

# BUDGET 2017

Submission to the House of  
Commons Standing Committee  
on Finance

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Submitted by: CANADIAN FEDERATION OF STUDENTS-  
NEWFOUNDLAND AND LABRADOR

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# CANADIAN FEDERATION OF STUDENTS NEWFOUNDLAND AND LABRADOR

Grenfell Campus  
Student Union

Marine Institute  
Students' Union

Memorial University  
of Newfoundland  
Students' Union

Graduate Students'  
Union of the Memorial  
University of  
Newfoundland

College of the North  
Atlantic Students'  
Union

# EXECUTIVE SUMMARY

The Canadian Federation of Students – Newfoundland and Labrador represents every one of the 28,000 students enrolled in the public post-secondary system in the province. In the most recent provincial budget, the Government of Newfoundland and Labrador, the first province to eliminate student loans and replace them entirely with up-front non-repayable grants, made a \$5.5 million cut to the program and re-introduced provincial student loans. This budget delivered a devastating funding cut to the provinces' university of \$14 million.

Affordable and high-quality post-secondary education and training has long-term impacts on the country's workforce and social equality. Prioritizing post-secondary education will help secure Canada's global position as a competitive, sustainable, livable and just society.

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

Accordingly, the Canadian Federation of Students – Newfoundland and Labrador makes the following two recommendations for Budget 2017 that will help Canadians maximize, in a manner of their choosing, their contributions to the country's economic growth:

## RECOMMENDATION #1:

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.

## RECOMMENDATION #2:

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:

Invest an additional **\$150 million** in base funding for basic research through SSHRC, NSERC and CIHR for each of the next three years in order to increase, in a more equitable manner, the base budgets for the granting councils to 2007 levels.

## RECOMMENDATION 1: FREE POST-SECONDARY EDUCATION

Federal and provincial governments' divestment from public post-secondary education has led to significant tuition fee increases. Students and their families have shouldered these cuts causing a massive increase in student debt. Each year, tuition has risen, on average, 1.7 percent higher than the rate of inflation. In 2015-16, undergraduate tuition fees increased by an average of 3.3 percent to an average of \$6,191, a real increase of 137 percent since 1991.

Due to the prioritization of post-secondary education by previous provincial governments, tuition fees in Newfoundland and Labrador are the lowest in Canada with an average of \$2,660. Despite having the lowest tuition fees and the progressive measures enacted by the previous provincial government to replace provincial loans with full, up-front, needs-based grants, average student debt in Newfoundland and Labrador remains at more than \$15,000. Many potential students, particularly from low-income backgrounds, rural communities, and traditionally marginalized groups, are reluctant to take on the debt and associated risk required to pay for a college or university degree.

The federal government has a responsibility to ensure that students in every province have access to a high-quality and affordable system of post-secondary education. 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.

While, in comparison to other OECD countries, there remains a clear funding shortfall, one of the biggest problems is that this money is not currently being spent effectively and is not benefiting those who need it most. 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 quintiles. In the same year, the post-secondary allocation of the Canada Social Transfer (CST) exceeded \$3.7 billion; however, the current block payment model makes it difficult to track how the CST is spent by the provinces and has no requirement that provincial governments maintain their funding in order to receive federal money.

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

To ensure that federal expenditures effectively make post-secondary education accessible to all, the Canadian Federation of Students – Newfoundland and Labrador recommends the following:

*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: INDIGENOUS ACCESS TO EDUCATION

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."

In 2013-14, total expenditure on Indigenous post-secondary education was \$342 million. If adjusted for inflation, the PBO reports that there has actually been a slight decline in this funding since 2004-05. 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 these election promises to Indigenous students across Canada.

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. The Canadian Federation of Students – Newfoundland and Labrador recommends the following:

*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: GRADUATE STUDENT RESEARCH

In 2015-16, average graduate student tuition fees rose by 2.2 percent to \$6,432. Graduate tuition fees at Memorial University, currently \$2,474, will increase by 30 percent for the 2016-17 academic year. As a result of these high upfront, at the time of graduation, master students owe an average of \$26,600 while doctoral graduates owe an average of \$41,000.

The elimination of tuition fees, though necessary, is only one step in achieving a system of public post-secondary education that is accessible to all and that allows everyone to fully contribute to Canada's economic growth. The high quality research of graduate students is instrumental to both sustaining and improving Canada's standing amongst OECD countries

and must be adequately funded.

One of the most important benefits of graduate studies is the development of high-level researchers in Canada. It is incumbent upon the federal government to provide the necessary supports to ensure that this country's emerging scholars can conduct the best research possible, find fulfilling employment and contribute to the country's economic growth.

While enrolment in graduate studies increased by 56.5 percent between 2002 and 2012, there have only been modest funding increases to the Canada Graduate Scholarships, which provides merit-based funding directly to graduate students.

Budget 2016 committed \$95 million in new funding to the research councils. The Federation welcomed this reinvestment in research, however, based on the framing of research excellence in the Innovation Agenda, it is evident that these investments will continue to be informed by the short-term interests of the private sector and, as a result, prioritize commercializable research.

This prioritization of commercializable research is evident in the inequitable funding between the tri-council agencies. In 2013-14, the Social Sciences and Humanities Research Council received \$252 million in federal funding in comparison to the \$775 million allocated to the Natural Sciences and Research Council and the \$836 million invested in the Canadian Institutes of Health Research.

To better support graduate student research, the Canadian Federation of Students – Newfoundland and Labrador recommends the following:

*Invest an additional **\$150 million** in base funding for basic research through SSHRC, NSERC and CIHR for each of the next three years in order to increase, in a more equitable manner, the base budgets for the granting councils to 2007 levels.*