

A Recovery-Free Zone:

The Halton Bulletin

November 2010



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November 2010

Produced by Community Development Halton

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As members of the SPNO research team, Community Development Halton staff had the pleasure of working with our sister social planning councils from across Ontario on a province-wide survey assessing the impact of the economic downturn on nonprofit community social services. The Halton Bulletin presents the local results based on this research project.

The provincial report, **A Recovery-free Zone: The Unyielding Impact of the Economic Downturn on Nonprofit Community Social Services in Ontario**, is available at www.spno.ca

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A Recovery-Free Zone: The Halton Bulletin

The Halton Bulletin presents local results from A Recovery-Free Zone, a one-year province-wide follow-up survey conducted by the Social Planning Network of Ontario (SPNO) on the impact of the economic downturn on nonprofit community social service agencies in Ontario.

Survey Basics

A research team of the SPNO, including staff from Community Development Halton, conducted a second survey aimed at documenting how Ontario's nonprofit community social services are faring in the current economic climate. The 2010 research was expanded to include a survey of non-governmental funders and foundations. The Halton story was compiled by Community Development Halton.

The agency survey focused on changes in service demands, changes in revenue, and organizational responses to service demands and funding realities.

The foundation survey focused on revenue and granting allocation levels, requests for funding, changes in revenue levels, responses to changes in revenue and future planning directions.

For both surveys, the responses were collected in April 2010.

The Halton Story – A Summary

Thirty four Halton agencies took part in the 2010 follow-up survey. In summary, the following observations can be made about Halton.

Demand Rising

- 54.5% of agencies reported an increase in service demand over the past 12 months
- 69% of those agencies reporting an increase in service demand attributed the increase, primarily or in part, to the economy
- 65.6% of agencies are experiencing a greater demand now than before the economic downturn began in September 2008

Agencies Unable to Meet Demand

- Among the agencies that identified up to two key program areas that had experienced increases in demand: **100%** faced an increase in the number of clients seeking services, **56%** provided more crisis management and had less time for preventative programming, and **64%** reported an increase in complexity of client needs
- Almost half of agencies were unable to respond to the increased demand for service despite taking actions to meet the demand – supporting more people with the same

staff, increasing volunteer hours, fundraising more private dollars, expanding program staff time and service hours, and increasing overtime hours

Funding Cuts for Critical Programs

- 31.6% of agencies experienced funding cuts in 2010 compared to 26.3% of organizations that reported a funding increase
- Reductions from United Way (46.6% of agencies affected), foundations (42.9%), private donors (30%) and self-generated revenues like user fees (27.8%) were most common
- One in five agencies reported federal funding cuts and one in eleven experienced provincial funding cuts

Coping Strategies Unsustainable

- A combination of cost-cutting and resource-stretching measures is being used by the agencies as a response to the reduction in revenues such as: increasing fundraising efforts, supporting more people with same staff, increasing unpaid management overtime, applying for funding from another source, laying off staff, using reserve funds, and increasing volunteer hours

Gloomy Outlook

- Agencies are not optimistic in regards to their funding situation for 2011: 20% of agencies anticipate further cuts from funding bodies in 2011 compared to 15% of agencies whom expect increases
- While nearly two-thirds of the agencies expect no change in overall revenues in 2011, nearly a third of these organizations experienced a decline in overall revenues in 2010 – and expect no recoup in losses in 2011
- About one third of agencies expect cuts from federal government in 2011
- Almost half of agencies (48.7%) agree or strongly agree that the economic downturn will have a lasting impact on their organizations; 44.9% are not sure and 6.4% disagree or strongly disagree

Communities Continue to Feel the Effects of the Economic Downturn

- 84.7% of agencies agree or strongly agree that the communities that they serve continue to be affected by the economic downturn; 7.7 % are not sure and 7.6% of agencies disagreed with the statement
- 40% of agencies disagreed or strongly disagreed with the statement that the impact of the downturn is lessening on the communities that they serve; one in five agreed or strongly agreed that the impact was lessening, while 40% were not sure
- 29.4% of agencies are seeing more people seeking services who have exhausted their Employment Insurance (EI) benefits and 35.3% reported that they've seen an increase in the number of EI exhaustees who are now applying for Ontario Works

Agency Workers Caught in the Squeeze

- The one-two combo of increased service demands and falling revenues is taking its toll on agency staff in the form of decreased morale, rising stress levels and increased incidence of burnout – none of which serve the needs of struggling communities

RECOMMENDATIONS:

1) Invest in people through a nonprofit employment program and improved access to and benefit levels for EI and social assistance;

2) Don't balance the books on the backs of the most vulnerable – austerity measures to get back in the black are sure to hurt those still reeling from the impact of the downturn

The Halton Story – A Detailed Account

Introduction

In April 2009, Community Development Halton, as a member of a Social Planning Network of Ontario (SPNO) research consortium, conducted a survey to monitor the impact of the economic downturn on Ontario nonprofit community social service agencies. Results were captured in *Hard Hit: Impact of the Economic Downturn on Nonprofit Community Social Services in Ontario* released in October 2009. The report showed that the surveyed organizations were experiencing an increased demand for services while their funding levels were falling.

Community Development Halton (CDH) analyzed Halton agencies participating in the 2009 survey and published several documents on those findings. A presentation to the Health & Social Services Committee at the Regional Municipality of Halton, as well as a Community Dispatch, provided data for all Halton agencies that participated. In a document that focuses attention on Oakville serving agencies, *Economic Recession: Impact on Oakville Serving Agencies*, additional information was collected from eleven United Way of Oakville supported agencies through extensive key informant interviews.

The SPNO's second province-wide study, *A Recovery-free Zone*, presents the results of a follow-up survey conducted in April 2010, one year later, to assess further how nonprofit community service agencies are faring in the current economic climate. The provincial report is available at www.spno.ca The Halton Bulletin presents local results from *A Recovery-free Zone*.

Background

Ontario's Hard Hit

In the 2009 *Hard Hit* report, we documented the impact of the recession on nonprofit community social service agencies in Ontario about nine months into the downturn. Results of a survey of 413 agencies demonstrated the one-two punch that organizations were experiencing – increased demand for services just as funding levels were falling. Most commonly, agencies reported a decline in funding from private donors (affecting 52% of organizations), self-generated revenues such as user fees (39%), and United Ways/foundations (31%). Agencies anticipated cuts from these sources in 2010. Government funding tended to be more stable for organizations. Government cuts at the federal level were most common and affected 12% of organizations. As well, more agencies anticipated growing government cuts from all levels in 2010.

Agencies adopted many coping strategies. Most organizations reported supporting more people with the same staff, increasing fundraising efforts, applying for funding from other sources, increasing volunteer hours, recruiting more volunteers, using agency reserves to cover program costs, and making cuts to professional development. Almost one in five agencies laid off staff and nearly one in ten reduced full-time positions to part-time.

Despite the efforts of organizations to address the need in communities hard hit by the recession, half of agencies that had experienced an increase in demand were unable to respond to that demand.

As noted in the 2009 report, Ontario's nonprofit community social service sector has been under stress long before the Great Recession. Decades of government underfunding and cutbacks have left agencies under-resourced and overextended at the best of economic times. The economic crisis exacerbated an already difficult situation. Many agencies reported that the sector's coping strategies are unsustainable. The results from this report indicate that many agencies are no longer capable of maintaining these coping strategies.

“Over the past fifteen years, Ontario’s nonprofit community service sector has increasingly found itself under stress, operating in a perpetual crisis environment, and stretching financial and human resources tight to meet community needs.

During the best of economic times, governments failed to take action to put the sector on an even keel. Long-standing problems were left to fester and no actions were taken to prepare for the impact of future economic downturns – rainy days that were sure to come.

And then the recession hit.”

- Social Planning Network of Ontario – Hard Hit

In addition, the inadequacy of public policy to deliver the basics of income security, food and housing were shaping the crisis on the ground. Holes in the social safety net increased the vulnerability and heightened the stress and anxiety experienced by community members caught in the downturn, adding to the crisis response role of agency staff. In addition to job loss and reduction of hours, agency staff experienced increases in workload, and no doubt, work stress.

Similar Stories across Communities

The experience of Ontario's nonprofit community social service agencies in the wake of the recession is not unique. Over the past two years, researchers, in and outside of Canada, have studied the impact of the economic downturn on the nonprofit sector. While the details and magnitude of the issues vary, the story is largely the same. Residents hit by the recession are turning, in greater numbers and with increasingly complex issues, to service

providers for help. At the same time, agencies have less funding to pay for needed programs and services. There is increased competition for available funding, and the pots of available funding are smaller.

Governments facing sizeable deficits are looking for ways to balance budgets. They have little appetite for making new investments in social programs. Non-governmental funders are grappling with declining individual and corporate donations, and decreases in the value of their endowment funds affected by rocky markets. In some instances, individuals who once donated to nonprofit organizations are now seeking their assistance. In response to the squeeze, nonprofit organizations are expanding their fundraising efforts, stretching their staff further, and increasing their reliance on volunteers to try to meet community needs, while cutting back to address funding shortfalls.

Research conducted across Canada tells the tale of a diminished capacity within the sector to respond to growing, increasingly complex and urgent needs in communities. In a survey of 100 nonprofit organizations receiving funding from the Ontario Trillium Foundation, about one-third of grantees had already been affected by the downturn by January 2009 (Ontario Trillium Foundation, 2009). Agencies cited declines in self-generated revenues such as ticket sales for events and increased demand for service in areas such as food banks, credit counselling, mental health counselling, and employment services. Whether social service agency, arts group, environmental organization, or sporting outfit, everyone feared things would get worse before they got better.

In a survey of Alberta nonprofits and charities conducted in February 2009, decreases in revenues from 2007 to 2008 were common for earned income (28.2%) and corporate donations and sponsorships (28.8%) (Calgary Chamber of Voluntary Organizations, 2009a), with many organizations expecting cash donations to fall in 2009. At the same time, 56% of organizations experienced an increased demand for programs and services since September 2008. This rising demand was most common among social service providers.

A follow-up to the Alberta study was conducted in October 2009 which found more than 60% of agencies reported an increase in service demands and operating costs, while the sector experienced continued erosion from all revenue streams (Calgary Chamber of Voluntary Organizations, 2009b). Researchers anticipated the worst was yet to come.

“The real force of the economic recession will hit the voluntary sector in 2010. Charities and nonprofits will be grappling with deepening challenges at the same time as other parts of the economy are recovering.”

- Calgary Chamber of Voluntary Organizations, *Stretched to the Limit*

In a report on nonprofit community social service agencies serving Oakville, Ontario, Community Development Halton, highlighted local findings from the *Hard Hit* report while incorporating results from a series of key informant interviews with sector leaders (Community Development Halton, 2010). Beyond the demand and funding issues, this study raised questions about vulnerable community members that fall through the cracks when agencies are not adequately resourced to meet the need.

“This is mission impossible. Year after year dealing with the most vulnerable with chronically inadequate resources. Now the recession!”

– participant from Community Development Halton study –
Economic Recession: Impact on Oakville Serving Agencies

According to a June 2009 study of Calgary area service users and human service providers, 80% of organizations experienced an increase in demand for services during the six month period leading up to the study, with 66% indicating that they had increased their waiting lists and 60% that had referred community members to other service providers (United Way of Calgary and Area, 2009). Increased complexity of issues was another common theme.

“For many of the people attempting to access services, the complexity continues as they encounter increased wait times, overburdened staff, and agencies stretched beyond capacity. Many people are finding that they have to approach several agencies before they find one with the capacity, skills, expertise or mandate to help them.”

– United Way of Calgary and Area – *The Resiliency Report*

In an Ottawa study conducted between June and September 2009, social service agencies reported a sharp increase in demand for their programs and services. The greatest increase in demand was among children and youth, new Canadians and immigrants, people with mental health issues, and women (United Way Ottawa, Ottawa Chamber of Volunteer Organizations, Volunteer Ottawa and 211 Ottawa, 2009). When asked whether their funding for the 2009/2010 fiscal year was secure, slightly more than one-third of agencies were uncertain. Thirty-five percent of organizations reported that 50% or less of their funding was secure for the current fiscal year.

A survey of British Columbia nonprofits and charities conducted in September 2009 reported similar findings of increasing demand, declining revenue and future uncertainty (Vancouver Foundation, 2009). Participating agencies included social services, arts and culture, education, health, environment, animal welfare, sports and recreation, and other sectors. More than half reported a decrease in revenue in their current fiscal year, with an average decline of 19%. Social services and health organizations were particularly affected

by increased demand for services. Most agencies anticipated funding cuts in 2010, with some organizations expecting substantial increases in demand as well.

Dozens of studies from across the United States, Australia and the UK echo the themes of the Canadian research (see references). The consequences of the recession on nonprofits and the communities that they serve are clear. Working with diminished resources, agencies and their staff are struggling to meet the needs of vulnerable communities in uncertain times.

The Latest Word

Imagine Canada's *Sector Monitor* is the most recent Canadian study to look at the impact of the economic climate on the charitable and nonprofit sector. Conducted from November 2009 to January 2010, this survey of more than 1,500 leaders from registered charities across Canada found that the nonprofit recession is far from over. Almost half of organizations report having difficulty fulfilling their mission, and more than one in five report that their existence is at risk because of the economic downturn.

The majority of agencies expect to have difficulty covering their expenses in the future: one in ten in the next month or next quarter, nearly one in five anticipating difficulties later in 2010, and more than one in five expecting trouble in 2011. A total of 39% used reserve funds in response to the economic downturn. Almost half of the agencies expect demand for their products or services to increase in the next three to four months. Despite the grim news, charity leaders remain optimistic about the future with 44% expecting to be in a better position to carry out their organization's mission in the next 12 months. All the same, the current state of the sector is far from rosy.

Responding to the Squeeze

Agencies across studies identified a similar roster of coping strategies to address soaring demands, falling revenues and rising costs – increase fundraising efforts, stretch staffing and resources, increase reliance on volunteers and cutback on staffing costs and resources. Agencies also reported using reserves to pay for operations. Partnering and collaboration within the sector was also a common theme. In some cases, agencies joined together in an official merger. Research also highlighted the innovation of the sector to respond to economic challenges, and the resilience of both organizations and the communities that they serve to weather the storm.

While innovation and collaboration, cost and space sharing, and general 'thinking outside of the box' are fine ideas, none takes the place of adequate funding for the sector. Imagine Canada's research underscores the importance of government funding to nonprofits. Among the 19% of charities that experienced government cuts in the past year, just over half identified this decrease as having the most impact on their overall revenue compared to

cuts from other sources (Imagine Canada, 2010). This may be due to the size of government funding and cutbacks relative to the organization's total budget, and/or the importance of the services delivered through government dollars.

In the recommendations of the 2009 *Hard Hit* report, we recognized the important role of senior levels of government in promoting the stability of the nonprofit community social service sector and facilitating its capacity to respond to urgent community needs. The Ontario government launched a process to recognize and support this vital role.

In April 2010, the Ontario government made an announcement that it would forge a new relationship with the nonprofit sector (Province of Ontario, 22, April 2010). Over the coming months, the Province will be developing a long-term strategic action plan for its partnership with the sector. Led by Ontario Citizenship and Immigration Minister Dr. Eric Hoskins and Ontario Trillium Foundation Chair Helen Burstyn, this initiative is intended to engage the nonprofit, public and private sectors in discussions about how to make government more responsive to the needs of nonprofit and voluntary organizations. A white paper, including a review of the structural and legislative framework in which the sector operates, options to better coordinate the government's approach to the sector, and models of government-not-for-profit partnerships from other jurisdictions, is expected in the Winter of 2010.

This new initiative is a welcome opportunity to reshape the role of provincial government in the nonprofit community social service sector, as well as, the broader nonprofit sector. Long-time structural and more recent recession-induced challenges of the nonprofit sector underscore the need for immediate and effective action.

Non-Governmental Funders Struggle with Tough Economic Times

Non-governmental funding bodies, such as United Ways, community foundations and other independent grant-making organizations, have an important role to play in the operation of nonprofit agencies. Small nonprofits with little or no governmental funding are especially affected by reduced funding from local funding bodies.

Media reports have highlighted the challenges faced by non-governmental funders during the economic downturn. The value of foundation endowment funds has decreased with rocky stock markets. Individual and corporate donations have fallen. Middle class donors affected by job loss and uncertainty, and high income and corporate donors hit by losses in the stock market have cut back on charitable giving. The most recent figures from Statistics Canada show charitable giving in Canada down by 5.3% in 2008, and at its lowest level since 2005 (CBC News, 16, November 2009). In Ontario, the decline was greater at 7.9% compared to 2007 figures.

Community foundations have felt the effects of declining revenues. According to a survey of 170 Canadian community foundations conducted by the Community Foundations of Canada, granting levels, while still substantial, fell from \$165 million in 2008 to \$140 million in 2009 (Community Foundations of Canada, 2010). In some cases, community foundations suspended funding entirely. As well, media reports show the challenges that United Ways have faced in reaching their fundraising targets in recent years. For example, United Way Toronto fell short of its 2008 fundraising target by \$2.5 million – an unfortunate first in 18 years (Ferenc, 22, January 2009), although it rebounded in the 2009 campaign.

Ten funders and grant-makers took part in the Ottawa study on the impact of the economic downturn on social service agencies (United Way Ottawa, Ottawa Chamber of Volunteer Organizations, Volunteer Ottawa and 211 Ottawa, 2009). Results show that requests to funders from both supported and new agencies between 2008 and 2009 increased by about two-thirds. Funders reported an inability to meet these rising needs, and spoke about their own need for more support. While funding from government sources remained relatively stable, funders reported declines in revenue from corporate giving, individual donations and investment portfolios.

In a survey of 284 Canadian foundations, Imagine Canada's *Sector Monitor* reported that just over one-third of foundations experienced a decrease in revenues from sources such as investment income, corporate sponsorships, donations and grants, and individual donations (Imagine Canada, 2010). In response to economic conditions, 41% of foundations cut the total value of grants made and 44% cut the number of grants made. A total of 17% of foundations stopped accepting new grant requests in response to economic conditions, and 7% suspended grant-making. Despite tough times, nearly two-thirds of foundation leaders remain optimistic that their organizations will be in a stronger position to fulfill their mission in one year. How this is likely to affect grant-making levels in the future is unclear.

The nonprofit sector's struggles with the ongoing economic downturn are clear across Canada, in the United States, and beyond. In the following section, we present results from a one-year follow-up to the 2009 *Hard Hit* survey of nonprofit community social service agencies in Ontario and Halton. The follow-up study was conducted to assess the impact of the current economic climate on the sector. The intention is to track the changes that are happening in Ontario. For the 2010 study, we expand the focus to include non-governmental funders in order to capture a wider view of the funding situation for Ontario nonprofit organizations.

Halton Findings

Thirty-four Halton agencies took part in the survey.

Areas of Service

Participating agencies were similar to the 2009 survey with regard to area of service and groups and communities served. While 34 Halton agencies responded to the survey, these agencies worked in multiple program areas (Figure 1) and with various groups (Figure 2)

Figure 1. Survey Respondents by Area of Service

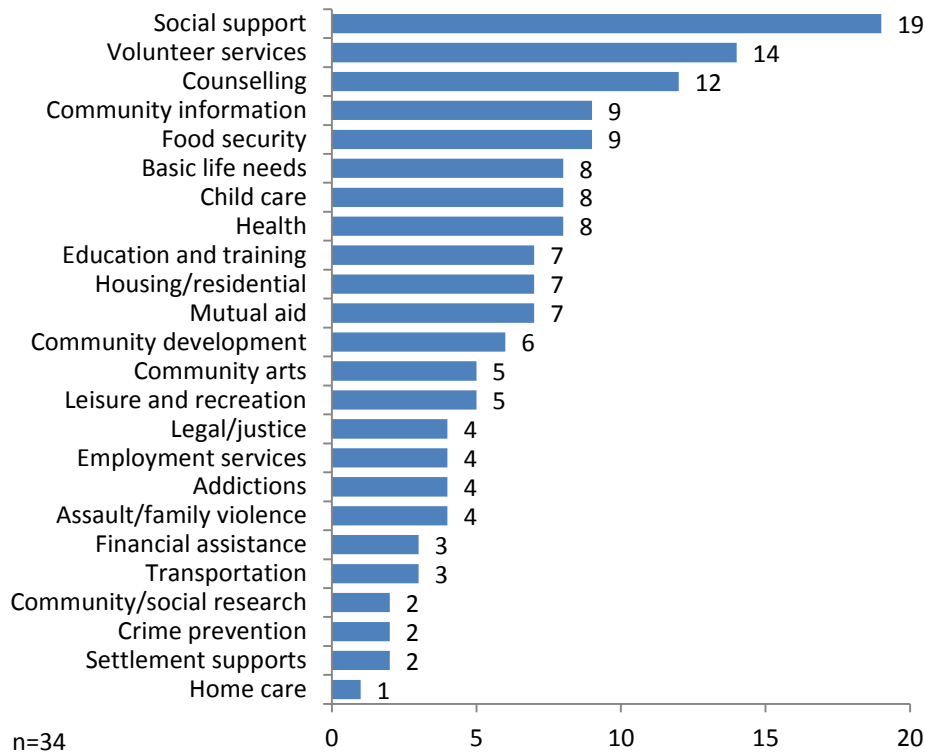
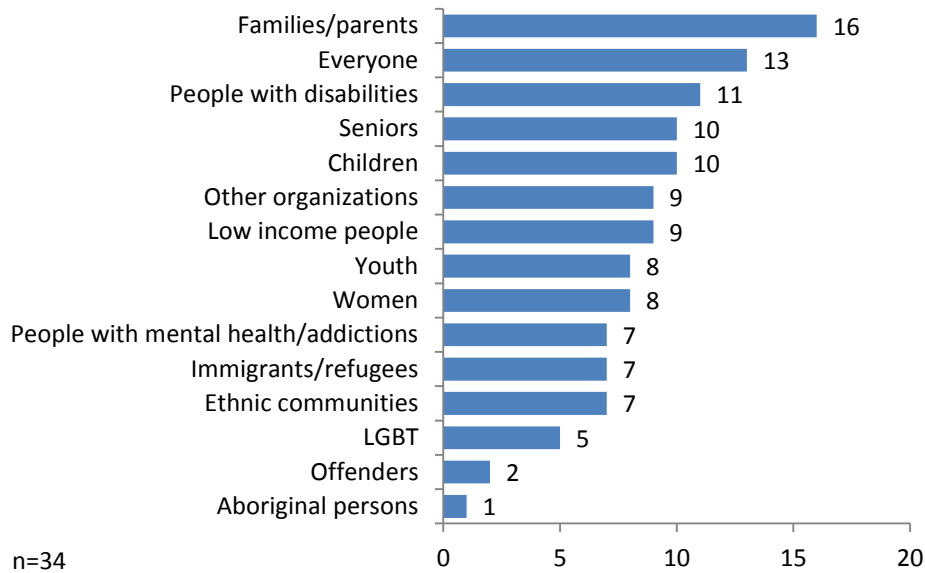
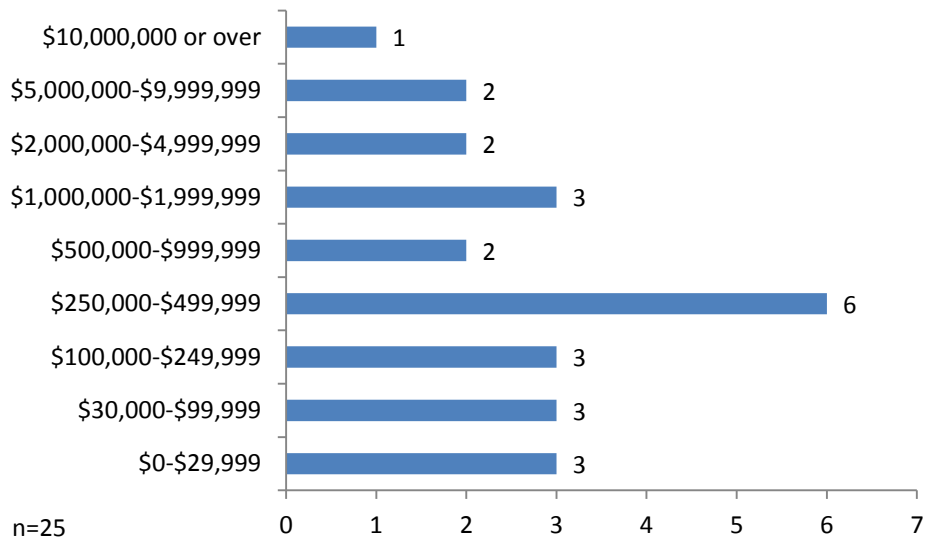


Figure 2. Groups and Communities Served



As shown in Figure 3, a range of organizations took part in the study with respect to annual revenues. Small agencies with staff are likely underrepresented in the survey.

Figure 3. Total Budgeted Revenue



Effects of the Recession

Responses to what effect the recession had on organizations brought a variety of reactions. While about 8% of the responding agencies indicated that there was not any effect, many described a variety of impacts the recession had on their organizations and the populations

they serve. Several common impacts included funding challenges, change in client base and human resources. Captured below are some of the effects as experienced by Halton agencies.

“Our numbers have tripled and with a very new Board of Directors, we are challenged to keep up with the need. Also, staff are working extra hours (10 a week) for which they are not compensated.”

“Decreased operational funds from major donors and increased demand for services.”

“Unemployment has increased in our area and we were concerned that a consequence would be increased client numbers and a reduced donation base. The anticipated result would be reduced ability to service more clients.”

“Lack of funding to support staff increases. Loss of staff due to our salary scale. More clients than our capacity. Longer wait lists.”

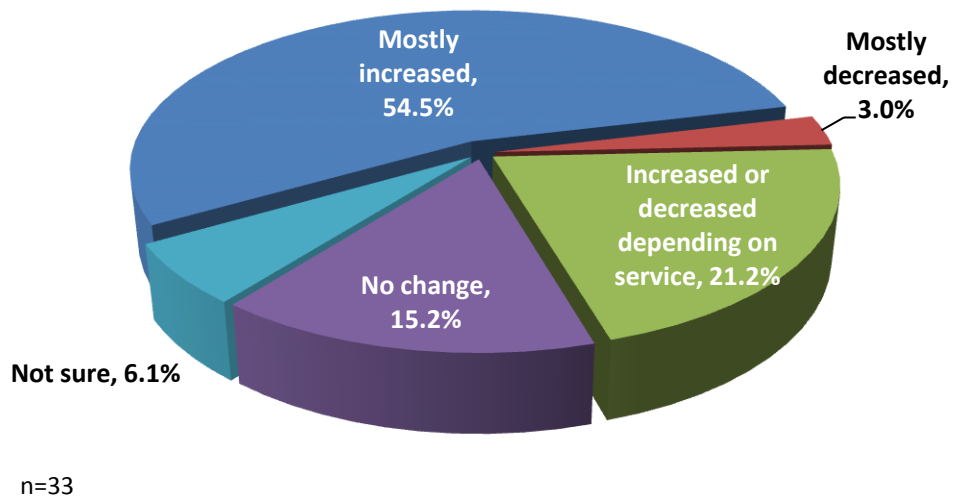
“Have had to cut staff several times.”

Halton Agencies

Changes in Service Demands

Organizations were asked how service demands have changed, if at all, over the past 12 months. As shown in Figure 4, more than half of Halton’s agencies reported that they experienced an increase in service demands. Among agencies that reported mostly an increase in service demand over the past 12 months, 87.9% considered the economy, primarily or in part, as the reason for increased demands.

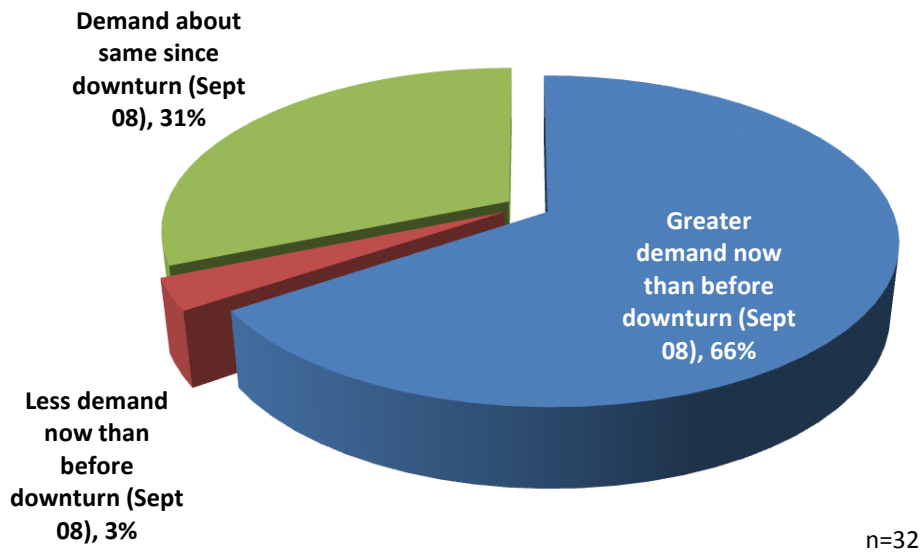
Figure 4. Change in Service Demands Over the Past 12 months



When provided with the opportunity to elaborate further on the reasons for the increase in service demand over the past 12 months, nearly 40% of the responding agencies mentioned growth in the Halton community as a factor. As one organization stated, “We live in a high growth area, and our funding is not tied to population growth, so we fall further and further behind every year.” Other organizations also mentioned that increased awareness of services, especially in difficult times, had created an increase in demand for services.

Agencies were also invited to report on the change in service demands over time. As shown in Figure 5, about 3 out of 5 agencies are experiencing an increased demand for services now compared to the pre-recession period prior to September 2008.

Figure 5. Change in Service Demand Over Time



Respondents were also asked to identify if there were changes in the number of people seeking services because they had exhausted their Employment Insurance (EI) benefits or changes in the number of people who were applying for Ontario Works because they had exhausted their EI benefits. Among the 34 Halton agencies reporting on these issues, 30% stated that they've seen an increase in the number of clients accessing services because their EI benefits had expired. As well, 35% were seeing more EI exhaustees who were applying for Ontario Works.

Agencies were invited to report on up to two key program areas that had experienced increases in demand over the past 12 months. Out of the 25 organizations that responded:

- all of the agencies experienced an increase in the number of clients seeking services
- 56% provided more crisis management and had less time for preventative programming
- 64% reported an increased complexity of client needs

In an open-ended question, agencies were requested to describe how their organization has been affected, if at all, by the economic downturn since 2008. The qualitative responses we gathered portrayed not only the increased demand agencies are experiencing but also the demand to support a growing number of people with complex needs. All of which are taking a toll on the well-being of community members.

“More and more people are reaching out, and more and more are feeling isolated.”

“We are seeing more clients with more serious difficulties.”

“There are less children with special needs accessing the day cares and nursery schools in Halton due to one or both parents losing their jobs.”

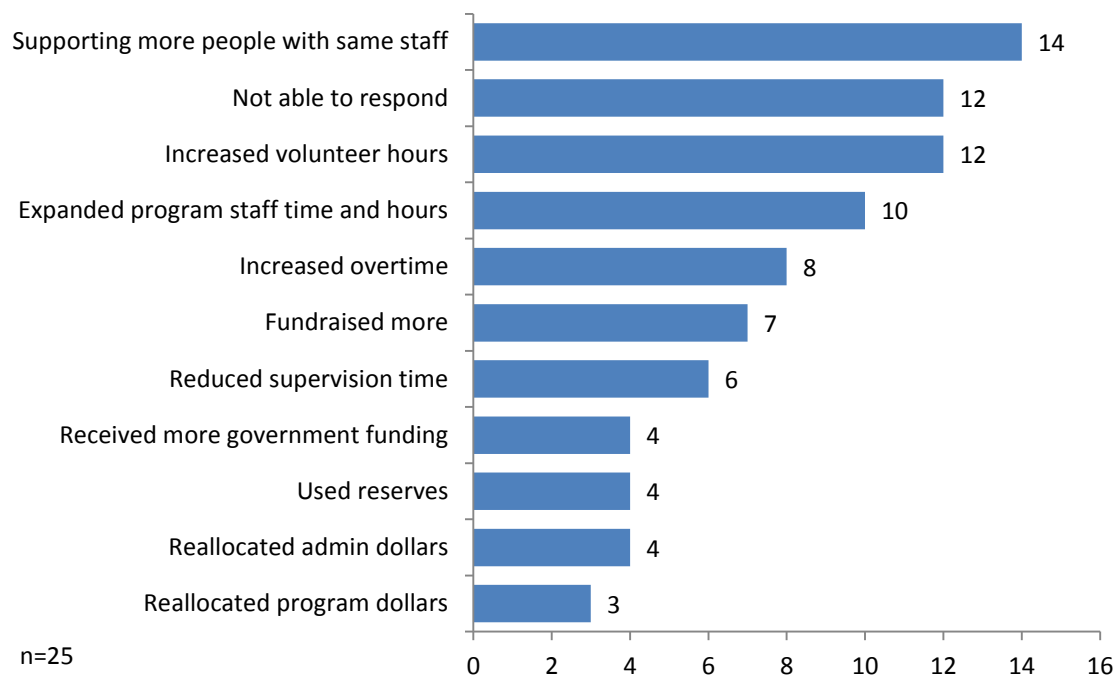
“Those living with diabetes cannot afford their life sustaining medications.”

“Clients are more stressed, frustrated, angry and depressed. Clients are experiencing more challenges coping with financial strain.”

Halton agencies

As shown in Figure 6, organizations are stretching resources to try to meet the increased demand for services. The agencies employed multiple strategies.

Figure 6. Agency Actions to Increased Service Demand in Key Program or Service Areas



Financial Impact

A total of 36% of agencies posted a surplus in 2009 compared to 38.1% in 2008. The percentage of agencies in deficit remained about the same at 20% in 2009 compared to 19% in 2008. More agencies reported breaking even in 2009 at 44% compared to 42.9% in 2008.

When asked to identify the actual changes in their organization's annual budget in 2010 compared with the previous fiscal year, nearly half (42.1%) of agencies responded that they didn't experience a change at all. So while demand for services has increased for many organizations, there has not been an increase in funding. 31.6% of the agencies experienced funding cuts and 26.3% of organizations reported an increase in funding.

Respondents were also invited to report on the expected changes in funding for 2011. Many of Halton's nonprofit community agencies do not anticipate that things will look better in 2011. A total of 20% of agencies anticipate further declines in revenues in the next year compared with 15% of agencies that expect increases. The other 65% of agencies anticipate that funding revenues will remain the same as they were in 2010. Three out of four agencies anticipating a further reduction in revenue had already experienced funding cuts in 2010. This places further strain on available resources and exasperates the already strained ability of agencies to deliver programs and services.

In 2010, organizations experienced declines in revenue from:

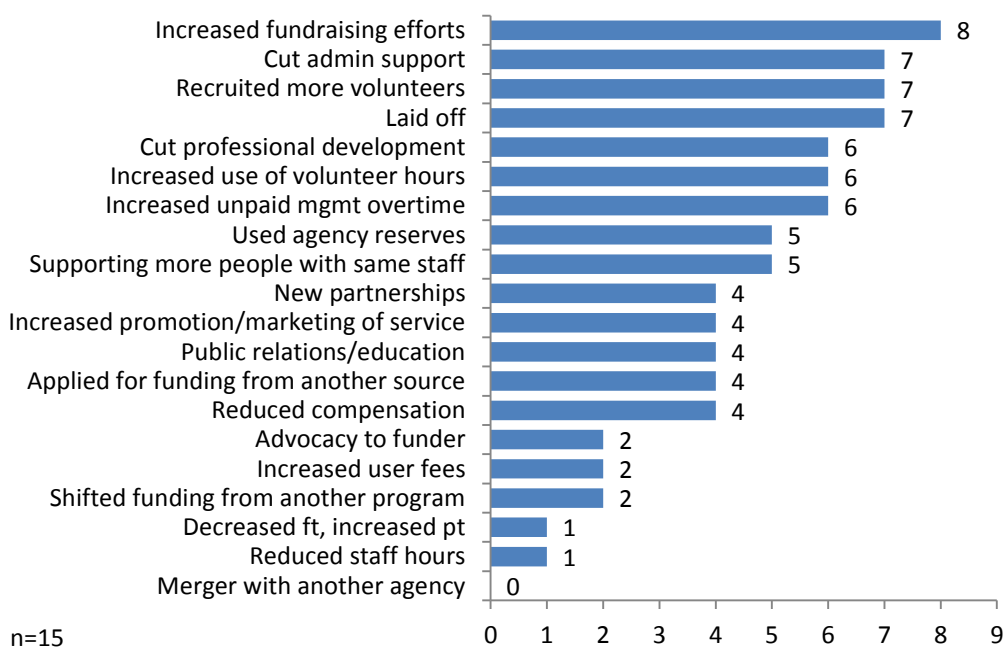
- Federal government: 20% of agencies
- Provincial government: 9.1%
- Local government: 0%
- United Way: 46.6%
- Foundations: 42.9%
- Private donors: 30%
- Self-generated revenues (e.g. user fees): 27.8%

In comparison, agencies anticipate funding cuts from the following in 2011:

- Federal government: 33.3% of agencies
- Provincial government: 0%
- Local government: 16.7%
- United Way: 46.2%
- Foundations: 25%
- Private donors: 17.7%
- Self-generated revenues: 20%

As shown in Figure 7, agencies have responded to funding cuts in a variety of ways. Many organizations increased their fundraising efforts and supported more clients with the same staff. Among the other common actions taken were cost efficiency measures such as increase in unpaid overtime for management, increased applications to various sources of funding, laying off staff and using agency reserves. Many agencies suggest that these coping strategies are unsustainable due to the real costs incurred by staff and the real human resources and costs associated with programs and services.

Figure 7. Agencies Response to Funding Cuts



“We had 4 contract staff and one full time Executive director, NONE ARE EMPLOYED NOW!!”

“The impact is so great, and we are unable to measure. There are no services, no staff, even to supervise volunteers, and no government support. People are trying to find services elsewhere, and then those agencies are trying to have us assist them, with only volunteers. There are many gaps in our delivery.”

Halton agencies

Based on organizational annual revenue levels, three out of the six agencies that experienced a decrease in overall revenues in 2010 had a total budgeted revenue below \$1,000,000. Three out of the five agencies experiencing an overall increase in revenues had budgets in excess of \$1,000,000.

Agencies were also asked to state their agreement or disagreement with statements regarding the impact of the economic downturn. The results are as follows:

- 89.9% agreed or strongly agreed that communities that they serve continue to be affected by the economic downturn

- Only 21% agreed or strongly agreed that the impact of the downturn is lessening for the communities that they serve
- 48.7% agreed or strongly agreed that the downturn will have a lasting impact on their organization, with many others uncertain about the future

A View from the Funders

Three Halton-based non-governmental funders responded to the survey. Two out of three reported an increased level of revenue available for granting purposes in 2010 compared to the pre-recession period. One funder indicated that it was the same. One out of three funders stated that the economic downturn hurt their fundraising efforts somewhat, with the one stating it helped their fundraising efforts somewhat and the other stating it had no impact. Two funders reported that the number of requests for funding had increased since 2008. One out of three funders identified actions taken in response to revenue shortfalls including eliminating or suspending funding programs, delaying funding decisions, reducing the total funding amount allocated to grantees, and reducing the number as well as the dollar value of individual grants awarded.

Halton vs. the Rest of Ontario

Halton agencies are confronted with the same issues as other nonprofit community social service agencies across the province. While the service demands are still higher than pre-recession levels, many organizations are forced to survive on less funding than previous years and must resort to various cost-cutting and resource-stretching strategies to adapt to the unstable economic climate.

Recommendations

The responses received from the 2010 survey indicate that the effects of the economic downturn are still having a strong impact on Halton residents and nonprofit community social service providers that support them. As a result, we offer the following recommendations to shore up the capacity of the sector to respond to urgent community needs and to support residents that continue to feel the effects of the downturn.

At the Halton community level

1. Look at how the work of the Chairman's Roundtable on the Nonprofit and Voluntary Sector may be continued in order to build the capacity of the sector
2. Funders enter into a dialogue with the agency community on issues of mutual interest – that is, the strengthening of the social infrastructure

At the provincial level:

1) Invest in People: We reiterate our 2009 recommendation to extend stimulus funding for a nonprofit employment program that would provide work for some of the 647,000 unemployed Ontarians (as of May 2010, up from 457,000 in September 2008) while delivering urgently needed social and employment support services to community members battered by the downturn across the province. The program has the benefit of reducing unemployment, delivering vital services for those hardest hit, stimulating local economies, increasing revenues for the Province, and bringing new hope to communities where green shoots of recovery have, as yet, failed to germinate.

Similarly, we echo our 2009 recommendations to improve access and benefits to the federal EI program and the provincial Ontario Works program. Improving access and benefits to EI and Ontario Works, as well as, extending EI coverage periods, is essential to struggling communities across Ontario, and will lessen the number of people in crisis that nonprofit community social service providers are currently scrambling to support.

2) Don't Balance the Books on the Backs of the Most Vulnerable: As governments focus their attention on tackling record deficits resulting from this historic global recession, we are deeply concerned that austerity measures will be put in place in the name of debt- and deficit-reduction, that will in turn, deeply harm residents still reeling from the impacts of the economic downturn – and may in fact, bring about further economic decline as an unintended consequence.

The record of past governments responding to debt and deficit does not bode well for marginalized communities. It is particularly concerning that growing numbers of nonprofit community social service agencies are anticipating federal and provincial cuts in 2011. Moving forward, we urge governments to safeguard our social programs, and public and

community services that deliver for vulnerable and marginalized communities. These services are essential during tough economic times.

Don't make a bad situation worse with harmful austerity measures. Now is the time for real political leadership. Let's invest in people and the social infrastructure that supports local communities in good times and bad.

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