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The impact of Artificial Intelligence (AI) on Canada's Nonprofit and Charitable Sector

Submission to The Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities on the implications of Artificial Intelligence Technologies for the Canadian Labour Force

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Submitted By Ontario Nonprofit Network

Summary of Brief

The fourth industrial revolution is characterized by technological disruption causing rapid change in the nature of work (commonly referred to as the future of work). The revolution is fast approaching -- in many ways, it is already upon us -- and it will have a significant impact on the nonprofit and charitable sector. This rapid change will impact what our sector does (the number of and quality of our jobs), how we do it (technology such as automation and artificial intelligence augmenting our work), and the skills needed to bridge the two.

Technological disruption of work is also raising questions of how advanced technologies are developed and who owns and/or governs said technologies. The answers to these questions matter because if we do not pay attention to, for example, the way in which AI data sets reproduce racial and gender bias or the increasing concentration of wealth with those who own technology, there is a risk of profoundly deepening inequities.

The future of work is unpredictable yet exciting. For nonprofits, there is potential to free up time to focus on strategic and relational work that cannot easily be done by AI, innovate in the way in which we solve complex social problems, and grow with the emergence of new tech driven jobs and skills. In fact, some of this is already happening. However, in order to seize the opportunities in a way that doesn't create harm and inequities, the sector will need to have a seat at the table to shape public policy responses to AI.

This brief will comment on the impact and potential impact of Artificial Intelligence (AI) on the nonprofit and charitable sector labour force as well as the communities we serve. It will also provide recommendations for a holistic public policy response that includes the sector.

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Detailed comments on the implications of AI on Canada's nonprofit labour force

Nonprofits are fundamental for community well-being.
Our sector has never been more integral to Canadians as more individuals, families, and communities turn to and rely on nonprofits, particularly during times of crises. According to our recent survey, demand for nonprofit services is at an all time high over the past 4 years with 76 per cent of Ontario nonprofit sector reporting experiencing an increase in demand for services.[1] Nonprofits are getting people back to work, serving on the frontlines, and providing critical care services for the old, young, sick, and frail. Youth employment training services, Meals on Wheels, and gender-based violence services are all nonprofit driven. As demand rises, we are also filling gaps for affordable housing, mental health and addictions programs, and settlement services. Our local theatres and festivals, minor soccer leagues and day camps, as well as places of worship build vibrant communities and foster civic engagement. Our equity and reconciliation efforts aim to address historical harms and create belonging for everyone. Nonprofits are rooted in communities and focused on mission, not profit.

People and relationships with the community drive Canada's nonprofit sector.
The impact of AI on Canada's nonprofit sector labour force is critical to investigate, document, and respond to in public policy because the sector's biggest asset and vehicle for serving communities are its people and at the core of their work are the relationships they build with communities. 2.5 million people work in the sector across provinces and territories. Our workforce reflects Canada's population in its diversity - over two-thirds of the workforce consists of women, nearly a third are Indigenous and racialized, and almost half are immigrants.[2]

How AI impacts the labour force, and our public policy response, matters to communities and their well-being.
We are already seeing the impact of changing work and wealth concentration in communities, and this coupled with the impact of climate change is destabilizing long time community ties and connections – more people experiencing homelessness, soaring mental health challenges, full-time workers using foodbanks, decreased volunteering and donations, increased polarization, and loss of confidence in public institutions.

When these things manifest in communities it is the nonprofit sector that responds. While our sector is there for communities it is also a sector that traditionally has been taken for granted and systemically underfunded. As the bulwark against civic collapse and unrest, the labour force of the nonprofit sector and the work of the sector needs to be supported and enhanced.

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[1] ONN. "2023 State of the Sector survey." October 16, 2023.
https://theonn.ca/topics/advocacy/nonprofit-sector-surveys/
[2] Imagine Canada. "Canada's Nonprofits and Charities." https://www.imaginecanada.ca/en/About-the-sector

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Nonprofits have a stake in how AI is created and governed and are well-positioned to contribute to the best possible future with it.

Nonprofits and charities are AI users and use is only poised to increase over the years as the technology becomes readily available and accessible. However, the sector requires trustworthy AI that has proper governance and oversight, given the complexity of nonprofit work. Without a carefully constructed ethical and legal framework guiding AI, the use of AI can cause more inequities, uncertainties and harm than the efficiencies and effectiveness it promises to bring.

For example, more often AI is being used to assist human resource jobs in hiring processes and there are considerable concerns about the bias and prejudice against equity-deserving communities that can be inherently built into these tools. It is well documented that AI is only as informed as those who build it.[3] The algorithms underpinning AI will encompass the biases and values of its builders and those who developed the data sets they use. When those builders are from a homogenous group and incentivised to build for profits and not necessarily fairness, the technology can profoundly perpetuate and deepen inequities.[4] In the same vein, it is imperative that the decisions made by AI be easily explainable - that is, which factors, features and data sets are used in decision-making and which ones are not and why - especially when the decisions are about people.[5]

Moreover, any negative impacts and harm will disproportionately be felt by the communities our sector most often serves. This includes women, youth, and seniors, Black and Indigenous communities, newcomer and other racialized communities, people with disabilities, low-income individuals and families, unhoused people, people from the 2SLGBTQIA+ community, and those that do not have access to technology or the internet, to name a few.

Two experts studying technology and Canada's nonprofit sector, James Stauch and Alina Turner, underscore the importance of AI co-creation with nonprofits, "nonprofits can't afford to be the clean-up crew of the fourth industrial revolution. We are all passengers on an AI airplane that is picking up exponential momentum with each metre of runway".[6]

Will the impact be automation or augmentation?

AI can be a force for good and a force for harm. If AI is allowed to focus primarily on automation – displacing the human labour force – then we can anticipate that it will have a significant impact

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[3] Chui, M., et al. (2018, December) Notes from the AI Frontier: Applying artificial intelligence for social good (discussion paper). McKinsey Global Institute.

[4] Cathy O'Neil. "The Truth About Algorithms." October 17, 2018. https://www.youtube.com/watch?v=heOzqX35c9A

[5] Nicholas Diakopoulos. "We need to know the algorithms the government uses to make important decisions about us." May 23, 2016. https://theconversation.com/we-need-to-know-the-algorithms-the-government-uses-to-make-important-decisions-about-us-57869

[6] James Stauch and Alina Turner. "From Algorithms to Altruithms: The Fourth Social Purpose Revolution." February 17, 2020. https://thephilanthropist.ca/2020/02/from-algorithms-to-altruithms-the-fourth-social-purpose-revolution/

on families and communities. However, if government policies and tax regimes encourage the use of AI for augmentation of work and support for labour, then families and communities will thrive.

> When AI is focused on augmenting humans rather than mimicking them, then humans retain the power to insist on a share of the value created. What's more, augmentation creates new capabilities and new products and services, ultimately generating far more value than merely human-like AI. While both types of AI can be enormously beneficial, there are currently excess incentives for automation rather than augmentation among technologists, business executives, and policymakers.[7]

Policies and taxes encouraging capital investment more than investments in labour have led to the increasing concentration of wealth. Much of current AI work focuses on replacing rather than augmenting humans which will exacerbate the already problematic concentration of wealth. If government policies support and encourage AI to focus on what machines do better than humans rather than a focus on replacing humans, we can grow opportunities and share wealth rather than concentrating wealth and limiting opportunities.

The various components of the nonprofit sector and how they are impacted by AI

Nonprofit sector jobs are highly varied in work and therefore spread across a spectrum of how likely they are to be disrupted by technology, rather than all being concentrated on the "disappearing" end.

On one end of the spectrum (least likely to be automated) are jobs with mostly complex cognitive tasks (e.g., critical thinking, judgment, situational awareness, creative problem-solving, people leadership) and a requirement for emotional intelligence that can only be done in the foreseeable future by people. In the nonprofit sector this includes direct care jobs such as child care, elder care, and caring for people with disabilities or those with complex mental health and addictions needs, and management of staff and volunteers, to name a few.

The Brookfield Institute's 2020 analysis found that healthcare and social assistance was one of the industries with the largest portion of workers in occupations projected to grow in employment share.[8] In the OECD's projection of fastest growing occupations between now and 2029, home health and personal care aides, substance abuse, behavioural disorder and mental health counsellors, and marriage and family therapists are included.[9] Most direct care jobs in Canada are

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[7] Stanford University. The Turing Trap: THe Promise & Peril of Human-Like Artificial Intelligence. January 12, 2022. https://digitaleconomy.stanford.edu/news/the-turing-trap-the-promise-peril-of-human-like-artificial-intelligence/

[8] Diana Rivera, Yasmin Rajabi, Joshua Zachariah, and Rob Willoughby. "Ahead by a Decade: Employment in 2030." May 2020. https://brookfieldinstitute.ca/ahead-by-a-century-employment-in-2030/

[9] Organisation for Economic Co-operation and Development. "OECD Employment Outlook 2019: The Future of Work." April 25, 2019. https://doi.org/10.1787/9ee00155-en; World Economic Forum. "Jobs of Tomorrow: Mapping Opportunity in the New Economy." January 2020.

part of the nonprofit sector, they are essential to our economy, and are the fastest growing types of jobs globally.

In the middle of the spectrum are jobs in which tasks can change or be assisted/augmented with technology, but the job itself will still not be replaced. This includes jobs related to employment and training programs and immigrant and settlement services as well as jobs in the sports and recreation subsector.

Further down the spectrum are jobs most likely to be disrupted and this is where the arts and cultural industries fall. Since the pandemic they have been struggling with their financial model which was one of the first to be disrupted by AI. Streaming services have changed and disrupted the revenue models for artists. A new threat looms with the introduction of chat bots which have the potential to plagiarize written and applied arts, further reducing the ability of artists to make a living from their art. New and more robust forms of copyright protection are needed to prevent the theft of cultural products by AI.

On the furthest end of the spectrum of disruption are the routine jobs in the sector that can and/or will be replaced because they consist of routine and repetitive tasks such as file and records management, booking and ticket sales.

Only half the sector consists of paid staff, the other half is volunteer-led and has, at best, part-time staff. It would be great if AI could augment volunteer organizations – assisting with organizational tasks such as corporate affairs, financial management, and membership record-keeping. However, AI developers without government support are unlikely to focus on them for while they have enormous civic value, they have little monetary value.

Technology adaptation in the sector

While the sector overall is likely to experience AI augmentation of work rather than automation displacement, given the nature of nonprofit work this transition will be impacted by both the external trends and the organizational capacity in the sector to adopt.

Technology adaptation in the sector	
Widespread	**Growing in importance**
-Accepting virtual identification (e.g, Ontario digital ID and vaccine passport QR codes) -Automating accounting and financial reporting systems	-AI deep learning is being applied to crisis counselling conversations -AI-powered data wranglers that make digital growth techniques accessible to nonprofits -AI-based apps that assist in recruitment, evaluation, and retention

-Cloud-based platforms and collaboration tools for workplaces (e.g., Microsoft Teams, GDrive) -Digitizing documents -Ecommerce -Management software for clients and donors (e.g., Caseworks, Customer Relations Management Systems) -Online fundraising platforms -Social media presence -Telepresence (e.g., zoom, google meets) and remote work -Tech apps and platforms that connect people to services (e.g. chatbots like Chalmers) -Virtual services and programming	-Big data analytics and machine learning are being used to identify food deserts or families at greater risk of homelessness -Cloud computing -Predictive analytics, data mining and machine learning -Virtual reality is being used to train newcomers for various workplaces and Long-Term care workers on the job -Web, social and video content analytics

Rising demand for new skills and jobs as technology adoption continues in the sector

There is growing demand in the sector for new skills and jobs particularly as the sector undergoes digital transformation. Emotional intelligence and cognitive skills are part and parcel of working in the sector, technology skills, especially those related to emerging technologies are not. The technology skills needed can vary depending on where nonprofits are in their digital transformation. On the one hand, it can look like the ability to use new online fundraising platforms, software to manage client documents/databases, or managing technology infrastructure. On the other end, it can be mining for data and analytics or building in-house algorithms. The sector will increasingly need people to do these roles.

The chronic underfunding of the nonprofit sector labour force becomes an issue in how the sector will be able to adopt and innovate with augmentative AI. Given how important the sector will be in mitigating and addressing the fallout from automation in other sectors and in stabilizing communities the government should act proactively to strengthen and grow the sector.

Recommendations

1. Ensure existing and new policy and tax regimes do not favour labour replacement and reward the concentration of wealth and capital. Provide incentives for augmentation of labour over the displacement of labour through automation.
2. Address the need for redistribution of wealth going forward as AI threatens to further exacerbate wealth concentration and destabilize communities.
3. Protect creative industries through tax, policy, and legal initiatives.

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4. Recognize the vital importance of the nonprofit sector in this transition to an AI future and the sector's need to grow and innovate its activities to address changing community needs. Proactively support a robust nonprofit sector to ensure community stability and animation by:
    - Addressing the human resource needs in the sector with labour force strategy and workforce development support to adapt to the future of work and recruit, retain, and retrain staff.
    - Recognize and fund the sector to adapt AI innovations by funding the technical staff needed to maximize the human work of the sector.
    - Consult regularly with the nonprofit sector to stay advised of what is needed to support communities as change progresses.
5. Ensure trustworthy frameworks guide AI use to adequately protect Canadians from risks associated with AI, especially those most vulnerable to risks:
    - Support the development of inclusive AI that mitigates biases and provides clear explanations of how AI makes decisions, especially in government and nonprofit use.
    - Enact safety guardrails with legislation and regulations to combat harm.
    - Ensure a "Digital Commons" ownership model exclusively to ensure public accountability.
    - Prioritize technology and data literacy so the public can make informed decisions about their use.

Conclusion

The future of work is already here and ever-evolving. Canada's nonprofit and charitable sector will not be impacted in the same way as other industries, and so must be adequately included in any public policy response.

About ONN

ONN is an independent nonprofit network for the 58,000 nonprofits and charities in Ontario, focused on policy, advocacy, and services to strengthen the sector as a key pillar of our society and economy. We work to create a public policy environment that allows nonprofits to thrive. We engage our network of diverse nonprofit organizations to work together on issues affecting the sector and channel the voices of our network to governments, funders, and other stakeholders.

For more information:

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