

Community Dispatch

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FUNDING MATTERS: A WARNING AND AN OPPORTUNITY FACT SHEET #2: AN UNSTABLE, UNPREDICTABLE & FIERCELY COMPETITIVE FUNDING ENVIRONMENT

*The Canadian Council of Social Development (CCSD) has produced a seminal report, "Funding Matters: The Impact of Canada's New Funding Regime on Nonprofit and Voluntary Organizations." This study analyses changing funding patterns throughout Canada and their impact on voluntary sector organizations. The findings of this study compliment the results of community-based research conducted in Halton in recent years that identify major funding issues and their consequent impact on the quality and accessibility of community services. Community Development Halton has prepared five Community Dispatches of the Fact Sheets prepared by CCSD for the June 2003 launch of their study. I believe this information is essential for all those in leadership roles in the nonprofit and voluntary sector. Furthermore, a workshop, **Funding Matters: A Warning and An Opportunity**, for senior managers, Board members, funders and concerned citizens is planned for **Tuesday November 25, 2003**. Katherine Scott, author of the CCSD report, will give the keynote address. Details will be available shortly.*

Joey Edwardh

The New Reality: A House Of Cards

Governments and other funders have scaled back their commitments to the nonprofit and voluntary sector and have called on the sector to do more with less, yet at the same time, governments have reduced or eliminated public programs and services.

Short-term, project-based funding is increasingly the norm. All funders now subscribe to the new funding strategy partly out of a desire to boost accountability and efficiency in the nonprofit and voluntary sector.

Q. So what is the problem?

A. Raising funds has always been a challenge. But organizations now face greater financial and organizational difficulties due to the growth in short-term, project-based funding from both public and private funders, and renewal of existing contracts is often uncertain.

The organizations surveyed generally supported the funders' new priorities – such as a desire for greater accountability – and they agreed with the merits of financial diversification. But they expressed growing alarm over the unintended negative consequences of the new funding regime:

- Competition has become fiercer for all sources of funding, with smaller organizations often squeezed out by larger groups.
- The unstable new funding environment has undermined the capacity of many organizations to provide consistent programs and services.
- A majority of respondents – 56% – experienced volatile swings in revenues between 1997 and 2001, with 70% reporting a shift away from core/organizational sources of support to more contingent forms of funding.
- 95% reported that funding reliability and certainty was an issue for their organization, with six out of 10 organizations reporting that their current

sources of income were neither stable nor reliable.

- For six of 10 organizations, more than 75% of their funding was for one year or less.
- The shift to short-term funding from multiple sources makes the new and heightened reporting obligations from

fundors an increasingly onerous task, especially for smaller organizations with few resources.

For more information on *Funding Matters: The Impact of Canada's New Funding Regime on Nonprofit and Voluntary Organizations*, visit the CCSD website at: <http://www.ccsd.ca/pubs/2003/fm/>

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