



The View from the Field

**The Impact of Funding Shifts
on Social Service Organizations
in the Capital Region**

2014

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Introduction

With funding requests growing each year, the staff and volunteers at United Way of Greater Victoria (UWGV) are challenged with making balanced and impactful decisions that meet community needs and ensure donor dollars are invested effectively.

In April 2014 UWGV began a review of community investments and our funding process. To gain insight into the funding environment that supports our local social service sector, and how the delivery of vital community services is being affected, we invited 109 charitable organizations operating within the Capital Regional District, including all of our funded partners and a selection of non-funded organizations, to participate in a brief survey exploring the state of funding in the non-profit sector .

Seventy-seven (77) organizations responded to our request for information, which is a 71% response rate*. Of those, fifty five (55) are currently being funded by United Way. Survey respondents shared data from their recent and current fiscal years, 2011 to 2014, and predicted their future funding status over the next 12 to 18 months.

Survey respondents varied a great deal in organizational size, from one to over 25 staff members, and operating budgets:

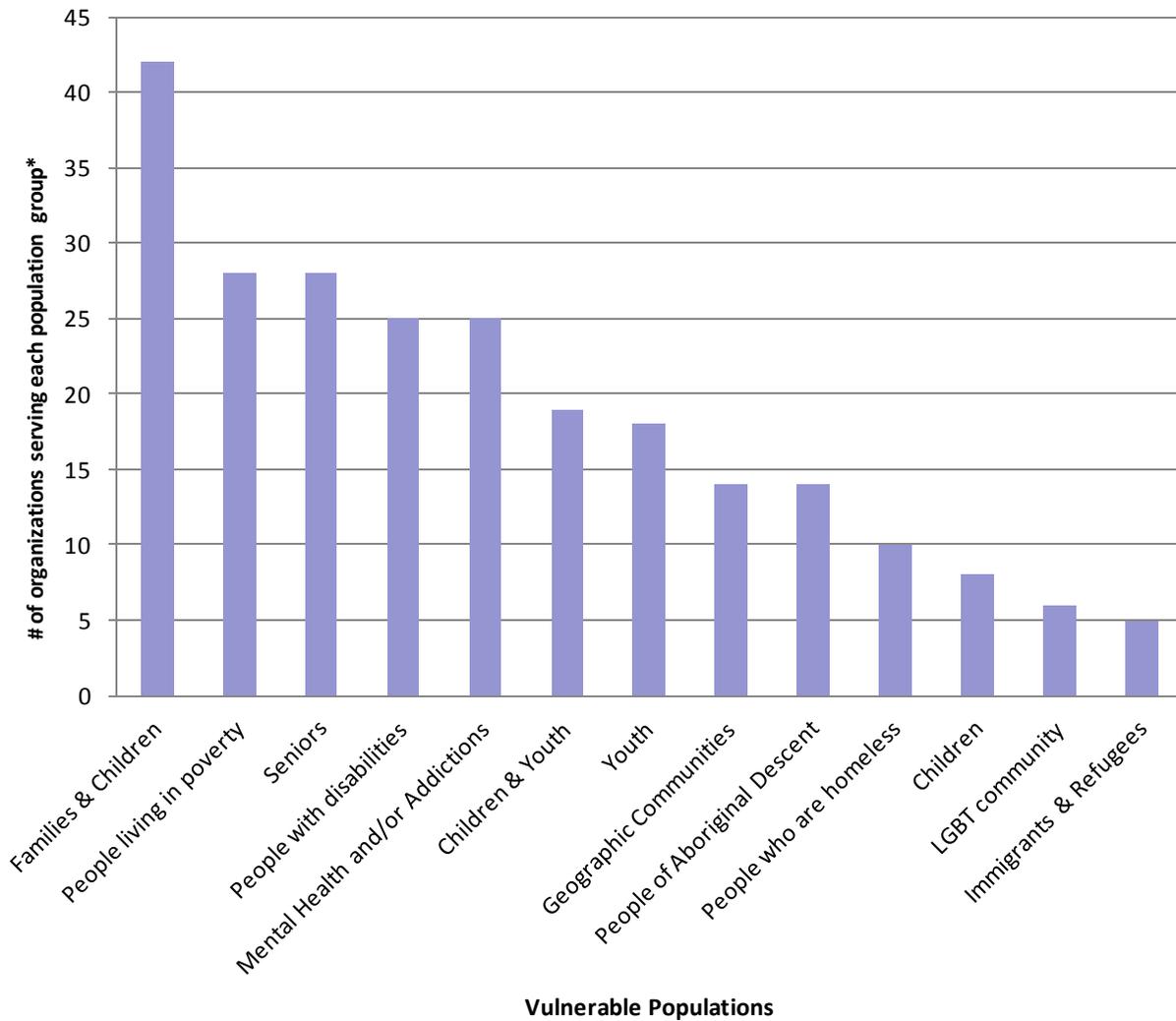
- 21 survey respondents with organizational budgets under \$250,000
- 25 survey respondents with organizational budgets of \$250,000 to \$1M
- 19 survey respondents with organizational budgets of \$1M to \$4M
- 12 survey respondents with organizational budgets above \$4M

Survey respondents were assured that any information provided would not be directly attributed to them. As such, the results shared are displayed in aggregate form and all identifiable data has been edited to protect their anonymity.

*A response rate of 71% is commonly seen as a very good to excellent response rate especially for on-line surveys.

The People They Serve

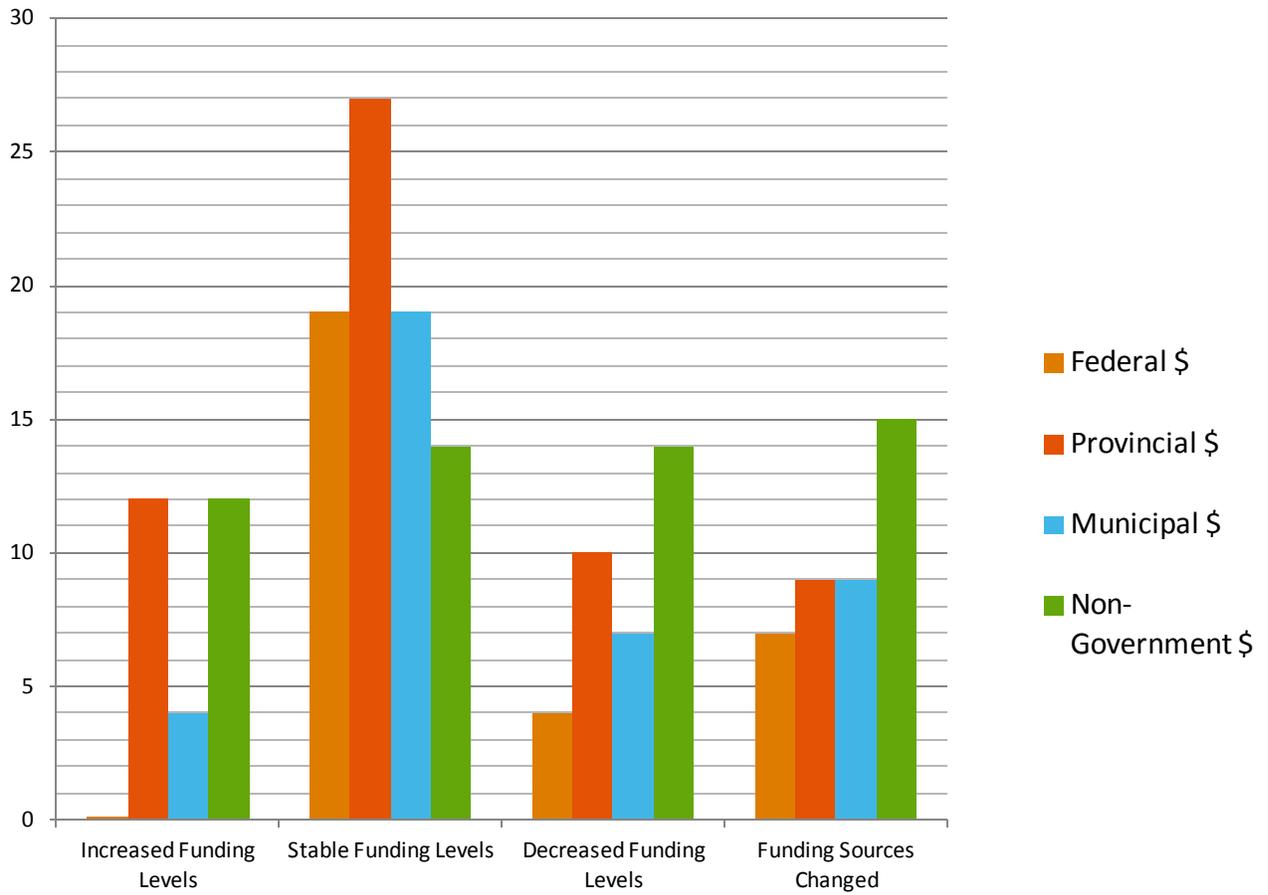
Survey respondents serving each vulnerable population



*survey respondents were asked to identify the top three vulnerable population groups served by their organizations

Funding Shifts from 2011 to 2014

Survey respondents that experienced funding shifts

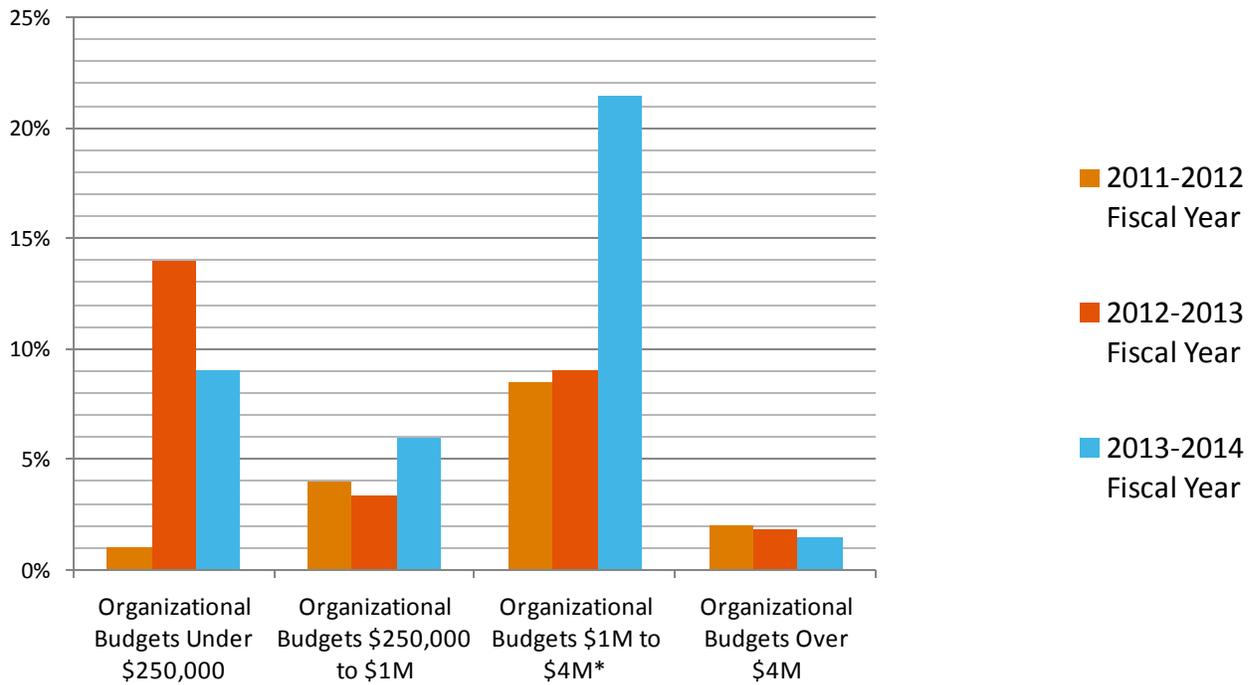


Funding Shifts from 2011 to 2014

Federal resources

Forty-two of the 77 organizations that participated in the survey have not received funding from the federal government since 2011.

Federal funding as % of annual budget (2011 to 2014)



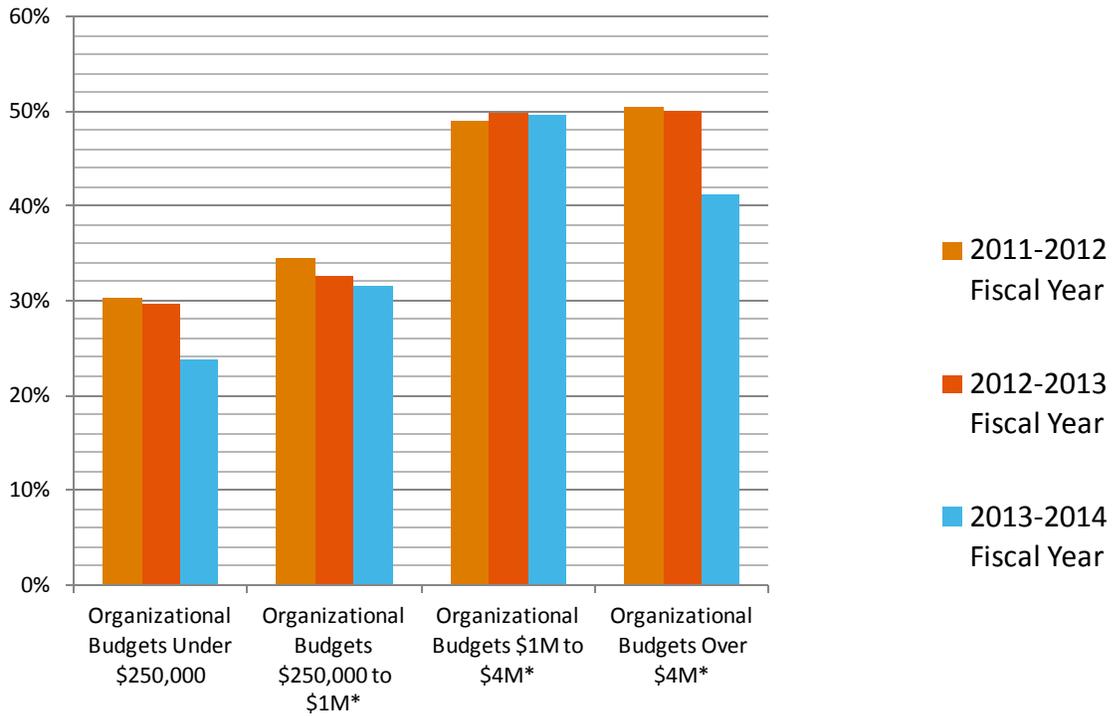
*includes one aboriginal serving organization receiving 30% of their budget from federal funding

Funding Shifts from 2011 to 2014

Provincial resources

Ten of the 77 organizations that participated in this survey have not received any funding from the provincial government since 2011.

Provincial funding as % of annual budget (2011 to 2014)



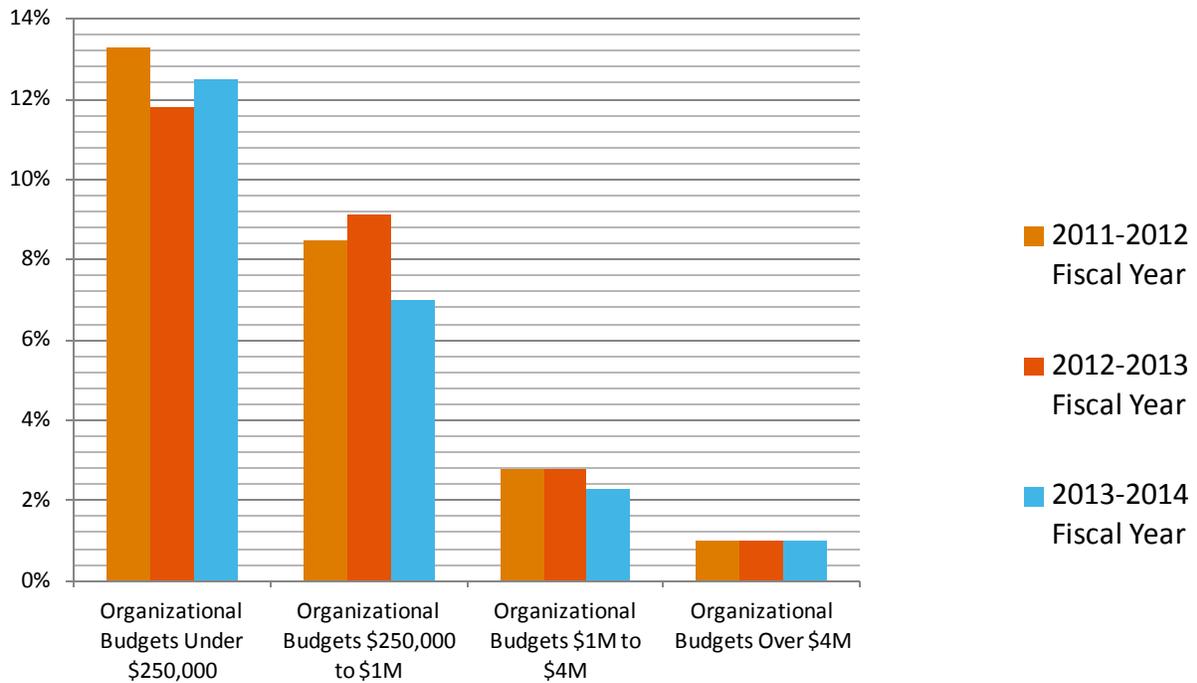
*Includes organizations that received 85% to 100% of their budget from provincial funding.

Funding Shifts from 2011 to 2014

Municipal resources

Twenty-nine of the 77 organizations that participated in this survey have not received funding from any of the municipal governments since 2011.

Municipal funding as % of annual budget (2011 to 2014)



Snapshot of the Current Funding Experience

Organizations of all sizes are challenged in meeting their funding goals to maintain service levels, programs and projects. At every level – from those with budgets under \$250,000 to those with budgets over \$4 million – organizations are pressured and stretched to provide services with few, if any, increases in funds. Some have had to reduce programs and services, many are stressed by the lack of multi-year funding and finding ways to do more with less.

The 21 survey respondents with budgets under \$250,000 reported that the field of funders is shrinking, resulting in increased competition for available funding. Grant applications require more time, staff are stretched to their limit and, for some, the ongoing financial instability affects morale. Some of the smaller organizations count on provincial dollars for core expenses and volunteer services but municipal funding is critical to the success of neighbourhood centres.

Of the 25 organizations with budgets of \$250,000 to \$1 million that responded, funding instability has meant some have had to discontinue programs. Others are resorting to additional fund raising to supplement their core costs. While these organizations need grants to maintain their funding levels they are not confident they will receive gaming grants and the annual application process stretches already thin resources.

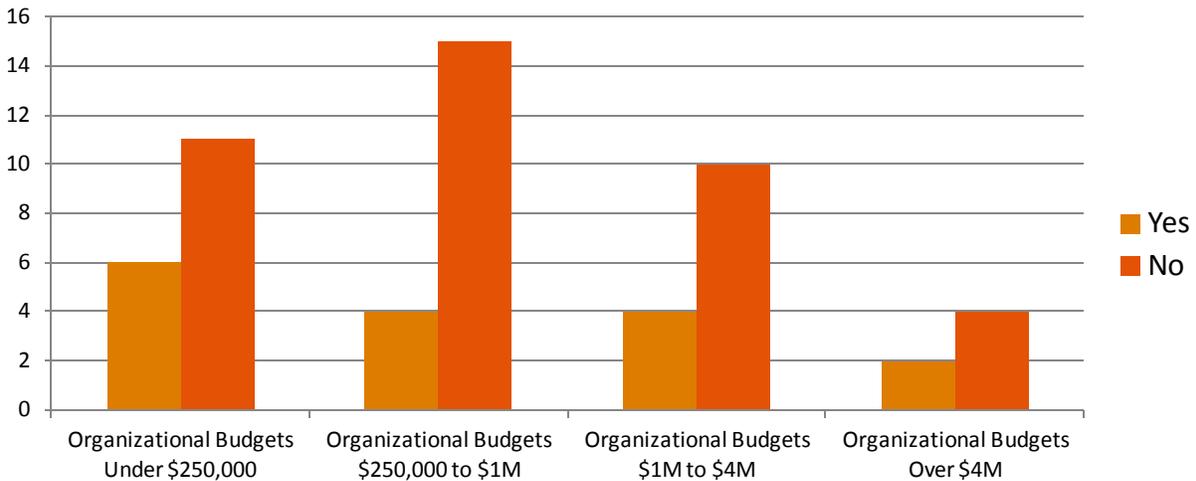
Programs are being reduced and services eroded among the 10 survey respondents with budgets between \$1 million and \$4 million. These organizations report that they can't keep up with the growing client bases and needs. Waiting lists are getting longer and issues more complex, all of which put pressure on programs and staff.

Large organizations with budgets over \$4 million also feel the funding crunch. The 12 respondents in this category report that client lists are growing and gaps are appearing between client needs and program availability. Some say that they are doing more with less and scaling back operations.

Organizations of all sizes say seeking and applying for new funds is more time consuming and competitive than ever.

Future Funding

Organizations expecting to get more funding in the next 12 months

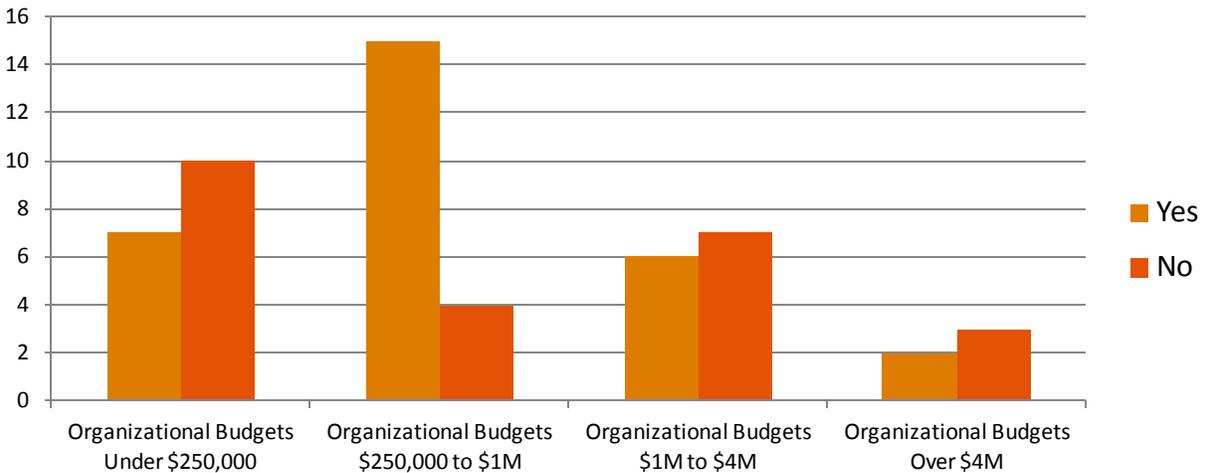


Potential sources of increased funding

Most survey respondents organizations expect to continue to do more with less and without new funding sources over the next year. Still, some are optimistic that new dollars and donors will come to light. Some expect that donations will come their way as they and their services become more recognized in their communities. Others say they need to diversify and find new sources of funding through community campaigns and social media. Still others have confidence that their traditional funders will recognize the need for their programs and services and will maintain or increase core funding.

Future Funding

Organizations expecting funding to decrease in the next 12 months



Sources that may decrease funding

While some organizations, especially those with smaller budgets, remain optimistic that their funding and funding sources won't decrease, there was an expectation among those with budgets in the \$250,000 to \$1 million range that they will lose funding over the next year. Some already knew they would be losing provincial funding and others expect every year could be their last to receive a gaming grant. Several reported that their United Way funding ends this year. Others expect that if UWGV dollars don't end, they will be reduced.

Corporate donors will be pulling their contributions from some organizations and sponsored fundraising events are up in the air. Some organizations have not received notice that they will lose funding, nevertheless, they expect some of their key donors will pull out.

The Challenges

Organizations with budgets under \$250,000

Many smaller organizations find themselves on uncertain footing each year as demand for their services grows and funds become more uncertain. The overwhelming greatest challenge faced by organizations with budgets under \$250,000 is the uncertainty of funding from year to year. Without financial stability, they find themselves unable to grow or even maintain programs and services amidst increasing demand.

Boards and staff spend a considerable amount of time completing grant applications that they send out with fingers crossed. Many count on provincial and municipal grants to operate, but this money is never guaranteed from year to year. “Both government and non-government funding are not necessarily reliable over the long term,” one organization reported. “This puts a non-profit like ours in a precarious position.”

‘The biggest challenge is that most funding is inconsistent. We may receive funding one year, but not the next. This makes long term planning very challenging.’

Organizations in isolated communities and those serving niche populations particularly struggle to provide effective services on modest budgets when funding is unpredictable. One youth-serving agency finds trying to “fit into a category” a challenge when striving to secure funds. Despite clear positive outcomes, funding has decreased and the organization has had to cut programs. “We never turn anyone away because of inability to pay. It seems like in the past few years families have not had the funds to support their youth.”

Many, if not all, organizations are serving more people, but some, such as those that serve seniors know the inevitability of greater demand for their programs. Some have launched membership drives to build inside support. Other organizations charge for some programs but they know that sticking to a fee-for-service policy is a hardship for their clients.

The Challenges

Organizations with budgets of \$250,000 to \$1 million

Increased demand, unpredictable funding and shrinking dollars challenge nearly all of the survey respondents in the \$250,000 to \$1 million range. More organizations are vying for the same corporate, government, foundation and individual dollars and agencies have to work much harder to secure the funds they need to operate. The uncertainty of funding from year to year is an annual stress for many agencies. Few are confident of ongoing, multi-year funding and apply for grants and hold fund raising campaigns every year. Some reported that they have to work much harder to secure enough money to maintain services. “It is not a challenge to write and report on 15-plus grants per year,” wrote one survey respondent. “But it is challenging to know we have to work faster and harder to maintain our financial health year after year. We have to match four to eight funders to each project when we used to partner two to four funders.”

Organizations that raise money from government, corporate and other sources must also juggle the priorities and fiscal calendars of their funders. The provincial government’s year end is different than that of most corporations and where a donor may want to support one aspect of a program, they may not want to fund the whole. Money is getting tighter in all categories. As one respondent wrote, “I think funds are getting tighter for all groups, including governments and non-government funders. It seems the phrase ‘the rich get richer and the poor get poorer is an accurate sign of our times.”

‘We have had to use contingency funds to sustain operations, which means we have also lost flexibility and a certain element of organizational resilience.’

Having lost much of their government support, one organization reported it is relying on foundations and corporate grants while trying to develop new funding streams through fundraising, fee-for-service and corporate sponsorships. “Dedicating additional staff time to developing other revenue streams drains even more resources from direct service delivery.”

Other organizations reported that corporate donations are harder to secure than in the past and individual donations can’t be counted on to maintain programs and services. “People want to volunteer time rather than donate cash,” reported one agency.

The Challenges

Organizations with budgets of \$1 million to \$4 million

Rising costs combined with increased demand for their services, are challenging organizations with budgets of \$1 to \$4 million. For some, static government funding means struggling to meet operational costs in order to maintain programs. As one agency reported, utility, insurance and supply costs have all gone up but the allotted administrative dollars have not. Another said because of the demand for its services, the agency has outgrown its space but hasn't the money to expand. Still another agency said it is striving to meet the cost of wage and benefits increases for staff as well as rising overhead costs with government funding that is program-specific and administered with prescribed formula.

'We do not take our grants for granted and we put our energy into writing grants for programs where the money is most needed. Flat government funding has caused us to make as many cut backs as we can for overhead spending, but we will not be able to do this forever.'

For some, cuts in government funding have meant reducing programs while competing with other agencies for private funders. As with organizations with smaller budgets, these agencies too struggle without the security of multi-year funding. "Funding levels do not meet our need," wrote one agency while another is trying to provide a much-needed health care service without compensation.

Organizations with budgets over \$4 million

Agencies with the highest budgets had the least to say about securing funding but are still in need of money to provide important programs and capital projects.

"We need more capital grants so we can build affordable rental housing," said one adding it needs operating funds to keep the rent down for its tenants. Another, representing persons with disabilities, said a shrinking pool of funders inhibits the full rights to citizenship of its clients.

Impact of Funding Shifts

Federal funding

Of the 77 organizations surveyed, 35 received federal dollars since 2011. As seen on the graph on page 5, none of them received increased federal funding between 2011 and 2014.

Organizations with budgets under \$250,000

Of the two senior-serving organizations in this category to receive federal funds, one reported federal grants went a long way to strengthening community programs and services and building partnerships. With federal support volunteerism increased, which in turn strengthened programs and program awareness.

Organizations with budgets of \$250,000 - \$1 million

Agencies in the \$250,000 to \$1 million range said changes to federal funding means doing more with less. One organization said while its wait list for programs gets longer each year, without federal dollars, it takes on fewer participants. Another said without federal dollars, it lacks capacity to provide education events and increase awareness of the issues facing their client population. Still another relied on federal dollars to train volunteers to support its clients.

Organizations with budgets of \$1 million - \$4 million

Organizations in this category had the greatest reliance on federal dollars for the 2013-2014 fiscal year. Survey respondents said they are stretched to provide services with federal dollars that have not increased, in some cases, in many years. One agency reported the federal funding it counts on has not increased for 12 years, resulting in a steady erosion of services as costs increase. Another, which has not had an increase in 15 years, said inflation increases could make the difference in maintaining service levels. Funding changes caused one organization to reduce its client load.

Organizations with budgets over \$4 million

The one organization to speak to this issue said that federal dollars are critical to building and providing housing projects. It has never counted on federal money for operating expenses.

Impact of Funding Shifts

Provincial funding

Of the 77 organizations that responded to the survey, 67 received provincial government dollars between 2011 and 2014.

Organizations with budgets under \$250,000

Money from the provincial government is critical to organizations in this category. For some, it means the difference between running their programs and shutting their doors.

Those that received provincial dollars in the past three years say they have been core to operations and have allowed some agencies to hire staff and expand programming. “The provincial

‘We have been able to increase our paid staff resources, which in turn provides increased investment in volunteer recruitment, training, and retention. Ultimately, it means we can deliver more services, more effectively.’

funding has allowed us to keep the doors open,” said one respondent. “It has meant we could recruit more volunteers and staff to service clients. We have seen a significant increase in the number of referrals and client hours. These funds have, in part, enabled this to happen.”

Agencies that have lost provincial funding say they are struggling. “Discontinuation of the grant severely affected delivery of our program,” one agency reported. “We were unable to contract support staff and necessarily reduced programming.” Another said the annual application process is as challenging and lengthy for small amounts of money as for larger foundation grants.

Organizations with budgets of \$250,000 - \$1 million

Several of the agencies in this category that rely on provincial dollars say the lack of multi-year funding leads to uncertain futures. Those that received small or zero increases say they are stretched to provide services.

One organization reported that it can’t cover the cost of rent and utilities.

‘The administrative burden is monumental in comparison to the past. This burden requires so much and takes away from valuable time that could be used to support clients.’

Another said it has had to discontinue a program. “We are operating on a significantly diminished capacity to locate and reach (service users), one of the most vulnerable (and hard to reach) populations in the community,” reported one community organization. Demand for some programs far outstrips resources.

One health-related service provider said it receives \$136,000 for services to 800 clients. Another reported with costs rising and revenues down, staff are showing signs of fatigue. Wages are not keeping up with inflation and the demands on their time are growing.

“We are very dependent on BC Gaming and worried about the future,” wrote one survey respondent.

Impact of Funding Shifts

Organizations with budgets of \$1 million - \$4 million

While provincial dollars for organizations in the \$1-\$4 million budget have remained steady in many cases, these larger organizations too are pressured by service demands and increases to the cost of living. One agency said flat funding does not recognize the increasing costs of program delivery and overhead. Another worries how it will meet pay increases in a collective agreement when it can't count on provincial funding from year to year.

'It would be nice if the Province recognized inflation.'

Another organization reported it is relying more and on fundraising. With traditional fundraising methods less successful than in the past, it is exploring new avenues to raise dollars. While the agency needs dollars for overhead and administration, those expenses lack appeal for donors. For some organizations, static provincial funding means shortfalls that result in funding cuts and long wait lists.

Organizations with budgets over \$4 million

Large organizations with budgets over \$4 million report that, for the most part, they are well supported by the Province.

"While the funding has increased over the past three years, so have the number of individuals we support," wrote one respondent. Even with more dollars, these organizations too are hard pressed to keep up with inflation. One agency reported it is having to do more with less with funding that has remained static while costs increase.

Impact of Funding Shifts

Municipal Funding

Organizations with budgets under \$250,000

Some organizations in this category have been greatly helped by municipal funding for projects, overhead and programming. The volume of requests in each municipality outweighs available dollars and some agencies that enjoyed municipal funds in the past are now feeling the loss.

'(The municipality) was tired of shouldering costs that they felt should be covered through government funding.'

Within some municipalities in

Capital Regional District there continue to be discussions about jurisdictional mandates and the role of the provincial government in supporting community programs and services.

Organizations with programs funded by municipalities reported strong partnerships with the city, town or district. For those that have lost funding, it has come as a blow.

Organizations with budgets of \$250,000 - \$1 million

Agencies in this category reported being strengthened by municipal support for their programs.

Community grants were not generally an expectation but when received, some organizations were able to build on program delivery, if only for that year. "We struggle to maintain our services by way of municipal funding and cannot rely on it to fully run a program," wrote one respondent. Another said they were "heartened and encouraged by the ongoing support of area municipalities." This same organization said municipal funding sustained it in the year after it lost much of its traditional core funding. "(Municipal funding) was a bonus (that allowed us) to try a new program," said one agency.

Organizations with budgets of \$1 million - \$4 million

Organizations at this level report reduced or static funding. One respondent reported that with municipal help it was able to get support from multiple sources. Others said municipal dollars don't increase with wages and inflation. "The City hasn't heard of inflation," wrote one respondent.

Organizations with budgets over \$4 million

The large budget organizations in the survey generally do not seek or rely on municipal dollars. One agency reported it had received a tax exemption in its municipality in lieu of a community grant.

Impact of Funding Shifts

Non-government funds

Organizations with Budgets Under \$250,000

Agencies in this category have mixed experiences with funding from non-government sources. Several cited the stress and uncertainty of applying for grants in a competitive field where many agencies are vying for a limited pool of dollars. “Increased competition for fundraised and grant dollars has a profound impact on our program,” said one respondent. “Our funds are stretched to the breaking point,” wrote another.

One organization said because fundraising is so competitive it has changed and modified a successful program in order to make it more exciting and appealing to attract funding. A few organizations, however, are satisfied with the money they’ve raised from other sources.

‘The demands of applying for small pots of money are very challenging for a small non-profit to sustain. Staff must be able to juggle the fundraising component (often without true expertise in the area) with the programming and operational management of the agency. The challenges of a small agency!’

One said the non-government funds it received resulted in program flexibility and another said United Way funding has meant program stability for the past two years.

Organizations with budgets of \$250,000 - \$1 million

The amount of time it takes and the uncertainty of grant applications and fundraising are challenges for organizations in this budget category. Dollars are harder to secure amid stiff competition. Agencies say they spend much more time seeking donations than in recent years. As one said, with so much focus on seeking funds, eventually programs and core services will be affected. “There is simply not enough staff or volunteer time to focus on everything.”

Organizations can be set back when donors change their funding criteria. An agency that had received a considerable cheque from a donor in past years, withdrew its application when funding requirements changed. Now the agency is striving to find ways to fill that gap. Acquiring money from non-government sources is harder today than a few years ago. Large corporate sponsorships are hard to come by. In the experience of one agency, individuals opened their wallets between 2008 and 2010, but in the past four years those donations have been getting smaller. The respondent said it is likely a sign of costs rising across the board.

Impact of Funding Shifts

Organizations with budgets of \$1 million - \$4 million

Funding competition is a reality for organizations in this category, as well. For those receiving fewer government dollars, non-government and private funds are vital. United Way funding is important to program delivery for some organizations in this category. When that funding decreased for one agency, the result was devastating for a new program that had to be cut.

Another organization said funding availability dictates program priorities. “From one year to the next, we may have more success in obtaining individual donations or grant funding for one particular area of services than another. As a result, the delivery of certain programs is not always consistent from one year to the next and we sometimes cancel a program as a result of insufficient funding.” Non-government funds are liberating for one agency which said it is able to provide service outside the restrictions that go with government funding, allowing it to serve more individuals.

‘I think there are fewer dollars to go around. We have diversified our funding opportunities to ensure we can continue programs but much more energy is put into seeking funding and maintaining funding levels.’

Organizations with budgets over \$4 million

Funding from non-government sources is essential to organizations with the largest budgets, as well. One society said without public support and a large donor base, it wouldn’t exist. “All of our government funding is specified for housing or our one program for people with disabilities.” The society said all of its public donations go to direct programs for people in need. Securing sustainable, ongoing funding is a challenge for these organizations which, like those in other budget categories, say they spend a disproportionate amount of staff time seeking and applying for grants. “it’s frustrating to start programs and see the value in them only to have to shut them down or lose the momentum as we search for ways to fund them,” wrote one survey respondent.

Appendix

Funding Sources for Survey Respondents

Federal Funding Sources:

- Aboriginal Affairs and Northern Development Canada
- Citizenship and Immigration Canada
- Department of Corrections
- Canadian Heritage
- Canadian Mortgage and Housing Corporation
- Employment & Social Development Canada - *Client Support, Labour Market Agreement (directed by Government of BC), New Horizons for Seniors and Summer Employment Grants*
- Federal Accessibility Capital Grant
- Federal Homelessness Initiative
- Ministry of Justice
- Public Health Agency of Canada - *Community Action Plan for Children and Canada Pre-Natal Nutrition Program*
- Service Canada Skills Link
- Status of Women

Provincial Funding Sources:

- BC Arts Council
- BC Gaming Community Grant
- BC Housing
- Community Living BC
- Island Health - *Community Food Action, Office of Community Care, Brain Injury Program and Forensics Psychiatric Services Commission*
- Ministry of Advanced Education - Skills Plus
- Ministry of Children and Family Development - *Autism Funding and Child Care Operating Fund*
- Ministry of Education
- Ministry of Justice – *Community Accountability Program and Community Safety and Crime Prevention Branch*
- Ministry of Social Development & Social Innovation - *Bridging Employment Program and Employment Program*
- Solicitor General

Municipal Funding Sources:

- Central Saanich
- City of Victoria – *Tax Exemptions, Cold Weather Protocol, Facility Support, Parks and Recreation, Housing Fund, Special Projects Grants and Sustainability Grants*
- Colwood
- CRD - Arts Grant
- CRD - Housing Fund
- District of Metcheson
- Galiano Island Parks and Recreation
- Highlands
- Langford
- North Saanich
- Oak Bay
- Pender Island Parks & Recreation
- Sidney
- Sooke
- Town of Sidney
- Township of Esquimalt - *Tax Exemptions and Project Grants*
- View Royal

Non-Governmental Funding Sources:

- Boys & Girls Club Foundation
- Canadian Women's Foundation
- Catholic Foundation of VI
- Children's Health Foundation of VI
- Coast Capital Savings
- Donors – Private
- Esther's Dream Foundation
- Greater Victoria Savings Credit Union
- HRJ (Anonymous)
- Island Savings Credit Union
- Koener Foundation
- Lion's Clubs
- M'akola Group of Societies
- Other (*includes internal fundraising, fee-for-service, etc.*)
- Provincial Employees Community Service Fund
- Royal Bank of Canada
- Rotary Clubs
- Salt Spring Island Foundation
- Santa's Anonymous
- Sponsorships – Corporate
- St. Michael's University School
- Success by Six
- Telus
- United Way of Greater Victoria
- VanCity
- Vancouver Foundation
- Victoria Foundation