

March 20, 2020

Honourable Stephen McNeil, MLA
Premier Minister of Nova Scotia
One Government Place, 1713 Barrington Street
Halifax, NS B3J 2A4

Re: COVID-19 Provincial policy recommendations for the non-profit and voluntary sector

Dear Premier,

On behalf of the board and staff of the Community Sector Council of Nova Scotia, we applaud the innovative and timely responses the provincial and federal governments are moving quickly to implement. These policies and actions will help soften the impact of the COVID-19 virus on business and some community organizations. Many of these initiatives will also assist nonprofit and voluntary organizations. There are, however, unique needs of the more than 6000 non-profit and voluntary organizations in Nova Scotia.ⁱ We encourage you to continue to develop policies specifically supporting this vital sector. The nonprofit sector in Nova Scotia is a key economic contributor and employs over 20,000 people, contributes \$1 billion directly (\$1.7 billion including indirect and induced benefits) to the provincial GDP annually, and in many cases, serves some of most marginalized people across Nova Scotia. The economic value of the volunteer hours in the sector is estimated to have an additional annual value of \$1.5 billion.ⁱⁱ

On behalf of the nonprofit and voluntary sector, we are calling on your government to implement the following steps to assist nonprofit and voluntary organizations address the impacts of COVID 19:

1. Speak to the needs of all three sectors: business, government, and non-profit in all your public statements so we hear your commitment to the sector in all communications and planning.ⁱⁱⁱ (We note that approximately 30% of nonprofits are social enterprises or have social enterprise programs and that these entrepreneurial activities contribute approximately 11% of the average funding sources of Nova Scotia nonprofits.)
2. Communicate with each organization your government funds. Let them know as soon as possible their annual funding allocation for the coming fiscal year to allow budgets to be set and financial contingencies identified. Announcements of multi-year finding would support even more robust planning.
3. Create emergency funding provisions (one-time funding or loans) for nonprofit and voluntary organizations facing a critical funding crisis or bankruptcy.
4. Alter funding reporting deadlines and expectations as required for nonprofits who now facing fiscal year end reporting requirements (2019-2020). These deadlines are challenging for those

also trying to balance anxieties in their personal lives along with existential challenges for their organizations.

5. Clearly communicate flexibility measures to assist nonprofits that receive funding directly from government for fiscal 2020-2021 as they manage their transfer payment agreements and provincially funded program requirements. This could include allowing funds to be moved between budget categories, postponement of administrative deadlines, such as reporting, and recognition that program outcomes may shift.^{iv}

6. Include nonprofit voices at leadership tables when discussing impact of COVID 19.

We will continue to share what we are hearing from non-profit leaders and will work with your government to determine the best vehicle for continued two-way communications. We are reaching out to non-profit and voluntary sector leaders to learn more about the specific challenges the pandemic is creating and the special needs they have for support. We are receiving calls for business continuance support tools and new funding, or lending, from well-known nonprofits facing existential threats. We are hearing about organizations with program-based funding who are planning to lay off all their staff. We expect to hear about other challenges, for example, the inability to get audits done, hold AGMs and do reports to the registry of stocks in a timely fashion.

I have included additional information in endnotes below from the recent consultations we conducted across the province as well as the survey and economic impact study conducted for the Community Sector Council by APEC so you can better understand the contributions and challenges facing the sector and the context of these recommendations.

We appreciate the continued support from the Province and look forward to a timely response to the above requests

Sincerely,



Patricia Bradshaw, PhD, ICD.D
Chair of the Board of Directors, Community Sector Council of Nova Scotia
Professor of Management and former Dean, Sobey School of Business
Saint Mary's University

C.C. **Hon. Labi Kousoulis**, Minister of Labour and Advanced Education

Hon. Chuck Porter, Minister, Municipal Affairs and Housing

Hon. Leo. A. Glavine, Minister, Department of Seniors and Minister, Voluntary Sector

Minister, Department of Communities, Culture, and Heritage

Honourable Geoff MacLellan, Minister, Department of Business

Honourable Kelly Regan, Minister, Community Services

Hon. Randy Delory, Minister of Health and Wellness

ⁱ Your government and the federal government are moving quickly to implement policies that will soften the impact of the COVID 19 virus on business and many of these initiatives will assist nonprofit and voluntary organizations as well. It was also good to hear you speak to the impact that the coming weeks will have on precariously employed Nova Scotians like retail workers. We are expecting that many of the nonprofit sector workers will be facing layoffs and job losses. Students will not get summer job opportunities and this may hurt their longer-term employment options. Wages in the sector, according to the APEC report, are 20% below the average for all industries in the province and 68% of the employees and 67% of the Executive Directors are female. Employees and their families in this sector are already facing precarious working contexts and the pandemic is a serious threat to their standard of living in the short and longer term.

The province's actions aligned with announcements from the Government of Canada concerning Emergency Care Benefits, Emergency Support Benefits and Work-Sharing (WS) measures to support employers and workers affected by COVID-19. It is good to see new process for Employment Insurance (EI) claims and supports for those who might not normally meet the requirements for EI including part time workers. Other measures such as mortgage relief, extensions to filing income tax returns, elimination of penalties for late filing, cuts to payroll taxes, wage subsidies to help retain staff, interest free loans and wage support for people who have to self-isolate, rent freezes or rent relief will all benefit employers and employees in every sector. Removing some of the barriers faced by small business owners and independent contractors and including people not typically eligible for EI will help social enterprises as well.

There are, however, unique needs of the nonprofit and voluntary sector that we want to bring to your attention. There are the relatively well-recognized concerns about those involved in health care and social services, who are facing increased demand for their services. Many in this sector are working with marginalized communities and/or are directly dealing with people who are infected with COVID 19. Our communities are dependent on these workers who are often overlooked when we focus on hospitals and long-term care facilities rather than other services such as community based health, youth and elder care programs.

ⁱⁱ The Community Sector Council of Nova Scotia represents the over 6000 small and medium sized nonprofit and voluntary organizations in the province who employ over 20,000 people. This is approximately 4.5% of persons employed in the province. This vital sector is similar in size to the financial services and transportation industries. A recent report by the Atlantic Provinces Economic Council (APEC) estimated that the sector (not including the hospitals, post-secondary institutions and municipalities) contributes \$1 billion directly to the provincial GDP annually. The economic value of the volunteer hours in the sector is estimated to have an additional annual value of \$1.5 billion. Nova Scotia has one of the highest rates of volunteerism in the country and individuals contributed 74 million volunteer hours in 2018. This sector is not only enriching the province in critical areas such as social services, health, culture, environment, recreation, religion and social justice but it is clearly an economic driver. The Sector grew faster than the whole economy over the 2007-2017 period although growth slowed in the second half of the decade.

ⁱⁱⁱ Most of the reporting about programs and accommodations are about business and the business lobby is strong and articulate. Many government statements do not mention the third leg of the stool that keeps our economy stable and we need all three sectors to be vibrant, healthy and supported: government, business and nonprofit.

^{iv} The pandemic is also bringing funding challenges that are unprecedented. We learned in the survey that 30% of nonprofits now consider themselves to be social-enterprises and that they are operating in an entrepreneurial or business-like fashion while still being committed to their missions and using the funds generated to advance their goals. These social enterprise activities include retailing (33%), education and training (32%), gift items (32%), culture/leisure activities (28%) and catering (22%). We anticipate serious impacts to revenue streams, mission accomplishment and employment given the current situation for these organizations. Arts nonprofits are cancelling their programs, culture and recreational organizations are ceasing their operations and losing all these revenue streams. Other operations are dependent on the social enterprise operation of a retail store to support their work with the marginalized.

When we look at other sources of funding for the sector the survey shows that fundraising events account for 8% of the average funding sources. We are already hearing about nonprofits who have had to cancel significant fund raising events and are expecting serious revenue challenges. Others are unable to do donor solicitations and long-term relationships for donations are being undermined. With the expected recession, we also anticipate individual giving that accounts to on average 9% of average revenues and corporate donations that account for 4% will also be reduced.

With a significant drop in volunteering, as people follow social distancing recommendations, there will be a risk to the operations of many nonprofits and voluntary organizations. The APEC

report estimated that the volunteer rates in the province translate into 30,000 full-time equivalent jobs. Volunteering accounts for 60% of the labour resources required in the sector. In the APEC survey of the sector, we also learned that 64% of the nonprofits have fewer than 10 employees and 8% have no full-time employees. The survey revealed that the sector is facing serious challenges with staff over load (51% reported this as a significant or major obstacle to growth). Notably these reported challenges were before the arrival of the pandemic.

It is also notable that the funding from the Provincial government accounts for, on average, 38% of funding sources for provincial nonprofits while federal funding accounts for 12%. Despite this remarkable support the APEC survey showed that the greatest challenge for nonprofits is obtaining funding with 68% of the survey respondents reporting it is a significant or major obstacle. We believe this obstacle reflects more than amount of funding and includes issues with timing of funding announcements, reporting requirements, challenges with finding and applying to funding programs and lack of multi-year funding. All these funding challenges for the sector are being exacerbated by the COVID-19 situation. Many funding arrangements, such as those with provincial departments, require outcomes and impacts, (e.g., a number of participants attending a program) that may be impossible to meet. We ask that your government please consider addressing these challenges with things such as immediate announcements of funding for the coming fiscal year to allow budgets to be set and financial contingencies identified, emergency funding provisions, accommodations for altered funding reporting deadlines and expectations. These are extraordinary times and we need to work together to find solutions.