

A Recovery-Free Zone: The Unyielding Impact of the Economic Downturn on Nonprofit Community Social Services in Ontario

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Community service organizations across Ontario report an unyielding dilemma, driven by the economic recession: how to meet increasing demand for services with falling revenues from funding sources.

A Recovery-Free Zone, a survey of 311 non-profit community service agencies across Ontario, released today by the Social Planning Network of Ontario follows up one year later on a similar survey conducted in 2009. It shows that service demand continues to rise with 68% of respondents seeing a greater demand in April 2010 than prior to September 2008. Almost 80% of respondents attribute this increase in demand as primarily or in part due to economic conditions.

At the same time, organizations are facing budget deficits and funding cuts. Twenty-six percent posted a deficit in 2009 compared to 21% in 2008. At the time of the 2010 survey, 37% of organizations experienced a reduction in total revenue, 34% stayed the same, while 29% reported an increase. Cuts from United Ways, foundations and self-generated revenue were most common although 20% reported reductions from federal government sources and 16% from provincial government sources.

"The funding outlook into 2011 is gloomy", commented Beth Wilson, Senior Researcher with Social Planning Toronto, member of the research team and principal author of the report. "More agencies expect total revenues to fall than to increase. Although funding from government sources was the most stable in 2009, respondents do not expect this to hold in the coming year."

Nine out of ten respondents agree that the communities they serve continue to be affected by the economic downturn. Over 60% disagree that the impact is lessening. Almost 40% are seeing an increase in number of people seeking services because their Employment Insurance (EI) has run out and an equal proportion are seeing more people apply for Ontario Works having exhausted their EI.

Close to 50% of organizations reporting increased service demands, state they are not able to meet this increased need despite taking action including supporting more people with the same staff, increasing volunteer hours, expanding program staff time and hours, fundraising more and increasing overtime.

"Organizations can't keep up and the impact on local communities is beginning to show," observed Ted Hildebrand Director of Social Planning for Community Development Halton, member of the research team and principal author. "The combination of increased service demands and falling revenues is taking its toll on agencies in the form of decreased employee morale, rising stress levels, staff work reductions and increased incidence of burnout. Almost half of respondents agree that the economic downturn will have a lasting impact on their organization. None of this serves the needs of struggling communities and may even add to the burden."

"Although many have said it is over, it is clear that we have not seen the worst of the recession," added Peter Clutterbuck, Senior Consultant with the Social Planning Network of Ontario, and member of the research team. "We are hopeful that the Provincial Government's recently announced initiative to re-envision its relationship with the nonprofit and voluntary sector will be the starting point to shore up the capacity of organizations to support communities, particularly in tough times."

"We must take immediate action to invest directly in people and provide support to the nonprofit community service sector," commented Trudy Beaulne, Executive Director of the Social Planning Council of Kitchener-Waterloo and member of the research team. "If our government leaders look to austerity measures to reduce deficits, we can expect things to go from bad to worse for struggling communities. With the sector under-resourced to respond to urgent needs now, government cutbacks would spell disaster."

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