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**Canadian Government – Non-Profit Relations and COVID-19:
Crisis and the Non-Profit Sector**

By

Safa Youness

A Major Research Paper
Submitted to the Faculty of Graduate Studies
through the Department of Political Science
in Partial Fulfillment of the Requirements for
the Degree of Master of Arts
at the University of Windsor

Windsor, Ontario, Canada

2021

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Canadian Government – Non-Profit Relations and COVID-19:

Crisis and the Non-Profit Sector

By

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July 22, 2021

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ABSTRACT

This study examines the state of the non-profit sector during the ongoing COVID-19 pandemic through the context of government-non-profit relations. The history of this relationship is essential to the understanding of why the non-profit sector has been so negatively affected by this crisis. This research uses a normative institutionalist approach and a qualitative method of analysis to examine how the COVID-19 pandemic has highlighted key issues with the non-profit sector.

The study asserts that for a number of reasons, including the lack of a clear vision by the Canadian government for the non-profit sector, shifts in public administration approaches, and stringent and outdated instruments of funding, the sustainability of the non-profit sector is left vulnerable to crises such as the pandemic or the Great Recession of 2008. Additionally, this paper focuses on policy neglect and the obstacles for policy co-operation and creation between the Canadian government and non-profits.

Ultimately, this paper calls for improved relations between the state and non-profit sector to create policies that sustain the sector in order to reduce the severity of the highlighted issues in future crises.

DEDICATION

I wish to dedicate this paper to my most loving, selfless, and patient parents, Saleh Youness and Amne Alaeddine. You have the strength and conviction only survivors of war and refugee camps have and have sacrificed more than I could imagine for your vision of stability for our family. Thank you for reminding me of my strength when I felt I could not go on any further. Thank you for teaching me about our culture, traditions, and of our cherished homeland, Palestine. It is only through your endless support and love that I am able to continue to learn and write about the world around me.

I also wish to dedicate this work to the Palestinians fighting ongoing colonialism, genocide, and occupation since 1948. On the face of it, this paper seemingly has little to do with such “foreign” struggles. However, the passion and desire for change that accompanies the world of non-profits is indispensable for providing the support and relief for those living under occupation. The Palestinian struggle for liberation and justice is the driving force in all aspects of my life. Therefore, this work is dedicated to you, my homeland, Palestine.

We shall return.

ACKNOWLEDGMENTS

To my friends and chosen family, I cannot thank you enough for your encouragement and support in completing this degree. Each one of you has provided me with the right kinds of support when I needed them most. Writing a major research paper in the midst of a global pandemic was a daunting prospect, only made easier through your help.

To my cherished colleagues at the University of Windsor department of political science, Eric, Pelle, Nik, Moe, thank you for the long nights at the office, aided by many pots of black coffee and conversations ranging from pop-culture to international political economy theories. I am so lucky to have been in the same cohort as you. And to Emilee and Nona for everything, thank you.

I am grateful to the department of political science at the University of Windsor for allowing me the opportunity to pursue this degree, especially Jennifer Forde and Kelly Allard for your kind words of encouragement, support, and chocolate. To Dr. Sutcliffe for supervising this project and providing the guidance and direction needed to complete this major research paper, thank you.

To the Alzheimer Society of Windsor and Essex County for allowing me the great opportunity to complete my internship and further my knowledge around the great work being done to support members of the Windsor and Essex community affected by the disease. I'd like to especially thank CEO Sally Bennett-Olczak, director of finance John Dominato, and Tara McBride for their guidance during my time there. ASWE has taught me valuable lessons about professionalism, compassion, and the non-profit sector that I will carry with me forever.

Lastly, I wish to acknowledge my family and their steadfast support, fierce love and belief in me, without which I could not have gotten this far. To my siblings, Mohammad, Sarah,

and Jana, and to my parents Saleh and Amne, thank you for everything that you do. I love you.

This is for you.

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CHAPTER 1 - COVID-19 AND THE CANADIAN NON-PROFIT SECTOR

Introduction and Background

The long-term effects of the novel COVID-19 virus have yet to be truly understood. What is known so far is that the pandemic has shed light on the fragility of world systems, disrupting global social, economic, and organizational processes. The pace and scale of changes brought on by the COVID-19 pandemic have been unprecedented and have challenged non-profit organizations in all sectors and in all areas of their work. As the world responds to threats posed by the pandemic, non-profits are tasked with providing services for low-income, vulnerable, and disadvantaged communities while struggling to survive and weather this storm themselves.¹ The examination of pre-pandemic government-non-profit relations in Canada is necessary to understand the policy and funding neglect this sector faces – threatening the survival of many organizations. This paper will first briefly discuss the history and significance of the non-profit sector in Canada. It will then contextualize recent government-non-profit relations in Canada, focusing on the effects of the paradigm shift from Traditional Public Governance towards New Public Management. Lastly, this paper will draw parallels between the detrimental economic effects – and the subsequent government responses – of the ‘Great Recession’ and the current pandemic on the Canadian non-profit sector. Ultimately, this paper argues for stronger support for the non-profit sector from all levels of the Canadian government as well as the implementation of the recommendations of the Special Senate Committee on the

¹ Yu Shi et al., “Nonprofit Service Continuity and Responses in the Pandemic: Disruptions, Ambiguity, Innovation, and Challenges,” *Public Administration Review* 80, no. 5 (September 2020): 874–79, <https://doi.org/10.1111/puar.13254>.

Charitable Sector’s report, written in conjunction with non-profit organizations across the country, in order to safeguard the future of this sector and its ability to weather future crises.²

This research project will focus on analyzing the effects COVID-19 has on non-profit organizations in Canada. Research on this subject is crucial as it discusses the areas where the provincial and federal governments have historically fallen short to fund and sustain the non-profit sector, as well as inform future policies and resource allocation during times of financial and social crises. To contextualize the current state of government-non-profit relations in terms of funding, this paper will analyze the history of this important relationship leading up to the 2020 pandemic. This paper will, in particular, examine the Great Recession of 2008, and compare the financial and operational effects that specific economic downturn had on non-profits in the Canada and note parallels with the current situation. It will also discuss novel barriers placed on non-profits that are unique to a pandemic. The aim of this paper, ultimately, is to examine the relationship during the pandemic and develop recommendations for future research of the relationship in post-pandemic Canada.

Research Design and Methodology

Qualitative methods are used to examine the core questions in this issue. This study will rely on data collected by Statistics Canada, journal articles, as well as studies and surveys conducted by reputable Canadian charities and research bodies. This research will also examine literature concerning the history of government – non-profit relations before the pandemic, during the economic recession of 2008, and during the pandemic. The normative institutionalism approach will be the theoretical framework upon which this research will be conducted.³ This approach is

² Senate of Canada, “Catalyst for Change: A Roadmap to a Stronger Charitable Sector” (Ottawa, Ontario, Canada: Senate of Canada, 2019). Ottawa, Ontario, 2019.

³ Daniel Diermeier, “Institutionalism and the Normative Study of Politics,” *The Good Society* 24, no. 1 (2015): 15, <https://doi.org/10.5325/goodsociety.24.1.0015>.

appropriate for this research as its premise is concerned with how the norms and rules of institutions will shape the actions of the participants of those institutions.

For this project, how the norms and rules provided by governments directly shape the actions of the actors within the non-profit sector will be studied. Namely, how restrictive institutions result in restrictive financial instruments, and the effects this has on actors within the non-profit sector. Additionally, this theory posits that institutions and the stability they provide endure due to evolutionary patterns characterized by incremental changes over long periods of time, which makes it difficult when dealing with crises such as the COVID-19 pandemic and the long-term sustainability of the sector.⁴ It is through this framework that the state of the sector will be examined.

Definitions

The term ‘non-profit sector’ has been used as a default, generic descriptor for its alternatives of third sector, independent sector, voluntary sector, community sector, and rests on a law-specified class of organization framed in terms for what they are not; these are not profitmaking bodies. Lester M. Salamon and Helmut K. Anheier address the lack of attention to this historically powerful sector in relation to the weakness and limitations of the concepts used to define and describe it in their seminal article “In search of the non-profit sector. I: The question of definitions”. They conclude that the most effective way to define the non-profit sector is using a ‘structural/operational’ lens. In this view, groups are non-profit if they have five basic characteristics: formal, private, non-profit, self-governing, and voluntary.⁵ Accordingly, for the purposes of this research paper, the term non-profit sector will be used to refer to the sector

⁴ John L. Campbell, *Institutional Change and Globalization*. Princeton: Princeton University Press, (2004): 5.

⁵ Lester M. Salamon and Helmut K. Anheier, “In Search of the Non-Profit Sector. I: The Question of Definitions,” *Voluntas* 3, no. 2 (November 1992): 125–51, <https://doi.org/10.1007/BF01397770>.

of the Canadian economy which consists of organizations with modes of operation, governance, and accountability that reflect the concern for a greater good, mutuality, trust, and cooperative or contributory action.⁶

Public administration in the 20th and 21st century has been studied through phases of governance, namely ‘Traditional Public Governance’ (TPG) and ‘New Public Management’ (NPM). The TPG model of governance was a response to certain challenges and conditions of the early 20th century such as industrialization and the rise of the modern corporation. It placed great responsibility on the state and state agencies to deliver key social services. In its most ideal form TPG envisioned politics and the administration of policies through state agencies as functionally separate and distinct from one another. The material and ideological conditions for TPG was industrialization, urbanization, the rise of the modern corporation. Additionally, successful government responses to both World Wars and the great depression led to strong public trust in government. In practice, however, politics and administration were deeply enmeshed, and as time went on, many felt that government agencies were prone to failure.⁷ The NPM approach to governance arose in response to failures and slow nature of state agencies’ delivery of social services. Popularized in the late 1980s, NPM was based in the ideological and material conditions of strong faith in the free market to deliver services effectively and efficiently, as well as low trust in the government.⁸ This approach, relying on quasi-markets and competitive bidding processes, views non-profit organizations as more cost-effective service

⁶ Paul B. Reed and Valerie J. Howe, “Defining and Classifying the Nonprofit Sector.Pdf” (Statistics Canada, 1999).

⁷ John M. Bryson, Barbara C. Crosby, and Laura Bloomberg, “Public Value Governance: Moving Beyond Traditional Public Administration and the New Public Management,” *Public Administration Review* 74, no. 4 (July 2014): 447, <https://doi.org/10.1111/puar.12238>.

⁸ *Ibid*, 446

providers than state agencies, and more trustworthy than for-profit business.⁹ Ultimately, this approach relegates the state's role to simply ensuring non-profits use their funding the way the organizations promise, as well as to incentivize individual giving through tax breaks.

⁹ Lester M. Salamon and Stefan Toepler, "Government–Nonprofit Cooperation: Anomaly or Necessity?," *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 26, no. 6 (December 2015): 2155–77, <https://doi.org/10.1007/s11266-015-9651-6>.

CHAPTER 2 – REVIEW OF THE LITERATURE

1. The Importance of the Non-Profit Sector in Canada

The charitable sector in Canada contributes a significant amount to the Canadian workforce and economy. Figures from Statistics Canada estimate that the non-profit sector employs about 10% of the workforce and its economic activity represents 8.5% of Canada's gross domestic product.¹⁰ A 2013 John Hopkins study found that in the eight developed countries studied, the non-profit sector was found to be outpacing the growth of GDP. The Canadian non-profit sector's growth was no exception, growing at 6.4% annually, outpacing the 5.6% growth of the GDP.¹¹ Reflective of this growth, every year millions of Canadians financially contribute to charitable organizations dear to them and, by doing so, contribute to the well-being of their fellow citizens and advance the principles and values they share with the charities to which they donate. An encouraging statistic finds that in 2010, almost all Canadians aged 15 and older (94%) donated food, goods, or made a financial donation to a charitable organization.¹² These numbers reflect the enormity of the sector and the focus on individual giving rather than state-administered programs resulting from the NPM paradigm shift.

The contributions of the non-profit sector cannot be measured solely by its economic contributions or in dollar terms; they must also be measured by their social contributions, including the health and education of Canadians. Health and education non-profits have

¹⁰ Statistics Canada. *Non-profit institutions and volunteering: Economic contribution, 2007 to 2017*. Catalogue number 11-001-X in Statistics Canada [database online]. Ottawa, Ontario, 2019. <https://www150.statcan.gc.ca/n1/daily-quotidien/190305/dq190305a-eng.htm>. [accessed March 10, 2021].

¹¹ Brian Emmett and Geoffrey Emmett. *Charities in Canada as an Economic Sector*. Imagine Canada, (2015): 9.

¹² Martin Turcotte, *Charitable Giving by Canadians*. Statistics Canada, 2012: 3

dominated the sector¹³ contributing to improvement in literacy rates, reduction in recidivism, increase in the standard of living for those most vulnerable in society and myriad of other highly valuable services that are often intangible in nature.¹⁴ A review of the existing literature shows that before the onset of the 2020 global pandemic charitable giving among Canadians has been stable, around the \$10 billion mark annually, with significant dips in times of serious economic downturn such as the 2008 Great Recession. Susan D. Phillips and Rachel Laforest's research concerning the Canadian non-profit sector explains that the stability enjoyed by the sector is not sustainable in the face of increasing challenges, namely a generational shift and the shrinking 'civic core' of Canadian society.¹⁵ A large portion of this civic core, which carries the bulk of donations and volunteer work are, as Laforest describes, 'mature donors'. These mature donors are Canadians born in Canada before 1945 and tend to be well educated and value the acts of donation and volunteering resulting from generation-specific events such as the Great Depression and both World Wars.¹⁶ While the number of older Canadians increase, Laforest's 'mature donors' segment is shrinking. This shrinkage threatens the stability of this sector with long-term consequences associated with the depletion of civic resources and diminished capacity for non-profits to provide Canadians needed support.¹⁷

¹³ Statistics Canada. *Non-profit institutions and volunteering: Economic contribution, 2007 to 2017*. Catalogue number 11-001-X in Statistics Canada [database online]. Ottawa, Ontario, 2019.

<https://www150.statcan.gc.ca/n1/daily-quotidien/190305/dq190305a-eng.htm>. [accessed March 10, 2021].

¹⁴ Brian Emmett and Geoffrey Emmett. *Charities in Canada as an Economic Sector*. Imagine Canada, (2015): 7.

¹⁵ Rachel Laforest. *Government-nonprofit relations in times of recession*. Montréal: McGill-Queen's University Press, (2014):14.

¹⁶ *Ibid*

¹⁷ Susan D. Phillips, *Canada: Civic Society Under Neglect*. The Philanthropist 23, no. 1 (2010): 68.

2. Government- Non-Profit Relationship

The history of the charity model in Canada is essential to the understanding of where current government- non-profit sector relations stand. Canadian history of the charity model and formalization of non-profit structures is extensive and can date as far back to the French settlements of the 17th century.¹⁸ In New France, which later became the province of Quebec, the responsibility of delivering social services to those in need was met by the Roman Catholic Church, whose funding came from the French Crown as well as individual donations, becoming a model for the development of central components of what was to become of Canada's non-profit sector.¹⁹ Canada's early history of non-profit structures is linked heavily to waves of immigration, westward expansion and the religious denominations that provided resources for health, education, and social services.²⁰ The eventual secularization of this model and acknowledgement of government responsibility to it are evident in the subsidization of private welfare efforts via the Nova Scotia and New Brunswick *Poor Laws* of 1763 and 1786, which allowed for the collection of property taxes for the purpose of caring for the poor.²¹

Certainly, Canadians' willingness to use the government to achieve collective goals of social welfare have shaped Canadian culture and has distinguished the country from its southern neighbour. This is exemplified through the economic disaster of the Great Depression of the 1930's, when Canada's commitment to a welfare state, a term that can have positive or negative connotations depending on individual ideals, began taking hold in the next four decades. The federal government, responding to public pressure and the explicit socialist ideals of the Co-

¹⁸ Michael H Hall, Cathy W Barr, M Easwaramoorthy, S Wojciech Sokolowski, and Lester M Salamon. *The Canadian Nonprofit and Voluntary Sector in Comparative Perspective*. Sector research, Johns Hopkins, the Government of Canada, Imagine Canada, Toronto: Imagine Canada, 2005: 5

¹⁹ *Ibid*

²⁰ *Ibid*

²¹ *Ibid*

operative Commonwealth Federation, adopted unemployment insurance, family allowances, old age security, and eventually publicly funded health care.²² These social welfare projects are associated with the Traditional Public Governance (TPG) model, wherein agencies of the state are responsible for funding and addressing social causes.

The paradigm shift of public governance from the TPG model towards the New Public Management (NPM) approach was notable in Canada in the late 1980s, which generally saw a shift towards individualism through the politics of Thatcher, Reagan and Mulroney, and is synonymous with the increased reliance on the private and non-profit sector to deliver public values and services as cost-effective measures.²³ In Canada, the initial introduction of New Public Management was through “alternate service delivery” (ASD), emphasizing government – non-profit contracting on state control and accountability for public money. The NPM model has been implemented without true vision of the future of the non-profit sector in mind, with government reliance on a very dated 19th century view of the charity model, wherein non-profits are primarily supported by private philanthropy and the role of the state is to ensure non-profits use the funding the way they claim to.²⁴ The private philanthropy element of this view of charity has enabled policy neglect of this sector, thus leaving it susceptible to failure in times of crisis.

This shift has placed Canada far behind other countries – several European countries, for example – in recognizing the important role of the sector as community builder and social innovator.²⁵ This is perhaps embodied most with the election of the federal Conservative government under Stephen Harper in 2006, and his proclamation of “open federalism”. As Prime

²² Michael H Hall, Cathy W Barr, M Easwaramoorthy, S Wojciech Sokolowski, and Lester M Salamon. *The Canadian Nonprofit and Voluntary Sector in Comparative Perspective*. Sector research, Johns Hopkins, the Government of Canada, Imagine Canada, Toronto: Imagine Canada, 2005: 20

²³ Astrid Brousselle et al, "Beyond COVID-19: Five commentaries on reimagining governance for future crises and resilience." *Canadian Public Administration* 63, no. 3 (September 2020): 376

²⁴ Susan D Phillips, “Canada: Civic Society under Neglect,” *The Philanthropist* 23 (2010): 66.

²⁵ *Ibid*

Minister Harper explained open federalism is based on “renewed respect for the division of powers between the federal and provincial governments ... with a strong central government that focuses on genuine national priorities like national defense and the economic union, which fully respect the exclusive jurisdiction of the provinces”.²⁶ This approach, in line with the New Public Management (NPM) approach, re-configured the role of the federal government which was happy to allow provincial governments to address policies that fall under their jurisdiction; effectively halting engagement between the federal government and the non-profit sector. The Conservative government was effectively only willing to engage with the non-profit sector exclusively when it came to the issue of tax laws, tax incentives and parceling out contracts to non-profit organizations. The Conservative federal government eliminated capital gains on specific types of “gifts of publicly listed securities and ecologically sensitive land”, increased the value of the tax credit on charitable giving as well as the ceiling on the amount of net-income Canadians were allowed to donate.²⁷ This was done with the objective of incentivizing charitable giving from individuals to organizations, effectively reducing the role of the state in the equation. While these changes have resulted in one of the most generous donation tax-incentive systems in the world, they cannot justly be paired with contracting and depended on as the sole form of funding instrument of the governments for the non-profit sector.

Adding strain to government – non-profit relations, the federal government reacted to trends of moving away from outright grants, accelerated by the ‘billion - dollar boondoggle’ scandal of the early 2000s. This scandal involved misleading reports by Canadian newspapers of the lead social policy department losing track of large sums of transfers to non-profit

²⁶ Steven Harper, “My Plan for Open Federalism,” *National Post*, October 27, 2004.

²⁷ Rachel Laforest, *Government-nonprofit relations in times of recession*. Montréal: McGill-Queen's University Press, (2014): 15

organization. In truth, only a very small portion of funding could not be accurately accounted for, but nevertheless the federal government began implementing stringent qualifications for grants and major process constraints on the system to increase accountability.²⁸ The lack of diverse public or private funding tools meant that these defensive measures resulted in non-profit organizations facing large gaps in funding capacity, which led to programs either being shut down or reduced their effectiveness.²⁹ Now mired in red tape, the financing regime of non-profit organizations through grants and federal government contributions had been debilitated and, despite the expansion of the charity model through tax incentives, was far from being sustainable. As Susan Phillips et al note, the neglect of promotion of diverse funding instruments and a sustainable funding base is directly linked to the fact that Canada has never had a coherent vision for the non-profit sector, and the lack of communication between the sector and the government results in the sector remaining nearly invisible in public policy.³⁰ The difficulty of access to government grants resulting from the implementation of stringent qualifications must be understood through John L. Campbell's theory of institutional analysis which posits that institutional change is a process of constrained innovation whereby institutions constrain the range of options from which actors are likely to choose from as they engage in institutional innovation.³¹ In this case, the options available for non-profit funding and the accessibility to these options are constrained by institutional rules which have made it difficult for many non-profits to secure a sustainable financial future as well as engaging in institutional innovation.

²⁸ Susan D. Phillips, Rachel Laforest, and Andrew Graham, "From Shopping to Social Innovation: Getting Public Financing Right in Canada," *Policy and Society* 29, no. 3 (August 2010): 189–99, <https://doi.org/10.1016/j.polsoc.2010.06.001>.

²⁹ *Ibid*

³⁰ *Ibid*

³¹ John L. Campbell, *Institutional Change and Globalization*. Princeton: Princeton University Press, (2004): 8.

Additionally, non-profits limited access to government funds has also placed higher value on individual donor contributions. The common understanding of the voluntary sector as being funded largely by donations is untrue. Government grants contribute around 36% of the non-profit sector's revenue, and around 43% of revenues come from the sale of products, memberships, and fees-for-services, leaving the remaining 11% of charity revenues resulting from donations.³² While only contributing to around 11% of charity revenues, donations are mostly unrestricted, unlike money received from the government, and consequently finances and underwrite a meaningful amount of these organizations' operational costs.³³ Keeping this information in mind, recent statistics indicating the shrinking of the Canadian "civic core" further challenge the charity model's reliance on donations for sector sustainability. Indeed, while statistics show increasing levels of donations by Canadians, data from the *2009 Canada Survey of Giving, Volunteering and Participating* points to a decline in the number of donors carrying the bulk of all individual donations, with 9% of donors accounting for 62% of all charitable donations.³⁴ Additional data from an Imagine Canada report indicates 7% of the Canadian population does 73% of all volunteer work.³⁵ The volunteers and donors that contribute heavily to the non-profit sector tend to be older, which further adds pressure for the diversification of funding tools and for the future of the non-profit sector in Canada, as the mature donor segment of the population, as defined by Laforest in chapter 2, is dwindling. The depletion of civic resources could spell out diminished capacities for non-profits to deliver valued services in the long-term.

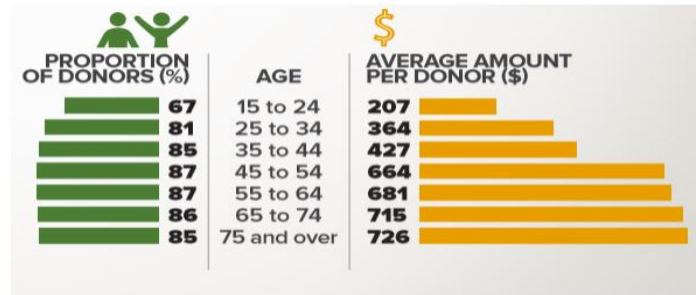
³² Tim Brodhead, "On Not Letting a Crisis Go to Waste: An Innovation Agenda for Canada's Community Sector." *The Philanthropist* 23, no. 1 (2010): 8

³³ *Ibid*

³⁴ Statistics Canada. 2009. Survey on Giving, Volunteering and Participating: public use micro file data, 2007. Cat. No. 89M0017XCB. Ottawa: Statistics Canada.

³⁵ Rachel Laforest, *Government-nonprofit relations in times of recession*. Montréal: McGill-Queen's University Press, (2014): 14

Figure 1.1: Amount and proportion of donors to charities, by age group (2013).



Source: Statistics Canada, *Charitable Giving in Canada, 2013*, December 15, 2015.³⁶

Non-Profits During the Great Recession

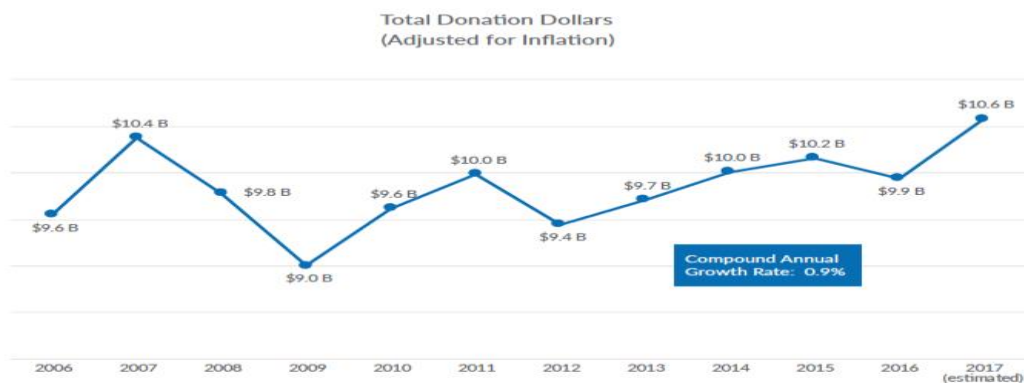
During the fall of 2008, the world's worst economic crisis since the Great Depression was beginning to pick up steam, and Canada was heavily affected. By the fall of 2009, over 400,000 Canadians were unemployed and, due to restrictive eligibility criteria for Employment Insurance and social assistance programs, in desperate need of help.³⁷ It is within this context that the data concerning the decline in the trend of private giving to non-profits in Canada must be understood. Data gathered by Statistics Canada show a sharp decline in average Canadian donations to non-profits in the year 2008. Between the years 2006 and 2016, the average donation per Canadian was the highest in 2007 (\$401) as total donation dollars in that year was \$10.4 billion. The economic recession resulted in the average donation per Canadian plummeting to \$337 in 2009, with total donation dollars that year amounting to \$7.5 billion, compared to

³⁶ Statistics Canada, *Charitable Giving in Canada, 2013*, December 15, 2015.

³⁷ Statistics Canada. (2010). *Canada's Employment Downturn*. <https://www150.statcan.gc.ca/n1/pub/75-001-x/2009112/article/11048-eng.htm>

average donation per Canadian of \$401 in 2007 and \$10.4 billion total donation dollars in that year.³⁸ Since the Great Recession, data collected by the Canada Revenue Agency illustrates that Canadians have steadily increased their charitable spending.³⁹

Figure 1.2: Total donations in Canada compared to population.



Source: CanadaHelps, *The Giving Report 2020: Online Giving is on the Rise.* CanadaHelps.org. (2020): 6⁴⁰

Statistics such as these have led to research by Joseph C. Morreale which analyzes the correlation between economic decline and non-profit sustainability.⁴¹ Morreale’s work highlights the ties between the decline of individual income and the Dow Jones Industrial Average to decline in funds for non-profits, noting that their effects are “uneven and unequal”. Large non-profits and big individual donors tend to be hit harder in times of economic recession due to

³⁸ CanadaHelps. "The Giving Report 2020: Online Giving is on the Rise." *CanadaHelps.org*. (2020): 6 https://www.canadahelps.org/en/the-giving-report/?medium=FPMX&gclid=EAIaIQobChMI5deJ6c7u7gIVdsqUCR3ykwAREAAAYASAAEgIUl_D_BwE&gclid=aw.ds (accessed February 9, 2021).

³⁹ <https://www.canada.ca/en/revenue-agency/programs/about-canada-revenue-agency-cra/income-statistics-gst-hst-statistics/t1-final-statistics/2017-tax-year.html>

⁴⁰ CanadaHelps, 2020.

⁴¹ Joseph C. Morreale, *"The Impact of the "Great Recession" on the Financial Resources of Nonprofit Organizations"* (2011): 19

heavy reliance and investments in a crashing stock market.⁴² This is evident in a January 2009 Trillium Foundation's report which states that the stock market declines had a severe impact on the value of endowment funds many non-profit organizations had been carefully building for years, as well as noting that many long-term funders would be reducing their granting programs that year.⁴³ Understanding that earned income and philanthropy for non-profit organization accounts for 39% and 13% of total funding respectively, the statistic of government funding accounting for 51% of non-profit funding becomes significantly more critical in times of crisis⁴⁴.

Concerningly, government funding for the non-profit sector dipped dramatically during this period. In order to steer the economy through the recession, the federal government introduced a stimulus plan called "Canada's Economic Action Plan" aimed at targeting infrastructure projects and to aid the labour market recovery.⁴⁵ The federal government also introduced a number of deficit reduction measures, reducing government expenditures that have since translated to overall reduction in contributions from differing levels of government to the non-profit sector. These reduction measures occurred simultaneously with government decreasing or transferring many social services formerly provided by the state onto the non-profit sector, assuming the sector had the capacity and resources to shoulder this burden.⁴⁶

The October 2009 Report 'Hard Hit: Impact of the Economic Downturn on Nonprofit Community Social Services in Ontario' provides the clearest insight as to how deep of an impact the recession had on the sector's capacity to respond to existing and emerging community

⁴² *Ibid.*

⁴³ Ontario Trillium Foundation "*Challenges and Opportunities for Ontario's Not-for-Profit Sector during Tough Economic Times.*" (2009).

⁴⁴ Rachel Laforest. *Government-nonprofit relations in times of recession.* McGill-Queen's University Press, (2014): 12.

⁴⁵ *Ibid.*, 10.

⁴⁶ *Ibid.*, 10.

needs.⁴⁷ Key highlights from this report show that of the 413 non-profit organizations surveyed, 218 respondents identified an increase in service demand since September 2008, and 68.8% experienced more work with the same resources.⁴⁸ These concerning statistics highlight an increase in service demand in the non-profit sector while it simultaneously experienced declines in donations and other incomes due to the recession.⁴⁹ These service demands were rising in correlation to increasing rates of domestic violence, homelessness, and alcohol abuse resulting from the economic crisis and subsequently adding further strain on already struggling organizations. Of course, these are underlying and pervasive societal issues, but they seem to be endemic and exacerbated by major crises such as economic downturns and the pandemic.

⁴⁷ Social Planning Network of Ontario, *Hard Hit: Impact of the Economic Downturn on Nonprofit Community Social Services in Ontario*. SPNO, 2009.

⁴⁸ *Ibid*, 23-24.

⁴⁹ *Ibid*.

CHAPTER 3 – IMPLICATIONS OF COVID-19 ON THE NON-PROFIT SECTOR

COVID-19 and the Non-Profit Sector

The same underlying social and economic factors (e.g. domestic and alcohol abuse, and decrease in donations) discussed in the previous chapter are similarly impacted during the COVID-19 pandemic and the recession that came in its wake. COVID-19 restrictions impose unique impacts on the non-profit sector. Federal and provincial health guidelines have restricted social gatherings at various times throughout the pandemic, which has affected the non-profit sector in a meaningful way. A survey conducted by Ontario Non-profit Network (ONN) found that pandemic restrictions have resulted in abrupt loss of revenue due to cancellation of fundraising events and programs, a steep drop in donations, closure of offices, and human resource challenges of volunteers and paid staff.⁵⁰ Data collected in May 2020 by Imagine Canada, a national charitable organization which provides resources to other charities and non-profits, indicate that charitable giving has and will continue to significantly decrease due to the socio-economic decline caused by COVID-19.⁵¹ This study finds that 71% of those surveyed point to COVID-19 as the cause of their smaller donations in 2020. The plummeting donations from individual donors during this crisis points to the fundamental flaws of relying on individuals and markets to maintain a sector that provides valuable supports to citizens.

To address this flaw, and in a somewhat reversion to TPG style of administration, the state has stepped in for supports. In order to combat the impending disaster from lack of funding,

⁵⁰ Ontario Non-profit Network "Ontario Nonprofits and the Impact of COVID-19: A flash survey report." *The ONN*. April 6, 2020. https://theonnc.ca/wp-content/uploads/2020/04/ONNs-COVID-19-Flash-Survey-Report-April-6-2020-1_compressed.pdf (accessed February 5, 2021).

⁵¹Imagine Canada. *More than a third of Canadians will give less to charities this holiday season due to COVID-19: survey*. December 14, 2020.

the Canadian federal government announced on April 21, 2020 the establishment of a \$350 million emergency community support fund in order “to support vulnerable Canadians through charities and non-profit organizations that deliver essential services to those in need.”⁵² In spite of these federal funds, in May 2020 there were calls for increased funding by CEOs of large and influential charitable organizations such as the Heart and Stroke Foundation and Diabetes Canada. In a letter to the Minister of Health Christine Elliott and Hon. Premier Doug Ford, the leaders of these organizations call on the provincial government to create a non-profit sector stabilization fund.⁵³ This request echoed the ONN’s proposal in April 2020 for a \$680 million stabilization fund in order to sustain and rebuild the non-profit sector in Ontario during the pandemic.⁵⁴ This resulted in the Ontario government announcing in August 2020 that a \$83 million investment through the Ontario Trillium Foundation will be made in order to support non-profits in their recovery.⁵⁵ This fund is \$597 million short of the ONN’s proposed \$680 million stabilization fund and does not seem to account for the major economic input this sector contributes to the province’s economy.

The COVID-19 pandemic has served to highlight core issues the non-profit sector faces regularly, including the inability for non-profit organizations to advocate for public policy changes that affect them. The sustainability of the non-profit sector relies upon advocacy for

⁵² Prime Minister of Canada "Prime Minister announces further support to help Canadians in need". April 21, 2020. <https://pm.gc.ca/en/news/news-releases/2020/04/21/prime-minister-announces-further-support-help-canadians-need> (accessed February 5, 2021).

⁵³ Jeff Cornett et al, "News release: Health charities call for relief as they support vulnerable Ontarians through COVID-19." *Heart and Stroke*. May 13, 2020. <https://www.heartandstroke.ca/what-we-do/media-centre/news-releases/health-charities-call-for-relief-during-covid-19> (accessed February 5, 2021).

⁵⁴ Ontario Non-profit Network "Stabilizing Ontario's nonprofit sector to rebuild the economy and communities post COVID-19." *The ONN*. April 30, 2020. <https://theonncan.ca/wp-content/uploads/2020/05/ONN-Stabilization-Fund-April-30-2020.pdf> (accessed February 10, 2021).

⁵⁵ Office of the Premier, *Ontario Supporting Non-Profits as Province Recovers from COVID-19*. August 5, 2020. <https://news.ontario.ca/en/release/57896/ontario-supporting-non-profits-as-province-recovers-from-covid-19> (accessed February 11, 2021).

changes in public policy and, while non-profit organizations can advocate for public policies, they tend to allocate their resources primarily towards the services they provide at the expense of advocacy.

Public policy advocacy to influence regulatory decision making requires funding and hard evidence which is provided by national infrastructure organizations, such as networks and research bodies.⁵⁶ These bodies, in comparison to other developed countries, tend to have limited capacity to produce the evidence needed to be treated as serious players at the policy table, making it difficult to influence federal government policies that would benefit the sector in the long term.⁵⁷ The lack of ability to influence public policy has long been complained about by Canadian charities, who often refer to the federal “10 percent” rule, which stipulates that no more than 10 percent of their resources can be spent on public advocacy.⁵⁸ Another contributing factor for the inability of the sector to influence public policies which affect them is the fact that most Canadian governments, especially on the federal level, have become less permeable with fewer mechanisms available to the majority of civil society to engage in ongoing dialogue other than annual budget consultations.⁵⁹

Additionally, the threat of losing key social programs that provide invaluable services delivered by non-profits and the subsequent creation of “charity deserts” should be extremely concerning for both federal and provincial governments. While there have been efforts to address the weaknesses of the sector, such as the Report of the Special Senate Committee on the Charitable Sector released in 2019 titled “Catalyst for Change: A Roadmap to a Stronger Charitable Sector”, the resulting 42 recommendations, some of which focus on decreasing the

⁵⁶ Susan D Phillips, “Canada: Civic Society under Neglect,” *The Philanthropist* 23 (2010): 69.

⁵⁷ *Ibid*

⁵⁸ *Ibid*

⁵⁹ *Ibid*

administrative burden and restrictive nature of government funding, have yet to be implemented.⁶⁰ The economic burdens on the non-profit sector discussed throughout this paper which directly correspond to the COVID-19 pandemic are actually burdens that have pre-existed and have been exacerbated by this crisis.

The socio-economic issues examined thus far inform the very troubling state of the Canadian non-profit sector in even the best of times, but especially during the ongoing COVID-19 pandemic. The anxieties within the non-profit sector and the long-term effects of the pandemic on the sector are serious concerns and must be addressed through public policy advocacy and open dialogue between governments and leading non-profits across Canada. Historically however, there has been a significant lack of vision for the non-profit sector by the federal governments which has led to lack of prioritization of funds and restrictive financial regimes, resulting in the sector's survival and effectiveness being threatened in times of crisis and raising concerns. These concerns include the starvation cycle, the creation of charity deserts, as well as the unsustainability of the charity model's sole reliance on a "goodwill motivation" to compensate wages and organizational operations.

While non-profits provide critical services to those most in need, services which have only increased in demand during the global pandemic, these organizations rely on government contracts which rarely cover the full cost of service provision. Over time, the lack of full coverage of costs results in what is referred to as the 'starvation-cycle'⁶¹, wherein systemic under-investment of the sector's infrastructure, namely training, personnel, and technology

⁶⁰ Senate of Canada, "Catalyst for Change: A Roadmap to a Stronger Charitable Sector." Ottawa, Canada, 2019.

⁶¹ Mark A Hager et al, *Getting What We Pay For: Low Overhead Limits Nonprofit Effectiveness*. Nonprofit Overhead Cost Project, Brief No.3, Washington, DC: Urban Institute, 2004.

needed to support resilience and innovation is the norm.⁶² The under-investment of the sector has led to difficulties for non-profits to collect reserve funds to sustain them longer than three months of operations.⁶³ What this means for the sector as a whole is the dependence on individual contributions and volunteers to fund wages and operational costs, which have been severely challenged during this pandemic, essentially the NPM model functioning as intended. Government pandemic regulations concerning social distancing have restricted volunteering, and the economic impacts of the pandemic mean individual contributions have decreased significantly. In a flash survey conducted by Imagine Canada at the start of the pandemic in 2020, 70% of charities reported experiencing reduced revenues, averaging around a 30% decline, directly resulting from the cancellation of events, closing of venues, loss of ticket sales, and volunteers forced away.⁶⁴ These concerning statistics are what can be expected when using the NPM model and funding is dependent on factors outside of the role of the state, such as goodwill of the public and sales of tickets for events.

Indeed, recent data collected by organizations such as Imagine Canada and the Ontario Network for Nonprofits indicate serious cause for concern for the future of this sector and highlight the damaging long-term effects that NPM have had on this sector in times of crisis. As discussed earlier, this model relies on strong faith in the free market to deliver goods and services. In times of crisis, such as the COVID-19 pandemic, the free markets cannot be relied upon to deliver these services, thus making it an unsustainable model for the sector. The

⁶² Astrid Brousselle et al, "Beyond COVID-19: Five commentaries on reimagining governance for future crises and resilience." *Canadian Public Administration* 63, no. 3 (September 2020): 376.

⁶³ Ontario Nonprofit Network "Ontario Nonprofits and the Impact of COVID-19: A flash survey report." *The ONN*. April 6, 2020. https://theonnc.ca/wp-content/uploads/2020/04/ONNs-COVID-19-Flash-Survey-Report-April-6-2020-1_compressed.pdf (accessed February 5, 2021).

⁶⁴ Imagine Canada. *More than a third of Canadians will give less to charities this holiday season due to COVID-19: survey*. December 14, 2020. <https://www.imaginecanada.ca/en/holiday-giving-survey-2020> (accessed February 10, 2021).

unreliability of the free market to deliver these social services in times of crises is evident the fact that 1 in 5 charities, out of 86,000, are likely to close or merge,⁶⁵ undoubtedly damaging a diversity of subsectors such as health, education, and faith and the communities these organizations aid. The effects of these closures and mergers are most likely to be place-differentiated, resulting in the hollowing out of organizations in some areas considerably more than others, creating ‘charity deserts’⁶⁶, and making already vulnerable communities even more vulnerable.⁶⁷ An example of this can be seen in the “*COVID-19 Emergency Aid Report*” by Black to the Future Toronto, a capacity-building initiative supporting Black led/serving non-profits and grassroots organizations in Toronto. This report calls for \$1.58 million in emergency aid from funders and donors to support non-profit organizations that address the existing inequities affecting Black communities in Toronto, noting that this pandemic has “amplified existing inequalities impacting Black Communities” and created unprecedented circumstances where “many organizations are unable to respond to the growing needs within their existing frameworks”⁶⁸ The subsidization of wages and resources is, yet again, dependent on emergency aid from a donor base that has also been impacted by the pandemic, which will inevitably result in the creation of charity deserts in the most vulnerable communities in Canada.

Despite the fact that the federal government has introduced a \$350 million emergency support fund, these funds come a little too late for many organizations suffering from the aforementioned ‘starvation cycle’. The dire state of the sector could have been avoided and is

⁶⁵ *Ibid.*

⁶⁶ John Mohan, "Charity deserts and social justice: exploring variations in the distribution of charitable organisations and their resources in England." In *New philanthropy and social justice: Debating the conceptual and policy discourse*, edited by Behrooz Morvaridi. Policy Press, 2015. Policy Press Scholarship Online, (2016).

⁶⁷ Astrid Brousselle et al., “Beyond COVID-19: Five Commentaries on Reimagining Governance for Future Crises and Resilience,” *Canadian Public Administration* 63, no. 3 (September 2020): 369–408, <https://doi.org/10.1111/capa.12388>.

⁶⁸ Black to the Future: Toronto Toronto, *Black To The Future Community of Practice - COVID-19 Emergency Aid Report*. April 8, 2020: 3.

indeed reflective of the policy neglect enabled by the current charity model. Had there been policy modernization that does not focus solely on the incentivization of private philanthropy, but rather the modernization of policies and frameworks that guide and encourage relationships between the state and the non-profit sector, perhaps organizations within this sector would not report such depressing statistics.

WE Charity Scandal

The non-profit sector is also affected by factors outside of its control, namely scandals. Amidst the chaos and uncertainty at the start of the pandemic, the WE Charity scandal rocked the non-profit world, bringing scrutiny to government-non-profit relations, criticism of the Liberal government, and a change in finance ministers. At the heart of this scandal lies three interrelated stories – the Canada Student Service Grant (CSSG) program, government decision making, and the choice of using the WE Charity Foundation to implement the program.

On June 25th, 2020, the office of the Prime Minister of Canada announced the CSSG program in order to “encourage young people to take part in service activities that will help them support their communities’ COVID-19 response”.⁶⁹ While this program would have supported the non-profit sector by way of a \$912 million government contract and facilitation of volunteer-work, a critically hit segment of the non-profit sector, it would have been administered through the WE Charity Foundation. Awarding this contract without competition revealed the close ties the Prime Minister and his family have with the foundation (Justin Trudeau and family members have received large speaking fees, and Minister of Finance Bill Morneau’s daughter worked with the foundation). Beyond raising questions of abuse of power, the choice of using this well branded international development organization to administer the program instead of other non-profit organizations speaks to the lack of understanding the federal government has for the non-profit sector’s capabilities to distribute federal funds, as well as the sector’s enormous impact and influence on civil society, especially during the pandemic. Organizations such as the YMCA or the Salvation Army, for example, could have just as easily administered the program and would have been better for it. The WE Charity Foundation would have earned between \$19.5

⁶⁹ “Canada Student Service Grant | Prime Minister of Canada,” accessed June 1, 2021, <https://pm.gc.ca/en/news/backgrounders/2020/06/25/canada-student-service-grant>.

million and \$43.5 million for simply running the program, money that could have gone to other capable and more strapped for cash organizations.⁷⁰

The long-term implications for the non-profit sector as a result of this scandal have yet to be seen, but the immediate concern for non-profit organizations across Canada revolve around damaged sector reputation leading to further loss in donations. As discussed in previous sections of this paper, donations have been hardest hit during this pandemic for reasons including COVID-19 physical distancing requirements; the WE Charity Foundation scandal only serves to add to the anxiety around non-profit sector stability. Additionally, the WE Charity scandal further serves as an example of the great disconnect between government and the non-profit sector that must be addressed in order to continue to provide essential services to those in need, especially in times of crisis.

⁷⁰ Justin Ling, “Justin Trudeau’s Billion Dollar Scandal Is a Story of Power, Branding, and Charity,” Justin Trudeau’s Billion-Dollar Scandal Is a Story of Power, Branding, and Charity, accessed June 1, 2021, <https://www.vice.com/en/article/pkyqwb/justin-trudeau-billion-dollar-we-charity-scandal-is-a-story-of-power-branding-and-kielburger-charity>.

Solutions

While this paper has mainly focused on the issues facing the non-profit sector and the exacerbation of those issues in times of crisis, it is important to note that solutions are available to address them. In the short term, solutions should focus on the immediate material conditions of the sector which would include subsidized wages for all employees of the sector to aid in organizations' ability to retain staff and recover steady revenues. The Ontario government had introduced wage increases for essential workers, offering either a temporary \$4 and hour top-up based on hourly wages or monthly lump sum payments of \$250 for four months for eligible front-line workers who work over 100 hours per month.⁷¹ This pandemic pay, however, was temporary, beginning in April 24, 2020 and ending August 13, 2020, and created issues within non-profit organizations in terms of pay hierarchy. More equitable subsidized wages for all employees of the non-profit sector is necessary and should last longer than four months, in order to provide stability in terms of revenue and staff retention.

Long-term solutions for the sustainability of the sector includes a more favorable environment for non-profits' public policy advocacy which affect them, focusing on the broader policy and frameworks that shape and guide relations between state and sector.⁷² Efforts to create such policies and frameworks can be observed in the 2019 report by the Special Senate Committee on the Charitable Sector, which conferred with non-profit organizations across all sectors in Canada and offers 42 recommendations specifically targeted to strengthen the sector and its relationship with the federal government. The recommendations, which have yet to be implemented, include recommendations that would address the starvation-cycle by tasking

⁷¹ Ontario, "Archived - Eligible Workplaces and Workers for Pandemic Pay," accessed June 1, 2021, <https://www.ontario.ca/page/eligible-workplaces-and-workers-pandemic-pay>.

⁷² Helmut K. Anheier and Stefan Toepler, "Policy Neglect: The True Challenge to the Nonprofit Sector," *Nonprofit Policy Forum* 10, no. 4 (November 21, 2019), <https://doi.org/10.1515/npf-2019-0041>.

Government of Canada initiatives that “support the for-profit sectors, particularly with respect to overhead and infrastructure costs, be extended to the charitable and non-profit sector” as well.⁷³

The reason for the lack of implementation is that these recommendations, although sourced from a federal committee, fall under provincial jurisdiction. The multi-level governance prescribed by the Canadian system of federalism requires a willingness to act to bring meaningful change. An absence of action at the federal level means that there is an inconsistency of delivered and guaranteed services across the country. This leaves the recommendations up to provincial governments, some of which have exhibited open hostility to nonprofit organizations, specifically those participating in policy advocacy, in recent years.⁷⁴

Another key factor to long-term sustainability of the sector would be the modernization of the financial tools available to non-profit organizations to earn income. An example of the potential benefits of mixed financial tools can be seen with the example of the construction of an \$80 million sculpture park in downtown Seattle, which was made possible by an arrangement of complex financial arrangements between “the museum, private donors, three levels of government, foundation grants, a large oil company, a non-profit land trust, and a public development authority”⁷⁵ As Susan D Phillips explains, even if Canadian non-profits were non-averse to such risk-taking ventures, current Canadian rules do not allow for hybrid organizations to assist this type of social financing. Therefore, the removal of regulatory barriers to earning income, offering more flexible corporate forms, and assisting in access to capital can allow the

⁷³ Senate of Canada, Special Senate Committee on the Charitable Sector. *Catalyst for Change: A Roadmap to a Stronger Charitable Sector*. 1st sess.42nd Parliament, 2019, Committee Report 1. https://sencanada.ca/content/sen/committee/421/CSSB/Reports/CSSB_Report_Final_e.pdf

⁷⁴ Astrid Brousselle et al, "Beyond COVID-19: Five commentaries on reimagining governance for future crises and resilience." *Canadian Public Administration* 63, no. 3 (September 2020): 376.

⁷⁵ Susan D Phillips, “Canada: Civic Society under Neglect,” *The Philanthropist* 23 (2010): 68.

non-profit sector unfettered access to diversified funding instruments to secure the future of this sector.⁷⁶

⁷⁶ *Ibid.*

CHAPTER 4: CONCLUSION & RECOMMENDATIONS

Conclusion

This study examined government-non-profit relations in Canada across two distinct contexts – the Great Recession of 2008 and the COVID-19 pandemic. One key objective for this study is to guide and inform policy towards improved and strengthened relations between these sectors. While this study makes the argument that the comparison between COVID-19 and the Great Recession within the Canadian context can guide policies and decisions concerning this sector, future research could improve the understandings of these relationships by including comparisons across institutions as well as across other comparable contexts and time.

The concerns for the non-profit sector and the long-term effects of the pandemic are serious and must be addressed in policy cooperation with leading non-profits across Canada. The pandemic has highlighted serious concerns such as the creation of charity deserts, unsustainability of the charity model's reliance on a "goodwill motivation" to compensate wages and organizational operations, as well as the impact of the 'starvation cycle' on the sector outside of times of crisis. The paradigm shift from Traditional Public Governance towards New Public Management has played a critical role in the diminishing of government responsibility towards its citizens, re-establishing federal responsibilities to focus on national defense and economic unity, and scaling down the traditional instruments for funding non-profits to just two main instruments: contracts and tax incentives. The lack of vision for the non-profit sector in Canada, coupled with rotating government eras, has meant that Conservative governments in Canada effectively debilitate the financing regime through stringent requirements, increase tax incentives for citizens to contribute to charitable giving, and halt communication with the non-profit sector. Liberal federal governments have since re-established communication with the non-profit sector,

as indicated by encouraging reports such as the Special Senate Committee on the Charitable Sector's report, but have yet to implement any recommendations or substantive changes to the diversification of the funding instruments for the sector, in part due to provincial government's role in implementation, some of which have been hostile towards non-profits committed to policy advocacy, or do not prioritize the sector generally.⁷⁷

The federalism system in Canada is meant to ensure that regardless of where one is in the federation, they are guaranteed equal access and quality of services. Institutionalism regards this as the stability that allows these institutions to endure. However, these institutions also provide restrictions to innovation, viewed as "constrained innovation", wherein the range of options from which actors are likely to choose from are limited.⁷⁸ An absence of action at the federal level, which can be linked to the 10% rule for public policy advocacy for non-profits, translates to the lack of implementation of much needed change.

Ultimately, this paper calls for meaningful efforts of communication between the Canadian government and the non-profit sector in policy creation, as well as serious re-assessment and diversification of the funding tools the government relies on to fund non-profit organizations. While this is difficult to achieve given the current constraints on the non-profit sector by rigid institutions, it is not impossible. The non-profit sector fills the gaps and carries the burdens that the state has not prioritized or taken responsibility for. While good will motivation is endearing, it is not a sustainable model to provide critical services to those most in need, especially in times of crisis. Fundamentally, philanthropy cannot substitute government

⁷⁷ Astrid Brousselle et al, "*Beyond COVID-19: Five commentaries on reimagining governance for future crises and resilience.*" Canadian Public Administration 63, no. 3 (September 2020): 375.

⁷⁸ John L. Campbell, *Institutional Change and Globalization*. Princeton: Princeton University Press, (2004): 8.

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