



## **Written Submission for the Pre-Budget Consultations in Advance of the 2021 Alberta Provincial Budget**

**CALGARY CHAMBER OF VOLUNTARY ORGANIZATIONS (CCVO)**

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## ABOUT CCVO

The Calgary Chamber of Voluntary Organizations (CCVO) is a member-based charitable organization focused on sector-related public policy issues, advocacy, and informed convening and programming activities that strengthen the nonprofit sector in Alberta. CCVO promotes and strengthens the nonprofit sector by developing and sharing resources and knowledge, building connections, leading collaborative work, and giving voice to critical issues affecting the sector.

## SPECIAL THANK YOU

We would like to express our sincere thanks to Hubba Khatoon, an Economist at the **Calgary Economic Development (CED)** for providing the necessary support in completing this budget submission.



## CREATING COMMUNITY PROSPERITY

The nonprofit and charitable sector contributes more than \$10 billion to Alberta's GDP<sup>i</sup>, employing over 450,000 full-time and part-time employees,<sup>ii</sup> of which 80% are women.<sup>iii</sup> Albertans collectively donate 262 million annual volunteer hours,<sup>iv</sup> equalling almost 175,000 full-time positions (based on a 30-hour work week). Charities in Alberta receive a little more than a quarter of their income from governments.<sup>v</sup> With more than 26,000 nonprofits across Alberta that represent several subsectors, nonprofit organizations are more than vital contributors to Alberta's economy; they also contribute to the social and cultural fabric of the province by providing key services for Albertans.

The COVID-19 pandemic has taken a toll on all sectors, including the nonprofit sector in Alberta.<sup>vi</sup> Despite their challenges, nonprofits and charities have worked together to support communities experiencing difficulties across the province. The pandemic has taught us that nonprofits and charities, governments, and businesses can respond quickly in times of emergency and provide support for our communities – and that we are more effective when we work in collaboration with one another. Moving forward, CCVO believes that it is imperative that we continue working together through shared responsibility and ownership over a **Community Prosperity Strategy**.

No single economic recovery plan will be enough. Communities must collaboratively negotiate the recovery process – future prosperity will be built through strategies that involve government, the nonprofit sector, and the private sector. The nonprofit sector has been the backbone of the province in responding to the pandemic and in protecting the stability and health of our communities. The provincial government has an important opportunity to play a pivotal role in supporting community prosperity in the upcoming 2021 budget by committing to a **Social Infrastructure Fund**.

**Social Infrastructure** are assets to society that support the quality of life of a nation, region, city, or neighborhood. Assets include programs and services, amenities, relationships, and structures that go beyond economic functions to make a community an appealing place to live. These assets support us to create a more resilient, just, equitable, and sustainable society.



## SOCIAL INFRASTRUCTURE FUND COMMITMENT

*Create a Social Infrastructure Fund that will enable society to work effectively through the commitment of 3.5% or \$350 million, of the total budgeted amount of \$10 billion allocated towards the Alberta Recovery Plan. This fund will support community focused recovery that will create jobs and spur economic stimulus.*

A Social Infrastructure Fund will have clear and measurable economic benefits for Alberta, including economic growth and job increases. This investment will enable nonprofit organizations to create jobs for thousands of Albertans across the province, ensure front-line and community support services are available for all Albertans, stimulate the economy and increase Alberta's GDP, contribute to greater gender equality by reducing employment gaps, increase government efficiencies through investing in partners for the delivery of government services, and ensure a high quality of life for all Albertans. Social infrastructure refers to assets that accommodate social services such as community support, public spaces, education, and public safety. Government investment in social infrastructure is known to not only generate approximately twice as many jobs as investment in the construction sector and more specifically increase jobs for women, but it also enhances human capital, and increases productivity of labour that surges long-term economic growth.<sup>vii</sup> The social benefits of social infrastructure include social capital, trust, sense of belonging/community, volunteerism, participation in community activities, safety, and wellbeing.<sup>viii</sup>

### **The Investment**

A Social Infrastructure Fund drawn from a percentage of existing dollars dedicated to support capital infrastructure is recommended at 3.5% of the total allocation for the **Alberta Recovery Plan**. This investment would allocate capital budgeted funds towards community-focused recovery that spurs economic stimulus through job creation. This investment could be distributed over three years through community partnerships and could be tied to a requirement of matching funds through donations and contributions from other orders of government.

### **The Return**

Social infrastructure is more labour intensive than physical infrastructure and will therefore create more jobs than a similarly sized capital investment in physical infrastructure will create in construction and other sectors.<sup>ix</sup> A \$350 million investment for social infrastructure will create approximately 4,800 jobs while the same dollars in construction would create just under 2,000 jobs.<sup>x</sup> An investment in social infrastructure alongside investments in physical infrastructure can boost employment and will contribute to greater gender equality by reducing employment gaps, improving working conditions, and increasing options for juggling paid and unpaid work.<sup>xi</sup>

## IMPACTS OF A SOCIAL INFRASTRUCTURE FUND

**1. Create jobs for women and people of colour.** The nonprofit sector workforce employs many women and people of colour. An investment in this sector is an investment in efficiently delivered services and job creation for people who have been disproportionately impacted by the effects of COVID-19.

The 2016 study on ‘Investing in the Care Economy’ by the Women’s Budget Group<sup>xi</sup> shows national input-output tables for the United States, in which:

**government investment in social infrastructure equivalent to 2 percent of GDP would raise employment rates by about 3.4 percentage points, compared to only 1.2 percentage points for a similar capital investment in physical infrastructure.**

Other studies have shown positive results when governments invest in social infrastructure.<sup>xiii</sup>

- California: a benefit-cost ratio of \$2.60 for every \$1 invested in pre-kindergarten education programs. Benefits included savings to government in service support.
- United Kingdom: a benefit-cost ratio of £10 for every £1 invested in community networks and services. Benefits included reduced crime, health savings, and better employment outcomes.

## **2. Invest in local community efforts that are well-positioned as a unique tool for economic recovery.**

An economic pathway for rural Alberta and an investment in community economic development, such as tourism and arts and culture, will be an asset to local economic recovery. The **Rural Economic Development Action Plan** outlines a number of recommendations the provincial government can take to build on the economic development capacity of rural Alberta such as increasing tourism and culture-based business opportunities in rural communities. Providing opportunities to young entrepreneurs in rural Alberta will help bring in investment projects that will benefit current and future generations. Investing in local communities can also address the declining numbers in volunteerism and support voluntary initiatives that enable society to work effectively.

**3. Strengthen social finance and social enterprise.** The Premier’s Council on Charities and Civil Society identified this area as a recovery opportunity for Alberta’s nonprofits. The Government of Alberta can further this opportunity by creating a Social Infrastructure Fund that will allow organizations to invest in social innovators – people who can increase nonprofits’ entrepreneurship and have particular insight into how the province may be best positioned to take advantage of the \$755 million **Investment Readiness Program and Social Finance Fund** locally.<sup>xiv</sup> Investing in the social finance sector is a big opportunity for the Government of Alberta to lead the way and leverage funding from the private sector and donations from citizens.<sup>xv</sup>



With a relatively small investment through existing funding sources, there can be a big impact with a Social Infrastructure Fund. It will make Alberta communities more vibrant and prosperous places to live, encourage private investment and business activity, create jobs, increase efficiency in government service delivery, and lead to a higher standard of living that will enable economic productivity.

## THE CASE FOR SOCIAL INFRASTRUCTURE INVESTMENT

Social infrastructure are networks, relationships, organizations, services, and facilities that allow communities to build capacity that goes beyond providing assets such as enhancing skills and knowledge and access to a range of appropriate services and responses.<sup>xvi</sup> They are in a range of social service sectors, policy areas, and activities that enable society to work effectively. It includes areas that help individuals, families, groups, and communities meet their social needs such as health and human development.<sup>xvii</sup> Not all social infrastructure is physical capital – it also includes human capital and public services.<sup>xviii</sup> A strong social infrastructure investment influences an areas livability when investment in cultural facilities, public art, parks, libraries, galleries, and museums brings in tourism revenue, makes businesses want to trade, and encourages investors to invest.<sup>xix</sup> It improves the standard of living in a community by providing access to jobs through good transportation; public spaces such as cafes, sports facilities, and education buildings; and services and organizations that provide health, education, and training.

Government spending on physical infrastructure is often a form of investment that impacts GDP and increases jobs,<sup>xx</sup> and literature shows that productivity returns to social infrastructure investment are comparable to those of capital investment in physical infrastructure.<sup>xxi</sup> Social infrastructure is known to generate positive and lasting broader impacts on the economy. For example, Quebec’s universal low-fee childcare programme was estimated to increase the number of women in the workforce by 3.8%, and Quebec’s GDP rose by about 1.7% (\$5 billion) as a result.<sup>xxii</sup> The **Women’s Budget Group** indicates that social infrastructure is much more labour intensive than physical infrastructure, and therefore, it will create more jobs in care work and elsewhere in the economy than a similar capital investment would in physical infrastructure, such as construction and other sectors.<sup>xxiii</sup> In the long term, investments in social infrastructure also improve the employability, mobility, health, and well-being of the labour force, increase productivity in the economy, and increase overall output and GDP.

In a recent poll by **ThinkHQ Public Affairs Inc.**, 39% of Albertans felt that the provincial government should be spending more to support nonprofits in Alberta, compared to just 15% who think the government should be spending less. One respondent indicated that “it is never a mistake to invest in our people. Now is not the time to be cutting back on social services and community supports.” Another indicated, “the government is there for the people. In these hard times, it should be helping its citizens as much as possible.” Further, 47% think that nonprofits deliver community-support services more efficiently than government, and only 15% think government delivers these services more efficiently.<sup>xxiv</sup>



A Social Infrastructure Fund is vital to the recovery of our economy, the skills of those in the workforce, and those seeking to enter the workforce. When we invest in the nonprofit sector, we will be investing in organizations that are the essential job creators for many employees that can deliver services efficiently and effectively. Alberta nonprofits employ 450,000 people, totalling approximately \$18.4 billion on salaries and other compensation.<sup>xxv</sup> The nonprofit workforce is increasingly staffed by paid professionals holding specialized expertise and advanced education degrees.<sup>xxvi</sup> Nonprofits are increasingly becoming more engaged in strategic planning, financial audits, quantitative program evaluation, and nonprofit management education.<sup>xxvii</sup> An investment in job creators is an investment in the people, places, efficiency, and skills required to improve our economy.

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