



Towards a Statistical Understanding of Social Purpose Organizations in Canada

Session: 7A Roundtable
ANSER- ARES Conference
May 28, 2021
2:30 – 3:30pm MT

Welcome

- **Moderator:** Brittany Fritsch, Senior Policy Analyst at Employment and Social Development Canada
- **Land Acknowledgement**
- **Housekeeping items:**
 - The session will be recorded and available on a private *YouTube* channel.
 - A copy of the deck will also be made available.
 - Please mute yourself and turn off your camera during the presentation.
 - There will be a question and answer period after the presentations.
 - Questions can be asked directly in the chat box.
 - If you wish to ask your question verbally, write your name in the chat and we will call on you during the Q&A.
 - The presentation will be in English but you can ask your questions in French.



Introduction

- ESDC is leading the implementation of Canada's Social Innovation and Social Finance Strategy as well as several COVID-19 support programs targeting the charitable and non-profit sector.
- Initiatives include:
 - \$50 million over two years for an Investment Readiness Program pilot
 - Renewed for a further \$50 million over two additional years
 - \$755 million over ten years for the Social Finance Fund
 - \$350 million Emergency Community Support Fund
 - \$400 million Community Services Recovery Fund

ESDC has a growing need for data about the various organizations that contribute to the well-being of Canadians (i.e., social purpose organizations).



Social Purpose Organizations (SPOs)

“The entire spectrum of organizations with a mission to advance social or environmental aims. Social purpose organizations straddle the charitable and non-profit sector (including registered charities, incorporated non-profit organizations and non-profit co-operatives), the private sector (including market sector co-operatives and private businesses advancing a social or environmental mission) and hybrid entities such as Community Contribution Companies and Community Interest Companies, found in British Columbia and Nova Scotia respectively.”



Introduction cont'd...

However, there is very limited availability of data on social purpose organizations.

- Limited macro-level data on registered charities and non-profit organizations
- Administrative tax data only (readily) available for registered charities
- Limited survey data on (self-identified) for-profit social enterprises, commercially-active charities and non-profits
- There have been various calls for data from the sector:
 - [Social Innovation and Social Finance Strategy Co-Creation Steering Group](#)
 - [Senate Report on the Charitable Sector](#)
 - [Report #2 of the Advisory Committee on the Charitable Sector](#)



Introduction cont'd....

ESDC has a history of supporting data generation and dissemination for the charitable and non-profit sector. Recently this has included:

- **2017 Survey of Financing and Growth of Small and Medium Sized Enterprises:** Approach to identify commercially-active charities/NPOs and self-identified for-profit social enterprises
- **Feasibility Studies:** Exploration of statistical indicators for for-profit social enterprises
- **2020/21 projects:**
 - Satellite Account for Non-Profit Institutions and Volunteering (SANIV)
 - Human Resources Module for the SANIV – First time ever!
 - Social purpose organization database



Social Finance Fund

Lauren Dodds

Senior Policy Analyst

Employment and Social Development Canada



Financial health & financing needs of SPOs

The Social Innovation Division at ESDC is responsible for the \$755M Social Finance Fund (under Canada's SI/SF Strategy). In March 2020, the focus temporarily shifted to the impact of COVID on SPOs' overall financial health.

Key Policy Questions

Historically. What are the sources of supply and demand for social finance in Canada?

- What is the current supply of financing available to SPOs?
- What are the financing needs of SPOs (unmet and future demand)?
- What SPO revenue models enable participation in social finance?

COVID-Related. Impact of closures & public health restrictions

- What will be the effect on SPOs' revenues?
- What will revenue impacts mean for service delivery (cost reductions)?
- How much benefit will SPOs realize from government support measures (e.g. CEWS)?



Financial health & financing needs of SPOs

Key Data Limitations

Foundational Data.

- Number of SPOs in Canada, by PT, by sector of activity, by diversity of leadership
- Legal structure and composition (charities, non-profits, for-profit or non-profit social enterprises, or cooperatives)
- Economic contribution of SPOs (GDP, income, employment)

Financing.

- SPOs' sources of income and trends
- Current financing – sources, terms, uses

COVID Impacts.

- Extent of economic impact
- Extent of support from government measures



Macro Level Data

Marco Provenzano
Senior Economist
Statistics Canada



What are the Macroeconomic Accounts

- **The System of macroeconomic accounts (CSMA)** provides up-to-date portraits of national and provincial economies and their structures, based on an integrated, internationally recognized set of economic accounting concepts.
- The **CSMA** is a set of statistical statements, or accounts, each one providing an aggregated portrait of economic activity during a given period. Each account differentiates itself from the others by providing a different perspective of the economy, whether it be industrial, financial, or environmental or whether it focus on production, income, consumption, capital formation, financing or stocks.
- Measures of **economic growth, exports, productivity, gross domestic product, savings rates** all emerge from these macroeconomic accounts.



Satellite Accounting

- While the system lays out the concepts, accounts and accounting rigour required to produce a set of integrated and internally consistent set of accounts often they do not provide the granularity users require.
- In order to address this issue the system has introduced the concept of satellite accounting.
- One type of satellite account involves a rearrangement of the classifications or data (e.g. more detail alternative aggregations) and possible addition of complementary information to the existing core accounts. These satellite accounts do not change the underlying concepts of the core System of National Accounts but **provide an expanded perspective on a particular sector, group of products or activity.**



Satellite Account of Non-Profit Institutions and Volunteering (SANIV)

- The SANIV provides detail on the non-profit sector, focusing on three sub-sectors (Serving households, serving businesses and serving governments).

Non-profit institutions serving households

Examples:

- Arts and recreation groups
- Child and youth services
- Community food services
- Community housing services
- Emergency relief services
- Grant and giving services
- Religious organization
- Social advocacy groups

Non-profit institutions serving businesses

Examples:

- Business associations
- Chambers of commerce
- Condominium associations
- Environment support / Protection services

Non-profit institutions serving governments

Examples:

- Hospitals and nursing homes
- Universities and colleges



SANIV Products

- **Annual Satellite Account of Non-Profit Institutions and Volunteering**
 - <https://www150.statcan.gc.ca/n1/daily-quotidien/210329/dq210329b-eng.htm>
 - Date range: 2010 to 2019 / Geography: National and Provincial/Territorial
 - Published annual in January
 - Key Variables: **Gross Domestic Product (GDP), income, outlays, jobs**
- **Quarterly Non-Profit Indicators**
 - <https://www150.statcan.gc.ca/n1/daily-quotidien/210329/dq210329b-eng.htm>
 - Date range: 2010q1 to 2020q4 / Geography: National only
 - Published approximately 90 days after the reference period
 - Key Variables: **Gross Domestic Product (GDP), income, outlays, jobs**
- **Human Resources Module**
 - <https://www150.statcan.gc.ca/n1/daily-quotidien/210430/dq210430d-eng.htm>
 - Date range: 2010 to 2019 / Geography: National and Provincial/Territorial
 - Allows for broader insight into the human resources of the sector by providing jobs and wages by various characteristics (sex, age, immigration status, indigenous identity, education, etc.)



SANIV Results: Selected Statistics from the Satellite Account



Published Variables

Non-profit institutions serving businesses

- Gross Domestic Product at basic prices (Current prices)
- Gross Domestic Product at basic prices (Constant prices)
- Gross Output
- Income
- Outlay
- Saving (Income minus outlay)
- Number of jobs

Non-profit institutions serving households

- Gross Domestic Product at basic prices (Current prices)
- Gross Domestic Product at basic prices (Constant prices)
- Gross Output
- Income
- **Sales of goods and services**
- **Current Transfers from HH, Businesses and Government**
- Outlay
- **Gross current expenditures on goods and services**
- **Current Transfers to other sectors**
- Saving (Income minus outlay)
- Number of jobs

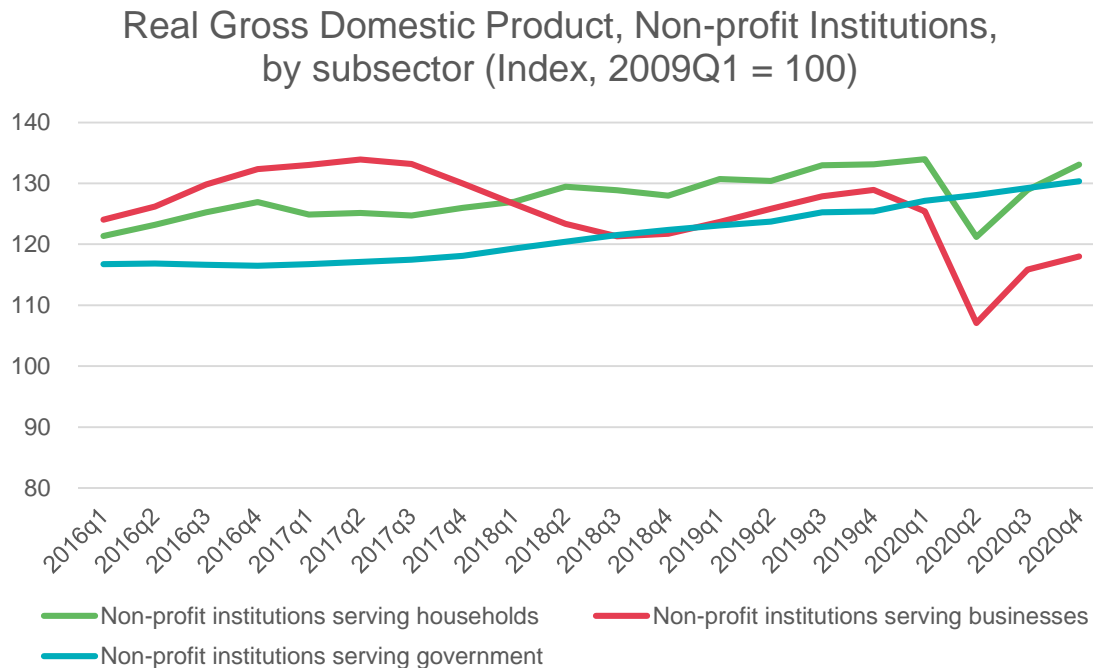
Non-profit institutions serving government

- Gross Domestic Product at basic prices (Current prices)
- Gross Domestic Product at basic prices (Constant prices)
- Gross Output
- Income
- **Sales of goods and services**
- **Current Transfers from HH, Businesses and Government**
- Outlay
- **Gross current expenditures on goods and services**
- **Current Transfers to other sectors**
- Saving (Income minus outlay)
- Number of jobs



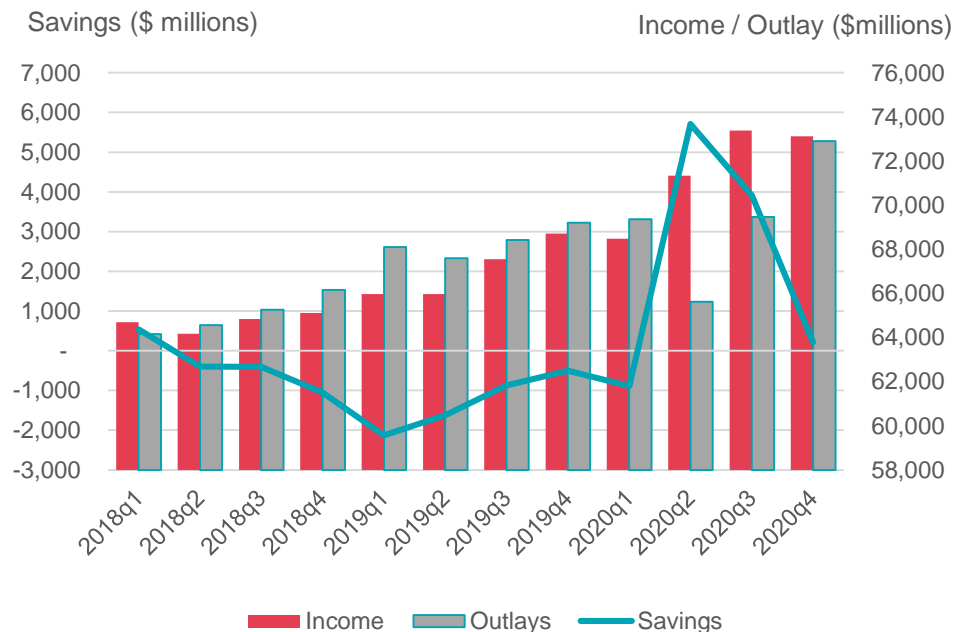
Non-Profit GDP growth during the pandemic

- **Total non-profit institutions** did not record as significant a decline as the overall economy, due to a higher share of GDP derived from health care and education.
- GDP levels for NPISH recovered from a second quarter pullback, as restrictions were reduced late in 2020 and many in-person services returned to full operations.
- Business non-profits recorded the largest decline of the three subsectors in 2020, facing the greatest impact from government-mandated business closures during the second quarter.



Non-Profit savings increase in the household sector

- Savings in the NPISH sector increased sharply at the start of the pandemic
- This was driven by increases in income
 - Financial aid provided by federal and provincial governments
 - Other sources of income such as sales of goods and services dropped
- Increases in income were accompanied by decreases in spending (outlays) as the pandemic caused many businesses to close



Human Resources Module: Selected Job Characteristics in the Non-Profit Serving Household (NPISH) sector



Detailed Statistics on Human Resources

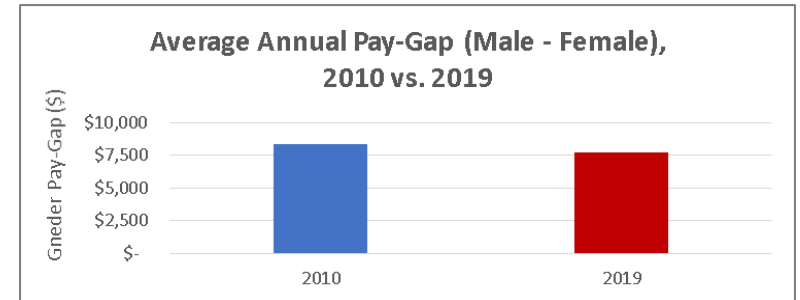
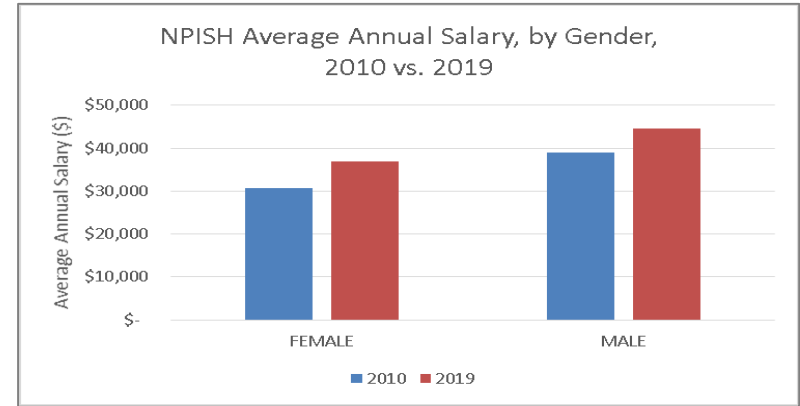
- The Non-Profit Organizations Satellite Account already provides some information on the number of jobs generated by the sector.
- The HRM complements and enhances the analytical capacity provided by this product, allowing for a broader insight into their role in the economy by providing more detailed human resource information, such as:

<u>Economic Variables</u>	<u>Demographic characteristics</u>
<ul style="list-style-type: none">• Number of jobs• Hours worked (thousands)• Wages and salaries (\$ thousands)• Average annual hours worked• Average weekly hours worked• Average annual wages and salaries• (\$) Average hourly wage (\$)	<ul style="list-style-type: none">• Sex (Male / Female)• Age (6 groupings)• Immigration status• Indigenous identity• Educations (4 groupings)• Visible minorities (black, indigenous, other, non-visible minority)



NPISH jobs in Canada: Average wages and salaries, by Sex

- Both **male** and **female** salaries have grown throughout the past decade, with **female** annual salaries increasing (on average) by 20.6%, or \$6,305 per year, and **males** increasing (on average) by 14.5%, or \$5,660 per year.
- With the greater average increase for **female** salaries, the wage gap has lessened over the past decade, but **males** remain the higher earners, making, on average, 20.8% more than **females** in 2019.

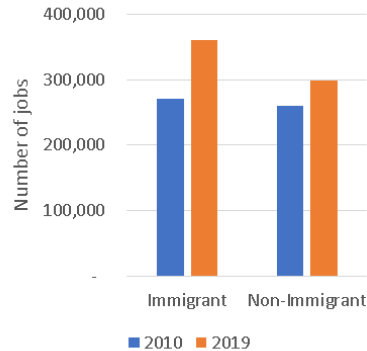


NPISH jobs in Canada: Average wages and salaries, by Immigration and Visible Minority (1)

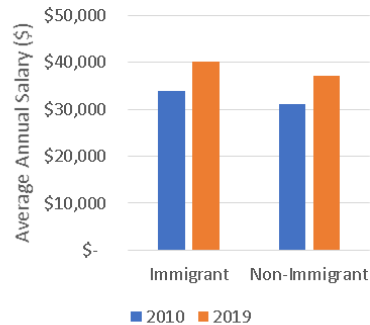
• Immigrant:

- The share of **immigrant** workers in NPISH has increased over the decade, up from 51% in 2010 to 55% in 2019, as wages recorded similar growth.

NPISH, Number of jobs, by Immigration Status, 2010 vs. 2019



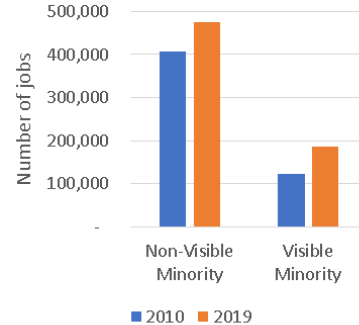
NPISH, Average Annual Salary, by Immigration status, 2010 vs. 2019



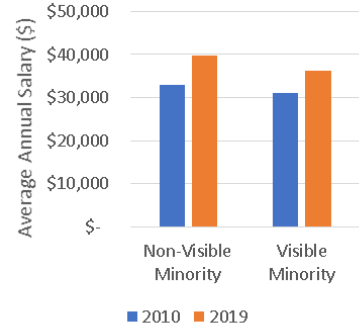
• Visible Minority:

- The share of **visible minority** NPISH employees has increased from 23.4% in 2010 to 28.2% in 2019.
- The pay gap between **non-visible** and **visible** minority rose from 6.1% in 2010 to 9.6% 2019.

NPISH, Number of jobs, by Visible and Non-Visible Minority, 2010 vs. 2019



NPISH, Average Annual Salary, by Visible and Non-Visible Minority, 2010 vs. 2019



NPISH jobs in Canada: Average wages and salaries, Immigrants and Visible Minorities (2)

- **Black:**

- The share of **black** workers in NPISH has increased over the decade, up from 2.9% in 2010 to 3.9% in 2019, as salaries rose 13.4%.

Black	2010	2019
Share of Employment (%)	2.9%	3.9%
Annual Salary (\$)	\$33,993	\$38,543
Growth in Salary, 2010 to 2019 (%)	13.4%	

- **Indigenous:**

- The share of **indigenous** NPISH employees has increased from 3.8% in 2010 to 4.9% in 2019.
- Annual wages have grown at a higher rate for **indigenous** than non-indigenous, up 22.6% compared to 18.8%

Indigenous	2010	2019
Share of Employment (%)	3.8%	4.9%
Annual Salary (\$)	\$32,264	\$39,557
Growth in Salary, 2010 to 2019 (%)	22.6%	

Available HRM tables

<p><u>Section 1: Total non-profit sector</u></p> <ul style="list-style-type: none"> Table 1a - Sectors by job characteristics (Published) Table 1b - Sectors by employee characteristics (Published) Table 1c - Visible minority detail (Supplementary Table) 	<p><u>Section 2: Non-profit sub-sectors</u></p> <ul style="list-style-type: none"> Table 2a - Sub-sectors by job characteristics (Published) Table 2b - Sub-sectors by job characteristics (Published) Table 2c - Visible minority detail (Supplementary Tables)
<p><u>Section 3: Employee jobs for the non-profit sector (selected crosstabs)</u> <u>(Supplementary Tables)</u></p> <ul style="list-style-type: none"> Table 3a - Sex, Age, Immigration status Table 3b - Sex, Age, Indigenous Table 3c - Sex, Age, Education Table 3d - Sex, Age, Visible minority 	<p><u>Section 4: Non-profit occupations</u> <u>(Supplementary Tables)</u></p> <ul style="list-style-type: none"> Table 4a - Sex, Age, Immigration, Indigenous by sector Table 4b - Sex, Age, Immigration, Indigenous by sub-sector



Enterprise Level Data

Frances Anderson and Samuel Howorth
Centre for Special Business Projects
Statistics Canada



The Statistical Challenge

CHALLENGE

Produce a database of all Social Purpose Organizations (SPOs) in Canada

APPROACH

1. Find a statistical framework for the measurement of SPO's
2. Assess Statistics Canada administrative data holdings to determine the availability of data
3. Propose a plan to support the statistical measurement of SPOs using available administrative data



United Nations Satellite Account on Non-profit and Related Institutions and Volunteer Work – Handbook of National Accounting (2018)

- The result of the international recognition of the Third Social Economy (TSE) as “a significant and growing economic force throughout the world.”
- TSE organizations are distinguished from all other institutional units in the economy:
 1. They are private (not controlled by government);
 2. Their main purpose is to serve a social or public purpose rather than to maximize and distribute returns on invested capital; and
 3. It must be significantly limited in its distribution of surplus (profit)- prohibited by law, governing document or social custom.
- Types of institutions: Non-profits, co-operatives, mutual societies and social enterprises



International Classification of Non-profit and Third Sector Organizations (ICNP/TSO) (2018)

1. Culture, communication and recreation activities
2. Education services
3. Human health services
4. Social services
5. Environmental protection and animal welfare activities
6. Community and economic development, and housing
7. Civic, advocacy, political and international activities
8. Philanthropic intermediaries and voluntarism promotion
9. Religious congregations and associations
10. Business, professional and labour organizations
11. Professional, scientific, accounting and administrative services
12. Other activities

Each activity regroups a number of NAICS codes allowing for the identification of activities in the LFE.



Administrative data available in the Linkable File Environment (LFE)

Type of TSE enterprise	LFE source of data
Non-profits	Tax data (T-2 and T-3010)
Registered charities	Tax data (T-3010)
Co-operatives	National/provincial and territorial registers
Mutuals	Legal entity
Social enterprises	No data



Statistical challenges in the measurement of social enterprises

What can be measured?

- For-profit enterprises carrying out social activities can be identified using the ICNPO/TSO classification system
- Non-profit social enterprises can be measured by using a criteria percentage of total revenues that are derived from sales

What could be measured using tax variables?

- Two tax variables of interest are dividends and profit (retained earnings)

What can't be currently measured in the LFE?

- For-profits which significantly limit their profit distribution by virtue of:
 - The personnel they hire and train (requires data on disadvantaged individuals)
 - The social or environmental character of the products they produce or the clientele they serve (requires data on type of product or type of client)



Next steps

1. Publish baseline annual estimates of what can be measured with available data.
2. Continue work to identify all for-profit social enterprises (e.g., surveys, listings developed by subject matter experts, web scraping).
3. Analyse the recipients of government support programs that target SPOs.
4. Profile enterprises at the social activity sub-group/industry level.
5. Identify sources of finance and develop indicators of investment readiness.



Table 1: Count and Percentage of Active Enterprises in ICNPO (2003) Groups, 2018

Total ICNPO Groups	Non-profits (excluding Registered Charities)	Registered Charities	For-profit
Count of enterprises	80,579	61,756	1,048,052
Percentage of enterprises	7%	5%	88%

Source: Statistics Canada, *Linkable File Environment*

Table 2: Percentage of Active Enterprises by Selected ICNPO (2003) Groups, 2018

ICNPO Groups	Non-profits and Registered Charities	For-profit
GROUP 10: Religion	100%	0%
GROUP 11: Business & Professional Associations, Unions	99%	1%
GROUP 8: Philanthropic Intermediaries & Voluntarism Promotion	79%	21%
GROUP 1B: Sports, Recreation & Social Clubs	79%	21%
GROUP 4: Social Services	49%	51%

Source: Statistics Canada, *Linkable File Environment*

Table 3: Percentage of Active Enterprises by ICNPO (2003) Group "Social Services", 2018

ICNPO Social Services Sub-Groups	Non-profits and Registered Charities	For-profit
62423 Emergency and Other Relief Services	98%	2%
62422 Community Housing Services	98%	2%
62421 Community Food Services	98%	2%
6241 Individual & Family Services	82%	18%
62321 Residential Developmental Handicap Facilities	68%	32%
6239 Other Residential Care Facilities	47%	53%
6244 Child Day-Care Services	29%	71%
8122 Funeral Services	23%	77%
6233 Community Care Facilities for Elderly	23%	77%

Source: Statistics Canada, *Linkable File Environment*



Table 4: Homeless Shelters: Percentage of Enterprises by Type of Organization, 2018

NAICS	Registered Charity	Non-profit	For-profit	Total
623991 -- Transition Homes for Women	84%	9%	7%	100%
62421 -- Community Food Services	79%	19%	2%	100%
62422 -- Community Housing Services	48%	50%	2%	100%
62423 -- Emergency and Other Relief Services	38%	60%	2%	100%
Total	63%	34%	3%	100%

Source: Statistics Canada, *Linkable File Environment*



Investment Readiness Program

Marie-Renee Lambert

Senior Policy Analyst

Employment and Social Development Canada



Investment Readiness Program

Program Design

- Provide funding to diverse SPOs to build skills and capacities necessary to access new investment opportunities, including from the Social Finance Fund (SFF)
- \$50 million over two years (2019-2021)
- Average SPO grant size: \$45,000
- Delivered through intermediaries
- Renewed for an additional two years in Budget 2021 (2021-2023)

Administrative data

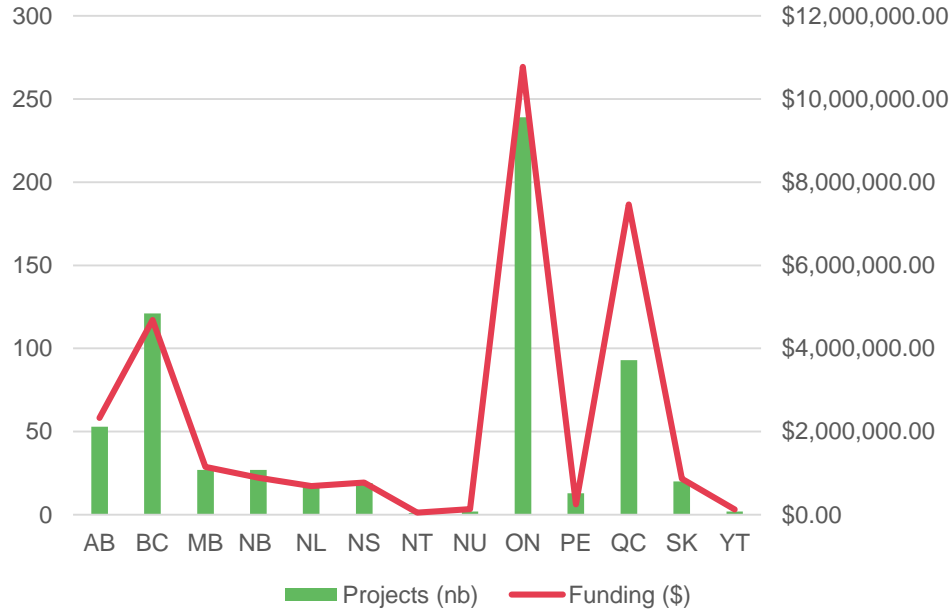
- Application and Selection processes:
 - Population served
 - Legal structure
 - Sector of activities
 - Sustainable Dev. Goal
 - Grant size, etc.
- SPO recipients survey
- Interviews
- Journey mapping
- Program monitoring reports

Research Projects

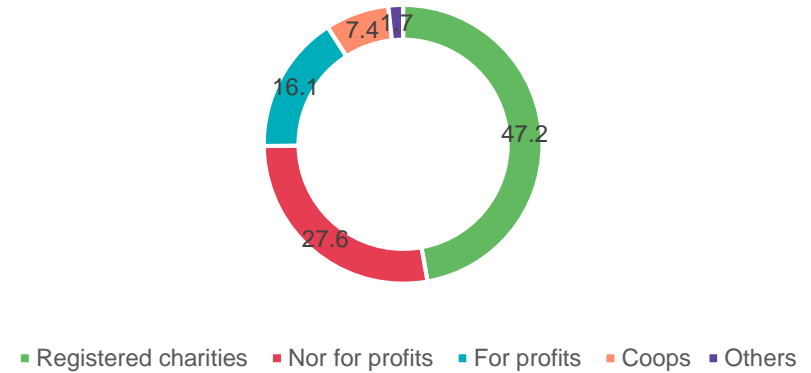
- [Common approach to impact measurement](#), Carleton University (ongoing)
- [Are charities ready for social finance ?](#), Imagine Canada (completed)
- Mapping of social finance intermediaries, New Market Fund (under completion)
- [Tools for Social innovation to include and support Indigenous voices, Congress of Aboriginal People](#) (completed)
- And more....



Funding profile across Canada



Organizational forms of SPOs funded

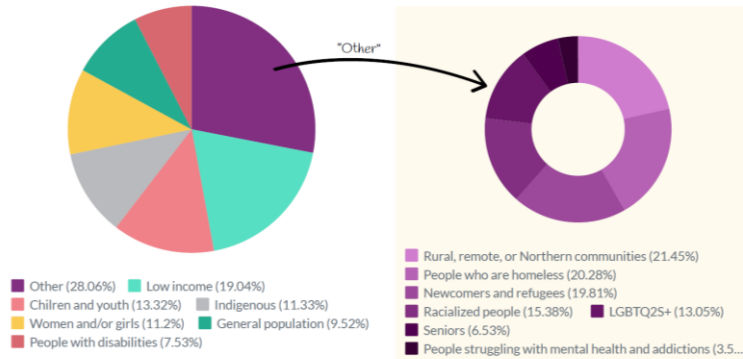


Number of applications: 2670
Number of funded projects: 680



IRP- Funded SPOs

Population served and SDGs



Projects funded under the IRP

Categories	SPO projects*	
	(#)	(%)
Business Plan	109	19.3
Technical Expertise (Legal services, engineering, architecture, etc.)	97	17.2
Market Analysis	69	12.2
Development and expansion of products and services	67	11.9
Organization Structure, Management and Process	29	10.1
Feasibility Study	28	9.76
Marketing	51	9.7
Skill Development and Hiring	25	4.4
Fundraising capacity	16	2.8
Acquisition of equipment	11	1.9
Impact Measurement	10	1.8
Network Development	9	1.6
Total	565*	100%

* This table presents preliminary results. 115 projects are not included and are currently being processed.



IRP Data Challenges

Why do we need data on the SPO population to support the design and implementation of programs such as the IRP?

- To understand the overall characteristics and needs of the target organizations
- Develop the right implementation strategy and ensure proper outreach
- Establish credible targets for the program

What are the defining characteristics of a for-profit SPO?*

- Intention
- Integration
- Impact
- Underserved people or regions

What are the defining characteristics of Investment Readiness and Investment Readiness Continuum?*

Not a continuum but a chain:

- Communication and contracts
- Implementation (skills and structures)
- Plan for repayment and/or growth
- Social purpose

How do we operationalize the SI/SF concepts to run a program ?

Can we share program administrative data ?

- Privacy concerns
- Data ownership
- Open data

** Based on Ruff, Kate and Grace Adams. 2021. "What are the defining characteristics of a For Profit Social Purpose Organization" and "What are the defining characteristics of Investment Readiness and Investment Readiness Continuum" SPROTT School of Business 1-3.*

Resources



Statistics Canada Links

How to access microdata- Overview

<https://www.statcan.gc.ca/eng/microdata?HPA=1>

Microdata Access Portal Application Process

<https://www.statcan.gc.ca/eng/microdata/data-centres/access>

Non- Financial Co-operatives (Released in Daily March 3, 2021)

<https://www.statcan.gc.ca/eng/microdata/data-centres/access>

Satellite Account of Non-profit Institutions and Volunteering (Update April 29, 2021)

<https://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=5110>

Satellite Account of Non-profit Institutions and Volunteering -Human Resource Module, 2010 to 2019 (Released in Daily April 30, 2021)

<https://www150.statcan.gc.ca/n1/daily-quotidien/210430/dq210430d-eng.htm>

- Supplementary tables also available upon request (i.e., job titles and various cross-tabulations)



Contact Information

- Custom tabulations in the Linkable File Environment (Statistics Canada)
 - Frances Anderson frances.anderson@canada.ca
- Macro Economic Accounts (Statistics Canada)
 - Marco Provenzano, marco.provenzano@canada.ca; (613) 852-6058
 - Brandon Landry; brandon.landry2@canada.ca; (613) 762-6132
 - Naz Kazi; naz.kazi@canada.ca; (613) 864-3304
- Employment and Social Development Canada
 - Brittany Fritsch, Brittany.Fritsch@hrsdc-rhdcc.gc.ca
 - Lauren Dodds, lauren.dodds@hrsdc-rhdcc.gc.ca
 - Marie-Renee Lambert, marierenee.lambert@hrsdc-rhdcc.gc.ca

