



Pre-budget Submission to the Department of Finance

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Recommendations

1. Strengthen our Economy and address Affordability through a Vibrant Community Services Sector by:

- a) Partnering with leading non-profit and charitable sector organizations and private foundations to co-develop an 'all hands on deck' labour force strategy to recruit and retain workers to the community sector.
- b) Investing in data collection and analysis of the non-profit care economy to drive better service delivery and workforce planning.
- c) Simplifying the tax code by instituting a 29% credit for all charitable donations.
- d) Incentivizing people to "Give Local" to community service charities during the trade war by matching donations.
- e) Improving the level of Employment Insurance benefits and enhancing eligibility through flexible criteria that responds to this unique moment and the evolution of employment.
- f) Expanding specific workplace, regional or sectoral peer-led labour adjustment programs to support workers facing layoffs.
- g) Enhancing the capacity of the 2-1-1 community navigation service to support community members seeking services, government income and re-training programs.

2. Realize Cost Savings through Strategic Partnerships by:

- a) Leveraging the intermediary model so national funders can support the public service to deliver funding to local community service organizations on an ongoing basis.
- b) Adopting new funding models that promote predictable, longer-term funding to enable community services to focus on mission delivery and innovation.

3. Invest in Housing, Homelessness and Community Infrastructure by:

- a) Sustaining investments in Reaching Home to prevent and eliminate homelessness.
- b) Collaborating with the UWC network and investing to scale affordable housing projects already underway that utilize modular technology and apply housing as social medicine.
- c) Building community hubs, community centres and nonprofit housing.
- d) Implementing Community Benefit Agreements so infrastructure spending realizes additional social and economic benefits.

- e) Increasing access to financing options for nonprofit housing organizations developing community housing, removing HST on all community housing builds and removing capital gains tax on the sale and donation of land designated for its development.

About United Way Centraide

United Way Centraide (UWC) is Canada's leading network of local community builders empowering people to make lasting change in their community. Our non-partisan network is committed to working with all levels of government, business, labour and community partners to build strong, prosperous communities for all, and we have a track record of action and results.

Working in 5,000 communities in every region of Canada, our federated network meets community needs and tackles the toughest social issues so everyone in every community can reach their full potential. With deep local expertise and trust, we annually fundraise over \$600 million dollars to invest in 3,500 partner agencies serving over 7 million people. We are Canada's largest non-government funder of community services. We are also a convenor across sectors and with all levels of government. Through UWC, donors and volunteers mobilize to meet basic needs, deliver essential community services, enable access to training and employment, and respond to local emergencies. United Way Centraide Canada (UWCC) is the national office that supports the network of UWCs across Canada and represents the network to the federal government.

A Strong Economy depends on a Strong Social Sector

While deeper impacts of the trade war loom, data from the 211 national community services navigation service indicate a trend of increased need for social services related to employment, income support and mental health. UWCC is collaborating with our partners to monitor the local impacts of the trade war because we know economic hardship leads to social hardship. In times of crises, Canada's essential community services are the first to mobilize and deliver urgent and ongoing supports on the ground. As community members weather job loss and affordability challenges, UWC steps up to support community well-being and strengthen the economy.

The charitable and non-profit sector is a critical part of Canada's social infrastructure, bringing down costs for people in every community and helping them succeed. [Statistics Canada](#) identifies the nonprofit sector as "an essential component of the Canadian economy" that contributed \$216.5 billion in economic activity in 2022, equivalent to 8.2% of gross domestic product and employing 2.7 million people. The community services subsector employs over 620,000 people and provides essential services to more than 7 million people across Canada.

Research also indicates that investments in Canada's social sector present strong value for money: every \$1 invested in social services returns \$2-6 in economic and social value. By further partnering with the sector, government can strengthen communities and boost the economy.

Community services are not "nice to have;" rather they are foundational to our collective success and critical in supporting reconciliation and equity in our society. They provide care, build vital social

connections, address affordability challenges and enable equitable economic participation. The sector delivers on core government priorities, including employment and upskilling for workers; affordable housing construction and homelessness prevention; childcare and services for youth, seniors and people with disabilities; mental health and counselling; promoting civic engagement and volunteerism that fosters community connections; and addressing gender-based violence. Increasingly, the sector is on the front lines of emergencies like wildfires and other crises, playing a critical role in community resilience, response and recovery.

The charitable and nonprofit sector plays an outsized economic role despite decades of precarious funding and while experiencing what Carleton University's [Charity Insights Canada Project](#) calls "a trilemma" of rising demand, financial instability and an overburdened workforce. [CanadaHelps](#) reports that service demand among charities is already at an all-time high and UWC anticipates this demand to grow due to economic instability. Action is required to strengthen the sector to ensure it can meet ongoing demand for services and support and boost Canada's productivity in the short and long term.

Budget 2025 Recommendations

UWCC's pre budget recommendations support affordability, highlight strategic investment opportunities and advance housing and homelessness programs to improve quality of life, well-being and prosperity for all.

1. Strengthen our Economy and address Affordability through a Vibrant Community Services Sector

Supporting income security and a strong, resilient community services sector builds a strong economy by enabling economic participation and addressing affordability challenges. While the community services sector makes critical economic and social contributions, low wages, burnout, and lack of benefits are prevalent and are driving workers away; 155,000 jobs are at risk in the next half-year. With demand anticipated to increase, we cannot afford to lose skilled workers in the community services sector. The challenges experienced in the sector are well documented and understood through various government studies and reviews. Investing in the sector is a win-win for government, communities, and the economy - what's needed now is decisive action. We recommend Budget 2025 invest in:

- a) A federal partnership with leading non-profit and charitable sector organizations and private foundations to co-develop an 'all hands on deck' labour force strategy to recruit and retain workers to deliver cost-effective services and to future-proof care to support a strong economy.
- b) Data collection and analysis of the non-profit care economy to drive better service delivery in the future. This could include collecting and analyzing data about demographic shifts, service demand and the sector's workforce capacity to enable adaptive service planning and anticipate needs and service gaps. This data will also inform the co-development of a community services sector labour force strategy.

- c) Programs and policies that incentivize charitable giving to help increase the availability of non-government revenue in the community services sector. This could include simplifying the tax code to replace the two-tier model of 15% credit on the first \$200 donated and 29% on anything above by instituting a 29% credit for all contributions.
- d) Incentivizing people in Canada to “Give Local” during the trade war by implementing a government donation matching program for individuals and corporations giving to local, community-service based charities and nonprofits.

To prevent and reduce poverty, government should prioritize strengthening income security and community service navigation. We recommend:

- e) Improving Employment Insurance benefits and eligibility through flexible criteria that responds to this moment and to the evolution of employment in Canada so all affected workers can access adequate benefits.
- f) Expanding specific workplace, regional or sectoral peer-led labour adjustment programs so that workers facing temporary or permanent layoffs due to the trade war are supported in identifying and navigating government support programs, social support programs and opportunities to build new skills for new, in-demand careers.
- g) Enhancing the capacity of the 2-1-1 community navigation service to support community members seeking community services and government income and re-training programs. Sustaining a strong 2-1-1 service network from coast to coast to coast will ensure the service, which is available in most regions by phone, text and web, can respond to increased demand resulting from emergencies and economic downturns. This can also reduce federal spending by diverting inquiries from Service Canada, freeing resources for direct service provision.

2. Cost Savings through Strategic Partnerships

National funders like UWCC are well equipped to serve as funding intermediaries to efficiently deliver federal funding programs as government seeks to reduce operational spending. With infrastructure and expertise already in place, we can distribute funding to diverse community organizations cost-effectively.

From 2020-2024, UWCC proudly served as a federal intermediary, delivering pandemic response and recovery funding to community service organizations, investing \$287 M in 6,931 organizations that served 8 million people. Benefits of the intermediary model include:

- Deep local knowledge and relationships that ensure federal funding is adapted to unique local needs.
- Speed to action, with capacity to rapidly deploy funding using existing infrastructure and community knowledge.
- Cost effective delivery of funding and oversight using existing granting infrastructure that can deliver national reach and local adaptability.

The intermediary model can realize operational savings while efficiently distributing vital funding for the delivery of community services and programs. We recommend:

- a) Government leverage national funders' expertise to support the public service to deliver funding to local community service organizations on an ongoing basis. This may include delivery of the Youth Mental Health Fund, any new targeted funding to support communities impacted by tariffs, and other programs.
- b) Adopting funding models that promote predictable, longer-term funding to enable community services to focus on mission delivery and innovation rather than the administration associated with short-term grants. This should include fully funding the 10-year National Action Plan to End Gender-based Violence, multi-year funding under WAGE's Women's Program and increasing funding available for preventative youth mental health and addictions efforts such as Planet Youth.

3. Housing and Community Infrastructure

Across Canada, UWC is leveraging social expertise, local assets, strong partnerships and innovation to address the affordable housing crisis. We can help advance the goals of Build Canada Homes with several active, scalable projects being led by UWCs in partnership with governments, the private sector and philanthropy. Several UWCs also serve as community entities for the highly localized Reaching Home program. We recommend:

- a) Sustaining investments in Reaching Home to prevent and eliminate homelessness recognizing the program is federally funded and locally delivered by partners with deep local expertise.
- b) Collaborating with UWC and investing to scale affordable housing projects. UWC has projects already underway in rural and urban Canada utilizing modular technology and applying housing as social medicine. Together, we can work at scale and with speed to provide safe, affordable homes.
- c) Boosting Canada's productivity by investing in building vital community assets such as community hubs, community centres and nonprofit housing to provide local jobs, help community agencies benefit from the efficiencies of co-location and shared services, and increase availability of affordable housing.
- d) Maximizing returns on infrastructure investments by implementing Community Benefit Agreements so this spending can realize additional social and economic benefits, such as job creation, training and apprenticeships and procurement opportunities for local businesses and social enterprises.
- e) Enabling the development of community housing by increasing access to financing options for nonprofit housing organizations, removing HST on all community housing builds and removing capital gains tax on the sale and donation of land designated for it.