
REPORT TITLE: Enhancing Community Investment Support for Peel Not-For-Profits

FROM: Sean Baird, Commissioner of Human Services

RECOMMENDATION

- 1. That the \$2 million temporary funding for food security be presented for consideration as permanent base funding in the 2024 budget; and,**
- 2. That funding to the Community Investment Program be increased for consideration in the 2024 budget by a further \$3 million to address increased demand and inflation within the non-profit sector, continuing demand in food security as well as programs supporting black and indigenous serving organizations; and**
- 3. That Council approve a one-time increase in the Community Investment Program, Capacity Fund of \$1.1 million, to be funded within the approved 2023 Community Investment and Income Support operating budgets.**

REPORT HIGHLIGHTS

- As of December 31, 2022, the Community Investment Program expended \$7,976,547 base budget through 174 contracts that supported 1,594,487 service interactions for residents.
 - In 2022, Peel not-for-profits and community agencies are facing high rates of inflation; deepening financial precarity; and staffing and volunteer shortages.
 - To address systemic discrimination the Community Investment program committed to applying an equity lens to ensure the diversity of Peel not-for-profits and community are reflected in decision-making, grant opportunities, policies, and practices.
 - Post pandemic, Peel not-for-profits have been a critical safety net absorbing greater demand for programs and services for vulnerable populations with no increase to sustainable funding.
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DISCUSSION

1. Background

Peel not-for-profits touch all our lives as they build strong livable safe communities. During the different phases of the pandemic, Peel residents relied on the critical programs and services not-for-profits offer, including mental health supports, food insecurity, intimate partner violence, human sex trafficking, newcomers/settlement, services for individuals with

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disabilities, family services, housing, access to skills and employment training, care for seniors, youth programming and the advancement of equity and systemic discrimination.

The Region of Peel's Community Investment Program is a relationship funder that provides support for local not-for-profit agencies to successfully deliver community and social services by investing in their core operating expenses. The Community Investment funding streams (Core Fund, Capacity Fund, Change Fund, Small Capital Fund, Hub Fund, Agriculture Fund) help agencies build internal capacity, strengthen business practices, and encourage collaborative partnerships to advance system-level solutions. This funding approach is a unique model across the province and is highly regarded throughout the not-for-profit sector in Peel as being innovative and responsive.

a) Peel's Not-For-Profit Ecosystem Post Pandemic

The COVID-19 pandemic highlighted system barriers that had a disproportionate impact on equity deserving groups. In 2022 and 2023, Peel not-for-profits and community agencies are facing unprecedented pressures and challenges validated in the Imagine Canada and Ontario Non-Profit Network Surveys:

- High rates of inflation have led to steep rises in interest rates, elevating infrastructure costs and affordability risks for not-for-profits in Peel.
- Peel region has the highest number of not-for-profits who experienced an increase in demand for programs and services 79 per cent.
- Two-thirds of Peel not-for-profits identified inflation and decrease in donations as the most significant factors challenging their organizations. Financial sustainability is more precarious for Black led, Black serving, Black mandated (B3) and Indigenous not-for-profits as two-thirds reported not being able to sustain themselves beyond a year.
- Peel region has the greatest number of job vacancies in the not-for-profit sector with 12 per cent reporting a job vacancy rate higher than 50 per cent.
- Sixty-six per cent of Peel not-for-profits executive directors identified that they have no succession plan in place.

b) Rising Food Insecurity in Peel

Poverty and food insecurity disproportionately impact Peel households. Statistics Canada reported that in Peel 111,925 residents or 8 per cent of the population live in poverty including 28,680 or 10 per cent of children between 0-17 years of age. Increased housing costs and a 11.4 per cent increase in food prices (year over year, Statistics Canada) has made food unaffordable. In 2023, based on the Canadian Income Survey, it is projected that 25.6 per cent of households in Peel will be severely food insecure. Peel food banks (i.e., Knights Table and Regeneration (Brampton), Mississauga Food Bank, Caledon Exchange) are experiencing a 60 per cent increase in the number of Food bank visits with 30 per cent of the visits coming from first time food bank users.

c) Surges in Settlement in Peel

The Region of Peel is home to one of the most diverse populations in Canada. In Peel it is expected that approximately 32,000 new permanent residents will arrive in 2023 and 33,500 in 2024. Peel is unique as it exceeds both national and provincial averages in relation to the percentage of immigration population (51.8 per cent), recent immigrants (7.2 per cent) and racialized population (68.8 per cent). In 2023, the Region continues to

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work along side community agencies to support the increased needs of newcomers, immigrants, asylum claimants and refugees.

2. 2022 Community Investment Program Results

In 2022, the Community Investment Program received 267 applications with a total request for funding of \$19,551,735. As of December 31, 2022, the Community Investment Program expended \$7,976,547 of base budget through 174 contracts and 102 unique community agencies. Demand for Community Investment base funding in 2022 outpaced the program budget due to the current needs and pressures faced by the not-for-profit sector. Regional grants represented only a small percentage (up to 20 per cent) of each organization's overall revenue in 2022. Allocations from each fund can be found in Table 1 below.

Table 1: 2022 Community Investment Program Funding Streams

Fund Name	Number of Investments 2022	Total Funding Allocations 2022
Core	85	\$7,033,647
Capacity	9	\$84,674
Change	14	\$462,500
Agriculture	6	\$16,000
Small Capital	36	\$306,505
Community Hubs	4	\$113,000
Total 2022 base funding		\$8,016,326
Food Security Capital and Innovation (Year 1)	18	\$2,000,000
Social Purpose Enterprise Fund (Year 1)	2	\$300,000
Total 2022 funding	174	\$10,316,326

The goals and the objectives supported by the 2022 Community Investment funds included reducing poverty, strengthening food access, stabilizing core operations and capacity building post pandemic, and addressing systemic inequities of funding for Black, Indigenous, and racialized not-for-profits. All funding allocations are assessed against a weighted scoring matrix by a review committee. The review committee is comprised of provincial, municipal, regional, and sector funding partners.

The Community Investment Program is in year two of implementing its online granting portal GovGrants, that provides Peel not-for-profits a one-stop portal to apply, manage, store, and reconcile agency information and contracts within a shorter timeline. It also able to capture granting outcomes that can be used to assess requests for additional funding. In 2022, 82 per cent of surveyed Peel not-for-profits were satisfied with the Community Investment Team's response to support organizations with the online portal.

The Community Investment Program realigned priorities post-pandemic that resulted in the following impacts:

- 84 per cent of not-for-profits surveyed stated community investment funding aligned to their 2022 identified pressures and needs.
- 12 per cent increase in the number of newly funded agencies.

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- 11 per cent of funded not-for-profits were black-led, black mandated or black serving (B3).
- 258 core staffing positions, in 84 not-for-profits were funded to support the restorative phases of the pandemic.
- 36 not-for-profits were funded for projects to support hybrid work environments in response to the pandemic.
- A cross divisional partnership with Income and Social Supports division to support more than 20,000 recipients across Peel with grocery cards to purchase food and necessities in a dignified, culturally appropriate manner.

Please refer to Appendix I - 2022 Community Investment Program Allocations and Appendix II - 2022 Community Investment Program Overview.

3. Advancing Equity and Investing in Peel Not-For-Profits Post Pandemic

The COVID-19 pandemic highlighted barriers, emerging issues and systems gaps that had a disproportionate impact on equity deserving groups which represent 68.2 per cent of Peel's population. Peel's Black population represents the second largest visible minority group, with a positive population growth of 18 per cent over the last 10 years (2011 to 2021). In alignment with the Region's commitment to address systemic discrimination, the Community Investment program committed to applying an equity lens to ensure the diversity of Peel not-for-profits and community are reflected in decision-making, grant opportunities, policies, and practices. The Diversity, Equity, Anti-Racism (DEAR) Committee received a report from the Commissioner of Human Services, listed on the April 6, 2023 DEAR agenda titled "Diversity, Equity, and Inclusion Journey for Community Investment Funding".

To implement a balanced equitable funding approach, staff are proposing an increase of \$1.5 million to the 2024 budget to support Black, Indigenous, and racialized Peel not-for-profits to build community capacity and embed culturally appropriate programs and services for all Peel communities.

a) Continue to Invest in Food Access in Peel

Peel residents will continue to be challenged in the coming years with the need for affordable food due to cost of living increases. The Food Security Capital and Innovation Fund (Resolution RCB2021-74), a \$4M two-year (2022,2023) investment, supported the growing need for emergency food during the pandemic. In year 1 (2022) of the Food Security Capital and Innovation fund the following impact was realized; 18 food banks were funded, food distribution space increased by 56,000 square feet, 19 new positions were created in food security sector, purchased 4 mobile food trucks were purchased; 4 walk-in freezers and fridges were installed; and 2 million pounds of food was distributed in Peel to support an additional 119,592 unique Peel residents. Please refer to Appendix III - Year One Impact Food Capital and Innovation Fund Overview that highlights outcomes for the 2022 investments.

Staff are proposing to make the temporary \$2 million part of the permanent 2024 base budget with an additional \$500,000 investment in food security.

b) Stabilize Peel's Not-for-profit Sector

Demand for Community Investment funding in Peel is outpacing its current base budget by 84 per cent due to increased demand from new not-for profits, increased food

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insecurity, the need for post pandemic sustainable core funding, and a surge of needed programs and services for newcomers to Peel. With every dollar granted by Community Investment in 2022 the sector requires \$1.84 to meet service demands.

Staff are proposing an additional \$1 million increase to be considered in the 2024 budget to help meet increased demand for funding stemming from inflationary pressures on operating budgets and the growth of new not-for-profits. On a more immediate basis, staff are recommending one-time increase in the Capacity Fund of \$1.1 million for 2023 utilizing underspending in other program areas. This will help existing agencies maintain their service levels and enable new agencies to reach underserved populations.

RISK CONSIDERATIONS

Peel's not-for-profit sector is an integral part of our human services systems continuum which demonstrated its role as a critical safety net for the last three years, absorbing greater demand for service while coordinating to meet the needs of the most vulnerable. It is critical that the Region of Peel support the important and unique needs of the sector during pandemic recovery.

Investing in Peel's not-for-profit sector will help to build back resilient and safe communities. Community Investment staff will also advocate to the various levels of government and funders for increased investment for the Peel not-for-profit sector to meet growing demand for services.

BILL 112 RISKS AND IMPLICATIONS

With Peel's dissolution, Peel not-for-profits are concerned about continuity of sustainable community investment funding during the transition. The Community Investment Program has moved to multi-year 3-year contracts (2024-2027) to support continuity of funding during Peel's dissolution. As has always been the case, agency funding is contingent on annual program budget approvals from Council. Multi-year contracts will provide some assurance of funding but will be dependent on budget approvals from the whichever organization becomes responsible for this service.

FINANCIAL IMPLICATIONS

The approved 2023 Budget included \$7.9 million in base funding for the Community Investment Program and additional Council approved funding of \$2.3 million to support social enterprise and food security. As demand for the program exceeds the current budget, the 2024 Budget will include a proposed increase of \$5.0 million for Council's consideration.

Due to increasing demand on the Community Investment program, it is recommended that a one-time increase in the Capacity Fund of \$1.1 million be approved for 2023. This increase will be funded by underspending of \$0.5 million in the Community Investment, Affordable Transit program due to decreased program demand, and \$0.6 million in Income Support as a result of temporary underspending in administration.

CONCLUSION

Despite the obstacles from the pandemic, the Peel not-for-profit sector has been resilient,

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working collaboratively to support Peel's most vulnerable residents. Future increases to the not-for-profit sector are required to address the post-pandemic impacts and increased demand for service.

The Region will continue to collaborate with the community to build the capacity of the not-for-profit sector and establish a relationship-centered, barrier-free, granting practice that is accessible and equitable.

Over the coming months, staff will continue to engage key stakeholders to address and align critical needs through the 2023 Community Investment funding streams. The 2024 Budget will include a proposed funding increase for Council's consideration.

APPENDICES

Appendix I - 2022 Community Investment Program Allocations

Appendix II – 2022 Community Investment Program Overview

Appendix III- 2022 Year One Impact Food Capital and Innovation Fund Overview



Sean Baird, Commissioner of Human Services

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