WRITTEN SUBMISSION FOR THE PRE-BUDGET CONSULTATIONS IN ADVANCE OF THE 2021 FEDERAL BUDGET

BRITISH COLUMBIA FEDERATION OF STUDENTS

RECOMMENDATIONS

Recommendation 1: That the government eliminate interest charged on Canada Student Loans.

Recommendation 2: That the government invest $20 million for the creation and adaption of open education resources.

Recommendation 3: That the government maintain its Fall 2020 investment in the Canada Student Grant Program.

ELIMINATE INTEREST ON FEDERAL STUDENT LOANS

CREATING AN EQUITABLE SOLUTION TO THE AFFORDABILITY CRISIS

Recommendation: That the government eliminate interest on Canada Student Loans.

The COVID-19 pandemic has taken a toll on Canadians' ability to pay bills, rent, and put food on the table; and the decline in the economy will have long-lasting impacts on household savings and debt. Student loan debt is holding young Canadians back from participating in important economic milestones like saving for their first home or starting a family. High student loan debt also reduces the likelihood that an individual will take risks like becoming an entrepreneur, which would allow them to become innovators and job creators[1]. The average graduate pays an extra $5,000 in interest over the lifetime of their loan — that means that those who can least afford to access post-secondary pay thousands of dollars more than those who can.

Student loans are a central component of Canada's student financial aid system and enable young people and workers from low- and middle-income backgrounds to access the education they need to start a career. As education costs have increased beyond inflation and as real income has declined[2], increasingly more students require financial assistance, and student debt has ballooned to now historic highs.

According a recent survey, student debt in Canada had reached $36.9 billion, and has risen 78% since 1999[3]. As of 2018, one in two students graduate university in debt. Nearly 65% of those in debt owe $20,000 or more upon graduation, and students required over $17,000 of financing for just one year of university[4]. Importantly, these numbers, while alarming, fail to account for private debt and debt held by those unable to complete their studies[5].

STUDENT DEBT KEEPING STUDENTS FROM ECONOMIC CONTRIBUTION TO CANADA

Student debt is affecting recent graduates now more than ever before. A 2020 report from Statistics Canada states that students graduating in 2020 may lose up to $44,000 over the next five years due to COVID–19[6]. This loss is as large as the student loan debt for many graduates – and as interest accrues on their loans their debt will continue to grow. At a time when graduates are facing barriers to employment and income, eliminating interest on student loans will help those who are struggling and will stimulate the economy by allowing people to have a little more money in their pocket.

A 2018 RBC report shows the depth of this impact on graduates' contribution to the economy in terms of delaying major life choices. Amongst recent university graduates, over 50% report not saving enough for emergencies, 45% are delaying a home purchase, 25% delay having children and 20% report delaying marriage[7]. These changes mean that student debt is currently shrinking the economy. Eliminating interest on student loans will help grow the economy by putting money back in the pockets of students as they join the work force, which can then be spent on goods and services. By stopping student debt from growing after graduation, the federal government will help new graduates contribute to the economy instead of withdrawing from it.

INVESTMENTS IN FINANCIAL AID FOR STUDENTS NET A CLEAR RETURN FOR GOVERNMENT

Education is an investment, for both the learner and society. The economic return in regards to financial aid is realised in many ways. For example, in 2012 British Columbians with university education paid between $80,300 and $140,000 more in income taxes, and required between

$15,400 and $18,100 less in government aid throughout their lifetimes[8]. Across Canada, those with a university degree earn 63% more than those with a high school diploma, have lower unemployment rates, and are less impacted during recessions compared to the rest of the working population[9].

The government will see a clear financial return by investing in programs that assist students from low- and middle-income families. To sustain and grow the economy, Canada must have systems in place to ensure that those without the necessary resources can get the help they need to complete a post-secondary program.

With the economic uncertainty resulting from the COVID-19 pandemic and the variable economic recovery time that may be needed, we recommend that the Federal government permanently eliminate interest on student loans. This measure will not only support hundreds of thousands of Canadians manage their expenses in this difficult time, it will also ensure that this much needed money can stay in the pockets of low- and middle-income families and be reinvested into local economies.

OPEN EDUCATION RESOURCES

OPEN ACCESS TO EDUCATION MATERIALS OPENS DOORS TO LEARNING

Recommendation: That the government invest $20 million for the creation and adaption of open education resources.

The high cost of textbooks has become a serious obstacle to accessing post-secondary education. Textbook prices rose by 82% between 2002 and 2012, and now typically cost more than $200 per book[10]. For the many students and families who are already struggling to afford tuition fees and the cost of living, this unpredictable expense can be a huge burden. Many students make the difficult choice of compromising their educational experience by opting to not buy books for particular classes, short-changing their educational goals.

There is a solution to this problem. Open education resources (OERs), notably in the form of open textbooks, are high-quality resources that are available in digital formats for free or for a very low cost in print. OERs can ease the burden of expensive textbook costs and be made available in formats that are accessible to people with disabilities and those who do not have reliable access to the internet.

The post-secondary sector's response to the COVID–19 pandemic was swift in March 2020, by moving all courses online for the remainder of the term. The summer semester continues to function virtually, but the fall semester will likely be a hybrid model with a high number of online-based courses. The new reality of post-secondary education in the ongoing pandemic provides a unique opportunity for investment in the creation, expansion, and adaption of open education resources to meet the needs of an expansive list of programs. OERs will help to reduce financial barriers to post-secondary education while also providing high-quality digital teaching and learning tools.

In British Columbia, the government agency BCcampus oversees and centralizes the development of OERs. Through modest targeted government investments of less than $5 million over nine years, BCcampus has helped students save more than $12 million through providing this affordable alternative to traditional textbooks. However, not all provinces have the same structures, and OER development across the country varies wildly.

An infusion of federal funding would allow provinces to:

- Create and adapt open textbooks that reflect and serve the diverse needs and contexts of students and educators;
- Develop sustainable systems to maintain these open textbooks;
- Create open education resources that are usable by all students, including those with physical and/or learning disabilities; and
- Create and adapt required ancillary resources, such as assignments and quizzes, to support open textbooks.

The Council of Ministers of Education Canada (CMEC) is well-equipped to facilitate the distribution of funds from the federal government to provincial governments. Serving as a mechanism through which provincial ministers of education can undertake activities, projects, and initiatives in areas of mutual interest, among other mandates, the CMEC and its Secretariat have the capability to undertake this responsibility.

CANADA STUDENT GRANTS

ENHANCING FINANCIAL ASSISTANCE WITHOUT INCREASING PERSONAL DEBT

Recommendation 3: That the government maintain its Fall 2020 Canada Student Grant Program funding level for Budget 2021.

Due to the important measures taken by the government to slow the spread of COVID–19, Canada's unemployment rate is at near-historic highs; youth unemployment is significantly higher than the average, reaching nearly 30% in May and June 2020. The impact of physical distancing, closed borders, and other restrictions enacted to slow the spread of the virus will last for months to come, yet these summer months are critical for students and their families to work to save towards the costs of the upcoming academic year. This pandemic further exacerbates the existing affordability crisis that Canadians are facing and the average student in Canada can no longer afford post-secondary education on their own, or even with the help of their family. In BC, annual tuition fees have risen over 200% in the last two decades and are now over $5,000 per year. The affordability of post-secondary education is a critical issue in all provinces, not just BC: in 2018 64% of Canadians graduated with $20,000 or more in student loan debt[11].

A majority of classes are slated to be delivered exclusively online in the Fall 2020 semester, and likely the Winter 2021 semester as well. While necessary, this approach creates a unique set of potential expenses such as upgraded internet services, new electronic devices, and ergonomic workspaces which previously have been widely available on campuses or in the community. These new burdens are exacerbated in rural and northern communities as they already face accessibility issues in the best of times.

The student population has applauded the federal government's plan to significantly increase funding for the Canada Student Grant Program in Fall 2020. This investment will help many who have had to deal with sudden changes to their income due to the pandemic; however, we know that families will not recovery from this economic crisis in just one year. Many sectors will require more workers, including the building trades, healthcare, and education; but some sectors may resort to contract-based employment, and some workers may need to be retrained.

The Federation recommends that the government's Fall 2020 Canada Student Grant Program funding level be maintained in Budget 2021. The COVID-19 pandemic has dramatically changed the economic realities for millions of Canadians, which has left many families dealing with very different financial reality as compared to the previous year. To help those people, we recommend that the government address the requirement to use one's previous tax year's income as a determinant for financial need.

We also recommend the Federal government implement a framework for eliminating student loans in Canada and replace all current and future loans with non-repayable student grants. Economic recovery will be a long road and we continue to be concerned with the amount of student debt. More investments in non-repayable aid will ensure no one is left behind and ensure our workforce can be flexible.

ENDNOTES

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