

# **2017 Pre-Budget Consultations**

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

**Canadian Federation of Students-  
Nova Scotia**

Submitted by: **CANADIAN FEDERATION OF STUDENTS-  
NOVA SCOTIA**

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# EXECUTIVE SUMMARY

The Canadian Federation of Students – Nova Scotia joins together students from across Nova Scotia in the fight for a fully-funded and accessible system of post-secondary education both in the province and across the country.

Increasing tuition fees, high student debt, and a reliance on loan-based financial assistance are preventing young Canadians from reaching their full economic potential. 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. Graduate students paid an average of \$6,210, an increase of 2.8 percent from the previous year while international undergraduate tuition fees rose by 5.3 percent to an average of \$20,447.

In Nova Scotia, a lack of adequate provincial funding for post-secondary education has resulted in the third highest tuition fees in the country with an average of \$8,502 in 2015-16. In the most recent provincial budget, the Nova Scotia government failed to address the fastest rising tuition fees in Canada and chose to make no new investments in student financial aid.

While offering some steps forward, Budget 2016 failed to provide the required investments to end years of chronic underfunding to post-secondary education. The 2017 federal budget provides an opportunity to provide strong federal leadership, prioritize funding for post-secondary education and build a more prosperous and equitable society.

In anticipation of Budget 2017, the following recommendations are presented by the Canadian Federation of Students – Nova Scotia to ensure that Canada's students are able to maximize, in a manner of their choosing, their contributions to the country's economic growth:

- *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 support for graduate students across a diversity of disciplines, including scholarships, full-time internships and post-graduate training. **Cost Estimate: \$30 million/year***

## Recommendation 1: Free Post-Secondary Education

While funding for post-secondary education is legislated provincially, federal funding remains the largest investment in Canada's public colleges and universities. In 2013-14 total federal expenditures 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.

One of the biggest problems is that, under the current funding model, these expenditures are predominantly benefitting students who need the support the least. 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. As a result of this emphasis, an estimated 60 per cent of Canada's postsecondary students come from the two highest income quintiles.

In a 2013 public opinion poll, one in three Nova Scotians surveyed said that in the past year they or someone in their family did not attend university because it would mean taking on too much debt. Average student debt in Nova Scotia exceeds \$39,000, and more than 50 percent of Nova Scotians make less than \$30,000 per year. Federal expenditures on post-secondary education need to go to students who need it most.

Included in these federal expenditures is approximately \$3.7 billion allocated to the provinces for post-secondary education through the Canada Social Transfer (CST); however, due to the block funding model, the federal government is unable to track how provinces spend these transfers, which has resulted in several provinces misallocating these funds to meet other provincial priorities.

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.

Accordingly, the Canadian Federation of Students – Nova Scotia recommends:

*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

Aboriginal youth represent Canada's fast growing demographic, with the population growing at six times the rate of the non-Aboriginal population. In Nova Scotia alone, the Aboriginal population nearly doubled between 2001 and 2011. The two percent funding cap on the Post-Secondary Student Support program has prevented thousands of Indigenous students from accessing post-secondary education, which has led to persistent education gaps when compared to other Canadian demographics.

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 fulfill Canada's moral and treaty- mandated obligations and also represents an economic benefit. The Canadian Federation of Students – Nova Scotia recommends:

*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 Funding

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.

Shifting the motivation for university research away from the public interest and towards commercial interests has resulted in the private sector increasingly relying on public infrastructure at universities for research and development, rather than investing in their own infrastructure. Canada has fallen from 22 to 27 in the world for private sector spending on research in the last 5 years, according to the 2014 World Economic Forum annual competitiveness report.

Furthermore, though students welcomed the necessary reinvestments in the Youth Employment Strategy in Budget 2016, there is still a need to invest in programs and initiatives that create quality jobs for those students over the age of 30 and lay the foundations for the long-term economic, social and cultural development of Canadians.

To support graduate student research and job prospects, the Canadian Federation of Students – Nova Scotia recommends:

*Increasing the Canada Graduate Scholarships by \$25 million, which will fund an additional 1,250 students (\$20,000 scholarship).*

*Investing an additional \$5 million in internship initiatives to create an additional 125 internship opportunities for graduate students at not-for-profit organizations.*