

Executive Summary:

Over the last 25 years, investments in education have decreased, causing the ever-increasing need for post-secondary education to outpace its access. Indeed, accessing the education that has proven essential to securing a good job that grows our economy has shifted from a publicly supported good to a personal investment, an investment increasingly accompanied by life-impacting debt.

The federal government has the opportunity to address these issues in the upcoming budget. To grow Canada's economy through innovation, and to ensure that Canadians are able to gain the education they need in order to contribute to this growth, investments in post-secondary education must be prioritized in this budget. By improving the affordability, accessibility and quality of our post-secondary education system, we can provide Canadians with the tools they need to make Canada a leader in innovation.

For these reasons, the Canadian Federation of Students, representing over 600,000 post-secondary students across Canada, submits the following recommendation:

Recommendation #1:

Engage with the provinces to create a 50/50 cost-sharing model, including a transfer of **\$14.9 billion** from the federal government, to eliminate tuition fees for post-secondary education.

Recommendation #2:

Strengthen and expand the Post-Secondary Student Support Program (PSSSP) by removing the funding cap on increases to the program and investing an additional **\$50 million** per year in the program to ensure that every eligible First Nations, Inuit and Métis learner has equitable access to post-secondary education.

Recommendation #3:

Expand the eligibility of the Canada Student Grants Program to include graduate students.

Invest an additional **\$25 million** per year to expand the Canada Graduate Scholarships.

Recommendation 1: Free Post-Secondary Education

As a share of operating revenues, government funding for post-secondary education has fallen from 77 percent in 1997 to 48.9 percent in 2013-2014. This is well below the Organization for Economic Co-operation and Development (OECD) average of 70 percent.

In every province, with the exception of Quebec and Newfoundland and Labrador, this funding cutback has been downloaded directly onto students in the form of massive tuition fee increases. Over the past 25 years, tuition fees have increased from an average of \$1,706 in 1991-1992 to \$6,191 in 2015-2016, a real increase of 137 percent. In the absence of any national oversight, access to post-secondary education between the provincial systems has varied substantially, as reflected in disparate average tuition fees. For example, undergraduate tuition rates range from \$7,868 per year in Ontario to \$2,660 per year in Newfoundland and

Labrador. Post-secondary institutions are also increasingly downloading costs onto international students with the national average tuition fees for international students increasing by 3.5 percent in 2015-2016 to \$21,932.

Rising tuition fees and the prevalence of loan-based financial assistance have pushed student debt to historic levels. For 2016-2017, the Canada Student Loans Program (CSLP) projects that approximately 40 percent of all full-time post-secondary students will require a loan and 41 percent of borrowers will reach the maximum loan limit in order to finance their education. This figure does not account for students who are forced to borrow from private sources.

Financing post-secondary education through student loans is an inequitable model that directly contravenes Canada's commitment to the International Covenant on Economic, Social and Cultural Rights. Low and middle-income students who are required to take out loans end up paying more for their education than students who can afford to pay the full cost up-front. Students who have to take on debt to pay for their education must pay both tuition fees and the accumulated interest on their student loans. In 2016-2017, the CSLP is projected to earn \$7.5 million on student loan interest.

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. In 2013-14, total federal spending on post-secondary education was approximately \$12.8 billion. Considering the commitments made in Budget 2016, the Parliamentary Budget Officer anticipates that this total will exceed \$15.7 billion by 2020-21. While there remains a clear funding shortfall in comparison to OECD countries, one of the biggest problems is that the money currently spent is not being spent efficiently.

The current funding model is not benefiting those who need it most. For example, in 2013-14, the federal government spent approximately \$3 billion on tax measures and the Canada Educational Savings Program, which primarily supports students who belong to families from the two highest income quintiles. Budget 2017 provides an opportunity to reallocate current funding to ensure that federal expenditures are creating a system of post-secondary education that is accessible to all.

In a country where 70 per cent of new jobs require some form of post-secondary education, education reform is one of the greatest measures the federal government can take to help Canadians maximize their contributions to the country's economic growth.

To ensure that federal expenditures effectively make post-secondary education accessible to all, the Federation recommends the following:

Engage with the provinces to create a 50/50 cost-sharing model, including a transfer of **\$14.9 billion** from the federal government, to eliminate tuition fees for post-secondary education.

The cost to eliminate tuition fees can be offset by eliminating costly and ineffective tax measures and saving schemes, including federal expenditures on RESP saving grants and tuition tax credits, which totals approximately \$2.89 billion.

This cost also includes the current post-secondary allocation of the Canada Social Transfer, which the Parliamentary Budget Officer estimates will be \$4.2 billion in 2017.

Total new spending: **\$7.8 billion**

Recommendation 2: Indigenous Access to Education

Post-secondary education is a right of Indigenous people. This has been guaranteed in several foundational nation-to-national treaties that have been affirmed as constitutional rights in the Canadian Constitution Act of 1982. In 1996, the Royal Commission on Aboriginal People urged the Government of Canada to recognize education as a treaty right of Indigenous people. Article 14 of the United Nations Declaration on the Rights of Indigenous Peoples, endorsed by Canada in 2012, identifies education as an inherent right of Indigenous people. Most recently, the Truth and Reconciliation Commission, designed to advance the process of Canadian reconciliation, calls for action on Indigenous students' access to post-secondary education, including for the government to "provide adequate funding to end the backlog of First Nations students seeking a post-secondary education."

Aboriginal youth are the fastest growing demographic in Canada, yet funding for post-secondary education has remained stagnant for over nearly twenty years. In 2013-14, total expenditure on Indigenous post-secondary education was \$342 million. If adjusted for inflation, the PBO reports that there has actually been a slight decline in this funding since 2004-05. If no changes are made to this funding structure, the PBO estimates that total federal expenditures will be \$365 million in 2020-21, a 6.7 percent decline from 2014-15 levels if adjusted for inflation.

This longstanding federal funding shortfall has meant that the Aboriginal communities administering the funds are forced to make difficult decisions about which students in their communities receive support each year. Quite often priority is given to shorter college programs to the detriment of Aboriginal students interested in pursuing professional or graduate programs of study.

The failure of the Canadian federal government to uphold its responsibility for Aboriginal peoples' access to education has left a startling gap in quality of life between Aboriginal and non-Aboriginal people. Educational attainment levels among Aboriginal peoples remain significantly lower than the non-Aboriginal population. According to the 2011 National Household Survey (NHS), less than 50 percent of Aboriginal women over the age of 25 have a post-secondary education degree, compared to 73 percent of non-Aboriginal women. Only 46 percent of Aboriginal men have a post-secondary degree, compared to 65 percent of non-Aboriginal men.

During the federal election, the Liberal Party explicitly promised to not only lift the restrictive cap on the Post-Secondary Student Support Program (PSSSP), but also to invest an additional \$50 million per year to improve Indigenous learners' access to post-secondary education. Although Budget 2016 included over \$8 billion in spending for Indigenous communities, PSSSP was left out.

Budget 2017 is an opportunity to ensure that all Indigenous learners are able to pursue post-secondary education, which is their treaty right, without incurring any debt. The Federation recommends the following:

Strengthen and expand the Post-Secondary Student Support Program (PSSSP) by removing the funding cap on increases to the program and investing an additional **\$50 million** per year in the program to ensure that every eligible First Nations, Inuit and Métis learner has equitable access to post-secondary education.

Recommendation 3: Graduate Student Research

Rising tuition fees and a limited number of available scholarships has resulted in many of the best and brightest students either being forced to accumulate large amounts of debt and not give their full attention to their research or being unable to pursue graduate-level education at all.

Between 2002 and 2012, graduate enrolment increased by 56.5 percent. At the same time, graduate tuition fees have risen to a national average of \$6,432. Despite this substantial growth in enrollment, coupled with rising tuition fees, federal funding for graduate students has only seen modest increases.

Students welcomed the investments made in Budget 2016 to the Canada Student Grants Program, which will increase grants available to low-and middle-income students by 50 percent. This investment of \$216 million in 2016-2017 will result in nearly 247,000 students from low-income families, 100,000 students from middle-income families and 16,000 part-time students receiving increased support; however, graduate students remain ineligible for this financial support.

Furthermore, recent increases in funding for the federal research granting councils, especially those resources dedicated to graduate students, have disproportionately benefited applied research programs that are designed to pursue a commercialized research agenda over basic, curiosity-driven research. This prioritization of commercializable research is evident in the inequitable funding between the tri-council agencies. In 2013-14, the Social Sciences and Humanities Research Council received \$252 million in federal funding in comparison to the \$775 million allocated to the Natural Sciences and Engineering Research Council and the \$836 million invested in the Canadian Institutes of Health Research. This inequitable funding has resulted in declining success rates for research grants, particularly for researchers in the social sciences and humanities. In 2014, less than one in four SSHRC researchers received funding despite another 40 percent of researchers being deemed eligible by peer-review.

Shifting the motivation for university research away from the public interest and towards commercial interests has resulted in the private sector increasingly relying on public infrastructure at universities for research and development, rather than investing in their own infrastructure. According to the 2014 World Economic Forum annual competitiveness report, Canada has fallen from 22 to 27 in the world for private sector spending on research in the last 5 years.

Discouraging private sector investment in its own research and development facilities leads to fewer employment opportunities for graduates in an already difficult job market, and encourages precarious work that puts a strain on both graduates and social services. 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. While increased public research spending is welcomed, funding should be equitably distributed among the councils to match enrollment and support curiosity-driven, untargeted research.

Improved financial support for graduate students will help to offset the impacts of rising tuition fees and the higher levels of debt students currently incur to pursue a graduate degree. By expanding the Canada Graduate Scholarships program and increasing access to need-based grants, underrepresented students can pursue graduate studies and all graduate students can

focus on completing their research. In turn, a more highly educated Canadian workforce will fuel research and innovation in both the public and private sectors.

To make graduate-level education accessible and better support graduate students' research, the Federation recommends the following:

Expand the eligibility of the Canada Student Grants Program to include graduate students.

Invest an additional **\$25 million** per year to expand the Canada Graduate Scholarships.

Costing: Transfer 0.8 percent of the tax incentives allocated through the Scientific Research and Experimental Development tax credit to the Canada Graduate Scholarships.