

2014 Pre-Budget Consultations

**Submission to the House of Commons Standing
Committee on Finance**

**Canadian Federation of Students-
British Columbia**

EXECUTIVE SUMMARY

Post-secondary education and training is among the most important social programs provided by the government, and has become a necessity for Canadians to participate in the workforce. Education equips Canadians with adaptive skills for rapidly evolving workforces, and also helps to address socio-economic inequalities.

Past government policy choices have forced students and their families to take on more education-related debt than any previous generation. Tuition fees have tripled since the 1990s; student debt is at an all time high, and youth unemployment is staggering.

Canadians are making sacrifices to prepare themselves for an ever-changing workforce and while the price of education rises, the number of middle income earners has largely stagnated in the past twenty years. Taking advantage of Canada's current relative economic strength, compared to other industrialised countries, requires leadership at the federal level and an investment in students, as well as in colleges and universities.

STUDENT DEBT

Prioritise alleviating the education-related debt loads burdening Canadians and encourage an economically competitive work force by:

- *increasing the value and number of non-repayable grants available to students by redirecting funds allocated to education-related tax credits and savings schemes to the Canada Student Grants Program; and*
- *removing 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; and*
- *protecting the investments made in Canada's post-secondary education system by implementing a federal Post-Secondary Education Act in cooperation with the provinces, modeled after the Canada Health Act, accompanied by a dedicated cash transfer.*

Skyrocketing tuition fees and the prevalence of loan-based financial assistance has forced Canadians and their families to take on historical high levels of student debt. This past year alone, almost 455,000 students were forced to borrow in order to finance their education. The amount owed to the Canada Student Loans Program is increasing by nearly \$1 million per day.

Students and families with the fewest financial resources have to borrow the most for post-secondary education. As a result these students not only end up graduating with debt, but pay interest on that debt. Ultimately, these students pay more for that education because they cannot afford the upfront cost.

Many potential students have to make a tough decision, to take on debt and go to school or to not. Of the 70 percent of high school graduates who cite financial reasons as the main factor for not pursuing post-secondary education, one in four cited accumulation of debt as the main deterrent. Those from marginalised communities, low-income backgrounds, and single parents are more likely to be strongly averse to accumulating student debt.

Funding post-secondary education through student debt is an inequitable model. It requires low- and middle-income students to finance education through debt and forces them to pay more for the same education than students who have the resources to pay upfront. This simply continues the debt cycle many low- and middle-income families are currently in.

Debt levels have an impact on success and retention. Students with higher debt levels are far less likely to complete their degree or diploma. The National Graduates Survey released in March 2014 reports levels of debt that cannot be characterised as manageable or reasonable. Three years after graduation, most are reporting difficulty repaying their loans: in most cases well over a majority of all graduates have onerous debt remaining. Three years after graduation 72 percent of graduates were unable to pay off their loans.

Being burdened with a high level of debt upon graduating discourages new graduates from starting a family, purchasing a home, or starting a business. It also discourages graduates from pursuing low paying or volunteer experience in a career-related field that may offer necessary experience to get a middle-income job. All of these factors depress the economic contribution by graduates and lead to a stagnant economy.

Canada's economic future depends on its ability to meet the challenge of an aging workforce and relatively low domestic birth rates. However, Canada has a rapidly growing Aboriginal population.

The federal government provides financial assistance to status First Nations and Inuit students through the Post-Secondary Student Support Program (PSSSP), which was created to facilitate access to post-secondary education by alleviating the financial barriers faced by Aboriginal students.

A cap in increases to the PSSSP that was implemented in the 1990s has meant that communities administering the funds must make difficult decisions about who receives funding each year. Between 2006 and 2011, over 18,500 people were denied funding—roughly half of those who qualified.

The funding disbursed through the 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.

ADULT BASIC EDUCATION

Prioritising education by eliminating the barriers in attaining adult basic education across Canada and encourage an economically competitive work force by:

- *develop a national strategy in cooperation with the provinces, accompanied by a dedicated cash transfer to make adult basic education tuition fee free; and*
- *increasing needs based, non-repayable grants for qualified individuals to obtain basic education.*

Adult basic education is the provision of elementary and secondary level education to adults through the K-12 and most public post-secondary institutions. The post-secondary delivery model is a proven successful model; many adults achieve higher success rates when studying in a college or university environment.

Adult basic education is an integral part of the education system, it plays a role in increasing adult literacy and improving high school completion and post secondary involvement rates. There are typically three types of students enrolled in adult basic education: those seeking to complete their high school studies, those need credentials for employment or post secondary education, and those with developmental disabilities enrolled in adult special education programs.

The bulk of adult basic education students have already completed high school and need course upgrading to meet prerequisites for college or university courses. This is often the case in the math and science courses. Many seek such upgrading because they must change their employment or post-secondary education field, and take classes they did not previously need.

Adult basic education also acts as a socio-economic equalizer, servicing of the most marginalized groups—low-income, Aboriginal, and women make up a high proportion of adult basic education students. Adult basic education is not only important to simply meet the demands of the labour force, but to address social inequality and economic stability for marginalized groups.

Public education from K-12 is free in Canada, as for several generations governments have understood it as the foundation of a strong economy. However, operating budgets for colleges and university, in many provinces, have been more or less frozen, making it difficult for institutions to offer free adult basic education courses to meet the demand. In British Columbia, where adult basic education is free, some institutions have either limited course offerings or have reclassified several high school equivalent classes as university transfer or preparatory courses.

Education has a profound affect on the individuals who need to access it. Overwhelmingly, adult basic education students credit their courses with developing their literacy, numeracy, and computer skills as well as self-confidence and social skills. It is an important component that addresses socio-economic marginalisation and builds a skilled workforce.

Making adult basic education accessible should be a top priority for government, as it provides many benefits to individuals, their communities, and the economy. It requires investment from the government, to institutions to build capacity to offer classes free of tuition fees and to individuals to help offset the other financial costs of obtaining education.