

BUDGET

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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

Federal budgets set the priorities of the government and play an essential role in promoting the economic and social prosperity of our country and its people. Although there are many areas that can benefit from government investment, there can be no higher priority than investing in our collective future through post-secondary education.

Attending university or college is one of the most reliable determinants of a person's future quality of life and is a proven means of breaking the cycle of poverty. Funding a high-quality, accessible post-secondary education system generates a wide range of spin-off economic benefits and ensures that Canada has a workforce that is able to compete in the twenty-first century. As such, the government's role in funding and managing post-secondary education is one of its most important responsibilities.

Accordingly, the Canadian Federation of Students – Newfoundland and Labrador makes the following three recommendations for policy changes that will help reduce financial barriers to post-secondary education, improve the quality of colleges and universities and enhance Canada's capacity for research and innovation:

RECOMMENDATION #1:

Increase the value and number of non-repayable grants available to students by redirecting funds allocated to education-related tax credits and savings schemes to the Canada Student Grants Program, and allow graduate students to qualify for grants under the program.

RECOMMENDATION #2:

Implement a federal Post-Secondary Education Act in cooperation with the provinces, modeled after the Canada Health Act, accompanied by a dedicated cash transfer with funding allocated to:

- *address shortfalls in funding since 1992;*
- *reduce tuition fees to 1992 levels; and*
- *eliminate deferred maintenance at Canada's colleges and universities.*

RECOMMENDATION #3:

Increase the number of Canada Graduate Scholarships to be consistent with average program growth and distribute them proportionally among the research councils according to enrolment figures.

INTRODUCTION

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. The Federation welcomes the opportunity to provide input on the Government of Canada's fiscal plans.

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

Despite recent investments by both the provincial and federal governments, students still struggle to afford their education. According to a poll conducted by Harris-Decima in October 2011, 85 percent of respondents were concerned that some Newfoundlanders and Labradorians were not able to afford to attend college or university, even though they are qualified to do so.

STUDENT DEBT

Despite progressive measures enacted by the provincial government, average student debt in Newfoundland and Labrador remains at more than \$15,000. Students from low-income backgrounds, rural communities, and traditionally marginalized groups are disproportionately affected by the need to borrow to finance their post-secondary education and training.

In 2007, the Newfoundland and Labrador government reintroduced a system of non-repayable upfront grants. In its 2009 budget, the provincial government expanded this program to provide \$70 in grants per week of study. In their 2014 provincial budget, the Government of Newfoundland and Labrador committed to the phasing out of student loans entirely in favour of non-repayable grants. As a result, beginning in August 2015 students will receive the entirety of the provincial portion of their student financial assistance in the way of non-repayable grants, drastically reducing student debt in the province. The positive effects of this initiative have already been felt. Student debt has begun to decrease while enrolment has increased overall, despite a declining population base.

Average student debt after a four-year degree is projected to stand at approximately \$14,790 in 2016. This represents a decrease of more than ten thousand dollars over the past decade. This drastic reduction is a result of provincial policies such as the tuition fee freeze and the expansion of the grants program.

A 2005 study on retention and persistence found that students with little or no debt were more than twice as likely to finish their degree than students with high levels of debt. The completion rate for students with under \$1,000 of debt was 71 percent, while the completion rate for those with over \$10,000 was 34 percent. In addition to being linked with lower degree completion levels, student debt also reduces the likelihood of continuing studies beyond a bachelor's degree or college diploma.

A study of wealth and assets done by Statistics Canada shows that student debt will increasingly influence the ability of graduates to participate in the economy and enjoy the quality of life experienced by past generations. If students have difficulty repaying their loans, it will negatively impact their credit rating. This can limit their ability to finance future investments, even when their financial situation improves in later years.

Student debt does not affect students equally. Statistics Canada reports that 52 percent of full-time post-secondary students aged 18-24 whose parents earned less than \$40,000 received a Canada Student Loan in 2000. By comparison, only 14 percent of students whose parents earned

more than \$80,000 received such a loan. In addition, more women students received Canada Student Loans than did their male counterparts (34 versus 29 percent).

A 2005 study published in the Canadian Journal of Rural Medicine found that students from rural regions report more stress as a result of working part-time jobs and taking on more debt to cover expenses. The report also noted that only three percent of students from low-income families that live beyond commuting distance to campus participate in post-secondary education.

In Newfoundland and Labrador, 42 percent of residents live beyond commuting distance. This results in rural residents being underrepresented in post-secondary institutes. Only 44 percent of rural students graduating high school in 2001 attended university, whereas 81 percent of urban high school students enrolled. Those rural students who do decide to pursue post-secondary education end up with increased debt loads, 26 percent higher than their urban counterparts.

For the past decade, the federal government has introduced, through the income-tax system, a series of back-ended measures such as education savings programs and textbook tax rebates. In addition to having little proof that these measures actually increase access to post-secondary education, uptake for these programs is predominately from families with higher income levels.

The funding used for these tax-based programs would be far more effective if spent on expanding upfront grants. Funding for the grants program administered by the Canada Student Loans Program ensures that money goes to those students who need it the most, when they need it the most.

In 2008, students applauded the federal government's decision to replace the unaccountable Millennium Scholarship Foundation with Canada's first national system of upfront non-repayable grants. These grants not only help students when they need it most, but ensure that all eligible students receive financial assistance.

RECOMMENDATION #1:

Increase the value and number of non-repayable grants available to students by redirecting funds allocated to education-related tax credits and savings schemes to the Canada Student Grants Program, and allow graduate students to qualify for grants under the program.

TOWARDS A POST-SECONDARY ACT

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. Although post-secondary education is within the legislative jurisdiction of provincial governments, this should not negate the responsibility of all levels of government to coordinate their behaviour in order to build the best system of post-secondary education possible.

Under previous federal-provincial cost-sharing models, the provinces had to invest their own funds in order to receive federal transfers. If a provincial government chose to cut funding, federal transfers would be reduced by a proportionate amount. The current block-funding model – the Canada Social Transfer – has no requirement that provincial governments maintain their funding in order to receive federal money. This approach has led to significant variations in provincial funding and policies. Tuition fees now differ greatly from province to province, creating unequal access to education depending on a student's province of study.

The Canadian Federation of Students – Newfoundland and Labrador recommends that the federal government establish a dedicated cash transfer payment to the provinces specifically for

post-secondary education. To return to a level of federal funding equivalent to the level before the cuts of the mid-1990s would mean a dedicated post-secondary education transfer to the provinces of approximately \$5.08 billion. The federal government allocates just over \$3.75 billion as part of the social transfer, however there is no requirement for the provinces to spend this money on increasing access to post-secondary education.

This dedicated transfer could improve access to post-secondary education by reducing tuition fees, while improving teaching, learning, and research infrastructure at universities and colleges. In order to maintain the integrity and transparency of this transfer, it must be accompanied by federal legislation, such as a post-secondary education act, to hold the parties accountable for the funding increase.

The adoption of a federal post-secondary education act would establish conditions on the provinces for receiving post-secondary education transfer payments. Such legislation would require provinces to uphold principles similar to those found in the Canada Health Act: public administration, comprehensiveness, universality, portability, and accessibility. In return for upholding these principles, provincial governments would receive adequate and predictable funding from the federal government.

RECOMMENDATION #2:

Implement a federal Post-Secondary Education Act in cooperation with the provinces, modeled after the Canada Health Act, accompanied by a dedicated cash transfer with funding allocated to:

- *address shortfalls in funding since 1992;*
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FUNDING RESEARCH: THE KEY TO PROSPERITY

Over the past few decades, technology and innovation have played a central role in the development of Canada's economy. In Newfoundland and Labrador, the volatility associated with an economy based on natural resources has highlighted the need for a more stable and innovative economy.

Universities, and particularly graduate students, play an important role in the development of innovation and cutting-edge research. New initiatives within the research and development sector will provide added opportunities. In particular, graduate students are generating a significant portion of the province's new and innovative social and economic development.

Financial barriers often prevent qualified students from pursuing graduate studies. Undergraduates who complete their degree with excessive debt loads are less likely to consider entering graduate studies, particularly if it will result in more debt. Financial hardship also affects the quality of research performed by graduate students who are under stress and forced to shorten their fieldwork, forego publishing and conference presentations, and rush the writing phase of dissertations in order to complete more quickly. This has a negative effect on the quality of research performed and on the post-secondary institutions themselves.

In order for Canada to keep up with the evolving global economy, the federal government needs to provide adequate research funding for graduate students. The federal government must increase funding for graduate research, for all fields of study, to give individuals the means to generate research and propel our collective knowledge and understanding forward.

RECOMMENDATION #3:

Increase the number of Canada Graduate Scholarships to be consistent with average program growth and distribute them proportionally among the research councils according to enrolment figures.

CONCLUSION

The Canadian Federation of Students was founded on the principle that post-secondary education is a right and therefore every citizen with the ability and desire should be able to access higher learning, regardless of socioeconomic backgrounds and geographic locations. The recommendations in this submission reflect this founding principle.

This budget will set the priorities of the government for the coming year and it is an opportunity to continue making meaningful movement towards equality of our society. While acknowledging competing demands for federal budget allocations, students believe that there can be no higher priority than post-secondary education.

With experience showing that accessible university and college education is best achieved through increased government funding, reduced tuition fees and a full system of upfront need-based grants, there is no question that prioritising post-secondary education is the right choice for the government to make.