

POST-SECONDARY SECURITY: BUILDING STABILITY FOR CANADA'S STUDENTS IN RESPONSE TO COVID-19

May 11, 2020

COVID-19

The onset of COVID-19 made clear that a wide variety of Canadians were at risk of losing income with the necessary work restrictions, to curtail the spread. The recognition of the need to support Canadians out of work was similarly swift, leading to the creation and release of the Canadian Emergency Response Benefit (CERB). In the days following its release, students began inquiring, both to student associations and to government, about whether those who did not “cease work” were eligible for CERB, quickly learning they were not. Many students take a seasonal approach to work, focusing on studies full-time during study terms (usually September to April, inclusive) and work through the other months to pay for their annual tuition in living costs.

STUDENT WORK

Labour Force Survey data from 2019 show that of the approximately 1.7 million students aged 17 to 24 (overwhelmingly post-secondary students), approximately 1.1 million worked during the summer, and another 100,000 were actively seeking work but unable to find it¹. The same data indicate that of those 1.1 million students, over 500,000 worked in excess of 30 hours per week. The average monthly wages for working Canadians aged 15 to 24, including both part-time and full-time, was approximately \$2,200,² a possible estimate of student summer income.

¹ Statistics Canada (6 August 2019). “The Daily, Table 13: Students and other persons aged 15 to 24 by detailed age group, unadjusted for seasonality”. <https://www150.statcan.gc.ca/n1/daily-quotidien/190906/t013a-eng.htm>.

² Statistics Canada (6 August 2019) “The Daily, Table 11: Average usual hours and wages of employees by selected characteristics, unadjusted for seasonality”. <https://www150.statcan.gc.ca/n1/daily-quotidien/190906/t011a-eng.htm>.

STUDENT COSTS

Students incur significant expenses in the form of accommodation, food and tuition. Tuition rates in Canada have shown a steady upward trend in most provinces and on aggregate since at least 2006, based on Statistics Canada's Tuition and Living Cost (TLAC) dataset. The average Canadian student can now expect to pay approximately \$6,500 in annual tuition before any additional fees or living costs³. Regional and programmatic variance also exists; the average domestic Ontario engineering student can expect to pay approximately double that amount⁴. Both provincial and federal governments provide financial aid for students from lower-earning families, and in those cases, students are still expected to contribute summer earnings towards their education, usually about \$1,500-\$3,000 of their annual tuition costs, a contribution limit generally harmonized across the federal and provincial governments^{5,6}. Students who do not receive the financial aid limit due to family income may be required to save additional amounts, especially if parental income has been impacted by COVID-19. With a possible discrepancy between 2019 and 2020 earnings, we urge the government to find a way to address this potential mismatch between financial aid and financial need. This could be accomplished by students being able to voluntarily indicate whether their family has lost over a certain significant threshold of their earnings and expanding access to Canada Student Loans to those in this case, with verification in the new fiscal year. Such action would require trust in Canada's families. An alternative and less targeted course of action is a one-time reduction of the expected parental contribution.

Student living costs are more difficult to approximate. UCRU was unable to find post-secondary specific data on housing or food costs. The Canada Mortgage and Housing Corporation has a 2011 dataset derived from the National Household Survey, which estimates that the average non-family household renting in a Census Agglomeration, aged 18-29, spends approximately \$850/month on rent and utilities. However, the number of households suggests this is not the correct set of search parameters, making it difficult to say with certainty what statistical housing costs are. Fortunately, other survey sources do exist. Maclean's estimates, based on 2018 survey data, that the average Canadian university student pays approximately \$650/month in rent⁷. However, regional disparities also exist. The University of Toronto estimates living costs for its downtown and Scarborough campuses to average approximately \$1,000/month, even while sharing amongst many roommates⁸. Similarly, monthly food costs average approximately \$300 per person, based on 2017 Statistics Canada data⁹ and 2.4 persons as average household size,¹⁰ while Maclean's data estimates \$260 per month.

³ Statistics Canada (5 May 2020). "Canadian undergraduate tuition fees by field of study". <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710000301>

⁴ *ibid.*

⁵ Office of the Auditor General of Ontario (2018). "Annual Report 2018, Volume 1". Page 464. https://www.auditor.on.ca/en/content/annualreports/arreports/en18/v1_310en18.pdf

⁶ Alberta Student Aid (2018). "Student Loans & Grants Funding Guide 2018-19". Page 5. <https://studentaid.alberta.ca/media/165777/fundingguide2018-19.pdf>

⁷ Brown, Mark (2018). "The cost of a Canadian university education in six charts". *Maclean's*. <https://www.macleans.ca/education/the-cost-of-a-canadian-university-education-in-six-charts/>

⁸ University of Toronto Student Life (2020). "Living Costs". <https://www.studentlife.utoronto.ca/hs/living-costs>

⁹ Statistics Canada (2020) "Detailed Food Spending, Canada, regions and provinces". <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110012501>

¹⁰ Statistics Canada (2019). "Census Profile, 2016 Census". <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=PR&Code1=01&Geo2=PR&Code2=01&Data=Count&SearchText=Canada&SearchType=Begins&SearchPR=01&B1=Families,%20households%20and%20marital%20status&TABID=1>

These expenditures: rent, summer tuition contribution, and food, combine to an expected contribution of:

Expense Category	\$/month
Tuition Contribution	750
Rent	650
Food	260
Total	1660

This analysis ignores other expenses such as car payments, insurance, entertainment, clothing and luxuries, or cost of summer courses students are taking in lieu of work. It also ignores regional disparities and the normal propensity of students to save for food and rent costs in non-summer months. However, it does highlight the scale of immediate need for students if they are to retain shelter and sustenance, and be expected to return in the fall, as tuition payments are typically due in August.

GOVERNMENT RESPONSE

After approximately one month, the government released the majority of its proposed aid package for post-secondary students¹¹, including:

- The Canada Emergency Student Benefit (CESB), set by regulation to be worth \$1,250 for most students, and more for students with dependents, at the level of \$2,000 after input from Parliament for those without access to Canada Emergency Response Benefit (CERB)
- The Canada Student Service Grant (CSSG), providing paid service opportunity to students assisting in pertinent COVID-19 related sectors
- Expanded support for the Canada Summer Jobs program through reallocation of existing expenditure, as well as additional funding for the Student Work Placement Program and Canada Service Corps microgrant program
- Support for experiential learning through additional funding for the Business Higher Education Roundtable for development of placements and through granting councils for graduate student fellowships
- Funding for Indigenous Students through supports yet to be determined
- Major expansions to the Canada Student Grant (CSG) and Canada Student Loan (CSL) payments for those in non-Québec provinces and the Yukon, and direct funding to Québec, the Northwest Territories and Nunavut for them to administer
- Removal of expected personal contributions to Canada Student Grants
- Relaxation on study-term work restrictions for international students
- Funding for the Youth Employment and Skills Strategy
- Temporary halts on repayment and interest related to Canada Student Loans, primarily assisting graduates

¹¹ Department of Finance (2020). "Backgrounder: Support for Students and Recent Graduates Impacted by COVID-19". <https://www.canada.ca/en/department-finance/news/2020/04/support-for-students-and-recent-graduates-impacted-by-covid-19.html>

ASSESSMENT OF RESPONSE ADEQUACY

The largest financial expenditures in this package are Canada Student Grant and Canada Emergency Student Benefit. Assuming an eligible student receives the normal benefit for four months and \$3000 more in student grants, they would receive \$8000 in taxable benefits. This compares to an average expected contribution and expenditure of \$6640 over the three largest categories, or \$4390 after removal of expected student contributions. Again, this does not account for savings for living expenses in the other months of the school year, regional variations in cost of living, students not receiving the full student grant expansion, students owning personal vehicles, or for other variations in expenses. It also does not account for benefits received from other programs in the package.

Observing this amount and average incurred costs, we are relatively satisfied that these main two investments will be satisfactory for student needs in most cases. We do note, however, a lack of equality between the rates of the CERB and CESB, given both cases are designed for those out of work directly due to COVID-19. While the CESB and increased student grants may lead to the same \$8000 figure, that relies on an assumption each student will see the full \$3000, an amount incongruent with the number of post-secondary students and the amount appropriated by Parliament. Many students have expressed concerns about the justification of the lower amount, and we advise parity between these similar programs, should an extension unfortunately be required.

An additional concern is based on the all-or-nothing nature of the benefit. Our understanding is that regulations will be set to provide a maximum monthly external income cap of \$1000. The policy of not giving working students a benefit is one we respect, but pose that those anticipating to earn around that amount based on assigned shifts (such as at a supermarket) will have little financial certainty on whether they will be below or above that threshold. Again, if the benefit requires renewal, the consideration of a relatively steep de-escalation of benefits above the cap based on income could serve to eliminate this consideration, and smooth benefit income to minimize any perverse incentives within the system.

Overall, these programs represent an enormous and unprecedented investment. The magnitude of the response is born of the magnitude of this crisis, and most students will see their financial situation stabilized drastically compared to a scenario in which this funding had not been approved. While UCRU has some outstanding concerns, the core of the benefit structure is sound.

INTERNATIONAL STUDENTS & CESB

This benefit is designed to help any Canadian student not covered by CERB and not earning a minimum monthly amount to collect the CESB. However, unlike the CERB, the CESB is not available to international students residing in Canada during this crisis. While their governments may have a role to play in support, students coming from less advantaged countries that may not provide aid are still part of our communities, have living expenses, don't have access to the financial aid system, and often pay more in tuition fees, on average paying 460% of domestic undergraduate tuition¹². The general aid package does not ignore international students, giving additional flexibility to work during academic terms, but that doesn't lead to any support during the summer months. Additionally, lifting the off-campus work-hours limit does not lead to the materialization of additional jobs. We believe inclusion of international students in CESB should be a priority for Parliament.

PROGRAM ROLLOUT & INFORMATION AVAILABILITY

The announcement of the aid package was made on April 23rd. Now that two-and-a-half weeks have elapsed, students are awaiting specifics, as well as for program implementation and intake. The CERB had a target date for application intake, April 6th, and a target for reception of direct deposit funds, approximately 3 days¹³.

Information about specifics is still needed for student planning. In particular, details about Indigenous student support has not been elaborated on. Details about disbursement mechanisms, any additional eligibility requirements, as well as whether Indigenous student support will be exclusive to, or complementary to CESB, would aid Indigenous students' financial planning for the coming months.

Details about the CSSG is also information that students are looking for as they make decisions about enrollment in courses or other time obligations that might interfere with volunteer opportunities.

While good program design is important, and takes time, the financial need for students is immediate. The 1st of May has passed and rent payments and grocery bills continue to weigh on students' minds. Release of this information will alleviate student concerns, and we urge the government to quickly determine and release this information.

¹² Statistics Canada (2020). "Canadian and international tuition fees by level of study". <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501>

¹³ Employment and Social Development Canada (2020). "News Release: Canada Emergency Response Benefit to Launch on April 6". <https://www.canada.ca/en/employment-social-development/news/2020/04/canada-emergency-response-benefit-to-launch-on-april-6.html>

INSTITUTIONAL STABILITY

While addressing students' current financial need is important to ensure they can return to school in the fall, it is equally important to ensure that institutions are able to continue offering programming when students do return. Public funding of post-secondary education in Canada has decreased. The Ontario Undergraduate Student Alliance's analysis of data from the Council of Ontario Finance Officers has found that provincial government contributions have decreased from 80% of budgets in 1980 to 40% in 2015¹⁴. Statistics Canada finds that in 2017, the Canada-wide number was that 49% of post-secondary budgets are related to provincial or federal funding—and shrinking¹⁵. This has led to dependency on increased tuition revenues by increasing total enrolment, tuition rates, and the international to domestic student mix. While the long-term issue of revenue sources is one of provincial jurisdiction, this trend means there is an immediate and increased financial vulnerability to institutions of drops in enrollment, especially from international students. This may require immediate support, rather than structural changes, and there are some areas where the federal government may play a policy role, and many others where the federal government could play a coordination and harmonization role with the consent of the provinces.

The current aid package will hopefully minimize anticipated drops in domestic enrollment, but a risk remains, and there is also a more acute potential drop in international enrollments. We ask the federal government to play an important coordinating role; to bring together institutions' principals and presidents, the Government of Canada's policy talents, and provincial and territorial Ministers responsible for Higher Education. We request the government to develop a coordinated strategy, and to identify roles that the federal government can take to ensure both short- and medium-term financial stability for Canada's post-secondary institutions in response to this pandemic.

¹⁴ Clubine, Andrew, Victoria Leware, Vipin Chandra Narra, Pantaleo, Brittany, Mary Zhu, and Marc Gurrissi (2017). "Policy Paper: System Vision." Page 22. *Ontario Undergraduate Student Alliance*.
https://d3n8a8pro7vhmx.cloudfront.net/ousa/pages/84/attachments/original/1511459790/System_Vision_document.pdf?1511459790

¹⁵ Statistics Canada (2017). "Financial information of universities and degree-granting colleges, 2015/2016".
<https://www150.statcan.gc.ca/n1/daily-quotidien/170713/dq170713c-eng.htm>

RECOMMENDATIONS:

UCRU and WUSA jointly submit the following recommendations:

RECOMMENDATION 1: Expand the Canada Emergency Student Benefit to include international students residing in Canada

RECOMMENDATION 2: Expeditiously communicate a target Canada Emergency Student Benefit application date and benefit receipt timeline, echoing the success of such a measure with Canada Emergency Response Benefit

RECOMMENDATION 3: Promptly communicate additional details about programs in the package, including Indigenous student support and the Canada Student Service Grant

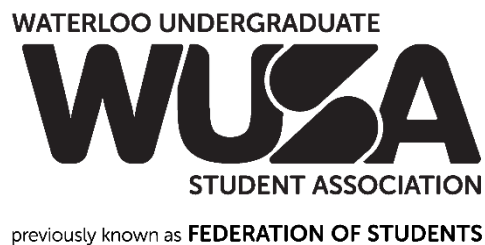
RECOMMENDATION 4: Co-ordinate with post-secondary institutions, provinces and territories to explore what role the federal government can play in securing financial security for Canada's post-secondary institutions

RECOMMENDATION 5: In the event that the crisis precipitates the requirement for additional aid, explore benefit phase-outs and increasing benefit amounts, with appropriate consultation with student stakeholders

RECOMMENDATION 6: Address the impending discrepancy between 2019 parental income information and the reality of lower parental financial means in 2020 for the Canada Student Grants and Canada Student Loans programs

The Waterloo Undergraduate Student Association (WUSA) serves, empowers and represents the undergraduate students of the University of Waterloo. They are student-led, student-driven, and student-centric. WUSA is a founding member of the Undergraduates of Canadian Research-Intensive Universities.

Undergraduates of Canadian Research-Intensive Universities (UCRU) is a pragmatic, evidence-driven advocacy alliance of nine student associations dedicated to high-quality, affordable and accessible education, and represents over 250,000 undergraduate university students across Canada.



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