

2014 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**

Date: August 6, 2014

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EXECUTIVE SUMMARY

The Canadian Federation of Students – Nova Scotia represents students across Nova Scotia who share the goal of a healthy, sustainable and accessible system of post-secondary education for all Canadians. Federal support, adequate funding and improved legislation are crucial in achieving this goal. The 2015 federal budget provides an opportunity to prioritize funding for post-secondary education and build a more prosperous and equitable society.

Increasing tuition fees, high student debt, and a reliance on loan-based financial assistance are preventing Canada from reaching its full economic potential. In Nova Scotia, a net importer of post-secondary students, these factors are nonetheless contributing to increasing rates of youth out-migration and related economic hardships.

In anticipation of the 2015 federal budget, the following recommendations are presented to ensure that Canada's students, colleges, and universities are provided the support required to meet Canada's social and economic goals.

PROVINCIAL ACCOUNTABILITY

Recommendation:

Develop a Post-Secondary Education Act, modelled after the Canada Health Act, to ensure accountability and sustainability for post-secondary education funding in Canada, accompanied by a dedicated cash transfer.

While funding for post-secondary education is legislated provincially, federal funds remain the largest investment in Canada's public colleges and universities. Canada's failure to regulate federal funds directed towards post-secondary education has created a system in which provinces are free to misallocate transfers intended for post-secondary education to other provincial priorities.

Under the current model, provinces are provided block-funding for post-secondary education, social assistance and services, and early childhood education and childcare through the Canada Social Transfer (CST). While the CST claims to calculate funding on a per-capita basis, there are no accountability measures to ensure dedicated portions of funding are allocated as intended. Regulation of federal transfers is necessary to ensure accountability for provincial spending of federal funds.

Tuition fees for post-secondary education vary from province to province, and the cost of a post-secondary education depends largely on the region in which the student resides. In Nova Scotia, lack of adequate provincial funding for post-secondary education has resulted in the third highest tuition fees in the country. Dedicated federal funding, determined on a per-student basis, would increase access to universities and colleges and help achieve sustained growth of the Nova Scotian economy.

STUDENT DEBT CRISIS

Recommendation:

Redirect funds from ineffective education-related tax credits and saving schemes to the Canada Student Grants Program, ensuring greater access to non-repayable, need-based grants and eliminating federal student loans.

As funding for post-secondary education across Canada decreases, universities and colleges turn to private tuition dollars to make up the difference. The rise in tuition and student fees, followed closely by a rise in student debt, has meant that many Canadians are unable to afford the education required to succeed in the current job market.

Increasing levels of student debt have reached a crisis point in Canada. Canadians collectively owe the federal government more than \$15 billion in student loans, and more graduates than ever before are defaulting on their loan payments. High student debt is preventing graduates from starting businesses, buying houses, and starting families, thus inhibiting their ability to contribute to Canada's economy.

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 \$32,000, and more than 50 percent of Nova Scotians make less than \$30,000 per year. As more than 70 percent of newly posted jobs require some form of post-secondary education, high levels of student debt perpetuate a recessionary economy in which the uneducated cannot afford the qualifications required by the Canadian job market, and the educated are burdened by debt that they cannot meaningfully contribute to the Canadian consumer economy.

Skyrocketing levels of student debt are a barrier to accessing post-secondary education in Canada. The federal government can alleviate the pressure of student loans by replacing them with non-repayable, need-based grants. Lower levels of student debt would contribute to a healthier economy and provide the long-term benefits of a more educated population that is better positioned to fulfil labour market demands.

Current federal student financial assistance programs do very little to promote accessibility and reduce student debt in Canada. Tax credits do not reduce the up-front costs of education and only benefit those fortunate enough to find sufficient employment after graduation in a country experiencing levels of youth unemployment that are twice the rate of unemployment faced by the general population. Saving schemes, such as the Registered Education Savings Plan, only benefit individuals and families whose incomes are such that adequate contributions are possible. Such programs continue to disproportionately benefit the wealthy and fail to support the Canadians who need it most: the poor and those from marginalised communities.

Reallocating the \$2.58 billion currently invested annually in education related tax credits and saving schemes to the Canada Student Grants Program could eliminate student loans entirely and replace them with non-repayable grants.

ABORIGINAL EDUCATION

Recommendation:

Remove the prohibitive cap placed on funding increases to the Post-Secondary Student Support Program and ensure that every eligible Aboriginal, Inuit and Métis student can access funding.

Aboriginal people represent Canada's fast growing demographic, with the Aboriginal 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. Aboriginal people are consistently less educated than other Canadian demographics, even though funding through the Post-Secondary Student Support Program (PSSSP) should ensure access to college and university. The 2 percent cap on increases in funding for the PSSSP has prevented thousands of Aboriginal students in Canada from accessing funding for post-secondary education.

Providing adequate funding for the PSSSP fulfils Canada's moral and treaty-mandated obligations and also represents an economic benefit. The Centre for the Study of Living Standards found 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 20 years.