

Streamlining and Modernizing Government Funding and Strengthening the Funding Relationship

The Opportunity

There is widespread consensus that current methods used by governments to deliver services and support to communities is not working as effectively or efficiently as people would expect. In most jurisdictions (USA, CDN, UK, AUS, NZ and six of ten Canadian provinces), work is well underway to streamline and modernize government funding practice and processes.

In 2011, the Government of Ontario accepted the recommendations of the Partnership Project Report as a vision for strengthening the relationship with the not-for-profit (NFP) sector. One of the critical areas identified in the report was the need for government to work with the sector to develop new approaches to funding, as well as appropriate performance and accountability measures.¹ Many of the challenges NFP organizations face with seeking and securing government funding were highlighted, including administrative and accountability red tape, lack of consistent forms and processes across ministries and redundancies embedded in every application.

Ontario has 13 different Ministries managing service contracts with nonprofit organizations. Across and even within Ministries different funding administrative and accountability practices, procedures and policies are employed. This consumes excessive staff time in the delivery organizations, as well as the various Ministries. The provincial government's funding practices and processes have become overly rule bound, risk averse and output focused, without necessarily strengthening accountability and results for citizens and communities.

A new and important stage of agreement is developing concerning not just problems with funding practices and processes, but approaches to solutions. For example, the Commission on the Reform of Ontario's Public Services calls for systemic reform in the government /sector relationship. The Commission's Report echoes recommendations from the Partnership Project, each with the goal of reducing the administrative burden for the sector. The report also calls for moving towards an investment model, focused on outcomes, rather than a purchase of service model based on outputs. This perspective corresponds with the NFP sector view that government funding is a strategic investment rather than a simple contracted service delivery agreement.

There is much to be gained by reforming the funding relationship between the Government of Ontario and the NFP sector. As the Partnership Project identified, we have shared values and interests in ensuring the well-being of Ontarians. Tangible funding reforms will free up nonprofit staff and volunteers to work more effectively in communities at a time when innovative, community-driven solutions are most needed

¹ Partnership Project, An Ontario government project to create a stronger partnership with Ontario's Not-for-Profit Sector, 2011

Recommendations

During the Open For Business working period, MCI in collaboration with the Ontario Trillium Foundation, will convene a working group to provide the Government of Ontario² with advice on streamlining and modernizing government funding/investment processes, and in improving the funding/investment relationship between the Government and the NFP sector.

The working group will scope out:

- **Principles** to guide the modernization of the government/sector funding/investment relationship.
- Opportunities for **streamlining and modernizing** government’s funding/investment practices and processes, including where short and longer-term gains for tangible improvements exist. Areas for possible reforms include:
 - Stabilizing funding and reducing administrative burden through evergreen and multi-year contracts;
 - Standardizing basic reporting information between Ministries and across programs; and
 - Addressing budget restrictions that hamper NFP efficiency and self-reliance (e.g. rules on end of fiscal year carry over, and transfers within budget categories).
- The structure and terms of reference for a longer-term Funding/Investment **Task Force** to address the systemic ways in which government and the public benefit sector work together to strengthen the quality of life and well-being for Ontarians.

Working Group Composition

The **Task Force** should be small enough to work effectively and should comprise equal representation from sector and government. Broader consultations can be undertaken as needed. Note that - references to the NFP sector includes those organizations that form the ‘core’ of the sector, and not organizations typically identified as the broader public sector – such as, hospitals, colleges and universities.

Government Members	Sector Members
Ministry of Citizenship and Immigration Ministry of Finance and Treasury Board Office Ministry of Community and Social Services Ministry of Children and Youth Services Ministry of Tourism, Culture and Sport	ONN will provide 5 representatives from the sector with multiple and varied experiences with funding agreements and active interest and involvement in reform

Lead Ministry – Ministry of Citizenship and Immigration.

Supporting Ministries – Ministry of Finance and Treasury Board Office; Ministry of Community and Social Services; Ministry of Children and Youth Services; Ministry of Tourism, Culture and Sport.

² The working group through MCI will advise the secretariat or other group overseeing the structural and relationship changes within government.