



Canadian Council for the
Advancement of Education

Le Conseil canadien pour
l'avancement de l'éducation

Submission to the Special Senate Committee on the Charitable Sector

February 2019

Advancing education advances society

The Canadian Council for the Advancement of Education (CCAÉ) is pleased to add its voice to that of others in the charitable sector - particularly education-related nonprofits - in this submission on behalf of all CCAÉ members to the Special Senate Standing Committee on the Charitable Sector.

CCAÉ is a volunteer-led, nonprofit professional association that promotes excellence in educational advancement - which includes advancement services, alumni relations, communications and marketing, fundraising (development), and external relations. CCAÉ provides opportunities for networking, professional learning and mutual support for advancement professionals at universities, colleges, polytechnics, institutes, independent schools and cégeps across Canada.

Canada's 96 universities and 132 colleges and institutes play vital roles in advancing society. While schools and cégeps lay a strong foundation by educating primary and secondary students, post-secondary institutions offer not only higher learning and workforce-ready training, but also access for disadvantaged, first-generation and Indigenous students; world-changing research; internationalism that serves Canada's Federal agenda; and services vital to their communities.

Canadian universities and colleges are important engines of both societal and financial strength. Universities employ nearly 300,000 individuals and generate some \$35 billion in direct expenditures¹; colleges, with 120,000 employees, have developed thriving partnerships with the business sector. Colleges and universities act in synergy on many joint programs and projects to benefit their students, researchers and communities. The entire post-secondary education (PSE) sector plays a major role in fostering the international exchange of knowledge, ideas and mutual understanding.

Canada's national immigration policy opens a welcoming door to immigrants and offers opportunities for their learning and integration into society. To broaden such opportunities and foster global exchange of knowledge and culture, Canadian PSE institutions increased admission of international students by 20% from 2016 to 2017. Nearly half a million international students now study in Canada². Donations to establish international student scholarships and bursaries have been vital in supporting the growth in international student enrolment.

Post-secondary institutions in Canada rely increasingly on charitable donations to help fund educational quality and access, research, modern facilities, and student well being. Among universities and degree-granting colleges (as of 2016-17), 3.54% of annual revenues derived from charitable donations, and 5.4% from donation-generated endowments³. Funds raised through the work of advancement professionals help support \$1.3 billion of university research annually, through chairs and dedicated funds; provide student scholarships and bursaries; and enable construction and equipment for research facilities, as well as student and Indigenous centres.

Financial support for Indigenous students is a growing focus among PSE institutions, in accord with the Truth and Reconciliation Commission and Indspire. Fundraising for scholarships and exchanges has increased over the past three years. The Government of Canada itself has increased funding to the Post-Secondary Student Support Program and the University College Entrance Preparation Program by \$90 million over two years beginning in 2017-18, to support the needs of over 4,600 students. In 2017-18, the Government invested \$5 million per year for five years to support the Indigenous-led organization Indspire⁴.

Introduction

All Canadian universities are engaged in fundraising for their institution and for education-related causes. As of 2015, 65 percent of colleges and institutes in Canada had separately incorporated, charitable foundations registered with the Canada Revenue Agency, each of which raised between \$840,000 to \$7 million in that year⁵.

The large number of post-secondary charitable foundations speaks to the vital importance of charitable giving to education. Alumni are among the most dedicated donors to their institutions and also contribute to social innovation and community support, greatly extending the influence of higher education on charitable and volunteer-based initiatives.

CCAЕ applauds the commitments made by the federal government to strengthen the charitable sector in the 2018 Fall Economic Statement. Given the changing demographics of Canada's population and its impact on the charitable sector (which projects an imminent and ongoing decline in charitable donations), the work of this Special Senate Standing Committee on the Charitable Sector is crucial and timely.

To further build the capacity and effectiveness of the charitable sector, CCAЕ offers four recommendations to the Government of Canada:

- 1. Fund and mandate the annual collection and dissemination of data about the sector.**
- 2. Assign a dedicated space and structure within the federal government to the charitable sector.**
- 3. Eliminate the capital gains tax on donations of real estate and private company assets.**
- 4. Update the legal and regulatory regime under which charities and nonprofits operate and exempt them from Canada's Anti-Spam Legislation.**



The University of Waterloo's highly successful "Educating the Engineer of the Future" fundraising campaign provided a new innovative building: "Engineering 7", enhanced and expanded the student experience and increased graduate scholarships. The campaign was kick-started by successful venture capitalist Chamath Palihapitiya with further donations from the private sector, alumni, corporations and foundations.

Recommendations

RECOMMENDATION 1

Fund and mandate the annual collection and dissemination of data about the sector

The effective functioning and governance of the charitable sector requires accurate, timely and current data. Yet, the most recent government-supplied data on the sector dates back more than a decade.

Consistent collection, analysis and sharing of data about charities and nonprofits will ensure charities are accountable, flag areas for improvement or investment and enhance capacity, thus enabling charities to support many initiatives essential to Canadian society.

CCAEC stands with Universities Canada and Imagine Canada, among many others, in their call for reinstatement of past Statistics Canada programs such as the discontinued Satellite Account of Non-Profit Institutions and Volunteering, and National Survey of Non-profit and Voluntary Organizations.

CCAEC supports transparency, best practices and deeper understanding among advancement professionals in the education sector and is undertaking a ground-breaking, comprehensive benchmarking survey among Canadian PSE institutions that will be completed in spring 2019.

Regular, permanent funding and mandating of data collection on the charitable sector by Statistics Canada will benefit the government, charities and society as a whole.



This past January, in efforts to support the Student Excellence Program, Skills Mentorship Program, and for new technology at Humber College, the Barrett Family Foundation provided the largest private donation in the college's history. The donation will help distribute student scholarships, train and prepare students to compete in unique experiential learning opportunities, and enhance practical skills and job readiness to achieve workplace success.

RECOMMENDATION 2

Assign a dedicated space and structure within the federal government to the charitable sector

Unlike other important sectors of Canada's economy - such as natural resources, agriculture and small business - the charitable sector lacks a ministry or agency at the federal level. Given the key role played by charities and nonprofits in providing vital services across Canada, this sector needs a voice and a champion at the federal table.

Recommendations

The Government of Canada has clearly indicated its interest in building the charitable sector's effectiveness by establishing this Special Senate Standing Committee, as well as the Advisory Committee on the Charitable Sector created in the 2018 Fall Economic Statement. Inclusion on the Advisory Committee of charitable sector representatives - including education - and a dedicated minister or agency will help ensure that this sector, in its many forms, is recognized and strengthened.

CCAE echoes other organizations that have submitted recommendations calling for a particular focus on social innovation and social finance strategies in the sector.

RECOMMENDATION 3

Eliminate the capital gains tax on donations of real estate and private company assets

Over the past 20-plus years, the phased removal of the capital gains tax on gifts and securities has proven highly beneficial to charities and those they serve. Annually since 2006, Canadian charities have received over \$1 billion in gifts of stock.

To complete the process and reduce administrative burdens on charities, CCAE recommends removal of the capital gains tax on gifts of real estate and private company assets. This would enable the owner of such assets to seek the best value in their sale and donate the proceeds directly to a charity, relieving the charity of the administrative and financial burden of arranging and managing the sale.

Eliminating capital gains taxes on gifts of real estate and private company shares is estimated to add \$200 million in donations each year to the charitable sector, at a fiscal cost to the government of \$50 - 65 million per year. An initiative that generates four times its cost in donations would be a boon to Canada's charities and nonprofits, and hence to Canadian society.

CCAE also supports Increasing the federal charitable donation tax credit rate for donations over \$200 from 29% to 33% for all donors. Increases in tax credit rates have been shown to stimulate more generous giving. Previously, when the highest tax bracket was 29%, all Canadians were eligible to claim charitable tax credits at 29% regardless of income level. In 2016 the charitable tax credit increase to 33% was allowed only for those with earned income over \$200,000. This does not match the prior practice to offer one tax credit percentage to all income levels.



A landmark gift of \$200 million from John and Marcy McCall MacBain has created the McCall MacBain Scholarships at McGill University - the single largest gift in history to a Canadian educational institution.

The scholarships will provide outstanding students from Canada and internationally with the opportunity to pursue a Master's or professional degree, combined with a world-class enrichment program.

Recommendations

RECOMMENDATION 4

Update the legal and regulatory regime under which charities and nonprofits operate and exempt them from Canada's Anti-Spam Legislation

Educational institutions have unique requirements for communication with potential and current students, alumni, donors, volunteers and other supporters. Canada's Anti-Spam Legislation (CASL) prohibits sending commercial electronic messages without the recipient's expressed or implied consent. While laudable in its aim to reduce commercial spam, CASL has created particular burdens on educational institutions with its requirement to solicit, collect and track consent to receive commercial messages from all constituents.

Public education in Canada is not a commercial enterprise. PSE institutions' communications form part of their core business of recruiting, informing and educating students; creating networks among alumni; updating donors and soliciting charitable donations; and building community partnerships. The wide net cast by CASL, and the legislation's potential for financial penalties and damage to reputations, has added administrative burdens to the education sector, no doubt unintended by its framers.

Canada's charities, notably in the education sector, should be exempt from CASL requirements when communicating with their constituents.



The revitalization of Dalhousie University's Sexton Campus includes a new ideaHUB building dedicated to help Dalhousie-connected startups. The extraordinary gift of the Richard Murray Design Building has been named in honour of Murray, and was celebrated at the unveiling of two new facilities that are part of the IDEA project. The open-concept facility will help Dalhousie meet the demand for space and resources among students and partners.

Conclusion

A welcomed opportunity

The Canadian Council for the Advancement of Education welcomes this opportunity to help strengthen the effectiveness of Canada's charitable sector and contribute to the discussion on streamlining regulations and legislation related to charities.

CCAEC is committed to sharing best practices in educational advancement and to expanding access, equity, inclusiveness, and diversity in education. Educational institutions are proud to join with others in the charitable sector to offer new possibilities for individuals and communities through the generosity of donors.

Notes

¹ Universities Canada submission to the Special Senate Standing Committee on the Charitable Sector, December 2018

² Canada Study News. (March 2018)

³ Statistics Canada Table 37-10-0026-01, Revenues of universities and degree-granting colleges, Annual, 2012-13 - 2016-17

⁴ Government of Canada website. Post-secondary education.

⁵ Fundraising Models and Emerging Trends in the Canadian College Sector, an Innovations Capstone by Kathleen A. Butler, M.A. in Philanthropy and Development thesis, Saint Mary's University of Minnesota, June 2016

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