



The Centre for Israel
and Jewish Affairs

Support for the Charitable and Not-for-Profit Sector during COVID-19

Submission to Parliamentary Finance Committee:
Government's Response to the COVID-19 Pandemic

Shimon Koffler Fogel

President & CEO

The Centre for Israel and Jewish Affairs

May 4, 2020



The Centre for Israel and Jewish Affairs

The Centre for Israel and Jewish Affairs (CIJA) is the advocacy agent of Jewish Federations across Canada. Jewish Federations support organizations and programs that strengthen the national Jewish collective and enhance the greater Jewish community. CIJA, as a Canada-wide, non-partisan, non-profit organization, represents the unique perspectives and concerns of over 150,000 Canadian Jews affiliated with their local Jewish Federation.

Together, CIJA and Federations represent and support numerous affiliated service agencies and not-for-profit organizations across Canada. These organizations serve both the Jewish and non-Jewish communities in multiple capacities, and include food banks, family and child services, domestic abuse prevention, immigration and language services, seniors' centres, care for those with special needs, employment resources, counselling, and affordable housing programs.

CIJA has been in continual communication with agencies within the charitable and not-for-profit sector ("the Sector") since the beginning of COVID-19. They have spoken about their challenges, which include a significant increase in demand for services, meeting that demand with fewer resources, exacerbated by the financial pressure related to a reduction in donations, due in part to the cancellation of the fundraising events and campaigns which sustain them. The work of the Sector is indispensable. As their advocate, CIJA has developed a thorough understanding of the immediate and future needs of the Sector. CIJA is uniquely positioned to speak to the challenges encountered by the Sector and offer recommendations on how to address them.

The Importance of Partnership

A healthy Sector is one that is well positioned to partner with the government and confront head-on the challenges posed by COVID-19. Programs such as the Canada Emergency Wage Subsidy, the Canada Emergency Response Benefit, and the Emergency Community Support Fund, represent the government's commitment to undertaking significant measures to assist Canadians and the Sector. We support the implementation of these measures and encourage the government to continue expanding them and developing new measures.

With the wellbeing of Canadians as the guiding principal of everything we do, the Sector and the government are natural partners. Throughout this pandemic, the Sector has been on the front lines, assisting Canadians in every corner of the country, identifying their needs and ensuring those needs are met. The extensive knowledge base possessed by the Sector is one that can only come from working directly with vulnerable communities every day. We seek to share this knowledge; to work with government and ensure that federal programs and supports provide Canadians with the help they need, while enabling the Sector to continue assisting the most vulnerable.



A Multifaceted Approach

The challenges arising from COVID-19 are numerous, as are the complexities of how best to address them. The current situation requires a multifaceted approach that includes coordination between the public, private, and charitable and not-for-profit sectors. The government has demonstrated a willingness to work closely with the Sector to develop new ways to mitigate current challenges. In this spirit of partnership, and based on the shared principle that the wellbeing of Canadians is paramount, we offer three recommendations.

1. Flexibility in the Wage Subsidy

The Canada Emergency Wage Subsidy can be a crucial source of assistance for the Sector. In its current form, however, it falls short in two significant ways:

a) Accessibility for the Sector

Unlike the private sector, revenue streams for organizations within the Sector fluctuate throughout the year, and are based largely upon seasonal fundraising campaigns, events, and gifts. Monthly revenue streams are not reflective of the overall revenue of organizations in the Sector. The government recognizes the differences in the financial structures between businesses and the Sector, and the Wage Subsidy should reflect this. We propose the following criteria to ensure accessibility for the Sector:

An organization should be eligible for the Wage Subsidy if they can demonstrate a 30% reduction in revenue during the one-month period in question, as compared to the same period the year prior. This would be based on their payroll account history with the CRA.

If an organization is unable to demonstrate a 30% reduction in revenue within the one-month time period, they should be able to receive the subsidy based upon a 12-month period. This period would begin on March 15, 2020, and be compared to the 12 months prior. If an organization does not meet the 30% threshold in revenue reduction:

- they will pay back a pro-rata amount, based upon the differential between the 30% and their actual shortfall; and
- the difference will be repaid over an agreed-upon time period.



b) Clarity on the Eligibility of Private Schools

During COVID-19, private schools have closed their doors and transitioned to online learning. Unlike public schools, however, they rely on revenue from tuition fees. As more parents are unable to pay tuition, some schools have been forced to reduce their teaching staff. Access to the Wage Subsidy would enable these schools to retain teachers, specialists, and other critical educational staff. To access this vital support, the government must clarify the eligibility for CEWS, which states that “public institutions”, such as “schools”, are not eligible for CEWS, whereas registered charities and not-for-profits are. Many private schools are registered charities, and are not “public institutions” in the way that public schools are. The government should immediately clarify that private schools are eligible for CEWS.

We are ready to work together with the government, assist in the development of accessible criteria for the Sector, and provide necessary clarity for private schools.

2. Stabilization Fund

Ensuring that the Sector is eligible for the same supports as small businesses was a significant step, enabling the Sector to continue its vital work. Consultations with Sector organizations, however, have alerted us to the widening gap between the increasing demands on Sector services and the level of support they receive from government. Strategic investments made during this pandemic are critical in addressing current challenges and mitigating future ones. An investment in the Sector will have a profound impact on the Sectors’ ability to continue providing essential services to an increasing number of Canadians. A direct granting program for Sector organizations, estimated \$4-\$6 billion, would make sure these indispensable services continue, which would benefit Canadians while easing the burden on all levels of government.

3. Incentivizing Giving

Throughout this pandemic, we have seen Canadians from all walks of life offer assistance in any way they can. From community-level efforts to Canada-wide initiatives, it is clear that Canadians want to support one another. We must help them do so.

By incentivizing charitable giving, Canadians can become a central part of the country’s relief efforts and subsequent recovery. We recommend the development and implementation of a donor matching program and an enhanced charitable tax credit. The burden of confronting the challenges of COVID-19, and of leading the recovery efforts afterwards, can and should be shared between Canadians and government. A government-matching fund would be a partnership between Canadians and their government, and an enhanced charitable tax credit would provide an additional incentive for Canadians to give.



Continued Coordination

Government initiatives have already made a positive difference within the Sector, and we thank the government for their efforts. Meeting the increasing needs of Canadians, however, requires all of us -- in the public, private, and charitable and not-for-profit sectors -- coordinate our efforts. Implementing the following three recommendations will improve the health of the Sector:

- i. Expand the accessibility of the Wage Subsidy for the Sector and private schools.
 - a. Increase flexibility for the Sector in demonstrating a 30% reduction in revenue for the Wage Subsidy, using a 12-month period instead of a one-month period.
 - b. Clarify that private schools that are registered charities are eligible for the Wage Subsidy.
- ii. Create a \$4-\$6 billion stabilization fund to provide direct grants to Sector organizations that are providing vital assistance to Canadians.
- iii. Incentivize giving by 1) creating a donor matching program, where the government would match donations made by Canadians to the Sector; and 2) expand the charitable tax credit.

The benefits of a healthy charitable sector are many. The Sector will be critical in rebuilding our country and its institutions following the pandemic. The organized Jewish community is committed to strengthening our partnership with government and helping Canadians access the assistance they need during this crisis.