

Written Submission for the Pre-Budget Consultations in Advance of the Upcoming 2021 Federal Budget

By: Health Charities Coalition of Canada



Recommendation 1: Following the same structures and principles of other government funding programs, that the Government of Canada provide direct financial support to health charities of up to \$28 million per month as health charities recover from the impact of COVID-19 so that they can continue to develop and offer programs to support patients, families and caregivers.

Recommendation 2: That the Government of Canada through the Minister of Revenue and the Commissioner of the Canada Revenue Agency review existing tax measures available to both individual and corporate donors in order to encourage giving and support recovery in the charitable sector.

Recommendation 3: That the Government of Canada through the Canadian Institutes of Health Research continue to invest in investigator-led health research so that charities may continue to accelerate research excellence, innovation and new knowledge across several disciplines improving the health outcomes of Canadians.

Background on Recommendations:

As a result of the COVID-19 pandemic, the health charities we *represent* have seen a 50% drop in revenue compared to the same period last year. At the same time our demand for services has increased and research initiatives have been put at risk, jeopardizing years of work and hundreds of millions of dollars of investment. We have been challenged to navigate this environment with volunteerism all but put on hold and the vast majority of government programming unfortunately built with restrictive criteria that has left national health charities ineligible.

Health charities have all been dealing with these challenges in their own way to try and prevent layoffs, such as salary reductions (with executive leadership teams taking a greater reduction), furlough days and unpaid leave of absences. However, there have been a significant number of permanent layoffs, upwards of 50% of the workforce in larger charities and more significant reductions in smaller charities.

This is why we are approaching government seeking support based on the same principles government has established in the development of funding programs to date. Government is providing support to those significantly impacted by the crisis and economic shutdown as well as balancing that need for support to arrive quickly, while protecting public dollars from misuse. Programs need to be structured in a manner where organizations and companies cannot double dip, and support is short-term, but extended as required based on economic conditions. Funding itself is based on *real impacts*, reviewing revenue impacts on a month-by-month basis, compared to 2019. **It is in this vein that we are seeking the government's support for up to \$28 million per month**, so that health charities have a chance to get back on their feet and be self-sufficient.

In the most recent fiscal year on record, members of the Health Charities Coalition of Canada had an overall revenue of \$672 million. We are witnessing a roughly 50% decrease in revenues on a month by month basis, leaving us with a shortfall of over \$28 million per month. This is why we are asking the government to support these vital organizations, monthly and based on raw dollar figures. The needs of health charities should reduce each month as fundraising capacity is increased, COVID-19 physical distancing is loosened and as the economy begins to open back up. This support is **short-term in nature**, but flexible depending on government priorities, fiscal need and economic conditions as is the case for the suite of government programs to-date.

While there have been supports have been accessed, such as the Canadian Emergency Wage Subsidy (CEWS), there have been challenges accessing other programs such as supports for rent, which has an application process that is overly burdensome and requires the cooperation of the landlord to apply. Further, the **Emergency Community Support Fund (ECSF)** is not working for health charities because:

- **Structure of the Fund Leaves Out National Health Charities** – National health charities have optimized their program structures to be able to reach Canadians from coast to coast to coast as well as operate as efficiently as possible for donor and CRA accountability. The structure of the ECSF runs counter to this and disincentivizes

efficiencies in program models. Charities are not eligible to apply for financial aid from the Red Cross. And, for example, money received from the United Way of Greater Toronto, can only be applied for and spent on programs in that specific area.

- **High Administrative Burden Creates Inefficiencies** – Health charities need to operate efficiently: The impacts of COVID-19 on vulnerable populations and health charities has been significant. The ECSF creates a high level of administrative burden with a high degree of uncertainty in expected revenue. For example, a national health charity would need to apply to 190 community foundations and over 100 local United Ways, all with inconsistent funding levels, and if successful in these applications, organizations would then need to report individual statistics about each program in each area which creates a huge drain on their resources. The priority for health charities is to support vulnerable populations and the programs needed to support them. However, the fund creates a process whereby a national health charity would need to complete hundreds of applications without any security of revenue.

The risk to health research is significant.

Health charities collectively invest \$155 million annually into health research in Canada, supporting over 1,300 principal investigators each year. In addition, they fund more than 2,500 trainees, co-investigators, chairs and professorships and collaborators to sustain the breadth and depth of Canada's scientific capacity. Health charities play an important and complementary role to other funders, partnering with the Canadian Institutes of Health Research (CIHR), filling essential funding gaps and offering stable funding, and promoting patient-centred research and direct connections to patient communities.

In spite of these efforts, health charities are still facing a major challenge to continue supporting life-changing health research. Many research institutions and centres rely heavily on funding from the charitable sector and anticipate devastating short-term and long-term consequences on Canadian health research as a whole if funding from charities is significantly reduced.

A disruption in research funding presents immediate challenges. Researchers and research projects will lose key personnel and capacity and experience an erosion of expertise. Certain projects and trials that have already begun are on hold and will not have the funds to continue, not only losing the potential of those trials but also the investment already made. Notably for patients and people with lived experience, most clinical trials have been put on hold. With less research taking place, there will be less chance of new discoveries, the cornerstone of progress.

Decisions made today will also impact the long-term future of Canadian health research. With research competitions – including those specifically for PhD students and post-doctoral fellows – delayed or cancelled for 2020, the lack of funding will be deeply felt by young researchers, will reduce the ability to attract and retain research talent in Canada, and will impact the research sector for years to come. The focus on COVID-19, while essential to fighting the pandemic, has the potential to compete with other areas like cancer and chronic disease, and slow the important gains that have been made if funding is not also allocated

to these areas.

Without immediate support, the setbacks faced by researchers will have lasting impacts on health research in Canada. As such, over one thousand researchers are partnering with the Health Charities Coalition of Canada in asking for the governments support of health charities in this difficult time. Though the government did announce some research funding, it was limited in scope and health charities were not eligible. The importance of the funding from health charities to Canada's research community is highlighted by the 1013 signatories in a letter that was sent to the Prime Minister in May of 2020. To date, the government has not responded to this letter or call for support.

Our sector is on the brink.

In 2019, the Health Charities Coalition of Canada represented an over \$670 million industry, supporting 2,500 employees and over 2.9 million patients directly. The pandemic has greatly impacted our revenues. Support from the government would protect research projects already underway (some partnered with government), enable our staff to support Canadians with diseases, allow our fundraising teams to operate at full capacity so we can get back on our feet as well as keep health professionals employed. These health professions are a critical part of the care and services that patients receive through the work of health charities.

Every year health charities are reliant on fundraising efforts in order to support their programs and deliver their services to patients. However, we understand that for many Canadians this is a difficult economic time and they are simply unable to make donations. Therefore, we are looking to the government to support Canadians in their philanthropic kindness and identify new or modify existing tax measures to make it easier and incentivize Canadians to give.

It is for this reason that we urge the Federal Government to support health charities by implementing the following recommendations:

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