



DECENT WORK IN THE NON-PROFIT COMMUNITY SERVICES SECTOR IN ONTARIO

Introduction

In the fall, Peter Clutterbuck and I delegated to the Changing Workplace Review that is to report in 2016 on the adequacy of existing labour standards in the Province of Ontario. Our effort was to place the issues of decent work in the non-profit community based sector on the public agenda. While the Advisors asserted the legal imperative of recognizing the role of work from a human and civil rights perspective, we argued that there was also a basic moral imperative to affirm the personal, social and cultural significance of work in the daily lives of Canadians. I share this analysis of the growing nature of precarious employment in the non-profit sector and its implications for workplaces and those served. It contributes to our understanding of the challenges faced by this sector.

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Community Sector Employment

More than one-quarter of all non-profit organizations in Canada are located in Ontario and they employ almost one million Ontarians (956,678), which was one in six of all employed Ontarians in 2003, the last time a comprehensive voluntary sector survey was conducted (Scott et al., 2006).

These numbers are significant not only for an indication of their social impact on people using community services, but also for their contribution to the Canadian economy. Employment levels are one measure of a sector's

contribution to Gross Domestic Product (GDP). The non-profit sector as a whole is made up of "institutional" organizations (hospitals and universities) and the "core non-profit sector" consisting of community-based organizations. The "core non-profit" sector alone in Canada contributed more than \$35.6 billion to the national GDP in 2006, which was higher than the Accommodations and Food Services industry (\$29.6 billion), Agriculture (\$13.6 billion) and Motor Vehicle Manufacturing (\$5.9 billion) (ONN, 2014; Statistics Canada, 2007).

Community social services are a very large sub-sector of the core non-profit sector. The community services sub-sector is highly diverse including small, medium and large service organizations providing critical support to a variety of community needs including children, youth and families, seniors, persons with physical and developmental disabilities and persons with serious mental health problems, homeless and inadequately housed people, unemployed and low income people, immigrants and refugees, and others.

Non-Standard Employment in the Community Sector

In recent years, research studies have highlighted the growth of non-standard employment and precarious work (Gellatly and Sohn, 2015; PEPSO, 2015; PEPSO, 2013; Stapleton, 2015). Such employment is characterized by low wages, no or few benefits, short-term contracts, job insecurity,

temporary and part-time status in the workforce, and has been called the “new normal” in the modern workforce (PEPSO, 2015, p. 4). While these issues have come to the forefront in the last few years, they have been prevalent in the non-profit community service sector for some time.

Temporary and Part-time Employment

Survey research as early as 1999 comparing the Canadian for-profit and non-profit workplaces showed a rate of temporary versus permanent employment in the non-profit sector (14%) almost double the for-profit sector (8%) (Saunders, 2004, p. 25). The *National Survey of Non-profit and Voluntary Organizations (NSNVO, 2003)* of 13,000 non-profit charitable organizations across Canada reported even higher levels of temporary employment (35%) for the overall non-profit social services sector, which was almost three times the rate (12.5%) for Canadian employers in general (Hall et al., 2005, p. 38).

Similarly, part-time work has been prevalent in the non-profit sector for many years before its more recent rapid growth in general in the Canadian and Ontario economies. The Workers’ Action Centre (WAC) reports that part-time work has grown by 25% since 2000 to reach 19% of all employment in 2015 (Gellatly and Sohn, 2015, p. 6). The national survey comparing for-profit, public and non-profit workplaces in 1999 showed part-time employment in the non-profit sector at 25% compared to 13.4% in the for-profit sector (Saunders, 2004, pp. 25-26).

The latest province-wide survey in Ontario (2013) indicates that the disproportionate weight of part-time employment in the non-profit workforce continues to hold. Fifty-nine per cent (59%) of employment is full-time (53% being full-time permanent with 6% full-time contract work), while 41% is part-time (28% part-time permanent and

13% part-time contract) (McIsaac, Park and Toupin, 2011, p. 15).¹

The Workers’ Action Centre (WAC) has highlighted the rapid growth of temporary employment agencies as one of the main drivers of the growth in precarious employment.

Workers in the non-profit community services sector have not escaped the trend toward use of temporary employment agencies. WAC has documented the stories of workers being placed in jobs as “independent contractors” with multiple community health and social agencies at minimum and low wages and without benefits, subject to only part-time work, on-call duty and short shifts, making less hourly wages than permanent staff doing the same work (Gellatly and Sohn, 2015, pp. 1, 4, 6). The services of temporary employment agencies may allow community service non-profits the labour flexibility to manage tight budgets, but the unfair effects on their workers are just as negative as in for-profit sector employment.

Low Wage Sector

It is commonly acknowledged that the non-profit sector is characterized by low wages and little or no benefits, especially among small non-profit employers (10 or fewer employees) and medium size non-profit employers (11-20 employees). Doubtless, this reflects in part the assumptions that work in the sector is a “labour of love” and compensation is less important than self-fulfillment (Baines et al., 2014, p. 86). There is low public recognition of the societal value of work in the charitable sector even though it contributes significantly to both social well-being and the economy.

Recent research on the quality of employment in the non-profit sector by Baines et al. produced the following conclusion:

¹ Notably, 70% of survey respondents were larger non-profit organizations and one-third were social service organizations.

Because there are very limited detailed surveys of the nonprofit sector it is difficult to get precise information of the wage/salary levels and other working conditions in the NPSS [Non-Profit Social Services]. Our own qualitative investigation, however, reveals that the compensation levels stand considerably below public sector employers and in many cases the most temporary workers receive wages only modestly above minimum wage. Stagnate [sic] wages/salaries in the NPSS due to years of flat lined funding is causing significant financial hardship for

nonprofit employees. (Baines et al., 2014, p. 81)

Local research in Ontario also indicates wage disparities are higher for front-line workers. Clutterbuck and Howarth compared the results of community agency surveys conducted locally across Ontario between 2003 and 2007, showing in the following table wage disparities in most cases for front-line non-profit community service workers compared to average employment earnings for all workers and all full-time, full-year earners in Ontario in 2000 (Clutterbuck and Howarth, 2007, p. 52).

Table 1

Comparison of Median Annual Wages in Community Service Agency Surveys with Annual Average Wages for Employees in Corresponding Communities

Non-profit Community Service Surveys	Median Annual Wages of Community Service Front-line Workers	Average Earnings (All persons, 2000)²	Average Earnings (Full-time, Full-year, 2000)
Halton Region (2007)	\$35,000	\$45,835	\$60,966
City of Ottawa (2005)	\$35,000	\$39,713	\$53,250
Niagara Region (2003)	\$30,000	\$30,750	\$42,126
City of London (2004)	\$30,000	\$32,433	\$44,072
City of Toronto (settlement, 2005)	Less than \$40,000	\$37,833	\$49,540
Ontario (2000)	--	\$35,185	\$47,299

² Statistics Canada reports two average annual earnings figures by region, one is for all person 15 years of age and over working full-time, part-time, or seasonally, which is naturally lower than the average annual earning for all persons working full-time for the full year.

Women far outweigh men in the non-profit sector, especially at the front-line and non-managerial administrative positions. Recent research of the Toronto Census Metropolitan Area (CMA) workforce shows that women make up 47.6% of the overall labour force but 84.4% of the non-profit labour force, which remains a fairly constant pattern between 1996 and 2006 (Zizys, 2011, p.5). Moreover, at the front-line level racialized women are in an even more precarious position in the workforce (Gellatly and Sohn, 2015, p. 13).

Low wage and more precarious employment in the community services sector produce economic hardship for workers but also create negative effects on their personal health and well-being as concluded from a review of a number of studies in both Ontario and other provinces (Clutterbuck and Howarth, 2007, pp. 49, 51-52; Baines et al., 2014, pp. 82-83).

Generally, the non-profit workforce is better educated and skilled in its social relations with clients and community members. Non-profit workers, however, are highly susceptible to recruitment to other sectors. Lack of competitive wages is a primary barrier for non-profit agencies to both recruitment and retention of skilled and qualified staff. Among non-profit agencies responding to a recent Ontario survey, 40% identify “non-competitive wages and salary levels” as the major challenge to staff recruitment and retention in the last three to five years (McIsaac et al., 2013, p. 21-23).

Commenting on the latest overall Ontario non-profit agency survey results, the researchers conclude:

Across sectors, there is a sense of decline in employment stability. In the non-profit sector, particularly that part of the sector that relies heavily on public sector funding, this is experienced as a result of increasing fiscal pressure of governments and the resulting move away from core funding to project-based funding. This reality shapes employment in the sector, and contributes to

part-time and contract employment, lower wages, and limited access to benefits and pensions. (McIsaac et al., 2013, p. 15)

Less Health and Retirement Funds

Finally, and not surprisingly, employees in part-time and contract positions are much less often covered by health and retirement benefits than permanent full-time workers, especially if they are working in non-unionized workplaces (McIsaac et al., 2013, p. 16).

In the Vanguard of Precarious Employment

The growth of precarious employment in the economy generally is attributed to globalization, more competitive markets for goods and services demanding tight labour cost controls, and employers’ wish for a more flexible workforce in response to changing business cycles.

While community service delivery must be delivered on the ground within communities and cannot be outsourced to international labour markets, one could argue that outsourcing in the community services sector really began with the devolution and offloading of publicly delivered services by governments to communities in the 1990s.

The Uncertainty of Paid Labour Substitution

An added dimension of precarity in the non-profit sector is its particular reliance on volunteers to perform some roles within community service agencies. In Ontario, it is estimated that the 46,000 non-profit organizations engage five million volunteers (ONN, 2014). Interestingly, the overall value of the non-profit sector is often monetized by converting the number of volunteer hours given annually into the equivalent number of full-time jobs in the economy.³ While this does signify the importance of the sector’s societal contribution, it also raises the question about whether the particular feature of voluntarism in the sector acts

³ The Ontario Nonprofit Network reports the five million volunteers in Ontario contribute 811 million hours annually which converts into 422,000 full-time jobs (ONN, 2014).

to suppress job creation or even replaces paid work when agencies must deal with funding constraints while service demands increase.

Later Canadian research reinforces the “interchangeability” of paid staff with volunteers from the point of view of volunteers themselves, 10.8% of which reported replacing paid staff.

A survey of community service agencies in Halton Region showed that agencies reporting paid staff positions dedicated to volunteer coordination provided a significantly wider range of supports for the recruitment and retention of volunteers.⁴

This suggests that the paid staff-volunteer relationship in the sector should be re-framed from a debate about “interchangeability” to the recognition of “interdependence,” i.e. investment in paid staff for volunteer support produces the added-value of greater and more consistent volunteer participation and contribution to community life.

Recommendations for Addressing Precarious Employment in the Community Services Sector

The preceding description illustrates that conditions for precarious employment in the non-profit community services sector are longstanding and have worsened in the last 15 to 20 years. Community service agencies have struggled with meeting increasing service demands without secure and stable funding and with burdensome administrative responsibilities for the funding they do receive. The highly constraining policy and program frameworks within which the sector operates inevitably have an effect on the populations that they serve and on the human resource capacity that they deploy to fulfill their social missions. Clutterbuck and Howarth summarize the costs of the existing conditions as follows:

⁴ Across eight areas of volunteer support (e.g. orientation, recognition events, subsidized skill development), agencies with a paid volunteer coordinator averaged 80% provision of support compared to 51% for agencies without paid volunteer coordinators.

- *Inefficient use of project funding dollars on short-term initiatives without building and supporting the administrative capacity in underserved communities to use project and program funding for their intended purposes.*
- *Withering of the sector’s capacity for social innovation, civic engagement, and social inclusion, as funding continues to emphasize targeted service needs, and neglects the sector’s key role in contributing more broadly to the reduction of social inequities.*
- *Continuing to reinforce low wage, gendered employment ghettos, leading to further decline in working conditions and threatening the loss of a skilled and committed workforce.*
- *Failing to regenerate the sector’s employee base by attracting new workers within the context of a more competitive labour market.* (Clutterbuck and Howarth, 2007, pp. 66-67)

The Social Planning Network of Ontario endorses the full set of recommendations made by the Workers’ Action Centre in its landmark report, *Still Working on the Edge*. There are several recommendations with particular relevance to the non-profit community sector that we would like to highlight in our endorsement:

1. Making a clear statement within the *Employment Standards Act* that the “dignity of work” and the core principles of “decent employment” for all workers in the province are critically important (Gellatly and Sohn, 2014, p. 2).
2. Ensuring that the definition of employee and the responsibilities of employers cover all workers including those designated as “independent contractors” or workers assigned by temporary employment agencies (Gellatly and Sohn, 2014, p. 3).
3. Strengthen the regulation of temporary help and employment agencies as recommended specifically in the following ways:
 - >> *Ensure that temp agency workers receive the same wages, benefits, and working conditions as workers*

doing comparable work that are hired directly by the client company.

- >> *Make client companies jointly responsible with temp agencies for all rights under the ESA, not just wages, overtime, and public holiday pay.*
 - >> *Eliminate barriers to client companies hiring temp agency workers directly during the first six months.*
 - >> *Prohibit long-term temporary assignments. Require that agency workers become directly-hired employees after working a cumulative total of six months for the client company. Limit temporary staffing to 20 percent of a company's workforce. (Gellatly and Sohn, 2014, p. 4)*
4. Establish and enforce equal pay for work of equal value in all workplaces and non-differential equal treatment by employers of all employees regardless of their classification (Gellatly and Sohn, 2014, p. 6).
 5. "Raise the minimum wage to \$15 per hour in 2016" (Gellatly and Sohn, 2014, p. 12). The SPNO has consistently advocated that the statutory minimum wage in Ontario should be set at 10% above the official income poverty line and indexed annually.
 6. Increase paid annual vacation time to a minimum of three weeks per year as regulated

currently in all other Canadian legislative jurisdictions except Ontario and Yukon (Gellatly and Sohn, 2014, pp. 12-13).

7. Reduce the barriers to unionization for workers in precarious employment so that they have the chance to form a collective voice on the terms of their compensation and working conditions (Gellatly and Sohn, 2014, p. 10).

Finally, SPNO asks that the Special Advisors give attention to the role and value of the non-profit community sector and the particular challenges that it has historically encountered in attempting to support a strong workforce, increasingly difficult in recent years.

Therefore, SPNO urges the Special Advisors to recommend that the Minister of Labour convene and join a table of representatives from the community services sector and the funding sector to support and promote decent employment in community services with a special focus on a human resource development strategy to help the sector attract younger workers wishing to join their career paths with the social missions of community services organizations.

The full submission of Decent Work in the Non-profit Community Services Sector in Ontario can be viewed at <http://spno.ca/news/121-decent-work-in-the-non-profit-community-services-sector-in-ontario>



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