

# Community Dispatch

An InfoFax of Community Development Halton

June 2006

Vol. 10, No. 6

## CHAIRMAN'S ROUNDTABLE ON THE NONPROFIT AND VOLUNTARY SECTOR: FINDINGS FROM THE AGENCY AND FUNDER DIALOGUES – PART 3

*This Community Dispatch provides an overview of community dialogues held by the Chairman's Roundtable on the Nonprofit and Voluntary Sector with community agencies and funding organizations. These dialogues are a continuation of similar consultations held with volunteers in November and December 2005; the results of which were described in Community Dispatch Vol. 10, No.5. The Roundtable itself was broadly discussed in Community Dispatch Vol. 10, No.4. The information gathered in these sessions is essential to understanding the Halton community within the context of challenges and opportunities facing the nonprofit and voluntary sector across Canada. I have asked Regional staff to share their findings with the broader community.*

Joey Edwardh

### The Agency & Funder Dialogues

As the second and third steps in a series of community dialogues beginning with volunteers, Chairman Savoline's Roundtable on the Nonprofit and Voluntary Sector sought the perspectives of Halton's community agencies and funding organizations. A total of eight agency and two funder sessions took place from April 3rd to 7th, with 64 agency and 14 funder representatives participating. The information gathered from the dialogues has been essential to the work and forthcoming recommendations of the Roundtable, which will be brought forward at the June 15<sup>th</sup>, 2006 Community Forum. For more details on the Forum, including RSVP information, please refer to page 5 of this Dispatch.

### Who Participated?

#### Agencies

*(based on an 89% response rate, N =57)*

While nearly all sub-sectors were represented, Social Services was predominant (51%), followed by Education and Research (23%) and Health (14%).<sup>1</sup>

Across all sub-sectors, nearly three-quarters of organizations were incorporated as a nonprofit charitable organization. Sixty-three percent of participants identified themselves as an Executive Director or other senior level position.

#### Funders

*(based on an 86% response rate, N =12)*

With representation from all levels of government, service clubs, community funders and the corporate sector, the funder dialogues were highly diverse and encompassed a wide cross section of views. In terms of catchment area and funding priorities, participants were most likely to fund with a local focus (67%) and in the areas of social services (58%) and health (42%).

### What The Roundtable Heard:

#### Challenges Faced By Agencies

Both agency and funder participants were asked to identify challenges facing nonprofit and voluntary organizations in Halton. What follows is a broad overview incorporating the perspectives of each.

#### Erosion of Financial Resources

Throughout the dialogues, both agencies and funders described a sector characterized by the erosion of financial resources. Participants indicated that agencies continue to be impacted by the deep funding cuts of the 1990s, while current levels of funding have not kept pace with growing community needs and inflation. Both groups pointed to a lack of core and sustainable funds as a key challenge facing the sector, which has resulted in under-funded administrative and capital costs and an environment of financial uncertainty.

<sup>1</sup> Total responses exceed 100% as some participants reported to represent more than one sub-sector.

### **Application Process & Financial Accountability Requirements**

Compounding a lack of financial capacity, agencies identified the time and complexity of the application process as a key challenge and drain on organizational resources. This includes financial accountability requirements, which were seen as onerous and requiring an excessive level of financial detail.

Of joint concern to participants were the challenges placed on agencies by funding cycles and gaps in revenue. Such gaps were seen as hindering the ability of agencies to exercise foresight and plan strategically, as well as creating an unstable environment for staff. Ultimately, this was identified as having an impact on the end service consumer, as gaps in revenue invariably result in gaps to community programming.

### **Fundraising**

While fundraising can help alleviate financial constraints, agency participants identified time constraints and a high level of competition as barriers to engaging in such activities. Funder participants acknowledged the competitiveness of the fundraising arena, adding that communities can only support so much and the fundraising dollar can only stretch so far.

### **Human Resources (HR)**

Throughout the dialogues, agency representatives routinely identified human resources as their greatest strength in pursuing the organization's mandate. However, both agencies and funders agreed that inadequate staff compliments and the inability of organizations to recruit and retain staff pose significant challenges to the capacity of the sector. Agency representatives attributed this challenge to inadequate levels of compensation<sup>2</sup>, which are exacerbated by obligations to meet provincially legislated pay equity requirements.

As with their staff compliments, agency participants provided high praise for the effort and dedication of their volunteers, but also acknowledged several challenges. This included the recruitment and retention of a solid volunteer base and the need to create role clarity amongst board members.

### **Physical Infrastructure/ Systems**

In addition to HR and financial concerns, agency participants discussed challenges specific to physical

infrastructure. Of greatest concern was finding a location balancing affordability and accessibility. Complicating matters was the large and geographically diverse nature of the Halton community, including the accessibility of transportation. Rounding out infrastructure challenges was the cost, maintenance and expertise needed to establish a sound base of information technology (IT).

### **Mission Drift & Community Capacity**

When looking at the challenges identified by dialogue participants, it is not surprising to hear that some agencies are drifting from their missions. It appears as though many agencies are operating in a survival mode to navigate an environment of inadequate financial resources and diminished infrastructure. Contributing to this environment is what both agencies and funders saw as a high level of competition for a finite pool of financial resources. The totality of these challenges has resulted in a decreased capacity to meet community demand for service.

### **Addressing the Challenges**

In addition to identifying agency challenges, dialogue participants were asked a number of questions on what is being done or what could be done to alleviate stresses on nonprofit and voluntary agencies. While some strategies represent proactive attempts at sustainable change, it is important to recognize several of the following actions have been implemented as stop-gap solutions to immediate pressures.

### **Restructuring & Reduction of Service**

No one has a better understanding of the invaluable role of community based services than the organizations that provide them. However, agency participants discussed the need to reduce or restructure services as a response to inadequate resources, contributing to greater wait times for service consumers.

### **Income Diversification**

Although accompanied by many challenges, agencies are utilizing fundraising and income diversification ventures to build financial capacity. This includes pursuing in-kind supports, renting of space, charging fees for service and making on-going, multiple applications for funding.

### **Human Resource Strategies**

Despite already operating on inadequate staff compliments, some agencies have taken additional measures to reduce HR costs. This included the use of contract and part-time staff, summer students through

<sup>2</sup> Data analysis by Community Development Halton found Halton's human service providers rank in the lowest ten percentile of pay across all industry classifications (20). See *Working paper No. 2- Halton Human Services Sector Labour Force Profile* (March 2006).

Government of Canada programs and partnering to create staff development opportunities. Agencies also noted an increase in expectations placed on volunteers, as well as the need to promote a culture of volunteerism in the community.

### **Being Strategic**

Agency representatives pointed to strategic planning as a valuable tool in guiding an agency to its objectives. Similarly, funders and agencies identified the strategic pursuit of funds (i.e. funds reflecting the mandate of the organization) as a key step to becoming more financially sustainable.

### **Creating Awareness**

Profiling an organization and its services was identified by agencies as a key strategy in developing organizational capacity. However, participants stressed the need for greater access to advertising and marketing opportunities. Funders seconded the need to generate awareness, noting the importance of agency exposure and the use of champions as an existing best practice in agency sustainability.

Expanding upon the need to create awareness, agencies and funders discussed the importance of increasing knowledge around funding opportunities. Suggestions included a database, information desk and central portal providing information on available funds and the processes required to access them.

### **Advocacy**

As with awareness, advocacy was both a strategy being implemented by the sector and a strategy with room for expansion. Agencies also saw the need to play a greater role in public policy dialogue, which has emerged as a key theme throughout the Roundtable's discussions.

### **Building Capacity: The Role of Funders**

When asked about actions they have taken to contribute to the sector's sustainability, funders identified a number of capacity building roles. This included the provision of capacity building services, such as outcome evaluation training, fundraising and marketing supports, proposal writing workshops, business skills modules, board training and leadership development. Additionally, funders saw themselves playing a *connector* role, linking agencies to services and supports in the community, including the facilitation of partnerships and raising awareness of best practices. The importance of establishing and expanding relationships past a strict dollars and cents focus was also highlighted amongst funders.

### **Partnership & Collaboration**

Agencies identified the importance of partnering as both an immediate and future strategy for addressing challenges faced by the sector. This included networking, the sharing of physical space, staff and administrative systems and the possibility of creating central locations with shared-services. It should be noted that such forms of cooperation should be considered distinct from partnerships created solely for the purposes of meeting funding requirements, as both agencies and funders stressed the importance of creating *meaningful* relationships. Similarly, participants discussed the importance of expanding ties with the private sector to the mutual benefit of both parties.

While partnership was seen as creating organizational effectiveness, funders placed significant emphasis on the need to expand collaborative efforts to reduce duplication of services and strengthen the overall health of the sector. Similarly, both sets of participants were mindful of the need for funders to work in greater collaboration. For agencies, this included exploring opportunities to maximize total funding dollars.

### **Challenges Faced by Funders**

Although a great deal of research has been completed on the challenges faced by nonprofit and voluntary organizations, there exists a noticeable knowledge gap on the issues experienced by funders. Thus, the dialogues asked funders to describe some of the challenges they face in achieving their mandates and objectives.

### **Changes in Governments & Priorities**

Funders expressed frustration over inconsistencies and uncertainties created by routine shifts in governments and governmental priorities. This included an inability to make long term commitments and a lack of continuity amongst funding programs, portfolios and mandates. In some cases, participants felt a sense of disconnect with the community as priorities were seen to be dictated by government agendas as opposed to local needs. Adding to these challenges was a lack of connectedness within governmental departments and between levels of government, resulting in a collectively disjointed approach to funding and lack of awareness of the overall funding structure. Compounding these challenges were variations in policies and procedures amongst local or regional divisions within the same program/ portfolio.

### **Accountability Expectations**

Similar to nonprofit and voluntary organizations, funders expressed difficulties created by onerous accountability expectations. In some cases, voluminous paperwork or vast geographical responsibilities resulted in limitations to developing an intimate understanding of one's catchment area and funded organizations. In order to satisfy their rigid accountabilities, funders felt undue expectations were ultimately transferred onto the community. For some, increases in accountability were seen as being directly related to heightened efforts to enhance accountability in government structures.

### **Limited Autonomy**

Given the centralized policy structures of many funding organizations (most notably government funders), participants described an inability to impact decision making at a local level. Thus, while funders expressed understanding and empathy around the circumstances faced by agencies, a lack of policy making capacity limited their ability to respond. It was suggested that agency frustrations would be more fruitfully directed at central structures and those in a position to better influence change.

### **Lack of Capacity to Meet Needs**

Irrespective of the type of funder, participants in the funder dialogues clearly indicated their overall lack of financial capacity to meet the community's need for financial resources. As with nonprofit and voluntary organizations, the resources of funders are stretched to their limit.

### **Internal Capacity**

In addition to their limited capacity to allocate funds, funders highlighted some of the same organizational restraints as nonprofit and voluntary organizations. In particular, these comprised an inadequate human resource compliment and lack of administrative/operational capacity.

### **Moving Forward Together**

Regardless of one's role within the nonprofit and voluntary sector, there exists a common goal of improving the quality of life in our communities. However, the separate responsibilities of agencies and funders can create different perspectives on how this common goal is best achieved. To develop a greater understanding around where some of these differing perspectives can be bridged, the Roundtable asked agencies and funders about accountability and evaluation expectations, best practices in developing

the agency/ funder relationship and how best to move the relationship forward in its collective sense.

### **Evaluation & Accountability Expectations**

With the emergence of reports such as *Funding Matters*, much attention has been paid to challenges faced by agencies in meeting evaluation and accountability expectations. While the community dialogues confirmed these challenges, it was also identified that funders face many of the same issues. Thus, it was not surprising to learn both streams of participants shared similar perspectives on establishing mutually agreeable accountability and evaluation requirements, including:

- Flexibility e.g. depending on the type of fund, size of agency, etc.
- The need to speak a common language e.g. asking similar questions
- Simplification of requirements (bottom-line accountabilities)
- A recognition that evaluation requires financial resources
- The importance of feedback mechanisms between agencies and funders

### **Existing Best Practices in Developing the Relationship**

When asked what has contributed to positive working relationships, agencies and funders stressed the importance of on-going communication. In particular, funders valued being invited to agencies and agency functions, opportunities for routine communication and the creation of a mutual understanding. Agency representatives indicated being clear, keeping funders informed and involved, educating around need and taking time to build the relationship as key practices.

### **Moving the Relationship Forward:**

When asked how greater overall collaboration between agencies and funders would benefit the sector, both felt opportunities for awareness and communication would be created. Funder participants added the issues of the sector are clear and it is time to move forward on addressing the challenges. In doing so, agencies stressed the need to avoid the creation of bureaucratic structures and to overcome caveats of agency-to-agency competition. Funders highlighted the importance of setting realistic expectations, cooperating (not finger pointing), finding the time and resources to facilitate the relationship. However, funders reinforced the need to advocate to appropriate levels of governments and/or decision makers in order to impact systemic change.

## Developing a Made-in-Halton Approach: Community Forum 2006

On Thursday June 15<sup>th</sup>, 2006, the Roundtable will be hosting a Community Forum at Le Dome Banquet Hall, 1173 North Service Road East, Oakville, from 9 a.m. to 2 p.m. (registration begins at 8:30 a.m.). This forum is an opportunity for agencies, volunteers, funders, elected officials, service consumers and the broader community to develop strategies that will support the forthcoming recommendations of the Roundtable and strengthen Halton's nonprofit and voluntary sector. The Roundtable encourages your participation in this important process. To reserve your space(s), please

contact Lori Kirkwood at 905-825-6000, extension 7058, or toll-free at 1-866-442-5866; by email [lori.kirkwood@halton.ca](mailto:lori.kirkwood@halton.ca). Alternatively, you can register online at [www.halton.ca/VolunteerRoundtable](http://www.halton.ca/VolunteerRoundtable)



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