



Dear Minister Freeland,

Thank you for your work to support communities through the pandemic. We welcome the inclusion of charities and nonprofits in the Budget 2021 consultation materials. The below proposed Community Services COVID-19 Relief Fund (CSCRF) represents a smart, targeted investment in the capacity of organizations delivering services to vulnerable people.

The CSCRF will help ensure service providers can continue supporting people through the pandemic and beyond. It is a temporary, 18-month funding program to support critical human and community service delivery in order to bridge organizations through the pandemic and beyond. It also proposes a transformation program to make this sector more resilient. The CSCRF is well aligned with current government priorities. Firstly, it does not represent new, permanent spending. Secondly, the transformation program is aligned with Minister Hussen's mandate to ensure the sector has the tools needed to modernize as it emerges from the pandemic to support the government's agenda.

The sector is essential infrastructure to enable government to deliver on its important commitments, these include national child care, expanding before and after school care, creating 1 million jobs, expanding programs to support employment for women and racialized and Indigenous communities. Providers of human and community services also play a foundational role in Canada's economy. The organizations provide services that support economic growth, mitigate public health costs and are significant employers. Statistics Canada data shows that the charitable sector as a whole contributes 8.5% to Canada's GDP and employs 2.4 million people with a labour force composed of approximately 70% women.

As noted below, the CSCRF is endorsed by several of Canada's largest community service federations. UWCC's own federated network of 77 United Ways and Centraides partners locally with these federations serve communities from coast to coast to coast. Serving all regions of Canada, UWCC local members support over 3,400 community organizations to build opportunity for 8 million service users in over 5,000 communities. We are second only to government in funding vital community services. For over 100 years, we have been ardent champions of the sector's impact and importance to community members.

COVID-19 has posed a serious financial threat to human and community service continuity. The financial threat stems from reductions in fundraising, earned income and other revenue sources at time of unprecedented demand. We have an opportunity to support vital community service capacity over the coming months while investing in a strong and vibrant network of community services that will serve Canadians for generations to come.

Thank you for considering the below proposal and for your commitment to building back better.

Sincerely,

Dan Clement, President and CEO

November 24, 2020

Briefing Note: Bridging Community Service Provision through the Pandemic & Recovery

This brief provides policy solutions advanced by national human and community service federations to stabilize operations for the continuity of vital human service provision through the COVID-19 pandemic and future recovery. We propose the federal government 1) create a Community Services COVID-19 Relief Fund, a temporary bridge funding program to support critical human and community services, and; 2) implement a philanthropic match program.

Introduction

Since the onset of the COVID-19 pandemic, Canada's human service infrastructure has mobilized to serve marginalized community members at a time of widening inequalities. We have helped mitigate the worst public health outcomes, to level some effects of long-standing social inequities, and strengthen community capacity and an ethic of care for our most vulnerable. In the face of this unprecedented global crisis, the federal government quickly and decisively responded to community need with smart, rapid investments in the CERB and the CEWS and in the ECSF and EFSF, among other programs, in partnership with our sector.

Government's emergency investments in community services have been critical; but human and community service organizations face serious fiscal challenges not addressed by federal programs to date and require a bridge to continue serving people through the pandemic and in the future social and financial recovery. The new Veterans Organizations Emergency Support Fund, providing grants to address financial hardship or imminent closure related to COVID-19, shows government understands the implications of pandemic related financial shortfalls for charities and nonprofits (organizations) serving people in vulnerable circumstances.

Policy Solution #1

We propose government create a Community Services COVID-19 Relief Fund (CSCRF) to provide temporary 18-month bridge funding to support the ongoing work of organizations providing front line human and community services. These organizations are facing real threats to their short- and long-term sustainability with operational funding at risk due to significant declines in revenue. Most organizations' revenue is generated through philanthropy, earned income (i.e. fee for service programs and social enterprise activities), as well as grants from all levels of government. According to Imagine Canada and Canada's national community service federations:

- 69% of organizations are reporting a decline in revenues. In the case of the YMCA, \$290M in revenue (45%) was lost from March-September compared to the same period in 2019. In many cases these revenues will not be replaced, as in the case of some fee-for-service programs, earned income activities and social enterprises.
- 73% of organizations report donations are down and declines of 38% in earned income, and 23% declines in investment income.
- In September, Angus Reid Institute reported that 37% of Canadians have reduced their giving due to COVID-19 and charitable donations and fundraising are projected to decline by \$4.2-6.2 billion in 2020. For United Way Centraide, this extremely challenging



fundraising environment will result in reductions in funding to agencies that affect their capacity to offer support services and adapt programs in the next 12 and 18 months.

- 1 in 5 charities and nonprofits report they might not survive the pandemic while some closures have already occurred. The YMCA has already announced the permanent closure of eight facilities, including a complete Association in Yarmouth, Nova Scotia, with more likely to come. Boys and Girls Clubs has also lost one complete organization, in Edson, Alberta, with several other Clubs having closed service locations with more likely early in 2021.

Canada’s human and community service organizations have limited capacity to absorb such impacts. Delivery of vital programs are being affected and the very organizations government depends on to mobilize federal investments are at risk. As organizations close, jobs are lost having a further negative impact on the community and the economy.

A strong human and community services infrastructure will be essential through the second wave of COVID-19, our future recovery and in building back better. Statistics Canada data show the charitable sector as a whole contributes 8.5% to Canada’s GDP and employs 2.4 million people with a labour force composed of approximately 70% women. Canada’s human and community service organizations employ approximately 315,000 people. We are a necessary infrastructure to achieving many of the goals set out in the Speech from the Throne, including creating 1 million jobs, supporting women, building a national system of childcare, distributing PPE and providing safe shelter and housing, and helping Canadians through the pandemic overall. Without bridge funding, more organizations will be forced to close permanently and reduce job opportunities and service offerings, creating a gap in critical services that will be difficult and far more costly to replace than investing in our sector today.

The proposed CSCRF consists of two main elements in the order of magnitude of \$500-700M:

- A Bridge Operating Grant that provides targeted operational support and addresses gaps in fixed costs not covered by other programs over the next 18 months and allows time to get past COVID-19 impacts
- A Transformation Fund to support building back better within the sector.

a. CSCRF Bridge Operating Grant			
Description	Intended Outcomes	Eligibility Criteria	Design & Delivery
<p>-18 month flexible operating grant for registered charities and nonprofits delivering human service or community building programs that address community needs and social participation / inclusion</p> <p>-helps cover the operating cost gap not covered by other federal programs for important community infrastructure facing financial hardship, an impact on</p>	<p>-sustain vital programs and services that serve people in vulnerable circumstances</p> <p>-help preserve viable organizations in the long-term to continue to deliver valuable services</p> <p>-protect important community facilities for future generations</p>	<p>-need demonstrated by loss of revenue, change in operating costs due to COVID-19 and sustainability risk assessment</p> <p>-demonstration of financial gap to maintain or operate facilities over an 18 month period.</p>	<p>-temporary application-based grant</p> <p>-funding delivered through: 1. Canada’s national community service federations that have defined Canada-wide memberships and accountability structures; 2. intermediary granting organizations for independent community services such as neighbourhood multi-service centres, or,</p>

service delivery or at risk of closure due to COVID-19.			3. directly through ESDC.
b. CSCRF Transformation Fund			
Description	Intended Outcomes	Eligibility Criteria	Design & Delivery
<p>-dedicated to program and operating model transformation, including technological and data advancements that improve service delivery</p> <p>-provides capital funding for organizations to look at new operating models (mergers, amalgamations, technology infrastructure) to build longer term resilience and stability and service system redesign to improve delivery models including whole service system redesign based on COVID-19 learnings.</p>	<p>-organizational renewal and consolidation within the sector</p> <p>-more resilient organizations with modern systems</p> <p>-deliberate service model delivery change to ensure vital programs and services continue to be offered in communities</p> <p>-community level planning to ensure vital services are offered where needed and new operating models address gaps and duplications</p>	<p>-critical and ongoing service needs</p> <p>-demonstrated need for new investment for long term sustainability</p> <p>-demonstrable impact of COVID-19 on operating model</p>	<p>-capital fund to provide the necessary resources to support strategic investments such as those in renewal, modern systems and service model delivery change.</p> <p>-application-based funding and eligible organizations have the flexibility to use the fund to support required transformation.</p> <p>-federated charities could be leveraged as funding intermediaries to allocate funding strategically, with high levels of accountability and in a cost-effective manner</p>

Embedding equity in the CSCRF

As outlined above, national community service federations are a natural direct partner in delivering CSCRF to our members in both rural and urban regions. However, there are numerous independent service charities, such as racially or culturally specific organizations, that do not belong to federations which are also facing serious financial hardship that threatens service provision, especially for communities in vulnerable circumstances.

A grant program for these organizations could be delivered through funding intermediaries, in keeping with the design of the ECSF and the EFSF. Within this model, government could specifically allocate portions of funding towards, for example, Black, Indigenous and People of Colour, Women’s and 2SLGBTQQIA serving organizations, to help redress challenges they may face in securing funding in competition with larger organizations that have benefited from historical and ongoing inequities. This will be especially important for Indigenous non-profit or urban organizations not affiliated with a FNMI governments. Such a model can help ensure organizations’ valuable service offerings are maintained and adapted for this moment and the future rebuild.



Policy Solution #2

Philanthropic match program – [estimated cost \\$1.25 B](#)

Encouraging Canadians to re-engage with philanthropy as we enter the recovery will be an important element of the recovery plan for community and human service organizations. For example, [Canada Cares](#) has proposed a temporary philanthropic matching program. For every dollar contributed by an individual or business to a charitable organization, the government of Canada will contribute an additional dollar. Matching programs are proven incentives that empower Canadians to support the community services causes they care about.

We add that an effective incentive program should only apply to contributions providing immediate operating supports for charities. This will ensure the program has the intended effect of stabilizing and supporting service capacity that is needed across Canada.

Conclusion

The COVID-19 pandemic has confirmed the value of Canada's human services infrastructure in no uncertain terms. As a temporary program, CSCRF would be a vital component of Canada's pandemic response and recovery; preserving critical services and social and physical infrastructure and contributing to service transformation in order to build back better.

The financial challenges affecting service provision are urgent and require action as COVID-19's second wave rises. Many federations are in ongoing meetings with Ministers and opposition members who are advocates for community service organizations and recognize our need for financial support to deliver supports and services through the pandemic and beyond.

The endorsing organizations are hopeful that the Fall Economic Statement will contain general support for a program like the CSCRF. We welcome the opportunity to work with Government to develop the program as a key component of ongoing pandemic response measures and in anticipation of Budget 2021.

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