

**CANADIAN FEDERATION OF STUDENTS-ONTARIO
SUBMISSION TO THE HOUSE OF COMMONS STANDING
COMMITTEE ON FINANCE 2011 PRE-BUDGET CONSULTATIONS**



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EXECUTIVE SUMMARY

In the last few years, Canada has had to cope with a recession that has transformed the global economy. During a time where thousands of jobs in Canada have been lost and people are seeking ways to find employment in the new knowledge-based economy, the demand for post-secondary education is greater than ever before. Canada's ability to compete in the new economy will rely on its capacity to produce an educated and skilled workforce. Thus, it is imperative that the federal government takes bold steps to ensure that Canada has a high-quality, accessible and well-funded post-secondary education system.

The federal government had recently made a strong commitment to post-secondary education by creating Canada's first national system of non-repayable grants. To build on this investment, students have made recommendations to enhance post-secondary education in the federal budget. It is time that the federal government increase dedicated transfers to the provinces for post-secondary education, guided by a Post-Secondary Education Act, along with a shift in funding currently dedicated to education tax credits and savings schemes. To boost graduate studies and research, increased funding to the Canada Graduate Scholarship should be distributed proportionally among the three granting councils: SSHRC, NSERC and CIHR.

SUMMARY OF RECOMMENDATIONS

RECOMMENDATION 1: *Introduce a federal Post-Secondary Education Act that directs the disbursement of an increased dedicated federal transfer payment for post-secondary education.*

Cost: \$1.4 billion to establish federal transfer payments at 1993 levels (adjusted for enrolment, inflation and institutional operating costs)

RECOMMENDATION 2: *Redirect funds dedicated to education tax credits and savings schemes into up-front, needs-based grants for students.*

Cost: No additional cost

RECOMMENDATION 3: *Increase funding to the Canada Graduate Scholarship by \$75 million over three years and distribute funding proportionately among SSHRC, NSERC and CIHR to reflect enrolment.*

Cost: \$75 million over three years

The recession and a rapidly changing economy have created an increasing demand for post-secondary education. During a time where wages have stagnated and thousands of jobs have been lost, Canadians are trying to find ways to secure employment in the modern, knowledge-based economy. Canada will only compete in the new economy if it can produce educated and skilled workers. To do this, the Government of Canada needs to develop a bold vision for post-secondary education that makes college and university education more affordable for students and strengthens the sector's capacity for research and innovation.

The federal government has the responsibility to ensure the equality of access to post-secondary education, regardless of which province someone lives in. While post-secondary education is directly administered by provincial governments, the federal government has both the responsibility and the fiscal capacity to ensure access to college or university for anyone who wishes to attend. Improving access requires that the federal government work closely with the provinces to build a coherent and robust system of post-secondary education across the country.

The Canadian Federation of Students-Ontario is calling on the federal government to take the lead and make substantial investments to the sector. There is no other sector in which increased funding will yield such important benefit for Canada's future, economy and society at large. Funding the system adequately requires steps to generate revenue and to prioritize spending accordingly. Ontarians have consistently supported enhanced investments to colleges and universities and recognize the benefits of a well-funded post-secondary education system. The most recent poll conducted by the the Canadian Federation of Students-Ontario and Ontario Confederation of University Faculty Associations demonstrated that two out of three Ontarians are concerned about the affordability of post-secondary education and three out of four Ontarians believe that post-secondary education should be a high priority for government.¹

INTRODUCTION

1 CFS-Ontario & Ontario Confederation of University Faculty Associations, 2011.

FEDERAL RESPONSIBILITY

Introduce a federal Post-Secondary Education Act that directs the disbursement of an increased dedicated federal transfer payment for post-secondary education.

Cost: \$1.4 billion to establish federal transfer payments at 1993 levels (adjusted for enrolment, inflation and institutional operating costs)

Whether someone is returning to college or university to enhance their credentials or attending right after secondary school, students are struggling to afford the high cost of post-secondary education. The large disparity in cost for post-secondary education across the provinces has created an additional challenge. Ontario is the most expensive province in which to study, as undergraduate students pay \$3,892 more in tuition fees per year than students in Quebec, on average.² At the graduate level, this gap almost doubles with students in Ontario paying \$6,326 more in tuition fees compared to those in Quebec. While some provinces have implemented tuition fee freezes in recent years, tuition fees in Ontario have outpaced inflation by 370 per cent in the last five years.³

Record-high tuition fees, student unemployment and the diminished ability of families to help finance education have resulted in students accumulating large debt to finance their education. Students who rely on both government and private loans to finance their 4-year degree end up graduating with an average \$37,000 in debt.⁴ Across the country, federal student loan debt reached above \$15 billion in September 2010, which does not include the roughly \$6.5 billion in student debt owed to the provinces.⁵ In Ontario alone, it is estimated that students collectively owe \$7.5 billion to the provincial and federal governments.⁶ This debt does not include personal debt obtained through credit cards, lines of credit and family loans.

Students are calling on the federal government to implement measures that would help equalize the cost of post-secondary education from province to province. This requires substantial investment into the system to ensure that people have access to education no matter what region they live in. An increased dedicated federal transfer earmarked for post-secondary education would help provide the necessary funding stability for the provinces, and would also allow the provinces to develop long-term plans to increase access to and enhance the quality of post-secondary education.

Similar to other federal-provincial programs like health care, the federal government should direct federal transfer payments with a federal Act to ensure that funding is disbursed in a transparent and accountable manner. By introducing a Post-Secondary Education Act, the federal government can take a real step in ensuring that all qualified people who are interested in accessing high-quality post-secondary education are able to do so – no matter which province they live in.

2 Statistics Canada, 2010.

3 Statistics Canada, 2010; Bank of Canada.

4 Statistics Canada, 2009.

5 Government of Canada, 2010.

6 Government of Ontario, 2010.

High tuition fees and the prevalence of loan-based financial assistance have buried students across the country in debt. It has been shown that debt levels negatively impact a student's success in college or university. Students with higher debt levels are far less likely to complete their degree or diploma. After graduation, student debt hinders career choice and prevents individuals from starting families, making large purchases like a home or car, or taking financial risks like starting a small business. Students from middle- and low-income families with public and private debt end up paying disproportionately more for their education because of the accumulated interest on their loans.

While the creation of the Canada Student Grants Program in 2009 was an important first step, the federal government still relies largely on education-related tax credits and savings schemes to provide financial relief for students. However, these tax credits and savings schemes are available to all students and families, regardless of financial need, meaning a large amount of public funding is being diverted to families who do not need the financial support. The roughly \$2.5 billion annual price tag for the education tax credits and savings schemes would be better utilized if the money was directed toward middle- and lower-income students.⁷

The Canada Student Loans Program lent roughly \$2.2 billion in the last year.⁸ By re-directing funding from education tax credits and savings schemes, student loan debt owed to the federal government could be eliminated. Instead of saddling students with more debt and accumulated interest, federal dollars could be going to students who need the financial assistance the most.

Ontario students are united with students across the country in their call for reform to the current inefficient, back-end system of tax credits and savings schemes. By shifting the amount of money spent toward needs-based, upfront grants, students from low- and middle-income families will have greater access to post-secondary education, while being able to participate in the economy after graduation without limiting their future career, family and educational options.

STUDENT FINANCIAL ASSISTANCE

Redirect funds currently dedicated to education tax credits and savings schemes into upfront, needs-based grants for students.

Cost: No additional cost

7 Government of Canada, 2010.

8 Government of Canada, 2010.

GRADUATE STUDIES AND RESEARCH

Increase funding to the Canada Graduate Scholarship by \$75 million over three years and distribute funding proportionately among SSHRC, NSERC and CIHR to reflect enrolment.

Cost: \$75 million over three years

Research is one of the pillars of college and university education. Some of the most innovative research is carried out by graduate students within public colleges and universities and funded either directly or indirectly by the federal or provincial governments. Graduate programs are essential for increasing Canada's capacity to remain competitive in the knowledge-based economy. Enhancing graduate studies not only encourages new research, but also builds the development of graduate students and helps produce highly skilled people that will replace retiring faculty members. The success of graduate students is highly dependent on the affordability of graduate education and the availability of quality and relevant research opportunities.

The federal government provides funding to graduate students mainly through the Social Sciences and Humanities Research Council (SSHRC), Natural Sciences and Engineering Research Council (NSERC) and Canadian Institutes of Health Research (CIHR). The Canada Graduate Scholarship (CGS) – administered through the three granting councils – is one of the few sources of direct financial assistance to graduate students at the federal level. However, less than three per cent of enrolled graduate students receive the merit-based scholarship annually.⁹ This funding gap leaves many graduate students without financial assistance and often limits their ability to complete their studies.

To bolster student success and college and universities' capacity for research, students are calling on the federal government to increase funding to the CGS. This would provide financial stability for more graduate students and allow many of the brightest researchers to realize their potential. As a first step, an injection of \$75 million over three years would allow up to an additional 1,000 graduate students per year to receive the Canada Graduate Scholarship. In addition, CGS funding should be distributed in a way that is fair and even across all disciplines. Since half of graduate students enrolled in Canadian universities study within the humanities and social sciences, for example, the distribution of CGS funding among the three granting councils should reflect enrolment across the disciplines.

