

## **Canadian Federation of Students**

### **Responses**

#### **1. Economic Recovery and Growth**

*Given the current climate of federal and global fiscal restraint, what specific federal measures do you feel are needed for a sustained economic recovery and enhanced economic growth in Canada?*

The financial barriers to post-secondary education in Canada are a significant threat to economic stability and long-term prosperity. The current system is out of reach for many qualified young Canadians, saddles many others with enormous debt, and drives educational choices that don't meet Canada's economic or societal needs. Research has found that the high costs of post-secondary education have created significant debt aversion among those who choose to not pursue post-secondary education. A Statistics Canada survey found that the most frequently-reported reason high school students did not pursue post-secondary education was financial. Those from marginalised communities, low-income backgrounds, and single parents are more likely to be strongly averse to accumulating student debt. Research has found that debt levels have a direct impact on student success and retention. Students with higher debt levels are far less likely to complete their degree or diploma. After graduation, student debt distorts career choice, especially among professionals, which in turn undermines access to health care and legal aid. Studies of medical and law students have found that debt levels prompt these students to seek more specialised training, even when the demand is greater with more general positions, specifically because the pay is higher. High levels of debt also discourage individuals from starting families, working in public service jobs such as teachers or nurses, purchasing a home, starting a business, or taking the risks associated with entrepreneurship, as the added financial pressure increases the risks of such actions. Recommendations: 1. In cooperation with the provinces, the federal government should implement a national Post-Secondary Education Act modeled after the Canada Health Act and accompanied by a dedicated cash transfer with funding allocated to: - restoring per capita investment to 1992 levels; - reducing tuition fees to 1992 levels; and - invest in Canada's university and college infrastructure by eliminating deferred maintenance. 2. Increase the value and number of Canada Student Grants and expand eligibility to include graduate students by redirecting the funding currently allocated to post-secondary education tax credits and savings schemes to the Canada Student Grants Program.

#### **2. Job Creation**

*As Canadian companies face pressures resulting from such factors as uncertainty about the U.S. economic recovery, a sovereign debt crisis in Europe, and competition from a number of developed and developing countries, what specific federal actions do you believe should be taken to promote job creation in Canada, including that which occurs as a result of enhanced internal and international trade?*

With an education system widely recognised as one of the most diverse in program offerings in the world, Canada is well positioned to train future generations to fill labour market demands. However, past federal and provincial government cuts to post-secondary education funding have forced students to take on more education-related debt than any previous generation, as middle class earnings have largely stagnated over the past twenty years. As a result, Canadians are making sacrifices to prepare themselves for an evolving workplace. Skyrocketing tuition fees and the prevalence of loan-based financial assistance have pushed student debt to historic levels. This past year, over 425,000 students

were forced to borrow in order to finance their education. The Canada Student Loans Program is currently issuing \$1 million dollars per day in new loans, which has pushed the total value of outstanding student loan debt disbursed through the program to exceed a staggering \$15 billion. Aversion to accumulating debt is resulting in a failure of the post-secondary education system to train a domestic work force capable of meeting Canada's economic demands. The long-term implications of high student debt are a reduction in spending and an aversion toward innovation and entrepreneurship. Recommendations: 1. The government should, in consultation with the provinces, invest in Canada's youth to cut student loan debt by 50% over the next three years, thereby reducing the current loans in repayment disbursed through the Canada Student Loans Program to under \$7.5 billion by 2015. This will provide greater financial mobility for Canada's next generation of workers to succeed in a volatile job market. 2. The government should increase funding by \$10 million to Statistics Canada's branch for the collection and analysis of post-secondary education statistics in order to properly track the impact of a reduction in student debt on post-secondary education completion rates and the fulfillment of labour-market demands, as well as to provide accountability for the funds allocated to reducing debt.

### **3. Demographic Change**

*What specific federal measures do you think should be implemented to help the country address the consequences of, and challenges associated with, the aging of the Canadian population and of skills shortages?*

Post-secondary education plays a vital role in improving the standard of living and development of a more adaptable workforce as well as a key role in advancing Canada's economic competitiveness. As with most OECD members, Canada's future depends on its ability to replace its aging workforce to meet its economic goals. However, Canada has an advantage over many countries with its rapidly growing Aboriginal population. Of those who identify as Aboriginal, 48 percent are under the age of 24. It is estimated that over 300,000 Aboriginal youth could enter the labour force over the next 15 years alone. A recent study estimated that closing the educational attainment gap between Aboriginal and non-Aboriginal populations would contribute an additional \$179 billion in direct GDP growth, and over \$400 billion in total growth over the next 20 years. Despite the clear economic necessity to ensure access to education for Aboriginal peoples, investment in their education has remained stagnant for over a decade. While the domestic population will not fill all labour shortages, Canada could benefit from a robust International Student Program from which it could draw skilled workers. Education stakeholders agree that there is untapped potential for attracting international students, but that the market is very competitive. International students comprise about 6.5% of all post-secondary education students in Canada—less than the OECD average. While international students already contribute over \$8 billion annually to the Canadian economy, their potential contribution as residents and citizens, if naturalized, would present a boon to the Canadian economy and stem shortfalls in the aging labour market. Recommendations: 1. Remove the funding cap on the Post-Secondary Student Support Program and ensure that adequate funding is available for every eligible First Nations and Inuit learner to pursue post-secondary education. 2. Act to safeguard and strengthen Canada's reputation as country of choice for international students by: - regulating the fees charged to international students; - eliminating private institutions from hosting international students; and - combining the Off-Campus Work Permit and Post-Graduation Work Permit into the Study Permit(Student Visa).

#### **4. Productivity**

*With labour market challenges arising in part as a result of the aging of Canada's population and an ongoing focus on the actions needed for competitiveness, what specific federal initiatives are needed in order to increase productivity in Canada?*

In order for Canada to hold its place as a global economic competitor, it must advance its status as a centre for research and innovation. Investment in graduate studies provides the foundation for long-term innovation and trains the highly skilled workers and researchers needed to respond to the economic and social challenges Canada faces now and in the future. Enrolment in graduate studies has increased by over 40% percent and tuition fees have more than doubled over the last decade. However, there have been only slight funding increases to the federal research granting councils and scholarships that make graduate education affordable. The inadequate federal funding for research and graduate education limits the number of masters and doctoral students who receive grants, reducing the pool of highly skilled researchers to those who are able to afford it personally, who are able to secure limited institutional or industry funding, or take on significant debt. Recent federal budgets have directed research funding to meet the short-term priorities of the private sector, undermining fundamental research and long-term innovation. The drive to commercialise university research has far-reaching consequences—from limiting academic freedom and public ownership of research to discouraging private market innovation. Commercialisation of university research undermines the broader public interest research aims of the country. It discourages private sector investment in its own research and development facilities, leading to fewer employment opportunities for graduates in an already difficult job market. The result of this restructuring is that many highly-skilled workers are often unable to contribute their full potential, thus undermining Canada's global economic competitiveness.

Recommendation: 1. Increase the number of Canada Graduate Scholarships to be consistent with average program growth and distributed proportionally among the research councils according to enrolment figures. 2. Remove targeted research funding earmarks within the granting councils and award research funding based on academic merit determined through a peer-review process.

#### **5. Other Challenges**

*With some Canadian individuals, businesses and communities facing particular challenges at this time, in your view, who is facing the most challenges, what are the challenges that are being faced and what specific federal actions are needed to address these challenges?*

Today's youth are inheriting an economy that will produce less wealth and create a greater debt burden than that of past generations. While previous generations benefitted from social programs that helped build an equitable and productive society, today's youth are watching these same programs disappear. Youth are facing mounting challenges including record high unemployment and student debt. According to Statistics Canada, students aged 20 to 24 are facing the worst job market in 35 years. The federal funding cuts of the mid-nineties have burdened an entire generation of youth with tuition fees that have increased at over five times the rate of inflation. Where government grants used to cover up to 80 percent of an institution's operating budget fewer than 30 years ago, they now cover just over 50 per cent, with tuition fees making up the difference. Given that two out of every three newly posted jobs require some form of post-secondary education, university and college education is now a prerequisite to finding a job and earning an average income. A recent OECD report found that the direct public benefit of investing in post-secondary education was in excess of \$100,000 per individual, an amount that exceeds the costs by \$62,141. Beyond the benefits to the individual, a highly educated workforce increases the tax base and reduces the cost of publicly funded social programs including health care, public safety, and employment insurance. To address the skills training needs of the current generation and increasing youth unemployment rates, immediate steps must be taken to ensure youth have access

to the education, services, and work experience required to participate in Canada's economy.

Recommendations: 1. Reopen the Service Canada Centres for Youth in order to ensure youth have access to the services required to face a challenging labour market. 2. Increase investment in youth employment strategies and work in collaboration with education and youth employment stakeholders to respond to the needs of young Canadians looking for work. 3. Boost funding for the Canada Summer Jobs program, which provides work opportunities for students while supporting important community organisations and services.