

Written Submission for the Pre-Budget Consultations
in Advance of the 2022 Alberta Provincial Budget:

Creating Community Prosperity in Alberta's Recovery

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 research and sense making, public policy issues, and informed convening and programming activities that strengthen the nonprofit sector and civil society in Alberta. CCVO promotes and strengthens the nonprofit sector and civil society by developing and sharing resources and knowledge, building connections, leading collaborative work, and giving voice to critical issues affecting the sector and the communities it serves.

CREATING COMMUNITY PROSPERITY

The COVID-19 pandemic has taken a toll on all sectors, including the nonprofit sector in Alberta.ⁱ Despite their challenges, nonprofits and charities have worked together to provide vital programs and services for everyday Albertans 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 ownership to provide supports for all Albertans to thrive.

The nonprofit sector employs over 286,000 people in Alberta, 78% of whom are women, with community nonprofits employing 68,000 people.ⁱⁱ Albertans collectively donate 262 million annual volunteer hours,ⁱⁱⁱ equalling almost 175,000 full-time positions (based on a 30-hour workweek). Charities in Alberta receive a little more than a quarter of their income from governments,^{iv} while 29 percent of funding for community nonprofits comes from governments.^v With more than 26,000 nonprofits across Alberta, representing 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.

Through the establishment of the Premier's Council on Charities and Civil Society the Government of Alberta supports a conviction that 'the most effective, lasting solutions to pressing social issues often lie with civil society, and that government has a key role in supporting these efforts. Civil society, as defined by the Government of Alberta, includes a diverse and evolving array of organizations and individuals, from formally established non-profit organizations (including registered charities), informal groups or movements pursuing shared interests or values, philanthropic organizations, to a range of businesses and individuals pursuing social good. The recommendation contained within this submission outlines a role for the Government of Alberta in working collaboratively with nonprofits to meet the Government's economic recovery goals while supporting efforts for solutions to pressing social issues.^{vi}

RECOMMENDATION

Enable civil society to work effectively in advancing Alberta's recovery goals through the investment of a portion of unallocated Recovery Plan contingency dollars through a strategic Community Recovery Fund. This fund would support community-focused recovery through investment in social infrastructure that will create jobs and spur economic stimulus.

Community Recovery Fund Commitment

A Community Recovery Fund will have clear and measurable economic benefits for Alberta, including economic growth and job creation through investments in social infrastructure. Social infrastructure includes assets to society that support the quality of life of a nation, region, city, or neighbourhood. 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.

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.^{vii}

Civil society benefits of social infrastructure include social capital, trust, sense of belonging/community, volunteerism, participation in community activities, safety, and wellbeing.^{viii}

The Investment

A Community Recovery Fund drawn from a percentage of existing COVID-19/Recovery Plan contingency fund dollars dedicated to support the goals of the **Alberta Recovery Plan**.

This investment would allocate budgeted funds towards community-focused recovery that spurs economic stimulus through job creation.

This investment could be distributed over two years through community partnerships and be tied to a requirement of matching funds through donations and contributions from other orders of government.

The Return

1. Create Jobs. Social infrastructure is more labour-intensive than physical infrastructure and will therefore create more jobs than a similarly-sized capital investment in physical infrastructure.^{ix} For example, 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.^x 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.^{xi} 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^{xii} 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.^{xiii}

- 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 civil society 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 attract 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 Community Recovery 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.^{xiv} 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.^{xv}

With a relatively small investment through existing funding sources, there can be a big impact with a Community Recovery 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 NEED FOR A COMMUNITY RECOVERY FUND

The nonprofit sector plays a crucial role in civil society by providing supports to those that access programs and services on the frontline while also creating jobs for Albertans. However, many supports being made available are accessible to a broad range of businesses including government nonprofits and private businesses. These programs were not designed to specifically support the nonprofit sector. As a result, community nonprofits in Alberta have been underserved and undervalued as Alberta moves towards recovery, putting jobs and an equitable community recovery at risk. The 2020-21 First Quarter Fiscal Update and Economic Statement from the Government of Alberta shows that, of the approved \$1.1 billion increase in ministry operating expenses above, the nonprofit sector was potentially eligible for \$482 million (\$346 million without the additional federal supports).^{xvi}

That is just a small portion of the overall ministry expenses. Relevant spending for the nonprofit sector came through four programs:

- \$221 million for the Small and Medium Enterprise Relaunch Grants Program
- \$143 million, including \$62 million from federal supports, for the Jobs Now Program
- Less than \$18 million for the Community Initiatives Program Stabilize sector strategy
- \$100 million, including \$74 million from federal supports, for Critical Worker Benefits

In the mid-year fiscal update from the Government of Alberta, the following are line items for which nonprofits were potentially eligible:^{xvii}

- \$33 million in Community and Social Services for Critical Worker Benefits, Homeless and Women's Shelters
- \$253 million in Jobs, Economy and Innovation, including \$199 million in Small and Medium Enterprise Relaunch grants
- \$20 million for the restrictions exception program implementation
- \$232 million in Labour and Immigration, comprising \$151 million for Alberta Jobs Now and \$81 million for Critical Worker Benefits

Supports such as the Community Initiatives Program Stabilize sector strategy and the Civil Society Fund are examples of positive investments being made directly into the nonprofit sector. However, these funds are limited to one-time funding or only available to a specific segment of the nonprofit sector, limiting the potential role of nonprofits delivering programs and services in the community. Government reporting on funds that are accessible to private businesses and nonprofits alike does not provide transparency in how they flow to nonprofit organizations. Despite the key role that nonprofits play in supporting Albertans and their families, the lack of clarity and transparency around funding – specifically for nonprofits – makes it difficult to understand how the Government of Alberta is working in partnership with nonprofits to advance Alberta's Recovery Plan. This leaves thousands of organizations working on the front lines of the pandemic sidelined at a time when many are facing the constraints of increased demand and reduced resources.^{xviii}

OPPORTUNITY TO INVEST IN ALBERTANS AND THEIR FAMILIES

The Government of Alberta has wisely created a contingency fund to support recovery in Alberta. In the 2020-21 Quarter 1 fiscal update, there was \$835 million left over in the original contingency fund of unallocated dollars.^{xix} In the latest fiscal update, this amount shrunk to \$487 million, \$391 million under the COVID-19 allocation and \$96 million under the Recovery Plan allocation.^{xx} Despite ongoing pressures from the pandemic, the Government of Alberta is feeling somewhat optimistic evidenced by an overview of Alberta's progress: "with Alberta's Recovery Plan gaining traction, improved employment, solid consumer spending, residential construction and activity, and stronger-than-expected global energy demand growth - boosting oil and natural gas prices".^{xxi} To support the traction of Alberta's Recovery Plan and ensure an equitable recovery for Albertans and their families, it is essential to develop a strategy for community recovery that works in partnership with the nonprofit sector. This can be done by allocating a portion of the currently unallocated contingency expense funds of \$487 million aimed specifically at nonprofits that are actively furthering Alberta's recovery plan goals.

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.^{xxii}

Building social infrastructure is just as urgent as building physical infrastructure. As a community, we must prioritize areas for investment that will strengthen nonprofits and tackle critical community issues in our recovery. In order to support the nonprofit sector, both within organizations and the communities they serve, CCVO's initial research has identified the four following priorities areas for investment:^{xxiii}

1. Foster diversity, equity and inclusion
2. Engage and retain youth
3. Support mental health
4. Lead digital transformation

In 2022, CCVO will embark on new research to gather fundamental data about the impacts of the pandemic on the nonprofit sector as a whole to better understand which nonprofits are facing significant challenges, what those challenges are, and which nonprofits are faring well or perhaps even better than they were pre-pandemic. The findings from this research will be used to make policy recommendations to further community recovery centered on nonprofits.

Social infrastructure, funded through the Community Recovery 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 are investing in civil society organizations that are the essential job creators for many employees who can deliver services efficiently and effectively. Alberta nonprofits employ 286,000 people.^{xxiv} The nonprofit workforce is increasingly staffed by paid professionals holding specialized expertise and advanced education degrees.^{xxv} Nonprofits are increasingly becoming more engaged in strategic planning, financial audits, quantitative program evaluation, and nonprofit management education.^{xxvi} An investment in job creators is an investment in the people, places, efficiency, and skills required to improve our economy.

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