

## RETURN TO 3-YEAR FUNDING AGREEMENTS FOR LICENSED CHARITIES (2017)

### Introduction

Through the Community Gaming Grants program the province government distributes nearly \$135 million of gaming revenue every year to about 5,000 non-profit organizations in BC to run programs to benefit their communities. Changing the current application criteria to permit funding agreements for up to 3-years would produce efficiencies in the program approval process. In addition, it would provide applicants with the ability to plan more effectively, achieve organizational stability and take greater advantage of operational efficiencies.

### Background

Throughout British Columbia vital programs and services are provided by licensed charities and non-profit societies. They play an essential role in communities providing expertise and support to every aspect of our lives, such as human and social services, the environment, arts and culture, sport, public safety, and parent advisory councils. Without the contribution of non-profit charitable organizations many of these vital programs and services would become the responsibility of government at great cost, or would no longer be available to those who require the services many who are vulnerable peoples on low income, disabilities or are underprivileged.

In 1974, the lottery program was established in British Columbia with the stated purpose to support charitable purposes. In 1999, the Province of BC entered into a Memorandum of Understanding with the BC Association for Charitable Gaming to commit 1/3 of the annual BC Lottery Corporation revenues for the purposes of supporting licensed charities. In 2016, administration for the Community Gaming Grants Program was transferred from the Ministry of Finance to the Ministry of Community, Sport and Cultural Development.

In 2015/16, the Province distributed \$135 million in gaming grants to more than 5,000 community organizations. In addition, charitable organizations earned approximately of \$39.5 million (based on reported earnings and estimated earnings) through licensed gambling activities, such as ticket raffles, independent bingos, limited casinos, and wheels of fortune. According to a national research study, of all provinces, B.C. distributed the most government gambling revenue to non-profit community organizations. Between 2001 and 2014/15, the Province provided over \$1.6 billion in gaming grants to community organizations.<sup>1</sup>

Many of these organizations depend on gaming funds to deliver their programs and services. Therefore, gaming funds indirectly provides many services that significantly impact on the quality of life in communities. Additionally, non-profit organizations are often a significant employer of residents. Given BC taxpayers are already concerned with the level of programs and services being provided, we want to ensure that the licensed charities and non-profit societies can continue to provide programs and services as efficiently as possible.

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<sup>1</sup> <http://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gambling-in-bc/where-money-goes>

It is a fact that many of these organizations are managed by Volunteer Boards of Directors with minimal or no staff. They are also very reliant on financial contributions from the local business community and citizens. It is through the combination of BCLC funding, fundraising programs and corporate support they are able to co-ordinate programs vital to communities' social fabric. In many cases, creation and co-ordination of these vital programs can only begin once the required funds have been secured. Often program development and promotion can take several months to complete before registrations can be accepted and program commencement.

In 2009, the provisions for 3-year funding agreements were concluded and the base amount granted was reduced for small non-profit organizations (local organizations received up to \$100K, regionals up to \$225K, and province wide up to \$250K). These organizations providing programs or services of direct benefit to the broader community are required to apply annually. A program is defined as an ongoing service or activity designed to achieve one or more defined objectives.

Each application is assessed on its own merit, and within the context of available funding and demonstrated community need. An application does not guarantee any level of funding. The requested amount may not be approved. The amount approved may vary from year to year. It usually takes the branch about 12 weeks to process community gaming grant applications received on or before the applicable sector deadline.

These current processes are very onerous on the organizations and place many worthwhile programs in jeopardy due to:

- the slow processes, which provide a delay in securing funding (applications can only be submitted once per annum and take 12 weeks for a response)
- uncertainty of funding, makes it difficult for organizations to adequately plan into the future
- instability of funding makes it difficult to enable pre-registration and continuity of services
- program providers have difficulties securing contract service professionals due to the uncertainty of annual programming

In her Audit of Community Gaming Grants,<sup>2</sup> delivered in December 2016, the Auditor General commented that the government needs to improve processes to better ensure funding decisions are consistent and well documented. Program guidelines need clarification and updating and she concluded that it is time for the government to re-assess whether the program design makes sense. While the report did make several recommendations for improvement it only addressed one year grants and did not comment on the duration of grant approval periods. Allowing approval of longer-term agreements would increase efficiency by reducing the number of annual re-assessments.

#### THE CHAMBER RECOMMENDS

That the Provincial Government implement a process whereby:

1. approved charitable and non-profit programs with longer-term programming needs can apply for up to 3-year funding commitments, distributed annually; and
2. the organization would still be subject to annual reporting of their compliance before receiving

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<sup>2</sup> <http://www.bcauditor.com/pubs/2016/audit-community-gaming-grants>



the subsequent annual grant.

