House of Commons
Chambre des communes
Canada

House of Commons Standing Committee on Finance – Pre-budget Consultations 2013

This brief is submitted by:

(●) **an organization** **Organization name:** Canadian Alliance of Student Associations

or

( ) **an individual** **Name:** _____

Topic: Education and skills training

*Recommendation 1: Please provide a short summary of your recommendation.

Government should amend the Canada Student Loans Program by eliminating the in-study income exemption limit of $100 per week. This policy punishes employment, discourages work-integrated learning, and stands as a barrier to retraining. This exemption limit prevents those who cannot afford to give up their income from going to school and from contributing to Canada•s labour force. Government should completely exempt in-study income from the assessment criteria of the Canada Student Loans Program.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

Canada Student Loans Program funding is guaranteed to borrowers who meet qualifications laid out in the assessment process. Students repay loans with interest in excess of the rate government borrows at. Costs recovered are approximately 70%. Since 1993 government has reduced its contribution to post-secondary education from 0.4% of GDP to 0.2%. From 1989 to 2009 government's contribution to institutional revenue declined from 80% to 58%, while funding from students increased from 14.1% to 35.3%.

Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

This change will help approximately 100,000 working students. Individuals balancing a job and school are often most in need of assistance when pursuing an education; unfortunately, the more they work the more they lose in financial aid. In 2011 almost 60% of students worked while studying, averaging 18 hours per week. Schools and businesses will benefit from this as it encourages more work-integrated learning and co-operative education programs for students. The average student working 18 hours per week at $10 per hour will miss out on $2880 of aid over a 36-week course of study.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

In Canada nobody should be punished for earning an income. Balancing employment and academics gives students valuable experience needed to make a successful transition into fulfilling careers while attaining financial independence. Additionally, this policy change will make it easier for students to participate in work-integrated learning opportunities such as co-op programs and internships related to their desired career path. Lastly, this would encourage retraining for those seeking to improve their employment prospects by going back to school.

Topic: Education and skills training

Recommendation 2: Please provide a short summary of your recommendation.

Government should make retraining a priority by updating the Canada Student Loans Program assessment of borrower assets. CASA recommends that the government allow an exemption for $10 000 in personally held financial assets. CASA is also calling for an increase in the RRSP exemption from $2000 per year since an individual•s eighteenth birthday to $2790 per year over the same period. This is important to incentivize retraining so people won•t have to choose between their retirements and getting an education.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

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Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

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Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

Those seeking retraining, making mid-life career changes, and students who have been financially responsible and saved diligently will benefit from this change. Individuals over the age of 25 accounted for 34% of Canadian post-secondary students in 2007 but only 20% of loan recipients. At the same time, their average loan was higher, indicating older students have higher financial need but have less access to financial assistance. As such, CASA projects that this change will be particularly beneficial for mature learners.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

As Canada's economy grows and develops, individuals may require a mid-life career change and our policies need to reflect that reality. Making this policy change will ensure that individuals who have started working and made financial gains will not be harmed if they decide to pursue retraining to advance their skills and education. This will also balance the opportunity for individuals to seek retraining without having to put their financial security in jeopardy. To grow Canada's skilled workforce and economy, nobody should have to choose between their retirement and gaining new skills.

Topic: Education and skills training

Recommendation 3: Please provide a short summary of your recommendation.

Last year 29% of student loan recipients had financial need that exceeded available assistance. Students who hit loan limits may choose to discontinue further study or not pursue it in the first place. Government must increase financial assistance access to overcome rising costs associated with pursuing post-secondary education and retraining. CASA recommends that the federal government increase the Canada Student Loans Program's weekly loan limit from $210 per week to $245 per week. This limit has not been updated since 2004, causing more students now to turn to private loans.

Expected cost or savings: From the pull-down menus, please indicate the expected cost or savings of your recommendation to the federal government and the period of time to which the expected cost or savings is related.

$10 million-$99.9 million

5 or more years

Federal funding: Please provide a precise indication of how the federal government could fund your recommendation. For example, indicate what federal spending should be reallocated, what federal tax measure(s) should be introduced, eliminated or changed, etc.

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Intended beneficiaries: Please indicate the groups of individuals, the sector(s) and/or the regions that would benefit by implementation of your recommendation.

This recommendation will benefit students with the highest financial need. It will assist individuals who rely on private lending and miss out on support from the CSLP. Programs such as the Repayment Assistance Plan and Canada Student Grants Program are important factors in improving accessibility to post-secondary education. This will also assist nearly 70,000 university students who access financial assistance and also need additional private loans to cover costs. In 2010 some 14% of upper year students indicated that they depended on government and private borrowing.

General impacts: Depending on the nature of your recommendation, please indicate how the standard of living of Canadians would be improved, jobs would be created, people would be trained, etc.

Increasing the weekly loan limit will provide more financial support to people who demonstrate the highest level of need. Further, this will rectify the issue of maintaining a level of funding that has not been increased or adjusted since 2004. This change will also make it easier for many students to stop relying on debt from private lenders, significantly alleviating this burden for many.

Please use this page if you wish to provide more explanation about your recommendation(s).

Actual cost of each proposed change:

Recommendation 1: By investing a maximum of $25 million per year the federal government could guarantee no individual working while attending school will be penalized for earning an income by exempting all in-study income.

Recommendation 2: To encourage savings and promote responsible financial planning government should invest $4.7 million annually to allow students to contribute to their RRSPs at the same rate as the national average. Government should make opening financial assistance to mature students for retraining a priority. If policy changes resulted in equal access to financial assistance for mature students it would cost government just $16 million annually.

Recommendation 3: $44 million in non-recoverable cost per year to put almost $150 million into the hands of students who need it most to get educated and trained.

Quick facts on the Canada Student Loans Program:

There were 425,000 loan recipients in 2011-2012 nearly 500,000 applicants.

Last year 42,876 Canada Student Loans Program applicants were denied a loan or grant from the federal government.

Currently a primary vehicle may be exempted up to a value of $5000, after which a reduction is made dollar-for-dollar to the financial assistance received by a student.

The Canada Student Loans Program assessment of borrower assets requires individuals to liquidate assets, including retirement savings to a point well below the average contribution made by contributing Canadians each year.

Youth unemployment has hovered at twice the national average since the most recent recession making in-study employment essential for many students who have trouble making ends meet.

*Please note that at least one recommendation must be provided