

BC Budget 2020 Submission: *Multiplying the impact of the provincial budget through the not-for-profit sector*

June 28, 2019

Presented by
Mark Friesen, Director of Capacity Development
Alison Brewin, Executive Director
Vantage Point

Vantage Point is a not-for-profit and charity that provides practical, high-value training and services to the not-for-profit sector. We reached over 11,000 not-for-profit leaders in 2018. Our mission is to convene, connect, and equip the not-for-profit sector to increase their impact

You have asked British Columbians to make recommendations for the Provincial Budget in 2020 that demonstrate tangible ways the province can deliver on these three priorities:

- Making life more affordable;
- Delivering services that people count on; and,
- Building a strong, sustainable, economy.

These three priorities can only be successful through a meaningful partnership between not-for-profit organizations and the provincial government. Strategic government investment in this partnership will have a significant community-based impact on all three of these priorities. Not-for-profits are delivering services in every sub-sector implicated by these priorities: Arts and Culture, Health, Education, Social Services, Housing, Economic Development, Small Business, Emergency Response and Preparedness, and the Environment.

This sector is indispensable in the provision of social, creative, economic, and environmental goods and services. Canada's charitable and not-for-profit sector is the second largest in the world, numbering at 170,000 organizations. The sector's activities are worth approximately 13.3% of GDP, **which makes it bigger than real estate, manufacturing, and resource extraction** at 13%, 10.3%, and 8.1% respectively. Two million people are employed by such organizations, which accounts for 11.1% of the employable population across Canada.

The sector is one of B.C.'s largest employers and they work with the government to help deliver \$6.1 billion in programs and services to the population. The sector is larger than the fishing and mining industries combined.

In BC there are approximately 26,000 not-for-profit organizations. The sector is one of BC's largest employers, with numbers matching manufacturing, finance, and education. And not-for-profits work with the government to help deliver \$6.1 billion in programs and services to the population. But contracting for the delivery of government services is only one small part of the sector's contribution to the well-being of British Columbians. Our sector also keeps residents from utilizing government services by breaking down social isolation, keeping people active from cradles to hospice, connecting community through art, activism, and professional connections.

In BC, the **sector is larger than the fishing and mining industries combined.**

The current consultation paper for the BC Budget 2020 lists several programs and services and asks respondents to indicate how they would divide one dollar. There are not-for-profit organizations involved in the delivery of programs and services in every single category

listed. A dollar invested in the not-for-profit sector is multiplied anywhere from two to five times through the provincial economy. This is because not-for-profits leverage dollars from multiple sources and have access to assets that are unique to the sector (such as volunteers and community assets and spaces) to respond to community needs and aspirations.

As an example of our role, the temporary modular housing program is only possible with strong and stable not-for-profit partners. The thriving arts and cultural scene across BC can be attributed to the not-for-profit theatre and performing arts organizations found in every community. And in terms of economic development, many rural communities benefit from local not-for-profits that support investment through events or community programming.

Unfortunately, the environment in which not-for-profit organizations and charities operate is not necessarily conducive to long-term sustainability, innovation, or effective program delivery in a changing world. The recently released report from the **Special Senate Committee on the Charitable Sector** found that *“The charitable and non-profit sector has suffered from benign neglect for too long. Legal rules have been reformed in a piecemeal fashion; task force recommendations have gone unimplemented; and kind words have all too often served as a substitute for meaningful action. The time for real change has come.”* In their report *Catalyst for Change: A Road Map to a Stronger Charitable Sector*, the committee made several valuable recommendations designed to ensure strong and stable funding for the sector that have provincial implications.

We believe there is an opportunity to better support and leverage the resources that not-for-profits make available for BC residents. Our organization, a not-for-profit and charity, has been supporting the sector for over 75 years. This year, for the first time, we made oral presentations to support the requests from our colleagues in the sector, and to share a message from our members. This is the second written submission we have made.

We have already mentioned the diversity of the sector in BC. To give you a glimpse of what this looks like for us, Vantage Point has over 400 members from the following sectors:

- 14% Arts and Culture
- 11% Community Development and Housing
- 8% Education and Research
- 4% Environment and Animals
- 19% Health
- 26% Social Services
- 7% Sports and Recreation

Another 11% of our members come from a mix of other sectors such as business and professional associations, religious groups, law and advocacy organizations, and

philanthropic foundations. We also provide services to another 1400+ organizations in the form of training, leadership development, and planning.

The sector is here to support the government priorities of housing affordability, effective and stable services, and an economic environment that nurtures and sustains everyone in the province. The not-for-profit and charitable sector is of sufficient scale and reach to have a significant impact on the success of these priorities. Our sector is often the first to respond in crisis situations, it mitigates unanticipated consequences of new programs and initiatives, and it initiates community-based action when private markets and government can't or won't.

As an example of our role, the temporary modular housing program is only possible with strong and stable not-for-profit partners. The thriving arts and cultural scene across BC can be attributed to the not-for-profit theatre and performing arts organizations found in every community. And in terms of economic development, many rural communities benefit from local not-for-profits that support investment through events or community programming, such as the Valemount and Area Recreation Development Association.

For the 2020 Budget, you have already heard from some of our colleagues in the sector. We know that the Federation of Communities Social Services of BC has asked to be invited to the table, to participate in discussions about how to better support community social service organizations in BC. We know that the BC Arts Alliance has made a request to restore the community gaming grant pool to a minimum of \$156M, and to articulate statement of purpose for the community gaming grant program. We know that Board Voice BC is requesting funding for a formal conversation with the social service sector that will get their long-standing partnership back on track. We support all of these requests – and urge you to put them forward in your recommendations to the Legislature.

Vantage Point Recommendations

Our request, in support of our member organizations, is simple. We ask that you multiply the impact of provincial tax dollars by investing in the sector – to get a positive return on investment for BC communities. There are six ways you can ensure that \$1 in taxes gets recirculated as \$2, \$3 or even \$5 of impact in our communities by leveraging the strength of the not-for-profit sector:

1. Act on the recommendation from the BC Arts Alliance to restore the community gaming grant pool to a minimum of \$156 million, as recommended in the Community Gaming Grant review report of 2011, and undertake a review of the Community Gaming program (described further below);

2. In government contracts and grants that implicate not-for-profit organizations, remove the cap on administrative limits and open up how funds can be used. The focus instead should be on deliverables, outcomes and impact. Understand that we are your partners, we have financial management skills and we are best placed to determine the business models that will best support work in BC communities;
3. Review of the funding frameworks in which BC not-for-profits operate. An examination of the current funding parameters in BC will reveal several opportunities to further the impact of a dollar invested in the sector;
4. Create a fund or invest in existing programs that support the capacity of not-for-profits – just as you invest in Small Business BC;
5. Invest in resources for your own Registry so that they can effectively play their oversight role and can assist not-for-profits to ensure they can be compliant with the Societies Act;
6. Support research and development in the sector to ensure we all understand the opportunities to build a province that is affordable, has services people can count on, and has a thriving (not destructive) economy.

As further background regarding recommendation #1 above and based on questions from the members of the Standing Committee on Finance and Government services during our oral presentation, we are providing some proposed options regarding the Community Gaming Program.

BC Budget 2020: Community Gaming Grant Recommendations

In 2016 the Auditor General of BC undertook an audit of BC Community Gaming Grants. The audit recommended a comprehensive re-assessment of the gaming program design, noting that *“government hasn’t stepped back to look at the program since 2011”*, and further that some key questions need to be asked, such as *“whether \$135 million is still the right amount of funding and whether there’s a better way to provide these grants to non-profits.”*

A 2011 study titled *Community Gaming Grant Review Report* by Leslie Triplett provided a series of recommendations regarding the program and revealed that **the program does not have a clear statement of purpose to guide decision-making or granting applications**. The report identified how a clear statement of purpose would help provide clarity about the aims of the program, reduce confusion, and inform eligibility and adjudication decisions.

The report proposed that a small and representative group of not-for-profit leaders could be convened, together with government, to jointly develop an overall statement of purpose and accompanying areas of focus for the program.

In terms of the funding pool for the program, one of the options in the report was to develop a plan to raise the community gaming grant pool to a minimum of \$156 million (adjusted for inflation from 2008) in 2014/15 or as quickly as the provincial economy enables the increase.

Gaming programs in other Jurisdictions

As background research, the 2011 report provided additional information concerning the administration of gaming grant programs in other jurisdictions. In all of the jurisdictions key grant funding decisions are made by grant committees/boards that operate, in varying degrees, at arm's length from government.

Sector-specific committees/boards (for example, sports, arts, or heritage committees) make gaming grant funding decisions in Alberta and Saskatchewan, while examples of regional committees making funding decisions are illustrated in Ontario and Queensland, Australia. In the United Kingdom and New Zealand, gaming grant funding decisions are made by both regional committees and sector-specific committees. In Western Australia, one board makes all funding decisions. In Queensland and Western Australia, funding decisions made by the grant committees need to be ratified by the responsible Minister before funds are allocated to the community groups.

In addition, the design of the gaming program – covering only specific programs – is costing not-for-profits in unnecessary and burdensome administrative and financial management time. Instead of lifting not-for-profits, the way in which the program is currently managed is negatively impacting mission success and privileging large, administratively complex organizations over nimble, impactful community-based organizations.

Based on all of the above, and recognizing the tremendous latent potential that exists within the not-for-profit sector in BC, we would recommend the following:

1. Develop a plan to raise the community gaming grant pool to a minimum of \$156 million. Alternatively, set a **guaranteed minimum Community Gaming funding allocation indexed to cost of living**, and allocate an additional amount to a **set percentage of BCLC income**, allowing the not-for-profit sector to thrive alongside BC's prosperity.
2. Convene a group of not-for-profit leaders and government representatives to:

- a. jointly develop an overall statement of purpose and accompanying areas of focus for the program.
 - b. research and recommend a structure to make granting decisions by a body that would operate at arm's length from government, such as the systems in Alberta, Saskatchewan, Ontario, the United Kingdom, Australia, and New Zealand.
3. **Allocate funding to the organization as a whole, not specific programs.** Funding that supports the administrative expertise connected to managing human resources, complex budgets, and strategic planning is difficult to find and greatly undermines the ability of not-for-profits to plan ahead.

Thank you for your consideration. The sector will always be here, as your partners, to ensure affordability and accessibility in BC, and a province with a dynamic and sustainable economy.