

## **Canadian Federation of Students-Ontario**

### **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?*

During this period of economic recovery, the best approach to obtain sustained economic growth is to invest in people and education. According to the Organisation for Economic Co-operation and Development, there is a \$3.20 public return for every \$1.00 publicly invested in a students' post-secondary education. It has been estimated that 70 per cent of new jobs in Canada require some form of post-secondary education. As the country faces a shifting global economy that is increasingly knowledge-based, it is crucial that the federal government recognize the need to ensure that college and university education is accessible for anyone who wishes to pursue it. Canada's long-term economic prosperity is threatened by the high upfront cost of post-secondary education and the alarming levels of student debt accumulated by students across the country. Undergraduate students in Ontario pay an average \$6,640 per year in tuition fees, while the Canadian average has reached over \$5,300. Collectively, students owe the federal government almost \$15 billion in student loan debt, in addition to debt owed to provincial governments, banks and other private loan sources. Ontario students alone owe an additional \$7 billion to the Ontario government. The amount the federal government transfers to the provinces for post-secondary education, as a proportion of Gross Domestic Product, is half of what it was 20 years ago. The provinces and institutions have been left struggling to deal with the drive to increase college and university enrolment, while students and their families have been burdened by paying more for their education. In Ontario, less than half of university operating revenue comes from government sources, while tuition fees have more than tripled over the last 20 years. Recommendation: Implement a federal Post-Secondary Education Act, modeled after the principles of the Canada Health Act. Along with the Act provide dedicated cash transfers to the provinces with funding allocated to: - Progressively increase per capita funding for post-secondary education to reach 1992 levels; - Progressively reduce tuition fees to reach to 1992 levels; and - Invest in college and university infrastructure by eliminating deferred maintenance.

#### **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?*

The shifting global economy and competition from other countries has placed a greater importance on Canada's ability to develop a well-educated workforce. As some sectors transform and new sectors emerge, more people than ever are going back to school to upgrade their skills. Young people also understand that pursuing a college or university education is critical in order to participate in the new economy, often making large sacrifices to do so. Canada has seen the impact of sovereign debt crises around the world and of massive household debt during an economic recession in countries like the United States. With students owing \$15 billion in student loans to the federal government, in addition to debt owed to provincial governments and private sources, Canada is facing a debt crisis of its own.

Students who take on public and private loans graduate with an average \$37,000 of debt for an undergraduate degree. In the last two decades, wages have stagnated and college and university graduates have accumulated larger amounts of debt. If Canada is going to grow its economy out of a recession and create new jobs, we need highly educated people who have the ability to participate in the economy. Debt-ridden graduates are less likely to start families or make large purchases and have less financial freedom to take risks on new ventures, businesses and research. The federal government needs to address Canada's student debt crisis and enable people to pursue higher education without restricting their economic mobility and capacity. By reducing student debt and restructuring tax incentives for those pursuing higher education, the federal government will be better equipped to create jobs and sustain the economic health of Canada. Recommendations: 1. Reduce the student loan debt accumulated through the Canada Student Loans Program – currently at an estimated \$15 billion – by 50 per cent over the next three years. 2. Redirect the funds currently allocated to education-related tax credits and savings schemes – estimated at \$2.5 billion per year – to the Canada Student Grants program. This would ensure that students in need would receive financial assistance without accumulating more debt.

### **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?*

The best way to address challenges associated with Canada's aging population and skills shortage is to invest in educating the new workforce. In addition to ensuring that college and university education is affordable for Canadians generally, the federal government should direct attention to the growing Aboriginal population and international students who wish to study in Canada. Between 2001 and 2006, First Nations, Inuit and Métis communities grew by almost 30 per cent in Ontario, over four times the rate of the province's total population. Almost half of the country's Aboriginal population is under the age of 25. It is estimated that over 300,000 Aboriginal youth could enter the labour force in the next 15 years. Despite the federal government's responsibility for Aboriginal education, high tuition fees and the lack of adequate funding has left thousands of First Nations, Inuit and Métis people behind. As long as funding for the Post-Secondary Student Support Program remains capped at two per cent, the education gap between Aboriginal people and the Canadian population will continue to widen. The federal government can also draw students from outside Canada to help address the skilled labour shortages in the country. The international student population has grown rapidly at Canadian colleges and universities, as people around the world recognize the value of studying and working in Canada. International students contribute \$6.2 billion to the Canadian economy annually and most of these students remain in the country to work after they graduate. Recommendations: 1. Remove the funding cap on increases to the Post-Secondary Student Support Program and ensure that First Nations, Inuit and Métis learners are provided adequate funding to attend post-secondary education. 2. Strengthen Canada's reputation as country of choice for studying by regulating and reducing tuition fees charged to international students and combining the Off-Campus Work Permit and Post-Graduation Work Permit into the Study Permit (Student Visa). 3. Inject an additional \$10 million to Statistics Canada's branch for the collection and analysis of post-secondary education statistics, in order to track the impact of student debt, completion times and retention rates on fulfilling Canada's labour-market demands.

#### **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?*

Canada's ability to be productive and remain competitive in the knowledge-based economy depends on its capacity to be innovative. Graduate programs are hubs of knowledge and research where graduate students and faculty carry out innovative work within public post-secondary institutions. Enhancing graduate studies encourages creative research and develops highly skilled people that become leaders in a changing economy. One of the few sources of direct funding to graduate students at the federal level is the Canada Graduate Scholarship, which is administered through the three research granting councils – Social Sciences and Humanities Research Council, Natural Sciences and Engineering Research Council and Canadian Institutes of Health Research. However, the amount of funding going to graduate students for research has stagnated and most graduate students face significant financial barriers to completing their degrees. Graduate students in Ontario pay an average of \$7,600 per year in tuition fees, while the Canadian average has reached over \$5,600. The financial burden of high fees for graduate students is exacerbated by the foregone earnings from not being employed full-time, along with substantial debt loads accumulated from earlier degrees. Retention rates have been historically low for graduate students and the inability for some to complete their degrees amounts to the loss of skilled innovators for the labour market and can mean even greater student debt loads. The small increases to the research granting councils in recent years have not kept up with the increase in graduate enrolment, while government funding for research has shifted toward priorities of the private sector. The shift toward commercializing university research will not lead to increased productivity, but instead will undermine the university sector's ability to produce new and innovative research. Recommendations: 1. Increase budgets of the granting councils' basic research by 20 per cent to support the long-term capacity of universities and graduate students to conduct innovative research. 2. Increase funding to the Canada Graduate Scholarships and distribute funding proportionately among the granting councils to reflect enrollment. 3. Allow the granting councils the authority to fund research as demanded by the academic community by removing targeted research funding earmarks.

#### **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?*

Young people today are facing unique challenges that previous generations of young people did not encounter. Students and youth are faced with an economy where most jobs require some level of post-secondary education and obtaining one or two degrees is increasingly becoming the only path to a middle-income job. Compared to the previous generation, post-secondary education has become much more expensive, which has placed a greater financial burden on students after graduating and limiting their ability to participate fully in the economy. The previous generation of youth in Canada benefited from social programs that enabled them to access a higher education, live stable lives and have economy mobility. Twenty years ago, universities received 80 per cent of their revenue from government sources compared to only half today. The impact of this divestment has been the shift onto students through increased tuition fees for the financing of our public post-secondary institutions. Social programs including education, health care, employment insurance, pensions, child care, housing and public safety have been slowly eroded in the last two decades, leaving today's youth at a disadvantage compared to their parents' generation, who benefited from these social programs that were meant to build a more equitable and productive society. The federal government should ensure that these

programs do not continue on the path of decline and instead boost social supports for all Canadians, especially in this time of economic difficulty. A number of federal measures could specifically address the challenges young people are facing as they look to obtain higher education and enter the labour market. This includes the recommendations made throughout this submission, as well as providing employment services and opportunities for youth, while supporting community initiatives and organizations. Recommendations: 1. Reopen the Service Canada Centres for Youth in order to ensure youth have access to the services required to face a challenging labour market. 2. Boost funding for the Canada Summer Jobs program, which provides work opportunities for students, while supporting important community organizations and services.