



Written Submission for the Pre-Budget Consultations in
Advance of the Upcoming Federal Budget

Student Association of the British Columbia Institute of
Technology (BCIT)

Recommendations

Recommendation 1: That the Government extend the moratorium on the collection of the federal portion of student loans for the 2021/2022 fiscal year, while preparing to proceed in 2022 with mandate letter commitments regarding (i) extended grace periods, (ii) Repayment Assistance Plan income thresholds, and (iii) repayment breaks for new parents.

Recommendation 2: That the Government provide funding to extend the recent expansion of Canada Student Loan and Grant amounts for the 2021/2022 loan year, and review the option of making the increased amounts permanent, above and beyond the mandate letter commitments to increase CSG maximums by 40%.

Recommendation 3: That the Government, working with provincial and territorial partners, consider providing funding to post-secondary institutions to enable them to deliver emergency financial assistance for international students, in light of uneven supports recently highlighted during the COVID-19 economic downturn.

Introduction

The BCITSA thanks the Government for its response to the social and economic effects of COVID-19. The Canada Emergency Response Benefit (CERB), Canada Emergency Student Benefit (CESB), and temporary doubling of Canada Student Grants will enable students to continue or commence their studies. And we hope that this year's budget consultations will continue to advance affordable public-education.

We know that COVID-19 is going to be a part of our society for some time and that an economic recovery may take many years, with the current generation of learners being hardest hit. The unemployment rate among students (aged 15 to 24) jumped from 9.4% in February to 31.7% in April 2020¹. By July 2020, these rates remained stubbornly high, as unemployment for returning students aged 15 to 24 stands at a staggering 27.6%, with 172,000 fewer jobs on a year-over-year basis². Fortunately, the CESB has benefited 12.7% of youth aged 18 to 24, while 28.5% of youth received payments for the CERB³.

As Canada begins its safe re-opening, post-secondary education will be imperative in filling labour market needs and building a strong and sustainable economy. Through investments in students, Government can address systemic issues such as affordability and economic inequality while ensuring young people have an opportunity to play our part in Canada's recovery.

Our recommendations are centred around providing financial relief to students who are both beginning and resuming studies, as well as recent graduates who find themselves entering a job market in the midst of a global pandemic and economic downturn.

¹ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1410002101>

² <https://www150.statcan.gc.ca/n1/daily-quotidien/200807/dq200807a-eng.pdf>

³ <https://www150.statcan.gc.ca/n1/daily-quotidien/200710/dq200710a-eng.htm>

Providing financial assistance to students and recent graduates

The costs of education have been a barrier to entry for many students. This inequity of access has been exacerbated by the recent economic downturn. COVID-19 has hurt job prospects for students — especially those in marginalized communities — and their ability to pay for an education.⁴ Students would typically seek out employment opportunities over the summer to help pay for their tuition in the fall. But, according to Statistics Canada, over one-third (35%) had their internships and work placements cancelled or delayed due to the economic contraction.⁵ Among students with cancelled internship or work placements, 86% reported being very or extremely concerned about the pandemic's impact on their personal finances, ability to pay for current expenses, and the need to use up savings.⁶

Issues with affordability affect students who are beginning their studies, as well as recent graduates. Over the last 10 years, the average domestic undergraduate tuition fees have increased 30%, representing a greater upfront cost for an education.⁷ This means that students going into school in the fall will rely on student loans, grants, and lines of credit more so than before.

Recent graduates face similar challenges. Not only are increased costs and the need to dip into savings a concern, but so is the anticipated increase in debt. Close to 50% of students will carry a median debt of \$17,500 by the time of their graduation.⁸ A high debt load coupled with low employment rates among young people and a struggling economy present a pressing need to provide financial relief for new graduates.

Recommendation #1: Extend student loan repayment relief measures

The current moratorium on interest and student loan repayment will expire at the end of September 2020. However, uneven provincial reopening timelines and the uncertainty of a second wave mean that a safe restart of the economy could take at least 6-8 months.⁹

Recently, Statistics Canada has highlighted the extent to which COVID-19 may exacerbate these trends. Their current estimates suggest that the class of 2020 could see losses of \$8,000 to \$15,000 over the next five years, if youth unemployment this year's youth unemployment matches the previous all-time high (19.2%) set in 1983¹⁰. Even in the case of a faster recovery, this cohort could still see losses of \$6,000.

Extending the current moratorium on repayments until March 2022 would provide essential ongoing relief to recent graduates entering a perilous job market. As part of Government's long-term objectives

⁴ https://www2.gov.bc.ca/assets/gov/education/post-secondary-education/data-research/stp/stp_research_results.pdf

⁵ <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00022-eng.htm>

⁶ Ibid.

⁷ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501&cubeTimeFrame.startYear=2006+%2F+2007&cubeTimeFrame.endYear=2019+%2F+2020&referencePeriods=20060101%2C20190101>

⁸ <https://www150.statcan.gc.ca/n1/pub/45-28-0001/2020001/article/00016-eng.htm>

⁹ <https://www.ctvnews.ca/health/coronavirus/safe-restart-of-canadian-economy-will-take-6-8-months-freeland-says-1.4971776>

¹⁰ <https://www150.statcan.gc.ca/n1/daily-quotidien/200728/dq200728a-eng.htm>

to address student loan affordability, the implementation of new repayment measures outlined in Minister Qualtrough's recent post-election mandate letter¹¹ could be postponed until Budget 2022. This would facilitate the recovery, providing universal relief for a while longer before transitioning to more targeted measures benefiting new parents and users of the Repayment Assistance Plan.

Recommendation #2: Renew recent expansions of federal student loan and grants

To address the barriers caused by major expenses like tuition, the BCITSA recommends that Budget 2021 extend recent CSLP and CSG increases beyond the 2020/21 academic year. While the current increases are a temporary one year measure, it is important to recognize that the economic effects of the pandemic will be hard felt for years to come. Up front needs-based grants will help reduce the pressures of costs to students like tuition. Furthermore, the expansion of grants will benefit vulnerable student populations such as those with low incomes, particularly women and students with dependents, who are more likely to rely on these grants to pay for their education.¹²

Doubling the Canada Student Grants represented a meaningful and substantial emergency support for students this year. Minister Qualtrough's mandate letter also includes an undertaking to increase CSG amounts by 40% permanently, but this campaign promise predates the pandemic. In light of the ongoing nature of the economic hit suffered by students this year, the BCITSA feels it would be appropriate to extend these emergency measures into the next academic year, and would urge the Government to make these amounts permanent. Students would not be well-served if CSG amounts in 2021/22 see an \$1,800+ cut as part of the winding down of the COVID-19 economic response.

¹¹ <https://pm.gc.ca/en/mandate-letters/2019/12/13/minister-employment-workforce-development-and-disability-inclusion>

¹² <https://www.canada.ca/content/dam/fin/publications/efs-peb/homepage/EFS2020-eng.pdf>

Providing Financial Assistance For International Students

The global pandemic has constrained mobility, from closed borders and limited international travel, to a range of policies affecting specifically international students. While new guidelines and restrictions are in place for international students entering Canada¹³ many remained in Canada during the pandemic.

Like domestic students in Canada, international students have been hit hard by the economic crisis caused by the pandemic. They have, however, had comparatively less access to government programs and benefits, a gap acknowledged by Minister Qualtrough before the Senate's finance committee in June of this year¹⁴. To take one example, international students are not eligible for Government's \$5.25 billion CESB¹⁵; and while international students are not technically ineligible for CERB, most do not meet basic qualifications, particularly because many may not meet the \$5,000 income threshold¹⁶.

The recent financial struggles faced by international students are further compounded by the pre-existing challenge of unpredictable tuition increases. In British Columbia, for example, domestic tuition increases are capped at 2% per year while international tuition increases are less predictable. Over the last 10 years international undergraduate fees have almost doubled.¹⁷ And compared to their domestic peers, international students pay up to 6 times more for their tuition in the same program.¹⁸

Recommendation #3 Funding emergency financial supports for international students

The BCITSA would like to echo recommendation 8 put forward by the Standing Senate Committee on National Finance. While CERB and CESB are due to end on September 28, the BCITSA recommends that new funding be transferred to the post-secondary institutions to provide financial relief for international students. As Canada recovers from the pandemic, international students will play a pivotal role in restarting our economy through their participation in the work force and their contribution to the local economies and the tax base. Supporting international students is not only an economic driver, but it is also an investment in future Canadians. According to the 2018 International Student Survey by the Canadian Bureau of International Education, 60% of international students plan to apply for permanent residence in Canada.¹⁹

Ultimately, we would take the position that these proposed measures are the right thing to do. The health of Canada's post-secondary sector depends in part on remaining globally competitive and attractive to international students, even in uncertain times — *especially* in uncertain times. Increasing emergency supports for those not usually covered by government benefits allows international students to focus on their studies and contribute to our community.

¹³ <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/publications-manuals/operational-bulletins-manuals/service-delivery/coronavirus/temporary-residence/study-permit.html>

¹⁴ <https://sencanada.ca/en/Content/Sen/Committee/431/NFFN/17ev-55000-e>

¹⁵ https://sencanada.ca/content/sen/committee/431/NFFN/Reports/NFFN_Covid-19Report_Final_e.pdf

¹⁶ Ibid.

¹⁷ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501&cubeTimeFrame.startYear=2009+%2F+2010&cubeTimeFrame.endYear=2019+%2F+2020&referencePeriods=20090101%2C20190101>

¹⁸ <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501&cubeTimeFrame.startYear=2009+%2F+2010&cubeTimeFrame.endYear=2019+%2F+2020&referencePeriods=20090101%2C20190101>

¹⁹ https://cbie.ca/wp-content/uploads/2018/08/Student_Voice_Report-ENG.pdf

Costing

Recommendation 1 (loan repayment relief)

\$300 million - \$380 million in fiscal year 2021/22, based on 2020 estimates from PBO and Finance.

\$220 million in fiscal year 2022/23 and similar amounts thereafter, based on 2019 estimates from PBO.

Recommendation 2 (student grant expansion)

\$1.286 billion - \$1.4 billion in fiscal year 2021/22, based on 2020 estimates from PBO and Finance.

Similar amounts for subsequent fiscal years.

Recommendation 3 (international students support)

Estimates not available at this time - dependent on supports & eligibility thresholds.

About the BCITSA

The BCIT Student Association (BCITSA) is a non-profit student services and advocacy organization, one of the largest in British Columbia. Our programs and services are designed to benefit and support all 48,500+ full-time and part-time students across BCIT's five campuses in Burnaby, Delta, Vancouver, Richmond, and North Vancouver. The BCITSA provides students with award-winning services including peer mentorship, career counselling, and childcare.



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