Presentation to Special Senate Committee on the Charitable and Non-Profit Sector
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OCASI – Ontario Council of Agencies Serving Immigrants has 234 member agencies across Ontario who assist immigrant and refugees, and refugee claimants.

While this presentation draws on the experience of the Ontario Immigrant and Refugee services sector, these concerns are shared by our sister umbrella organizations and their member agencies across the country. Collectively they represent an additional 290 agencies.

The study you have undertaken is critically important to our sector, as well as the broader community services sector in Canada, including those organizations that do not have charitable status.

I will touch on 3 main themes as follows:

a. Stronger funding relationships
b. Core funding; and
c. Charitable Status;

a. Stronger funding relationships

The Immigrant and refugee serving sector in Ontario has long-standing partnership with the Department of Immigration, Refugees and Citizenship (IRCC) and all its earlier iterations from the late 1970’s on.

The sector across Canada has done remarkable work over the years to resettle refugees and support immigrant settlement and integration, with IRCC, other federal departments and with various provincial and territorial governments and municipalities. Drawing from these experiences and learnings, OCASI put out a joint discussion paper1 in September 2017 with CISSA-ACSEI (a coalition of 5 umbrella organizations outside Ontario and Quebec) with 15 detailed recommendations to strengthen the funding relationship with our sector.
The recommendations are comprehensive and include elements such as:

- length of contribution agreements
- carry over unused funds
- reinvestment of contribution agreement funds
- contribution agreement line items
- administrative fee guidelines

I ask you to review the recommendation put forward in the discussion paper (attached). They provide a useful framework to re-vision a new and stronger funding relationship going forward. While specific to the relationship between our sector and the Department of Immigration, Refugees and Citizenship, it is applicable to all contractual relationships between the federal government and the charitable and for public benefit non-profit sector organizations.

Two other documents that are foundational for recommendations on promising practices are the Code of Good Funding (VSI-2001) and the Blue Ribbon Panel report (2006).

b. Core funding

I am well aware of the vast gap in how we perceive core funding in the sector, and how governments perceive core funding. The sector points out that funding stability is needed to sustain the organization, and allow it to be nimble in meeting new and emerging needs. And that the true costs of programs and infrastructure (overhead) are critical to organizations’ sustainability and effectiveness. On the other hand, public servants often respond with skepticism to the notion of core funding of the human services sector.

Since governments first started funding community services – for the immigrant and refugee sector that would be from the mid-1970’s – we have seen report after report in Canada from the non-profit sector, academics, and from governments – that core funding is essential to how community services are resourced.

For example, the federal government’s own 2006 report by the Independent Blue Ribbon Panel on Grant and Contribution Programs agrees that Treasury Board should identify where core funding is appropriate.

The report states and I quote, “Not surprisingly, the lack of core funding has threatened the stability of several community non-profit organizations whose services the government needs.” [pg. 28]
Senator Frances Lankin and Professor Ian Clark were Panel members. Vic Toews who was President of Treasury Board at that time promised to implement the recommendations, but we are yet to see full implementation.

Immigration, Refugees and Citizenship Canada, the federal department with which OCASI and its members work most closely, has implemented some of the recommendations namely the move to multi-year funding, flexibility for organizations to move funds within program lines (much more work to be done in this area), choice in reporting timelines (quarterly or monthly) and for Ontario agencies in particular a recent decision to cease the practice of claw-back of property tax rebates. These changes have come about through ongoing discussions between the Department and the Sector through the National Settlement Council. The existence of this government-sector policy and program advisory council has greatly improved working relationships.

But there are several more recommendations to Treasury Board that continue to be major concerns for our sector, such as:

- encourage the reduction in the number of cost categories in funding agreements and allow recipients greater latitude to shift funds among categories;

- identify the circumstances where core funding is a cost-effective supplement to project-specific funding

- adopt the principle that funding levels for programs delivered through a third party should reflect the full cost of program delivery.

Sensible, doable recommendations!

We must reach agreement that true costs – and this is where the debate often begins with government- must include all costs associated with moving the mission of an organization forward. An article from 2016 in the Non-Profit Quarterly, a USA publication but with relevance for non-profits in Canada, reminds us that “all of the resources we need to accomplish our programs are true program costs”. These include:

- direct expenses which are program specific
- direct expenses which are shared by programs
- core mission support which includes finance, HR, Board governance
- core mission support which includes fundraising and funding partnership development
The lack of core or infrastructure support from funders, especially governments often results in agencies struggling to meet their operational costs and at times find it difficult to adhere to labour standards such as the payment of severance for staff laid off. This must change!

c. Charitable Status

OCASI welcomes the Ontario superior court ruling overturning the limitations on political activity by charities because it is a violation of Charter rights of freedom of expression. We welcome the federal government’s promise to repeal the 10 per cent rule this fall.

We are however deeply concerned that the government has also decided to appeal the ruling. While we hope the courts will turn down the appeal, we fear that a win will open the door to future governments to re-establish the limitations or make them even more onerous.

We strongly encourage you to recommend that the federal government drop the 10% rule, as well as the appeal.

We also want to point out that obtaining charitable status continues to be very difficult especially for smaller, ethno-specific and racialized communities’ organizations.

CRA decisions on whether the objectives and activities meet their definition continue to be opaque, seemingly arbitrary and inconsistent. Many smaller, ethno-specific and organizations serving racialized communities don’t even both to apply because the application process consumes time and resources they cannot afford, and because of the well-founded perception they will be denied.

Charities and non-charities both work for the public good, however Charities have access to more resources and CRA rules privilege charities in partnership projects. The funds are granted only to the Charity, which has sole discretion on how they can be used.

We recommend that CRA should find ways to make their decision-making more transparent, fair and consistent; and find ways to make the charitable status application process less onerous.

Small, ethno-specific and Black, Indigenous, people of colour led and focused organizations that are able to obtain charitable status are competing with larger, better networked organizations. They often lack capacity on their Board to fundraise (including within their own ethno-cultural/racial communities). A targeted tax policy whereby donors who give to charities with budgets under a certain threshold will receive a larger tax break is an idea worth exploring.
However we strongly believe that the best way to support small and medium sized agencies (charities and other non-profits) delivering human services is through direct transfers from all three levels of governments.

I thank you for the opportunity to contribute to this important discussion on Canada’s charities and we look forward to your report and recommendations.

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ii “From Red Tape To Clear Results”, the report of the Independent Blue Ribbon Panel on Grant and Contribution Programs. December 2006. Treasury Board of Canada Secretariat.
