

# **2017 PRE-BUDGET CONSULTATIONS**

Submission to the House of Commons  
Standing Committee on Finance

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## **CANADIAN FEDERATION OF STUDENTS-MANITOBA**

Brandon University  
Students' Union

Association étudiante  
de l'Université de Saint-Boniface

University of Manitoba  
Students' Union

University of Winnipeg  
Students' Association

University of Manitoba  
Graduate Students' Association

Submitted by: **CANADIAN FEDERATION OF STUDENTS- MANITOBA**

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## **EXECUTIVE SUMMARY**

The Canadian Federation of Students – Manitoba unites over 44,000 students at every university in the province in the fight for a system of public post-secondary education that is free, accessible to all and of high quality.

In the absence of strong federal leadership, divergent paths have emerged for access to post-secondary education between the provincial systems. While provincial budgets in Ontario and New Brunswick included the elimination of tuition fees for students from low-income families, Manitoba students saw no new funding for programs that expand student financial assistance and the continuation of tuition fee increases to the rate of inflation.

While offering some steps forward, Budget 2016 failed to provide the required investments to end years of chronic underfunding to post-secondary education. The Budget 2017 provides an opportunity to build a system of fully-funded public post-secondary education that is accessible to all.

In a country where 70 percent of new jobs require some form of post-secondary education, education reform is one of the greatest measures the federal government can take to help Canadians maximize their contributions to the country's economic growth.

Accordingly, the Canadian Federation of Students – Manitoba submits the following recommendations for investments to be included in Budget 2017:

- Engage with the provinces to create a 50/50 cost-sharing model, including a transfer of **\$14.9 billion** from the federal government, to eliminate tuition fees for post-secondary education.
- Strengthen and expand the Post-Secondary Student Support Program (PSSSP) by removing the funding cap on increases to the program and investing an additional **\$50 million** per year in the program to ensure that every eligible First Nations, Inuit and Métis learner has equitable access to post-secondary education.
- Increase funding to need-based, non-repayable grants through the Canada Student Grants Program (CSGP), redirecting all federal expenditures currently spent on the Canada Student Loans Program to the CSGP.

## **RECOMMENDATION #1: FREE PUBLIC POST-SECONDARY EDUCATION**

It is evident that provincial and federal governments spend a considerable amount on the higher education system. In 2013-14 total federal spending on post-secondary education was approximately \$12.8 billion dollars. Taking into account the commitments made in Budget 2016, the Parliamentary Budget Officer anticipates that this total will exceed \$15.7 billion by 2020-21.

In comparison to other OECD countries, there remains a clear funding shortfall, one of the biggest problems is the allotted money is not currently being spent effectively and fails to benefit those most in need. For example, in 2013-14, the federal government spent approximately \$3 billion on tax measures and the Canada Educational Savings Program, which primarily support students who belong to families from the two highest income brackets.

The current system prevents the most marginalized communities access due to the high up-front costs and the resulting debt. Those students who do pursue post-secondary in Manitoba will graduate with an average of \$20,000 in debt following a 4 year University program. To further

complicate the issue of an indebted generation is a weak labour market that is saturated in precarious employment and the inability for graduates to use their skills and training acquired from post-secondary. The result is not only a steady skills erosion in our most educated population but immense financial insecurity of the indebted graduate. For example, a recent study pointed to student debt hindering a person's ability to meaningfully contribute to the economy is stalled by an average of 7 – 10 year delay in pursuing major life decisions such as, having a family, getting married, or pursuing entrepreneurial endeavours. It is imperative that chronic underfunding and the sky-high tuition price tags are addressed in order to ensure all those individuals who wish to pursue post-secondary education are able to do so. Therefore, our recommendation supports a system of public post-secondary education that eliminates tuition fees in order to provide everyone the opportunity to better themselves and fully contribute to Canada's economic growth.

### **Recommendation:**

Engage with the provinces to create a 50/50 cost-sharing model, including a transfer of **\$14.9 billion** from the federal government, to eliminate tuition fees for post-secondary education.

The cost to eliminate tuition fees can be offset by eliminating costly and ineffective tax measures and saving schemes, including federal expenditures on RESP saving grants and tuition tax credits, which totals approximately \$2.89 billion.

This cost also includes the current post-secondary allocation of the Canada Social Transfer, which the Parliamentary Budget Officer estimates will be \$4.2 billion in 2017.

Total new spending: **\$7.8 billion**

## **RECOMMENDATION #2: ABORIGINAL ACCESS TO EDUCATION**

Manitoba is the province with the highest percentage of Indigenous inhabitants at 14 percent. The population is young, with one in four children in this province being Indigenous. Ensuring that this young, Indigenous population has access to education must be made a priority.

Post-secondary education is a right of Indigenous people. This has been guaranteed in several foundational nation-to-national treaties that have been affirmed as constitutional rights in the Canadian Constitution Act of 1982. In 1996, the Royal Commission on Aboriginal People urged the Government of Canada to recognize education as a treaty right of Indigenous people. Article 14 of the United Nations Declaration on the Rights of Indigenous Peoples, endorsed by Canada in 2012, identifies education as an inherent right of Indigenous people. Most recently, the Truth and Reconciliation Commission, designed to advance the process of Canadian reconciliation, calls for action on Indigenous students' access to post-secondary education, including for the government to "provide adequate funding to end the backlog of First Nations students seeking a post-secondary education."

The previous Manitoba government has maintained its commitment to initiatives such as the ACCESS program and Prior Learning Assessment Program, as well as more general measures to improve access. However, the current government has signaled that indigenous issues is not a priority with the most recent example being, stalling the commission on missing and murdered indigenous women. Therefore, Manitobans need further support from the federal government. However, to date the federal government has not provided adequate support mechanisms. In 2013-14, total expenditure on Indigenous post-secondary education was \$342 million. If no changes are made to this funding structure, the PBO estimates that total federal expenditures will be \$365 million in 2020-21, a 6.7 percent decline from 2014-15 levels if adjusted for inflation.

During the 2015 federal election, the Liberal Party explicitly promised to not only lift the restrictive cap on the Post-Secondary Student Support Program (PSSSP), but also to invest an additional \$50 million per year to improve Indigenous learners' access to post-secondary education. In Budget 2016, the Liberal Party broke its election promises to Indigenous students across Canada.

Supporting the educational goals of this population, particularly in the province of Manitoba, would improve the productivity and inclusiveness of Canadian society. Budget 2017 is an opportunity to ensure that all Indigenous learners are able to pursue post-secondary education, which is their treaty right, without incurring any debt.

**Recommendation:**

Strengthen and expand the Post-Secondary Student Support Program (PSSSP) by removing the funding cap on increases to the program and investing an additional **\$50 million** per year in the program to ensure that every eligible First Nations, Inuit and Métis learner has equitable access to post-secondary education.

**RECOMMENDATION #3: INCREASE STUDENT GRANTS**

Debt aversion remains the number one reason students from lower socio-economic statuses do not pursue post-secondary education. With the average Manitoban student debt continuing its trend upwards it is imperative the divisive action is taken. Although the elimination of tuition fees will significantly decrease the debt students incur, it is important to recognize that the most marginalized students have little to no family networks to turn to for financial help in regards to cost of living.

The Canadian Federation of Students – Manitoba recognizes and welcomes the investments made in Budget 2016 to increase the Canada Student Grants Program funding available to low- and middle-income student by 50 percent by eliminating the textbook and education tax credits. Even with these increased investments, the Canada Student Loans Program projects that 40 percent of all full-time post-secondary students will require a loan and 41 percent of student borrowers will reach the maximum loan limit.

To both increase the level of participation in post-secondary education, particularly for students from lower-income households, and to ensure that graduates can fully participate in the economy without debt impacting their career choices, becoming homeowners or taking entrepreneurial risks, Budget 2017 must continue to invest in upfront, non-repayable student grants and move away from a debt-based system of post-secondary education.

**Recommendation:**

Increase funding to need-based, non-repayable grants through the Canada Student Grants Program (CSGP), redirecting all federal expenditures currently spent on the Canada Student Loans Program to the CSGP.