



Canadian Alliance of Student Associations
Alliance canadienne des associations étudiantes

Written Submission for the Pre-Budget Consultations in Advance of the 2019 Budget

By: Canadian Alliance of Student Associations



Summary of Recommendations

- **Recommendation 1:** That the federal government give new post-secondary graduates a 6-month, interest-free period before they have to begin paying back their student loans.
- **Recommendation 2:** That the federal government work with other provinces to make the Canada Learning Bond more easily accessible, by integrating Registered Education Savings Plan referrals with the online birth registration service.
- **Recommendation 3:** That the federal government create an upfront, non-repayable Canada Student Grant for graduate students with high financial need at an estimated cost of \$58 million.
- **Recommendation 4:** That the Tri-Council Agencies use some of this money to reinvest in student programs. We recommend a \$25 million increase to student programs for each of the Tri-Council Agencies.
- **Recommendation 5:** That the federal government remove the requirement for international students to seek an additional work permit to pursue co-op and internship opportunities, and instead automatically permit this work under the international student study permit.



Introduction

The Canadian Alliance of Student Associations (CASA) is a non-partisan, not-for-profit, advocacy organization representing 270,000 post-secondary students in Canada. Through its partnership with the Quebec Student Union (QSU), CASA represents an additional 79,000 students in Quebec. CASA is the national voice on student issues and we welcome the opportunity to share our organization's vision for inclusive post-secondary education that will ensure Canada's competitiveness.

Building an Inclusive Economy by Reducing Student Debt

CASA believes that any student with the desire to pursue post-secondary education should not face barriers to access, nor should any student accumulate an unreasonable and insupportable amount of debt in the pursuit of that education. Reaching this ideal would not only help Canadians reach their full potential, but it would also help the country to build a skilled citizenry and to become a leader on the global stage.

The OECD report, *Policies for Stronger and more Inclusive Growth in Canada*, reveals that while Canada's economy is growing, not all population groups have benefited equally. Historical and societal inequities show that Indigenous peoples, women, mature students, migrants, and people with mental health issues are more likely to be unemployed or underemployed.¹ Meanwhile, we know that post-secondary education contributes greatly to a country's economy, while also reducing social inequalities by levelling the playing field and creating sustainable opportunities for success.² In order for Canada to compete on the global stage, the government must commit to creating an innovative and high quality post-secondary system that is accessible and affordable to all.

While access to financial aid in Canada has increased in recent years, the high interest rates of prime + 2.5% for variable loans and prime + 5% on fixed loans imposes an unmanageable level of debt on young Canadians.³ The interest rates charged on the federal portion of student loans are above the market rate and

¹ Policies For Stronger and More Inclusive Growth in Canada (Paris, Organization for Economic Co-Operation and Development, 2017), page 12-14. Accessed online: <http://www.oecd.org/industry/policies-for-stronger-and-more-inclusive-growth-in-canada-9789264277946-en.htm>

² *Ibid.*

³ Interest Rate for Canada Student Loans (Government of Canada). Accessed online: <https://www.canada.ca/en/employment-social-development/services/education/student-loan/interest-rates.html>



also above the rates offered by other OECD countries.⁴ Moreover, the fact that interest accrues immediately on student loans does not provide sufficient time for a student to transition to employment, which takes an average of five months in Canada⁵. To help facilitate better transitions to the workforce for new graduates, several provinces now offer a six-month, interest-free period on student loans. However, unbeknownst to most students, this interest-free period only applies to the provincially funded portion (about 40%) of their loan.⁶ As a result, students often feel misled and overwhelmed upon discovering the amount of interest they've accrued since graduating. This inconsistency, paired with the high interest rates on student loans, puts into question the affordability of post-secondary education brought by the financial aid system here in Canada.

CASA recommends that the federal government give new graduates a 6-month, interest-free period before they have to begin paying back their student loans.

Encouraging Early Education Savings

CASA believes that the federal government can do more to help low and middle-class Canadians save for their children's education. The government currently supports families by contributing up to \$2,000 of Canada Learning Bonds (CLBs) into their Registered Education Savings Plan (RESP).⁷ Though no contribution is required of the family to receive the bond, the *Canada Education Savings Plan* annual report reveals that “nearly 80% of the children who received a CLB in 2014 also received a contribution to their RESPs.”⁸ This demonstrates that providing initial contributions into an RESP encourages families to prioritize and save for their children's future education. Early interventions such as these have proven to be effective in encouraging students from marginalized communities to attend higher education, as evidenced by programs such as “Pathways to Education”.⁹

⁴ Office of the Superintendent of Financial Institutions Canada, *Actuarial Report on the Canada Student Loans Program as of 31 July 2014*, Ottawa ON, January 2016, Accessed online: http://www.osfi-bsif.gc.ca/Eng/Docs/CSLP_2014.pdf

⁵ Employment and Social Development Canada, *Work-Unemployment Duration*, Indicators of Well-being in Canada, July 2015, <http://well-being.esdc.gc.ca/misme-iowb/3ndic.ft.4r@-eng.jsp?iid=15>

⁶ University of Toronto Enrolment Services. *OSAP and Professional Experience Year: Information and Useful Tips*. Page 1. Accessed online: <http://engineeringcareers.utoronto.ca/files/2015/09/OSAP-INFO-FOR-PEY-STUDENTS-Handout2016.pdf>

⁷ Canada Learning Bond Overview. Government of Canada. Employment and Social Development Canada. Accessed online: <https://www.canada.ca/en/employment-social-development/services/learning-bond.html>

⁸ Employment and Social Development Canada, *CESG Annual Report 2014*, Ottawa ON, February 2016, Accessed online: http://www.esdc.gc.ca/en/reports/cslp_cesp/cesp_2014.page.

⁹ Pathways to Education Canada, *2013-2014 Results Summary*, Toronto ON, Accessed Online: https://www.pathwaystoeducation.ca/sites/default/files/editor_uploads/pdf/Results%20Summary%202013-2014.pdf



While the Canada Learning Bond provides much needed support to aspiring students from financially disadvantaged backgrounds, sadly only 31% of eligible low-income families access it.¹⁰ The reasons for this are many, including a lack of program awareness, difficulties in accessing a bank for those living in remote and rural areas, lack of a valid SIN number, and general mistrust of financial institutions.¹¹ While each of these barriers must be addressed, **CASA recommends that the federal government work with other provinces, like they have done in Ontario¹², to make the CLB more easily accessible by integrating RESP referrals with the online birth registration service.**

Making Graduate Studies Inclusive

While the government made significant investments in the last budget towards research, more can be done to directly support graduate students, who are key drivers of Canada's innovation and competitiveness. In today's knowledge-based economy, where a diverse set of skills are needed to succeed in the workforce, unprecedented numbers of students are returning to graduate studies.¹³ The proliferation of graduate programs and higher levels of students returning for further studies is undoubtedly contributing to Canada's advancement as a global leader on research and innovation. However, the cost of pursuing graduate studies can deter many bright minds from pursuing higher studies. In fact, four in ten students report financial concerns and debt impacting their decision on whether to continue their education following a bachelor's degree.¹⁴

Currently, graduate students are ineligible for Canada Student Grants and can no longer access assistance from tax credits as a result of the federal government's redirection of student aid funding into the Canada Student Grants program instead. This means that many bright individuals are being excluded from graduate level education due to financial barriers. For instance, those who are low-income, Indigenous, racial minorities, parents, or who struggle with a disability or mental health issues, face many additional and intersectional barriers that may prevent them from maintaining the grades required for private scholarships. To

¹⁰ *Ibid.* Note 8.

¹¹ Bellefontaine, Teresa. "ESDC Innovation Lab: Finding Points of Leverage." Canada Learning Bond Champions Network, Annual Meeting, 7 February 2018, Novotel Hotel, 3 Park Home Avenue, Toronto Ontario.

¹² Employment and Social Development Canada. *Government of Canada Partners with the Government of Ontario to add a new feature to the province's Newborn Bundle Service*. Accessed online: <https://www.newswire.ca/news/employment-and-social-development-canada&page=8&pagesize=20>

¹³ Trends in Higher Education. Enrolment Overview. Universities Canada. 2011. Accessed online: <https://www.univcan.ca/wp-content/uploads/2015/11/trends-vol1-enrolment-june-2011.pdf>

¹⁴ 2018 Graduating University Student Survey: Master Reports (Canadian University Survey Consortium, June 2018: Accessed online: http://cuscc-reu.ca/?page_id=32&lang=en



ensure that graduate studies in Canada remains inclusive, needs-based financial aid must be made available by the government to graduate students.

CASA recommends that the federal government create an upfront, non-repayable Canada Student Grant for graduate students with high financial need at an estimated cost of \$58 million.

While Canada's commitment to research is evidenced by its \$925 million investment towards research in Budget 2018¹⁵, only a fraction of this will directly benefit students. Instead, the vast majority of these funds are being given to faculty, leaving many aspiring student researchers in the lurch. Furthermore, only approximately 2% of graduate students receive research scholarships from the Tri-Council Agencies.¹⁶ It is thus not surprising that Canada is falling behind its competitors in producing Highly Qualified Persons, including PhD graduates.¹⁷ These facts signal that the government can do more to support graduate students, who propel the Canadian economy forward and bring new ideas and solutions to global challenges.

From 2011-2015, the government of Canada made substantial cuts to the Tri-Agencies, which significantly hurt student researchers. At its lowest point, in 2014, the three agencies collectively lost \$37 million of their funding. When accounting for the inflation rate of 1.99 % at the time, in constant dollar the agencies had collectively lost \$87 million in valuable research dollars.¹⁸ Despite the fact that government has laudably reinvested in research since then, the amount of Tri-Agency research support granted directly to students still fails to meet the levels it was at prior to the cuts in 2011.¹⁹ CASA and QSU were discouraged to hear that despite the promise of new research funds in Budget 2018, the Tri-Council Agencies will not raise student funding back to its pre-2011 total.

Putting research funds directly in the hands of students benefits everyone, as students are not only the innovators of tomorrow, but also the innovators of today. **CASA and QSU further recommend that the Tri-Council Agencies use some of this money to reinvest in student programs. Specifically, we recommend a \$25 million increase to student programs for each of the Tri-Council Agencies.**

¹⁵ *Ibid.* pg 88

¹⁶ *Investing in Canada's Future: Strengthening the Foundations of Canadian Research* (Canada's Fundamental Science Review, 2017). Accessed online:

[http://www.sciencereview.ca/eic/site/059.nsf/vwapj/ScienceReview_April2017.pdf/\\$file/ScienceReview_April2017.pdf](http://www.sciencereview.ca/eic/site/059.nsf/vwapj/ScienceReview_April2017.pdf/$file/ScienceReview_April2017.pdf)

¹⁷ *PhD Graduates* (Conference Board of Canada). Accessed online:

<http://www.conferenceboard.ca/hcp/details/education/phd-graduates.aspx>

¹⁸ FAÉCUM. 2017. Student Funding Programs with Tri-Agencies.

¹⁹ *Ibid.* pg2



Preventing the “Brain Drain” of International Students

Canada is facing a brain drain, as talented individuals choose to leave the country to pursue better opportunities abroad. This is especially true for international students who face numerous bureaucratic barriers to integrate into Canada’s economy.

While Canadian post-secondary institutions invest heavily in attracting top foreign students to their campuses, the supports needed to retain and assist these students while they transition into Canadian society are lacking. For example, a student study permit allows international students to work up to 20 hours a week, but international students must apply for a separate work permit if they wish to pursue a co-op or work-integrated learning opportunity.²⁰ This additional step is a significant hindrance to students seeking a work-integrated learning opportunity, and in some cases, the delay prevents international students from participating at all. Seeing as work-integrated learning is increasingly being recognized as an essential part of a quality post-secondary education, and is also the most direct pathway to employment for new graduates²¹, this poses a severe limitation for graduating international students.

When faced with these bureaucratic barriers, highly educated international students opt to leave the country while Canadian companies starve for talent. Allowing international students to easily access co-op and internship opportunities will help to retain and foster talent within Canada, enabling the country to compete on the global stage. **CASA recommends that the federal government remove the requirement for international students to seek an additional work permit to pursue co-op and internship opportunities, and instead automatically permit this work under the international student study permit.**

²⁰ *Work as a co-op student or intern* (Immigration, Refugees and Citizenship Canada). Accessed online: <http://www.cic.gc.ca/english/study/work-coop.asp>

²¹ Taking the Pulse of Work-Integrated Learning in Canada. Business Higher Education Roundtable Canada. Academica Group. April 2015. Accessed online: <http://bher.ca/wp-content/uploads/2016/10/BHER-Academica-report-full.pdf>