House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(•) **an organization** **Organization name:** Canadian Federation of Students

or

( ) **an individual** **Name:** _____

Topic: Education and skills training

*Recommendation 1: Please provide a short summary of your recommendation.

The total outstanding student debt owed to the federal government must be substantially reduced and steps taken to prevent current and future students from accumulating education-related debt. The federal government should both redirect existing expenditures from education tax credits and RESPs into the Canada Student Grants Program and make a direct investment of $7.5 billion to reduce existing student debt by half in the next two years.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$1 billion or more

3 years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Federal education tax credits and RESPs cost approximately $2.5 billion last year, while the Canada Student Loans Program expects to lend approximately $2.3 billion during the 2013-14 academic year. Reallocating tax credit and RESP funding into the CSGP would turn all CSLP loans into non-repayable grants. The direct investment in debt relief would reduce the cost of CSLP by reducing reliance on repayment assistance and loan defaults. Income would also be realised from additional tax revenue and economic activity from those benefitting from the relief both in the short- and long-term.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Despite their large price tag, the education tax credit and savings programs are very poor instruments to improve access to post-secondary education and relieve student debt. All students qualify for tax credits, regardless of financial need, which ultimately benefits those with the lowest amount of debt and those from high-income backgrounds. Savings schemes have largely benefitted those from high-income backgrounds, as individuals from low-income families often do not have the funds necessary to invest in the first place.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Research has shown that many potential students are reluctant to take on the debt and associated risk required to pay for a college or university degree. Debt aversion is strong among those who chose not to pursue higher education. Those from marginalized backgrounds and single parents are more likely to be strongly averse to accumulating student debt.

High levels of debt discourage individuals from starting families, purchasing a home, and starting a business. The expansion of the CSGs would not only reduce student debt, it would improve the standard of living for many Canadians.

Topic: Education and skills training

Recommendation 2: Please provide a short summary of your recommendation.

Increasing graduate-level learning and research will enhance private-sector innovation while advancing Canada's reputation globally as a centre of research.
Ensuring graduate research funding is flexible and responsive to market demands by removing targeted research funding earmarks within the granting councils and award research funding based on academic merit determined through a peer review process and increase the number of Canada Graduate Scholarships to be consistent with average program growth and distribute them proportionally among the research councils according to enrolment figures.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Funding for more Canada Graduate Scholarships should be balanced against existing tax incentives to employers for research and development. For example, transferring 0.5 percent of the tax incentives allocated through the Scientific Research and Experimental Development program to the Canada Graduate Scholarships would provide an additional $25 million per year in funding.

There would be no cost to removing the targeted research funding earmarks within the granting councils as it would merely be a policy change.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

In order for Canada to remain economically competitive at a global level, it must secure its status as a centre for research and innovation. Investment in graduate studies provides the foundation for long-term innovation and trains highly skilled workers and researchers needed to respond to the economic and social challenges facing Canadians. Recent federal budgets have directed research funding at the expense of basic research and education, which is the foundation of long-term innovation, harming Canada's reputation as a global leader in research and innovation.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Funding for curiosity-driven grants in the social sciences and humanities lags far behind the applied sciences. Canada graduate Scholarships (CGS) provide merit-based funding directly to graduate students. The limited number of scholarships available has meant that many of the best and brightest researchers are unable to maximise their potential. Increasing the number of CGSs would help promote graduate research and ensure that graduate students have the resources to focus on their research, which will pay long-term dividends to Canada's research capacity and innovation.

Topic: Education and skills training

Recommendation 3: Please provide a short summary of your recommendation.

As with most OECD members, Canada's future depends on its ability to replace an aging workforce to meet its economic goals. Canada has an advantage with its rapidly growing Aboriginal population. Canada's Aboriginal population is growing at six-times the rate of the non-Aboriginal population. Training and jobs skills must be made available to this rapidly growing demographic of the Canadian labour force. Canada must remove the funding cap on increases to the Post-Secondary Student Support Program and ensure that every eligible First Nations, Inuit, and Métis learner is provided funding.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

The Centre for the Study of Living Standards concluded that closing the educational gap between Aboriginal and non-Aboriginal Canadians—a cost of $253 million per year— would lead to an additional $179 billion in direct GDP growth, and over $400 billion in total growth over the next twenty years.

Funding for this recommendation ($88 million of the $253 million per year contemplated above) could be allocated from a reduction in tax credits offered to mineral resource extraction companies to offset provincial/territorial mining taxes and royalties.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

The funding disbursed through the Post-Secondary Student Support Program (PSSSP) has a proven track record for those who can access it. Most Aboriginal students who are able to receive funding through the PSSSP succeed in completing their studies and go on to find meaningful work. Regardless of their place of residence, the majority of Aboriginal graduates return to work in their communities and are employed in their field of study, achieving economic self-reliance and helping to develop healthy and stable communities while improving the Canadian economy.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Investments in post-secondary education should provide essential improvements to the well being of Aboriginal peoples and communities. It is estimated that over 300,000 Aboriginal youth could enter the labour force in the next 15 years alone. It is essential for Canada to realise the benefits of a highly trained labour market and ensure Aboriginal learners have access to training comparable to non-Aboriginal learners thus enhancing Canada's economic competitiveness.

Please use this page if you wish to provide more explanation about your recommendation(s).

Record-high levels of student debt and a post-secondary education system that is out of reach for an increasing number of Canadians threaten Canada's long-term prosperity. Canadian youth unemployment is double that of the general population. The baby boomer generation is working longer or re-entering the workforce after retirement, making it difficult for new graduates to find jobs. With current federal student debt at over $15 billion, not including provincial or private debt, Canadian youth are now the most indebted generation in the country's history. This debt will have far-reaching implications for Canada's economy and socioeconomic equality.

In the absence of national policy on post-secondary education, provinces have the ability to set tuition fees at whatever level they see fit. These provincial policies have resulted in students facing significantly different challenges in accessing higher education depending on the province they are studying in. This disparity threatens Canada's long-term economic stability and social equality, and also impacts regional development and economic growth.

Three decades of public funding that has failed to keep up with enrolment growth has had a notable impact on students' education experience. Class sizes have increased while repairs to infrastructure have gone largely unaddressed. Average tuition fees have increased at three times the rate of inflation in the last year alone. As the primary lenders of student loans, the federal government must take decisive action to progressively reduce student debt. While the current funding model is unsustainable, the above recommendations prove realistic options are within reach.

Investments in students, colleges, and universities are investments in Canada's future. Taking advantage of Canada's current relative economic strength, compared to other industrialised countries, requires leadership at the federal level. The above recommendations are required to build and maintain a strong post-secondary education system that ensures a prosperous, equitable future for generations to come.

*Please note that at least one recommendation must be provided