Intersections and Innovations
Change for Canada’s Voluntary and Nonprofit Sector

The Muttart Foundation
Acknowledgements

For far too long, Canada has lacked a comprehensive resource examining Canada’s charitable sector. That has now ended.

The Muttart Foundation has spent many years focusing on building the capacity of charities in this country. The publication of this collection is another contribution to that effort. By understanding more about itself, the sector can continue to develop and find new ways to serve Canadians and those in need outside our nation.

The authors of these essays bring different perspectives on the role and inner workings of Canada’s charities. Collectively, they bring an unprecedented insight into the work of organizations whose diversity is exceeded only by their desire to serve.

It is difficult to express adequate appreciation to Dr. Susan Phillips of Carleton University for her leadership of this project. She has been a source of encouragement, persuasion, cajoling and improving authors from across the country. Her efforts now bear fruit as we make this material available to students, academics, practitioners and others interested in the history and future of Canada’s charities.

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None of this would have been possible, of course, without the work of authors, themselves academics and/or practitioners. They took time from their schedules to contribute to a resource we hope many will find valuable.

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The work of all of these individuals has come together in this resource which we dedicate to all of those in, or interested in, Canada’s charitable sector.

Malcolm Burrows, President
Bob Wyatt, Executive Director
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Chapter 36
Part II Navigating a Changing Environment

Governance and the Regulatory Environment

The Funding Environment

The People Environment: Leaders, Employees, and Volunteers

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This is a good time to look critically at working conditions in the nonprofit sector, and specifically at the absence of pension plans in most workplaces. There is a feeling of urgency among stakeholders on this matter, as the baby boomers retire without access to pensions and as it becomes difficult to attract a new generation willing to tolerate low pay in exchange for the “passion bonus.” The sector is nearing a tipping point – and perhaps a crisis of leadership succession. Many analysts argue that the situation requires immediate attention (Taylor, 2017). Yet some progress has been made recently, with improved working conditions and the creation of pension plan initiatives for the sector in Quebec and Ontario. Are these experiments successful and sustainable, and how do we build on them across Canada?

Our aims in this chapter are to a) identify problems related to working conditions in the Canadian nonprofit sector and b) examine one of the key paths to improving them. First, we offer a review of the recent Canadian literature on labour-force trends and working conditions in the sector. Second, we examine concrete solutions that have been considered, tested, or prepared regarding pension plans in New Brunswick, Quebec, and Ontario. We conclude by discussing some of the thorny issues for pension plan development in the nonprofit sector – including the relationship with unionization in a sector with highly variable degrees of unionization – and consider how to better provide nonprofit employees with more secure retirements.
Labour Force Trends and Working Conditions in the Sector: A Literature Review

As observed by the Ontario Nonprofit Network (ONN, 2017), there is little broad-based empirical knowledge regarding working conditions in Canada's nonprofit sector. Although the Human Resources Council established by the federal government in 2004 had begun to collect valuable labour-force data, its demise less than a decade later was a serious setback. There are a few large survey-based studies of the kind produced by the Centre de formation populaire (CFP) & Relais-femmes (2005) in Quebec, and more recently by CFP & RIOCM (Regroupement intersectoriel des organismes communautaires de Montréal) (2018). These studies provide valuable but partial information and are limited in geographic scope. Better and more comprehensive data on the nonprofit labour force in Canada are urgently needed. This need was reinforced by the June 2019 report of the Senate Special Committee on the Charitable Sector that called for the HR Council, or a similar body, to be reinstated (Senate of Canada, 2019: 37).

To supplement our knowledge of labour conditions and efforts to establish pension plans, we conducted five interviews with researchers and key actors from the Canadian nonprofit sector (four from Quebec and one from New Brunswick) who have been deeply involved in the struggle for better working conditions and pension plans for nonprofit employees.

System Characteristics: How We Got Here

The nonprofit sector is overwhelmingly a women's sector (CFP & Relais-femmes, 2005; Fanelli et al., 2017; CFP & RIOCM, 2018; ONN, 2018; see the chapter by Uppal and Febria). For instance, a description of the sector in Toronto reports that women represent more than 84% of its labour force (Toronto Workforce Innovation Group, 2011: 5). The same study also makes it clear that these female employees tend to be poorly compensated, despite being highly educated. The work they do, to a large extent, is unrecognized, invisible “female-type” care work. Early childhood educators in Ontario are particularly underpaid.

Much is now expected of the sector, and the pressure is mounting. How did we get to poor working conditions in the nonprofit sector, and why do we allow them to persist? In the last three decades, the nonprofit sector has been asked to provide an increasingly large share of services to the population, in particular human services to disadvantaged populations. Beginning in the late 1980s, the introduction of neoliberalism and the “new public management” (NPM) model (Aucoin, 1990; Evans & Shields, 1998; Baines et al., 2014) penetrated and influenced the running of nonprofit organizations, especially those whose revenues originate largely from a mix of public funds and earned incomes. The NPM approach aimed to make the public service more “businesslike” and to improve its efficiency by using private sector management models. In addition, core funding for the general activities supporting organizations’ missions has declined significantly while project-based or contract funding is on the rise (Baines et al., 2014; ONN & Mowat Centre, 2015; Edwardh & Clutterbuck, 2015; Fanelli et al., 2017; Scott, 2003).
Contract-based funding creates structural deficits in an organization’s operation, since overhead costs are not properly covered. A lot of time is invested in searching for new project funding, while no real investment is made in human resources development and long-term strategy for the organization. Overhead ratios must be kept very low, and funding for advocacy activities (even when they are tolerated) is difficult to obtain. The contract-based service model of funding also comes with elaborate and rigid sets of performance measurements that are increasingly focused on outcomes defined by the funding party. In the name of accountability, an audit culture takes over and requires from the organization the development and implementation of well-designed monitoring and tracking systems to demonstrate value for money – but to do so while maintaining low administrative costs. These systems are time-consuming to operate and, paradoxically, can result in providing less service per dollar invested. Because of their rigidity, they tend to remove some spending flexibility, leaving the organization less effective at meeting goals, as observed by Theriault and Haan (2012) in immigrant settlement agencies in New Brunswick. Limits placed on the type of items organizations can spend contract money on make it more difficult to bring clients to where the services are delivered.

Under service-delivery contracts with governments, working relations and conditions are often regulated in various ways, from setting hourly wages to specifying targets for the number of clients who must be served (Fanelli et al., 2017). To meet the overall terms and conditions of the contracts, nonprofits need to find flexibility in their own workforces and, as a result, frequently employ staff on temporary contracts or on a part-time basis, use the services of temporary worker agencies, or increasingly rely on volunteers. In effect, non-standard employment and precarious work has become the “new normal” in the nonprofit workforce (Edwarh & Clutterbuck, 2015: 4). The hope of finding “decent work” in the sector is increasingly elusive, and Taylor (2017: 2) reports that 63% of young workers would not consider a career in the sector for fear of not being able to earn a living. The climate created by this mode of operation is generating stress. This lean approach has negative effects on the quality of the services offered by the sector and on the attainment of its institutional goals (ONN & Mowat Centre, 2015). The perception of the sector by outsiders is also affected, and this can be problematic when nonprofit organizations try to recruit and retain a new generation of workers.

**Compensation and Benefit Levels**

A clear picture of wages in the nonprofit sector is hard to obtain, but few doubt that they are generally below the levels found in the public sector in general or the health services sector in particular (CFP & Relais-femmes, 2005: 41; Baines et al., 2014: 81). For instance, Ballingall (2015: 4) reported that Ontario’s childcare workers had an average hourly wage of $17.47, or about $36,000 per year. By comparison, the average salary for elementary school teachers in Ontario is $61,375 as of the end of 2018, but the range typically falls between $50,276 and $72,796 (www.salary.com). The poor wages are supplemented by insufficient benefit packages for things like extended medical coverage (e.g. vision and pharmacare) and paid sick or personal leave. Paid vacation days are often for less than three weeks (Edwardh & Clutterbuck, 2015) and paid sick days are rare. Even these poor benefits are commonly restricted to permanent, full-time employees working 30 hours per week, who represent a minority of employees (CFP & Relais-femmes, 2005: 53).

The relatively flat organizational structure of many nonprofits also means that opportunities for training, advancement, and promotion are perceived to be few and far between (ONN & Mowat
Centre, 2015). Pension plans are particularly lacking and accessible to only a small proportion of workers in the sector (Fanelli et al., 2017). As we argue in the second part of this chapter, pensions are one of the priority areas where interventions can truly make a difference for workers in the nonprofit sector.

**Health, Safety, and Workplace Violence**

The health and safety status of the nonprofit worker is a neglected research area (Kosny & MacEachen, 2010), perhaps because so much of the work done by these workers is concerned directly or indirectly with the health and safety of the populations they serve rather than their own. First, as pointed out by Lewchuk et al. (2008), working without sufficient commitments from your employer has potential health consequences. In other words, employment relationships where future employment is uncertain are associated with poorer health indicators. Second, even when work is plentiful and relatively stable, health and safety issues are clearly present, yet these hazards are frequently ignored. This can be related in some degree to the fact that the sector is a women’s sector where “empathy work” or “emotional labour” (Hochschild, 1983) is produced. As service providers care for the welfare of service users, their own health and safety becomes an invisible issue, both for academic research and protective legislations (Kosny & MacEachen, 2010).

Unfortunately, incidents can go beyond harmful repeated verbal abuse. In some nonprofit human-services organizations, Baines and Cunningham (2011: 765) report that violence against workers occurs and is to some degree tolerated and excused by management, in part out of concern for the difficult life situations of the perpetrators. In some of these organizations, employees are working at the limit of their endurance as the “ideology of customer sovereignty leaves the door open to abuse and violence” (Baines & Cunningham, 2011: 765). Threats are also occasionally made against female employees’ children and families.

As these situations accumulate, threats or even violence can start to be viewed as a normal part of the daily work. Employees might use bravado as a coping mechanism initially, but some might become emotionally depleted and, as a final coping strategy, fail to come to work, ultimately jeopardizing the mission of the organization itself.

But the work culture of the nonprofit sector can offer a buffer against the psychological distress and symptoms of depression experienced by some employees involved in this emotionally demanding work. In particular, maintaining a good level of freedom to decide (work autonomy) and providing social support at work are effective practices (Vézina & Saint-Arnaud, 2011; Binhas, 2016).

**Cultural Unitarism, Participation, Unionization, and Work Rights**

The strengths of the sector can also be some of its weaknesses. Small and medium-sized nonprofit organizations are often self-described as “one big happy family” or “team” (Cunningham et al., 2017). That unitarism is characteristic of many organizations that use this value system to motivate staff, and it propels the work of the unit toward the harmonious achievement of common goals. However, unitarism can present a barrier when it comes to an employee who wants to raise an issue regarding working conditions, as they might be hesitant to break the big-happy-family consensus to put difficult matters on the table.
While workplace participation has traditionally been understood as a characteristic and a competitive advantage of the nonprofit sector, or at least one of its aspirational goals, Cunningham et al. (2017) argue that the legacy of neoliberal ideology and a recent period of austerity has moved the sector backward in this regard. The focus on efficiency, low overhead ratios, top-down management models, and primacy of the service “user” (Heffernan, 2006) has obscured the health and safety concerns of service providers.

As work intensifies, with the high-volume targets, the work environment becomes stressful. The erosion of workplace participation, low union density (ONN & Mowat Centre, 2015), and the normative unitarist value structure of the sector reduce the avenues by which grievances can be resolved. In fact, a large proportion of nonprofit organizations have no formal structure for workplace negotiations (CFP & Relais-femmes, 2005: 25). As a result, organizations can face problems with morale and, in the end, with the quality of services provided.

The low union presence in the nonprofit sector is a key factor contributing to poor working conditions (CFP & Relais-femmes, 2005). Larger nonprofits are more likely than smaller ones to be unionized and to offer more attractive benefit packages. But the logic of unions originated in the industrial world and can be quite foreign to nonprofit agencies offering human services. Workers themselves often see the presence of a collective agreement, with its rigidities, as antithetical to the flexibility that characterizes a nonprofit’s functioning.

Not a Pretty Picture

Both research that compares the nonprofit with the public sector and our own interviews for this chapter indicate the former is lacking in compensation and in many employment benefits. Several serious issues are in need of attention. But, in our view, the social sciences literature – and its focus on problems – perhaps overplays its hand when it describes working conditions in the Canadian nonprofit sector as almost hellish. The next section offers a more optimistic view by looking briefly at several social initiatives aimed at addressing some of the major challenges experienced in the sector.

Some Innovative Avenues to Improve Working Conditions in the Nonprofit Sector

The nonprofit sector has not completely ignored these issues, and some promising avenues are being explored by those concerned with improving working conditions and benefits. This discussion begins with a look at a large-scale unionization of nonprofit sector workers in Quebec, in the area of early childhood centres, which has created a structural context for improving working conditions among childcare workers in the province. Next, we turn to the successful creation of pension plans for workers across the sector, first in Quebec in 2008, followed by Ontario a decade later – but with a missed opportunity in New Brunswick in the early 2000s.
Early Childhood Centres in Quebec: An Inspiring Example of Unionization

The network of early childhood centres, or centres de la petite enfance (CPE) in French, developed from 1997 to 2018, is rooted in the evolution of nonprofit daycare services in Quebec over three decades, beginning in the late 1960s (see Aubry, 2001). The development of the daycare centres in the nonprofit sector was historically supported by the women's and labour movements, which encouraged the unionization of part of the daycare services even before the arrival of CPEs (Bellemare & Briand, 2012). Quebec’s “family policy,” institutionalized in 1997, includes several measures that have increased fertility rates, promoted wider use of affordable quality daycare, and allowed more women with young children to participate in paid work.

The nonprofit component has long constituted a large part of the delivery system of childcare in Quebec. It was supposed to be the main and structuring component according to the 1997 design. Of course, it was de facto the main component of a mixed system of welfare during the years of the PQ government (1997–2003). But from 2003 to 2018, under the Liberal (PLQ in French) governments of Jean Charest and Philippe Couillard, the scale between the various for-profit and nonprofit components of the childcare system tilted in favour of the for-profits (Lanctôt, 2018; Bouchard, 2018; Nadeau, 2018; David, 2018; Dutrisac, 2018). In total, 303,341 children under six years old were in childcare in September 2018. Of that total, 95,815 spaces (about 32%) belonged to the nonprofit sector and were managed by the CPE network; 91,604 (about 30%) were in subsidized in-home settings (a hybrid sector between the domestic/household economy and SSE); 47,129 (15%) were in private subsidized daycares (for-profit sector); and 68,793 (23%) were in private daycares without subsidies but with tax credits (for-profit sector) (Myles, 2017; Bouchard, 2018; Nadeau, 2018; Ministère de la famille du Québec, 2018).

The impressive evolution of the childcare system in Quebec, and of the number and various categories of spaces available over the last 20 years, has been accompanied by an equally impressive evolution in the number of jobs, and the number of unionized jobs in particular. In the SSE or nonprofit sector, there are 19,000 educators (childcare workers). Of these, a total of 10,900 (more than 57%) are unionized, including 8,000 with the CSN (Confédération des syndicats nationaux), 500 with the FTQ (Fédération des travailleurs et travailleuses du Québec), and 2,400 with the CSQ (Centrale des syndicats du Québec) (Gagné, 2018). It is well documented that unionization and union action in the field of childcare, and more specifically in the CPE, has had the effect of significantly improving the working conditions of women and has led to gains in group insurance and supplementary pension plans (Bellemare & Briand, 2012; FSSS-CSN, 2013; interviews 1 & 4).

The factors explaining the success of unionization in the nonprofit childcare sector in Quebec are threefold. First, there is the issue of economy of scale previously mentioned. That means that a supportive public policy helped create larger organizations that are more likely to become unionized. Second, in the case of nonprofit childcare services, two important social movements...
in Quebec strongly supported their development from the start: the women’s and the union movement. There was no conflict between them; instead a common view was at play. Third, the new nonprofit-sector jobs created for daycare services were not perceived by the union movement to be replacing jobs in the public sector. Rather, new childcare jobs were seen as an addition instead of a substitution. This is an important point, because other types of new nonprofit jobs, such as those in home support services, were perceived by part of the union movement and their allies as a substitution for public sector employment, and that affected the interest of unions in representing these nonprofit sector workers (Jetté & Vaillancourt, 2011).

**Pension Plans: A Missed Opportunity in New Brunswick**

The lack of access to some form of retirement income security through participation in a workplace pension plan is a common problem throughout the country. This is due in part to the small size of most nonprofits, as they are not large enough to justify the creation of an employer’s pension plan on their own. The same is true (but to a lesser degree) regarding access to other benefits, such as supplementary medical benefits packages offering co-payment schemes for vision care or prescription drugs, but we will focus mainly here on the retirement income issue.

More than one province has considered establishing a sector-run platform to deliver supplementary health insurance and pension benefits to nonprofit workers. This was the case in New Brunswick, when the 2007 Bradshaw Report recommended just such a measure, in the form of a sector-run organization to administrate benefits and pension plans for the sector, under the Liberal government of Shawn Graham. In the 2006 election that brought Graham to power, the Liberals’ electoral platform had shown some appreciation of the role of the nonprofit sector by identifying it as the “third pillar” (business and government are the other pillars) in building a vibrant and sustainable New Brunswick. After the election, Graham created the Premier’s Task Force on the Community Non-Profit Sector, which undertook a process of consultation during 2006 and published its *Blueprint for Action* (Bradshaw Report, 2007). This in turn led to the development of a Secretariat for Community Non-Profit Organizations. Unfortunately, the New Brunswick government moved slowly on the Bradshaw recommendations, and with the election of the Progressive Conservative government of David Alward in September 2010, all its initiatives were quickly shelved, regardless of their merit.

While the report (Bradshaw et al., 2007) expressed concern for the retirement incomes of nonprofit workers, it did not offer much detail on exactly how New Brunswick would provide access to pension plans for nonprofit staff. One option considered was to do this simply through employer contributions to individual employee RRSPs, as is the practice in some businesses. One of our key informants from New Brunswick (interview 5), who had participated in the elaboration of the Bradshaw Report, recalled that many nonprofits in the province were so concerned about their current funding and day-to-day operations that the possibility of setting up a real pension plan seemed a vague and distant priority they had difficulty imagining. At the same time, many in the sector were concerned about losing some of their best and most experienced workers to the public sector because of the lack of benefits and pension schemes in their organizations.

The New Brunswick case probably illustrates that little can be done toward setting up a pension
plan if few in the sector feel that it is a viable option. There is a need for the sector to push for such measures; otherwise, who can we expect to be the champions of such a policy innovation?

The RRFS-GCF Plan in Quebec

Quebec was the first province in Canada to successfully adopt a pension plan for the nonprofit sector – the Community and Women’s Groups Member Funded Pension Plan, a.k.a. the RRFS-GCF plan, demonstrating that it could be done. In this section, we analyze the emergence and structure of the plan using publicly available information along with material obtained through four interviews with key informants who were knowledgeable and connected with the development or current operation of the RRFS-GCF plan. Let us start by summarizing the context for the emergence of the plan.

How the Plan Came About

- In the 2001 Quebec government policy on the recognition and support of community action, there was a provision that related to nonprofit groups improving their working conditions: “By improving working conditions in the community sector, the government hopes to contribute to creating sustainable jobs.” The government also reiterated its desire “to assist the community sector in steps aimed at determining the interest of organizations in establishing group insurance plans or basic retirement plans, should the sector deem it appropriate” (Quebec Government, 2001: 35; quoted in Lizée, 2015).
- In 2002, the Centre de formation populaire (CFP) and Relais-femmes received a grant from the Quebec government to survey "a wide spectrum of community groups on the present situation and their interests concerning group insurance and pensions" and created a working group of 15 people from various networks within the community sector to administer it (Lizée, 2015; Lizée & Gervais, 2017).
- In 2003, the working group conducted a survey of the more than 4,900 community organizations listed at the time by SACA, obtaining about 1,350 responses (a response rate of 28%). Analysis of the results generated several concrete proposals of pension plans and group insurance “adapted to the realities of the community groups” (CFP & Relais-femmes, 2005: 11).
- In October 2005, the report was published with a title that reflected a certain pessimism: So That Working in the Community No Longer Rhymes with Misery. Some highlights of the survey: 80% of jobs in the community are held by women (p. 35); 3% of organizations are unionized (p. 23); 35.5% of organizations offer some form of group insurance plan to their employees (pp. 45–55); 9.7% of organizations reported having a pension plan for their employees (p. 59), but only 1% had a plan that could be described as a true “supplemental pension plan” (p. 65).
- The survey revealed that 67% of the groups surveyed considered that the creation of a pension scheme in the sector was either an “unrealistic” project or a project that had to be “postponed” (2005: 63). Nevertheless, the report concluded that the obstacles to the development of group insurance schemes and supplementary pension schemes could be overcome and that “the community movement must mobilize on this issue” (2005: 65–67). This seemingly optimistic conclusion was consistent with a belief
expressed by the report's authors at the outset: “Is it possible to imagine that one day the inaccessible will be reachable, we are convinced of it” (p. 11).

- From the autumn of 2005 to 2008, the working group continued to explore the various possible scenarios while consulting a number of stakeholders with opinions and expertise on the issues. With time, the situation evolved and the initial pessimism was overcome. The plan was finally launched in October 2008.

**Key Features of the Plan**

If supplementary health insurance coverage is rare, pension plans for nonprofit employees are nearly non-existent – less than 10% or as low as 1%, depending on the definition (CFP & Relais-femmes, 2005). Nonprofits are more likely to have pension plans when they are unionized, older, have sizeable revenues, and are self-financing rather than dependent on third-party funding. Two important factors that inhibit the creation of pension plans are the precarious and unstable nature of the work (employees often work in an organization for a short period of time) and the complexity for any single organization in tackling the establishment of such a scheme. Yet the stakes are high because in the absence of employer-based pension plans, retirees from the nonprofit sector are at risk of living their “golden years” in poverty.

Looking back, we are surprised, even amazed, by the launch of Quebec’s Community and Women’s Group Member Funded Pension Plan in 2008, given the degree of skepticism and pessimism regarding this initiative within the community sector when the idea started to be seriously discussed in 2005. However, as noted by two of our interviewees, women’s groups were the most enthusiastic and motivated by the idea because they perceived that it would finally answer some of their needs.

The RRFS-GCF is a single multi-employer pension plan open to all nonprofit, community, social economy, and women’s groups across the province who voluntarily choose to join. The plan provides members with a decent lifelong retirement income, and its investment policies are in line with the sector values regarding social, environmental, and governance issues. The plan is also flexible, as each participating organization sets its total contribution rate (between 2% and 20% of salaries), and these rates can be raised or lowered at will by each participating group. The contributions are tax deductible for the employees, and the employer contribution is not a taxable benefit. It provides defined benefits and follows a prudent approach with a funding policy aiming at security, sustainability, and intergenerational equity (every $100 paid into the plan is sufficient to finance yearly pension of $10 as of age 65, and to index it to the cost of living each year for all active and retired participants). Should a deficit arise, part of the employee contribution of ensuing year(s) must be used to eliminate it. An indexing reserve is in place to reduce this risk as much as possible. Normal retirement age is 65, with a possibility of retiring as early as 55 (with a reduction) or to postpone retirement as late as age 71 (with an upward adjustment). Various tools can be used by members to increase their guaranteed pensions, such as past service buyback, direct transfer from another pension plan, or voluntary contributions (Lizée, 2015).

The plan respects the autonomy of member groups. Each employer group decides whether to participate (30% of salaried workers can block participation), and each group chooses the member contribution rates. The risk is borne collectively by plan members, and democratic procedures are established for joining the plan. There is an annual general meeting (AGM) every
fall where each member is invited to participate. A board of governance (or pension committee) of 13 people (with a requirement for a minimum number of women representatives) is elected at the AGM to act as the plan’s fiduciary and administrator. The board administers the plan and selects the actuarial, auditing, and managerial experts who will manage the money invested, which is pooled with investments from other plans. Each participant worker can access a personal statement annually through a personal page on the website of the plan.

As of the end of 2018, there were about 7,000 participating members spread over 706 groups. There are approximately 120 retirees receiving pension incomes and more than $61 million in invested assets. In 2010, the plan received the Plan Sponsor Award from Benefits Canada in recognition for the various innovations it introduced (Régime de retraite des groupes communautaires et de femmes, 2016 & 2017; Lizée, 2018).

Ontario’s March toward the Creation of a Pension Plan for the Sector

In Ontario the process was slower than in Quebec. In 2018, Ontario was finally able to launch a plan, OPTrust Select, following extensive preparatory work by the ONN, which has been summarized in a 2017 technical report entitled *A Roadmap for a Nonprofit Sector Pension Plan*. The ONN’s two pensions task forces (working from 2015 to 2017 and in 2017/18) were aware that employee benefits and pension plans are key factors in employee recruitment and retention and that a nonprofit sector pension plan “would make a tremendous difference for workers’ wellbeing and the ability of the sector to recruit and retain the talent it needs” (ONN, 2017: 4). It had also benefited from the lessons of the Quebec initiative by consulting with some of its key players.7

The ONN aims were to develop a plan that would respect the priorities of adequacy of retirement benefits (70% income replacement), affordability and predictability of contributions (employers and employees would each contribute 3% to 5% of earnings per year), and security of the plan (using the more conservative approach of a multi-employer pension plan with target benefits).

The ONN (2017: 43) was concerned that “not many existing pension plans have expressed an interest in taking in the nonprofit sector’s workforce.” But in the end, the ONN found a willing established partner and opted not to set up a retirement plan from scratch. Instead, after three years of work and with the view that the reforms of the Canada Pension Plan (CPP) system are slow-going and modest in scope, the ONN decided to join the well-regarded public OPTrust plan near the end of 2018. ONN joined under an adjunct formula called the OPTrust Select. OPTrust, like the RRFS-GCF in Quebec, is based on the combination of a guaranteed lifetime annual benefit based on a percentage of total contributions (10% in both cases) plus conditional indexing to the cost of living financed from an indexing reserve funded by part of the contribution. It offers defined benefits and requires a mandatory 3% contribution from both employer and employees (while the regular OPTrust plan for the public sector uses contributions in the range of 10%). Adherents can also buy back past years of services. The hope is that, if the plan is widely adopted across the sector, the goal of making it possible for workers to move between employers while maintaining the same pension will be achieved (Kainer, 2018). One of the limitations of this plan, compared to the RRFS in Quebec, is that in the OPTrust Select,
contributions are fixed at 3% each for employers and employees. In the case of the RRFS, contributions levels can be set between 2 and 20% by each employer and employees (with at least half paid by the employer) and changed upward or downward at any time, to take into account changes in the funding situation of the employer (M. Lizée, personal communication, January 7, 2019).

The Common Good Retirement Plan Initiative

The field of nonprofit pensions is fast-moving, and as research for this volume concluded in late 2019, additional developments were still unfolding. In addition to the recent adoption by the ONN of the OPTrust Select in Ontario, a national coalition known as the Common Good Retirement Initiative was gaining momentum for a national portable, collective retirement plan for the sector. This initiative, which operates as a social purpose business, is funded by a coalition of large Canadian philanthropic foundations, led by a steering committee of nonprofit sector leaders, and has secured a long list of committed employers from the sector (Common Good, 2018). While it is national in scope, this initiative offers an option that is far less ambitious and provides less security of payments for the workers compared to the option selected by the ONN. The key weaknesses of this plan are a) only the employee must contribute, b) the benefit levels will tend to be lower, and c) benefits will be at risk from market fluctuations.

Still, this defined contribution plan represents an improvement for nonprofits that currently have only the option of a group RRSP (registered retirement saving plan) or individual TFSAs (tax-free savings accounts). Its advantage is that collective management of the funds should reduce significantly the management fees. Moreover, the Common Good plan offers a two-tier system to take into account the different saving capacities of lower- and higher-income employees. The first tier is a TFSA for low-income employees and the second an RRSP that can be used by higher-income employees once they have reached their maximum contribution in their TFSA.

In the TFSA, contributions are not tax deductible, but income is not taxed inside the TFSA or when the funds are withdrawn. Most importantly, withdrawals during retirement have no impact on the amount of guaranteed income supplement (GIS) that the person will receive, a very significant advantage given the low incomes expected from this plan. The RRSP contributions are tax deductible, but the benefits are taxable, which may result in a clawback in the GIS so long as total income (including Old Age Security) is under $25,457 for a single person over age 65 or $37,955 for a couple. Depending on income level, the marginal rate of income reduction due to this clawback and the tax system are somewhere between 50% and 85% (M. Lizée, personal communication, January 7, 2019).

The issue of decent work and compensation, including pensions, was taken very seriously by the Senate Committee on the Charitable Sector, and its June 2019 report recommended that the federal Minister of Finance, working with provincial and territorial counterparts, support the development of pensions for the sector that would be portable across jurisdictions (Senate of Canada, 2019: 36). That is an ambitious goal, and it remains to be seen how the federal government, while respecting the provincial initiatives, especially in Quebec, could facilitate the emergence of what would be a pan-Canadian, portable plan that enables the sector to provide decent retirement benefits.
Conclusion

The Canadian literature on working conditions in the nonprofit sector, emerging mainly from Ontario and Quebec, has identified a number of issues pertaining to working conditions, ranging from health and safety to violence in the workplace, from low wages to limited access to benefits, and limited availability of pension plans. The working conditions are reported in relatively dire terms: the climate is stressful, unstable, unfriendly to advocacy work, overly focused on tracking activities, and influenced by an audit culture. These conditions are reported to have worsened in the last decade as neoliberal government policies have intensified. Indeed, one could glean from the literature the impression that working in the nonprofit sector is a living hell, especially compared to the public sector.

We feel that this view is only partially correct, and we want to emphasize that some paths for improvement of the working conditions in the sector are being developed. One route comes with a massive unionization of part of the sector, as occurred in Quebec with the childcare network that created a large base of properly funded and unionized jobs in the sector. A second route, gaining traction across the sector, is the introduction of sector-wide pension plans. The success in Quebec and now in Ontario demonstrate that with the leadership of the sector itself, and perhaps with other allies from the union and the women’s movements, it is possible to establish pension plans that will go a long way in improving the financial security of workers upon their retirement. The failed attempt in New Brunswick reveals that the sector can be its own worst enemy, however, by not believing and pushing enough for pension plan reforms.

It is time for nonprofit leaders and sector researchers to pay serious attention to the precarious working conditions in the sector and explore how improved work conditions can be promoted. Pension plans serve as a good starting point to focus our attention, especially given the aging of the nonprofit workforce. The creation of supplementary pension plans for the sector does not mean that stakeholders need to abandon their advocacy efforts to also enhance the public pensions system in Canada based on the current GIS+OAS+CPP/QPP/ORPP architecture but that more than the minimal system is needed.

The decade to come will be a challenging one for the sector. Nonprofit organizations will compete with other employers to recruit and retain human resources in the context of a large demographic shift that will see the baby boomers leave the active labour force and be replaced by younger workers with little or no institutional memory and different training and expectations about work. In this transition phase, issues of intergenerational justice will be particularly sensitive, as the sector will need to avoid creating a tense dual labour market in its midst, pitting against each other older workers with relatively stable working conditions and younger workers on temporary contracts whose work lives are very precarious.

Clearly, some socio-political prerequisites will need to be established before we can improve working conditions in the sector. Other than the obvious need to increase funding from various levels of government, the low union density in the sector is something that must be addressed. However, the relationships between the nonprofit sector and the union movement in Canada are complex. Increasing the proportion of workers in the sector represented by unions might be one part of the solution, but other strategies can be developed with or without unionization, as is the case in Quebec, where organizations participating in the pension plan do not need, and often
do not want, to be unionized. Nor is it obvious, on the other hand, that trade unions want to unionize all nonprofit workers.

That is an important takeaway message. Unionization is one avenue to promote better benefits (including pension benefits) in the nonprofit sector, but it is a solution that will not fit all nonprofit workplaces given the historical tensions that exist between the union movement and the nonprofit sector. Therefore, strategies for nonprofit sector pension plans should be designed to serve both unionized and non-unionized nonprofit workplaces.

We argue that provincial institutional arrangements that can be “sector-wide” and based on voluntary adhesion/joining probably offer one of the best avenues for progress in the field of pensions and other working conditions in the Canadian nonprofit sector. The Quebec example with the RRFS-GCF plan is particularly interesting in our view. Its conditions of success included state legislative support, nonprofit sector-driven leadership, limited union support, strong women’s movement support, audacity, and the belief that if you build something adapted to their needs and constraints, workers will join in. A key is to approach this development as a socio-political process first and a technical issue second. Approaching it the other way around, as a technical-actuarial issue that needs to be figured out first to be followed later by the development of a political will, is less likely to be successful.

Nonprofit sector champions of pension plan reforms might also, in the end, need to accept that nonprofit pension plans might not offer all the same features or levels of benefits found in those of the more affluent public sector. Yet this should not prevent provincially based supplementary, multi-employer plans from being set up, as they are badly needed in the sector. A further step, as envisaged by the Senate committee’s report, will be for the federal government to eventually gain the political will to work with the sector in advancing proposals for a countrywide, portable pension plan. The sector and its allies need to advocate to ensure that progress continues to be made on these nonprofit pension plan issues.
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Notes

1 The Ontario Nonprofit Network Task Force highlights the lack of evidence-based research on the nonprofit sector: “[...] despite the fact that the nonprofit sector is a significant employer representing 2.6 percent of Ontario’s GDP, sector-specific research and comprehensive databases are largely unavailable.” (ONN, 2017: 5). Yet, despite this lack of research, many ambiguous representations circulate in the public space regarding the nonprofit sector.

2 The CFP (Centre de formation populaire) is a community-based research and training centre. Relais-femmes is a women’s research umbrella organization. The RIOCM (Regroupement intersectoriel des organismes communautaires de Montréal) is an umbrella organization for 300 nonprofits working in the fields of health, social services, immigration, and advocacy rights.

3 Since the number of children in Quebec under six years of age was 531,617 in July 2018, the 303,341 spaces mean that there are spaces for 57% of children.

4 The report was more specific regarding health benefits, providing an appendix prepared by Medavie Blue Cross (a nonprofit insurance company that administers various government-sponsored health programs) that outlined a proposal for group benefits coverage for the nonprofit employees throughout the province.

5 This action-research was made possible with the participation of the UQAM Service aux collectivités, Centraide Montréal, and the SACA (Secrétariat à l’action communautaire autonome). SACA, an agency of the Government of Quebec, is now called SACAIS: Secrétariat à l’action communautaire autonome et aux initiatives sociales.

6 Indexing is conditional on the plan’s financial situation. The plan is designed with a significant indexing reserve, equal to ± 50% of liabilities, in order to weather the ups and downs of markets and to be able to index benefits to the cost of living, before and after retirement, based on the financial situation of the plan.

7 The importance given to the Quebec experiment and the Lizée contribution is obvious when we read the ONN Report (ONN, 2017: 36–39; Lizée, 2015).
Biography

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