

# The Greater Moncton Social Development Agencies

## *Their economic status and challenges*

### *Executive Summary*

The main purpose of the Study is to understand the capacity of the non-profit sector in the Greater Moncton region from the double perspective of the economic and voluntary contribution the sector makes to the region. More specifically, the Study covers the 52 social development agencies offering services to the needy in the Greater Moncton region.

Their main characteristics are as follows:

- One in 5 has an annual operating budget exceeding \$1 million, while 60% fall below \$500,000 per year;
- Together, they employ 920 people for a payroll totaling \$21.7 million, and a total annual budget of \$35.5 million;
- They raise 43% of their funding locally, with the Federal Government contributing 12% of their revenues, the Province, 44%, and local government, 2%;
- Overall, their 920 jobs generate another 222 additional jobs in the economy, and make an overall contribution of \$40.8 million to the regional Gross Domestic Product;
- The three levels of government collect \$7.9 million in tax revenues (Federal, \$4.9 million; Province, \$2.8 million; and local governments, \$0.25 million);
- Salaries average \$23,600 per year, or \$13.76 per hour, compared to the \$16.12 per hour paid to business, finance and administrative occupations, according to Statistics Canada;
- Greater Moncton's social development agencies receive major volunteer support (4,750 volunteers contributing almost 370,000 hours of volunteer time);
- Not including "value" of services provided by the agencies, the direct "return" to governments equal \$15.7 million, compared to their \$20.4 million "investment" in these agencies;
- Employees are younger than the population at large, and highly trained leading to unacceptable high turnover rates largely due to lower wages and lack of employee benefits;
- Volunteers tend to be older, also with a higher educational attainment than the general population.

Executive Directors of the Greater Moncton's social development agencies were queried through a questionnaire, interviews and a Strength, Weaknesses, Opportunities, Threats (SWOT) consultation on the main "capacity" issues confronting the agencies, and identify potential collaboration projects with Enterprise Greater Moncton. The main issues identified and suggestions for collaboration are summarized below:

- Lack of secured, and stable core funding leads to uncertain employment conditions resulting in unacceptably high turnover;
- Inability to recruit and retain qualified staff and volunteers;
- Competition among smaller and medium sized agencies for private funds and government project funding;
- General lack of training funds for both employees and volunteers, especially for boards of directors of smaller and medium-sized agencies;
- Rising cost-of-living and rapid population increases result in more complex social issues, which impede potential economic growth and community development in the region;
- Stable management and qualified staff provide a strong basis for real and valuable collaboration with the region's local economic development agencies;
- Desire to adopt/promote "social entrepreneurship" characteristics provides interesting basis for matching with private sector entrepreneurs;

The Study was greatly assisted by two other major analysis of the sector conducted recently: the Premier's Community Non-profit Task Force "*Building a Foundation for Self-Sufficiency: a Blueprint for Action*", and Imagine Canada's "*The Non-profit and Voluntary Sector in Atlantic Canada*". Both studies provided useful insight on issues confronting the non-profit sector generally in N.B. and Atlantic Canada, issues which this Study was able to document on how they impacted the Greater Moncton social development agencies.

Finally, the Study was implemented with the close cooperation of most of the Executive Directors of the 52 social development agencies operating in the region, offering a wide variety of services to the area residents.

## **Recommendations:**

1. THAT Enterprise Greater Moncton embraces the principle that the work conducted by social development agencies is an essential component of a successful business development strategy;
2. THAT EGM's By-laws be amended to provide for a representative of the nonprofit sector on its Board of Directors to represent/promote the interest of Greater Moncton's social development agencies;

3. THAT a specific effort be undertaken to increase the participation of the social development agencies in EGM's Strategic Partnership Program (perhaps by lowering the annual participation fee to \$250 for agencies with budgets under \$500,000);
4. THAT EGM adopt a policy that would encourage its private sector Strategic Partners to assist selected social development agencies by having its employees provide volunteer support, facilitate employee exchanges, assist with succession planning models and techniques, help implement state-of-the-art management practices and systems, potential market opportunities for some of the services delivered by these agencies, etc.;
5. THAT EGM, in consultation with representatives of the nonprofit sector, develop a tailor-made Board of Directors training program, specifically geared to the needs of small and medium-sized agencies;

# The Greater Moncton Social Development Agencies

## *Their economic status and challenges*

### 1. Introduction

The main purpose of the Study, as stated in its terms of reference, is to understand the capacity of the non-profit sector in the Greater Moncton region from the double perspective of the economic and voluntary contribution the sector makes to the region by improving the multi-faceted social aspects of the community, and to promote the strengthening of the local non-profit sector.

In this regard, the Study was to document the direct economic contribution of the local non-profit sector to the regional economy, and estimate the indirect and induced overall economic impacts on the region. Finally, the Study was to estimate the "savings" to government of the wide-ranging services delivered by this sector.

In undertaking this Study, Enterprise Greater Moncton embraced the notion that non-profit organizations contribution to the community extend beyond their traditional charitable roles: for example, they

- improve the character and quality of life in the community-at-large;
- make the region more attractive to businesses seeking cultural richness and essential services;
- provide direct job training to improve the region's workforce;
- provide opportunities for people to become more active in their community through volunteerism and other cooperative efforts; and,
- alleviate pressures on government finances by delivering critical social/ community development services.

The Study was greatly assisted by two other major analysis of the sector conducted recently: the Premier's Community Non-profit Task Force "*Building a Foundation for Self-Sufficiency: a Blueprint for Action*", and Imagine Canada's "*The Non-profit and Voluntary Sector in Atlantic Canada*". Both studies provided useful insight on issues confronting the non-profit sector generally in N.B. and Atlantic Canada, issues which this Study was able to document on how they impacted the Greater Moncton social development agencies.

Finally, the Study was implemented with the close cooperation of the Executive Directors of the roughly 50 plus social development agencies operating in the region, offering a wide variety of services to the area residents.

## 2. The participants

Table 1 groups the agencies based on their level of expenditures, while Table 2 summarises the services they provide. Participating agencies are listed in Appendix A.

**Table 1**  
Level of Annual Expenditures

Level	Number	%
Less than \$100,000	8	15%
\$100,000 - \$250,000	15	29%
\$250,000 - \$500,000	13	25%
\$500,000 - \$1,000,000	6	12%
Greater than \$1,000,000	10	19%
	52	

**Table 2**  
Primary Activity Area

Primary Activity	Greater Moncton	Atlantic
Sports and Recreation	12%	35%
Social Services	37%	24%
Fundraising/Volunteerism	10%	16%
Education	17%	10%
Development & Housing	13%	10%
Health	12%	6%

### COMMENTS

- Of the 52 agencies invited to participate in the EGM study, 43 (83%) completed the consultant's questionnaire and provided detailed annual audited financial statements. Estimates for the remaining agencies were prepared reflecting the trends within their own group. The data presented in Table 1 is based on these documents.
- While agency annual expenditures varied widely (\$19,000 to \$4,711,000), slightly more than half (52%) were grouped between \$100,000 and \$500,000. Almost one agency in four had an annual budget in excess of \$1 million. Interestingly, the Imagine Canada study shows that a mere 4.3% of these agencies had annual budgets in excess of \$1 million, while about two-thirds had budgets under \$100,000.<sup>1</sup>
- Concentrating on the primary activity areas covered by the EGM study, Greater Moncton agencies have a higher focus on social services, education, and health, than other agencies in Atlantic Canada.<sup>2</sup>

## 1. Their Finances

Table 3 provides a detailed breakdown of the 2006-07 expenditures of the Greater Moncton agencies. Table 4 details their revenue sources.

**Table 3**  
**Expenditure Profile**

	Salaries	Goods & Services	Over-head	Other	Total
<b>Less than \$100,000</b>	\$360,800 62%	\$70,000 13%	\$85,400 15%	\$54,600 10%	\$578,000
<b>\$100,000 - \$250,000</b>	\$1,350,500 60%	\$290,400 13%	\$337,000 15%	\$282,600 12%	\$2,260,500
<b>\$250,000 - \$500,000</b>	\$2,730,000 62%	\$725,900 16%	\$528,600 12%	\$415,500 10%	\$4,400,000
<b>\$500,000 - \$1,000,000</b>	\$2,640,000 64%	\$344,400 8%	\$614,400 15%	\$531,200 13%	\$4,130,000
<b>Greater than \$1,000,000</b>	\$14,630,400 61%	\$2,190,000 9%	\$3,680,100 15%	\$3,640,200 15%	\$24,140,700
<b>Total</b>	\$21,710,400 61%	\$3,620,800 10%	\$5,245,500 15%	\$4,924,000 14%	\$35,500,700 100%

**Table 4**  
**Revenue Sources**

	Federal	Provincial <sup>3</sup>	Local	Own Source	Gifts	Total
<b>Less than \$100,000</b>	\$28,000 6%	\$28,000 6%	\$13,300 3%	\$162,500 36%	\$223,400 49%	\$455,300
<b>\$100,000 - \$250,000</b>	\$479,400 20%	\$461,600 18%	\$117,700 5%	\$561,900 24%	\$773,200 33%	\$2,363,800
<b>\$250,000 - \$500,000</b>	\$805,800 16%	\$1,160,400 23%	\$417,500 8%	\$1,612,600 33%	\$958,800 19%	\$4,955,100
<b>\$500,000 - \$1,000,000</b>	\$667,400 16%	\$1,751,800 42%	\$29,800 1%	\$949,400 23%	\$779,000 19%	\$4,180,400
<b>Greater than \$1,000,000</b>	\$2,464,800 10%	\$11,910,800 50%	\$50,100 0%	\$6,559,100 28%	\$2,800,800 12%	\$23,785,600
<b>Total</b>	\$4,448,400 12%	\$15,282,500 44%	\$628,300 2%	\$9,845,600 28%	\$5,535,300 15%	\$35,740,200 100%

### COMMENTS

- Salaries represent 61% of annual expenditures for most agencies. Overhead costs (rental, utilities, etc.) are roughly 15% of operating costs, indicating sound management practices.
- The Greater Moncton agencies obtain more than 40% of their funding through local private donors and program users. Provincial funding for the larger agencies is directed primarily to special residences, and children/family support programs. Local funding is focused on supporting special transportation needs and sports and recreational facilities. Federal support goes primarily to special training needs, ex-offenders' special support and project funding.
- Table 5 compares funding of social development agencies as presented in the Premier's Community Non-profit Task Force to the Greater Moncton agencies.

Table 5  
Funding Sources  
 (000's)

	Greater Moncton		Premier's Task Force	
<b>Municipal</b>	\$628.4	1.6%	\$867.9	0.6%
<b>Provincial</b>	\$15,282.5	43.8%	\$56,764.7	38.6%
<b>Federal</b>	\$4,448.4	12.2%	\$15,144.3	10.3%
<b>Community Investment</b>	\$15,380.9	42.4%	\$74,171.3	50.5%
<b>Total</b>	\$35,740.2	100.0%	\$146,948.2	100.0%

- The larger provincial funding for Greater Moncton agencies is due almost totally to the larger proportion of special residences in the region, while the greater municipal support reflects the assistance provided to Ability Transit. It is worth noting that the 107 of the 644 agencies listed for Greater Moncton in the Premier's Task Force (16.6%) is almost the same (17.3%) as the ratio of the Moncton *Census Metropolitan Area* population (126,424) to the Province's total population (729,997).<sup>4</sup> On a per capita basis, expenditures in Greater Moncton are \$265, compared to \$201 provincially. The difference is probably accounted for by the fact that the provincial number includes churches, and art and culture groups, whereas they are excluded from the EGM Study.<sup>5</sup>
- A cursory review of the financial statements of the agencies participating in the Study indicated that none experienced a negative liquidity position (most showing a current ratio exceeding 1:1), and most having operating surpluses/deficits roughly equivalent to about 3 – 6% of revenues, a clear indication of the sound financial management practices of these agencies.

## 2. The Economic Impact

Table 6 presents the results of the economic impact on the regional economy of participating Greater Moncton social development agencies, using the Statistics Canada input-output model.

Table 6  
Economic Impact  
 (000\$)

	Expenses	Jobs	GDP	Tax Revenues			
				Federal	Provincial	Local	Total
Direct	35,500	920	25,461	1,873	1,075	16	2,963
Indirect	10,090	61	3,683	364	202	62	628
Induced	45,692	161	11,512	2,594	1,473	166	4,233
Total	91,282	1,142	40,656	4,831	2,749	244	7,824
MULTIPLIER FACTOR	2.6	1.2	1.6	2.6	2.6	15.3	2.6

### COMMENTS:

- The overall impact is lessened somewhat by the relatively lower wages paid to employees in this sector. Given the somewhat high proportion of expenses in the form of salaries (61%), the indirect and induced effects are concentrated in areas such as household expenses, owner-occupied dwellings, retail trade, food services, and repair construction. Associated jobs are to be found in retail trade, accommodation and food services, repair construction, and personal services.
- It is interesting to note that the federal tax revenues directly related to the activities of the Greater Moncton agencies are roughly equivalent to the contribution made by the Federal Government to these agencies (\$4.8 million vs \$4.4 million). On the other hand, provincially generated revenues pale compared to the Provincial Government contribution to these agencies (\$2.7 million vs \$15.3 million). Finally, if you adjust the local contribution to the Ability Transit transportation program (roughly \$100,000), local governments receive \$1.00 in revenue for every \$0.50 they contribute (\$515,000 vs \$245,000).

### 3. Employment Considerations

Table 7 examines the situation with regard to the remuneration of the employees in this sector.

Table 7  
Salaries

	Salaries	Employment	Ave Salary	Salary/Hr
Less than \$100,000	\$360,800	16	\$22,500	\$13.15
\$100,000 - \$250,000	\$1,350,500	61	\$22,100	\$12.90
\$250,000 - \$500,000	\$2,730,000	131	\$20,800	\$12.14
\$500,000 - \$1,000,000	\$2,640,000	101	\$26,200	\$15.25
Greater than \$1,000,000	\$14,630,400	611	\$24,000	\$13.97
	\$21,710,400	920	\$23,600	\$13.76

#### COMMENTS:

- An often heard comment during the interview phase of the Study was the inability of agencies paying a competitive wage in the Greater Moncton region, notably with those offered by the contact centres and provincial government agencies. Certainly, the data above, especially for agencies with annual budgets of less than \$500,000, tends to confirm these complaints.<sup>6</sup>
- While larger organizations are generally able to be more competitive in the regional market place, only 14 of the 43 agencies that provided detailed wage data paid an average wage of \$16.12 per hour, or higher, the average wage paid to business, finance and administrative occupations in New Brunswick according to Statistics Canada.<sup>7</sup>
- Hourly salaries varied widely, with agencies such as boys and girls clubs and other recreation groups, relying extensively on part-time labor at close to minimum wage, to others offering "professional" services, such as the *VON* and *Family Service Moncton* which generally met regional industry norms.

## 4. Volunteer Support

One of the main characteristics of the Greater Moncton region is its widely-held reputation of a “can-do” community. Its ability to pull-off successfully important national or international events requiring a major commitment of volunteers is well-known. Community support for social services activities is no different. Table 8 below provides an overview of the volunteer support for the groups involved in this study.

**Table 8**  
**Volunteers by Agency Size**

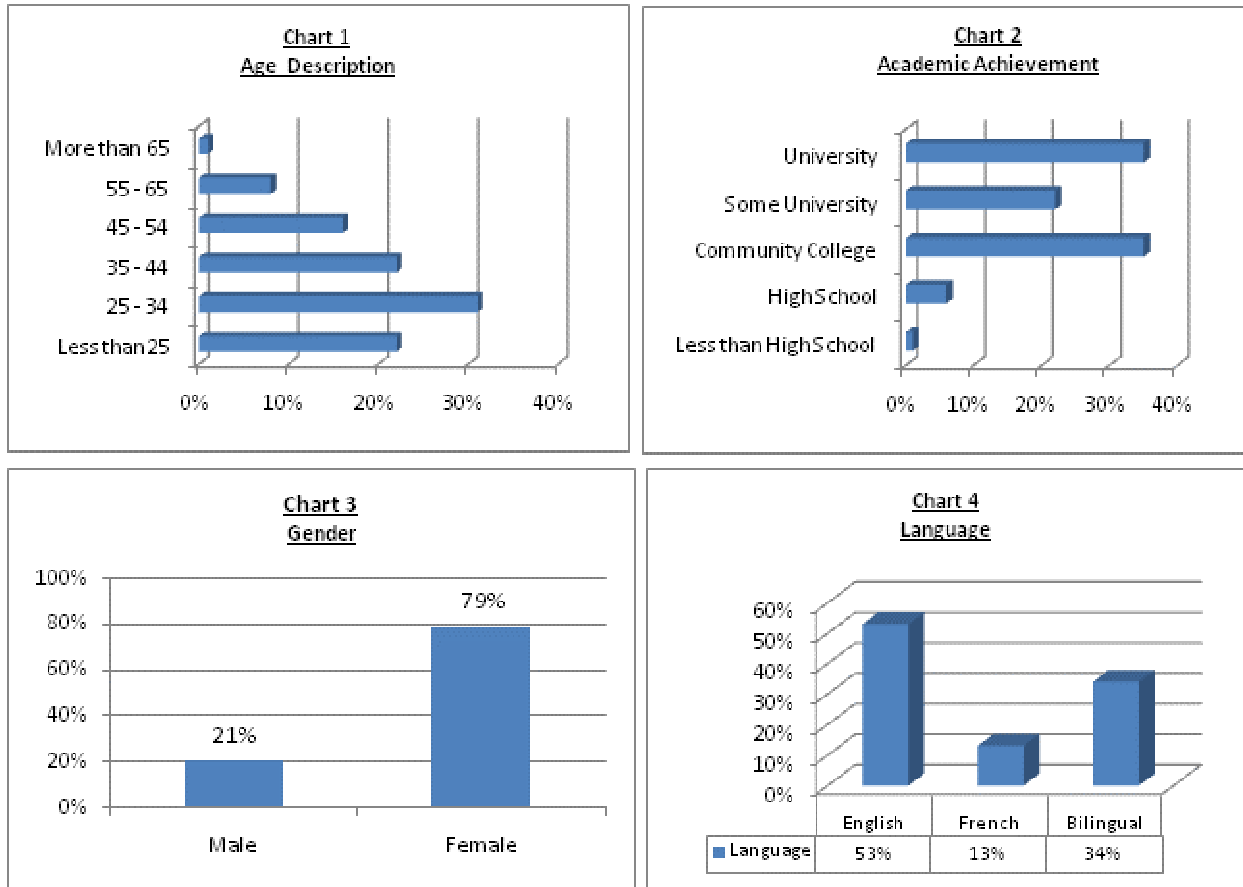
	Board	Hours	Other Volunteers	Hours	Total	Hours
<b>Less than \$100,000</b>	81	5,820	229	21,560	310	27,380
<b>\$100,000-\$250,000</b>	152	7,640	1,158	112,540	1,310	120,170
<b>\$250,000-\$500,000</b>	156	7,970	1,176	112,580	1,332	120,550
<b>\$500,000-\$1,000,000</b>	77	3,950	168	22,720	245	26,670
<b>Greater than \$1,000,000</b>	119	5,950	1,431	69,030	1,550	74,980
	585	31,380	4,162	338,420	4,747	369,750

### COMMENTS:

- Volunteer-hours per Board members average 54 hours per year, while volunteer-hours for other volunteers are 81 hours per volunteer. These numbers are at considerable variance with the 2006 Imagine Canada study for Atlantic Canada: Board member (140 hours per Board member) and other volunteers (122 per volunteer). The national study for the same organization shows that board volunteers average 155 hours per year, while other volunteers average 119 hours per year.<sup>8</sup>
- There are probably two major reasons for these differences: first, it appears from interviews that most agencies have made considerable progress in implementing effective governance models, even smaller organizations; second, a mere 4.3% of agencies in the Atlantic Canada study had budgets exceeding \$1 million, whereas 23% of the greater Moncton agencies in this study fall in this category.<sup>9</sup>
- The IMAGINE CANADA study uses a factor of a 35-week over 49 weeks to calculate the equivalent person-year contribution of volunteers to the nonprofit sector.<sup>10</sup> The New Brunswick Government pays roughly \$250 per meeting to private sector members serving on its various Boards and Councils. Using the \$13.76 average wage per Table 7 above, and the average provincial board allowance, the value of the volunteer contribution to the Greater Moncton social development agencies in this Study is estimated at \$7.8 million (*\$3.13 million for Board members, and \$4.66 million for other volunteers*).
- Stated differently, governments collect \$7.9 million in revenues through the multiplier effect (Table 6), and “benefit” from an additional \$7.8 million “saving” in volunteer-hours, for a total \$15.7 million “return” on their \$20.4 million “investment” in Greater Moncton social development agencies, a 77% return on their contributions, or 77 cents for every one dollar they spent on social development agencies.<sup>11</sup>

## 5. Demographic Characteristics (Employees)

The four charts below provide an overview of the main employee demographic characteristics.

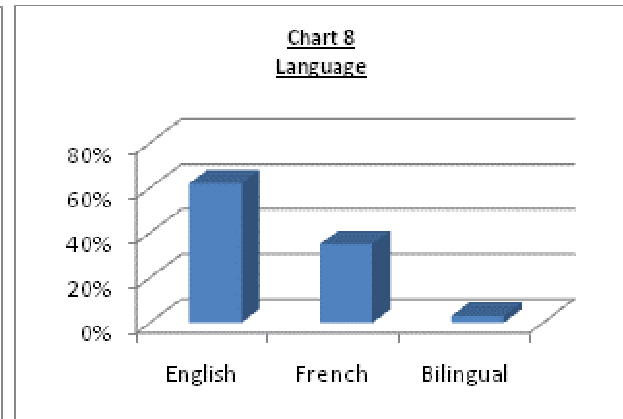
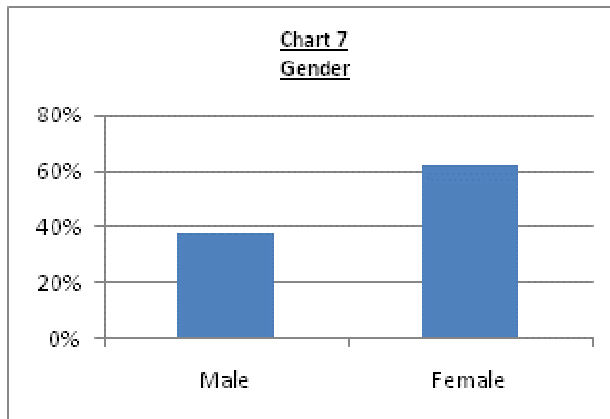
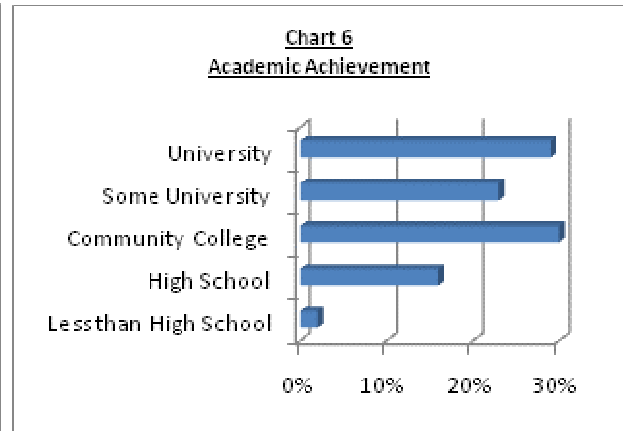
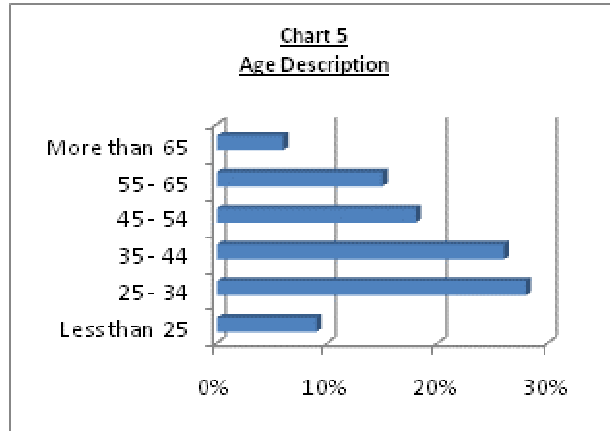


### COMMENTS:

- Roughly one in five employees is under 25 years of age. Indeed, agencies' employees below age 35 outnumber the general population in the same age grouping by 53% to 35%,<sup>12</sup> a clear indication of the difficulty of social development agencies to maintain employees over the long term. Moreover, if the pattern continues, these agencies will be facing a major management crisis within ten to fifteen years, when it comes to replacing current Executive Directors, most of whom are now in their fifties or sixties.
- Nearly all employees (90%) have obtained a college diploma or a university degree. While this demonstrates the level of educational attainment necessary for the delivery of specialized services, it also makes it attractive for other employers to poach agency employees, especially given the relative lower paid wages. In many regards, Greater Moncton social agencies are truly "training grounds" for future government employees
- Employment is heavily tilted towards women (4 to 1), while the language breakdown is roughly equivalent to that of the greater Moncton region.

## 6. Demographic Characteristics (Volunteers)

Charts 5 to 7 summarize the demographic characteristics of the volunteers supporting greater Moncton's social development agencies.



### COMMENTS:

- It is interesting to note that volunteers tend to be older than agencies' employees (39% of volunteers in the greater than 45 year-old grouping vs 25% of agencies' employees). On the other hand, the academic achievement of volunteers is somewhat similar to that of the employees (82% of volunteers with a college diploma or university degree vs 90% of employees).
- There is a greater balance between men and women than there is among employees (almost twice as many men among volunteers as compared to employees). There is a larger percentage of English-speaking volunteers than employees, with very few volunteers identifying themselves as bilingual (3% of volunteers vs 34% of employees). Interestingly, the linguistic break-down of volunteers is almost identical to that of the Moncton *Census Metropolitan Area* as shown in the 2006 Census (English 62% for both; French 35% for both, and 3% English and French for volunteers and 1% for the population at large).<sup>13</sup>

## 7. Capacity Issues

An important part of the Study was to determine how various agencies assessed the degree of difficulty they were encountering with various financial and human resource issues. Table 9 provides a listing of these issues.

Table 9  
Capacity Issues

<b>Financial</b>	<b>Human Resources</b>
Earning revenues	Obtaining paid staff
Obtaining funding from other organizations	Retaining paid staff
Obtaining funding from individuals	Unable to provide staff training
Competing with other organizations	Obtaining Board members
Over-reliance on project funding	Training Board members
Unable to obtain core funding	Recruiting type of volunteers
Need to modify programs	Retaining volunteers
Reporting requirements of funders	Lack of staff to recruit/manage volunteers
Reductions in government funding	Providing training for volunteers
Increased demand for services	

Responses were graded using a weighted average ranking (severe = 3; moderate = 2; and minor = 1). Only responses achieving a combined weight of 67 pts or more are considered serious enough, requiring particular attention.

## 8. Capacity Issues (findings)

Table 10 summarizes the relevant issues according to agency size, and Table 10 by revenue dependency.

**Table 10**  
**Capacity issues**  
*(By size)*

	Financial	Rating	Human Resources	Rating
Less than \$250,000	Unable to obtain core funding	100	Unable to provide staff training	100
	Obtaining funding from individuals	100	Obtaining Board members	100
	Need to modify programs	100	Training Board members	100
	Earning revenues	90	Retaining volunteers	100
	Competing with other organisations	90	Lack of staff to recruit/manage volunteers	100
	Over-reliance with project funding	90	Training volunteers	84
	Reduction in government funding	89	Obtaining paid staff	83
			Retaining paid staff	67
		Recruiting type of volunteers	67	
\$250,000 - \$500,000	Funding from other organisations	100	Obtaining paid staff	100
	Competing with other organisations	100	Retaining volunteers	100
	Unable to obtain core funding	100	Obtaining Board members	80
	Reduction in government funding	100	Lack of staff to recruit/manage volunteers	80
	Earning revenues	90		
	Obtaining funding from individuals	83		
	Over-reliance with project funding	80		
Greater than \$500,000	Earning revenues	75	Unable to provide staff training	100
	Obtaining funding from individuals	67	Retaining paid staff	88
	Over-reliance with project funding	67	Recruiting type of volunteers	80
			Retaining volunteers	75
			Training Board members	71
			Obtaining Board members	71

### COMMENTS:

- It is interesting to note that human resources issues are deemed to present the most serious difficulties for Greater Moncton social development agencies, a situation no doubt the result due to their inability to secure long term core funding. Chief among these human resources issues are obtaining and retaining both paid staff, and volunteers (Board members and other volunteers). Another major difficulty is the inability to provide for staff and volunteer training.
- On the financial side, emphasis is placed on the lack of core funding and over-reliance on project funding. Reduction in government funding has also been identified by agencies with annual budgets under \$500,000 as a serious problem. Earning revenues, from whatever sources – government, other organizations, and individuals - was raised by agencies of all sizes. Not surprisingly, competing with other organizations is viewed as a significant problem by smaller and mid-size agencies, but not by the larger ones.

**Table 11**  
**Capacity Issues**  
*(By revenue dependency)*

	Financial	Rating	Structural Difficulty	Rating
Government-grants dependent	Earning revenues	100	Lack of internal capacity	71
	Funding from other organisations	84	Increasing demand for services	71
	Over-reliance with project funding	80		
	Obtaining funding from individuals	80		
	Reduction in government funding	80		
	Reporting requirements of funders	75		
	Competing with other organisations	67		
Earned revenues dependent	Obtaining funding from individuals	100	Increasing demand for services	83
	Competing with other organisations	100	Planning for the future	71
	Over-reliance with project funding	75	Lack of internal capacity	67
	Reduction in government funding	75		
	Reporting requirements of funders	71		
	Funding from other organisations	67		
Diverse	Need to modify programs	100	Planning for the future	83
	Competing with other organisations	87	Increasing demand for services	83
	Funding from other organisations	80	Lack of internal capacity	
	Obtaining funding from individuals	75		
	Reporting requirements of funders	73		
	Earning revenues	71		

**COMMENTS (cont'd):**

- Both earned-revenues dependent agencies, and diverse-based agencies, complain about reporting requirements of funders, and underscore the need to modify/simplify government programs. For government-grants based groups, earning revenues, the inability to obtain funding for core operations, and competing with other organizations are among the most often recurring problems.
- The increasing demand for services and the lack of internal capacity to deal with issues such as planning for the future are viewed as key structural difficulties by all agencies.

## 9. Strengths/Weaknesses/Opportunities/Threats (SWOT)

As a means to achieve some consensus as to priority issues relevant to the purpose of the Study, a closer partnership between social and economic development agents, it was decided to conduct a SWOT analysis of the various capacity issues identified in the survey. Participants were executive directors of a sample size of participating agencies (*Participants are listed in Appendix B*).

As was the case for sorting capacity issues, a weighted average was used to rank priorities. Only those matters achieving a ranking of 70 and above were retained for analysis in this Study. Table 12 summarizes the results (*Appendix C lists the issues identified and their scores*).

**Table 12**  
**Priority Issues**

Strengths		Weaknesses	
First-hand knowledge of "real" street	94	Lack of core funding	92
Stable management	84	Lack of input in policy/programs	90
Good data/reports to build case for support	80	Recruiting/training staff/volunteers	84
Educated/trained staff	80	Employee benefits	80
Cooperation with government/business	78	Little recognition of "professionalism" of agencies	80
Credibility/expertise in service delivery areas	78	Inconsistent public funding	76
Resilient/Innovative	76	Undervaluing of services	76
Services offered at minimum charge	76	Lack of training funds	74
Interagency partnerships	74	Project funding/mandate stretching	72
Committed volunteers	74	Succession planning	72
Able to do a lot with little	74	Little solidarity among agencies	70
Group awareness re common issues	70	Lack of resources to meet increased demand	70
Connecting to client needs	70		
Opportunities		Threats	
Increased collaboration with local economic dev. Agencies	84	Rising cost-of-living results in more clients	90
Partnership with Province per Premier's Task Force	82	Rapid population growth equals more complex issues	88
Nonprofit partnerships re succession planning	74	Disconnect between bureaucracy and agencies	82
Partnership with local governments	72	Increased demand for services outstrip resources	80
Adopt/promote "social entrepreneurship" characteristics	70	Downloading of social services	78
		Competition for reduced project funding	72
		Aging population leads to lower donations	72
		Overly dependent on private sector donations	70

### COMMENTS

- There is a strong desire to seek greater collaboration with potential partners to improve the effectiveness of social development agencies. Executive directors participating in the SWOT believe their agencies have the credentials and the track record to be full partners in promoting effective community development. They are on top of the challenges that affect the community resulting from their immediate involvement in providing services to

the needy. They benefit from committed volunteers. Their staffs, while younger, are highly skilled and motivated.

- On the other hand, they are confronted with unsecured core funding, and have great difficulty maintaining their employees, through a combination of poor wages and being unable to provide any employee benefits. Volunteers are growing older, and there is increased competition for reduced public project funding, and with schools and hospitals in sourcing private funds. Greater Moncton is growing rapidly, which brings along greater and more complex social problems and issues. Rising cost-of-living increases operating expenses and delivers additional needy clients.
- There are limited ways a local economic development agency such as Enterprise Greater Moncton can effectively enhance the effectiveness of social development agencies. Member companies can “adopt” specific agencies by providing key volunteering support and assisting with their succession planning. EGM, as a corporate body, can invite representatives of executive directors to serve on its Board of Directors, representing their interests. It can support recommendations directed at the provincial level to address certain key issues such as lack of core funding. Another example would be to support recruiting and retaining volunteers by offering a tax credit, as recommended by the Premier’s Community Task Force. Finally, most agencies contacted during the interview phase of the Study mentioned they were in need of support in training members of their boards of directors. This is surely an area where EGM has the capability, through its corporate members, to assist those agencies in need of this expertise.

## 10. Considerations: Premier's Community Nonprofit Task Force

The Province of New Brunswick implemented a major review in the last year of the issues confronting nonprofit agencies throughout the province. It consulted almost 1,100 groups in public meetings, with 644 submitting briefs and position papers. Its final report, which was submitted September 13, 2007, contained 238 recommendations covering all aspects of provincial policy affecting these agencies. The Report, *A Blueprint for Action*, proposed what it called a new relationship between government and the nonprofit sector that is intended to be productive and effective, and a model for other provinces to emulate. To accomplish this objective it identified six fundamental changes to traditional government policies and practices:

- An attitude shift and an investment strategy to reduce pressure on government services and add value to local economies;
- A regional, lateral, integrated approach to community-based services to remove the current silo structure for public services;
- The stability to allow nonprofit groups to work at the level of root causes rather than symptoms by providing resources to shift from a crisis-response mode to prevention;
- A transformation from "civil service" to "public" service by accepting nonprofit groups as partners in carrying out government-mandated responsibilities;
- Investment in community-based development accepting the social "economy" as a necessary complement to the "real" economy;
- Recognition of the value of volunteering as a means of civic engagement, and a strategy to encourage it by recognizing its value and providing the necessary infrastructure for its expansion.

The wide-ranging recommendations of the Report were presented under four major headings. Examples are

- Stabilization of funding
  - ✓ Stable multi-year core administrative funding
  - ✓ Access to surplus government buildings, vehicles and equipment
  - ✓ Allow nonprofit groups to connect to Province Internet system
  - ✓ Property tax exemption for nonprofit owned-buildings
- Respect and Recognition
  - ✓ Access to affordable liability insurance and employee benefits
  - ✓ Provincial employees secondment and employee exchange programs
  - ✓ Access to government sponsored training programs
- A culture of volunteering
  - ✓ Tax credits for volunteer hours formally receipted by nonprofit groups
- Revitalisation of the partnership
  - ✓ Building an authentic consultation process
  - ✓ Simplify application/reporting procedures and forms
  - ✓ Timely funding approvals and up-front spending

Subsequently, the Province released its response to the Report accepting most of the key recommendations of the "Blueprint for Action" such as those listed here, except tax-related proposals which it referred to the Taxation Policy Review, and other specific items such as connecting to the Province Internet System, and access to surplus government vehicles.

## 11. Conclusions and Recommendations

### Conclusions:

- This study covers the 52 social development agencies offering services to the needy in the Greater Moncton region. Their main characteristics are as follows:
  - ✓ One in 5 has an annual operating budget exceeding \$1 million, while 60% fall below \$500,000 per year;
  - ✓ Together, they employ 920 people for a payroll totaling \$21.7 million, and a total annual budget of \$35.5 million;
  - ✓ They raise 43% of their funding locally, with the Federal Government contributing 12% of their revenues, the Province, 44%, and local government, 2%;
  - ✓ Overall, their 920 jobs generate another 222 additional jobs in the economy, and an overall contribution of \$40.8 million to the regional Gross Domestic Product;
  - ✓ The three levels of government collect \$7.9 million in tax revenues (Federal, \$4.9 million; Province, \$2.8 million; and local governments, \$0.25 million);
  - ✓ Salaries average \$23,600 per year, or \$13.76 per hour, compared to the \$16.12 per hour paid to business, finance and administrative occupations, according to Statistics Canada;
  - ✓ Greater Moncton's social development agencies receive major volunteer support (4,750 volunteers contributing almost 370,000 hours of volunteer time);
  - ✓ "Savings" to governments for the services provided equal \$15.7 million, compared to their \$20.4 million "investment" in these agencies;
  - ✓ Employees are younger than the population at large, and highly trained leading to unacceptable high turnover rates largely due to lower wages;
  - ✓ Volunteers tend to be older, also with a higher educational attainment than the general population.
  
- Executive Directors of the Greater Moncton's social development agencies were queried through a questionnaire, interviews and a SWOT consultation on the main "capacity" issues confronting the agencies, and identify potential collaboration projects with Enterprise Greater Moncton. The main issues identified and suggestions for collaboration are summarized below:
  - ✓ Lack of secured stable core funding leads to uncertain employment conditions resulting in unacceptably high turnover;
  - ✓ Inability to recruit and retain qualified staff and volunteers;
  - ✓ Competition among smaller and medium sized agencies for private funds and government project funding;
  - ✓ General lack of training funds for both employees and volunteers, especially for smaller and medium-sized boards of directors;
  - ✓ Rising cost-of-living and rapid population increases result in more complex social issues which impede potential economic growth and community development;
  - ✓ Stable management and qualified staff provide a strong basis for real and valuable collaboration with region's local economic development agencies;

- ✓ Desire to adopt/promote “social entrepreneurship” characteristics provides interesting basis for matching with private sector entrepreneurs;
- ✓ Premier’s Community Nonprofit Task Force has proposed several recommendations which if adopted would significantly the effectiveness of social development agencies.

## **Recommendations**

1. THAT EGM embraces the principle that the work conducted by social development agencies is an essential component of a successful business development strategy;
2. THAT EGM’s By-laws be amended to provide for a representative of the nonprofit sector on its Board of Directors to represent/promote the interest of Greater Moncton’s social development agencies;
3. THAT EGM adopt a policy that would encourage its private sector Strategic Partners to assist selected social development agencies by having its employees provide volunteer support, facilitate employee exchanges, assist with succession planning models and techniques, help implement state-of-the-art management practices and systems, potential market opportunities for some of the services delivered by these agencies, etc.;
4. THAT a specific effort be undertaken to increase the participation of the social development agencies in EGM’s Strategic Partnership Program (perhaps by lowering the annual participation fee to \$250 for agencies with budgets under \$500,000);
5. THAT EGM, in consultation with representatives of the nonprofit sector, develop a tailor-made Board of Directors training program, specifically geared to the needs of small and medium-sized agencies;

## End Notes:

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<sup>1</sup> Rowe, Penelope, *The Non-profit and Voluntary Sector in Atlantic Canada*, IMAGINE CANADA, 2006

<sup>2</sup> The IMAGINE CANADA study covered all areas of volunteer and nonprofit activities, including religious groups, arts and culture, environment, and hospital, universities & colleges. The numbers presented in Table 2 are adjusted to focus on the EGM agencies.

<sup>3</sup> Some of Provincial revenues are in reality Federal contributions passed through the Province. It was not possible to isolate these exact amounts from the data provided by agencies.

<sup>4</sup> 2006 Census

<sup>5</sup> Premier's Community Non-profit Task Force: Appendix, Summary of Profiles Received from Agencies

<sup>6</sup> A 2007 EGM study on Greater Moncton contact centres had indicated that the average wage for a customer service representative was \$15.95 per hour.

<sup>7</sup> Statistics Canada, *Average Hourly Wages of Employees by Selected Characteristics and Profession (282-0069)*, January 2008

<sup>8</sup> See Note 1

<sup>9</sup> It is these large agencies that are most likely to have implemented sophisticated governance models, one example being the so-called Garver "Policy Board" model.

<sup>10</sup> The Premier's Community Task Force used a somewhat different factor to calculate the value of volunteer support to nonprofit agencies: 2,080 person-hours as equivalent to one person, and full-time wages @ \$20,000/yr. Applying this factor, labour "savings" are estimated at \$3.4 million. The assumed \$9.62 per hour is unacceptably low given the actual calculated wage (\$13.76) shown in Table 8, and the 1,715 person-hours per year is the number used by Statistics Canada to measure volunteer contributions nationally.

<sup>11</sup> This "return" does not account for the value of services delivered by specific agencies. For example, in 2007 Maison Nazareth Inc. hosted 4,707 client-nights where the alternative would have been either a hospital or detox centre bed. The total value of these client-nights @ \$600/night (*the cost of one of these beds per night*) is \$4.7 million. The total government contribution to Maison Nazareth that year was \$85,000.

<sup>12</sup> 2006 Census

<sup>13</sup> 2006 Census: Moncton Census Metropolitan Area; Mother Tongue: (124,055 Total; 77,245 English; 42,925 French; 1,085 English and French)