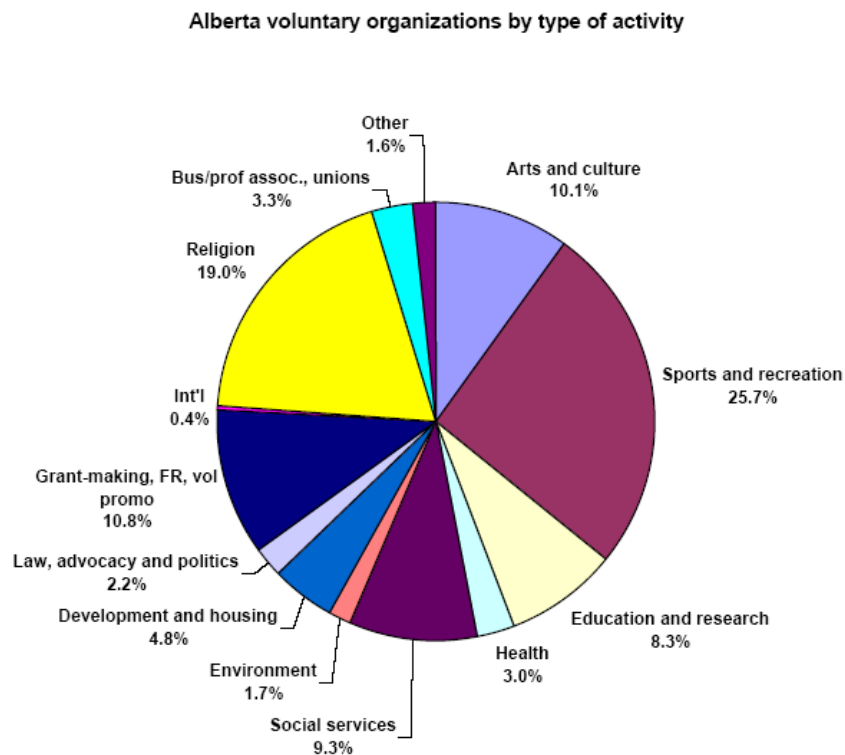


# Rationale and Recommendations for a Framework Agreement Between the Government of Alberta and the Voluntary Sector

## Introduction

The voluntary sector in Alberta – consisting of more than 19,000 charities and nonprofit organizations – is the cornerstone of our communities. The impact of the voluntary sector in Alberta is great, touching the lives of every Albertan. From sports and recreation, arts and culture, services for the elderly or disabled, programs that develop employment skills or help integrate new immigrants into communities – in all these ways and more, voluntary sector organizations contribute to the quality of life in our communities. Most organizations (74%) work at the local level, meeting the needs of their neighbourhood, town or city. Thirty percent provide services to children (the highest rate in the country) and 11% serve the elderly.

The following chart illustrates the diversity of the sector.



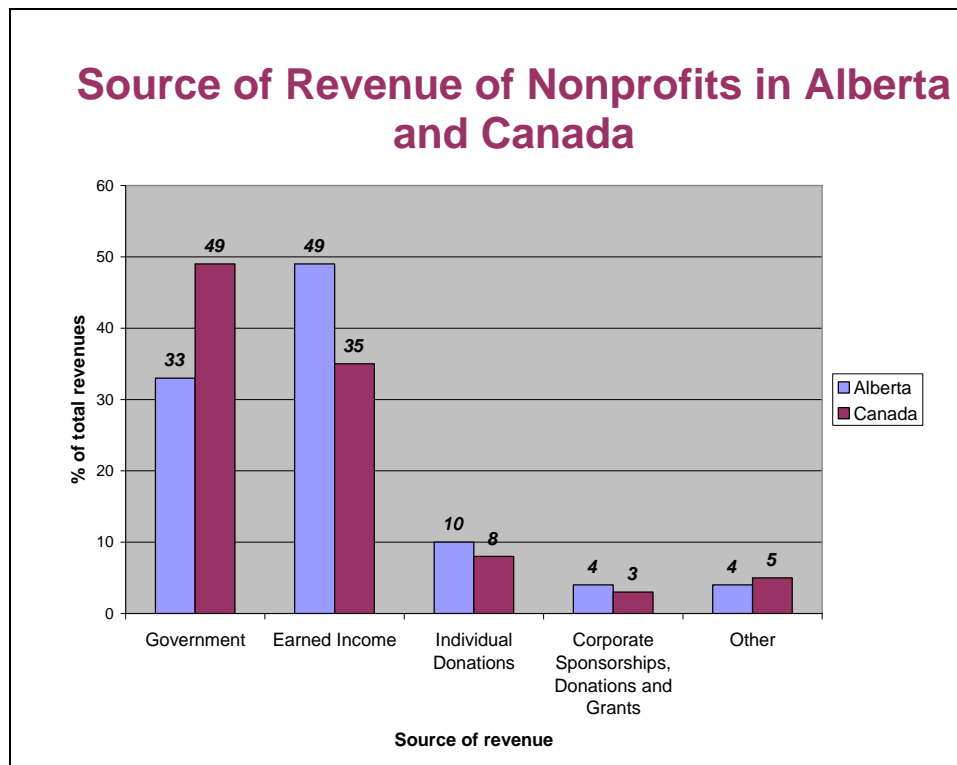
NSNVO, 2004

The vibrant voluntary sector is an important contributor to the “four pillars” for Alberta’s future – unleashing innovation, leading in learning, competing in a global marketplace and making Alberta the best place to live, work and visit. Community-based organizations lead the way in

responding to grass-roots community needs in innovative and affordable ways. They provide the cultural, recreational and social services that make communities good places to live and attractive to business in a global economy. Many organizations are involved in some form of learning activity, contributing to a skilled, literate, employable workforce.

Collectively the organizations that make up the voluntary sector have a huge, and largely unrecognized, economic impact on this Province. The voluntary sector:

- Engages 176,000 Albertans as employees and 2.5 million volunteers contributing 449 million hours to community service (many people volunteer for several organizations.)
- Over 160,000 Albertans serve on boards of directors of organizations ranging from community associations and recreational sports groups to health regions and major cultural and social service organizations. Collectively they manage more than \$10 billion in annual revenues, making decisions that impact the lives of Albertans daily.
- Earned income is 49% of revenue – the highest rate of any province.
- 89% of organizations receive less than 50% of their revenue from all levels of government.



The Government of Alberta receives a tremendous benefit from the work of the voluntary sector. Most government departments rely on voluntary organizations to deliver services and meet needs in communities throughout the province. The government contribution to the revenues of the sector (33% in Alberta – the lowest of all provinces) is leveraged by the contributions of individuals, foundations, corporations and revenue generated from other sources. It is difficult to think of another investment that provides such a healthy return.

## **What is being proposed?**

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The proposal is to undertake a process involving the Government of Alberta and the voluntary sector in Alberta **to develop a framework to re-examine, clarify and strengthen the relationship between the Province and the sector**. This process is a dialogue between the Government and the voluntary sector, to develop a better understanding of each other and to work toward common solutions that recognize the constraints and realities of both parties.

***The purpose of the process is to ensure a strong and sustainable voluntary sector that has the ability to provide the services and supports that Albertans expect to be part of their communities.***

The outcome of the process is an agreement that would define the principles and process for engagement guiding how the government and the sector will work together to address issues of public policy and regulation, funding, human resources and operational issues that affect the voluntary sector in Alberta.

## **Why do we need to do this?**

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Although the voluntary sector is such a significant part of the fabric of Albertan communities, it is facing significant challenges that place it at risk. If left unresolved, these challenges will dramatically reduce the capacity of the sector to fulfill its vital role in communities across the province.

Some of the challenges being faced are:

- Growing difficulty in attracting and retaining talented employees. For example, salary comparisons between provincial employees and nonprofit employees doing the same social service job show that nonprofit employees are earning at least 25% less than their provincial counterparts.
- High employee turnover at the front line level due to wage competition and low quality work places. For example, some disability service agencies report an approximate 60% turnover of front line staff annually.
- Recent research warns that close to 80% of executive directors will leave their positions in the voluntary sector in the next 5 years. This problem will be accelerated by both competition for the same talent pool from government, education, health and business as well as by impending retirement of “baby boomers”.
- The funding base for nonprofit organizations has been destabilized by funders from all sectors adopting a “project funding” rather than “core funding” perspective of resource allocation. This results in operational instability, an uncertain work environment that makes it difficult to retain staff, and a diversion of resources from delivering services to the community to raising funds.
- A hollowing out of the organizational capacity to deliver services and operate efficiently and effectively due to funding practices that do not support standard operational expenses. This problem is compounded by the increased demand from funders for more strategic planning, partnerships, higher standards of financial accountability and outcomes measurement, while few are prepared to support the costs of these functions.

Organizations are particularly vulnerable to increases in the cost of insurance or utilities – necessary to operate but not attractive to funders.

- Government practices are not consistent. They often place different requirements on private and nonprofit contractors delivering the same services, where nonprofit service providers often have multiple levels of accountability and reporting not required of private contractors. Practices and expectations may differ substantially from one department to another, resulting in increased costs for organizations that are already resource constrained.
- Limited opportunity to engage in policy dialogue. Government policy has a major impact on determining the environment in which voluntary sector organizations operate; however there is little opportunity for meaningful input on regulation, policy direction, funding practices or other matters of concern to the sector.
- Changing expectations and attitudes towards volunteerism require more resources committed to attracting volunteers and meeting their requirements for meaningful volunteer experiences, yet most organizations have limited capacity to meet this need. There is also high demand on those who do actively volunteer, contributing to volunteer burnout.

These issues are serious and if they are not addressed will erode the four key pillars of the Alberta Government's Strategic Plan for the future. We have the opportunity to work together now to ensure that conditions do not deteriorate to the point where voluntary organizations can no longer maintain their level of contribution to our communities.

### **Why should government care?**

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The voluntary sector is the delivery mechanism for many government programs and services throughout the Province. If these organizations are not sustainable, then government may have to resume direct service delivery itself. If the voluntary sector does not remain a healthy, vibrant part of our communities, the negative impact on the quality of life in Alberta will be dramatic. Finally, it is hard to beat the return the Province receives from its investment in the voluntary sector. This is probably the most cost effective, impactful way to deliver community-based services and support the social infrastructure throughout the Province.

### **Precedents**

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Federally, recognition of the value of the sector led to the signing of an Accord between the voluntary sector and the federal government in 2001. Principal areas of the federal accord address concerns at a national level including:

- The interdependency of the voluntary sector and the Government of Canada.
- The legitimate role of the voluntary sector to advocate for change, participate in the development of public policy and represent the positions and interests of its stakeholders.
- The need for cooperation and collaboration to strengthen the social fabric of communities.

There are emerging networks and coalitions across Canada encouraging provincial and territorial governments to engage in strategic discussions with the voluntary sector regarding how best to work together for the benefit of their citizens. Saskatchewan is the only province that has committed to a Voluntary Sector Initiative.

The opportunity is here for the Government of Alberta to take a leadership role in beginning a dialogue with the nonprofit sector to develop an agreement on how we can work together in the future for a better and stronger Alberta.

The work to create the framework agreement and the framework itself could have spin-off benefits including:

- Generating policy models for government and the nonprofit sector to reflect the unique situation of a budget surplus. How the voluntary sector and government should proceed in this unprecedented environment is not known. A cooperative venture would open doors to new kinds of inquiry and policy development
- A forum for information exchange with the ***goal being strong and vibrant communities throughout the province.***

## **Risk**

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Starting discussions between the government and the voluntary sector in Alberta is a low risk activity with regard to the issues outlined in this document. The process would begin with 1-2 years of exchange between the government and the voluntary sector to define the main elements to be included in a framework agreement. These discussions would demonstrate a commitment by both the government and the voluntary sector to ensure a strong Alberta for Albertans.

## **Leaders Council Recommendations**

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The Leaders Council, in response to the challenge of former Minister of Community Development, the Honourable Gene Zwozdesky, has developed the above Rationale for a Framework Agreement. The Leaders Council unanimously agrees that further action is necessary and respectfully submits the following recommendations to Minister Mar.

- The appointment of a Voluntary Sector Framework Initiative (VSFI) Advisory Committee to advise the Minister on:
  - The development of a “made in Alberta” Voluntary Sector Framework Agreement to re-examine, clarify and strengthen the relationship between the province and sector
  - The development of a mechanism for the implementation and ongoing renewal of the Framework Agreement;
- The commitment to encourage senior government officials, from all ministries engaged with the voluntary sector, to participate in a round table dialogue with the purpose of defining and improving the working relationship between the public sector and the voluntary sector;
- The allocation of financial and human resources to:
  - Support the work and expenses of the Advisory Committee
  - Underwrite critical short-term research to address developmental issues identified by the Advisory Committee
  - Facilitate the development of a communications plan targeted at the profile, role and value of the Voluntary Sector and delivered jointly by the Voluntary Sector and the Public Sector.
- Charge the Advisory Committee to submit a draft of their final report by January 31, 2007.