



NEOLIBERALISM AND THE NON-PROFIT SOCIAL SERVICES SECTOR IN ALBERTA

Trevor Harrison and Barret Weber

Contents

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Executive Summary

This report examines the changing role of the non-profit social services sector in Alberta, the reasons for this change, and some of the resulting implications for the sector.

The sector has a long and distinguished presence throughout Alberta. In 2015, Alberta was home to 24,800 non-profit organizations. In 2011, 38% of all non-profit organizations performed social service functions. Alberta's non-profit social services organizations receiving provincial government revenue over \$1 million employed 20,825 paid staff, of which 56.1% were full time. Alberta's non-profit social services organizations receiving provincial government revenue under \$1 million employed 9,791 paid staff, of which 53% were full time.

The non-profit social services sector has undergone a number of experiments since the 1990s. Many of these experiments have been based on neoliberal approaches, including the Alberta Response Model, the Casework Practice Model, Outcome Based Service Delivery, and the Social Innovation Endowment Fund. This report highlights the dangers of adopting neoliberal programs and policies.

Vital non-profit services have been misused and even abused by past government policies – to the detriment of non-profits and also to the detriment of the social services system. Generally it is taxation and royalty policies that limit government revenues in Alberta and thus leave the social services sector vulnerable to the developments described.

Albertans have long relied on the non-profit social services sector to fulfill a host of local needs additional to and vital beyond those met by the public sector. The non-profit social services sector – indeed, all areas of the non-profit sector – deserve more recognition than is often given.

At the same time, the non-profit sector is not now – and cannot be – a substitute for a well-paid, well-trained, reliable and professional public sector. The non-profit sector can provide some complimentary services to the role of the public sector, but the two are not equally capable sectors. The first step in ensuring quality social services for Albertans must be support for and the revitalization of the public sector. Government policies directed at expanding the non-profit sector into areas for which it is not equipped undermine the public sector's ability to provide necessary services, while also risking serious damage to non-profit organizations, the people they serve, and their specific community needs.

This report highlights the largely negative impacts that neoliberal approaches to governance have had on non-profit organizations, specifically as they relate to social services delivery. It is clear the primary motivation of such approaches has been to reduce the cost of public services and not, as widely promoted, to increase efficiency or the autonomy for non-profit agencies.

Based on evidence derived during the course of writing this report, the authors make the following recommendations:

1. A comprehensive government report concerning the state of the non-profit sector in Alberta should be produced annually. At a minimum, this report should detail:
 - the number of organizations in the sector;
 - the proportion of funding received from the provincial government and other revenue generating endeavours;
 - the areas of responsibility covered;
 - the number of clients served (and in what capacity);
 - the number of paid workers and volunteers in the sector, as well as information on working conditions and roles;
 - the costs of salaries and benefits paid to employees; and
 - the contributions of the non-profit sector to Alberta's economy.
2. Full disclosure of contracts and their conditions between non-profit organizations and the government should be made available to the Auditor General, and details should be made readily available online to the public.
3. The respective roles of the non-profit and public sectors in social services delivery should be better and specifically clarified in legislation and in practice.
4. The Government of Alberta should commit to adequate, long-term, sustainable funding for both the public and non-profit sectors through Alberta Human Services.
5. The government should implement legislation to defend the traditional advocacy role of non-profit institutions as guardians of the public interest, such as through the enhancement of whistleblower protection.

1. Introduction

This report examines the changing role of the non-profit social services sector in Alberta, the reasons for this change, and some of the resulting implications for the sector.

The non-profit sector has a long and distinguished presence throughout Alberta, yet the sector's contributions are often overlooked. Alberta's non-profit sector's invisibility is understandable, in part because it is vast, diverse, and particularly difficult to understand (Calgary Chamber of Voluntary Organizations [CCVO], 2011: 2). More importantly, as we discovered at nearly every turn, there is a lack of comprehensive data regarding the sector.¹ In fact, no comprehensive study of Canada's non-profit sector has been conducted since 2003 (see Statistics Canada, 2005; Frankel, 2006).

Despite this difficulty, we were able to develop a rough portrait of this important sector:

- In 2015, there are 24,800 non-profit organizations in Alberta (Edmonton Chamber of Voluntary Organizations [ECVO], 2015), up from an estimated 23,000 in 2011 (CCVO, 2011: 3) and 19,000 in 2009 (Holmgren, 2009: 2).
- The percentage of non-profit social services organizations has also risen, making up 38% of all non-profit organizations in 2011 (CCVO, 2011: 2).
- It is important to appreciate that the majority of non-profits are very small and don't have any staff. Of the nearly 25,000 non-profit organizations in Alberta, 43% employ paid staff (ECVO, 2015).
- Alberta's non-profit social services organizations receiving provincial government funding over \$1 million employed 20,825 paid staff, of which 56.1% were full time (derived from Revenue Canada T3010 data).
- Alberta's non-profit social services organizations receiving provincial government revenue under \$1 million employed 9,791 paid staff, of which 53% were full time (derived from Revenue Canada T3010 data).
- Employment in non-profit social services organizations declined during the recent recession (CCVO, 2009), but has increased since due, in part, to increased government contract funding to address problems of low wages and high turnover (CCVO, 2013)
- The total hours worked by employees of non-profit organizations in Alberta in 2013 was 2.3% of the total hours worked by all Alberta employees, down slightly from 2.7% in 2010.²

¹ The CCVO, whose work we found among the more useful in making this report, notes, "we don't have a good database of consistent, sector-wide information about non-profit organizations" (CCVO, 2011: 3).

² This decrease is likely the result of increased hours being worked by those in Alberta's private sector during this boom period. We note, for example, that the percentage of hours worked by Alberta's public sector during this time also declined, from 14.7% in 2010 to 14.3% in 2013.

- Our calculations suggest that non-profit organizations contributed 1.1% of Alberta's gross domestic product (GDP) in 2012, compared to 1.52% nationally. Thus, the non-profit sector in Alberta contributes only about 72% of the portion of provincial GDP compared to the national average.

In short, Alberta's non-profit sector, specifically the sector's social services organizations, play a small but significant role. At the same time, the non-profit sector finds itself "stretched to the limit" (CCVO, 2009: 1), especially since the recent recession, due to government cuts, lower wages, less job security, and higher workloads compared with other sectors (Faid, 2009: 16).³

How can we explain these trends? What is behind Alberta's growing use of non-profit social services? What resultant organizational problems does this sector face?

There is clearly a social need, driven by Alberta's rapid population growth, as well as the boom-and-bust nature of Alberta's oil-fueled economy.

Alberta has Canada's fourth largest provincial population, with over 4.1 million people in 2014 (Statistics Canada, 2014a), up by nearly 100,000 from the year previous. The reason for Alberta's rapid population growth is well known. The province's petroleum-based economy has seen provincial GDP experience annual percentage increases well above the Canadian average for four consecutive years, including a 3.8% increase in 2013 (Statistics Canada, 2014b). In turn, this economic prosperity has translated into good jobs and, on average, high wages for private sector workers. Alberta's population growth reflects the hopes of people coming to the province for these good jobs.

But Alberta's growing population provides only the context; it does not explain the province's growing reliance on the non-profit sector.

An influx of new workers – many of them young or with young families – will of course put a strain on existing services. Expanding these services costs money, however, and the Alberta government – despite repeated calls (e.g., Flanagan et al., 2013) – has for years resisted increasing its revenues through changes to its personal and corporate tax structure or its resource royalty regime (Lahey, 2015). Indeed, the provincial government has repeatedly asserted Alberta's "tax advantage" in being the lowest-taxed province in Canada; by government's own estimates, \$11.6 billion below that of the next-highest-taxed province (McMillan, 2015).

Vital non-profit services have been misused and even abused by past government, to the detriment of non-profits and also to the detriment of the social services system. Generally it is taxation and royalty policies that limit

³ The Government of Alberta's Budget 2015 cut the charitable tax credit from 21% to 12.75%. Journalist Gary Lamphier (2015) describes this change as a "heartless, mean-spirited move, especially at a time when everyone in the province is feeling the pain of low oil prices" and "Alberta's corporate sector, meanwhile, faces no such tax pain." In the midst of the provincial election that followed, then-premier Jim Prentice withdrew the change.

“Governments – including Alberta’s – have attempted to expand the role of non-profit agencies into areas of direct social services delivery which were previously the domain of the public sector.”

government revenues in Alberta, and thus leave the social services sector vulnerable to the developments described.

Given its insistence on maintaining a low tax and royalty regime – and the resulting low government revenues – the Alberta government since the early 1990s has explored alternative ways of funding and providing government services in the areas of health, education, and social welfare. One of these alternatives is to use the non-profit sector to provide programs and services.

The use of non-profit agencies in social services delivery is well-established in theory and practice, and Alberta in particular has a long history of their use in the provision of residual social services.⁴ The limitations, as well as benefits, of non-profit agencies in this regard are also well documented (Frankel, 2006; Graefe, 2005; Evans and Shields, 2000; DeMone et al., 1989).

In recent years, however, some governments – including Alberta’s – have attempted to expand the role of non-profit agencies into areas of direct social services delivery which were previously the domain of the public sector. These efforts, we argue in this report, are the product of an ideological shift in thinking about the state and its relationship to market and society. We identify the shift as consistent with the principles of neoliberal governance.

Section 2 of this report defines the non-profit sector as distinct from the public sector or the for-profit private sector, and the role it plays traditionally in the provision of social services within the larger social welfare system.

Section 3 examines neoliberalism, with particular emphasis on the policy and program innovations arising over time from this ideological perspective, and its impact on the Canadian welfare state.

Section 4 details neoliberalism’s impacts on the non-profit sector’s role in social services delivery in Great Britain where the term “Big Society” is synonymous with the off-loading of services and programs to charities, local communities, and the non-profit sector, and where the concept of Social Impact Bonds has gained government approval.

With this groundwork laid, Section 5 examines the degree to which a neoliberal policy agenda has impacted the non-profit sector in Alberta in its role of providing social services. The section provides a brief history of social services delivery in Alberta, including more recent transformations since the early 1990s that, arguably, have paved the way for the non-profit sector’s increased role in this area.

Section 6 summarizes the observed and potential impacts of neoliberalism on the non-profit social services sector and concludes with a set of recommendations regarding the future role of the non-profit sector in Alberta’s social services.

⁴ The term “residual” has a fairly specific meaning in social policy literature. It means that the responsibility for services “rests” or “resides” with the family, kin or other body or institution, usually one with some level of intimacy with the person needing the service as a reason for taking up that responsibility. However, residual is sometimes used to describe a body or person other than the body, such as a province or state, which does have the legislated responsibility. It is in this sense that the term is used here.

2. The Non-Profit Sector and Social Services: Definition and Overview

The non-profit sector (sometimes also termed the charitable, civil, or voluntary sector) constitutes a “third sector” situated between the government and private (market or for-profit) sectors.⁵ It is distinguished from the government and for-profit private sectors by its values of “philanthropy, altruism, charity, reciprocity, mutuality and ethic of giving and caring” (Evans and Shields, 2000: 3). The third sector plays an important role in the promotion of democracy by offering an outlet for social solidarity and activism by those who are often excluded from mainstream political processes.

The organizations making up the non-profit sector come in all sizes, though most tend to be small in size and local, and comprise four types: funding or fundraising organizations, member serving organizations, public benefit organizations, and religious organizations (Evans and Shields, 2000: 3). The non-profit sector provides services that meet the needs of those who cannot provide them for themselves or whose needs are not met by the government and for-profit private sectors. Many of these needs are in the area of social services.

Social services and income security programs are the two components of the social welfare system. The social welfare system is defined as the totality of a country’s social allowances, benefits, programs, and services provided by the three sectors described above (Olsen, 2002: 20). The first component, social services, consists of socialization, personal development, therapy, rehabilitation programs and information, referral and advocacy, protection, and prevention services provided to individuals and families. Income security programs consist of cash transfers, social insurance, tax credits, and compensation benefits (Chapell, 2006: 10-15; Hick, 2014: 4).

Social welfare systems vary from country to country (Olsen, 2002; Esping-Andersen, 1990). In Canada, income security programs provide “monetary or other material benefits to supplement income or maintain minimum income levels,” while social services refers to personal or community services that “help people by providing non-monetary aid to those in need” (Hick, 2014: 4; see also Mulvale, 2001: 224, ft 4). The range of social services provided as part of the social welfare system is potentially vast – or as vast as governments choose to make it – but generally include such services as “probation, addiction treatment, youth drop-in centres, parent-child resource centres, childcare, child protection services, women’s shelters, and counseling” (Hick, 2014: 4).

⁵ Chapell (2006: 102) contends there are only two sectors: the public and the private, the latter constituted of non-profit and for-profit organizations. For reasons of clarity, however, this report distinguishes these two types of organizations as representing two different sectors.

“The for-profit sector is not interested in providing a service per se, but in making a profit. But there is little profit to be made from many areas of social services delivery.”

For reasons that are further elaborated upon below, the funding and operation of the social welfare system in Canada is a joint venture of the federal and provincial governments, with a somewhat more residual role for municipalities. This does not mean, however, that the public sector is necessarily the first order provider of programs or services at any level of government. While the public sector continues in most jurisdictions to provide the bulk of social welfare programs and services, both the for-profit and non-profit sectors have grown in importance (McFarlane and Roach, 1999: 1). However, this change has not occurred equally across the system's two components: the for-profit sector's increased role has occurred primarily in the area of income security programs (e.g., training for workforce re-entry) while the non-profit's increased role has been in social services (e.g., counselling).⁶

Mulvale (2001: 231: ft. 2) suggests the cause for the difference in these roles is easily explained:

On the one hand, for-profit provision of service is enthusiastically promoted in high-volume programs in which standardized services are rendered to a “guaranteed” clientele, such as persons incarcerated in prisons or seniors needing home-care services. On the other hand, proponents of market approaches to social service delivery implicitly assume or explicitly state that non-profit service agencies and community groups should continue to play a residual role in delivering those social welfare programs for which the business sector sees no opportunity for profit.

In short, the for-profit sector is not interested in providing a service per se, but in making a profit. But there is little profit to be made from many areas of social services delivery: the clients themselves often come from the poorest segment of society; governments are loath to subsidize such services beyond a minimal level; and the business sector groups are worried that, if governments did expand and provide high quality services, it would be at the cost of higher taxes. Governments and the business sector thus share an interest in offloading where possible the provision of social services on to the non-profit sector.

The increased role of the non-profit sector in providing social services reflects broader socio-economic and ideological changes nationally and internationally in recent decades – a period commensurate with the rise of neoliberal approaches to the role of the government and the state in relation to civil society.

⁶ It should be kept in mind that the social welfare system's clientele may – and likely often are – receiving both income support and social service assistance.

3. Neoliberalism, the State, and Society

3.1 What is Neoliberalism?

Neoliberalism takes as its starting point the classical works of Adam Smith and David Ricardo. Individual self-interest, the efficacy of free markets (in contrast to regulated markets, including protectionist policies), and comparative advantage are emphasized. Neoliberals pride themselves on reducing the role of government in society.

Though not always obvious in practice, in ideology and rhetoric neoliberalism diverges from neoconservatism in several ways. While neoconservatives typically advocate the state's elimination altogether, neoliberals want instead to reform the state to serve purposes of capital accumulation. While neoconservatives espouse support for an organic whole that embraces traditional social and moral values, neoliberals more often espouse individualist and even libertarian values.

Mik-Meyer and Villadsen (2013: 4) argue that neoliberalism (sometimes termed, “advanced liberalism”):

involves not only a shift in power structures (from state to market) and responsibilities (from public to private domains), but also concerns who the citizen is fundamentally imagined to be and which obligations are considered legitimate in relation to citizenship.... [This] means that citizens are increasingly held responsible for their own situation – their health, learning, treatment, or integration.

“In holding citizens responsible for their own situation, neoliberalism invokes a moral dichotomy with deep roots within Anglo culture: that of the deserving and undeserving poor.”

In holding citizens responsible for their own situation, neoliberalism invokes a moral dichotomy with deep roots within Anglo culture: that of the deserving and undeserving poor. This was a predominant theme in the Poor Law debates that occurred in Britain in the 18th and 19th centuries and spread across the industrialized world as other countries tried to come to terms with the social changes, such as urbanization, pollution, and unemployment, brought about by the early industrial revolution (See: Block and Somers, 2014).

Finally, neoliberalism's concentration on economics largely ignores later 19th century versions of liberalism in form of political and, most especially, social rights; ideas that informed the post-war regime known as the Keynesian welfare state.

3.2 The Keynesian Welfare State

The Keynesian welfare state arose in consequence of the Great Depression of the 1930s and its associated political and social unrest, which culminated in the Second World War. The Keynesian welfare state's policy framework had three broad interrelated aims: 1) economically, to act as a counter-cyclical

buffer to the inevitable peaks and valleys of the capitalist business cycle; 2) politically, to contain and reduce the political instability arising from market fluctuations; and 3) socially, to promote and ensure social reproduction through the protection of individuals and families, the benefits of which would also accrue to the overall economy (Hick, 2014: 89).

The precise form of the welfare state varied to some degree across countries (see Esping-Andersen, 1990; Olsen, 2002), a reflection of varying beliefs about individual responsibility, gender roles, the rights of citizens (more broadly), and the appropriate level of taxation, as well as the relative power of labour and capital.

In the most generous welfare state form, found in the Scandinavian countries, a large range of services and programs were de-commodified – that is, removed from provision through the market – and paid for by the state through high taxes. In these countries, health, retraining and education (including post-secondary), and social services were almost entirely covered by the state.

In the least generous form, found in the United States, the range of services was narrow and often means-tested. Some services, such as health care, remained almost entirely covered through private market access. Canada represented, after the mid-1960s, a hybrid welfare state, contributing to an expanding post-secondary education system, boasting its vaunted universal medicare system to fund physician services, public health care (albeit limited to those hospitalized), and social services that were meager, individualized, and encouraged unemployed workers to retrain themselves.

The Keynesian welfare state depended for its financial viability upon a thriving domestic economy. The state's revenues were captured primarily through various taxes. Likewise, there were built-in pressures to ensure full employment, as unemployed workers did not contribute to the tax base and, indeed, were a draw on state revenues after their unemployment insurance ran out.

The underpinnings of the Keynesian welfare state compromise between labour, capital, and the state came apart in the 1970s. The immediate cause was the OPEC crisis of 1973, but there were deeper and more long-term reasons involving technology, international trade, and foreign competition. In consequence, western governments by the mid-1970s began chronically experiencing something Keynesian theorists had until then viewed as impossible: high unemployment combined with high inflation (“stagflation”).

The crisis of the Keynesian welfare state opened up space for criticisms across the political spectrum (Shragge, 2013: 32–40). Especially telling, however, were those launched by “New Right” economists, such as Friedrich Hayek and Milton Friedman, associated with the Mont Pelerin Society. These criticisms paved the way for neoliberalism’s ascendance in the decades that followed.

3.3 The Neoliberal Critique of the Keynesian Welfare State

While both the Keynesian welfare state and its neoliberal opponent were designed to rescue capitalism from the kind of crises that occurred in the 1930s and 1970s, these regimes also differed in key respects. While the Keynesian welfare state regime depended on a strong internal (domestic and mixed) economy and national state, the emerging neoliberal regime reflected notions of comparative advantage whereby national economies were integrated into, and subjugated within, a seamless web of global commodity exchanges. Under Keynesianism, western states retained a large degree of sovereignty; under neoliberalism, however, markets reigned supreme, the role of government being merely to clear away barriers to capital accumulation. Where the Keynesian state had established (albeit, not entirely) the rights of citizens, the neoliberal state privileged the rights of (variously) investors/stakeholders/clients/customers (Shields, 2004: 2).

Underlying neoliberalism’s criticisms, especially among more conservative adherents, was nostalgia for pre-war social and political arrangements. According to this perspective, the Keynesian welfare state had crowded out or replaced the role of charitable organizations and altruistic behaviour generally (Evans and Shields, 2000: 9). A related ideological argument made by neoliberals was that the best government is one that governs least, that smaller government is a value in itself, and that the Keynesian welfare state represented an attack on personal freedom and responsibility.

But neoliberals also made several economic criticisms of the Keynesian welfare state. First, they argued that the Keynesian welfare state was inefficient in providing services. This inefficiency was alleged as arising from two primary causes: the high and inflexible costs of bureaucracy, and lack of competition. The notion of internal markets was offered as a solution to both these problems (see DeMone Jr. et al., 1989: 9). Second, neoliberals also embraced the principle of subsidiarity – i.e., that unless there is a valid reason to the contrary, state functions should be exercised by the lowest level of government (Courchene, 1997) – as the result would be better service outcomes. Third, in the context of the fiscal crises of the mid-1970s, neoliberals argued that, in the long run, the Keynesian welfare state was too expensive and unsustainable.

“Neoliberals depicted the Keynesian welfare state not as a solution to market instability, but rather as a problem resulting in personal dependency, social breakdown, and escalating public debt.”

It is hardly a coincidence also that neoliberalism rose dramatically during the long-term global recession beginning in the mid-1970s. Worried investors and financial analysts seeking profit could not fail to notice how much money flowed through government coffers. During the late 1970s, popular media and professional journal articles described huge profit opportunities in education, health, and social service investments. In policy terms, dedication of funding to public social welfare was portrayed as subtracting from investment pools that private corporations wished to access. At the same time, private social spending was promoted as an example of removing political (state) control and “letting the market decide,” a fundament of neoliberalism promoted during and after the Thatcher/Reagan era that followed (Darby, 1979; Leimer and Lesnoy, 1980; Lesnoy and Leimer, 1981; Aaron, 1982; Collier, 1997).

Ultimately, neoliberals depicted the Keynesian welfare state not as a solution to market instability, but rather as a problem resulting in personal dependency, social breakdown, and escalating public debt; and, further, as an impediment to growth and adjustment to the demands of the new global economy (Shields, 2004). In making these arguments, neoliberals fundamentally altered the relationship between the post-war state and its citizens; indeed, shredding “the Keynesian social contract” (Shields, 2004: 2).

3.4 The Three Stages of Neoliberal Policy Development

The neoliberal revolution did not occur all at once, nor did it proceed in all countries in the same way. Neoliberal arguments were less persuasive in the social democratic welfare states (e.g., Sweden), where union strength was greatest and social programs had widespread support. By contrast, neoliberalism gained major traction in the liberal welfare states (e.g., the United States) where an ethos of individualism prevailed, union strength was more marginal, and class and social fragmentation hindered political solidarity.

Harrison and Friesen (2012: 160–62) describe three broad periods making up the neoliberal era: ascendancy (mid-1970s–1989), triumph (1990–1997), and crisis (1997–). The first period includes the elections of Margaret Thatcher as British prime minister in 1979 and Ronald Reagan’s election as the US president in 1980, and ends with the implementation of the Canada-US Free Trade Agreement in 1989. The second period begins with the collapse of the Soviet Union and represents efforts by the United States to export neoliberal policies throughout the globe. The third period begins with the currency crisis of 1997–98 and includes an escalating series of economic, political, and social crises since that time.

Graefe (2005: 3) has similarly described three periods of neoliberal expansion: proto-neoliberalism (as espoused by Milton Friedman and Friedrich Hayek), rollback neoliberalism (Margaret Thatcher in the UK and Ronald Reagan in the US), and rollout neoliberalism (efforts to stabilize and entrench economic policies through international agreements and social interventions). Graefe's periods are important as they reflect not only neoliberal responses to broad political changes but also internal debates within neoliberalism concerning the role of the state.

In the first stage, government and the state were an unalloyed problem, and markets were the solution. The self-interested individual was venerated, while society – in remarks made famous by Margaret Thatcher – was declared to not exist. Thatcher's arguments were in keeping with efforts to shrink the state and replace it with greater individual responsibility. In doing so, it also signaled an “astonishing revival after 200 years” (Block and Somers, 2014: 38; see also 114–192) to a conservative moral differentiation between the deserving and undeserving poor.

Thatcher's worldview found resonance in Reagan's American presidency. As in the UK, the Reagan government's view of the state had moral overtones and placed responsibility squarely on individuals and families. It is important to note, however, that the ideas of anti-government critics, to whom the Reagan administration gave ear, were buttressed by a long history of charitable – especially faith-based – delivery of social services (Adkins et al., 2010); indeed, the voluntary sector in the US even today delivers more services than the public sector (Howlett and Ramesh, 2003: 96).

Neoliberal critics successfully argued that the American welfare state, albeit a minimalist one, was the cause of poverty, having destroyed the family (especially Black families) and damaged the work ethic. A return to traditional values – those in place before the New Deal – was in order. Thus, the 1980s saw numerous US studies, reports, and books arguing for the shrinking, if not elimination, of government programs and services; and/or for their privatization through contracting out (Savas, 1982; DeHood, 1984; DeMone Jr. et al., 1989).

In short, the Thatcher and Reagan revolutions asserted that the best way to restore individual responsibility and preserve family and community was to get government and the state out of the way. Thus, the second stage (rollback neoliberalism) saw cuts to social entitlements and the introduction of workfare programs. These policy changes were adopted and implemented even when putatively non-conservative governments (e.g., Bill Clinton and Tony Blair) came into office.

“The leader of the British Conservative Party, David Cameron, modified Thatcher’s earlier dictum. ‘There is such a thing as society,’ he said. ‘It’s just that it is not the state.’”

Even then, however, it was apparent that problems could arise if individuals, left to their own devices and without supports, acted solely as atomized subjects without regard to others. Social critics, including free market conservatives (Graefe, 2005: 2), became concerned that the withdrawal of the formal state had resulted in “threats to civil society, social cohesion and the stock of social capital” (Evans and Shields, 2000: 2).⁷ Amidst increasing signs of social breakdown (e.g., riots in the UK), neoliberals began rethinking the basis of social cohesion, resulting in rollout neoliberalism.

A change in tone was already signaled during the presidency of George H. W. Bush (1988–1992) when he invoked the image of “a thousand points of light” to describe a new America in which volunteers and charities would take over the responsibilities that had been usurped by the state. A similar tone was later echoed during the presidency of George W. Bush (2000–2008) who promoted, through direct funding, the role of faith-based charities in providing services.

But the largest signal of a change in neoliberal direction was sounded in 2008 when the leader of the British Conservative Party, David Cameron, modified Thatcher’s earlier dictum. “There is such a thing as society,” he said. “It’s just that it is not the state.” Cameron’s statement alluded to how a market-based society might be organized, and revealed neoliberalism’s newfound embrace of social investment strategies in which the non-profit sector might play a larger role. This shift is reflected in what has been termed the “Big Society,” as discussed below.

The idea of social investment has arisen in several countries, but with different interpretations and policies. Not surprisingly, the policies adopted in social democratic welfare states have been largely commensurate with social democratic aims. By contrast, social investment strategies in liberal democratic states (primarily the Anglo democracies) appear designed more to reinforce new forms of regulation erected to further opportunities for marketization and privatization. In short, social investment “can lead to either a resocialization of the economy or a growing marketization of social relations” (Graefe, 2005: 9). For historical, cultural, and political reasons, the latter has been “the dominant trajectory of the Anglo-American countries” (Graefe, 2005: 7; see also Evans and Shields, 2000: 16), of which Canada – save for the presence of Québec – is one.

⁷ The term “social capital” is most often associated with Robert Putnam (2000). The concept is measured by the levels of trust and interconnectedness among individuals and groups.

“The federal Liberal government of Jean Chrétien moved to a system that would better control the unpredictable and potentially escalating costs of social programs.”

3.5 Neoliberalism and the Canadian Welfare State

Canada’s Keynesian welfare state achieved its high-water mark in the mid-1960s with the adoption of medicare and the enactment of the Canada Assistance Plan (1966–1996) (CAP). Under CAP, the Canadian government “shared 50 percent of the cost of eligible social assistance and social service spending with the provinces” (Hick, 2014: 20). Implemented as part of a broader social reform agenda by the minority Liberal government of Lester B. Pearson, CAP’s conditional requirement was that the provinces administer social assistance programs providing “assistance to every person in need – regardless of the cause of need” and regardless of how long those requiring services were in the province.

These principles were not entirely new; they had been earlier outlined in the 1956 Unemployment Assistance Act (Moscovitch, 1988). At least from the post-war period on, provinces were expected to provide social services to persons based purely on need and the federal government shared in the costs of delivering social services. At least initially under CAP, since the federal government paid half the cost, it had a large degree of fiscal clout regarding spending decisions in terms of the delivery and administration of social services.

This relationship changed abruptly in 1996. Amidst its own fiscal crisis, the federal Liberal government of Jean Chrétien moved to a system that would better control the unpredictable and potentially escalating costs of social programs. Previously, transfers under CAP increased as provincial social welfare expenditures increased (as, for example, during recessions). Under the Canada Health and Social Transfer (CHST), transfers to the provinces became a per capita (block) amount.

In 2004, the CHST was further split into the Canada Health Transfer (CHT) and the Canada Social Transfer (CST). The former provides per capita funding for health, while the latter supports “post-secondary education, social assistance, and social services (including early childhood development)” (Hick, 2014: 21). These changes, implemented by successive Liberal governments, paved the way for further neoliberal fiscal retrenchment as practiced by the current Conservative government of Stephen Harper (Arregui and Roman, 2013).

Given that the provinces under Canada’s Constitution have primary responsibility for the provision of social welfare, it is no surprise that programs and services across the country are a glaring patchwork. This is particularly the case in social services. Not only are there differences in funding, there are profound differences in how programs will be operated, or whether they are even considered worthy of government involvement. Childcare provides one notable example. While Québec has an elaborate

system of childcare subsidies to registered operators, Alberta's daycare system is an "anomalous case" in Canada (Langford, 2011: 1). That is, Alberta's childcare system is largely commercialized, expensive for families, and, as a whole, has seen a decline in government funding since the mid-1990s, which has negatively affected smaller centres outside of the province's two largest cities (Langford, 2011: 1–2; 295; see also: Public Interest Alberta, 2015: 5–7).⁸

This jurisdictional fragmentation has meant that the adoption of neoliberalism policies in Canada has also proceeded unevenly across provinces. In this process, British Columbia was an early adopter. In 1983, BC witnessed mass opposition to the Social Credit government's moves to undo much of the Keynesian consensus (Richmond and Shields, 2011). This opposition was only marginally successful in fighting off efforts at shrinking the state, however. Emboldened, conservative governments in Alberta (under Ralph Klein) and Ontario (under Mike Harris) in the early 1990s made renewed efforts at implementing a hard-right agenda. Typically, this agenda included cutbacks to services in the big three areas of health, education, and social welfare; the selling off of public entities; and attacks on unions, especially in the public sector. Often ignored at the time was how these changes impacted the role of the non-profit agencies in the provision of social services – impacts to which we now turn.

⁸ Langford (2011: 4) argues that Alberta's childcare system, due to its deregulated nature, is best compared to California, Florida, North Carolina or Texas rather than other provinces of Canada.

4. Neoliberalism, the Non-Profit Sector, and Social Services

4.1 The Non-Profit Sector's Changing Role in Social Services

In the old Keynesian welfare state model, the state provided “a social safety net in times of economic and social hardship” through such programs as unemployment insurance, social assistance, and universal health care (Shields, 2004: 2). In this model, the non-profit sector provided social and economic supports within communities on an ad hoc basis, fulfilling needs that either the private sector or government did not provide (Evans and Shields, 2000: 2).

In the neoliberal model, however, the non-profit sector becomes a more central player in meeting these needs. This shift in responsibility to the non-profit sector has come about as a result of three related aims central to neoliberalism (see Evans and Shields, 2000: 2): 1) that of a smaller, less socially active – and hence, less expensive – state; 2) that of marketizing state functions where possible for profit (e.g., through privatization); and 3) that of ensuring a modicum of social support to ensure against social fragmentation.

The neoliberal model ignores well-established public policy principles regarding the non-profit sector's proper role in the provision of social services. Especially well-researched and documented are the benefits and pitfalls of the sector's involvement.

Howlett and Ramesh (2003: 96) note that the non-profit sector, especially where labour is voluntary, can be economically efficient. Second, non-profit agencies can be flexible and rapid in responding to specific, local needs. Third, the services provided by the non-profit sector may be less bureaucratic than those offered by the public sector. Finally, non-profit agencies often have widespread public support and thus contribute to the building of community spirit and solidarity.

But Howlett and Ramesh (2003: 96-97) also note several limitations of the non-profit sector providing social services. First, volunteers are generally less organized, less well trained, and less reliable than paid workers; a paid director of staff is usually required to manage volunteers. Second, volunteer caregivers tend disproportionately to be women, raising questions of equity and inequality. Third, the non-profit sector is not immune to bureaucratic practices. Fourth, it is often cheaper due to economies of scale for governments to do the work directly rather than to outsource it. Fifth, because non-profit agencies cannot in most instances compete with the wages and benefits that a worker might earn in the public or private sectors,

“As the neoliberal state has withdrawn from its role in providing social services, the possibility has arisen for the non-profit sector to be tasked with performing functions for which it is not equipped.”

they face recurrent problems of staff retention and high turnover. Finally, but perhaps most importantly, the scale and complexity of some social and economic problems is beyond the capacity of the non-profit agencies to deal with. Public, and to some extent, private social service agencies retain some capacity for institutional memory, records, history, attachment to professional licensing and monitoring that is weak or absent in the non-profit sector.

In summary, the non-profit sector has traditionally played a valued part in social services delivery. In recent years, however, as the neoliberal state has withdrawn from its role in providing social services, the possibility has arisen for the non-profit sector to be tasked with performing functions for which it is not equipped. At least two case examples drawn from the literature point to the problems of this occurring.

4.2 Case Example #1: The United Kingdom’s Big Society Gambit

UK Prime Minister David Cameron’s acknowledgement of the need for something termed “society,” but not the state, reflected the rollout stage of neoliberal thought whereby the non-profit sector could be utilized to address the growing problems of a market-based society.

During and after the 2010 election in which he took power in a coalition government with the Liberal Democrats, Cameron claimed that his “great passion” is to transfer power from elites and government to everyday men and women (Prime Minister’s Office, and Cabinet Office, 2010). This populist proposal was in line with the Anglo conservative political tradition, following Edmund Burke, of being weary of the state overtaking local autonomy. The foundation of this tradition – including Tony Blair’s Third Way – raises important questions about the size of the state, how state power might be returned to the benefit of local communities, and how, ultimately, the responsibility for delivering some public services might be delegated to charities and the non-profit sector – none of these, in themselves, especially bad ideas (see Loxley, 2007).

The proposal also fit with neoliberal aims already discussed. For example, the founding coalition agreement proposed to “disperse power more widely” by localizing decision-making and empowering communities to be more energetic and creative in determining their own lives and contexts. Included in these projects were increased support for neighbourhood groups, autonomous education initiative such as free schools, charities, co-operatives, and the volunteer sector. It is estimated that there are currently between 600,000 and 900,000 such groups in Great Britain (McCabe, 2011). The Big Society project also emerged as part of a policy platform designed to fix what Cameron and many others saw as a “broken” British society after the

“The Big Society initiative was promoted as a way to increase public participation at precisely the same time the Cameron coalition government was implementing widespread cuts to social services, including, quite ironically, cuts to those in the ‘volunteer-involvement organizations.’”

riots and lootings that erupted in the summer of 2011 (Riots Communities and Victims Panel, 2012).

What have been the Big Society’s results? Stated simply, as an effort to reinvigorate the United Kingdom’s grassroots, the proposal has been glaringly unsuccessful. There are several reasons for this outcome.

First, the term “Big Society” is not well understood by the public, understandably perhaps because it is not meant to have a precise definition. Big Society is a political slogan, rather than an actual program; an empty vessel into which politicians can pour promises and citizens their variegated hopes. But more often than not, it is a market-based model for reforming the delivery of social services that favours private sector for-profit firms.

Second, the Big Society as a means of renewed community action was dramatically oversold. It promised results impossible to achieve, such as, for example, that community workers would suddenly become entrepreneurs or that local neighbourhood groups would find the capacity and skill to start up their own schools or plow their own roads. As a result, following some early buy-in and even excitement with the “big” idea, many have stepped back (Civil Exchange, 2015: 5; Renzetti, 2011). A recent, exhaustive audit suggests that there is a “Big Society gap” in which “the least affluent individuals and communities, disadvantaged, northern and urban communities have the least sense of empowerment, the worst experiences of public services and the lowest levels of social action and voluntary sector infrastructure” (Civil Exchange, 2015: 8). In the end, the Big Society projects undertaken have too often failed to establish solid partnerships with either the subject communities or the voluntary sector.

Third, the projects have lacked sufficient oversight. Indeed, some of the Big Society projects have been haunted by corruption allegations regarding new foundations created to receive start-up funds.

Perhaps the project’s biggest difficulty, however, has resulted from the Cameron government’s own actions. After his election in 2010, Cameron railed against public debt and promptly introduced an extensive five-year austerity program aimed to reduce Britain’s public spending by cutting public sector jobs and spending on social services. The Big Society initiative was promoted as a way to increase public participation at precisely the same time the Cameron coalition government was implementing widespread cuts to social services, including, quite ironically, cuts to those in the “volunteer-involvement organizations” (Karl Wilding, head of National Council of Voluntary Organizations, quoted in Renzetti, 2011). The effects of austerity on British society have been dramatic and have included cuts to legal aid and childcare benefits. These cuts fed into the August 2011 riots sparked by the police shooting of Mark Duggan in Tottenham, which resisted austerity

“Services have been reduced and where replicated, were simply handed over to four large corporate monopolies less accountable to public oversight.”

measures, including cuts to services, access to resources, tuition hikes, cuts to transit, and so forth.⁹

Years of neoliberal austerity policies have indeed reduced the role of the state, as intended, and forced communities, citizens, and private enterprise to take on a larger role in providing public services. They have not done so willingly, however, or shown the capacity to adequately meet the needs thrust upon them.

Research conducted by Civil Exchange (2012 and 2015) concluded that, for example, women, young people, the disabled, and the elderly were most impacted by the cuts. The 2012 audit of the government’s Big Society initiative showed the voluntary sector faced £3.3 billion in cuts spanning to 2016. “The Audit found that small, local voluntary and community organizations find it hard to gain Government contracts, as tendering practices seem to have an implicit bias towards larger organizations, mainly in the private sector” (Civil Exchange, 2012). Over 2000 charities have faced funding cuts, which have especially targeted “those with the most complex needs, who are more reliant than most on public sector cuts” (New Economics Foundation, 2012). As one respondent to a survey on the topic aptly stated:

The big society is a lovely concept, but part of me feels that there is not much new in it, the people who volunteer and the charities already do the Big Society – they are already engaged – but how do you inspire disaffected people; people who are struggling financially, with children, with mortgage repayments and debt? When you face those personal challenges, where are you going to find the time to become an active citizen, care about your neighbor and give your time. It feels like survival of the fittest... (Respondent qtd. New Economics Foundation, 2012)

In the latest audit of Big Society, Civil Exchange (2015) found that “Cuts to statutory funding to voluntary organizations is likely to be affecting those receiving social service and employment support, as these services have been hardest hit” (p. 55).

To summarize briefly, the Big Society project has purported to replace government (or the state) services with services at the local level which are more responsive to, and presumably better than, those previously obtained. The reality, however, is that services have been reduced and where replicated, were simply handed over to four large corporate monopolies less accountable to public oversight.

⁹ The causes of England’s 2011 riots generated ample academic and popular debate (see London School of Economics and The Guardian, 2012; Riots Communities and Victims Panel, 2012; Zizek, 2011).

As a term, “Big Society” appears simply to have been a device for masking the state’s withdrawal from its role in providing services to the weak and vulnerable. As a result, the Big Society has largely fallen out of public discourse, and its future is unclear (Civil Exchange, 2015: 4). But the ideas, the policies – and the problems – underlying Big Society remain alive, one of which is the use of Social Impact Bonds.

4.3 Case Example #2: Social Impact Bonds

As we have seen, neoliberal policy calls for, where possible, the marketizing of government services. The use of Social Impact Bonds (SIBs), also known as “impact investing,” provides an example of this practice.

SIBs are highly speculative initiatives seeking to have public, private, and non-profit sectors collaborate to offer vital social services that are traditionally – and, arguably, better – delivered by governments.¹⁰ In SIB schemes, for-profit firms invest money in service delivery with the aim of receiving profits when agreed-upon targets are measured and achieved over an agreed period of time. Firms enter into complex agreements with non-profit service providers not only to provide vital social services to community members, but also to profit from the risk taken on by entering into the agreements in the first place. The interest of non-profit service providers in these schemes remains to be seen, as this is not the traditional role these organizations have played in society. It seems likely that some non-profit agencies feel considerable political and financial pressure to get on board with these speculative initiatives.

SIBs are sold as being caring and philanthropic, though one author describes these new arrangements as “charity for love and profit” (Bréville, 2014a; see also MacDonald, 2014: 30). They represent the furthest thing from social justice by eroding the government’s ability to provide social services, and by experimenting with vulnerable people’s lives.

SIBs are also promoted as more efficient, results-based, and innovative than the traditional delivery of social services by governments, and as a means of bringing new money into the system (Wenban, 2015). But these claims have been severely criticized (Canadian Centre for Policy Alternatives, 2015: 126).

SIBs do not bring “new money” into social service provision (Galley et al., 2014), as the agreements signed continue to rely on government funds and service providers. The private sector companies who enter into these arrangements carry little, if any, risk. As Acuña (2014) notes, “The truth is that the private money will only flow to those projects which can guarantee success, and leave any innovative or creative projects out in the cold.” MacDonald (2014: 30) notes that SIBs are therefore written in such a way as to limit private sector risk, provide opportunities for massive private sector

¹⁰ SIBs are often compared to P3 (private-public partnership) infrastructure projects that typically focus on building schools and roads, and have, in fact, been termed “a P3 for people” (Galley et al., 2014: 2; see also, Canadian Centre for Policy Alternatives, 2015: 126; Loxley, 2013).

“SIBs offer a highly attractive way for governments to move expenditures ‘off-book’ while privatizing service delivery of health care, social services, and education.”

profits,¹¹ and deliver investment guarantees:

Social impact bonds have a much more complex structure than traditional government grant-making. First of all, an investor pays a social agency to run a program. The program has defined benchmarks, such as reducing criminal recidivism by a certain percentage. When ... the program meets its goals, the government pays the investor back all the money plus a tidy profit margin.

In theory, of course, if the designated organization does not achieve specific outcomes it receives nothing. But as shown in several examples discussed below, firms do not suffer losses; these instead are transferred either to the public or non-profit sectors.

Given the low-risk/high-profit potential of SIBs, it is no wonder they have been referred to as representing the “Wall Streetification” of public service provisioning (MacDonald, 2014: 30). Nor is it surprising that such firms as Goldman Sachs and Deloitte have become involved in the financial management and promotion of SIBs. A recent report by Deloitte (2012) uses unabashedly neoliberal language to sell SIBs:

A worldwide revolution in how we deal with social issues is occurring. The field of social finance and impact investing is changing the landscape... Focused on outcomes, the Social Impact Bond enables the government to pay only if an initiative is successful, incentivize innovation, and allows service delivery providers to be commissioned as a group (2).

If the private for-profit sector faces little risk from SIBs, who does? In the short term, SIBs offer a highly attractive way for governments to move expenditures “off-book” while privatizing service delivery of health care, social services, and education (Malcolmson 2014: 4) – a very neoliberal strategy. In the longer term, however, governments often face real financial costs, whether a program succeeds or fails, with possible additional costs in the latter case if they are forced to reinstate the old program or find a new one to continue offering the services. Governments also face the public relations fallout of having initiated an expensive, time-consuming, and speculative new scheme of “social financing.”

But it is the non-profit sector that faces the greatest potential risk. First, as noted, SIB agreements depend on the measured “social” outcomes and whether these outcomes can be clearly measured. By their nature, however, many complex social problems, such as providing social support to at-risk youth or reducing crime or unemployment, are difficult to measure. Data collection, accounting and evaluation are expensive and time-consuming, and often fall to the non-profit providers or government, and not to the for-profit investors.

¹¹ As the Canadian Centre for Policy Alternatives (2015) reports, “social impact initiatives in the UK have seen returns as high as 68% and 225%, demonstrating that the projects were either cutting corners on the services they were supposed to provide or were just an inefficient use of tax-payer dollars from the start” (126).

Second, the responsibility for non-profits under SIBs to deliver a profit to its funders alters the agency's original purpose. At the possible expense of its clients, SIBs target the non-profit sector's traditional purpose. MacDonald (2014: 31) writes:

In traditional social services, those receiving the services – such as a homeless person or a recently released youth – are at the front of the line and their interests take precedence. Under the social impact bond framework, the investor middleman manages to push his way to the front of the line.

The result is a possible loss by non-profits of their reputations (MacDonald, 2014: 30).

Today, approximately two-dozen SIBs exist globally; a relatively small number, perhaps reflecting the real negatives they pose. Nonetheless, SIBs have been at the forefront of much policy discussion in the United Kingdom, the United States, Australia, and Canada. In 2010, the UK introduced the first Social Impact Bonds (SIBs) to reduce recidivism of inmates at the Peterborough Prison. The US followed suit with a project at Rikers Island in New York that also targeted the recidivism (or re-incarceration) of former inmates. The latter example highlights some of the issues concerning SIBs earlier discussed.

The Rikers Island project aimed to reduce recidivism rates by focusing on the inmates' "personal responsibility and decision-making" – key neoliberal values stressing individual autonomy and accountability. In this project, investor Goldman Sachs negotiated for a guarantee that ensures it will lose no more than one-quarter of its investment. Goldman Sachs provides a \$9.6 million loan to the day-to-day implementer of the project, MDRC. Bloomberg Philanthropies then provides a \$7.2 million grant to MDRC to guarantee a portion of the loan and to lessen the lender's risk (by 75%). A non-profit service provider, the Osborne Association and Friends of Island Academy, actually delivers the program. The Vera Institute of Justice then decides after the project term whether the project has achieved the targeted reductions in re-incarceration (The City of New York et al. 2012). Ultimately Goldman Sachs has very little skin in the game, and it is likely that it is contracted to sell the SIB bonds to investors, thus adding credibility, security, administration and accounting/auditing to the project.

Canada thus far has only one SIB underway, in Saskatchewan, though there have been musings of other such projects across the country. In May 2014, the Saskatchewan government announced that it would open a new home for at-risk single mothers in Saskatoon called "Sweet Dreams." The government agreed to the funding model in collaboration with Conexus Credit Union (a decades-old, well-community-grounded institution in all

its forms), two private investors (a married couple with three decades of voluntary and philanthropic commitments), and the service provider named EGADZ (a street-level community organization also of long standing, as described below.) The negotiations took seven months and the arrangements will pay out in five years.

EGADZ, a downtown Saskatoon non-profit youth shelter, provides support for at-risk single mothers with children under eight years old by making available affordable housing to adults while they attend school or secure employment. The SIB agreement, in this case, affords EGADZ with \$1 million from the investors to achieve the outcome of housing 8–11 adults and keeping 8–15 children out of foster care. In a press release announcing the deal, the Government of Saskatchewan claimed the SIB will save taxpayers anywhere between \$540,000 and \$1.5 over the five-year term by keeping the children out of foster care (Government of Saskatchewan, 2014). No evaluation of this project is currently available.

In summary, a set of neoliberal ideas have slowly entered into government practices in their relationship with the non-profit sector, specifically involving the work of non-profit organizations in social services. Can we identify neoliberal approaches to the non-profit sector providing social services in Alberta? The following section examines some of the evidence bearing on this question.

5. The Non-Profit Sector in Social Services Delivery in Alberta

5.1 Social Services in Alberta: From Social Credit to Don Getty

The history of social services in Alberta mirrors the more general Canadian story. As Alberta developed socially and economically, the Canadian Constitution's jurisdictional barriers proved unsustainable. The Great Depression made the problem starkly evident to Albertans as it did to other Canadians. As Strikwerda (2014: 31) notes, the pressures to create and finance modern state services rose as the Second World War came to a close:

Albertans wanted a modern educational system for their children. They wanted a healthcare system that could employ new and emerging medical advancements to care for the ill and the infirm. They wanted investments in infrastructure to modernize their cities and towns, and to renew and rebuild housing that had been deteriorating since at least the early 1930s. And they wanted a modern, provincially organized, funded and administered public welfare system to protect the unemployed, the unemployable, the elderly and the disabled.

In response to these public pressures, Alberta's Social Credit government (1935–1971), an otherwise conservative government with strong pro-business leanings, began gradually building up Alberta's state infrastructure.

While careful to distance itself from anything that smacked of socialism, successive Social Credit governments introduced significant measures to install a social safety net in the province. For example, it moved away from the Poor Law traditions that were based on the punitive distinction between those who deserve and do not deserve social supports. In this sense, Social Credit governments brought in an “enlightened social policy and program development” that “bravely terminated many categorical and ‘means-tested’ social programs and pensions and replaced them in 1961 with the new Alberta-driven ‘needs-tested’ Social Allowance Program” (Reichwein, 2002: 26).

The provincial Social Credit party had four main themes for government that it attached to social welfare reform in the postwar period: 1) monetary reform, 2) individualism and free enterprise, 3) the Protestant work ethic, and 4) the Christian ethic of charity (Lackey, 2001: 4).

In 1966, the Social Credit government passed the Preventative Social Services (PSS) Act. The act came about in the context of federal, provincial, and municipal recognition of the need for early intervention in social problems and also acknowledged that a new governance framework was

needed to operate at a variety of scales, spanning from the micro to the macro (Lackey 1982: 169; Bella 1986). The PSS developed partnerships between provinces and municipalities, with the province providing the funds, planning, and program reviews, while localities delivered the actual services. This relationship lives on today. According to Director-General of Community Social Services in 2001, John Lackey, PSS “supported local autonomy and volunteerism ... preventing dependency on Public Welfare and reducing the number of children coming into care and it would not cost the Province new money – nor create growth within the Central Government” (Lackey, 2001: 4).

The PSS, an initiative unique to Alberta, was based on an 80/20 funding arrangement between the province and the optional participation of municipalities to offer a wide variety of services. The PSS’s stated goals were to 1) prevent welfare, 2) prevent marriage and family breakdown, 3) reduce child welfare, and 4) promote general social and physical well-being.¹²

Though the PSS program was renamed Family and Community Support Services (FCSS) in 1981, its substance did not change (Lackey, 1981: 170). That same year, the PSS Association of Alberta, a membership-based association of preventative local service boards, was renamed Family and Community Support Services. Today, this association continues under the name Family and Community Support Services Association of Alberta (FCSSAA), with the mandate to unite and strengthen “preventative social support programs in Alberta” (Family and Community Support Services Association of Alberta, 2015). The non-profit sector, especially those supported by government, has retained a focus on the prevention of social problems.¹³

Social Credit’s support for community-based services and the non-profit sector was in keeping with its anti-socialist, pro-free market ethos. When Peter Lougheed’s Progressive Conservatives came to power in 1971 they did not do away entirely with Social Credit’s approach, but did introduce new principles of governance, most notably an increased emphasis on professionally trained staff and a more standardized, integrated, and centralized mode of social services delivery. Immediately, for example, Health and Social Development was made one ministry. Then, in 1975, the government made social welfare delivery exclusively a provincial responsibility, thereby assuming some of the responsibilities of local municipalities.¹⁴

¹² The influence of the federal government’s Canada Assistance Plan (CAP) on social services in Canada should be emphasized more than we have space to present here. Without a doubt, Alberta proceeded with the Preventative Social Services (PSS) Act only because 50% of its cost would be born federally. The funding formula for social services underlying CAP had been researched and negotiated between the federal and provincial governments since early 1964. Needs-based, rather than means-tested, allowances, resource provision and rehabilitation offerings arose from not only the federal/provincial working groups that assembled the programs, but the powerful civil rights drive that set the tone and atmosphere across North America during the 1960s (see Osborne, 1985).

¹³ A recent publication (Alberta Urban Municipalities Association, 2014) found that funding for FCSS has not kept pace with population growth at least since 2009: “While the province committed to a funding arrangement of 80 per cent provincial and 20 per cent municipal/settlement, provincial funding has not kept pace with demand.” Indeed, funding for FCSS has increased from \$71.1 million in 2007/8 to \$75.9 million in 2012/13, a mere 7% increase. However, population growth during the same period was approximately 13%.

¹⁴ Not everyone supported the province’s take-over of social program administration (Reichwein, 2002: 26). Many small towns, in particular, objected to the change.

“The so-called ‘Klein Revolution’ had important impacts for social services delivery in Alberta and, in consequence, for the non-profit sector in its traditional supportive role.”

The Lougheed government (1971–1985) also quickly set high priorities for mental health and for providing services to people with disabilities – legacies that still survive today. In 1979 the income support program called Assured Income for the Severely Handicapped (AISH) was introduced to deliver community-based support and de-institutionalize people with disabilities. This was the first program of its kind in Canada designed for people with permanent disabilities.

The expansion of Alberta’s welfare state (and other programs) was dependent on ever-increasing royalties and taxes derived from the province’s petroleum industry. Beginning in the early 1980s, however, Alberta experienced a series of economic downturns. In this context, social services delivery, as practiced by successive Progressive Conservative governments – first under Lougheed and then under Don Getty – came to rely once more on the non-profit (charitable and voluntary) sector. Food banks provide the clearest example of this, as Canada’s first food bank was created in Edmonton in 1981. As Reichwein (2002: 26) notes, “well-intentioned voluntary responses to poverty conditions led to a volunteer-driven and quasi public welfare system as a supplementation of governments’ public welfare programs.”

An increased reliance upon the non-profit sector in social services delivery was necessitated by the government’s efforts at fiscal retrenchment. Contrary to myths later perpetuated, the Getty government (1985–1992) did everything in its power during its tenure to slash public sector spending while continuing to provide significant subsidies to private industries, such as the energy industry. Taft (1997) shows, for example, that per capita government spending fell by 15% over Getty’s tenure and that some 4,400 full-time provincial government jobs were cut over a period of six years.

Amidst dropping poll numbers, Getty stepped down as premier in the fall of 1992 and was replaced shortly thereafter by Ralph Klein. The Klein government quickly adopted several mantras popular at the time, among them “shrinking” and “reengineering” government, while giving greater license to the corporate sector (the assumed “job creators”), in particular the petroleum industry. Together, this approach meant a lowering of corporate and personal taxes, the selling-off of government assets, and the privatization of services. The so-called “Klein Revolution” had important impacts for social services delivery in Alberta and, in consequence, for the non-profit sector in its traditional supportive role.

“In keeping with social welfare changes elsewhere, the Klein government in 1999 divided the Ministry of Family and Social Services into two entities.”

5.2 Social Services During the Klein Era

The Klein era signaled the wholesale adoption of “trickle-down” theory¹⁵ by the Alberta government, or as Dabbs (2006: 25) has cogently argued, “the creation of the first functional post-democratic government in North America, run by elites for elites – with the citizenry left on political standby to profit from a predatory economy if it can, and otherwise to fend for itself.”

The Klein government’s first budget in 1993 signaled significant cuts to health, education, and social services (Taft, 2012: 49). Single individuals were dropped entirely from the welfare rolls (see Harrison, 2010), but families with children also faced stiff cuts. In 1993, the Supports for Independence (SFI) program – introduced in 1990/91 as a carrot-and-stick employment “program of last resort” – was cut by \$105 million, which reduced the number of people on public assistance (Lafrance, 2005: 272). Perversely, the cuts to families on social assistance subsequently correlated with a large increase in the number of children who came into care, as well as cost per family visit, after 1993 (Kinjerski and Herbert, 2000; Goyette, 1999). As Lafrance, Alberta Children’s Advocate from 1993–97, summarized, “poverty must be considered a major factor in any discussion of caseload growth” (2005: 273).

In time, much of this money was returned to health and education. By 2004, per capita spending (constant dollars) in these areas significantly exceeded 1994 levels; not so in social services, however, which remained slightly lower than a decade previous (see Flanagan, 2005: 128-131), and which still today remains the little brother of provincial government spending.

Though implemented primarily in order to decrease the role of government by making reductions in spending (Azmier, 1997), the Klein government’s actions were also given moral justification through a familiar resort to valuations of the deservedness of individuals to social services (Denis, 1995). The government exhibited little sympathy for those struggling to survive in a hostile dog-eat-dog Albertan society – with Klein himself often providing a leadership that, in word and deed, celebrated what Reichwein (2002) calls “benevolence, harshness, punitiveness and stinginess.”¹⁶

The Klein era brought in or augmented several programs that echo neoliberal approaches, and which have since impacted the non-profit sector.

In keeping with social welfare changes elsewhere, the Klein government in 1999 divided the Ministry of Family and Social Services into two entities: programs concerned with income support received spending cuts and were moved to the Ministry of Human Resources and Employment, and a much smaller Ministry of Children’s Services was created to replace Family and Social Services. This division had long been in the works.

¹⁵ The trickle-down theory of mainstream economics postulates that tax cuts for the wealthy and businesses – the so-called “wealth creators” – will benefit the economy and ultimately all members of society. This theory has been widely criticized as being uncritical of income inequality and designed to undermine government funding for social programs.

¹⁶ In December 2001, an intoxicated Klein infamously showed up to a homeless shelter in Edmonton and called residents “bums” and threw money at their feet (Purdy, 2011). During the 2004 election campaign, he made offensive comments about AISH recipients following a review of AISH earlier that year (Calgary AISH Public Policy Roundtable, 2004).

Income support workers essentially became accountants, working according to a schedule of benefits that any given client might obtain. Clients in the program were “encouraged” to find employment, and often compelled to enroll in programs, sometimes referred to as “workfare” (Faid, 2009). These programs, adopted from the United States and later implemented by the Mike Harris government (1995–2002) in Ontario, were designed to move individuals and families out of welfare. Clients were told they must enroll in the program or be cut off from benefits. Contracting with for-profit sector companies that specialize in the training of clients to get them back in the workforce is a practice that continues today.

As mentioned, the second entity, Children’s Services, became a new ministry. This change (as in other government areas, such as health) coincided with efforts to restructure public service delivery according to a neoliberal model based on a smaller role for government and a larger role for local authorities (Baines, 2004: 11). At the same time, it is worth noting how this aim conforms to Alberta traditions (Klein at times justified the restructuring by referencing Alberta’s historical experience with volunteer organizations offering social services). Waples (2005: 37), for example, describes the motivations for restructuring as being “driven by a belief in community based social work and endorsed by the values of innovation, culturally appropriate and coordinated services, wherein each region would be empowered with the ability to determine how they would deliver services.” A Social Credit minister would not have said it differently.

In 2001, the Standing Committee on Children’s Services introduced a set of policy changes collectively called the Alberta Response Model (ARM). ARM, introduced between 2001 and 2003, was a philosophical shift designed to increase “the involvement of the family and community in providing earlier supports to children and families” (Alberta Children’s Services, 2003: 16). That is, ARM was created to get government out of the business of directly offering children’s services. This model furthered the process of applying neoliberal principles to the field of children’s service delivery “as a new way of helping families at-risk that will ensure children reside in permanent, nurturing homes” (Alberta Children’s Services, 2002: 70).

In April 2003, the number of Child and Family Services Regional Authorities (CFSAs) boundaries were reduced from 18 to 10 across the province. CFSAs are minister-appointed regional boards that support the delivery of services to children and families in Alberta (including 17 Delegated First Nations Agencies¹⁷). Kline (1997) argued that, beginning with their inception in the 1995 Action Plan for Social Services, the CFSAs and DFNAs were designed to privatize the delivery of children’s services.

¹⁷ For an exploration of the relationship between First Nations and neoliberal reforms see MacDonald, 2011. With respect to child welfare devolution in Manitoba, MacDonald argues that “[d]espite claims of fundamental change, the [Manitoba] provincial government remains the ultimate authority for the safety and protection of Indigenous children ... How can a community adequately address child welfare issues without also addressing the complexities of poverty, health, housing and governance?” (265).

“The public has no insight into the differences that exist between these contracts and how organizations are funded or not funded.”

These regional CFSAs contract with service providers as per government legislation that guides the delivery of services for children, families, and other community members (Alberta Children’s Services, 2007: 11). The relationship between the province and the voluntary sector are mediated by CFSAs contracts that are purportedly drafted collaboratively (Deloitte and Touche and Affiliated Agencies, 2006: 9).

In 2004, the government introduced the Child, Youth and Family Enhancement Act to provide support to earlier policy changes such as the 1995 Action Plan.

In particular, this meant that non-profit and even for-profit agencies would deliver social services through contracts signed with CFSAs, and ARM was clearly designed to promote “privatization and partnerships” and was “expected to increase opportunities for diversion of potential child welfare cases to community-based programs and services” (Alberta Children’s Services, 2003: 16).¹⁸

However, the publicly funded contracts signed between agencies and the CFSAs are not made public (we were not able to gain access to them) and may not be uniform across the field – contracts are unique to each agency based on the services being provided. As such, the public has no insight into the differences that exist between these contracts and how organizations are funded or not funded. Beyond anecdotal evidence, the public does not know about the duration of funding provided (i.e., issues surrounding long-term versus short-term funding). Contracts should be a crucial aspect of public debate and for strengthening equality and advocacy across the social service sector.

In any case, according to sources, each contract includes the following basic structure: 1) a signed agreement between CFSAs and contracted agency, 2) a Schedule A that outlines the services being contracted and the programs and services to be delivered, and 3) a Schedule B that includes a detailed financial budget following a CFSAs template that is updated throughout the length of the contract (Deloitte and Touche and Affiliated Agencies, 2006: 10).

Internal restructuring has expanded the size of the regions and created several mergers, forcing significant change on the system. This has led to a downloading of responsibility onto the regions and pushed for competition amongst them (Waples, 2005: 40).

In summary, during the Klein era the government cut funding, searched for paths towards privatization, and increased demands for service provider accountability. In other words, non-profit service providers were more heavily relied upon and expected to pay the costs of increasing demands for “accountability” by government. Accountability requirements were within

¹⁸ A 2010 government review of Children’s Services suggested that “confusion” had arisen within the system by giving the CFSAs boards too much decentralized authority without clear guidance and clarity by government “about the board’s authority to set policy and make financial and operational decisions” (Government of Alberta, 2010a: 22; Kyte and Wegner-Lohin, 2014).

the terms of the contracts, but the non-profits may not have appreciated at first how much work would be required on their part to meet them. Agencies were often very enthusiastic about getting government funding and it would have been easy to just ignore the accountability aspects. There are many references to agencies having to spend so much time dealing with accountability measures that it cuts into direct services (see Stefanick, 2013: 4; Eakin, 2007). In brief, short-term contracts threaten the flexibility and capacity of non-profit organizations.

The non-profit sector through this time lacked sustainable and long-term funding – an unfortunate legacy that survives today.

5.3 Stelmach and Post-Klein Restructuring

Ralph Klein left office in 2006 and was soon after replaced by Ed Stelmach, who became premier during one of the most significant oil booms Alberta had ever seen. Oil prices reached record highs in 2007–2008 and Alberta's cost of living increased dramatically (especially housing). By 2009, however, oil prices had crashed and the Alberta government ran into revenue problems and became fixated on limiting government spending growth to be “fiscally-responsible” (Government of Alberta, 2010b: 9). Due to pressure from the oil lobby, Stelmach eventually slashed non-renewable resources royalty rates to record lows during this time, thereby further undermining Alberta's long-suffering fiscal fundamentals resulting from changes to its income tax policies in 2001 (Lahey, 2015).

In this unstable fiscal climate coupled with precipitous population increases, the Stelmach government (2006–2011) enthusiastically embraced another round of speculative ventures to decrease on-book costs for social services delivery. These efforts certainly support the contention that “Alberta's neoliberal state has developed an impressive arsenal of techniques and strategies to displace politics from the provincial state” (Harder, 2003: 150). The withdrawal of non-profits from political and social advocacy is an important aspect to consider in these transformations.

In 2006, the Casework Practice Model (CWPM) was introduced to provide service delivery in two streams: 1) the enhancement stream, in which families worked voluntarily with Child Intervention Services; and 2) the protection stream, in which families were not able to work voluntarily with Child Intervention Services. However, a recent Alberta Union of Provincial Employees (AUPE) Local 006¹⁹ policy report attests that, “enhancement streams quickly turned into protection streams, as families were not being provided with timely services required to address the concerns that initially brought them to the attention of Child, Youth and Family Services” (AUPE, 2011: 4). The CWPM model was designed to move towards measurable

¹⁹ AUPE Local 006 is comprised of over 3,000 Government of Alberta social services workers.

“What isn’t new about OBSD is that it is merely the most recent evolution of the PC government’s long-standing focus to diminish the importance of its own role in the delivery of social services.”

results, collaboration, outcomes, and increased clarity about the processes used to measure success.

The latest iteration of ARM (discussed above) is the Outcomes-Based Service Delivery (OBSD) model introduced in 2006, which moved the focus from services offered to desired outcomes achieved by service providers.²⁰ This “family centred” model was a further entrenchment of “flexible” neoliberal ideas across the child welfare sector with a focus on confidential contracts, data collection and outcomes. OBSDs, according to the government itself, is “a new funding approach where there is increased flexibility for agencies in identifying what services they provide and how they will work with children and families” (Alberta Human Services, 2015). As Gardiner et al. (2014) argue, “outcomes-based service delivery moves the focus of serving at-risk children and families away from identifying what specific services are provided and towards identifying what the results of the service should be” (pp. 165). At the client level, unhappy outcomes may result in court and other legal processes in attempts to correct problems arising from offloading and privatization to non-profits (see Crabtree, 2008).

While its “newness” has some basis in truth, what isn’t new about OBSD is that it is merely the most recent evolution of the PC government’s long-standing focus to diminish the importance of its own role in the delivery of social services and, therefore, to transfer increased responsibility (and risk) for children’s services onto so-called “flexible” contracted agencies.

The turn to accounting culture and language in government ministries has been decisive in moving, or at least attempting to move, the impact of political decisions away from the provincial government and onto non-governmental organizations. In this sense, there is a particular political economy angle to these new forms of accounting “that represents and reinforces the interests of particular occupational groups and classes” (Chapman, Cooper and Miller, 2009: 14). That is, these initiatives seek to turn the government’s (and the media’s) focus away from the plight of vulnerable Albertans. The authors argue that “capitalism devotes ever more resources to accounting for value, to the point at which the labour expended on such processes begins to approach or even exceed the labour used in producing the underlying commodity or service” (Ibid., 15).

Alberta’s “performance based” contracting model is designed to “focus on outputs, quality and outcomes of service provision and may tie at least a portion of a contractor’s payment, as well as contract extension or renewal, to their achievement” (Martin, 2000: 32). The AUPE (2011: 5) report, produced to communicate the realities government workers in social services face on a daily basis, has argued that this is a “market oriented system that increases costs, encourages the provision of certain services over others, and ... leads to reduced services to families that we strive to help.”

²⁰ OBSD is used in Education, Health, Corrections, and Child Welfare in Alberta.

Specifically, AUPE suggests that the use of OBSD decreases government accountability, professionalism, standards, regulation, front-line services, and increases costs in a wide variety of ministries such as Health, Justice, and Welfare, as well as the costs of employment insurance. Additionally, OBSD significantly increases the number of children at risk of abuse and neglect by pushing people out of the child welfare system (our emphasis, pp. 5–6). The report suggests that OBSD is a form of “privatization by stealth” that attempts to commodify children and families by treating them “like a barrel of oil” (p. 3).

Although there are clear precursors spanning back to the Klein era, the movement towards OBSD began to be imported from the United States during the Stelmach era by Minister of Children and Youth Services Janis Tarchuk (Government of Alberta, 2008; 2009), and it didn’t formally come into play until 2012.²¹ OBSD was designed to reform the entire social service sector to deliver more services for less money, and, in some cases, to have agencies fundraising to subsidize what are essential government programs. As discussed in the next section, the Redford government created the new Ministry of Human Services to promote “better co-ordination within and beyond government to address important issues and achieve better outcomes” (Alberta Human Services, 2012: 9).

²¹ In defense of OBSD – and specifically the claim that it is a privatization scheme – Government House Leader, Dave Hancock, argued during a legislature debate that “[w]e’re freeing people up not just in the children’s services area but in the income supports area and all across the department [of Human Services] to use their judgment and skill and ability to achieve outcomes” (Province of Alberta, 2012: 460).

²² Corporate executives sit on the boards of several child and family service charities, discussed in the next section. For example, Suncor Energy executive Eric Axford chairs the Wood’s Homes board, and many members of its Board of Directors represent major banking, accounting, and other corporations from across Alberta. Similarly, the Hull Services board chair is a Suncor Energy executive, while the remainder of the board is comprised of a variety of members of major corporate firms. While not the case for all of the non-profit organizations delivering social services, it is worth noting in passing that some of the largest organizations in the sector have close ties with the energy industry. We can only speculate as to the reasons for this congruence. Beyond altruism, it is likely that corporate members provide help in fundraising, including ties to the former PC government, while in turn gaining a degree of status through volunteering with community-based organizations.

Although the government has denied that OBSD is a covert effort towards privatization, the evidence suggests something different. The truth remains that some non-profit agencies under these arrangements look remarkably more similar to for-profit service providers than they perhaps should.²² As Alberta social worker Guy Quenneville has asked:

What happens to [the children] after the outcomes are met? I’m not against working towards outcomes. What concerns me is the complete offloading of services from the public to the private sector in a model that has very mixed results (quoted in Georg, 2011).

Critics of OBSD, such as Quenneville, have questioned the humanity and long-term effects of such neoliberal experiments on the wellbeing of vulnerable Albertans. Governments, after all, have the resources and moral obligation to provide social services to those in need, and efforts towards privatization reduce accountability across the system.

A Parkland Institute report, *The Spoils of the Boom* (2007: 18), stated that the 2005 oil boom “is passing the average Albertan by and low income Albertans are falling farther behind” and that, furthermore, any rise in incomes during the early Stelmach period was largely “due to [Albertans] working more hours, not higher wages.” “The government is certainly not using the boom to build a future for the province,” it fatefully concluded (Ibid.). Reflecting on the Stelmach government’s efforts to reduce poverty, Faid (2009: 22) argued that government support has been so slow that:

The non-profit and voluntary sector, municipalities and foundations are not waiting for government to take action; instead they are leading the way through poverty reduction initiatives in their own communities and by collecting sound data to support their case.

The Stelmach government struggled to maintain public support amidst unstable revenues, rising poverty and homelessness across the province, an outrageously unsuccessful campaign to reform Alberta’s non-renewable resource revenues, a series of public relations failures regarding the environmental impact of the Athabasca tar sands, broken spending promises for cities and health care, amongst others. It is in this context that in early 2011 Stelmach announced that he would not seek re-election, thereby triggering a Progressive Conservative leadership race and his eventual replacement later that same year.

5.4 Redford’s Neoliberal Shift

As already noted, Alberta has a history of downloading social services to local communities and agencies. Some non-profits were around long before governments became interested or involved, and reasonable arguments exist for them performing some localized and specialized services. However, more recent neoliberal trends, augmented by broad shifts in governmental approaches seeking to offload costs, were already underway as Premier Stelmach left office, the introduction of OBSD being perhaps the clearest example.

Stelmach’s successor, Alison Redford, won the leadership of the Progressive Conservative party in the fall of 2011 on a platform of progressive policies that included promises to eliminate child poverty in five years (Kleiss, 2012). While Redford did not put forward the exact policies to do so, in the lead-up to the 2012 election both her Progressive Conservative government and the Wildrose opposition invoked a set of neoliberal principles more clearly than past Alberta leaders. In fact, former Wildrose leader Danielle Smith used the term “Big Society.”

The 2012 election saw Redford’s PCs once again garner a majority victory, and Redford began to implement a number of changes to social services delivery.

Her government (2012–2014) first subsumed the Ministry of Children and Youth Services and others under Alberta Human Services. In turn, Human Services became a “super ministry” with wide-ranging responsibilities, including child and family services, AISH, social assistance, employment, homelessness support, the labour relations board, workplace standards, bullying prevention, and more.²³ Fulfilling a campaign pledge, monthly AISH living allowances were increased from \$1,188 to \$1,588 per month and Alberta Works²⁴ monthly benefits program received a 5% increase. Child poverty levels did not yield to these manoeuvres, however (Alberta College of Social Workers, 2014).

Second, the Redford government in February 2012 introduced the Results-based Budgeting (RBB) Act. RBB is a performance-management initiative to assess public services delivery with the ultimate goal of providing services more efficiently and effectively than traditional delivery methods. However, a Parkland Institute report on RBB argues that “the pretense of unbiased objectivity” and claims about increased efficiency should not be taken as a given (Stunden Bower, 2013: 1).²⁵ Instead, the report contends, the RBB process is unmistakably envisioned to determine how to “reduce government spending on and responsibility for social welfare” (p. 22). The report states that:

The RBB process would appear to include a concerted effort to identify those services that could be offloaded onto the non-governmental and private sectors. In this context, efficiency is far from an unbiased, objective concept. Rather, it is defined by pre-conceived, highly-politicized notions of the respective roles of the public and private sectors (p. 29).

For example, a recent KPMG report speculating about how the Big Society might be applied in Canada is intended to position this approach as a solution to the sort of social and fiscal challenges facing self-inflicted, low-tax jurisdictions like Alberta (KPMG, 2011: 12-13).

Third, the government’s subsequent Social Policy Framework formally proposed a new division of tasks between the province and the private/volunteer sectors, with the provincial role diminished to basic policy-setting and the large-scale outsourcing of social services delivery (Government of Alberta, 2013a). The Social Policy Framework seeks to set goals for the delivery of social policy to determine “the kind of society that Albertans want for themselves, their families, and their communities (p. 4). This again shifted the focus onto the ambiguous entities of “families and the community,” something the Klein era spearheaded, and which largely means voluntary organizations and citizens.²⁶

²³ The ministry did not retain responsibility for seniors, and AISH was moved out of the abandoned ministry of Seniors and Community Supports and into the new ministry of Human Services.

²⁴ Alberta Works, which replaced the Supports for Independence program in April 2004, is a social assistance employment program that brings together employment and training services, income support, health benefits, and child support services (see Faid, 2009: 13).

²⁵ Rather, the report argues, it is part of a long-standing Government of Alberta effort to “diminish the role of government through both increased privatization and cuts to public service” (p. 2).

²⁶ As we have seen, this is a trend spanning back to the Klein government’s 1995 Action Plan For Social Services (Kline, 1997).

“Where does that leave the non-profit social service sector today? The picture is not a pleasant one.”

The document makes clear that there is only a limited role played by the government itself in achieving these policies. For example, under “policy shifts” the document explicitly states that the government is “less of ... a service provider, funder, and legislator” and “more of ... an influencer, convener, and partner” (p. 17).

Fourth, the Redford government in March 2014 introduced Social Impact Bonds (SIBs) to Alberta. Bill 1, the Savings Management Act, saw the creation of a Social Innovation Endowment Fund. The fund was to draw \$1 billion over two years from the Heritage Savings Trust Fund (Alberta’s main savings account) to a new Social Innovation Endowment Account, and use portions of the fund as seed grants to get SIBs going, presumably with the help of additional private money. Finance Minister Doug Horner argued at the time that SIBs “will be a catalyst for innovation for complex social issues. We hear a lot of ideas for things like social bonds and all sorts of things, [so] let’s engage the not-for-profit community and cultural community and let’s be innovative” (Horner, quoted in Halton, 2014).²⁷

However, after a beleaguered Premier Alison Redford resigned on March 19, 2014 due to a series of scandals and dwindling public support, her successor, Jim Prentice, repealed Bill 1, including the Social Innovation Endowment Fund, effective December 3, 2014. An NDP government under Rachel Notley was subsequently elected on May 5, 2015. It can be expected that the new government will take a hard look at SIBs and such neoliberal experiments in general, but the lessons identified here are still worth noting.

Where does that leave the non-profit social service sector today? The picture is not a pleasant one. Under the previous administration, Alberta’s non-profit social service sector found itself increasingly dependent upon funding from the Government of Alberta through Human Services, and thus less able to advocate or to speak its own truth. In fact, the sector was all too often reduced to being a cheerleader for the latest round of government reorganization and experimentation to which it was subjected. At the same time, the sector was asked to do more with less (in relative terms) by a series of Progressive Conservative governments whose culture was skeptical of government-supported social programs.

²⁷ In January 2011, the British Columbia Liberal government appointed the Social Innovation Council to make recommendations on “how best to maximize social innovation ... with an emphasis on social finance and social enterprise” (BC Social Innovation Council, 2012: 3). The council was comprised of academics, business people and members of the non-profit sector, who recommended that BC reduce service costs by turning to Social Impact Bonds (SIBs) (BC Social Innovation Council 2012). Drawing on SIBs in the United Kingdom’s experience, the council (p. 8) suggested that SIBs could contribute to three broad goals: “prevention and reduction of long term costs, accessing new sources of financing and improving measurable social outcomes.”

“The driving force behind these experiments has been an economic imperative to provide social services at a minimal cost while, wherever possible, also opening up the public sector envelope for private sector profit.”

5.5 Alberta’s Non-Profit Sector in the Larger Neoliberal Context

Beyond the specific policies and proliferating acronyms of ARM, CWPM, OBSD, RBB, SIBs, or the rhetoric of the so-called Big Society, the state of Alberta’s non-profit social service sector at the end of the Alberta Progressive Conservative dynasty (1971–2015), examined in its broad contours, appears largely indistinct from the experience of similar organizations in other jurisdictions in Canada or elsewhere. Understanding what is occurring requires seeing this sector as part of a larger ideological whole defined by neoliberal policies and practices of governance. While the ostensible watchwords of neoliberalism are “efficiencies,” “flexibility,” “accountability,” “innovation,” and “local autonomy,” it is hard not to conclude that the driving force behind these experiments has been an economic imperative to provide social services at a minimal cost while, wherever possible, also opening up the public sector envelope for private sector profit.

Governments across Canada are relying more heavily on the non-profit sector than they have in the past and are expecting more accountability through time, without using this costly data effectively to support and strengthen the system (Eakin, 2007). While there has always been a contract mentality of sorts (i.e., government sets the rules and non-profit organizations meet them), we can see that past Alberta governments did not make effective use of the data gathered in order to appreciate the additional demands on non-profit agencies, data that should be made more public to better support the sector.

Some experts in the field told the authors during the writing of this report that they view the non-profit sector in Alberta as lacking leadership, being disorganized, and suffering from an endless array of reviews, restructuring, and cost-cutting initiatives by previous Alberta governments (for an overview of this restructuring, see Government of Alberta, 2014a). The government also dominated the sector, even as, since at least the Klein era, the government did everything in its considerable power to offload the cost and responsibility for social services onto whoever would take them.

Surely one of the greatest ironies is that the efforts to download services have resulted in processes of accountability and contracting that have made government more controlling than ever. Moreover, despite the provincial government’s efforts to pull back from responsibility for children’s services (Crabtree, 2008), it is exactly to government that attention is properly turned when the care of a child becomes a major issue. The media do not generally go to the contracted agencies when an issue arises, but instead go to the door of the minister and the provincial government.

“Scarce staff and administrative time thus ends up going into writing grant proposals and overseeing large-scale fundraising initiatives at the expense of program delivery and front-line services.”

The end result of the Alberta government’s efforts at deflecting responsibility may be long-term damage not only to the non-profit sector and its clientele but also to the government and society at large.

Let’s reconsider, for the moment, the list of generally accepted benefits that the non-profit sector brings in providing social services: 1) an efficient use of voluntary labour; 2) flexible and rapid responses to specific, local needs; 3) less bureaucracy; and 4) widespread public support.

The more that non-profit agencies are asked to take on larger and more complex tasks, the less these same tasks can be met through (often) part-time volunteer labour. The need for more and better trained, professional staff requires additional funding that cannot be obtained through traditional sources of charitable giving, and must instead be obtained from the government or through the SIB model discussed above.

But since the neoliberal model is based on internal markets and competitive funding, non-profit agencies find themselves having to hire or contract professional staff among whose chief tasks is writing grant applications. Scarce staff and administrative time thus ends up going into writing grant proposals and overseeing large-scale fundraising initiatives at the expense of program delivery and front-line services. The pressures for government funding are enormous, as it is often short-term and must be reapplied for on a yearly or bi-yearly basis, and may – after all the work – not be sustained. Indeed, ongoing government funding is sometimes prohibited as non-profit agencies are expected to be entrepreneurial and ultimately self-sustaining – to mimic, in effect, the practices of the private business sector.

The shift to the non-profit sector is based at least in part on the desire for cost saving (Smith and Lipsky, 1993: 171). As wages and benefits are a major expense in any organization, one way to reduce costs is for non-profit agencies to pay workers less than they would earn in similar roles in the public sector. Not surprisingly, however, non-profit agencies often experience high turnover rates of staff who leave for better paying opportunities. Particularly problematic is that non-profit agencies are made to be “farm teams,” training younger, less-experienced workers who may then be promoted to the “big leagues.”

As the neoliberal model also requires more accountability,²⁸ the result of receiving government money is more paperwork and bureaucracy. Accountability is unquestionably a desirable thing, however, it costs money to achieve and requires streamlined organizations that can deploy data strategically to strengthen the system as a whole – elements that most of Alberta’s non-profit social services agencies generally lack. The efficiencies of scale required mean that large non-profits are better suited to this model. These non-profits, in turn, conform to the growing corporatization

28 In January 2011, the British Columbia Liberal government appointed the Social Innovation Council to make recommendations on “how best to maximize social innovation ... with an emphasis on social finance and social enterprise” (BC Social Innovation Council, 2012: 3). The council was comprised of academics, business people and members of the non-profit sector, who recommended that BC reduce service costs by turning to Social Impact Bonds (SIBs) (BC Social Innovation Council 2012). Drawing on SIBs in the United Kingdom’s experience, the council (p. 8) suggested that SIBs could contribute to three broad goals: “prevention and reduction of long term costs, accessing new sources of financing and improving measurable social outcomes.”

“This ‘kept’ relationship of non-profits with government turns them into ‘QUANGOs’ – quasi non-government organizations with little real direction or discretion of their own, but cheaper and less transparent in their operations.”

and commercialization of the non-profit sector’s activities, but also hold the danger of transforming the nature of the services being provided “away from its community and personal touch” to the “rationalization,” “professionalization,” and “bureaucratization” of services, for example in the use of fees for services and the hiring of CEO/managers (Evans and Shields, 2000: 19-20; Evans and Shields, 2005: 5). As Stefanick (2011: 4) has written, “New Public Management principles in the public service ... entailed privatizing and outsourcing public services, emphasizing results-based management, and adopting a tax regime that features very low personal income and corporate taxes.”

Finally, with all these changes, the non-profit agency’s close relationship with the community begins to erode. In part, this is a result of increased bureaucracy. Additionally, as the non-profit sector takes on a more central role in the production and delivery of social services and becomes more dependent upon the state for funding, agencies risk becoming “quasi-government agencies that deliver services according to government specifications” (McFarlane and Roach, 1999: 4), or even an arm of the state, a “buffer” beyond political mediation and reproach, or a kind of “shadow state” (Evans and Shields, 2000: 13). In social policy circles, this “kept” relationship of non-profits with government turns them into “QUANGOs” – quasi non-government organizations with little real direction or discretion of their own, but cheaper and less transparent in their operations.

One very real impact of this loss of autonomy has been that non-profit organizations have also lost their capacity for advocacy, a traditional role for third sector organizations (Himelfarb, 2012: 261) in speaking for the marginal and disadvantaged (Grey and Sedgwick 2013: 3). In the words of Evans and Shields (2000: 20), “the idea of the third sector as a voice for society is under threat.”

This is not to say that the state should not be involved in setting policies and ensuring accountability. As McFarlane and Roach (1999: 4–5) ask:

Is it possible to strike a balance between the state’s legitimate interest in setting public policy and ensuring that organizations spending public dollars are held accountable, and the need to protect – indeed enhance – the unique qualities that give non-profits a comparative advantage over the state?

Recognizing the validity of this question, the silencing of critical voices within the non-profit sector may or may not be an intention of neoliberal proponents. Clearly unintentional, and even ironic, however, is that many of the alleged benefits of offloading services to the non-profit sector appear to have been sabotaged by neoliberalism's economic imperatives of cost cutting, austerity budgeting, and managerial approach. The more that non-profit organizations are required to mimic private sector business models and to conform to the control strategies of the neoliberal state, the less the non-profit sector is able to achieve the ends that it once capably served.

6. Conclusion and Recommendations

While the May 2015 election of the Alberta New Democratic Party will no doubt bring about a different relationship between government and the public and non-profit sectors, this report is significant in setting out the dangers of neoliberal practices and policies.

Albertans have long relied on the non-profit social services sector to fulfill a host of local needs additional to and vital beyond those met by the public sector. The non-profit social services sector – indeed, all areas of the non-profit sector – deserve more recognition than is often given.

At the same time, the non-profit sector is not now, and cannot be, a substitute for a well-paid, well-trained, reliable and professional public sector. The non-profit sector can provide some complimentary services to the role of the public sector, but the two are not equally capable sectors. The first step in ensuring quality social services for Albertans must be support for and the revitalization of the public sector. Government policies directed at expanding the non-profit sector into areas for which it is not equipped undermine the public sector's ability to provide necessary services, while also risking serious damage to non-profit organizations, the people they serve, and their specific community needs.

This report has highlighted the largely negative impacts that neoliberal approaches to governance have had upon non-profit organizations, specifically as they relate to social services delivery. It is clear that the primary motivation of such approaches has been to reduce the cost of public services and not, as widely promoted, to increase efficiency or the autonomy for non-profit agencies.

These agencies are clearly aware of how they are being used and the damage being done. Several non-profit organizations in Alberta, among them the Edmonton Chamber of Voluntary Organizations (2015) and the Calgary Chamber of Voluntary Organizations (2011), have recently voiced concerns related to the present state of the sector (Alberta Urban Municipalities Association, 2014). These concerns and the evidence derived during the course of writing this report lead the authors to make the following recommendations:

- 1) A comprehensive government report concerning the state of the non-profit sector in Alberta should be produced annually. At a minimum, this report should detail:
 - the number of organizations in the sector;
 - the proportion of funding received from the provincial government and other revenue generating endeavours;
 - the areas of responsibility covered;

“The non-profit sector is not now, and cannot be, a substitute for a well-paid, well-trained, reliable and professional public sector.”

- the number of clients served (and in what capacity);
 - the number of paid workers and volunteers in the sector, as well as information on working conditions and roles;
 - the costs of salaries and benefits paid to employees; and
 - the contributions of the non-profit sector to Alberta's economy.
- 2) Full disclosure of contracts and their conditions between non-profit organizations and the government should be made available to the Auditor General, and details should be made readily available online to the public.
 - 3) The respective roles of the non-profit and public sectors in social services delivery should be better and specifically clarified in legislation and in practice.
 - 4) The Government of Alberta should commit to adequate, long-term, sustainable funding for both the public and non-profit sectors through Alberta Human Services.
 - 5) The government should implement legislation to defend the traditional advocacy role of non-profit institutions as guardians of the public interest, such as through the enhancement of whistleblower protection.

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