

**HIDDEN ASSETS:
THE IMPACT OF NON-PROFIT ORGANIZATIONS
ON THE
ECONOMY OF SAULT STE. MARIE**

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Gayle Broad and Steffanie Date
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EXECUTIVE SUMMARY

Communities have long recognized the value of the non-profit sector to the social fabric of society. Indeed most of these “third sector” organizations have been recognized as providing an essential function in society by meeting a variety of health, social service, and educational needs. There has however, been a general notion that while providing valuable services, the programmes offered by this sector of the economy may drain government revenues, and draw needed monies away from other economic development activities. This perception is at odds with research which has shown that in Canada today, the non-profit sector generates more revenue and employment than the oil and gas industries combined (McMullen and Schellenberg, 2002).

In May, 2003, the Community Economic and Social Development (CESD) programme of Algoma University College undertook a study of the non-profit sector in Sault Ste. Marie, to determine its contribution to the overall economy of the City. Based on research conducted at both the national and regional levels, four areas were selected for exploration to determine what contribution the non-profits were making to the economy:

- revenue generation and disbursement
- direct and indirect job creation
- community capacity building through volunteer and staff development
- social capital development (networking and policy development)

Surveys were distributed to 125 organizations located in Sault Ste. Marie, with a total of 87 organizations responding for an overall response rate of 69.6%, giving a high degree of accuracy. Two organizations participated in case studies to identify potential sources of additional economic activity not readily accessed through the surveys.

The organizations were divided into two groups: the quasi-governmental or “Quango” group, composed of health services and educational institutions, and the small non-profit sector comprised of a wide variety of organizations providing specialized services to a wide variety of the population. The data collected from the quango sector has been set out separately from the data of the remaining non-profit sector.

Some of the key findings of the study indicate that this sector makes a substantial contribution to the economy of Sault Ste. Marie, comparable to that of the current call centres.

The quango sector and small non-profit sector combined have revenues in excess of \$350 million annually and employ over 5,000 workers. Total revenues for the small non-profit sector are approximately \$78, 000,000 per annum, with overall employment exceeding 1400 employees. Approximately 75% of the funding, or approximately \$60,000,000 comes from external sources. In addition, case studies indicate that substantial other external revenues may be coming into the community as a result of the services provided. For example, one non-profit generates in excess of \$750,000 from external sources in indirect revenues on behalf of its clients.

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Over 80% of the employees in this sector are female, exceeding the national average by approximately 10%. While most of the workers are over 35 years of age, 27% of the employees fell in the 25 – 34 age range, presenting the sector as an opportunity for younger workers to enter the labour market. This sector also provides substantial opportunities for volunteers: 87% of the organizations provided volunteer opportunities for over 4500 individuals in the past year, providing a valuable source of leadership development.

The study also indicated that in addition to the organizational revenue and concrete jobs created, the sector provides substantial contributions to the quality of life of Sault Ste. Marie's citizens through assisting them in accessing affordable housing, increasing their personal income levels through advocacy, and providing direct services and personal need care to persons with disabilities.

Finally, the study indicates that this sector of Sault Ste. Marie's economy could be grown through some strategic investment. Many of the non-profits currently access short-term grants and/or rely on funding that requires local investment. The study indicates that many of the smaller non-profits are being stretched beyond their capacity to do fundraising at the local level. Non-profits by their nature are run by volunteer board members who are usually motivated more by a desire to provide a service than an ability to organize major donor campaigns.

Only twenty-eight per cent of the non-profits are currently in receipt of funds from the municipality. Overall, the City of Sault Ste. Marie contributes about \$7 million, which is about ten per cent of the revenue generated by the sector. Further strategic investments could result in a substantial return for the community, both in overall dollars leveraged from other levels of government, and through job creation, community capacity building and the creation of social capital.

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1.0 INTRODUCTION

“The goal of sustainable community development is to... build communities which...can sustain and regenerate themselves through economic self-reliance, community control and environmentally sound development...This calls for building local culture and meeting the full range of people’s needs” (Nozick, 1992:7)

The Community Economic and Social Development (CESD) programme of Algoma University College promotes the sustainable development of small urban, rural, Northern and Indigenous communities through education and research. In May, 2003, the Community Economic and Social Development (CESD) programme of Algoma University College undertook a small research study of the non-profit sector in Sault Ste. Marie, to determine its contribution to the overall economy of the City.

Communities have long recognized the value of the non-profit sector to the social fabric of society. Indeed most of these “third sector” organizations have been recognized as providing an essential function in society by meeting a variety of health, social service, and educational needs. There has however, been a general notion that while providing valuable services, the programmes offered by this sector of the economy may drain government revenues, and draw needed monies away from other economic development activities.

In recent years however, there has been an increasing interest in and acknowledgement of this sector as a driver of local economies, particularly in depressed regions, where government transfer payments are a substantial source of revenue to such economies. Additionally, there is increasing evidence that social services and programmes are an important, perhaps crucial, ingredient in building a healthy economy, as they develop both the social capital of a community and a community’s capacity to deal with economic challenges.

The assumptions of this research is that the non-profit sector may contribute to the economy in the following ways:

- Through transfer payments, i.e., through obtaining funds by transfers from other levels of government, non-profits bring dollars into the community.
- Direct and indirect job creation – by assessing the number of jobs created, type of employment and income level of the employees, the study projects the number of jobs and spin-off jobs that may be created by the sector
- Community capacity building – by collecting data on the numbers and training of volunteers and staff, the study examines the contribution of the sector to building community capacity

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- Social capital – by examining networking of local groups with provincial and national bodies, as well as collecting data on their policy development activities, the study examines the opportunity of the sector to develop social capital

This study is based on the work of a number of previous researchers, particularly those at the CPRN (McMullen and Schellenberg, 2002) who have provided national leadership in the exploration of the contribution that not-for-profits make to the economy of Canada. The data collection and analysis was provided by a co-op student under faculty supervision in the Community Economic and Social Development (CESD) programme at Algoma University College.

1.1 DEFINITIONS

The **non-profit** sector - also referred to in this study as the third sector - is represented by a host of organizations, frequently quite small, that provide services primarily in the areas of education, health, arts and culture, social services, education and recreation. Recently, there has been widespread restructuring of government services and programmes which, together with economic changes, have resulted in the creation of a number of other organizations established to deliver programmes and services that had previously been offered directly by various levels of government. Economic development corporations and airport management are just two examples of these. Additionally, the sector has grown in recent years in response to a changing socio-political climate where citizens' associations actively promoting a variety of interests have formed non-profit groups. Some examples of these are environmental groups and groups such as Fair Vote Canada, who have specific non-partisan objectives, but may actively influence government policy-making.

The non-profit sector is further subdivided into two groups. The large organizations such as hospitals, boards of education and post-secondary institutions, which are all government-mandated and regulated, have been identified by McMullen and Schellenberg as the **quango** sector, or quasi-governmental sector, and for consistency this study has maintained that identification. The second group is comprised of small, non-profit organizations established by grassroots community members to address a particular need and is usually reliant on a variety of different funding sources, some of which may be government based.

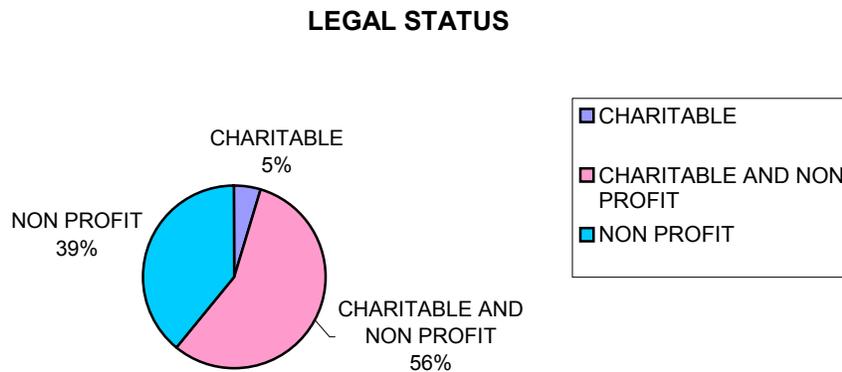
In this study, five of the six local organizations that would fall in the quango sector responded to the study's request for detailed information. Information from the remaining organization was obtained through their public audited financial statements, but the data regarding number of employees and volunteerism is missing for this one organization.

Since previous studies by the Sault Ste. Marie Economic Development Corp. and others have included the quango sector in their planning, this report has focused on the smaller non-profit sector. **When the quango sector has been included, it is clearly stated as such, otherwise the report is only of the smaller non-profit sector.**

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According to data obtained from Revenue Canada, forty-nine organizations in the Sault and area were categorized as both charitable¹ and non profit, and a further four organizations were categorized as solely charitable organizations. The remaining thirty-four organizations participating in the survey are categorized as non-profit only.

Figure 1.1



2.0 METHODOLOGY

A short literature review revealed three studies of particular relevance to this research. The Canadian Policy Research Networks (CPRN) published a report in December 2002 entitled “Mapping the Non-Profit Sector” by Kathryn McMullen and Grant Schellenberg. This national study reviews and defines the non-profit sector’s scope in Canada, an exploration of its size and characteristics, as well as the characteristics of its employees.

The Social Planning Councils of both Thunder Bay and Sudbury have also completed studies of the non-profit sector in those communities. Given Sault Ste. Marie’s size and location, those studies were deemed of particular relevance to use as a comparator for the health and vibrancy of the local sector.

A list of non-profit organizations in the Sault Ste. Marie area was compiled through a variety of sources. Local individuals were contacted who had been archiving such information and materials were obtained from records of the Sault Ste. Marie Information and Career Centre, the ‘Street Smart Guide’, and a local consulting firm which had been working on the development of a Social Development Council. In addition, Revenue

¹ The designation “charitable” is obtained from Revenue Canada and qualifies the organization to issue tax-deductible receipts for donations. Due to recent changes to tax law, it has become increasingly difficult for non-profits to qualify, as any organization which defines itself as involved with “advocacy” is excluded.

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Canada was approached for a list of charitable organizations within the Sault Ste. Marie area.

The list assembled from these various sources totaled 192 organizations. All organizations which identified as religious charitable organizations were eliminated as their expansion depends exclusively upon their membership. Since this research is intended as a first step towards the eventual identification of opportunities for potential expansion of the non-profit sector, it was felt that it would be unwise to include such organizations.

A survey was then designed, based on studies conducted in Thunder Bay and Sudbury, to obtain information regarding revenue, revenue sources, employment, employee information, volunteerism, networking and/or policy development. A copy of the survey questions is appended as Appendix A.

The survey was distributed to 125 organizations and follow up phone calls were made. A total of 87 organizations responded for an overall response rate of approximately 69.6%. A similar study completed by the Social Planning Council in Sudbury yielded a response rate of 27.1 per cent, giving this study a high degree of accuracy. This was also demonstrated by the Thunder Bay study which identified 308 organizations fitting the definition of “non-profit”, though its response rate was also smaller than that of the Sault’s, with 45% of agencies reporting.

Information on one large organization which did not respond to the survey was obtained from its audited annual statements and annual report. Of the responding organizations, not all answered every question. There is therefore some minor discrepancies in some of the data.

Additional information was obtained from two non-profit organizations through interviews with staff members, and in one case, a lengthy review of files. This information was collected to identify further contributions to the economy through spill-over effects which were not readily evident from the survey data collection

3.0 RESEARCH FINDINGS

The research findings have been broken down into several components. Since this research is an initial attempt to map and identify the sector, with a future goal of identifying opportunities for expanding the sector, the survey was designed to gather a variety of information.

First, the survey explored the diversity of the sector – the types of organizations, their affiliation with provincial or national organizations, and the programmes and services they provide. Second, the survey devoted substantial exploration to the revenue generated by the sector: the sources of funding, the amount of funding, and the local disbursement of the funds. This information was considered key to determining the direct benefit to Sault Ste. Marie’s economy of this sector. Finally, the survey collected

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data related to the employment in the sector: information was collected on the types of jobs, whether full or part-time status, the pay levels, and gender and employees. Information on volunteer hours and training was also collected to determine the contribution the sector makes to developing human resources, outside of its direct employees.

3.1 NON-PROFITS – WHO ARE THEY?

As indicated earlier, of the 125 organizations invited to participate, 87 responded to the survey representing a 69.6% response rate. By contrast, Sudbury distributed questionnaires to 414² organizations, with only 112 completing, yielding a response rate of 27.1%. This indicates that although Sudbury's study had a much smaller sample size, the overall size of its non-profit sector is substantially larger than that of Sault Ste. Marie.

Of those responding, thirty-five organizations indicated that the provision of "social services" was their primary mandate. Eighteen organizations were categorized as health, twelve as education, six as arts and culture, and four as recreation. Twelve organizations were categorized as "other" and were described as non-profit businesses, community participation, community development and economic development.

The services provided by the organizations were wide ranging, meeting the needs of people and the community in a variety of ways. Social services provided included: counseling services, volunteer recruitment, crisis shelters, treatment centers, youth services, community centres, support groups, social clubs and legal services. Organizations which responded included groups such as the Soup Kitchen, Women in Crisis, and Easter Seal Association .

Health organizations included services in the addictions field, care for seniors and children's services and included such organizations as Children's Rehabilitation Algoma, The Arthritis Society, A.A. and the Finnish Resthome. Groups which identified themselves as primarily "education" provided skill development, first aid training, learning disability supports and historical preservation and included such organizations as Job Connect, St. John's Ambulance, the Learning Disabilities Association, and the Bushplane Museum.

Six of the responding organizations described themselves as "arts and culture" providing the community with such services as cultural and historical preservation and awareness, motivation and appreciation of creative expression. Some of the organizations in this sector included the Algoma Arts Festival, Centre Francophone, and the Art Gallery of Algoma. The recreation sector, a small group of four, included such organizations as Sault Recreation Hockey Association and Voyageur Trail Association.

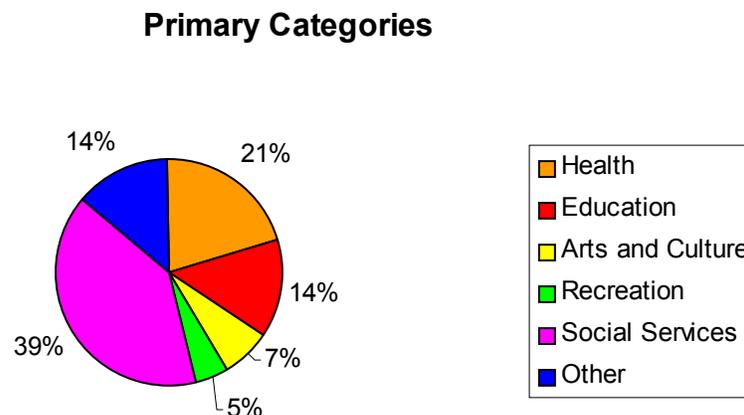
² It should be noted that in Sudbury's sample approximately 17% of the organizations were "religious", a grouping this study excluded. This exclusion however does not explain the substantial difference in the number of non-profits.

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The “other” sector included a wide variety of groups including charitable fund raising, animal welfare, conservation, community watch programs, and economic development. Some of the organizations were Downtown Association, Community Quality Initiatives, Neighbourhood Watch, SSM Humane Society, Heart and Stroke Foundation and SSM Region Conservation Authority.

This breakdown of service provision amongst non-profits is comparable to that of Sudbury’s, where the Social Services sector represented approximately 30% of the non-profits, Health represented approximately 20%, Education represented approximately 19%, and Sports & Leisure and Culture & Arts each represented 3%. The breakdown of service provision in Thunder Bay was somewhat different, possibly reflecting the fact that 40% of the organizations had a regional mandate to serve Northwestern Ontario. In Thunder Bay, 29% of the organizations were health-related, 24% were social welfare while education were only 6%.

Figure 3.1



3.2 REVENUE BY PRIMARY CATEGORY

The combined revenues reported by survey respondents from both the quango and small non-profit sectors is \$330,063,756³. Of that amount, the *Quango* sector respondents reported revenues of \$252,119,710 annually. [NB: Quango revenues have not been reported further in this section]

³ The one organization in this category which did not respond to the survey indicated in annual audited statements revenue in excess of \$55 million, providing the economy of Sault Ste. Marie with a combined revenue from all sources within the sector as close to \$400 million annually.

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In the year 2002-03, the 87 responding agencies in the small non-profit sector generated almost \$78 million within the City of Sault Ste. Marie. Of the seventy-five organizations which responded to questions of revenue, total revenue has been recorded as

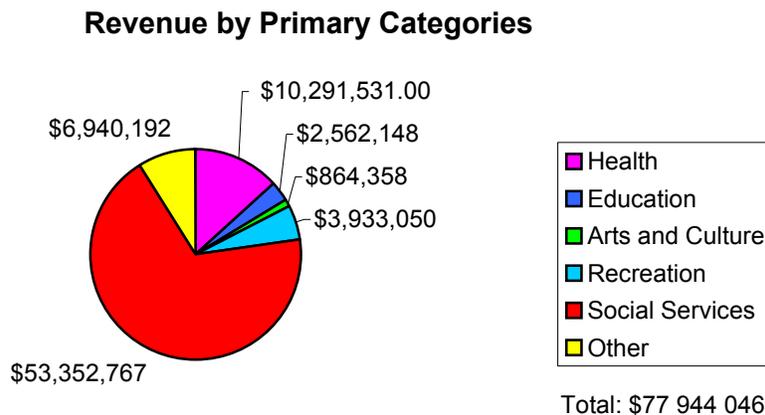
\$77 944 046. Out of this amount approximately \$60,000,000 or 75% is drawn from from external sources, providing a net injection into the economy. This is comparable with Sudbury's survey which showed that 95 organizations generated \$107,462,606⁴. Certainly this figure indicates that the sector makes a substantial contribution of the overall economy of Sault Ste. Marie.

Not surprisingly, the largest player within the sector representing 39% of the respondents, social services, generated a total of \$53 352 767. This was followed by the health organizations, 21% of respondents, which generated a total of \$10 291 531. These figures contrast with Sudbury's which reversed the contribution of the health and social services, ie., the health sector generated almost half of the total revenues, followed by the welfare sector at 30% and education at approximately 16%.

Although the there were only 4 organizations (5%) which identified themselves as recreation, this grouping generated a total of \$3 933 050, followed by the Education sector which generated a total of \$2 562 148, and was represented by 12 organizations (14%).

Although small in comparison to some of the other groupings, the Arts and Culture sector was represented by 6 organizations (7%) and generated a total of \$864 358.

The remaining 12 organizations (14%) designated themselves as belonging to a sector not indicated on the survey and generated a total of \$6 940 192. These other organizations may have described themselves as a non-profit business, community development or economic development.



⁴ Although, again, readers must be cautioned that Sudbury's response rate was much lower than Sault Ste. Marie's, indicating that its total revenues may be much greater overall.

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Figure 3.2

As was found in other studies (Sudbury, 2002) a relatively small number of organizations generate a substantial amount of the revenues. Four organizations generated \$43,531,032 or 45% of the entire revenues for the sector.

3.3 REVENUE RANGES

The respondent organizations varied substantially in the ranges of revenues, with only 14 organizations (16.1%) reporting revenues in excess of \$1,000,000. Ten agencies (11.5%) reported revenues of between \$500 000 and \$1 million, while fifteen (17.2%) reported revenues of between \$250 000 and \$500,000. Twenty-two (25.3%) reported revenues of between \$100,000 and \$250,000; six (6.9%) reported revenues of between \$10,000 and \$100,000 and eight organizations (9.2%) reported revenues of less than \$10 000.

It is significant to note that 37 agencies reported income in the range of between \$100,000 and \$500,000, as this would indicate that there is substantial diversification within the sector, and lends itself to a stable economic sector. Additional research could potentially add valuable information regarding the possibilities of building on this apparent strength within the sector.

Figure 3.3 Range of annual revenue

RANGE OF ANNUAL REVENUE	NUMBER OF ORGANIZATIONS
Less than \$10 000	8 (9.2%)
\$10 000 - \$100 000	6 (6.9%)
\$100 000 - \$250 000	22 (25.3%)
\$250 000 - \$500 000	15 (17.2%)
\$500 000 - \$1 000 000	10 (11.5%)
greater than \$1 000 000	14 (16.1%)
Unreported	12 (13.8%)

3.4 REVENUE SOURCES

Seventy-five organizations responded to the questions regarding revenue sources and indicated that they acquired their revenue from a variety of sources. Sixty-one organizations (78.6%) indicated that their funding came from a variety of sources to support their annual operating costs. Only fourteen organizations (18.6%) were

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dependent upon a single source of funding, reinforcing the sector's ability to sustain itself. While the majority of funding came from a variety of government sources, many of the organizations also raised substantial funding through local and out of town fundraising efforts, and through the sale of goods and services.

Four external sources contributed almost \$60,000,000 or 75% of the total revenues generated. The largest source of external revenue was the Ontario government with a little over \$54 million, followed by the federal government with \$4 million, a variety of special grants totaling \$1.5 million and out of town donations and fundraising generated an additional \$255,501.

Figure 3.4 External and Internal Revenue Sources

SOURCE	AMOUNT
Provincial Government	\$54,187,150
Federal Government	4,002,245
Special Grants	1,530,250
Out of town donations	255,501
TOTAL – EXTERNAL	\$59,975,146

SOURCE	AMOUNT
Sale of Goods & Services	\$7,696,418
Municipal Government	5,967,971
Local Donations and Fundraising	1 989 555
Membership fees	1,472,243
United Way	484 227
Other	412 482
TOTAL – INTERNAL	\$18,022,896

Thirty-seven organizations (49.3%) relied strongly upon the provincial government for the majority of their funding, with a total of \$54 187 150 coming to the community of Sault Ste. Marie through this source. Although this is the largest single revenue source, there were only seven organizations (9.3%), which were entirely dependent on the provincial government for their entire annual budget. Operating costs for these seven organizations ranged from \$131 000 - \$1 471 460.

The municipal government was the next largest contributor to the sector, providing funding to twenty-one organizations (28%) which totaled \$5 967 971, followed by the federal government which provided funding to eighteen organizations (24%) totaling \$4 002 245.

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Twenty-three organizations (30.6%) received funding through access to special grants which totaled \$1 530 250⁵. Sixteen organizations (21.3%) received annual funding from other sources such as District Social Services Administrative Board (DSSAB), sponsorships and interest which totaled \$412 482.

Twenty-nine organizations (38.6%) benefited from the sale of Goods and Services which totaled \$7 696 418⁶. Rather impressively, one organization (1.3%) which maintained seven permanent full-time positions, depend solely upon the sales of goods and services to maintain their annual budget and recorded their total revenue as \$500 000.

Thirty-six organizations (48%) also relied upon local donations and fundraising to generate dollars. This method secured \$1 989 555 to the community. An additional \$255 501 was raised by seven organizations (9.3%) through out of town donations and fundraising. Another source of raising funds locally took the form of membership fees. Twenty-one organizations (28%) received funding from membership fees which totaled \$1,472,243. United Way provided assistance to fourteen organizations (18.6%) which totaled \$484 227. Six organizations (8.1%), which maintain five paid positions, relied upon annual revenue generated by donations and fundraising only. Operating costs for these six organizations ranged from \$2 000 to \$160 000.

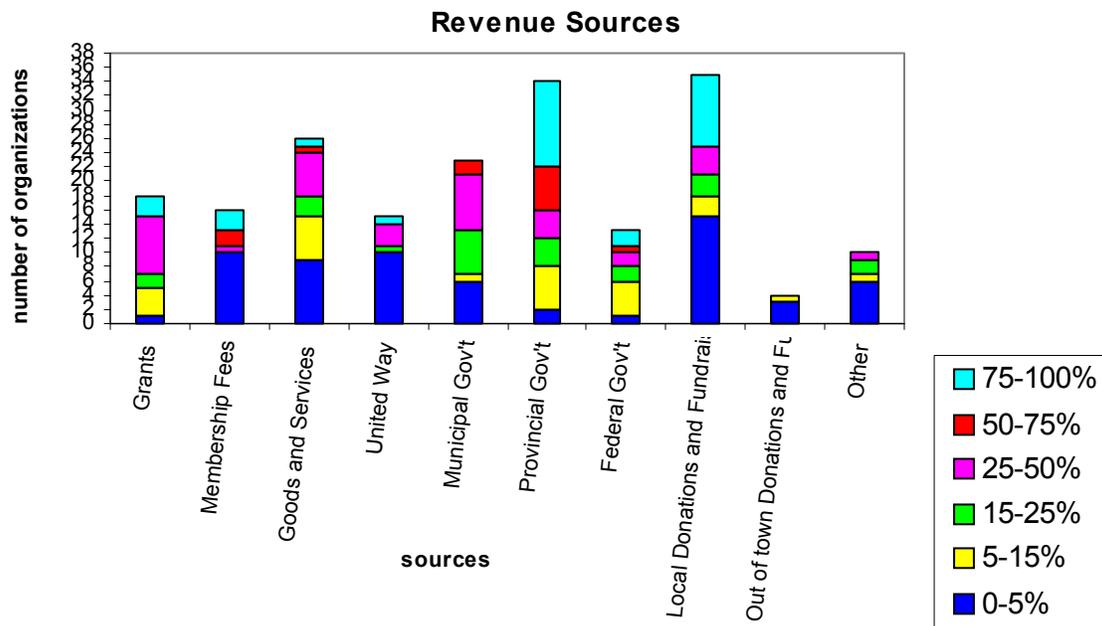


Figure 3.1.1 Revenue sources

⁵ It is assumed by the researchers that most of these grants are also provided by different levels of government.

⁶ Rents from Housing Cooperatives are included in this total.

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Revenues by Age of Establishment:

The organizations which comprise the non-profit sector have been established over a broad range of time ranging from a handful of organizations which are more than 100 years old, to sixteen that have been created in the past ten years. The older organizations tend to have lower revenues and be smaller organizations, while in this sector, youth implies larger organizations with larger revenues.

Sixteen organizations are less than 10 years old and report a combined annual revenue of \$27 835 655. Of these organizations six are categorized as Social Services, five as Education, two as Health and two as other. Four hundred and ninety-four paid positions are created and most service is provided to Sault Ste. Marie only.

Thirty-three organizations are between 10 - 24 years old and report a combined annual revenue of \$14 873 624. Of these organizations thirteen are categorized as Social Services, six as Education, four as other, three as Health and one as Arts and Culture. One hundred and eighty paid positions are created and the largest area served is Sault Ste. Marie.

Twenty-two organizations are between 25 - 49 years old and report a combined annual revenue of \$13 243 529. Of these organizations seven are categorized as Social Services, four as Health, three as Arts and Culture, two as Other and two as Recreation. Two hundred and forty-three paid positions are created and the majority of organizations serve only Sault Ste. Marie.

Twelve organizations are between 50 - 99 years old and report a combined annual revenue of \$5 246 638. Six of these organizations are categorized as Health, one as Arts and Culture, two as Social Services and two are categorized as other. There are one hundred and twenty-three paid positions are created and services are provided to the Sault and Algoma District.

Four organizations have been established for over 100 years and report a combined annual revenue of \$16 744 600. One organization is categorized as Education, one as Social Services, one as Recreation and one as Other. There are three hundred and twenty-six positions and services are provided on a regional basis.

Figure 3.1.2 Revenue by age of establishment

Number of Organizations	Years Established	Combined Revenue
16	less than 10 years	\$27,835,655
33	10 years -24 years	\$14,873,624
22	25 years - 49 years	\$13,243,529
12	50 years - 99 years	\$5,246,638
4	greater than 100 years	\$16,744,600

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3.5 EMPLOYMENT AND EMPLOYEE INFORMATION

The sector provides opportunities for employment that includes both full-time and part-time work, as well as a smaller number of contract opportunities. Like the national survey, the sector is dominated by women employees with a wide variety of skills, including professional and administrative work. The sector's workforce is young in comparison to some of the larger industrial employees in the City and most provide opportunities for staff to network at the regional, provincial and/or national level.

The respondents from both Quango and small non-profit organizations indicate that they employ a total of 5,033 people in Sault Ste. Marie.⁷ This number includes full and part-time employees, as well as a number of people hired on a temporary basis.

[NB: the Quango sector has not been included further in this section of the report.]

Full and Part-time employment:

The non-profit sector makes a substantial contribution to employment, particularly the employment of women, within the City of Sault Ste. Marie. From a sampling of eighty-seven organizations, thirteen (15%) non profit establishments rely solely upon volunteers to maintain the association while the remaining 74 (85%) have a staff and create 1074 permanent jobs. An additional 346 contract or temporary positions were created last year providing employment to a total of 1410 people.

There were 855 (60.6%) full time positions created by the respondent organizations. Of these, 719 were permanent full-time employees and 166 jobs were temporary full-time or contract full-time. Of these full time positions approximately 80% are filled by women.

There are 525 (37.2%) part-time positions created by the non-profit sector. Of these part-time positions 355 are permanent and an additional 170 are temporary or contract part-time positions. Of these part-time positions approximately 78% are filled by women.

Gender:

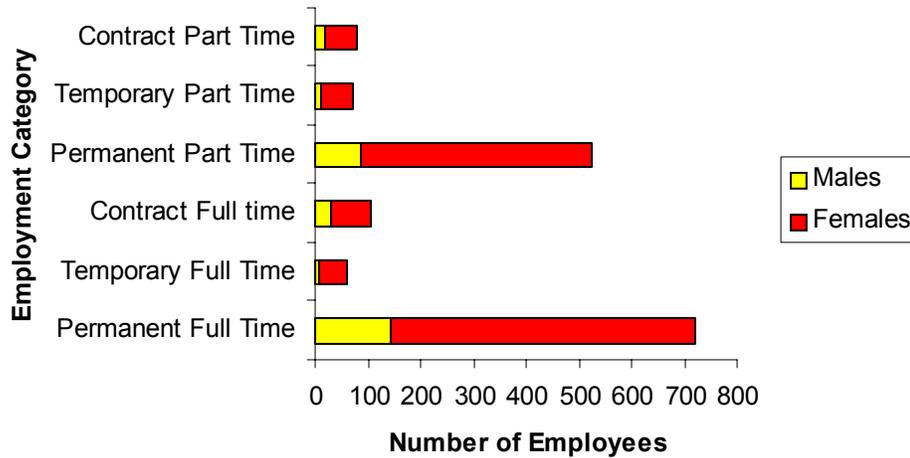
Overwhelmingly, woman account for 81.2% of employees in the non-profit sector of Sault Ste. Marie. This finding is consistent with McMullen and Schellenberg's national study of the third sector's features which indicated that women comprised about 75% of paid employees in this sector. It is also consistent with Sudbury's which showed 70% of the non-profit employees were women.

⁷ A conservative estimate of the number of employees retained by the one unreported organization in the quango sector would add approximately 950 to this number.

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Figure 3.5 Employment by gender

Employment Category broken down by Gender



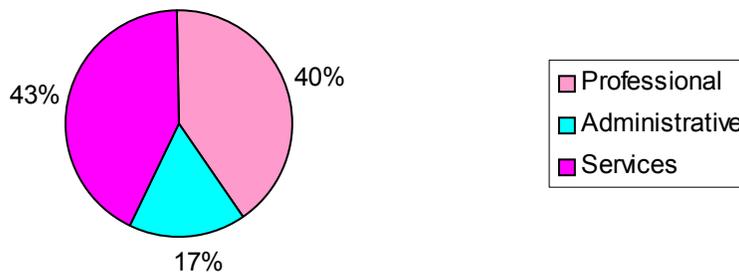
Education and Types of Employment:

McMullen and Schellenberg's (2002) national research further identified close to 30% in the non-profit sector and over 40% in the quango sector have obtained university degrees. The Sault Ste. Marie study is comparable with about 23.9% of paid employees possessing university degrees, of which 4% possess graduate degrees. Approximately 45.3% possess college degrees and a further 22.1% possess high school diplomas.

Of the 1 410 jobs within this sector 566 (40.2%) are designated as professional, 234 (16.5%) as administrative and 610 (43.3%) as service providers.

Figure 3.5.1

Position Created by Percentage



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Age of Workers:

The majority of workers 37.3% (526 employees), were between the ages of 35 – 44 years, while 27.1% (381) of employees between the ages of 25 – 34 years. Although 25.6% (361) between the ages of 45 – 54 years, the sector clearly has a lower age range than larger industrial employers in Sault Ste. Marie such as Algoma Steel Inc., where the average age is now 50 years. Only 4.5% (64 employees) are approaching retirement age, falling between the ages of 55 – 64 years, and another 5% were between the ages of 18 – 24 years (71 employees). The non-profits indicated that for some there is no mandatory retirement, showing .5% of employees(7) over 65 years old.

Range of Earnings:

Seventy-five organizations reported employee wages and benefits totaling \$43 620 922 during the last completed fiscal year. Not surprisingly, given the approximate \$10,000 differential in earnings between men and women in Sault Ste. Marie (StatsCan), employees in the non-profit sector tend to have earnings below the industrial average. Despite the fact that 40% of the employees are deemed to be in “professional” jobs, only 106 (7.3%) employees earn \$52,000 or more per year.

Our findings reveal that 67.8% of paid workers in the third sector earn less than \$36 000 and many of them earn substantially less than that. One in five workers earn less than \$20,000 per year and only about 19.7% of these workers are contract or seasonal employees.

There are 273 (20%) employees earning up to \$20 000 annually, 236 earning between \$20 000 - \$28 000 annually (17.4%), 414 (30.5%) earning between \$28 000 - \$36 000 annually, 161 (11.8%) between \$36 000 - \$44 000 annually. An additional 177 (13%) earn between \$44 000 - \$52 000 annually.

Figure 3.5.2 Range of Earnings

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4.6 VOLUNTEERISM – Building Community Capacity and Social Capital

In recent years there has been a growing recognition of the contribution that the non-profit sector makes to the economy through volunteerism, so much so that the federal government has initiated a national volunteer strategy. By providing opportunities for volunteers to learn leadership skills, network with other organizations in policy development and work with the community to develop responses to identified needs, organizations make a significant contribution to building social capital and community capacity.

There is growing evidence that economic development and growth is reliant on networks of social relations (Putnam, 1993). Social cohesion – networks at both the family and organizational level – is required for societies to prosper economically and for development to be sustainable. This cohesion, or trust (Fukuyama, 1995), is evidenced by a variety of networks throughout society including clubs, coalitions, associations and formal partnerships and alliances.

These various networks provide an opportunity for building trust and fostering shared norms, which increases the likelihood of economic cooperation. They also facilitate valuable information exchange, and encourage organizations and individuals to act in mutually beneficial ways.

This study revealed that only fourteen of the 87 responding organizations did not have an association with a larger entity. Over 53% had a provincial affiliation, 33% were affiliated with a national body, and 16% had international ties. Forty-seven organizations were associated with two or more of these bodies.

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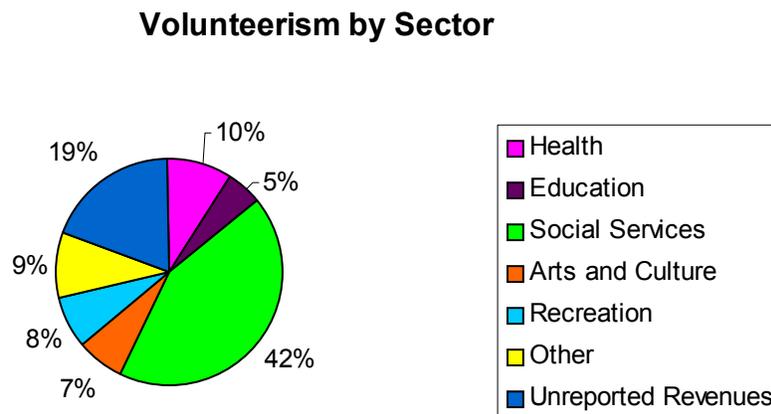
This fostering of social capital provides significant opportunity for local volunteers and staff to build relationships with and learn from other communities. Through these strong connections at the provincial and national level, local organizations are also more likely to be able to influence policy and legislation in a way which is mutually beneficially to themselves and other groups in the sector.

Eleven per cent of the responding agencies did not have a volunteer base, but overall there are a total of 5 698 volunteers, exceeding the number of paid positions by a ratio of 3:1, and generally reflect a similar gender division to that of the paid staff, with 1 801 male volunteers (31.6%) and 3 897 female volunteers (68.6%). This large contingent of volunteer labour contributes 22 231 hours to community service and their own personal development.

Volunteers by Sector:

The largest contingent of volunteers are found in the social services sector: 35 Social Services organizations have 2 370 (42%) of the volunteers. This is followed by the 18 Health organizations with 535 volunteers (10%), 12 Educational organizations with 264 volunteers (5%), 6 organizations categorized as Arts and Culture with 386 volunteers (7%), 4 Recreational organizations with 419 volunteers (8%), 12 organizations are categorized as Other with a total of 523 volunteers (9%) and 12 organizations with undeclared annual revenues reported 1 087 volunteers (19%). Of the 87 organizations which responded to this question, 11 (13%) do not have a volunteer base .

Figure 3.6 Volunteerism by Sector



Volunteerism by Revenues:

Organizations with unreported revenues had the largest number of volunteers, totaling 1,587. Organizations that have less than \$10 000 in annual revenue have a total of 124 volunteers, between \$10 000 – \$100 000 in annual revenue have a total of 101 volunteers, between \$100 000 - \$250 000 in annual revenue a total of 1 523 volunteers,

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between \$250 000 - \$500 000 in annual revenue a total of 706, between \$500 000 - \$1 000 000 in annual revenue a total of 914 volunteers and over \$1 000 000 a total of 643 volunteers.

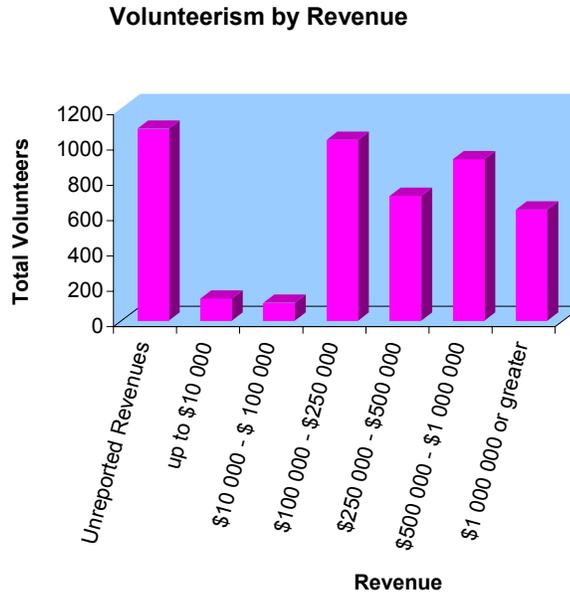


Figure 3.6.1 Volunteerism by revenue

4.7 Two Case Studies

Two organizations were selected for further research to determine what, if any, additional contributions non-profits might make to the economy. Several organizations which responded to the survey were non-profit housing providers and one of these, Neech-ke-wehn Homes, accepted an invitation to be interviewed. The Algoma Community Legal Clinic, which provides poverty law services to low-income people also provided the researchers with access to its files over a two-year period to determine contributions it makes to individual incomes within the City of Sault Ste. Marie.

Neech-ke-wehn Non-Profit Homes:

Neech-ke-wehn Homes provides low rental homes that are secure and decent to individuals drawn from Indigenous communities. Although budget numbers were unavailable, the Executive Director of the organization was able to identify a variety of ways in which the organization further contributes to the economy of Sault Ste. Marie.

First and foremost was the service itself, which eliminates the burden of over priced rentals and through offering well-maintained accommodations has eased stress in the lives of many individuals. Financially, access to subsidized housing reduces the

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difficulties experienced by those in higher-priced housing who sometimes have to choose between buying groceries or paying rent, heat or PUC. Tenant support workers assist tenants to refocus energy that was once expended upon finding a place to sleep, to realizing positive outcomes in their life. There are several instances where people in these homes have been able to further their education and then gone on to prosperous employment, which enabled their purchase of a house within the community.

Second, the programme has purchased over 100 homes within the City of Sault Ste. Marie, upgraded and retrofitted them and regularly maintains the homes in excellent condition. This provides training and employment to a variety of workers drawn from Indigenous communities, as well as to skilled tradespeople such as carpenters, plumbers and electricians. The retrofitting of homes and capital purchases also provide revenues to a variety of businesses in the Sault area.

Algoma Community Legal Clinic:

The Algoma Community Legal Clinic provides a variety of legal services for low-income people, notably advocating on behalf of individuals who have been denied social assistance, Canada Pension disability benefits, Employment Insurance and Criminal Injuries Compensation.

In a two-year review of its files, research revealed that the contribution it makes to the overall standard of living of most of its clients is substantial, and further, much of its work results in further transfer payments from senior levels of government to clients who are likely to be in receipt of Ontario Works, which is paid, at least in part, by the municipality. Thus much of its advocacy work results in a decrease in costs to the municipality, while at the same time increasing the benefit level and thereby standard of living of the individual client.

For example, for each of the two years of files reviewed, the legal clinic assisted over 90 clients in moving from Ontario Works to Ontario Disability Supports. This move benefited the client by increasing his/her average monthly benefit by over \$300 per month, greatly improving the quality of life for the disabled person.

Second, the move provided substantial additional external revenues to the community. With an average of \$300 per month, the 90 clients per year, brought an additional \$324,000 to the community on an annual basis. As well, the move eliminated the municipality's contribution to the client's monthly income, as all revenues for ODSP come from the Province, saving an average of \$400 per month for a total of \$432,000 per annum. Thus, the work of the clinic generated additional external revenues of approximately \$756,000 per year.

The above example is based on a review of only one file type and on very conservative estimates. In reviewing the past five years of annual reports, an average of between 150 and 175 client files are opened each year with summary advice provided to an additional

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1500 or more individuals. Many of these “summary advice” clients are able to advocate on their own behalf, or use other non-profit organizations to assist them in accessing other benefits. It is quite reasonable to conclude that this non-profit generates an additional \$1 million in economic activity beyond that included in the overall study.

4.0 Conclusions:

While the non-profit sector is best known for the services it provides to people, there is no doubt that it makes a significant contribution to the overall well-being of Sault Ste. Marie through a direct contribution to its economy. When the entire sector is considered, it contributes close to \$400 million to the economy on an annual basis, and employs over 5000 workers.

The small non-profits within the sector generated over 1400 jobs and \$77 million in direct revenue in 2002-03 fiscal year. Almost 75% of this amount is from external sources and is a direct injection into the local economy. On the basis of two small case studies, it is likely that the sector generates substantially more than that, making a significant contribution to the overall economy.

Additionally the sector develops leadership capacity in a contingent of over 5000 volunteers, providing opportunities for them to develop skills, network with other communities and influence policy-making.

The sector appears somewhat underdeveloped in comparison to Sudbury and Thunder Bay, though there are many similarities in types of jobs, domination of the sector by women employees, and the variety of services available.

It would be unfortunate, however, if the study neglected to identify the indirect contribution which the sector provides to the economy, though the achievement of its primary mandate to provide services to people. As the two case studies show, many individuals benefit by having access to the vital services this sector provides. While the services of the Quango sector – health care and education – are perhaps the best known, there is no doubt that services such as affordable housing, improved benefit levels for persons with disabilities, and counseling and advocacy are also crucial to the community’s overall well-being.

There is now a substantial body of literature which links child poverty to a variety of social problems including ill-health and reduced educational achievement (Raphael, 2000). By improving the standard of living for persons living on low-incomes, small non-profits contribute to the long-term sustainability of the community.

The scope of this study has permitted only a general mapping of the non-profit sector in Sault Ste. Marie. Destiny Sault Ste. Marie has identified some opportunities for growth within the quango organizations of the sector. An exploration of opportunities for growth within the small non-profit sector could make a valuable contribution to further diversification of Sault Ste. Marie’s economy.

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