CANADIAN PHILANTHROPY IN EDUCATION: FROM BRICKS TO BRAIN CELLS

Hilary Pearson

Canadian foundations continue to play an important role in funding Canada's university network — education is the largest single recipient of philanthropy in the country. But the role of foundations is evolving from bricks to brain cells, writes Hilary Pearson, President of Philanthropic Foundations Canada. Where foundations were once satisfied to have a donor's name on a university building, they increasingly want to know, and have a say in, what's going on inside. The role of foundations as a catalyst of ideas is only just beginning in Canada, she observes. Foundations are also increasingly results-oriented, active stakeholders rather than passive investors in higher education.

Les fondations canadiennes continuent à jouer un rôle important dans le financement du réseau des établissements universitaires canadiens. De fait, l'éducation est la principale bénéficiaire des dons philanthropiques au Canada. Il convient cependant de noter l'évolution du rôle des fondations, qui ne financent plus seulement les briques mais aussi les cerveaux, comme l'écrit Hilary Pearson, présidente de Fondations philanthropiques Canada. Il a été un temps où les fondations se contentaient de voir le nom du donateur sur le mur d'un pavillon d'université, mais elles veulent maintenant savoir ce qui se passe à l'intérieur des murs et avoir un droit de regard. Ce rôle des fondations comme catalyseur de la réflexion commence à peine au Canada, fait valoir Hilary Pearson. Les fondations sont en outre de plus en plus axées sur les résultats, et sont devenues des acteurs engagés plutôt que des investisseurs passifs.

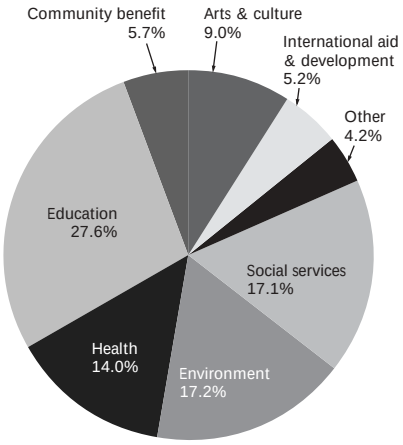
Many, if not most, institutions of higher education across this country boast facilities that bear the names of Canadian philanthropists who funded their construction. Historically, Canadian private donors were important financial supporters of the first waves of capital construction that created the university buildings within which generations of young people and their teachers have pursued their studies. Leading Canadian donors such as Sir James Dunn, Col. Samuel McLaughlin, Max Bell and J.W. McConnell helped to build many of the major research and teaching facilities that give Canadian universities an international reputation for excellence.

Today, if you asked whether the Canadian foundations that bear the names of these generous donors are still funders of post-secondary education and research, the answer would be very definitely yes. Indeed, education received the largest proportion of grants made in dollar terms by large foundations in 2001. Education receives almost a third of all grant dollars, according to a survey of its members conducted by Philanthropic Foundations Canada in 2002 (see chart 1).

But the nature of the support provided by foundations is changing profoundly, from the classic financing of bricks and mortar to more intangible and perhaps riskier projects. Foundations are seeing themselves as partners in changing the *content* of the university environment, not just partners in developing a physical infrastructure. While individual donors continue in greater numbers than ever before to contribute to capital campaigns, many private foundations have quietly moved on. Now they invest in *how*, not *where*, people learn.

This new approach to philanthropic action is part of a wave of change in organized philanthropy in North America. In the foundation sector, as in so many parts of our society, there is an acceleration in the availability of information, new tools and new ways of doing things, facilitated by, more than anything, the Internet. The change in the nature of communication set off by the wave of technology is also visible in the foundation world. Foundations are becoming networked, across regions and across borders. Philanthropists, who in the past acted as highly individualistic (sometimes eccentric) patrons of

CHART 1: DISTRIBUTION OF FOUNDATION GRANTS



Note: Grants of PFC foundations are distributed as follows:
- largest single area is education (bursaries, scholarships, programming)
- research grants are captured under the other sub sectors

Source: PFC Internal data (2001)

their own causes, are increasingly working together, sharing experiences and even proactively seeking partnership in the projects they select to fund. The generational shift to philanthropists who are members of the "baby boom" is also fostering a new way of thinking about foundation philanthropy.

In these conversations and exchanges, foundation managers and boards are asking themselves: "What matters in our giving? What difference are we making? What is unique about what we can do as funders?" To quote James Joseph, the president emeritus of the US Council on Foundations, "there is a shift in the foundation sector from charity as an act of compassion seeking to ameliorate unfortunate consequences, to strategic philanthropy targeted to eliminate specific causes." Even if causes can't be eliminated, new knowledge can be gained about how to prevent or avoid them. This is the "new philanthropy" model.

Is this trend, which is certainly visible in the United States, also becoming true of the Canadian foundation world? Information on the foundation community has been difficult to collect and share until recently. A national network of independent and family foundations has existed in Canada only since 1999, in contrast to the United States where the Council on Foundations has been in operation since 1949. Foundations in Canada have been reticent to draw attention to themselves, and there has been little public scrutiny.

It can be noted that the Canadian foundation sector as a whole is still comparatively underdeveloped. The sector's total assets in Canada are about C$11 billion, in contrast to the more than US$450 billion in foundation assets in the US. Even allowing for the difference in the sizes of our national economies and populations, this is a remarkable difference. Most foundations in Canada are small, under $10 million in assets. By far the largest proportion (82 percent) of active grant-making foundations are family foundations. But very few have grown beyond $50 million in assets. Only one larger foundation, the Lucie et Andre Chagnon Foundation of Montreal, has been established in the last 15 years, according to available data from the Canadian Center for Philanthropy (see table 1).

Nevertheless, among the larger foundations that have been in existence for over 25 years there is qualitative and anecdotal evidence of a major shift in grant-making approach, away from bricks and towards brain cells, so to speak. A family foundation such as the J.W. McConnell Foundation of Montreal states its changed vocation clearly. "Our mission is to support projects and programs that enhance the ability of Canadians to understand, adapt and respond creatively to the underlying forces which are transforming Canadian society and the world." Other family or private foundations also publicly state their emphasis on supporting create and innovative adaptation to change. The Laidlaw Foundation of Toronto "uses

TABLE 1: TOP 20 FAMILY FOUNDATIONS BY ASSETS

Rank	Foundation name	Year est'd	City	Assets* (millions $)
1	Fondation Lucie et André Chagnon (2001)**	2000	Montreal	1,500.0
2	J.W. McConnell Family Foundation (2000)	1937	Montreal	543.0
3	Chastell Foundation (2001)	1987	Montreal	163.0
4	Donner Canadian Foundation (2001)	1950	Toronto	159.0
5	Fondation J. Armand Bombardier (2002)	1965	Montreal	155.0
6	EJLB Foundation (2000)	1983	Montreal	145.0
7	Fondation Marcelle et Jean Coutu (2001)	n/a	Montreal	143.0
8	George Cedric Metcalf Charitable Foundation (2000)	1960	Toronto	132.0
9	Norlien Foundation (2001)	n/a	Calgary	113.0
10	Kahanoff Foundation (2000)	1979	Calgary	111.0
11	Claridge Foundation (2001)	n/a	Montreal	110.0
12	Asper Foundation Inc. (2001)	1983	Winnipeg	104.0
13	Krembil Foundation (2001)	n/a	Toronto	102.0
14	R. Howard Webster Foundation (2001)	1967	Montreal	101.0
15	J.P. Bickell Foundation (2001)	1951	Toronto	94.0
16	Richard Ivey Foundation (2000)	1947	Toronto	76.0
17	F.K. Morrow Foundation (2002)	1944	North York	73.0
18	Walter and Duncan Gordon Foundation (2000)	1965	Toronto	69.5
19	Samuel and Saidye Bronfman Family Foundation (2001)	1952	Montreal	69.0
20	Macdonald Stewart Foundation (2001)	1967	Montreal	65.0

* Assets are based either on book or market value.
** Years in parentheses refer to the fiscal year for which financial data is provided.
Source: 2003 Canadian Directory to Foundations and Grants, Canadian Centre for Philanthropy.

its human and financial resources in innovative ways to strengthen the environment for children, youth and families, to enhance opportunities for human development and creativity and to sustain healthy communities and ecosystems." The Max Bell Foundation of Calgary "supports creative and innovative endeavours which encourage the development of human potential in pursuit of social, academic and economic goals." The Maytree Foundation of Toronto seeks to accomplish its objectives by "identifying, supporting and funding ideas, leaders and leading organizations that have the capacity to make change and advance the common good."

More concretely, what does this mean for education, the single largest area of focus for foundation grantmakers? One example of more strategic philanthropy in education is that of the McConnell Foundation. The foundation has translated its mission into a granting program to support the strategic repositioning of Canadian universities. The purpose of this program, launched in 1998, is to help Canadian universities make substantive efforts to restructure, refocus or reform their missions, governance or operations in the face of new challenges such as the use of information technologies. Eleven universities across the country have been awarded grants. These grants support projects devoted to advances in teaching and learning theory and practice: leadership learning, experiential learning, international study, integrated and interdisciplinary learning, inquiry-based learning.

The language of these grants is very different from that used to describe investments in building research facilities or endowing bursaries. The outcomes are more difficult to assess than those of projects devoted to financing students or constructing laboratories. The foundation doesn't really know yet what the impact of its investment will be and is just beginning an evaluation of the program. But it was prepared to make the investment in the belief that virtually every educational institution is facing multifaceted challenges to its teaching models in the 21st century, and that it is worth experimenting to see what will work best in meeting these challenges.

Is it only the more experienced, larger foundations, few as they are in Canada, who are undertaking strategic philanthropy in the universities and research institutions? No. Much smaller foundations can be equally strategic, and have great impact in their chosen fields. The new Lupina Foundation, established in 2000 and based at the University of Toronto, provides a different but equally boundary breaking example of this kind of new grant making. Lupina is active in funding path-breaking research in the less-explored areas of health policy such as the cause, control and cure of health anxiety, the intersection of social and economic factors in health risk, and access to health services, especially for women. In 2001, it launched the Comparative Program on Health and Society at the University of Toronto, a new interdisciplinary research program that investigates the impact of various forms of social organization on the health of individuals and identifies the role that civil society and the state may play in shaping social organizations and improving health. Topics being addressed through the program include many issues not previously investigated: the longitudinal health effects of international terrorism, the social distribution of health, priority-setting in cardiac surgery, access to health care in urban China, and so on. These topics demonstrate the program's scope, which is intended to draw on the scholarly strengths of the University in the social sciences and humanities as well as in public health.

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An older but still relatively small foundation, the Toronto-based Maytree Foundation, established in 1982, has had impact far beyond its size through its support of the Caledon Institute of Social Policy. The Caledon Institute operates as a research body outside the walls of a university, developing new social policy alternatives and concrete, practicable proposals for the reform of social programs at all levels of government. The Maytree Foundation helped to launch the Caledon Institute in 1992 in the belief that public policy is the most powerful tool for addressing social inequity. Caledon has already played an influential role in the reform of public pensions and the creation of the National Child Tax Benefit.

A number of small foundations fund university chairs, particularly in newer areas of research, as a way of accelerating the generation of knowledge. Recent examples are the creation of the Michael Smith Chair in Neurosciences and Mental Health, funded by the EJLB Foundation of Montreal, and the Jarislowsky Chair in Families and Work at the University of Guelph, funded by the Jarislowsky Foundation of Montreal. In both cases, these chairs were endowed by philanthropists who wanted to support innovative research in a field of great significance to a large number of Canadians.

These and other examples of strategic grant-making in the field of research and ideas substantiate the view that foundations are increasingly interested in making change. They want to change *minds*, and they do this through the community of thinkers represented by universities and research organiza-

Peter Bregg, Maclean's

Students between classes at Queen's University. Foundations will play a growing role in the next decade, writes the head of Philanthropic Foundations Canada, not only in building bricks and mortar, but in what goes into the brains inside.

tions. By investing in research that leads to sustained changes in practice, health, education, the environment or community well-being in general, foundations are delivering on their traditional mandate of "doing good" in the community, using a non traditional framework more akin to an investor's gamble that new ideas will pay off.

It could be argued that making change, innovating in policy and leading the way are roles more suited to public funders, who have the means and the mandate to act. Indeed, private funders are sometimes criticized for usurping the prerogatives of public policy makers to define what is in the public interest. Foundation creators are occasionally less sensitive than they could be to the dividing line between fostering new ideas and putting them into practice. But, in fact, foundations are rarely program implementers. It is not their role, nor do they have the capacity to "take projects to scale." Foundation resources can never replace public money or even the donations of individual citizens. Foundations in Canada give about $1 billion in grants per year in total to charities. Individuals give about $5.5 billion annually. Governments, of course, spend hundreds of billions every year.

The comparative advantage of foundations is that they engage in sustained philanthropy with fewer constraints. They are able to take greater risks and remain more patient investors in efforts to change ideas. Their role can be compared to the so-called "angel investors" of the private sector. These investors, typically, take higher risks, invest time as well as money, don't expect immediate payback, and hope for proof of potential but accept and learn from failure. There are many parallels here for the social investor.

There is also more potential for controversy in this model of philanthropy. The role of foundations as catalysts in the development of ideas and approaches to drive social change is only just beginning to accelerate in Canada, as more dollars flow into the next generation of philanthropists. These new philanthropists are engaged, demanding, questioning and evaluating givers. They are the kinds of funders who can take a leap of faith on innovative research and who can convene and catalyze new thinking on old (and new) social problems. They also pose a challenge to their research or teaching partners. This is not the comfortable old model of building classrooms or laboratories, but a more demanding model of negotiation and partnership between scholars and non-scholars, at the intersection of public knowledge and private funding. Foundations and communities of research will have to think harder about new models of accountability as they become more invested in the outcomes of the new philanthropy.

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