

2014 PRE-BUDGET CONSULTATIONS

Submission to the House of
Commons Standing Committee
on Finance

CANADIAN FEDERATION OF STUDENTS MANITOBA

Brandon University
Students' Union

University of Manitoba
Students' Union

University of Manitoba
Graduate Students' Association

Association étudiante
de l'Université de Saint-Boniface

University of Winnipeg
Students' Association

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

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EXECUTIVE SUMMARY

The Canadian Federation of Students – Manitoba (CFS-MB) has focused on three recommendations for the upcoming federal budget: (1) reducing student debt by increasing funding for the Canada Student Grants program with a dedicated investment of \$7.5 billion; (2) ensure that every eligible First Nations, Inuit, and Métis learner is provided funding by lifting the cap on the Post-Secondary Student Support Program; (3) provide dedicated funding to develop a national strategy to address youth unemployment, underemployment and unpaid internships.

On reducing student debt, research has shown that many potential students are reluctant to take on the debt and associated risk required to pay for a college or university degree. We ought to strive for a highly educated society for cultural, social and economic development. In Manitoba, greater access to post-secondary education is needed in particular for communities who have been traditionally economically marginalized. The expansion of the CSGs would not only reduce student debt, it would increase the level of participation from communities that are disproportionately affected by a lower socio-economic status such as those in Manitoba.

On ensuring that every First Nations, Inuit and Métis learner is provided funding by lifting the cap on the Post-Secondary Student Support Program, we strongly believe that supporting Aboriginal learning is critical to our treaty relationship, honouring our history and building a shared future. Manitoba is the province with the highest percentage of Aboriginal inhabitants at 14 per cent. That population is young, with one in four children in this province being Aboriginal. By remove the funding cap on increases to the Post-Secondary Student Support Program, the Canadian Government will increase access to education for a young and dynamic Aboriginal population.

Lastly, Canada faces a crisis of youth unemployment and underemployment following the 2007 economic crisis and as a result of more structural changes in the national economy. According to TD Senior Economist, Martin Schwerdtfeger, the earnings loss due to the rise in youth unemployment is equivalent to \$10.7 billion. Allocating dedicated funding to develop a national strategy on youth unemployment, underemployment and unpaid internships would be the first step in addressing this major social and economic problem.

REDUCE STUDENT DEBT

RECOMMENDATION #1:

The federal government must take steps to reducing the total amount of outstanding student debt owed by students in Manitoba and elsewhere in Canada. Greater funding efforts must be directed towards the Canada Student Grants program, with a dedicated investment of \$7.5 billion to reduce existing student debt substantially in just the next two years.

Federal funding:

Federal education tax credits and RESPs cost approximately \$2.5 billion last year, while the Canada Student Loans Program expects to lend approximately \$2.3 billion during the 2013-14 academic year. Reallocating tax credit and RESP funding into the CSGP would turn all CSLP loans into non-repayable grants. The direct investment in debt relief would reduce the cost of CSLP by reducing reliance on repayment assistance and loan defaults. Income would also be realised from additional tax revenue and economic activity from those benefitting from the relief both in the short- and long-term.

Intended Beneficiaries:

Despite their large price tag, the education tax credit and savings programs are very poor instruments to improve access to post-secondary education and relieve student debt. In Manitoba, greater access to post-secondary education is needed in particular for communities who have been traditionally economically marginalized. For example, Manitoba hosts one of the fastest growing Aboriginal and Immigrant populations in Canada, most of whom are living disproportionately below the poverty line. Today's savings schemes have largely benefitted those from high-income backgrounds, as individuals from low-income families do not have the funds necessary to even invest in the first place.

General Impacts:

Research has shown that many potential students are reluctant to take on the debt and associated risk required to pay for a college or university degree. Debt aversion is strong among those who chose not to pursue higher education. Those from marginalized backgrounds and single parents are more likely to be strongly averse to accumulating student debt.

The expansion of the CSGs would not only reduce student debt, it would increase the level of participation from communities that are disproportionately affected by a lower socio-economic status such as those in Manitoba.

ABORIGINAL ACCESS TO EDUCATION

RECOMMENDATION #2:

Canada must remove the funding cap on increases to the Post-Secondary Student Support Program and ensure that every eligible First Nations, Inuit, and Métis learner is provided funding.

Manitoba is the province with the highest percentage of Aboriginal inhabitants at 14 per cent. That population is young, with one in four children in this province being Aboriginal. As this young population ages, access to education for Aboriginal students must be made a priority.

The provincial government has maintained its commitment to initiatives such as the acclaimed ACCESS program and Prior Learning Assessment Program, as well as more general measures to improve access. The federal government, however, has not provided adequate support mechanisms.

Federal Funding:

The Centre for the Study of Living Standards concluded that closing the educational gap between Aboriginal and non-Aboriginal Canadians—a cost of \$253 million per year— would lead to an additional \$179 billion in direct GDP growth, and over \$400 billion in total growth over the next twenty years. Funding for the \$253 million per year could be redirected from the ineffective Registered Education Saving Plans, which receive in excess of \$750 million per year.

Intended beneficiaries:

The funding disbursed through the Post-Secondary Student Support Program (PSSSP) has a proven track record for those who can access it. Most Aboriginal students who are able to receive funding through the PSSSP succeed in completing their studies and go on to find meaningful work. Regardless of their place of residence, the majorities of Aboriginal graduates return to work in their communities and are employed in their field of study, achieving economic self-reliance and helping to develop healthy and stable communities while improving the Canadian economy.

General impacts:

Investments in post-secondary education should provide essential improvements to the wellbeing of Aboriginal peoples and communities such as those in Manitoba. It is estimated that over 300,000 Aboriginal youth could enter the labour force in the next 15 years alone. It is essential for Canada to realise the benefits of a highly trained labour market by ensuring Aboriginal learners have access to training that is comparable to enhance Canada's economic competitiveness.

YOUTH EMPLOYMENT

RECOMMENDATION #3:

Federal Funding:

According to TD Senior Economist, Martin Schwerdtfeger, the earnings loss due to the rise in youth unemployment is equivalent to \$10.7 billion. Society benefits from caring for its population from cradle to grave. The federal government allocated \$3 million in the 2011 Economic Action Plan for the Canadian Hospice Palliative Care Association to support the development of *The Way Forward: Moving Towards Community-Integrated Hospice Palliative Care in Canada*. We believe a comparable allocation of \$3 million can be allocated to developing a way forward for youth unemployment, underemployment and unpaid internships. Both the

Intended beneficiaries:

Significantly reducing youth unemployment rates would benefit not only youth, but society at large given the economic and social impacts of high and sustained youth unemployment. Research demonstrates a skills erosion for graduates the longer they are employed in an unrelated industry from their area of study/training, subsequently, further distancing a recent graduate from meaningful employment. Having a comprehensive national strategy to address youth unemployment and underemployment would therefore insure that skills received during education are not lost. The alternative is a significant erosion and loss in time, educational resources and infrastructure.

General impacts:

The impacts of addressing current youth unemployment and underemployment range from increasing economic prosperity and livelihoods to increasing access to education and employment. The development of a national strategy is simply the first step. Its preliminary impacts would be to raise critical awareness about youth unemployment and underemployment. This would also serve as the basis to develop sound policies and implementation strategies.