizations addressing the pressing needs of new immigrant communities. (See note 3 on history of CNSSP).

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IV) Eroded Capacity and Effectiveness:

The current withering of core infrastructure capacity in agencies has resulted in stagnant and uncompetitive salary rates that have not kept pace with either private or public sector wage scales (note 4), and which are still struggling to meet pay equity targets. Limited pay scale advances have only been achieved through a steady dismantling of key community building and administrative supports in organizations, including decreased or eliminated volunteer coordination staff, community development staff, supervision hours, general administrative hours, and new program development. Many agencies have also been forced to reduce overall programming hours in order to achieve slight salary increases.

This in turn is fueling a downward spiral with regard to the efficiency, innovation and responsiveness of existing organizations, as they are less able to take advantage of new funding or fundraising opportunities; evaluate and implement new systems or practices that could increase administration and data management efficiencies; develop and retain skilled staff; mobilize, train and support volunteers; or initiate developmental and innovative community projects.

TNC Member Agency Interview (1)

We have not had any consistent staff increases since 1993. Our union agreed to a 0% increase last year, but this cannot continue. They are back at the table looking for increases that will keep pace with the cost of living.

Only a few of our agency's funders have provided any increase to their base funding amounts in the last five years, and none have kept pace with inflation. As a multi-service organization, the problem is that we piece together funding from over thirty government departments in order to do our work. There is no one funder that sees itself as supporting the overall structure of the organization. This presents a significant challenge in terms of implementing any negotiated salary or benefit increases. As a unionized workplace we are committed to implementing equitable pay scales across the whole organization, so it is not much help if one funder sees the light, but 29 others do not.

Each year we face a situation where desperately needed salary and benefit increases are pitted against the prospect of increased gapping, reduced hours, or layoffs.

In terms of management resources, they were cut to the bone long ago and we have no capacity to expand them. For example, one of the challenges the organization now faces is to maintain adequate technology systems. More and more this is demanded in terms of data management and operating effectively. We don't have any I.T. technician, even though we are a large organization with a $4 million budget, trying to support the work of over 80 FTE staff. In the long run we will end up wasting resources by having to bring in technicians to solve problems, instead of having the resources to maintain in-house expertise.

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TNC Member Agency Interview (2)

From 1992 until 2001 there were no increases to our salary scale and staff had not even received any progression increases according to the scale. During this period the agency's income had grown from $1,084,545 to $1,920,691 – but these new funds were for program expansion and not to cover the increased costs of maintaining existing programs.

Staff had been extremely understanding around the lack of salary increases – which in real terms amounted to a decrease in their earnings when inflation was factored in. However, in 1999 it became clear that something needed to be done. So we hired a consultant to help us develop a new compensation plan. After completing an extensive job evaluation process we researched comparative salary scales.

We approached funders for additional funds to implement our new plan. There were no government funders who responded. United Way was the only funder to respond with new funds – $60,000. We considered implementation options that ranged from $60,000 (the money from UW) to $260,000. In the end we decided on an option that would cost us an additional $130,000 (plus benefits) in the first year.

In order to cover this increase cost we had to make some tough decisions. Through job gapping and attrition of a couple of small front-line part-time positions we saved some money – but the most significant saving came from the merger of two program departments and the resulting reduction of management staff. While it meant more work for everyone, this 25% reduction in the departmental directors was one of the key factors that allowed us to implement our new salary scale.

V) Breaking Under the Load: Program Expansion in an Under-Resourced Sector

While the 1990-96 period of downsizing was accompanied by a severe decrease in program delivery funding, the same is not the case for the last five-year period.

Some program activities have received further cuts, but overall it appears that program delivery dollars have remained fairly stable, and have even increased in some limited areas. More research is required to substantiate this observation, but it does seem that certain governments are re-discovering the value of the not-for-profit sector as a key partner in implementing social policy objectives in ways that are responsive to the needs of neighbourhoods and diverse communities.

We do know that program dollars have increased significantly on some agencies' balance sheets, and that these increases are in fact serving to weaken those agencies further.

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As noted in the Canadian Centre for Philanthropy's May 2003 report "The Capacity to Serve: A Qualitative Study of the Challenges Facing Canada's Nonprofit and Voluntary Organizations":

> Funding of nonprofit and voluntary organizations falls into two main categories: core funding and project funding. Core funding gives organizations the ability to plan for and pay the costs of operating an organization. Core funding promotes organizational stability, and strategic planning and development. Project funding, by contrast, is typically restricted to payment for specific non-operational expenses. In many cases, funding for nonprofit and voluntary organizations is designated for specific purposes, which limits the ability of organizations to apply this revenue to administrative or operating costs.
>
> Most participants indicated that the way in which funders — government, foundations, and corporations — provide funding is having a negative impact on their organization's ability to fulfill its mission or achieve its objectives.
>
> Because project funding goes to support activities and services that funders have determined to be priorities, most participants reported that they had to tailor their programs to fit funders' mandates. Consequently, they must continually struggle to ensure that the character and mission of their organization are not altered.

For older organizations in the downtown core, meeting increased programming demands with existing administrative resources has stretched agency systems and personnel to the limit, sucking all available staff time into program delivery, and significantly increased reporting and administrative tasks required by myriad funders. As a result, policy development and other essential functions, including volunteer coordination and community development cannot be sustained.

Organizations established within the last 15 years, many of which operate in the outer core of the City (the former Scarborough, York, East York, Etobicoke and North York) are under particular stress, as they are expected to expand services to address large populations and chronically under-resourced neighbourhoods.

One TNC organization surveyed has noted that its full-time equivalent staffing complement has grown by 100% over the past 2 years, increasing from 20 to 40 FTE as a result of new project funding. At the same time there has been no increase in administrative resources to manage these programs.

A number of other organizations report cutting agency management capacity, even as the overall organizational budget increased, and in two cases more than doubled.

Finally, there are numerous areas of the city that have virtually no community support structures in place. Pre-amalgamation municipal inequities in policy and resources allocated to support community infrastructure have resulted in a patchwork of not-for-profit community agencies across the City of Toronto. These historical inequities have now been entrenched as a result of a freeze in funds available to support organizational and community capacity building. Many neighbourhoods and ethno-racial communities

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are completely under-resourced in terms of organizational infrastructure, community building and service delivery capacity.

The effect for these communities is a further widening of the inequities of community building and service delivery resources, as they do not even have the capacity to write grant applications to apply for the new program dollars, let alone establish the organizational capacity to implement, evaluate and manage such programs in their local community.

TNC Member Agency Interview (3)

We have operated a Summer Camp for inner city kids for decades. This camp needs to be accessible, especially for our low-income community members, so the fees stay low (a sliding scale up to a maximum of $35 a week).

At the same time we have a collective agreement that ensures we pay the camp workers using the same pay scale for comparable work in other departments. We fund the camp counsellors with HRDC (Human Resources Development Canada) summer employment stipends that provide for minimum wage ($6.85/hr).

This rate has not been increased in over 7 years, but our wage scale is now at $11.00/ hr with the result that we are now $4.00/hr under-funded for every single camp counsellor position, and this is getting worse each year.

The community ends up trying to make up the shortfall through fundraising each year. It would be better if the salary rates were covered by government funds, and our limited fundraising dollars could be devoted to creating innovative programs, or working on important community development activities that none of the funders support right now.

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> **TNC Member Agency Interview (4)**
>
> Our agency has grown over the past 3 years from a size of 12 FTE to 35 FTE. Our overall agency budget has increased from $380,000 to over $2 million. Of this, our only source of money that helps directly with the core administrative work is a $6,000 City grant that has not increased in 5 years (Community Services Grant Program) and our United Way funding. Our administrative and support systems have not been expanded to support our increased program activity. For example, at this point our agency operates with the support of over 450 volunteers each year, and we don't even have money to pay for a volunteer coordinator.

VI) The Fallout – Crumbling Community Cohesion and Loss of Resiliency

The economic foundations of community life in Toronto, particularly access to affordable housing and secure incomes, have eroded or completely collapsed for a growing number of individuals and families in our neighbourhoods. It is of particular concern that these trends have accelerated a widening and increasingly racialized gap between the haves and have-nots in our City.

These growing inequities in communities have had a substantial impact on the capacity of non-profit social services organizations to fulfill their role effectively. Organizations that have weathered the shrinking of administrative resources have also had to divert funds from preventive strategies for community building to more reactive efforts to shore up our frayed social safety net. Emerging organizations seeking to support immigrant communities and more isolated geographic areas of our city have little or no access to funding for community building.

Healthy communities require a range of services and supports that enable all residents, including those who are the most vulnerable members of our society, to work together for mutual benefit. These supports are our social glue, linking young and old, rich and poor, newer and long-time residents, and those of diverse cultures and lifestyles in the shared project of community building. A baseline level of community cohesion is linked to a community's resiliency and capacity to act. These social connections are the building blocks of our civil society. They are the foundation for mutual support and civic engagement in all of our social and democratic processes.

Social connections in communities have been shown to be the most significant predictor of community safety. The central finding of the Project on Human Development in Chicago Neighborhoods (an eight-year $54 million longitudinal research effort co-sponsored by the MacArthur Foundation, National Institute of Justice and National Institute of Mental Health) is that "crime and disorder drops in city neighborhoods when there is consistent positive interaction and cooperation between community residents."

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It is in the areas of nurturing primary support networks, promoting civic participation and strengthening social cohesion that community organizations excel, and where their potential contributions become most essential in improving levels of community well being.

Some opportunities for connecting in communities arise informally and indirectly as a consequence of residents' involvement in programs and activities (e.g. attending an after school or parenting program, a seniors' drop-in, or a community festival). But ensuring that community connectedness is inclusive, and that all community members are supported to participate, including those who are most vulnerable, is something that needs to be intentionally planned for. Such work requires unique skills and a sustained vision to promote equitable and socially inclusive futures – objectives that are more effectively sustained over time with the support of properly resourced community organizations.

Families and individuals are supported by their local non-profit community service organizations across Toronto in numerous ways, including the delivery of accessible community services (e.g. day care, after school programs, English as a second language classes, literacy programs, settlement services), social supports (e.g. drop-in programs for isolated adults, seniors centres, support groups) and community participation and education initiatives (e.g. town hall meetings to discuss health care reform, problem-solving local concerns, facilitating input on public policy and government decision-making).

But more and more, community agencies are dedicating their scarce administrative resources to meet the excessive reporting requirements of government funders. As well, funders are prescribing more narrowly focused program objectives. Coupled with an administrative funding freeze these trends are steering neighbourhood agencies' attention and approach away from a flexible community-based responses to issues. The social supports which once would have assisted communities to respond proactively have been unraveled and undermined. There has been a serious loss in the capacity of organizations to work creatively with residents to craft locally appropriate initiatives.

The not-for-profit community services sector is at a significant juncture. Without renewed attention, Toronto's community social service infrastructure is poised to buckle under the load of increased program delivery demands. We are witnessing the transition from an organizational model that offered the promise of building inclusive and resilient communities in all areas of our city, to one that provides an inequitably distributed collection of narrowly defined band-aid solutions that may achieve little more than expanded service-dependency.

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The Solutions

I) Community Capacity Program: Core Funding for Community Building

A strong, community-based social service and community building infrastructure across all Toronto communities is essential for the social and economic health and stability of our city. We believe that this capacity must be grounded in stable community based organizations supported by a renewed core-funding program (e.g. a revised and expanded version of the CNSSP - Community and Neighbourhood Support Services Program).

A proposed Community Capacity Program would fund the core operations of neighbourhood-governed service and community development initiatives. The particular definition of functions might vary depending on the needs of each community, but would generally include:

- **Management and Resource Development** (nurturing board governance that builds on local leadership, guiding strategic planning and shaping funding proposals and partnerships in order to assemble resources to achieve local objectives; financial management and accounting)
- **Volunteer Coordination & Mobilizing Community Assets** (identify, mobilize, connect and support volunteer capacities with programs and initiatives)
- **Community Building and Leadership Development** (community education, building diverse dialogues, town hall meetings, supporting civic engagement, building shared action plans)
- **Human Resources** (ensuring compliance with all regulatory and statutory obligations, participation in accreditation procedures, personnel policy and procedures, collective bargaining)
- **Space Use and Access** (clerical and reception, facilities management, space rental costs, scheduling community use of space)
- **I.T. Systems support** (e.g. database, reporting, computer costs, MIS, networking)
- **Capital Replacement** of physical infrastructure and equipment

A Community Capacity Program would provide organizations with stable funding dedicated to supporting the activities listed above. Similar to CNSSP, the proposed program could be supported with resources from three or more partners, including the Provincial government (via a lead Ministry or the Trillium Foundation), local municipalities, and the community sector (via local United Ways or Community Foundations).

II) Removal of Arbitrary Limits for Administration Funding

Community agencies are currently forced to subsidize the full administrative costs required to operate many government programs. Organizations cannot continue to cover off a portion of actual service delivery costs in order to meet government project funding restrictions, where allowable administrative expenses are sometimes capped as low as

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5%. This has simply resulted in government-designed programs being subsidized through poor wage scales in the sector, and scarce fundraising dollars raised by community members being diverted towards administration costs when they should be available to support creative responses to local concerns.

Governments and other funders should remove arbitrary administration allocation ceilings, and instead encourage organizations to submit funding requests that specify the full costs of delivering, evaluating and maintaining high quality programs in their community.

III) Strategic Investment Approach

The "Strategic Investment Approach" is a method of augmenting program funding that has been advanced in the work of the Federal government's Voluntary Sector Initiative (VSI), and that is now entrenched in the Federal Government's "Code of Good Funding Practices". Essentially it is an enhancement to the current service-delivery project funding agreement that allows for additional resources to flow to an organization with the express purpose of supporting its administrative and planning functions.

This funding approach recognizes that increased support for organizational systems is ultimately in the interest of furthering a Ministry's policy objectives, as it will help strengthen the overall capacity and effectiveness of its service delivery partners (the not-for-profit community agencies).

In order to ensure that nonprofit agencies have the necessary organizational infrastructure in place to deliver effective programs, the use of this strategic investment approach will need to be adopted by all government departments and ministries who rely heavily on the nonprofit social service sector as their service delivery partners.

References:

The Capacity to Serve: A Qualitative Study of the Challenges Facing Canada's Nonprofit and Voluntary Organizations (2003), Canadian Centre for Philanthropy

Community Use of School & City-owned Space: Summary Report of Survey Findings (May 2002) City of Toronto & United Way of Greater Toronto

Profile of a Changing World (1997) Municipality of Metropolitan Toronto and Social Planning Council of Toronto

Project on Human Development in Chicago Neighborhoods (Feb 20, 2002 Chicago Tribune Article) http://phdcn.harvard.edu/

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Notes

1: Declining Access to Public Space

Excerpt from: **Community Use of School & City-owned Space**
Summary Report of Survey Findings
A Joint Study by the City of Toronto
& United Way of Greater Toronto
May 2002

A key trend revealed by the survey is an overall decline in the number of groups using public space, either school or City-owned. In the survey, schools include both the Toronto District School Board and the Toronto District Separate School Board. City-owned facilities include Parks and Recreation centres, civic centres, libraries, housing company buildings and other miscellaneous City-owned buildings.

Prior to the year 2000, a total of 171 groups [i.e. groups surveyed – see City of Toronto staff report notes below describing survey methodology] used school space, mainly in TDSB facilities, and 187 groups used City-owned space, mostly in Parks and Recreation centres. Currently, only 98 groups are using school space and 159 groups are using space in City-owned facilities. An analysis of the types of groups that are no longer using public space indicated no real difference among the groups.

The reason for the decline in community use of public space is mainly related to fee increases. Prior to 2000, 71% of the community groups using school or City space were not charged for this space. Only 53% (or 91) community groups that used school space prior to 2000 are still using this space now. Of these groups, 69% said that their fees had increased. Of this sixty-nine percent, 31% said they had to reduce or cancel programs to accommodate the fee increases. In addition, 18% had to increase fundraising efforts and another 18% increased user fees for their programs.

In terms of City-owned space, 75% (or 141) community groups that used City space prior to 2000 continue to use this space today. Of these groups, 41% said they had experienced a fee increase. Of this forty-one percent, 33% had to reduce or cancel programs to accommodate the fee increases. Nineteen percent needed to increase fundraising efforts and a further 25% had to either limit registration or expansion of their programs.

Excerpt from **City of Toronto Commissioner of Community and Neighbourhood Services staff report regarding "Community Use of School and City-owned Space: Summary Report of Survey Findings" (May 23, 2002)**

The survey was conducted during the month of April. Over 2,000 surveys were mailed out to the following groups:
(a) Community, arts and culture groups funded by the City of Toronto;
(b) United Way of Greater Toronto Member Agencies;
(c) Non-profit groups on the waiting list for below-market City space;
(d) Deputants from the Toronto District School Board Public Hearing meetings in 2000; and
(e) Parks and Recreation permit holders (using a probability sample of the entire list).

In addition, several community networks distributed the survey to members. A total of 378 surveys were returned, representing a 20 percent overall response rate.

Key Findings of the Survey:
The key trends revealed by the survey related to the community use of school and City-owned space can be summarized as follows:
(a) Overall, fewer groups are using space in schools and City-owned facilities;
(b) More community groups have moved out of school space than City space;
(c) Increased permit and leasing fees are key barriers to securing space;
(d) There is considerable "movement" in the system, as groups relocate programs; and
(e) Community groups are reducing or cancelling programs and/or increasing user fees in response to space issues.

These results in large part reflect what the community has been saying for the last few years. Fee increases and reduced hours of access mean that fewer community groups are able to use school space. Groups are turning to the City for space but are competing with City administration and program needs for use of this space. With no other options, community groups are forced to cancel or reduce programs. Groups that are able to find space in churches or the private sector are not finding this space adequate for their needs.

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2: Trends in Administrative Funding Allocations for Key Funders (1999-2003)

Municipal [1]: (data from City budget documentation and TNC Member Survey)

➢ **1% increase to City Grant programs over 5 years (1999-2003) [2]**
> 2003 – flatlined [2] (no inflationary increase – some increase to AIDS grants only)
> 2002 – flatlined [2]
> 2001 – flatlined [2]
> 2000 – ~ 1% increase in total grants budget
> 1999 – **program rationalization**: implemented move to "program funding approach" and ended general support to agency infrastructure (see note 5)

> **City Grants Include:** Community Services Grants Program (CGSP); Access and Equity Grants; Major Recreation Grants; Drug Awareness and Prevention (DAP); Breaking the Cycle of Violence; AIDS Education)

Additional City Resource Limitations
➢ **0% increase to shelter operating/ staffing costs**
➢ **1.5% increase to day care operating/ staffing costs**

[1] in contrast to these Grant and Service Contract trends at the municipal level, the core administrative support provided to City-funded community centres has been increased by approximately 2-3% yearly to cover economic factor increases and salary rate increases. These funds are provided to the City's ten AOCC Centres (Association of Community Centres). These centres' salary scales remain inequitable in relation to City departments as a result of the use of inappropriate comparators, but their core administrative costs have been increased to meet cost of living and City collective agreement increases. This represents a valuable model of core funding for community-directed social service organizations that could be built upon.

[2] These rates represent the percentage change to the overall grant allocations, not individual agencies. Allocations to individual agencies have increased or decreased, some significantly as their funding applications are assessed each year in relation to updated funding requirements and priorities. In the absence of increased resources overall, there has been a tendency towards cutting some organizations in order to free up resources for historically under-supported communities.

Provincial: (data from TNC member survey)

➢ **0 %: Ministry of Training, Colleges and Universities**
> - Adult Literacy Program: 0% increase for period 1999-2003
> - Employment Centre Training Programs – last increase to base was 3 years ago, are proposing no increase for next three-year contract – result will be 6-year freeze

➢ **0%: Ministry of Community, Family and Children's Services**
> - Woman Abuse Program 0% increase for period 1999-2003 (some years provided one-time year end increases, not added to base funding amount)
> - Transitional Support Worker Program - same base since inception 3 years ago

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➢ **0%: Ministry of Health Community Mental Health Division**
   – expansion dollars for drop-in programs but no cost of living increases

➢ **4.1% : Ministry of Health: Long Term Care**
   - Long Term Care – Seniors Programs
        '98 - '99   - 2.76% increase to base
        '99 - '00   - expansion $ only
        '00 - '01   -   "   "
        '01 - '02   - flat lined
        '02 - '03   - 1.4% increase

➢ **Ministry of Citizenship: Newcomer Settlement Program (NSP)**
   - agencies report that there is no clear pattern, consistency or rationale for changing
     funding levels provided by the funder. One example is noted here:
        98 - '99   - $35,000
        '99 - '00   - $31,500
        '00 - '01   - $34,320
        '01 - '02   - $40,835
        '02 - '03   - no change

Federal (data from TNC member survey):

➢ **0% or various admin reductions: CIC LINC Programs**
   - Funder requests to LINC Programs to decrease admin allocations
   - The guidelines of LINC state that "indirect" costs should be less than 35% of the
     contract value. Within allowable indirect costs agency admin. resources are usually
     no more that 8%. Other "indirect expenses" consist mostly of child-minding costs
     and learner transportation subsidies. This 8% allowable admin portion has been
     flatlined or reduced for most LINC programs since 2000.

➢ **0 - 2%: HRDC**

   - For Employment Resource Centres, admin costs were capped by HRDC at 10% from
     1998 to 2001. Beginning in 2000/01 HRDC switched from the 10% of budget
     formula, to the real cost breakdowns of staff dedicated to administration of the
     program. In some cases this has allowed for slight admin increases (one agency went
     from $10.0% to 10.1%).
   - HRDC has implemented extraordinary administrative requirements, including
     separate audits of their funding
   - organizations are also extremely concerned that constrained program eligibility
     requirements are being established to limit access for vulnerable community
     members (homeless, immigrants, people on welfare).
   - One agency sampled has received 2% HRDC program funding increases annually to
     cover a portion of inflationary costs. This is not based on any formula but is simply
     what was requested (and received) by the organization.

3: History of the Community and Neighbourhood Services Support Program (CNSSP)

The CNSSP was a three-way partnership between the Government of Ontario's Ministry of Community and Social Services (providing 50% of the funding), the Municipality of Metropolitan Toronto (25%) and the United Way of Greater Toronto (25%).

The purpose of CNSSP was to provide core funding for new and developing agencies. The program was considered to be very successful and only ended in 1995 when the Provincial Government (Ministry of Community and Social Services) pulled out of the partnership, at which point the other two contributors were unable to sustain it.

Near the final years of the program, grants to organizations were provided at the rate of up to $100,000 per organization, with the two local partners each contributing $25,000.00, and the Province contributing an additional $50,000.00. Between 20 to 26 agencies were funded through this program in Toronto while it operated from 1985 to 1995.

CNSSP-funded organizations were notable in the diversity of communities, cultures and language groups they reached, and the critical settlement and counselling services they delivered with the support of CNSSP for core administrative dollars.

CNSSP Historical Context
excerpt from a 1991 Presentation by Reet Mae – Executive Director of the Phyllis Griffiths Neighbourhood Centre (now named the Birchmount Bluffs Neighbourhood Centre), to the Provincial <u>Standing Committee on Finance and Economic Affairs</u>, regarding the 1991-92 Budget.

In 1979, the Social Planning Council of Metropolitan Toronto outlined a number of issues making social service planning and provision difficult, particularly in large urban areas, in a report entitled Metro's Suburbs in Transition. Outlined in part 1 of this report were a number of factors contributing to changing needs in large urban areas. Metro's suburbs at that time were experiencing increased immigrant populations, the isolation of the elderly and of those caring for young children, increasing unemployment among young people and changing age structures in suburban areas. Many of these changes are continuing and greatly affect the accessibility to social services and community programs of community members. The importance of local, community-based resources that could respond to local needs in an immediate, accessible fashion was stressed in the report.

Following this, the report Neighbourhoods Under Stress was produced in 1983 by the joint task force on neighbourhood support services. The Neighbourhoods Under Stress report contended that neighbourhood support programs could be considered essential services in much the same way as roads, police, schools and public health were. Such neighbourhood support services provide the essential work to enhance the quality of life for individuals and to make communities healthy and support living environments, particularly for the elderly, the isolated and the vulnerable. The report further argued that no other essential services use public dollars as efficiently as neighbourhood support programs do.

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The community and neighbourhood support services program was a funding program that was a creative response to the issues outlined in both of these reports. This province-wide funding program is shared jointly among the province, which provides 50%, the local municipality and the United Way locally, which both provide 25% of the core funding allocations. The funding program is intended to provide core funding to local neighbourhood-based agencies which are representative of and responsive to their communities and which have no other stable source of funding. The funding program began as a pilot project in 1985 and was made a permanent part of the provincial social service structure after the completion of the three-year pilot phase.

Agencies funded under this program are run by volunteer boards of directors, use many community volunteer hours and are able to provide flexible supports and services to members of local communities, providing a wide range of services, including employment counselling, family support, community integration for new immigrants, seniors support services or programming for new parents. The success of the program is due to the dedication of the large number of community volunteers who donate their time and talents, as well as the dedication of the staff employed in these agencies.

… Finally, I would like to remind you that a large part of the social service provision in this province is still being done by women. Because the services outlined above are predominantly provided by women, until new legislation becomes effective we are not even eligible to be considered under employment equity. Many women who work to provide much-needed programs and services to the citizens of Ontario are themselves sole support parents, immigrants, and vulnerable individuals because of their life circumstances. Many of these programs and services are provincially underfunded. If pay equity legislation were to set guidelines for equitable salaries in small, community-based services, the local volunteers and board members, many of whom again are women, would become responsible for raising unrealistic amounts of additional dollars for salary adjustments. Unless the province itself is committed to pay equity for all agencies under its various funding programs, pay equity cannot become a reality in the province of Ontario.

To this end, I believe, as this government does, that it is possible for us to live together to build a society in Ontario that provides a decent quality of life for all of us. To this end, I am asking for the support of this government in the three areas that I have outlined above by, first, providing stable and realistic funding to the community and neighbourhood support services program, phased in over a three- to five-year period; second, making both a financial and a philosophical commitment to the lives of children in this province by recognizing the importance of those caring for children, especially in the early preschool years, and by providing the necessary financial, economic and social resources to support both parents and care givers in this important role, particularly in recognizing the important role of family or preschool resource centres and ensuring that adequate funding is made available for such services; and finally, making a financial commitment to pay equity for women that will include an evaluation of the province's role in contributing to inequity through underfunding of many smaller social service agencies and by developing a strategy to provide supplementary funding to such agencies when the appropriate legislation is passed.

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4: – Wage Trends 2000-2003 for Ontario labour force

While private and public sector wage settlements have kept pace with or exceeded inflation over the last three years – not-for-profit wages in many organizations have remained almost static, and many agencies are still struggling to implement their pay equity objectives.

Quarterly Data: Average Annual Increase in Base Wage Rates												
	Quarters (based on calendar year)											
	IV	I 2000	II	III	IV	I 2001	II	III	IV	I 2002	II	III
All settlements	**3.3**	**2.9**	**2.3**	**2.5**	**2.9**	**2.9**	**3.0**	**2.9**	**2.7**	**2.8**	**2.7**	**3.0**
Inflation	2.5	3.0	2.6	2.8	3.4	3.4	4.0	3.2	1.6	1.5	1.1	2.4
Public Sector	2.1	3.0	2.2	2.8	3.0	3.2	2.9	2.8	2.7	2.8	2.7	3.0
Private Sector	4	2.3	2.5	2.1	2.8	2.5	3.2	3.0	2.6	2.6	2.7	2.9

(source for above data -Ontario Ministry of Labour - Collective Bargaining Highlights—August 2002
http://www.gov.on.ca/lab/english/lr/ocbi/highlights/cbh2002-08_tc.html

Not-for-Profit Sector	Data not available – TNC interviews suggest that many community agency staff have had no wage rate increases over this period, or in some cases limited increases have been provided, but not at rates approaching the private and public sector settlements documented above.

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5 – From core to project funding; The City of Toronto Example

Staff report to Community Services Committee Aug 16, 2001

Since its inception, the CSGP has taken progressive measures to harmonize these funding approaches and fully implement a program-funding approach to allocations. In the first step (1999 and 2000), all funded organizations were moved to a mixed model whereby grants were awarded to organizations for use in a specific set of approved programs. This change meant that organizations previously provided with sustaining funding were required to report on the use of CSGP funds at a program level.

During these years, CSGP grants were awarded at an organizational level, and maintaining overall support to previously funded applicants was the first priority in the allocation of CSGP funds. Organizations could apply to shift funds between approved programs without affecting their total CSGP grant. Allocations were reported on using organization summary sheets, which contained an organization summary, and a list of approved programs.

For the 2001 cycle, the CSGP took a second step towards operationalizing a program-funding model. All organizations were required to apply for support at the program level, and the first priority in the allocations process focused on maintaining the level of support to programs (rather than organizations) funded in 2000 that continued to comply with all of the CSGP criteria. As a result, some organizations received a lower level of overall support when their requests for CSGP funds in new or different program areas were not approved. Allocations continued to be reported at an organizational level, but summary sheets were expanded to contain additional program information.

For the 2002 cycle, organizations will again be required to apply for program-specific funding, and the first priority in the allocations process will continue to focus on maintaining the level of support to programs (rather than organizations) funded in 2001 that continued to comply with all of the CSGP criteria. Funds phased out of ineligible programs will be allocated using the CSGP equity framework to programs for priority communities. Organizations previously funded to provide these ineligible programs may apply for funding for new programs, or for increased support for funded programs.

However, these new and increased requests will be considered along with all other such requests. Maintaining total organization grants at 2001 levels will not be considered as a part of the allocations framework. …

In 2002, staff will no longer authorize the movement of funds between approved programs without Council approval. The unauthorized movement of funds between approved programs is a breach of the Letter of Understanding, and may result in the recovery of funds. While this approach may not allow organizations the same amount of flexibility previously available it is consistent with the measures being taken to implement a program-funding approach to allocations and addresses a number of recommendations made by the Auditor concerning accountability by increasing the ability of the CSGP to ensure the appropriate expenditure of grants funds by recipients. (emphasis added)

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