

MUNICIPALITIES MATTER:

Public Funding for the Nonprofit Sector, 1960–2017

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IN CANADA, WHERE 80 PERCENT of the population is urbanized, a central feature of urban life is the nonprofit sector.¹ It would be impossible to imagine cities without museums, arts and cultural centres, sports and recreation, or advocacy organizations, among others. Since the 1970s, federal, municipal, and provincial governments in Canada have facilitated the proliferation of community organizations by providing an immense amount of funding for nonprofit organizations.² However, every study that endeavours to document this development focuses on the federal and provincial governments. The nonprofit sector collectively receives more funding from municipal governments than it does from the federal government. Yet there is a dearth of scholarship on the former.³ There are no studies that document historical and contemporary trends in municipal government funding for the nonprofit sector. Moreover, the current scholarship on state funding for nonprofit organizations is limited by a lack of data.⁴ Most studies that attempt to

¹ Internet Archive, “Public Accounts,” <https://archive.org/details/publicaccounts>.

² Deena White, “Interest Representation and Organization in Civil Society: Ontario and Quebec Compared,” *British Journal of Canadian Studies* 25 (2012): 199–229. On state funding for the nonprofit sector, see also Pearl Eliadis, “Dismantling Democracy: Stifling Debate and Dissent for Civil Society and Indigenous Peoples,” in *The Harper Record, 2008–2015*, ed. T. Healy (Ottawa: Canadian Centre for Policy Alternatives, 2015), 37–75; Dominique Marshall, “Four Keys to Make Sense of Traditions in the Nonprofit Sector in Canada: Historical Contexts,” in *Intersections and Innovations: Change for Canada’s Voluntary and Nonprofit Sector*, ed. Susan D. Phillips and Bob Wyatt (Edmonton: The Muttart Foundation, 2021), 1–15; Dominique Masson, “Institutionalization, State Funding and Advocacy,” in *Protest and Politics: The Promise of the Social Movement Society*, ed. Howard Ramos and Kathleen Rodgers (Vancouver: UBC Press, 2015), 61–78.

³ Michael H. Hall, Cathy W. Barr, M. Easwaramoorthy, S. Wojciech Sokolowski, and Lester M. Salamon, *The Canadian Nonprofit and Voluntary Sector in Comparative Perspective* (Toronto: Imagine Canada, 2005).

⁴ Only a handful of studies offer reliable data on trends in public funding. These studies focus on federal and provincial governments. See Dominique Clément, “How the State Shaped the Nonprofit Sector: Public Funding in British Columbia,” *Canadian Review of Sociology* 56,

document the trajectory of public funding depend on a handful of case studies or a single government program or agency.⁵

The following article merges historical narrative with data analysis of grants to nonprofit organizations. It includes information on every grant from the municipalities of Vancouver and Victoria from 1960 to 2017 as well as data on property tax exemptions from 2008 to 2017. We argue that there was a profound shift beginning in the 1970s in the relationship between local governments and the nonprofit sector that mirrored similar developments among other levels of government. During this period the state became the primary source of funding for the nonprofit sector. Organizations such as the United Way or the Vancouver Foundation continued to fund nonprofits, but the scale of government funding quickly overshadowed the private sector.⁶ The state has since become the primary source of external funding for the nonprofit sector.⁷ In turn, the state has come to rely on the nonprofit sector to provide critical public services.

The data on municipal grant funding demonstrate how municipalities have become an indispensable feature of public funding for the nonprofit sector. However, their impact on the nonprofit sector has been limited as a result of a preference for concentrating funding among a small number

no. 3 (2019): 299–328; Emma Kay and Howard Ramos, “Do Subnational Governments Fund Organizations in Neoliberal Times? The Role of Critical Events in Provincial Funding of Women’s Organizations,” *American Behavioral Scientist* 61, no. 13 (2017): 1658–77; Catherine Corrigan-Brown and Mabel Ho, “Concentrating or Sprinkling? Federal Funding for Indigenous, Women’s, and Environmental NGOs in Canada, 1972–2014,” *American Behavioral Scientist* 61, no. 13 (2017): 1599–622; Dominique Clément, “State Funding for Human Rights Activism: Channeling Protest?,” *American Behavioral Scientist* 61, no. 13 (2017): 1703–28.

⁵ Leslie Pal, *Interests of State: The Politics of Language, Multiculturalism, and Feminism in Canada* (Montreal & Kingston: McGill-Queen’s University Press, 1993); Melanie Knight and Kathleen Rodgers, “‘The Government Is Operationalizing Neoliberalism’: Women’s Organizations, Status of Women Canada, and the Struggle for Progressive Social Change in Canada,” *Nordic Journal of Feminist and Gender Research* 20, no. 4 (2012): 266–82; Catherine Corrigan-Brown and Mabel Ho, “How the State Shapes Social Movements: An Examination of the Environmental Movement in Canada,” in *Protest and Politics: The Promise of the Social Movement Society*, ed. Howard Ramos and Kathleen Rodgers (Vancouver: UBC Press, 2015), 101–17; Sarah Beer and Francine Tremblay, “Sex Workers’ Rights Organizations and Government Funding in Canada,” in *Negotiating Sex Work: Unintended Consequences of Policy and Activism*, ed. Samantha Majic and Carisa R. Showden (Minneapolis: University of Minnesota Press, 2014), 287–309; Kevin Brushett, “Federally Financed Felquistes’: The Company of Young Canadians and the Prelude to the October Crisis,” *Quebec Studies* 55 (Spring/Summer 2013): 77–99; Howard Ramos, “Opportunity for Whom?: Political Opportunity and Critical Events in Canadian Aboriginal Mobilization, 1951–2000,” *Social Forces* 87, no. 2 (2008): 795–824.

⁶ Hall et al., See also David Lasby and Cathy Barr, “State of the Sector and Public Opinion about the Sector,” in *Intersections and Innovations: Change for Canada’s Voluntary and Nonprofit Sector*, ed. Susan D. Phillips and Bob Wyatt (Edmonton: The Muttart Foundation, 2021), 1–36.

⁷ Hall et al., *Canadian Nonprofit and Voluntary Sector*.

of established organizations. Both cities have also prioritized funding for the arts, culture, heritage, and recreation sectors.⁸ Furthermore, this research shows how municipal governments have rarely provided sustaining funding or distributed grants to advocacy-based organizations; rather, they have demonstrated a preference for small project-based grants. These practices have implications for the nonprofit sector. They foster competition among nonprofit organizations, encourage nonprofits to align their goals with state policy, and limit the potential for nonprofits to engage in advocacy on behalf of their communities.

METHODOLOGY

This study demonstrates the benefits of using government financial information to better understand historical developments on topics such as the relationship between the state and the nonprofit sector. This type of research can also assist historians in better understanding issues such as local government policies and practices; how urban communities have changed over time; the shifting dynamics in the relationship between the state and civil society; or how local governments use their spending power to affect the nonprofit sector. While there is a long tradition of using statistical data for historical research, there is a dearth of research on this subject because of the challenges surrounding the collection of information on municipal finances.⁹

British Columbia is an ideal case study for understanding the potential scope and impact of municipal funding for the nonprofit sector in Canada. The province provides extensive services through local governments.¹⁰ Its municipalities also have a high degree of autonomy.¹¹ As Andrew Sancton and Robert Young explain, municipalities in British Columbia “are generally free (by Canadian standards) from provincial intervention ... Because it has often chosen to take a different course, British Columbia deserves more attention than it is usually given by

⁸ Rachel Laforest, ed., *Government-Nonprofit Relations in Times of Recession* (Montreal and Kingston: McGill-Queen's University Press, 2013).

⁹ Unlike federal and provincial governments in Canada, which publish lists of transfer payments to non-governmental organizations in an annual publication entitled *Public Accounts*, there has never been a standardized method for publishing information on municipal grants in British Columbia or Canada.

¹⁰ C. Richard Tindal, Susan Nobes Tindal, Kennedy Stewart, and Patrick J. Smith, *Local Government in Canada*, 9th ed. (Toronto: Nelson, 2017).

¹¹ Alison Smith and Zachary Spicer, “The Local Autonomy of Canada's Largest Cities,” *Urban Affairs Review* 54, no. 5 (2018): 949–50.

observers of Canadian local government and urban policy making.”¹² Municipalities in the province are responsible for air quality, social planning, parks and recreation, fire protection and policing, economic development, regulating buildings, emergency planning, licencing businesses, and much more.¹³ Many of these responsibilities involve issues that affect and overlap with the nonprofit sector.¹⁴

This study includes the territories of the Musqueam, Squamish, and Tsleil-Waututh peoples (municipality of Vancouver) as well as the territories of the Songhees, Esquimalt, and WSÁNEĆ peoples (municipality of Victoria). No other municipalities in the province have retained data on grants to nonprofits dating to the 1960s.¹⁵ Vancouver and Victoria are also among the oldest municipalities in the province with a long history of funding community service organizations (CSOs).¹⁶ These cities have the largest and most vibrant nonprofit sectors in British Columbia. CSOs, especially those committed to social change, often concentrate in larger urban centres or state capitals.¹⁷ Vancouver and Victoria are, in many ways, the epicentre of nonprofit activity in British Columbia.¹⁸ Vancouver also provides more funding for nonprofit organizations than any other municipality in British Columbia. Similarly, although its population is smaller than that of several other municipalities, Victoria distributes more grant funding than any municipality outside Vancouver.¹⁹ In this

¹² Andrew Sancton, and Robert Young, ed., *Foundations of Governance: Municipal Government in Canada's Provinces* (Toronto: University of Toronto Press, 2009), 5–8.

¹³ Sancton and Young, *Foundations of Governance*, 12.

¹⁴ Sancton and Young, 7.

¹⁵ Even outside British Columbia, the country's largest municipalities, such as Halifax, Montreal, Ottawa, and Toronto, have never published grants data and have not retained records dating back more than a couple of decades.

¹⁶ The metropolitan region of Vancouver includes almost 2.5 million people. However, the municipal government of Vancouver only governs the central city rather than the metropolitan region.

¹⁷ Hall et al., *Canadian Nonprofit and Voluntary Sector*; Statistics Canada, “Nonprofit and Voluntary Organizations, by Province and Territory, Canada, 2003,” <https://www150.statcan.gc.ca/n1/pub/61-533-x/2004001/t/4069517-eng.htm>.

¹⁸ The grants data included information on year, municipality, recipient, and amount. They were coded to link each record with one of five sectors: arts, culture, economic development, heritage, and recreation. Arts included festivals, symphonies, art galleries, theatres, music and concerts, and dance organizations; culture included cultural centres, publishing, or community cultural groups as well as the Science World, Space Centre, and Aquarium in Vancouver; economic development included the Chambers of Commerce or business associations; heritage included museums and historical societies; and recreation included athletic associations, sporting events, or social clubs such as the Boys and Girls Clubs. If an organization fell into multiple categories – for instance, the Islamic Heritage Society – it was counted in each category. However, only nine organizations and forty-one records were counted twice because they fell within multiple categories.

¹⁹ The City of Kamloops, for example, allocated \$3.1 million for grants in 2017 compared to \$3.7 million in Victoria. Similarly, Kelowna and Nanaimo, which also have larger populations,

way, Vancouver and Victoria, with the most generous funding programs in the province and a long history of funding CSOs, provide an ideal case study for exploring how municipal funding practices have developed over time.

The focus of this article is CSOs, which are not-for-profit, non-governmental voluntary organizations formed by individuals who are separate from the state and the market.²⁰ The primary sources for collecting grants data included annual reports, statements of financial information, and internal documents secured through the *Freedom of Information and Protection of Privacy Act*. The dataset comprised 25,833 records. The grants data included 19,265 grants to 3,114 recipients totalling \$577,916,444 from 1960 to 2017.²¹ There were also records on 6,412 property tax exemptions to 609 recipients, totalling \$103,597,276 for the years 2008 to 2017.

HISTORICAL TRENDS, 1960 TO 2007

Although federal, municipal, and provincial governments have always, to some degree, funded CSOs, it was still uncommon by the 1960s. The Ministry of the Provincial Secretary, for instance, provided only ad hoc funding to the Young Women's Christian Association (YWCA), Children's Aid Society, Canadian Red Cross, and the Council of Social Agencies, among others.²² Similarly, the British Columbia Department of Social Welfare, which provided grants to organizations such as the Nanaimo Association for Retarded Children (now part of Inclusion BC) or the Native Friendship House Association (now Aboriginal Friendship

both distributed less than \$2.5 million each in 2017. Other populous municipalities, mostly in the Lower Mainland (such as Burnaby or Richmond), provide substantially less grant funding. Burnaby, for instance, distributed \$1.6 million in grants in 2017. See City of Burnaby, 2017, *Annual Report*. See also City of Kamloops, 2017, *Annual Report*; City of Kelowna, 2017, *Annual Report*; City of Nanaimo, 2017, *Annual Report*.

²⁰ Several organizations that receive annual municipal grants are quasi-state institutions that are created and funded by governments (and largely guided by public policy). There is far less separation from the state for these institutions than there is, for instance, for a women's shelter or an environmental advocacy organization. They can also distort the findings because, unlike most grant recipients, these organizations receive large annual grants. The data were therefore coded to exclude hospitals, schools, economic development corporations, government agencies (e.g., port authorities), individuals, and for-profit corporations.

²¹ Data are missing from the annual report, statements of financial information, and internal records for grants from Victoria for the year 1970. In addition, before 1999, Vancouver did not list grants under \$500 or \$1,000 (depending on the year) but, rather, listed a single line item, "Sundry Grants," with a total amount. Sundry grants are included in the total amounts but not in the number of grants or median amounts.

²² Provincial Secretary, 1927–59, Government Grants Book, GR 0622, British Columbia Archives (hereafter BCA).

Centre), was distributing no more than \$10,000 to \$200,000 a year to CSOs in the late 1960s.²³ However, governments expected that private-sector agencies, particularly the United Way or Community Chest, would be CSOs' primary source of revenue.²⁴

The municipal governments in Vancouver and Victoria similarly provided minimal funding to CSOs by the 1960s. Funding from the City of Vancouver for the nonprofit sector was only \$239,261 in 1960 and \$757,323 in 1972. The situation in Victoria was more complex. Whereas the amount of funding increased every year in Vancouver, it was more likely to fluctuate in Victoria. The city distributed twenty-one grants totalling \$88,827 in 1964 compared to \$27,424 in 1960, but funding declined in 1972 to \$113,069 compared to \$170,207 in the previous year. Although funding was substantially higher by the early 1970s, the municipality was still distributing only a modest amount of funding. The combined funding from both cities in 1972 was \$870,392 distributed among eighty-two organizations. The median grant was \$3,645 (or \$21,393 in 2017 dollars).

Both cities prioritized similar types of organizations (Table 1). Most grants were for service organizations, particularly those dedicated to family, housing, youth, culture, and social services. Victoria and Vancouver also preferred to concentrate funding among a small number of organizations. The ten organizations that received the largest grants secured 71 percent (Victoria) and 70 percent (Vancouver) of all funding in 1972. The only notable difference between the two cities was the amount of each grant. Victoria's median grant in 1972 was \$1,890, which was comparable to the provincial median of \$2,307.²⁵ The median grant in Vancouver, on the other hand, was significantly higher: \$5,000. Sixteen organizations received, between 1960 and 1972, over \$100,000 in Vancouver or over \$25,000 in Victoria. Most organizations received less than \$10,000 in twelve years. In fact, almost half of the recipients in both cities (107 in Victoria and 197 in Vancouver) only received a single grant between 1960 and 1972.

²³ Grants, Department of Social Welfare, 1967–69, GR 365, box 3, BCA.

²⁴ Big Brothers, Department of Social Welfare, 1964, GR 0128, box 11, file 61–64, BCA; Shirley Tillotson, *Contributing Citizens: Modern Charitable Fundraising and the Making of the Welfare State* (Vancouver: UBC Press, 2008). One of the rare exceptions was the Children's Aid Society, which, since 1927 in British Columbia, received the bulk of its funding from the provincial government. See Josephine Rekart, *Public Funds, Private Provision: The Role of the Voluntary Sector* (Vancouver: UBC Press, 1993), 4, 101.

²⁵ The estimated median grant from the province is based on funding for the four sectors noted above: environment, human rights, Indigenous Peoples, and women. See Dominique Clément. 2020. *State Funding for Social Movements Database*. Retrieved from <http://database.statefunding.ca>.

TABLE 1
Top ten recipients of funding in Vancouver and Victoria, 1960 to 1972

VANCOUVER	VICTORIA
Vancouver Art Gallery Association	YM-YWCA
Vancouver Festival Society	Victoria Centennial Society
Vancouver Symphony Society	Maritime Museum of British Columbia
YM-YWCA	Art Gallery of Greater Victoria
Vancouver Traffic and Safety Council	Salvation Army
Centennial Celebrations	Youth Programme
Neighbourhood Services Association	British Columbia Centennial
Victorian Order of Nurses	Bastion Theatre
Community Chest and Councils of Greater Vancouver	Greater Victoria Celebration Association
Salvation Army	Victoria Symphony Society

The state's relationship with the nonprofit sector, however, transformed in the 1970s. Beginning in the early 1970s, the provincial and federal governments began dispensing immense amounts of public funds to the nonprofit sector. As Rekart notes, nonprofit organizations proliferated "in direct response to available federal and provincial funding."²⁶ Provincial funding for the environment, human rights, Indigenous Peoples, and women's sectors in British Columbia, for instance, was \$78 million in the 1970s, \$331 million in the 1980s, \$683 million in the 1990s, and nearly \$1.5 billion in the 2000s.²⁷ In part, these developments were a product of the emerging welfare state.²⁸ CSOs were an ideal low-cost option for delivering social services.²⁹ The network of homemakers organizations, for example, provided home-based services for the elderly and people

²⁶ Rekart, *Public Funds, Private Provision*.

²⁷ Federal funding in these four sectors in British Columbia alone rose from \$1.5 million in 1996 to \$6.7 million by 2005. The reporting threshold for this data in *Public Accounts* was \$25,000 for British Columbia and \$100,000 for the federal government during this period. See Clément, *State Funding for Social Movements Database*.

²⁸ Tillotson, *Contributing Citizens*. The city directory gave no names at some households, just the word "Orientals." Vancouver's Chinese Canadians were thus left off the ordinary poll tax lists in the interwar years. Similarly, in the Vancouver Welfare Federation records, one cheque came to the Chinatown federation via the Chinese Benevolent Association. No individual ascriptions were made of Chinese Canadian donations until the 1935 campaign. Apparently, it was not initially relevant to the Vancouver Welfare Federation's purposes to see Chinese Canadians as individual donors.

²⁹ Roxana Ng, *The Politics of Community Services: Immigrant Women, Class and State* (Halifax: Fernwood, 1996).

with disabilities, among others. The province significantly increased funding for these organizations from \$1,493 in 1974 to \$5,127,780 in 1976 and \$34,335,941 in 1982. In 1974, only five homemakers' organizations received provincial funding. Between 1974 and 1998, however, at least 101 organizations received a provincial grant.³⁰

These shifts in state policy also reflected social and political developments across Canada.³¹ The federal Liberal Party, which formed the government for most of the period from 1968 to 1984, developed a platform around social justice and participatory democracy.³² Initiatives such as the Opportunities for Youth and Local Initiatives Programs, which were a response to high levels of youth unemployment, provided millions in funding to nonprofit organizations across the country for community service projects.³³ The federal government also responded to key policy developments such as the federal White Paper (1969), the Bilingualism and Biculturalism Commission (1963–69), and the Royal Commission on the Status of Women (1970–71) with new programs for funding non-governmental organizations.³⁴ The federal government also used funding programs for CSOs, including official language organizations, as part of its response to the nationalist movement in Quebec.³⁵ Meanwhile, the provincial government in British Columbia created the First Citizens Fund, Youth Grants, Lottery Fund, Cultural Fund, Heritage Conservation, and Recreation and Sports programs, among others, to provide services through CSOs.³⁶ Under the New Democratic Party (1972–75), the province established community service boards to allocate funding to nonprofits to provide public services while promoting citizen participation in planning social policy. Within a few years, provincial funding to community nonprofit organizations in the

³⁰ Clément, *State Funding for Social Movements Database*.

³¹ Suzanne Staggenborg, *Social Movements* (Toronto: Oxford University Press, 2015).

³² Susan D. Phillips, "The Harper Government and the Voluntary Sector: Whither a Policy Agenda?" in *The New Federal Policy Agenda and the Voluntary Sector: On the Cutting Edge*, ed. Rachel Laforest (Montreal and Kingston: McGill-Queen's University Press, 2009), 20–22.

³³ Rekart, *Public Funds, Private Provision*, 51.

³⁴ Clément, "How the State Shaped the Nonprofit Sector."

³⁵ Pal, *Interests of State*; Matthew Hayday, *Bilingual Today, United Tomorrow: Official Languages in Education and Canadian Federalism* (Montreal and Kingston: McGill-Queen's University Press, 2005).

³⁶ These programs were designed to provide grants to CSOs. The mandate of the First Citizens fund, for instance, was to support "projects involved with the advancement and expansion of the culture, education, economic circumstances, and position of persons of the North American Indian race who were born in and are residents of the Province of British Columbia." See British Columbia, First Citizens' Fund, *First Citizens' Fund Programs and Policies* (Victoria: Ministry of Intergovernmental Relations, 1986); British Columbia, *Grant Guidelines* (Victoria: Ministry of Provincial Secretary and Government Services, 1982).

health and social services sector alone had risen from \$242,678 to \$9.3 million.³⁷ British Columbia was also the first jurisdiction in Canada to provide sustaining funding for women's shelters, transition homes, and rape crisis centres.³⁸ At the same time, numerous federal and provincial agencies, from human rights commissions to law foundations, created programs for dispensing grants to CSOs for educational programming and other services.

There was, therefore, a profound shift in state policy in the 1970s. The state was using its spending power to provide services and foster community engagement through the nonprofit sector.³⁹ As Rekart notes, there were several reasons governments eventually came to rely on nonprofit organizations:

Governments have recognized that it is easier for non-profit agencies to mount programs to meet new and emerging needs than for government departments to do so. It is also easier to change program direction or to cut back on services when they are delivered by non-profit organizations. As well, contracting enables the government to implement programs from which it wishes to distance itself politically, even as it takes advantage of the already established credibility of non-profit organizations for program initiative. Further, contracting encourages decentralization and a participatory democracy at the local level.⁴⁰

There were similar developments at the municipal level of government. While both municipalities had always funded arts, heritage, and cultural centres, they expanded the diversity of their funding programs to include an array of new services from friendship centres to immigrant serving agencies. To fund this shift in policy, both municipalities significantly increased funding for the nonprofit sector (see Figure 1). Between 1973 and 2007, Vancouver distributed grants to 1,476 recipients totalling \$275,741,922. In 2006 alone, the city dispersed \$21,930,830 to 313 organizations. Except for a slight decline between 1973 and 1978, funding from

³⁷ Rekart, *Public Funds, Private Provision*, 51.

³⁸ Philip Resnick, "Social Democracy in Power: The Case of British Columbia," *BC Studies* 34 (1977).

³⁹ Pal, *Interests of State*; Dominique Clément, *Canada's Rights Revolution: Social Movements and Social Change, 1937-1982* (Vancouver: UBC Press, 2008); Rachel Laforest, "Muddling through Government-Nonprofit Relations in Canada," in *Government-Nonprofit Relations in Times of Recession* (Montreal and Kingston: McGill-Queen's University Press, 2013); Brushett, "Federally Financed Felquistes"; White, "Interest Representation and Organization"; Hayday, *Bilingual Today*; Ng, *Politics of Community Services*.

⁴⁰ Rekart, *Public Funds, Private Provision*.

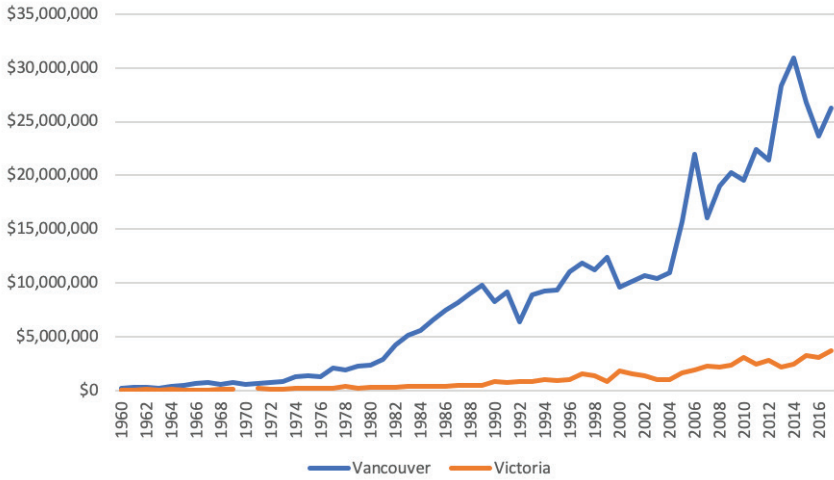


Figure 1. Total grant funding, Vancouver and Victoria (nominal value).

the City of Vancouver remained stable or increased each year. Victoria's support for the nonprofit sector continued to be inconsistent compared to Vancouver's. Between 1973 and 2007, the city provided \$28,174,763 in funding among 697 recipients. But funding was erratic: \$834,256 in 1992 compared to \$1.5 million in 1997 and \$1 million in 2003. Still, in 2007, the city distributed \$2.3 million to 93 organizations.

Such a dramatic increase of funding since the 1970s provided an opportunity for both municipal governments to foster a thriving local nonprofit sector. But the impact would be constrained, in part, because neither city chose to expand the number of recipients proportionate to the increase in funding. The number of grants issued each year in Vancouver, for instance, rose from 55 in 1972 to 176 in 1982 and 383 in 1989 (see Figure 2). After peaking in 1989, the number of grants declined despite an overall increase in the amount of funding. The average number of grants each year between 1989 and 2007 was only 318 (ranging from 215 to 480). Yet the total amount of funding rose from \$10 million in 1989 to \$16 million in 2007. Similarly, in Victoria, the number of grants increased from 33 in 1972 to 76 in 1997 and 107 in 2007. The total amount of funding, however, rose proportionately much higher than the number of grants. For instance, funding in 1997 was \$1,524,269 but the number of grants (76) was actually less than the previous year when the city distributed \$990,693 among 82 grants. Although there was a larger number of grants in 2007 compared to 1972, the overall amount of funding had increased more than tenfold.

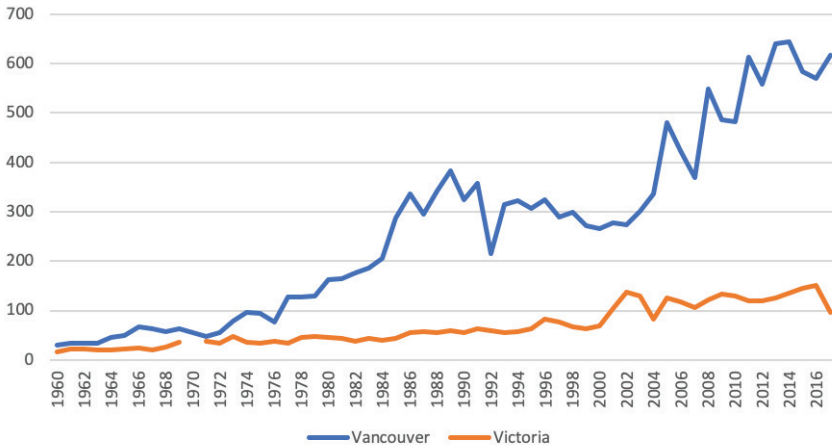


Figure 2. Number of grants, Vancouver and Victoria.

Moreover, the amount of funding was rarely sufficient to sustain an organization (see Figure 3). In Victoria, the median grant between 1973 and 2007 was \$3,000. Even in 2007, the median grant of \$3,750 would have constituted a modest amount for any organization. Vancouver's median grant during this period, while higher, was still low: \$9,000. In fact, the median grant in Vancouver in 1989 compared to 2007 had only increased from \$7,398 (in 2007 dollars) to \$15,000.⁴¹ There were also significant fluctuations in the median grant every year. And the median grants in the 2000s were much less than the median grants in the 1970s or 1980s even after accounting for inflation. This disparity stems from both cities providing a small number of large grants to a handful of organizations each year. For instance, in 2007, two organizations – the Vancouver East Cultural Centre and the Vancouver Art Gallery – each received over \$1.3 million. Most nonprofit organizations, therefore, could only hope to secure a modest amount of municipal funding. Neither city provided sustaining (core) funding except in a small number of cases.

Both cities' penchant for disproportionately favouring a small number of organizations was a defining feature of their funding practices. Almost half – 45 percent – of all funding in Vancouver went to ten organizations between 1973 and 2007. Similarly, 47 percent of funding in Victoria

⁴¹ Bank of Canada, "Inflation Calculator," 2020, <http://www.bankofcanada.ca/rates/related/inflation-calculator>.

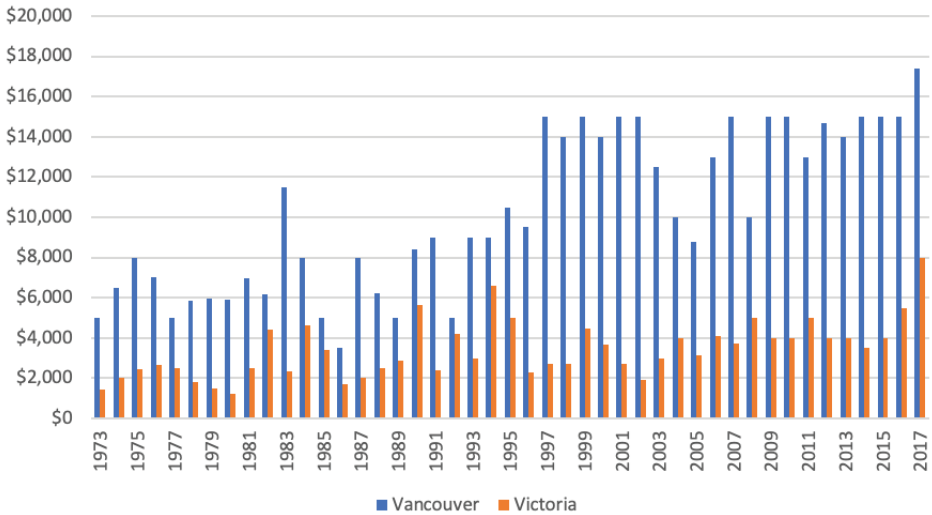


Figure 3. Median grant, Vancouver and Victoria (nominal value).

went to ten organizations. This concentration was consistent for most years. In 2007, ten organizations in Vancouver received 48 percent of all funding compared to 64 percent in Victoria. Many of the same organizations dominated the list of recipients in both cities from the 1970s to the early 2000s: symphonies, art galleries, museums, and theatres (see Table 2). The only notable difference was that Vancouver also provided substantial funding for social service organizations, such as MOSAIC or the Association of Neighbourhood Houses, while Victoria provided considerable funding for the YM-YWCA and business promotion associations. Moreover, the amount of funding was substantially higher in Vancouver. Vancouver's art gallery received over \$45 million during this period compared to \$1.3 million in Victoria. Similarly, the YM-YWCA received only \$443,044 in Victoria compared to \$4 million in Vancouver. Another notable difference in funding practices between the two cities was how they prioritized CSOs. Both cities funded arts, culture, heritage, and recreation. A few organizations, such as the Salvation Army and the YM-YWCA, received funding from both municipalities. In general, though, both cities preferred to fund organizations that were unique to their communities rather than provincial, national, or international organizations. Moreover, by the 1980s, Victoria prioritized organizations committed to promoting economic development as well as a crisis line and an inter-cultural association. Vancouver, on the other hand, prioritized youth and families, housing, poverty, and services for immigrants.

TABLE 2
Top ten recipients of funding in Vancouver and Victoria, 1973 to 2007

VANCOUVER	VICTORIA
Vancouver Art Gallery	Victoria Civic Heritage Trust
Vancouver Symphony Society	Victoria Heritage Foundation
Museum of Vancouver	Victoria Commonwealth Games Society
Vancouver Playhouse Theatre Company	Victoria Business Association
H.R. MacMillan Space Centre	Art Gallery of Greater Victoria
Vancouver Museum and Planetarium	Victoria Symphony Society
Vancouver East Cultural Centre	McPherson Foundation
Vancouver Maritime Museum Society	Greater Victoria Festival Society
Vancouver Aquarium Marine Science	YM-YWCA
Vancouver Opera Association	Victoria Native Friendship Centre

In sum, Vancouver and Victoria had, by 2007, emerged as a significant source of public funding for the nonprofit sector. Yet the ability of a nonprofit organization to secure funding was contingent upon the priorities of the municipal government. At the same time, the trend in both cities was to concentrate most of their funding among a small number of organizations. Only these could hope to secure sustaining funding or even multiple grants.⁴²

CONTEMPORARY TRENDS, 2008 TO 2017

The nonprofit sector in Canada has faced numerous funding challenges in recent years. As Deena White argues, governments in Ontario and Quebec have “entered a new era in their relationship with CSOs, abandoning the collaborative local partnerships of the past and turning instead to contracting-for-services and competitive bidding for public contracts.”⁴³ Similarly, Eliadis argues that, since the early 2000s, there has been a profound shift in the relationship between the state and the

⁴² Kay and Ramos, “Subnational Governments”; Beer and Tremblay, “Sex Workers’ Rights Organizations.”

⁴³ As White explains, from “the 1990s, hundreds of CSOs folded as funds to support mission overhead not directly associated with service delivery were slashed. Individual and uncoordinated CSOs now competed with each other and with the for-profit sector for government service contracts containing stringent conditions of accountability. For those that survived, no support was available for their traditional advocacy and capacity-building activities, which they had either to abandon or to maintain by taking on more volunteers, a strategy that was itself over-burdening” (“Interest Representation and Organization,” 200).

nonprofit sector across Canada. The federal government reduced funding for nonprofit organizations by almost \$1 billion in 2007 alone.⁴⁴ With the exception of Quebec, governments in Canada have reduced funding and shifted to project-based grants while encouraging competition with for-profit organizations in delivering public services.⁴⁵

Municipal funding in Vancouver and Victoria, in contrast, has continued to rise since 2007. In fact, funding from Vancouver increased by over 60 percent in ten years. There were several years when funding declined from the previous year, but overall increases in funding were far more significant than these occasional declines from the preceding year (see Figure 1). Funding has also expanded in Victoria. In 2008, Victoria distributed \$2,189,687 in grants compared to \$3,686,181 in 2017. This represents a surge of 59 percent. Funding in Victoria was also less erratic than in the past, with only modest declines in overall funding in 2011 and 2013. At the same time, however, there has emerged a vast disparity in funding between the two municipalities (see Figure 1).

It is difficult to exaggerate the scale of funding in Vancouver. The municipality distributed more grant funding in 2017 than what amounted to the total funding of at least twenty other municipalities, including many of the largest municipalities by population. In 2017, these municipalities distributed a combined \$11,991,932 to 381 organizations compared to \$25,294,883 to 498 organizations in Vancouver.⁴⁶ The scale of funding for the nonprofit sector in Vancouver is impressive and potentially exceeds the total amount of funding for nonprofits throughout the entire province. At the very least, this municipality of 631,486 people dispensed more funding in 2017 for CSOs than did twenty cities with a combined 1,786,885 people distributed over a much larger region.

⁴⁴ Department of Finance Canada. "Canada's New Government Cuts Wasteful Programs, Refocuses Spending on Priorities, Achieves Major Debt Reduction as Promised," 2006, <https://www.canada.ca/en/news/archive/2006/09/canada-new-government-cuts-wasteful-programs-refocuses-spending-priorities-achieves-major-debt-reduction-promised.html>; Centre for Non-Profit Management, *Strengthening the Relationship: Round Table on Government and Non Profit Relations in British Columbia* (Victoria: Centre for Non-Profit Management, 2007).

⁴⁵ Masson, "Institutionalization, State Funding and Advocacy."

⁴⁶ Annual reports, which list the total amount of grant funding, are available on each municipality's website. The total funding in 2017 for these municipalities was: City of Burnaby, \$1,620,233; City of Campbell River, \$578,214; City of Chilliwack, \$1,609,478; City of Duncan, \$106,385; City of Kamloops, \$3,100,202; City of Kelowna, \$2,336,570; City of Kitimat, \$1,012,885; City of Nanaimo, \$2,527,806; City of Penticton, \$975,348; City of Port Moody, \$140,722; City of Powell River, \$1,055,471; City of Prince George, \$1,346,352; City of Prince Rupert, \$755,991; City of Quesnel, \$9,000; City of Squamish, \$248,211; City of Vernon, \$332,538; City of Victoria, \$3,707,181; City of Williams Lake, \$494,600; District of Saanich, \$807,323; Township of Esquimalt, \$81,153.

At the same time, Vancouver's and Victoria's impact on the overall nonprofit sector continued to be constrained by their funding practices. The median grant remained low (see Figure 3). Despite a median grant in Victoria in 2017 of \$8,000, it averaged \$3,000 to \$5,500 between 2007 and 2016. Vancouver's median grant has also been consistent almost every year during this period: between \$13,000 to \$16,000, with a modest rise in 2017 to \$17,000. The median grant in both cities represents, at best, a meagre contribution from the municipalities to CSOs. No organization could sustain staff, offices, or many activities through municipal funding. Similarly, it was rare for any organization to receive a grant every year. Of the 1,014 CSOs that received grants between 2008 and 2017 in Vancouver, only 22 percent received a grant every year. The difference was even more striking in Victoria, where, during the same period, only thirty-five organizations – 11 percent – received ten or more grants. In other words, municipalities provided only a modest amount of grant funding and few organizations could plan for multiple grants over several years.

Vancouver and Victoria have, since 2007, continued to focus the majority of grant funding on a small number of established CSOs. Between 2008 and 2017, 81 percent of funding in Victoria went to 50 organizations, or only 16 percent of all recipients. Similarly, in Vancouver, 78 percent of funding went to 200 organizations, or 19 percent of all recipients. More than 50 percent of funding in the city went to only 43 organizations (4 percent of recipients). Nonetheless, at least in Vancouver, the city was distributing grants to an increasing number of CSOs (even if the amount of funding remained modest). The number of recipients increased almost every year from 548 in 2008 to 617 in 2017. Victoria, in contrast, has funded fewer organizations over time. Whereas 122 CSOs received grants in 2008, only 97 organizations received grants in 2017, despite a 60 percent increase in overall funding over 10 years.

In sum, municipal governments rarely provide sustaining funding for nonprofit organizations. These practices can have profound implications for the nonprofit sector. As other studies have demonstrated, when the available funding is concentrated among a small number of organizations, there is an increased likelihood of competition.⁴⁷ On the other hand, while the concentration of funding might act to the detriment of some

⁴⁷ J. Craig Jenkins and A.L. Halcli, "Grassrooting the System? The Development and Impact of Social Movement Philanthropy," in *Philanthropic Foundations*, ed. E.C. Lagemann (Bloomington: Indiana University Press, 1999), 229–56; Howard Ramos, "What Causes Canadian Aboriginal Protest? Examining Resources, Opportunities and Identity, 1951–2000," *Canadian Journal of Sociology* 31, no. 2 (2006): 211–35.

organizations, it creates a mutual dependency relationship between the state and nonprofit organizations. In the case of most nonprofits that receive the bulk of municipal funding, such as museums, art galleries, symphonies, or heritage societies, they rely on governments for most of their funding. But governments are equally reliant on these organizations to provide community services because they cannot be replaced by alternative organizations within the community. This also extends to organizations that offer services that are prioritized by the government, such as immigrant serving agencies or youth outreach programs. In other words, as Rekart explains, in some cases “there exists a situation of mutual dependency. The non-profit agencies have the expertise, staff, and facility to deliver services, while government is in the position of authority and is responsible for services.”⁴⁸

Municipalities’ funding practices also privilege particular sectors among nonprofit organizations (see Figures 4 and 5). In the 1960s, it was charitable service organizations, especially those assisting families, housing, and youth, while also financing a handful of arts and cultural organizations. These trends began to shift in the 1990s. In addition to the arts sector, Victoria prioritized the heritage sector while Vancouver funded a large number of cultural organizations. In the 2000s, organizations such as the YM-YWCA as well as art galleries, museums, theatres, and symphonies were still among the highest funded organizations in both municipalities. Nonetheless, each city had its own distinct preferences within the nonprofit sector. Vancouver prioritized large institutions such as the art gallery, arts club, museums, and symphony among others, which was consistent with past funding practices (Tables 2 and 3). But Vancouver also provided over \$17 million to fifteen neighbourhood houses between 2008 and 2017, which are community centres that organize recreational activities and other community services.⁴⁹ This, in part, reflected the offloading of social services (such as settlement

⁴⁸ Rekart, *Public Funds, Private Provision*, 97.

⁴⁹ Association of Neighbourhood Houses, “About,” <https://anhbc.org/about-us>. Schmidtke notes that neighbourhood houses are particularly privileged in Vancouver compared to other municipalities: “City of Vancouver-based NHs ... benefit from a long-established tradition of support from the municipal government, whereas NHs outside the city of Vancouver are at a disadvantage due to other municipalities’ unfamiliarity with NHs and the concern that they are merely duplicating services offered by other agencies ... The City of Vancouver has long recognized and appreciated the role that NHs play within the community and the services they provide, and this understanding and appreciation have only grown over time as other factors, such as social capital and community development, have become priorities of public administrators.” See Oliver Schmidtke, “The Eyes and Ears of the Community,” in *Neighbourhood Houses: Building Community in Vancouver*, ed. Miu Chung Yan and Sean Lauer (Vancouver: UBC Press, 2021), 76–77.

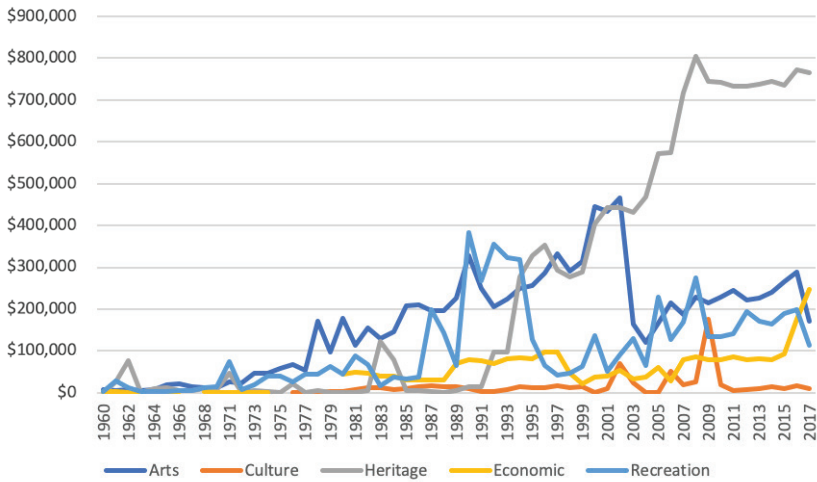


Figure 4. Grant Funding for Arts, Culture, Economic Development, Heritage, and Recreation in Victoria, 1960 to 2017.*

* Figure 4 excludes a grant to the McPherson Foundation of \$571,112 in 1997 and \$538,071 in 1998 as well as a grant of \$620,423 to the Downtown Victoria Business Association in 2000. In each case, these were one-time grants and exceptions to the funding trends during this period.

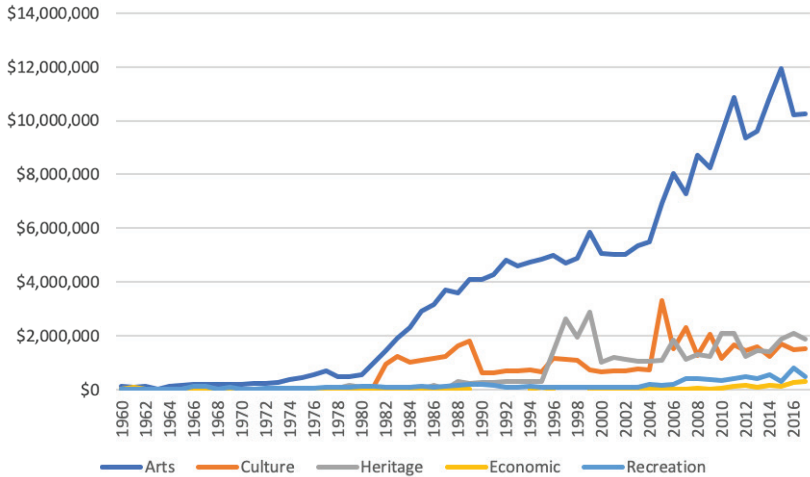


Figure 5. Grant Funding for Arts, Culture, Economic Development, Heritage, and Recreation in Vancouver, 1960 to 2017.*

* Figure 5 excludes a grant to the Vancouver Aquarium Marine Science Museum of \$5,898,492 in 2006. This one-time grant was an exception to a trend in funding for the Culture sector, which averaged between \$1.5 million and \$2 million during this period. For the same reasons, Figure 5 also excludes grants to the Arts Club of Vancouver (\$2,090,959, 2014), the Vancouver Art Gallery (\$7,000,000, 2013; \$2,181,000, 2014), and the Vivo Media Arts Centre (\$2,300,000, 2014).

services for immigrants) to municipalities beginning in the 1990s.⁵⁰ It also reflected the growing popularity of these organizations, which led to the formation of new homes in Oak Avenue (2004), the Downtown Eastside (2009), and Alexandra (2009).⁵¹

In comparison, Victoria was providing substantial grants to preserving heritage sites as well as to a series of community associations and housing societies. The latter, in particular, became a priority in the 2000s as the municipality struggled to address issues around homelessness and a lack of affordable housing.⁵² The focus on deinstitutionalization in the mid-1990s, combined with a lack of community services, resulted in a rise in the number of homeless and mentally ill people living on the streets in Victoria. In 2007, the Mayor's Task Force on Breaking the Cycle of Mental Illness, Addictions, and Homelessness, which identified more than 1,500 homeless people in the city (many of whom struggled with substance abuse and mental illness), provided a framework for a multi-pronged strategy to address housing issues in the city, including targets for building affordable housing.⁵³ Organizations such as the Coalition to End Homelessness and the Pacifica Housing Advisory Association began receiving substantial municipal grants soon after the publication of the report.⁵⁴

Still, the list of CSOs that received multiple grants reflected the growing diversity of the nonprofit sector. In Victoria, organizations such as the Victoria Cool Aid Society, Victoria Youth Empowerment

⁵⁰ Schmidtke, "Eyes and Ears of the Community," 73.

⁵¹ As Lauer, Yan and Stebner note, the "origins of the new neighbourhood houses that developed in the 1960s and 1970s show the intertwined ideals of community development and citizen-led initiatives combined with an interest in establishing social infrastructure with lasting impact for the neighbourhood house movement. Unlike Kitsilano Neighbourhood House, most of the new neighbourhood houses established during this period had their origins in community development work that engaged local residents." Sean Lauer, Miu Chung Yan, and Eleanor Stebner, "History of Vancouver Neighbourhood Houses and Beyond," *Neighbourhood Houses: Building Community in Vancouver*, ed. Miu Chung Yan and Sean Lauer (Vancouver: UBC Press, 2021), 57. More recently, the City of Vancouver itself initiated the creation of a new neighborhood house in 2019. See Schmidtke, "Eyes and Ears of the Community," 57.

⁵² City of Victoria, *Annual Report, 2007*, <https://www.victoria.ca/EN/main/city/annual-report.html>.

⁵³ City of Victoria, 2007, Mayor's Task Force on Breaking the Cycle of Mental Illness, Addiction and Homelessness: A Victoria Model. See City of Victoria, <https://www.victoria.ca/EN/main/city/mayor-council-committees/mayor-lisa-helps/task-forces/homelessness.html>

⁵⁴ Community associations were designed to facilitate citizen engagement with city councillors and staff on municipal policy, including issues such as land use and development. While a few organizations were formed in the 1970s, it was only in the mid-1990s when the municipality formally recognized its role in municipal governance and began providing direct funding. By the early 2000s, the municipality was providing extensive funding to several community associations throughout the area.

TABLE 3
Top ten recipients of funding in Vancouver and Victoria, 2008 to 2017

VANCOUVER	VICTORIA
Vancouver Art Gallery	Victoria Civic Heritage Trust
Arts Club of Vancouver	Victoria Heritage Foundation
Vancouver Symphony Society	Pacifica Housing Advisory Association
Museum of Vancouver	Victoria Housing Society
H.R. MacMillan Space Centre	Victoria Coalition to End Homelessness
Vancouver Opera Association	Silver Threads Service
Vancouver Maritime Museum Society	Burnside Gorge Community Association
VIVO Media Arts Centre	Oaklands Community Association
Vancouver Playhouse Theatre Company	Victoria West Community Association
Kitsilano Neighbourhood House	James Bay New Horizons

Society, BC Healthy Communities Society, Victoria Compost Education Centre, Crisis Intervention and Suicide Prevention Centre, Victoria Pride Society, Women's Sexual Assault Centre, and AIDS Vancouver Island, among others, received multiple grants. Vancouver's funding priorities, in particular, reflect a rich and diverse nonprofit community. The city provided numerous grants to women's centres, multicultural associations, family service agencies, disability rights advocates, immigrant and refugee societies, youth groups, and environmental organizations, among others. Moreover, both cities began to commit more resources to supporting Indigenous organizations. Victoria, which provided little to no funding to any Indigenous organizations prior to 2001, distributed grants to several Indigenous organizations, including the Native Friendship Centre. Similarly, Vancouver had provided less than \$90,000 every year to a handful of Indigenous Peoples' CSOs before 2000. Beginning in the 2000s, however, the municipality had distributed hundreds of thousands of dollars in grant funding each year to several dozen Indigenous CSOs, including the Urban Native Youth Association, the Aboriginal Front Door Society, and the Aboriginal Mother Centre Society.

Both municipal governments also favour project rather than sustaining (core) funding and rarely fund advocacy. Victoria's Strategic Plan Grants, for example, include funding for "organizations working on a project or program that supports the actions or outcomes of the City of Victoria's

Strategic Plan Objectives.” While the municipality offers some sustaining funding for core operations, most of these grants can only be used for costs “directly associated with the approved project, program or service” and are limited to heritage and cultural centres or seniors centres.⁵⁵ Similarly, Vancouver offers fifteen grant programs for cultural organizations but only one program provides sustaining funding for nonprofits.⁵⁶ And this program only funds approximately fifty-nine organizations each year. As Oliver Schmidtke notes in his analysis of funding for neighbourhood houses in Vancouver:

Yet funding from the city government is predominantly tied to specific projects that, if at all possible, need to be renewed regularly with a duration of no longer than three years. In general, the bulk of neighbourhood houses’ financial resources comes from funding schemes and programs that are non-recurrent or require a renewal process on a short-term basis ... As a result, much of NHs’ human resources is tied up in a continuous struggle to secure and renew funding streams.⁵⁷

These practices can have implications for the operations of nonprofit organizations that receive public funding. As Rekart demonstrates in her study of provincial funding practices for nonprofits, the state can use its spending power to influence agencies “by refusing funds for activities related to social change.”⁵⁸ By limiting opportunities to secure funding for general operating costs or for advocacy, governments reduce “the ability of voluntary organizations to advocate for expanded resources to meet a wider set of needs.”⁵⁹ Municipal funding practices, which favour project-based grants and concentrate funding among a small number of organizations, have similar implications for the nonprofit sector. According to Schmidtke, with the funding opportunities for neighbourhood houses that arose from the need to provide more local services “came a greater degree of reliance on external funding and a marked shift toward service delivery. As a result, the previous commitment to political advocacy and far-reaching independence from other agencies

⁵⁵ City of Victoria, “City Grants,” 2019, <https://www.victoria.ca/EN/main/residents/city-grants.html>.

⁵⁶ City of Vancouver, “City Grants,” 2020, <https://vancouver.ca/people-programs/cultural-grants-program.aspx>; City of Vancouver, “City of Vancouver Grants Programs,” 2020, <https://vancouver.ca/files/cov/city-of-vancouver-grant-programs.pdf>; City of Vancouver, “Cultural Grants Program,” 2020, <https://vancouver.ca/people-programs/cultural-grants-program.aspx>.

⁵⁷ Schmidtke, “Eyes and Ears of the Community,” 72–73.

⁵⁸ Rekart, *Public Funds, Private Provision*, 125.

⁵⁹ Rekart, 125.

has been replaced, at least partially, by a greater degree of reliance on government contracts and on grants provided by private foundations.”⁶⁰

The focus on project-based funding can inhibit the development of a vibrant nonprofit sector. Among other things, it restricts CSOs’ ability to invest in the organization to ensure institutional stability over time.⁶¹ Project-based funding also “provides additional incentives for organizations to comply very closely with the [government’s] policy goals.”⁶² Similarly, because project-based grants are often for a short time period and require nonprofits to compete with each other for funding, organizations might “become unduly influenced by the needs and requirements of government departments.”⁶³ Given the limited opportunities for private funding in Canada (e.g., foundations), smaller or newer CSOs face immense difficulties in securing public funding limits opportunities for the development of a diverse nonprofit sector.⁶⁴ As the authors of a 2005 survey of voluntary agencies in Canada noted, “the larger, more professionalized, and well-resourced organizations have substantial competitive advantages over the smaller, mostly volunteer-operated ones.”⁶⁵

Grants are not municipalities’ only financial tool for supporting CSOs: municipalities have also used property tax exemptions (PTEs) to assist the nonprofit sector.⁶⁶ PTEs are less flexible than grant funding. They are limited to CSOs that own property, which in many cases excludes smaller organizations and favours more established groups. Only a handful of PTEs have been authorized for organizations in the arts, culture, economic development, heritage, or recreation sectors. More than half the value of all PTEs between 2007 and 2018 went to religious organizations, most notably Catholic churches, Salvation Army, the Jewish Community Centre, and the Khalsa Diwan Society.

⁶⁰ Schmidtke, “Eyes and Ears of the Community,” 73–74.

⁶¹ Kathleen Rodgers and Melanie Knight, “You just felt the collective wind being knocked out of us’: The Deinstitutionalization of Feminism and the Survival of Women’s Organizing in Canada,” *Women’s Studies International Forum* 34, no. 6 (2011): 573.

⁶² Julie Tomiak, “Navigating the Contradictions of the Shadow State: The Assembly of First Nations, State Funding, and Scales of Indigenous Resistance,” *Studies in Political Economy* 97, no. 3 (2016): 223.

⁶³ Rekart, *Public Funds, Private Provision*, 78.

⁶⁴ Hall et al., *Canadian Nonprofit and Voluntary Sector*.

⁶⁵ Hall et al.

⁶⁶ The majority of property tax exemptions are for state agencies rather than CSOs. In Vancouver, for instance, 432 CSOs received \$75 million in tax exemptions between 2008 and 2017. But this represented only 4 percent of all PTEs, which totalled more than \$1.7 billion during this period. Most PTEs are for schools, Crown corporations, city buildings, and hospitals.

Nonetheless, PTEs can have an important impact on the nonprofit sector. Four organizations in Victoria, including the YM-YWCA and the Victoria Conservatory of Music, each received tax exemptions between 2007 and 2018 totalling over \$1 million. Another dozen organizations, including museums, art galleries, theatres, and the Canadian Red Cross, received over \$500,000 each in exemptions. A diversity of CSOs have received hundreds of thousands of dollars of tax exemptions in recent years, including the Boys and Girls Club, the Canadian Cancer Society, the Multiple Sclerosis Society of Canada, the Society for the Prevention of Cruelty to Animals, the Canadian National Institute for the Blind, and the United Way. Unlike grants, however, the municipality is less likely to extend PTEs to new organizations. More than half the recipients have received five or more exemptions since 2008. Furthermore, since municipalities in British Columbia can grant PTEs for up to ten years, the number of recipients also tended to be consistent over time. The number of PTEs in Victoria has only risen from 112 to 120 between 2008 and 2017, with few variations year over year. The overall value of PTEs (see Figure 6) has increased significantly – from \$1.9 million in 2008 to \$2.8 million in 2017 – which undoubtedly reflects, in part, higher property values.

Vancouver has been more active in approving PTEs for CSOs than has Victoria. The number of PTEs issued in 2017 was 26 percent higher than that issued in 2008 (7 percent in Victoria). There was a peak in 2011 of 573 PTEs and a low of 412 in 2008, but since 2012 the number of tax exemptions for CSOs had changed little and averaged between 536 and 573 each year. The value of PTEs increased from \$6 million in 2008 to \$9 million in 2017 (see Figure 6). To be sure, the value of the PTEs in Vancouver is minor compared to grants, which totalled \$26.3 million in 2017. Nonetheless, for CSOs, the value is not inconsequential. Hundreds of religious organizations, especially churches and the Salvation Army, have received millions of dollars in PTEs. The YM-YWCA, Association of Neighbourhood Houses, Vancouver Indian Centre (now Vancouver Aboriginal Friendship Centre Society), Arthritis Society, Urban Native Education Centre, Polish Friendship Society, Girl Guides, Western Institute for the Deaf and Hard of Hearing, Immigration Services Society, BC Paraplegic Association, and many more have received generous funding through property tax exemptions.

Similar to grants, though, the median value of PTEs is low and suggests that, while many organizations received tax exemptions, most CSOs benefit only modestly from this form of municipal funding. In

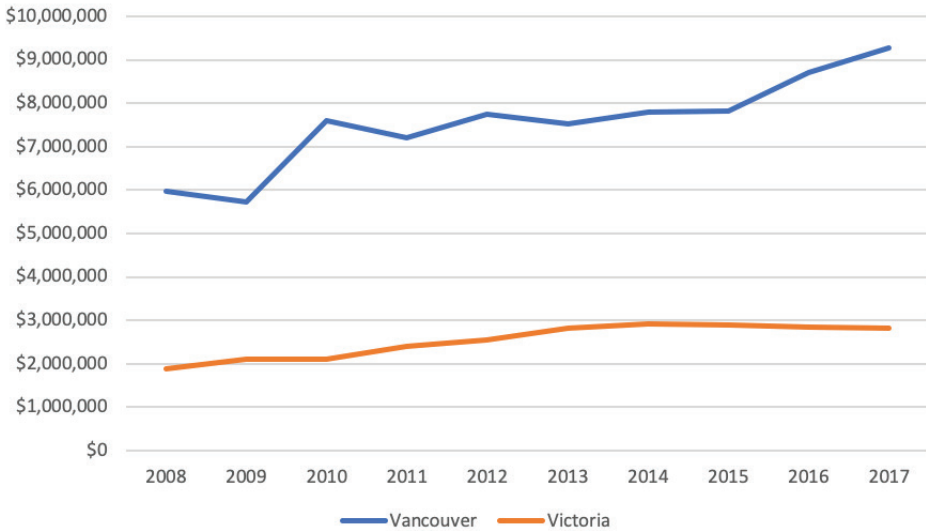


Figure 6. Total property tax exemptions, Vancouver and Victoria (nominal value).

Vancouver, the median PTE was \$6,917 in 2017 or \$5,260 over ten years. The median PTE in Victoria over ten years was \$9,338 or \$11,349 in 2017. As with the total value of PTEs, the number of beneficiaries of PTEs compared to grants is lower. There were 432 recipients of PTEs in Vancouver over ten years and 195 in Victoria. In comparison, there were 1,014 grant recipients in Vancouver and 316 recipients in Victoria. While PTEs are an important source of municipal funding for nonprofits, grants remain the predominant form of financial support from municipalities.

CONCLUSION

The 1970s were a transformative moment in the relationship between the state and the nonprofit sector. Governments began providing immense amounts of funding for the nonprofit sector, which has since become integral to the proper functioning of the welfare state. Municipal funding, in particular, has increased dramatically since the 1970s. Funding doubled in the ten years alone between 2008 and 2017 in Vancouver while also expanding considerably in Victoria. State funding has also become increasingly essential to sustaining the nonprofit sector because of the decline in charitable giving, especially in recent years. As Phillips and Wyatt note, “charitable giving has been stagnant for a decade: both the

number of people who give and the size of the average donation has declined ... giving is increasingly concentrated among a smaller, older cohort.⁶⁷ For this reason, when governments prioritize some sectors over others, it can have profound implications for the nonprofit sector. In this case, Vancouver and Victoria have prioritized funding for arts, culture, heritage, and recreation organizations. Among other things, the effect is that, when the provincial government reduces funding for social services such as health or welfare (as occurred in British Columbia in the 1980s and 2000s), nonprofits that offer these services cannot turn to municipal governments to replace their source of funding.⁶⁸ Moreover, municipalities prefer to fund services rather than advocacy. While some organizations dedicated to social transformation, such as the Vancouver Area Human Rights Coalition, have received grants, they were most often no more than \$5,000 to \$20,000. Given the nonprofit sector's dependence on government funding, when one level of government eschews funding for advocacy, it limits the potential to develop a vibrant civil society.⁶⁹

In addition to prioritizing certain sectors and focusing on public services, the median municipal grant has always been low. Most organizations have received grants that, at best, provide a modest amount of funds. Municipalities rarely provide sustaining funding for CSOs. They have also historically preferred to concentrate funding among a small number of established organizations. The dramatic increase in municipal grant funding over time, therefore, has not affected the overall nonprofit sector as much as it has resulted in more funding for a relatively small number of organizations. Still, municipal funding can play a complementary role in supporting the nonprofit sector. As Rekart notes in her research into how nonprofits navigate the provincial contracting process, some organizations have sought alternative sources of funding to avoid onerous requirements from provincial service contracts. Rekart identifies several organizations that have used, for instance, municipal funding

⁶⁷ Susan D. Phillips and Bob Wyatt, *Intersections and Innovations: Change for Canada's Voluntary and Nonprofit Sector* (Edmonton: The Muttart Foundation, 2021).

⁶⁸ Rekart, *Public Funds, Private Provision*, 30–38; Bryan Palmer, *Solidarity: The Rise and Fall of an Opposition in British Columbia* (Vancouver: New Star Books, 1987).

⁶⁹ In comparison, the federal and provincial governments have a longer history of providing core sustaining funding, including for advocacy organizations. See Clément, *Canada's Rights Revolution*; Clément, "State Funding for Human Rights Activism"; Dominique Masson, "Changing State Forms, Competing State Projects: Funding Women's Organizations in Quebec," *Studies in Political Economy* 89, no. 1 (2012): 79–104; Paul Tennant, *Aboriginal Peoples and Politics: The Indian Land Question in British Columbia, 1849–1989* (Vancouver: UBC Press, 1990); Howard Ramos and Janelle Young, "Critical Events and the Funding of Indigenous Organizations," *Journal of Canadian Studies* 52, no. 2 (2018): 570–90; Pal, *Interests of State*.

alongside grants from the United Way and the federal government to continue operating without provincial contracts.⁷⁰ Other organizations, such as youth drop-in centres or child care centres, lost their provincial contracts but then charged modest fees that were supplemented with a small grant from a municipality. While not providing core funding, municipal grants can, in these situations, enable nonprofits to continue sustaining their activities when supplemented by other sources of funding.

The broader significance of these findings is how they demonstrate the immense potential for this type of research. Collecting data on government grants to nonprofit organizations can offer unique insights into the history of the nonprofit sector as well as its relationship with the state.⁷¹ As one author notes, these organizations matter because they “represent an important vehicle by which we express our views and seek to influence public policy and discourse.”⁷² Research into municipal government funding practices can reveal how state policy has fostered competition among CSOs; made it difficult for CSOs to develop a sustainable and predictable funding base; privileged a small number of CSOs; encouraged CSOs to align their goals with the state’s priorities; and used funding to legitimize the claims of some social actors to the detriment of others. In each case, these issues can change dramatically depending on the historical context as government policies and practices shift over time. Collecting data on grants from local governments to nonprofit organizations can, in this way, facilitate a wide range of inquiries on how state funding practices can impact the nonprofit sector. Moreover, this type of research can provide tools for historians to document the diversity of the nonprofit sector. Historians can use grants data to identify understudied local community groups because state funding has fostered the proliferation of organizations throughout the province. By identifying organizations that applied or received grants, historians can use the organization as a reference point to, among other things, identify archival materials or to search digital newspapers.

Finally, this type of research contributes to promoting transparency in public finances. Municipal governments provide less funding to the nonprofit sector than do provincial governments but more funding than does the federal government. Yet municipalities in Canada rarely publish

⁷⁰ Rekart, *Public Funds, Private Provision*.

⁷¹ Ramos and Unger make a case for how more data on funding practices can better improve our understanding of immigration and settlement policies in Canada. See Howard Ramos and Michael Unger, “Refugee Children and Families in the Canadian Context,” *Canadian Diversity* 14, no. 3 (2017): 3–4.

⁷² Eliadis, “Dismantling Democracy,” 39.

information on grants. This is a surprising lack of transparency for a policy that has, since the 1970s, involved dispensing millions of dollars in public funds to non-governmental organizations.