
Budget 2021: How the sector fared

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For Canada's non-profit and charitable leaders, the [2021 federal budget](#) was significant and historic for many reasons.

It made the “most promises” to the sector that Peter Dinsdale, president and CEO of YMCA Canada, has ever seen. It was the first time that Anjum Sultana, national director of public policy at YWCA, encountered a budget that acknowledges that “non-profits and charities matter.” And for Joseph Smith, a member of the working group that established the Foundation for Black Communities, the budget was “monumental” for “being more community-based and reflecting the needs of the most marginalized in our society.”

The 724-page document, unveiled earlier this week, delivered a series of measures to support the country's charities, non-profits, and social enterprises that support diverse communities, from women to Black communities. It recognized that the social sector has been hard hit by the pandemic, reporting a 16% drop in revenue by the end of 2020. In advance of the budget, more than 200 Canadian charities had asked the federal government to establish a \$10-billion stabilization fund to halt bankruptcies and layoffs across the sector.

The budget did not deliver on this. Instead, it promised the continuation of emergency funding, including the wage and rent subsidies, as well as a number of targeted measures intended to support the sector. These signal a deepening relationship, according to insiders:

- The establishment of a \$400-million Community Services Recovery Fund, a temporary allocation intended to help charities and non-profits “adapt and modernize” to better support their communities through online means. The fund is aimed at small and rural charities in particular.
- Expanded eligibility for the Canada Small Business Financing Program, which provides

loans to small businesses to help them operate and expand and includes non-profits and charities. The budget document notes that 75% of non-profit sector employees are women, and 41% of borrowers under this program are expected to be under the age of 40. Both these demographics have been identified as needing extra support.

- The Canada Recovery Hiring Program, which will run from June to November and provide \$595 million to make it easier for businesses to hire back laid-off workers or to bring on new ones, is also open to charities.
- The government has also set out plans to deploy \$220 million of the previously announced \$755-million Social Finance Fund over the next two years. The money was set to begin flowing on April 1, 2020, but was delayed by a year.

Reaction to these fiscal policies has been positive.

For charities and non-profits to be recognized “as a proxy to small business” is “a huge victory,” says Senator Ratna Omidvar.

“It felt like there was an intentional effort to include this sector as a partner in recovery,” adds Bruce MacDonald, CEO of Imagine Canada.

“The budget looked at what the non-profit sector has been doing for the past 12 months and considered innovative ways to build our future in places where our system is broken so that we can all build a more equitable society,” says Karen Ball, president and CEO of the Calgary Chamber of Voluntary Organizations. “It meets the non-profit sector where we already are and puts more gas in the tank.”

Childcare

The most significant move, potentially, for Canada’s non-profit sector is the government’s promise to allocate \$30 billion over five years to create a national \$10-a-day childcare program. This goal would be achieved in partnership with provinces and territories “to prioritize the provision of high quality child care through support for a robust and growing not-for-profit sector, and ensure inclusion and equality of opportunity for children of all socio-economic backgrounds.”

The childcare promise, the single-largest line item in the budget document, “will be transformational and go a long way towards sustainable recovery,” says Omidvar. But a lot of work needs to be done to ensure it will be successful, she adds. There needs to be serious consultation with non-profit daycare providers and, of course, buy-in from all provinces. But, as she says, “there’s too much money for them to walk away from.”

The involvement of non-profit providers is extremely important. Dinsdale explains that YMCA has 88,000 places for childcare. The organization would have to significantly grow to meet the government’s childcare proposal. Expansion involves recruiting, training, and licensing employees across all provinces, paying them living wages, partnering with schools and other community buildings, renovating facilities to create more physical space, and ensuring broad access.

Dinsdale and others are calling on the federal government to create an expert panel, including social sector representatives, to guide this work.

“We basically need to build a whole new architecture for care,” says Paulette Senior, president of the Canadian Women’s Foundation. “It’s about care and access to care and affordability to care and community responsiveness to care. To create all that, the government needs to depend on the input of those in the community who are providing the care and in need of the care.”

Sultana agrees. “This can’t just be a government-to-government conversation, because the non-profit sector will be doing the hard work,” she says. Omidvar adds that “even if a charity doesn’t provide childcare, they work with clients who need childcare, so there will be a ripple effect” that merits discussion.

Ottawa will need to establish standards so that all provinces and territories are aligned in providing the best quality of daycare possible, Sultana says. “There’s a big emphasis on cost, but not quality, in the budget. If we’re going to make this a pan-Canadian system, we need to make sure a childcare system in BC is the same as the one in Ontario, that childcare in an urban centre is the same as childcare in a rural centre.”

Funding for Black-led community organizations

The Liberals allocated \$200 million to establish Canada’s first Black-led philanthropic endowment fund dedicated to supporting Black-led, Black-serving, and Black-focused organizations. The fund “would create a sustainable source of funding, including for Black youth and social purpose organizations, and help combat anti-Black racism and improve social and economic outcomes in Black communities.”

Joseph Smith observes that entire organizations that support Black communities have been “decimated in the face of COVID-19.” [Research](#) by the [Network for the Advancement of Black Communities](#) and [Carleton’s Philanthropy and Nonprofit Leadership program](#) has found that for every dollar donated, only seven cents goes to Black communities. Organizations offering support to these communities reported that they face imminent revenue crises.

“An investment like this demonstrates the community has needs the [non-profit] sector needs to acknowledge,” Smith says. “This budget demonstrated that leaders are finally concerned about the self-determination of the Black community, how it will expand and grow. For so long, Black communities had to beg and ask for things they deserve. Finally, that’s changing.”

Beyond these measures, the government is allocating \$600 million to end gender-based violence and \$11 million over two years to the Canada Race Relations Foundation. Significant funding is also allocated for climate and environmental conservation programs, as well as \$18 billion to assist and protect Indigenous communities.

“Economic recovery isn’t possible in a climate of hate and violence,” Sultana says. “It’s incredible to see the budget recognize that.”

What’s missing?

Sector leaders have long called for non-profits and charities to have a home in government. In the [government’s response](#) to the [Senate’s report on charities](#), it laid out the possibility of that home to exist in Employment and Social Development Canada. The budget, however, hasn’t

confirmed the establishment of the proposed secretariat.

MacDonald hoped to see measures to help boost donations in the pandemic climate. Sultana is concerned about the absence of investments in youth equity. “There was a lack of ambition in understanding young people and needs,” she says. “I’m fearful of the young people becoming a lockdown generation, locked away from opportunities and left behind in economic progress.”

Quick look: provincial budgets

- **Alberta:** The non-profit sector doesn’t feature in [Alberta’s latest budget](#), which focuses on economic recovery, growth, and job creation. Little funding is allocated for any of the spaces the sector is actively involved in.
- **Ontario:** The provincial [Small Business Support Grant](#) was expanded to assist non-profits with an automatic second payment.
- **Quebec:** The [latest budget](#) will accelerate infrastructure funding, including for new senior homes, residential and long-term-care centres, and social housing. Around \$100 million will be spent on heritage buildings and cultural infrastructure.
- **British Columbia:** The budget earmarked \$195 million for a [recovery grant program](#) for small and medium-sized businesses.
- **Nova Scotia:** The [economic plan](#) projects that mental health spending will rise by approximately \$20 million to \$336.5 million, which includes new programming and \$1.5 million to establish the new Office of Mental Health and Addictions.