

## Taking A Ground-up Approach to Transforming Transfer Payment Relationships

ONN has been advocating for funding reform for years, and, while there has been [some progress](#), there is still a long way to go. This summer we reflected on our past efforts and took a fresh look at Ontario's system. We want to take a minute to explain what we have come to understand:

- What the barriers are to streamlining and simplifying the policy framework
- How we can build on the framework we do have to foster better practices across government

### Barriers to streamlining and simplifying the policy framework

#### Funding relationships are too diverse to streamline

We all know how frustrating it can be to receive funding from several Ministries (or several programs within a single Ministry) and face many different sets of rules and reporting requirements. Why can't government just develop a single streamlined set of rules and practices for all funding relationships?

It is very difficult for government to make rules more consistent across programs because of how different each program's context is. Differences include:

- The kind of work being funded: some work is inherently riskier than other work, like looking after children
- The service provider: nonprofits vary in their size, capacity, location, and range of services. This calls for different levels and kinds of oversight
- The program supervisor: Their training, prior experience, and even personality will affect how they engage the nonprofits they work with
- The legislative environment: Legislation sometimes includes funding and reporting requirements for specific kinds of service, such as youth justice or residential developmental services. It is hard to get time to change legislation even if all recognize that it is outdated
- The Ministry: Each Ministry is a complex organization with its own culture, history, experiences and views of nonprofits. All these will inform the policies they develop internally and how they interpret streamlined practices

#### Fear of scandal leads to increasingly tighter rules

It is often said that the sheer quantity of regulatory and reporting demands is stifling nonprofits and undermining their ability to deliver results. So why do reporting requirements and rules still continue to grow even when official policy allows for and encourages flexibility?

The government faces enormous pressure from the public to account for every tax dollar. This is especially true when they give funds to an independent third party. It only takes a single scandal to lead to several bad news stories that ignite public outcry. The government naturally responds to outcry by tightening existing rules or adding new ones. While the scandal may soon fade from memory, the rules don't. This cycle repeats until we get to where we are. Even when there is no scandal, the fear of one leads many decision makers to err on the side of caution when it comes to being flexible.

## **Building on the existing framework**

The fundamental power imbalances in the government-sector relationship mean that the barriers mentioned above are unlikely to disappear in the short to medium term. The sector therefore needs to turn its energies to fostering more balanced and positive relationships within this framework:

- Emphasizing to government that we are partners in accountability
- Proactively fostering a trusting relationship with your program supervisor
- Working together to consult for impact

### **Showing government we are partners in accountability**

Nonprofits have long told the government that we are their partners in service delivery. We also need to emphasize that we are their partners in accountability. Nonprofits want what the government wants: to maximize the impact of public funds while minimizing waste and inefficiency. Nonprofits are uniquely well suited to do this because they are purpose built to do what's in the best interest of their community.

Furthermore, while the government can set rules and reporting requirements, it depends on nonprofits to implement them. Only by acknowledging this interdependency can we achieve true partnership.

### **Fostering a trusting relationship with your program supervisor**

Program supervisors are the single most important point of contact for most nonprofits receiving government funding. While it is important to realize the constraints that supervisors face, supervisors can still be one of the nonprofit's best champions. A good or bad relationship with a supervisor means the difference between stifling and creating opportunities for nonprofits to give feedback on things like program design and reporting.

For example, a program supervisor may ask a nonprofit to report on certain numbers. The nonprofit may doubt that those numbers are helpful. In a trusting and open relationship, they would feel comfortable asking the supervisor what their underlying question is and working together on determining better metrics, if need be. Without this trust and openness, they may simply report the numbers whether or not it's helpful.

Unfortunately, we have heard supervisors often change every few months. This makes it very hard to build the trust and understanding needed for open communication. Furthermore, we have heard that nonprofits are waiting for supervisors to take the initiative in fostering greater communication and trust in the new relationship. The most effective supervisors do take the initiative to visit programs and meet a nonprofit's senior staff in person. However, we strongly encourage nonprofits to be proactive in these relationships. For example, nonprofits can invite their program supervisor to meet them in person, and see the program they are responsible for in action. Face to face meetings are very important for building trust.

## **Working together to consult for impact**

Nonprofits have all kinds of evidence and ideas for improving how their programs are delivered and reported on. Sometimes, however, funders are not as receptive as they could be to these conversations. We have heard that when individual service providers face barriers, nonprofits can sometimes be heard by getting together and convening decision makers to hear from them as a group.

Furthermore, when governments call their own consultations, nonprofits should not simply come with their own concerns but meet with others in their sector ahead of time to coordinate. When they get to the consultation they should be able to present a coherent, if still diverse, narrative and united front that makes it easier for government to act.