



The Honourable Chrystia Freeland, P.C., M.P. Deputy Prime Minister of Canada and Minister of Finance
Finance Canada
James M. Flaherty Building
90 Elgin Street Ottawa, Ontario K1A 0G5

February 9, 2024

Dear Deputy Prime Minister Freeland,

Thank you for the opportunity to share our Budget 2024 priorities. United Way Centraide Canada's (UWCC) recommendations are informed by the United Way Centraide (UWC) network's support and partnership with 3,500 community service organizations in 5,000 communities in every region of Canada. UWC is second only to government as funders of community services. Our partner agencies are on the front line of community supports from coast to coast to coast, serving 10 million people annually.

Our partner agencies support community members to meet their basic needs for food and housing, find safety from violence, access childcare and youth programs, settle in Canada, join the workforce and promote inclusion and belonging. Increasingly, this sector is also on the front line of preparing for and rebuilding from unpredictable climate emergencies. The labour force of our sector is women led and dominated: 80% of the workers are women. In addition, a high proportion of workers are immigrants, racialized and Indigenous people.

UWCC, our partners in the Coalition of National Service Federationsⁱ and leading sector network organizations such as Ontario Nonprofit Network and Future Skills Centre have identified a growing labour force crisis facing the community services sector. Government investments in this sector, including through the Community Services Recovery Fund, underscore an understanding of the essential role the sector plays in communities. The nonprofit and charitable sector also plays a significant role in Canada's economic success, employing over 2.5 million people in 14% of all jobs in Canada. Approximately 600,000 people are employed by community-based human service organizations supported by UWC.

Economic uncertainty and uneven recovery from the COVID-19 pandemic have compounded long standing capacity issues in the sector. These pressures are impacting already overburdened systems and workers are experiencing soaring demand for services related to increasingly complex community and family needs. The sector is reporting elevated levels of absenteeism, burn-out and mental health leave among staff and volunteers. A wave of senior leaders and frontline staff are retiring or resigning with limited succession planning in place. In addition, the sector is facing recruitment and retention challenges with applicants and workers finding higher wages and more comprehensive benefits in other sectors as the cost of living continues to rise.

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These challenges are threatening the capacity of Canada's community services sector. They will be exacerbated in the years to come as climate disruption, an aging population and rapid population growth will only increase demand for services. At the same time, the impact of technologies like Artificial Intelligence on the sector's workforce remains to be seen.

The community services sector is a critical partner in achieving government priorities related to childcare, housing and homelessness, immigration and settlement, mental health support, and much more. UWCC and a coalition of partners are calling on the federal government to collaborate with the sector to develop a community services sector labour strategy and invest in this work in Budget 2024.

Action is required now to ensure Canada's essential human and community services infrastructure and labour force remains strong to support communities and bolster the economy. We have obtained a private contribution of \$1.5 M to kickstart the development of this strategy and are calling for a matching contribution from the federal government in Budget. Through a match, government can make a modest, but catalytic investment in advancing the development of this labour force strategy. This investment, alongside other budget recommendations from the charitable and non-profit sector, can also serve as a signal of the government's long-term commitment to creating a resilient and vibrant community services sector supporting people across Canada. It is also a demonstration of your commitment to supporting a women-majority workforce to establish and maintain sustainable careers in the essential care economy.

Below, you will find updated recommendations for Budget 2024 that complement our August 2023 submission to the House of Commons Standing Committee on Finance. I would be happy to discuss our recommendations with you further at any time and thank you for your consideration.

Sincerely,



Dan Clement
President and CEO



2024 Pre- Budget Submission to the Department of Finance

February 9, 2024

United Way Centraide Canada's pre-budget submission to the Department of Finance focuses on smart investments to ensure everyone in every community can reach their full potential.

1. Invest in the nonprofit and charitable sector to better serve communities

The charitable and nonprofit sector makes significant contributions to building stronger, safer communities and to strengthening Canada's economy. The sector plays a critical role in advancing the federal government's priorities in the areas of early learning and childcare, housing and homelessness, seniors' programs, gender-based violence, immigrant settlement, employment training, inclusion and more. At the same time, the charitable and nonprofit sector is an economic driver: employing 2.5 million people, 80% of whom are women, and contributing \$192 billion to the economy annually.

Budget 2021's historic \$400 M investment in the Community Services Recovery Fund is currently helping charitable and nonprofit organizations adapt and modernize from coast to coast to coast. Budget 2024 can build on investments like this to further bolster this critical community infrastructure by investing in:

- The co-development of a labour force strategy for the community service sector. Currently, the sector's ability to meet community needs and rising demands are hindered by labour shortages. A comprehensive labour force strategy co-developed with the community service sector would support continuity of critical services in communities. The strategy should support staff recruitment, retention, and training initiatives, and equip the sector to respond to Canada's changing workforce. United Way-Centraide Canada has recently secured seed funding from a private foundation to initiate convening and research towards the development of a labour force strategy, making any investment from the federal government a matching opportunity. This matching grant structure enhances the return on investment and impact of the government's contribution.
- A consultation process to gain comprehensive insight on an appropriate mandate and structure for a "home in government" for the charitable and nonprofit sector. A consultation conducted by Employment Social Development Canada should explore ways to deepen collaboration between the sector and government, improve understanding of the sector and how to maximize its potential.

- Canada's first ever Nonprofit Data Centre to facilitate ongoing data collection and research along with data driven decision making. The Centre can help create partnerships between the nonprofit sector, academia, and government to advance quality research and information and can provide ongoing real-time tracking of data and insights about the people, organizations, sub-sectors, and geographies that make up this vital sector.

2. Enhance housing stability for low- and moderate-income people

The United Way Centraide network has identified housing and homelessness as the top concern in their communities. Our network believes that community members require adequate, suitable, and affordable housing options such as community housing, purpose-built rentals and affordable homeownership options that meet their needs across the housing continuum. Many also require support and assistance with the transition out of emergency shelters into supportive and permanent housing. We recommend Budget 2024 invest in:

- Protecting affordable housing stock with funds to support repairing aging housing stock and ensuring that affordable rents are retained after repairs and retrofits are completed.
- Preserving existing affordable rental housing through a federal non-profit acquisition program to protect at-risk rentals to retain affordability and keep renters housed.
- Growing community housing stock through the expansion of the Rapid Housing Initiative (RHI) funding stream. The RHI has been an effective program and should be a permanent fixture under the National Housing Strategy.
- Preventing and reducing homelessness by extending and expanding funding for the Reaching Home Program.
- Supporting people to live in affordable and adequate homes through expanding the Canada Housing Benefit to help stabilize housing for renters.

3. Leverage 211 to connect vulnerable community members to services and benefits

211 is Canada's primary source of information on government and community-based health and social services. It helps people navigate their local network of human services quickly and easily, 24/7/365 in over 150 languages. 211 enables people to access non-emergency health services, virtual mental health support, financial counselling and food and has been critical to communities grappling with floods, fires, the pandemic and other emergencies. 211 is uniquely positioned to support emergency response and management efforts, the 9-8-8 service and equitable recovery because it provides personalized navigation support to people in vulnerable circumstances.

Through targeted outreach to vulnerable people, tailored referrals, inclusive service provision and innovative case management, 211 can help ensure hard to reach populations are not left behind in accessing important government benefits and community services. In turn, this can help reduce the prevalence of poverty, improve health outcomes and facilitate community connections that build resilience and address serious affordability challenges.

UWCC believes that 211 should be a fundamental part of Canada's social infrastructure. Navigation services and data insights are ready to be leveraged to contribute to stronger communities, policies and programs. We propose:

- That the federal government leverage 211 infrastructure to increase uptake of federal benefits among vulnerable community members, as outlined in the Minister of Seniors' 2021 Mandate letter.
- Investing \$27 million over 3 years to transform 211 into a digital and interoperable social infrastructure, and augment its emergency response and recovery support, technological and data insights capabilities and services.

Our July 2023 submission to the House of Commons Standing Committee on Finance is enclosed below.



United Way Centraide Canada

2024 Pre-Budget Submission to the House of Commons Standing Committee on Finance

July 31, 2023

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Recommendations

1. Community services and charitable sector:

- a) Invest \$400M in an adapted Community Services Recovery Fund.
- b) Invest \$100M in Caring for Carers to address front line worker burnout.
- c) Resource the co-development of a comprehensive labour force strategy to contribute to staff training, recruitment and retention.
- d) Act on Imagine Canada's 2024 pre-budget recommendations.

2. Housing and homelessness:

- a) Expand the cost-shared Canada Housing Benefit.
- b) Pursue opportunities to acquire and redeploy existing properties and expand the stock of non-profit, permanent affordable and supportive housing units.

3. Income security:

- a) Allocate funding for the Canada Disability Benefit.
- b) Increase funding for the Canada Social Transfer.
- c) Expand access to Employment Insurance (EI).

4. Care economy:

- a) Fund childcare capital expansion; implement a comprehensive Canada-wide workforce strategy to increase the number of spaces available.
- b) Establish a National Care Economy Commission.

5. Mental health:

- a) Invest in community based mental health supports, including for crisis prevention and support to complement the activation of the 9-8-8 service in November 2023.

6. 211 community navigation:

- a) Leverage 211 infrastructure to increase benefit uptake among vulnerable communities, as outlined in the Minister of Seniors' 2021 mandate letter.
- b) Invest \$27 million over 3 years to transform 211 into a digital and interoperable social infrastructure, and augment its emergency response and recovery support, technological and data insights capabilities and services.

About United Way Centraide Canada

United Way Centraide (UWC) is Canada's leading national network of local social experts empowering people to make lasting social change in their community. With a national footprint, serving over 5,000 communities, our federated network of 67 local United Ways and Centraides (UWCs) tackle poverty and social exclusion locally. UWC is Canada's largest non-government funder of human and community services, investing over \$570M annually. We support 5,800

programs serving 10 million people to support our vision for everyone in every community to have the opportunity to reach their full potential. United Way Centraide Canada (UWCC) is the national office that represents and supports the network of UWCs across Canada.

Priorities for an Equitable Recovery

UWCC's priorities for an equitable recovery from the COVID-19 pandemic are based on data and the experience of our members. They are underpinned by equity and the need for a strong community services sector to create opportunities for everyone.

UWCC's pre-budget recommendations are guided by these five priorities:

1. Ensure access to basic needs.
2. Address the housing and homelessness crisis.
3. Close the widening opportunity gap.
4. Increase access to mental health and substance use support.
5. Support equitable economic recovery and inclusive growth.

UWCs are mobilizing donors and investments to contribute to achieving these priorities. Success will require all levels of government to work with community-based funders to strengthen Canada's community services infrastructure with an unwavering commitment to diversity, equity, inclusion and reconciliation.

Strong community infrastructure is essential as unprecedented challenges persist

Over the last year, people across Canada have continued to face unprecedented economic, social and environmental challenges. While the COVID-19 pandemic has officially ended, our collective recovery is far from over. At the same time, housing affordability has become a nationwide crisis and the rising cost of living is placing added strain on all Canadians, with the greatest impact on low- and moderate-income households. In addition, our communities are experiencing more intense extreme weather events and wildfires causing far-reaching disruptions to livelihoods and well-being.

Every day, people in precarious circumstances turn to the community services sector to cope, connect and recover. This year, food programs have seen record demand, while many jurisdictions struggle with homelessness encampments and long waiting lists for mental health and substance use services. Already stretched community service organizations also now increasingly engage in emergency preparedness and response work while they prepare to support settlement of record numbers of immigrants.

A robust community services sector will be essential to Canada's success meeting these challenges and to creating opportunities for a better, more equitable future. Millions of people rely on community service organizations to fill the gaps in the social safety net at a local and national scale and the sector helps governments deliver on their own priorities, providing local urgent and ongoing supports. Importantly, the charitable and nonprofit sector is also an economic powerhouse: employing over 2.5 million people, over 70% of whom are women, and contributing 8.3% to Canada's GDP, which exceeds contributions made by the construction, transportation, and agricultural sectors.ⁱⁱ

Despite the sector's critical role, it remains fragile due to precarious, often project-based funding, which contributes to reliance on low wage, precarious work. Higher program and supply costs are placing it under further stress while it continues to face a pandemic-borne staff recruitment and retention crisis. Budget 2021's Community Services Recovery Fund provided one-time support to help community organizations adapt and build resilience by strengthening their operations. UWCC is honoured to be a national funder for the program, and we note that the demand for funding has far outstripped supply due to decades of insufficient investment in the sector.

UWCC's budget recommendations address policy areas where federal action can further support individual and community health and inclusion as well as stronger community services to achieve an equitable recovery and prepare for the future.

Budget 2024 Recommendations

1. Support a strong, resilient community services sector

A thriving community service sector requires federal investment in people, operations, and sustainability to ensure its long-term success. To address current challenges and prepare for the future, UWCC, along with our colleagues in the Coalition of National Service Federations, propose a three-pronged approach:

- a) An additional investment of \$400 million into a second adapted round of the Community Services Recovery Fund (CSRF) to support charities to modernize and be responsive to emerging needs within communities. The CSRF, which launched earlier this year was highly oversubscribed, which demonstrates the ongoing need for investment in the sector. This second round of funding can be used to support enhancements to systems and processes, and innovative approaches that enable organizations to respond more effectively to changing community needs.
- b) An investment of \$100 million over two years into the *Caring for Carers: Investing in the Mental Health of Front-Line Community Service Workers* program proposal. Across the sector, charities are reporting increasing levels of staff absenteeism, burnout, and mental health challenges. This investment will support the dedicated workforce within Canada's care economy, ensure better outcomes for individuals using services, and stabilize the organizations they work for. It includes two key costed interventions:
 - \$50 million to expand immediate access to evidence-based mental health and substance use support for staff who are currently struggling.
 - \$50 million to enhance organizational capacity building for a culture of wellbeing and improving workplaces psychological health through the development of a resource hub and funding for pro-active mental health action plans.
- c) A co-developed labour force strategy for the community service sector. The sector plays an essential role in Canada's economic and social recovery and in advancing the federal government's priorities related to housing and homelessness, immigration, childcare, employment and more. This should address the sector's current talent recruitment, training and retention crisis that threatens the continuity of critical services in communities. It should seek to create pathways to careers within the sector and to harness the potential of untapped talent, including youth and newcomers.

Important considerations in the co-development of a community services labour force strategy include measures for decent work to improve staff retention, growth and advancement, such as:

- Fair and adequate compensation, benefits and retirement savings plans, particularly given the sector has a women-majority workforce.
- Reducing the precarity of employment in the sector through stable, longer term funding arrangements
- Best practices in hybrid and remote work to enable access for service delivery and adapt to other evolving workplace norms.
- Improved and enhanced diversity, equity, inclusion and Indigenous collaboration policies and practices
- The development of Human Resources trainings, support, and tools to support the development of policies, practices and protocols for staff and boards.

This strategy should also address workforce development, which may include:

- Promoting leadership development and succession planning
- Enhancing skills and opportunities for advancement, inclusive of building digital capabilities and technological infrastructure
- Promoting careers in nonprofits and creating opportunities for workers to attain in-demand skills.
- Capacity building for employers who may wish to recruit and/or sponsor new Canadians.
- Preparing new job seekers, such as youth and newcomers to Canada, and other untapped potential, to enter the sector and build careers.
- Collecting and analyzing data about demographic shifts, service demand and the sector's workforce capacity to enable adaptive service planning.

In addition to this three-pronged approach, UWCC endorses Imagine Canada's pre budget priorities for the charitable and non-profit sector.

2. Strengthen social policy and programs to ensure everyone in every community has the opportunity to reach their full potential

Housing and homelessness:

- a) Sustain funding for an expanded cost-shared Canada Housing Benefit with the provinces and territories.
- b) Enable qualified non-profits to compete for acquisition of select buildings by providing them access to existing NHS funding.ⁱⁱⁱ This program would allow the government to save up to 7,500 units every year from becoming unaffordable, build long-term capacity in the non-profit sector, and deliver an additional measure of progress on the NHS.

Income Security

- a) Allocate funding to deliver an inflation-indexed Canada Disability Benefit to prevent and eradicate poverty among people with disabilities.

- b) Increase funding for the Canada Social Transfer (CST) by \$4 billion annually, targeting funding to social assistance to improve income adequacy, health and social outcomes.
- c) Undertake comprehensive EI reforms to provide a stronger, fairer and more agile EI system, including more access for self-employed workers and improved benefit rates of at least 60% of earnings.^{iv}

Care Economy

- a) Further capital investment to support public childcare expansion.
- b) Create an in-depth, comprehensive, Canada-wide childcare workforce strategy.
- c) Establish a National Care Economy Commission—as recommended by the House of Commons Standing Committee on the Status of Women

Mental health and substance use

- a) Invest in community-based mental health and substance use supports to provide timely, low barrier services to everyone, including people who call 9-8-8 in crisis.

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UWCC's believes that 211 should be a fundamental part of Canada's social infrastructure. Navigation services and data insights are ready to be leveraged to contribute to stronger communities, policies and programs. We propose:

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Conclusion

United Way Centraide Canada wishes to thank the House of Commons Standing Committee on Finance for their consideration of our Budget 2024 recommendations.

ⁱ The Coalition of National Service Federations is comprised of BGC Canada, Big Brothers, Big Sisters of Canada, Canadian Mental Health Association, National Association of Friendship Centres, United Way Centraide Canada, YMCA Canada and YWCA Canada. Together, the Coalition represents communities in all provinces and territories providing and supporting front-line services through 315 member organizations that serve 10 million people annually.

ⁱⁱ See endnotes 2-6 in Caring for Carers, available here: <https://www.unitedway.ca/wp-content/uploads/2023/02/Budget-2023-Proposal-Caring-for-Carers-Mental-Health-Support-for-Front-line-Community-Service-Workers-February-7-2023-as-of-Feb17.pdf>.

ⁱⁱⁱ Canadian Housing Policy Roundtable.

^{iv} Inter-provincial EI Working Group. 2021 HUMA Committee Submission.