

Canadian Alliance of Student Associations

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?

Government must show leadership today to prepare Canada for success in the global knowledge economy. Canada's future depends on the ability of individuals to adapt to changing labour market requirements to sustain economic growth. The economic recovery has resulted in gains for those with experience, older workers, and those with higher education levels. Those lacking education or experience have suffered dramatically in reaching the labour market. People with higher educational attainment are more vocationally adaptable, seeing fewer periods of unemployment over a lifetime. In the recession nearly 300,000 jobs were created for university graduates and 90,000 more for college graduates. Among those with less education there were 433,000 fewer jobs. By 2017 university education will be required for 75% of new jobs. Government must act now to expand the labour force. The individual incentives to participation in the labour force are obvious, but opportunities to access it are unequal and the cost of admission is increasingly high. Concrete action that can be taken is improvements to federal student financial assistance programs, which are essential to make post-secondary education in Canada more accessible. Costs of post-secondary education continue to rise above and beyond the rate of inflation. Additionally, since its inception, the Canada Student Grants Program has not increased the amount of funding available to students who are qualified to receive grants. Increasing grant funding will reduce overall debt for low and middle-income students. Higher levels of debt have been shown to discourage completion, and Canada cannot afford to lose any qualified students. Further, loans cost the government money to service. Replacing a portion of student debt with upfront grants requires less expenditure to service assistance given to students. CASA Recommends: That government increase funds distributed by the Canada Student Grants Program by 25% per qualified student. This would provide middle-income students with \$23 more per-month, and low-income students with \$58 more per-month. This would cost government \$104 million dollars to help over 245,000 students, those with the most need.

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?

Canada is facing a skills and human resources shortage. To create jobs companies must grow. To grow they need to fill vacant positions with qualified individuals now. Finding a job is one of the greatest challenges facing youth and students today. Canada's economy has added jobs, but youth have been left behind. In June 2012 Canada's employment rate for students aged 20-24 was 63.2%. This was down from 67.4% in June 2011, and is the same value recorded in June 2009—the worst point in the most recent recession. Canada recently fell from 8th to 12th place the rankings of The Global Innovation Index and fell from 19th to 25th place for investments in Human Capital and Research. This shows that compared to other nations, Canada is not investing enough in higher education, and research and

development to keep pace. CASA believes that investing in financial assistance for students with the most need would encourage the largest long-term gains in human capital. This will help Canada's employers to grow by filling vacant positions with skilled people. To cover costs of living, tuition, and academic materials, many students supplement available financial assistance by working during their studies. It has been reported that during the last year of an undergraduate program 62% of students work, on average 18 hours per week. Work experience can help graduates find jobs, build support networks, and give them skills they may not get in the classroom. Currently, they are penalized for doing so. The Canada Student Loans Program currently asks applicants to guess at their expected in-study income when applying for financial assistance. The assessment of borrower assets currently exempts \$100 per week of in-study income. A student working 18 hours weekly at ten dollars per hour is subject to an \$80 deduction per week of study from their loan award. That amounts to \$2,880 over a 36-week course. The government should stop penalizing students who have to work. CASA Recommends: That government exempt in-study income from the Canada Student Loans Program assessment of borrowers assets.

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?

CASA views demographic decline and its pressures on the labour force as a multiplicity of issues. Canada needs to attract and retain well-trained individuals from around the world and provide opportunities for youth to contribute to society to their full potential. Canada's universities and colleges are magnets for global talent. In 2010 international students spent \$8 billion in Canada, contributing over \$4.9 billion to GDP and \$455 million in tax revenues. Last year it was announced that 1000 PhD students would be accepted for permanent residency under the Federal Skilled Worker Program. International students want to stay and government should support them in doing so. Canada needs to improve the capacity of its domestic workforce. Demographic projections illustrate that the Aboriginal population in Canada will grow to 1.4 million by 2017 from 1.1 million in 2006. Among First Nations Canadians unemployment is almost three times higher than non-Aboriginals and, among the employed, they make 17% less in median salary. A lower level of educational attainment is a leading concern in this troubling reality. The 2% funding cap placed on AANDC funding for the Post-Secondary Student Support Program has seen access to federal funding decrease as demand for the program and costs of education increase. In 2008 3,213 eligible students were denied funding and a backlog of 10,589 students were waiting for funding. Among those who receive funding, completion rates are at an all-time high. Increasing post-secondary access will help to close this employment and earnings gap. In 2009 it was estimated that closing the earnings gap between Aboriginal peoples and non-Aboriginals would inject over \$400 billion into the economy and net the government \$116 billion by 2026. CASA recommends: That government implements a fast track to permanent residency for international Masters students, and a fast track to permanent residency for undergraduate and college students in disciplines that would address Canada's labour shortages. That government remove the 2% funding cap on the Post-Secondary Student Support Program, fund the backlog of students who have been denied funding, and ensure that the program is adequately funded into the future.

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 the years to come the responsibility for supporting Canada's system of social programs will fall on a reduced pool of individuals. It is no secret that, if unresolved, this will lead to a diminished tax base and greater strains placed on the services that currently exist. Improving education and training will create the labour force Canada needs to address these fast approaching realities. The immensity of Canada's demographic challenge means that there is no one answer to address this problem, but education will ensure that Canadians have the needed skills to contribute. Canada needs to ensure that tomorrow's labour force has every means at their disposal to create, manufacture, innovate, and discover. This cannot be ensured through training alone. To be successful individuals will need to have the most up-to-date and accurate information at their disposal. Most of the cutting edge research done in Canada is publicly funded. It is supported by our public post-secondary institutions and through research programs like the Natural Sciences and Engineering Research Council, Social Sciences and Humanities Research Council, Canadian Institutes of Health Research, Canada Research Chairs, and the Canada Foundation for Innovation. At present, most of the new findings and information generated through these public dollars is not publicly available. Supporting Open Access will encourage future efficiencies for individuals, businesses and various levels of government. It will also have a positive effect on curbing the outrageous growth in prices of scholarly journals that negatively impacts the operating budgets of Canada's colleges and universities. Taxpayer funded research should be available to everyone to learn from. CASA recommends: The government enact legislation requiring the federal tri-agencies (SSHRC, NSERC and CIHR) to ensure that all findings produced with publicly funded research is made available in an Open Access format.

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?

Youth in Canada are facing a wide variety of unique and shared challenges. CASA believes the largest, overarching challenge that faces youth in Canada is the imminent demographic decline. Canada's demographic decline will place unprecedented social and economic pressure on today's youth. Regrettably, it is increasingly costly at present for young people to prepare for the future. To ensure that Canada's youth can succeed in meeting this challenge government must make post-secondary education more accessible. People who attain a college or university education have optimal employment outcomes. Sadly, to advance themselves in this manner, many have to take on burdensome debt, and more so when the labour market is bad for youth, as it has been. Those who take on debt have been shown to have remarkably low levels of financial literacy. When faced with the largest financial decision of their lives, youth have few tools to effectively manage the costs of attaining post-secondary education and the burden is growing. Seventeen percent of post-secondary graduates had debt loads over \$25,000 in 1995. By 2005 this number had grown to 27%. Those who borrow to go to post-secondary have a significantly lower probability of having savings or investments than those who do not have to borrow. Further, post-secondary graduates with student loans had lower assets and lower net worth than those who did not have student loans. This reality is particularly troubling given that 57% of graduates in 2005 borrowed to finance their education. Canada needs more people with post-secondary education. Youth from high-income families are more likely to attend post-secondary and less likely to take on debt. More low-income Canadians need access to post-secondary education

and they will be more likely to need financial assistance. Students receiving financial aid have already demonstrated need. Receiving need-based financial assistance can improve persistence, but if this assistance is inadequate to cover costs or debt loads are higher, completion is less likely. Canada needs more educated people with less debt. CASA recommends: That government increases the proportion of non-repayable student financial assistance by distributing more money through the Canada Student Grants Program.