

Colleges and Institutes Canada
**Submission to the Special
Senate Standing Committee
on the Charitable Sector**

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Colleges and Institutes Canada (CICan) is the voice of Canada's publicly-supported colleges, institutes, cegeps and polytechnics, and an international leader in education for employment with ongoing programs in over 25 countries.

CICan's members add over \$190B to Canada's economy each year and contribute to inclusive economic growth by working with industry and community partners to offer more than 10,000 programs to learners in urban, rural, remote, and northern communities.

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Introduction

CICan would like to thank the Senate Standing Committee on the Charitable Sector for this opportunity to provide perspectives on the impact of federal laws and policies governing the charitable and non-profit sectors in Canada. We are encouraged that the Government of Canada is examining ways to strengthen the charitable sector and look forward to engaging with the Senate Standing Committee for this study.

Colleges, institutes, cegeps and polytechnics are mandated to provide employment-oriented education and skills development and to support social and economic development in the communities and regions they serve. They have a pivotal role in postsecondary education systems to facilitate access and have an extensive reach across the country – 95% of all Canadians and 86% of Indigenous peoples live within 50 kilometers of a college or institute location. With this strong access mandate colleges and institutes have a key role in strengthening education and employment outcomes for those from underrepresented groups, in particular Indigenous peoples, people with disabilities and newcomers.

To complement their education mandate, colleges and institutes also serve as hubs for innovation, with over 400 specialized labs across the country, 3,000 faculty and staff and 25,000 students engaged in applied research. College and institute applied research fosters inclusive innovation by supporting small companies that often do not have the resources to engage in R&D activities and by engaging in social innovation research partnerships with community and non-profit organizations to address social challenges.

In addition, they increasingly serve as incubators for start-up businesses with 13,500 students receiving support from their institutions in 2016-17.

In order to ensure education and skills programs are relevant and responsive, colleges and institutes have established strong community partnerships with businesses and non-profit organizations, and many have strong partnerships with First Nation, Métis and Inuit communities. Program Advisory Committees (PACs) are the main formal mechanism that make these community partnerships sustainable. PACs include employer representatives who help ensure programs respond to labour market needs by updating existing program curriculum, guiding the development of new programs, identifying work-integrated learning opportunities for students and advising on the enhancement of learning materials and equipment.¹ As a result, PACs have an important role in building the connections that lead to donations and financial investments to support students and enhance the learning environment.

With these extensive community connections, colleges and institutes are active members of the charitable sector, both as a recipient of support and donations, and as a partner to support fundraising of other non-profit and charitable organizations in their communities. The goal of any review of legislation should be to reinforce and support this role.

¹For more information on Program Advisory Committees see CICan's 2017 report: Academic – Employer Connections in Colleges and Institutes – The Role of Program Advisory Committees completed with support by Employment and Social Development Canada.

Colleges and Institutes – an Integral Part of the Charitable Sector

Public institutions like colleges and institutes, universities and hospitals collectively represent 65% of total donation dollars in Canada. Philanthropic Trends Quarterly estimates colleges raise approximately \$248 million in charitable fundraising (2015 figures).² These institutions are an important component of the charitable sector.

Colleges and institutes rely on charitable giving to support accessibility through targeted scholarship and bursary programs for a wide range of students, especially those from vulnerable and under-represented groups. Charitable donations are also key for institutions to acquire learning resources, materials and enhancing learning and student support facilities such as Indigenous gathering places on campuses.

Charitable donations go beyond monetary gifts and include equipment, intellectual property such as course materials or training manuals, real estate, in-kind donations of services and use of facilities, and other material used to support and enhance education programs. Donations are a mechanism by which colleges can leverage their partnerships with businesses and community organizations to ensure that learners have the resources necessary to acquire new skills, succeed in their studies and be ready for employment.

Colleges and institutes make a significant investment in building and maintaining relationships with their donors and want to offer donors the best possible tax treatment and recognition of their generosity.

Colleges and institutes often face the administrative challenge of efficiently and accurately estimating the value of donations. While post-secondary institutions and donors work together to manage this process,

government must be sensitive to these challenges and listen to stakeholders to ensure that regulations take their needs into account. Whether these contributions come in the form of real estate, equipment or other assets, tax incentives should continue to ensure that companies, community organizations and individuals are encouraged to support the education, skills development, and social innovation activities led by colleges and institutes for the benefit of local economic and social development.

Recommendation 1:

Extend favourable capital gains treatment to donations of real estate and private company assets (as announced in the 2015 federal budget, but not adopted).

Recommendation 2:

Increase the federal charitable donation tax credit rate for donations over \$200 from 29% to 33% for all donors (a rate currently allowed only for those with earned income over \$200,000).

²Philanthropic Trends Quarterly, Winter 2015: issue 4, 2015 Sector Snapshots. KCI, Toronto, ON.

Electronic communications by fundraising organizations continue to face uncertainty under federal regulations such as the Canada Anti-Spam Legislation (CASL). While CIGan recognizes the importance of the goals of CASL, we seek greater clarity on the interpretation of the legislation so that it does not interfere with legitimate communications from post-secondary institutions to members of their student, alumni and partner communities.

Institutions require the ability to reach out, promote education and skills development opportunities, share their accomplishments and create opportunities for community members and organizations to support their research and partnerships. These activities are distinct from simple commercial communications. Clarity about outreach and communications is vital so that postsecondary institutions can focus their resources on the needs of students and not be overburdened by administrative requirements.

Under the current regulatory regime, colleges and institutes face uncertainty regarding potential fines and penalties when they try maintaining contact with alumni. To address these concerns, there is a need for a dialogue between regulators and representatives from alumni and fundraising organizations, to clarify the intent of the legislation and ensure there is a common understanding of the requirements.

Recommendation 3:

Launch, in partnership with the charity and non-profit sector, a collaborative process to clarify and ensure understanding of the legal and regulatory regime under which charities and non-profits operate, with particular attention to the burdens and costs of Canada Anti-Spam Legislation (CASL) implementation. This should determine areas for modernization and revision where necessary.

Federal Leadership on the Charitable Sector

The charitable sector would benefit from having a champion at the national level through a dedicated federal body. This would strengthen the voice of the sector, support its sustainability going forward and leverage the impact it has on Canadians. CIGan supports measures that would give government and regulators a better understanding of the charitable sector in Canada, as well as measures that would ensure postsecondary institutions have a seat at the table when issues in the sector are addressed. We welcome the commitment in the Fall Economic Statement for the creation of a Permanent Advisory Committee on the Charitable Sector and encourage the mix of representatives to include the post-secondary education sector.

Recommendation 4:

Encourage the federal government to work with the charity and non-profit sector to institute changes in government structure that ensure the sustainability and vitality of the sector are integral parts of federal policies and decisions. In particular, to ensure there is representation from the education sector in the announced Permanent Advisory Committee on the Charitable Sector.

Currently, data on the charitable sector is inconsistently available and dispersed across national and provincial/territorial charitable sector organizations, college and university business offices, and Revenue Canada. Statistics Canada's former Satellite Account of Non-Profit Institutions and Volunteering, and National Survey of Non-profit and Voluntary Organizations once provided important data that aided charities and governments in understanding the scope and well-being of the charitable and non-profit sector. Reinstating these programs would support policymaking as well as the work of colleges and institutes themselves.

Recommendation 5:

Provide Statistics Canada with a clear mandate and the financial resources to collect, analyze, and disseminate data about the charity and nonprofit sector.

Like many other charitable and non-profit organizations, colleges and institutes and CIGan itself, are recipients of federal grants and contributions. For colleges and institutes, these include applied research grants through the federal granting agencies, as well as grants and contributions to deliver or improve community services such as the development of Indigenous education programs or second language training for newcomers.

CIGan serves as an executing agency for the federal government to deliver programs such as the Canadian Immigrant Integration Program (CIIP)³ funded by Immigration, Refugees, and Citizenship Canada (IRCC) and Education for Employment⁴ Programs in partner countries in Africa, Latin America and the Caribbean funded by Global Affairs Canada. CIGan supports the measures identified in the 2006 Blue Ribbon Panel report, to streamline and add efficiencies to the process of awarding grants and contributions so that fewer resources need to be dedicated to applications and paperwork, and more can be focused on delivering services.

Recommendation 6:

Revisit the recommendations of the Independent Blue Ribbon Panel on Grant and Contribution Programs (2006), and ensure government-wide adoption of the Panel's recommendations.

³<https://www.collegesinstitutes.ca/what-we-do/canadian-partnerships/canadian-immigrant-integration-program/>

⁴<https://www.collegesinstitutes.ca/what-we-do/international/education-for-employment/>

Social Innovation, Social Finance and the Charitable Sector

CICan welcomes the federal government's commitment to strengthen social innovation and social finance in Canada to address the pressing social challenges facing Canada today and create more sustainable and inclusive communities across the country.

The 2018 report of the Government of Canada's Social Innovation and Social Finance Strategy Co-Creation Steering Group highlights the need for the federal government to leverage the work of social purpose organizations in the public, private and non-profit sectors. Colleges and institutes also have a key role given their strong community and business partnerships and the leadership they have shown in supporting social innovation.

Recommendation 7:

Encourage the federal government to work with the charity and non-profit sector to prioritize and implement recommendations made by the Social Innovation and Social Finance Strategy Co-Creation Steering Group.

CICan supports the Co-Creation Steering Group's twelve recommendations and we wish to highlight four of the recommendations that would make a difference for the non-profit and community organizations colleges and institutes work with, as well as strengthen their own roles as drivers of community and social development.

The four recommendations are as follows:

1. Address the legal and regulatory issues impeding charities and non-profits from engaging in social innovation, social finance and social enterprise

We wish to emphasize the importance of this recommendation in order to recognize the social and economic value of the non-profit and charitable sector for Canadians. This measure is key for advancing the federal government's goals of leveraging the strengths that already exist across all types of social purpose organizations, including non-profits and charities as it

will help strengthen collaboration and maximize the potential among social purpose organizations, including postsecondary education institutions, to make a real difference in communities across the country.

2. Improve social purpose organizations' access to federal innovation, business development and skills training programs

The Co-Creation Steering Committee highlighted the urgent and critical need to open up federal innovation supports to social purpose organizations. The College and Community Innovation Program (CCIP) administered by the Natural Sciences and Engineering Research Council (NSERC), is the main funding program available to support college and institute applied research. As it stands, eligible partners are restricted to private sector companies. CIGan and its members have been championing the need to engage non-profits and charitable organizations in social innovation research and were pleased when the federal government introduced the College and Community Social Innovation Fund (CCSIF) as a pilot, with \$25 million invested between 2015 and 2018. The CCSIF has connected the talent of college and institute faculty and students with non-

profit and community organizations to conduct social innovation research that is making a difference in areas such as education, integration of vulnerable populations and community development. The CCSIF pilot has not been renewed and there is no more funding available creating a vacuum in the social innovation ecosystem. This is despite the enthusiastic response of partners, positive community impacts and benefits for students at colleges and institutes who learned about the potential of working in non-profit and community organizations. The tri-agencies have shown strong leadership in developing and supporting college and institute applied research and it is hoped that with the upcoming review of the CCIP, partner eligibility will expand to include social purpose organizations.

3. Establish a Social Innovation Evidence Development and Knowledge Sharing Initiative

An effort to improve the coordination of data, research and knowledge on social innovation and social finance, would help to further strengthen the capacity and growth of non-profit and charitable organizations and their contributions to social innovation in their communities. This includes better data on outcomes

and impact measurement. This also complements the recommendation to strengthen the capacity of Statistics Canada to collect, analyze, and disseminate data about the charity and nonprofit sector.

4. Coordinate a national social innovation and social finance awareness campaign

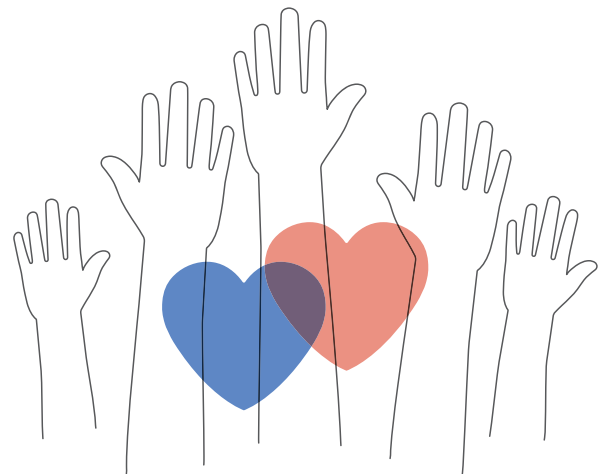
CICan welcomes the opportunity to engage and mobilize colleges and institutes in the federal government's national social innovation and social finance awareness campaign. This will be a key measure to foster new and strengthen existing partnerships across the private, public and non-profit and charitable sectors. We also welcome the opportunity to support youth engagement efforts. For college and institute students this would be through their involvement in work-integrated learning, including through participation in social innovation research projects with community partners, as well as through scholarships and fellowships. This will go a long way in strengthening public understanding of the contributions of the non-profit and charitable sectors and will also build capacity by increasing the number of young people who become engaged and even employed in non-profit and community organizations.

CICan has been supporting college and institute engagement in social innovation and social finance in recent years. The Essential Skills Social Finance Pilot, led by CICan for Employment and Social Development Canada, was the first national project in Canada to test a social impact bond approach to providing essential skills training to unemployed Canadians with the expertise and community connections of three colleges: Confederation College in Ontario, Douglas College in British Columbia and Saskatchewan Polytechnic. CICan is now initiating a partnership with the McConnell Foundation to further strengthen the social impact of colleges and institutes by promoting collaborations that identify and scale successful approaches.

Conclusion

Canada's colleges, institutes, cegeps and polytechnics are active members of the charitable sector in Canada. Through donations and partnerships with businesses and community organizations, colleges and institutes are able to increase access to education and skills, in particular for people from vulnerable and underrepresented groups, as well as enhance learning experiences through the integration of new equipment and increased work-integrated learning opportunities. College and institute partnerships are also key for supporting community well-being by contributing to social innovation through applied research.

A vibrant charitable and non-profit sector is essential for building a more equitable and inclusive Canada. CICan and its member institutions call on the federal government to consider the recommendations put forward to strengthen the sector. Key measures include regulatory and legislative changes to encourage and streamline donations, strategic investments to improve



data collection and knowledge sharing, and increasing awareness about the important contributions of the sector to building stronger and more inclusive communities. By leveraging the strengths within the charitable and non-profit sector and fostering stronger connections to the private sector, we can collectively equip Canadians to navigate and thrive through disruptive changes and build a more inclusive and prosperous country.