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 Federation of Students - Newfoundland and Labrador

or

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

Topic: Education and skills training

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

Student debt owed to the federal government remains a significant barrier to accessing a post-secondary education for students in Newfoundland and Labrador. The federal government should both redirect existing expenditures from education tax credits and RESPs into the Canada Student Grants Program and make a direct investment of $7.5 billion to reduce existing student debt by half in the next two years.

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.

$1 billion or more

3 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.

Federal education tax credits and RESPs cost approximately $2.5 billion last year, while the Canada Student Loans Program expects to lend approximately $2.3 billion during the 2013-14 academic year. Reallocating tax credit and RESP funding into the CSGP would turn all CSLP loans into non-repayable grants. The direct investment in debt relief would reduce the cost of CSLP by reducing reliance on repayment assistance and loan defaults. The expansions of grants in Newfoundland and Labrador has already contributed to debt reduction in the province.

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

Despite progressive measures enacted by the provincial government, student debt in Newfoundland and Labrador remains at over $20,000 upon graduation. Students from low-income backgrounds, rural communities, and traditionally marginalized groups are disproportionately affected by the need to borrow to finance their post-secondary education and training. Rural students in NL carry increased debt loads, 26 percent higher than their urban counterparts.

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.

According to Statistic Canada's Youth in Transition Survey, 70 percent of those who did not pursue post-secondary education cited debt aversion as their motivation for ending studies. Reducing debt would increase Canadians' likelihood of accessing training opportunities.

A Statistics Canada study of wealth and assets shows that student debt will increasingly influence the ability of graduates to participate in the economy and enjoy the quality of life experienced by past generations. Difficulty repaying their loans can limit graduates' ability to finance future investments.

Topic: Education and skills training

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

Remove targeted research funding earmarks within the granting councils and award research funding based on academic merit determined through a peer review process and increase the number of Canada Graduate Scholarships to be consistent with average program growth and distribute them proportionally among the research councils according to enrolment figures.

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.

Funding for more Canada Graduate Scholarships should be balanced against existing tax incentives to employers for research and development. For example, transferring 0.5 percent of the tax incentives allocated through the Scientific Research and Experimental Development program to the Canada Graduate Scholarships would provide an additional $25 million per year in funding.

There would be no cost to removing the targeted research funding earmarks within the granting councils as it would merely be a policy change.

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

In Newfoundland and Labrador, the volatility associated with an economy based on natural resources has highlighted the need for a more stable, innovative economy. New initiatives within the research and development sector will provide added opportunities.

Financial barriers often prevent qualified students from pursuing graduate studies. Undergraduates who complete their degree with excessive debt loads are less likely to consider entering graduate studies, particularly if it will result in more debt. Financial hardship also affects the quality of research performed by graduate students.

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.

Funding for curiosity-driven grants in the social sciences and humanities lags far behind the applied sciences. Canada Graduate Scholarships (CGS) provide merit-based funding directly to graduate students. The limited number of scholarships available has meant that many of the best and brightest researchers are unable to maximise their potential. Increasing the number of CGSs would help promote graduate research and ensure that graduate students have the resources to focus on their research, which will pay long-term dividends to Canada's research capacity and innovation.

Topic: Education and skills training

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

Canada's future depends on its ability to replace an aging workforce to meet its economic goals. Canada has an advantage with its rapidly growing Aboriginal Population. Canada's Aboriginal population is growing at six-times the rate of the non-Aboriginal population. Training must be made available to this rapidly growing demographic of the Canadian labour force. Canada must remove the funding cap on increases to the Post-Secondary Student Support Program and ensure that every eligible First Nations, Inuit, and Métis learner is provided funding.

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.

$100 million -$499.9 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.

The Centre for the Study of Living Standards concluded that closing the educational gap between Aboriginal and non-Aboriginal Canadians—a cost of $253 million per year— would lead to an additional $179 billion in direct GDP growth, and over $400 billion in total growth over the next twenty years.

Funding for this recommendation ($88 million of the $253 million per year contemplated above) could be allocated from a reduction in tax credits offered to mineral resource extraction companies to offset provincial/territorial mining taxes and royalties.

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

The Government of Newfoundland and Labrador anticipates the creation of 70,000 new jobs between 2011 and 2020, and according to their own statistics, 95% of net new job growth in the province between 2000 and 2005 was in areas that required a post-secondary education. Out-migration and an ageing population means the province will need to look to underrepresented groups to fill new gaps in the labour market. This means that funding for aboriginal education is more important than ever. The PSSSP will help not only aboriginal learners, but also those employers facing shortages of skilled labour.

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 order to ensure Canada and Newfoundland and Labrador's economic competitiveness, it is imperative to ensure that Aboriginal learners have access to training comparable to non-Aboriginal learners. Investments in Aboriginal learners provide an opportunity to make meaningful movement towards equality of our society and improve the quality of life in Aboriginal communities, while also contributing to industry and small business by growing the pool of available skilled workers.

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

The Canadian Federation of Students – Newfoundland and Labrador represents every one of the 28,000 students enrolled in the public post-secondary system in the province. The Federation welcomes the opportunity to provide input on the Government of Canada's fiscal plans.

Affordable and high quality post-secondary education and training has long-term impacts on the province's workforce and social equality. Prioritizing post-secondary education will help secure Canada's global position as a competitive, sustainable, and just society.
Despite recent investments by the provincial government, students still struggle to afford their education. According to a poll conducted in 2011 by Harris-Decima, 85 percent of respondents were concerned that some Newfoundlanders and Labradorians are not able to afford to attend college or university, even though they are qualified to do so.
The Organisation for Economic Cooperation and Development (OECD) estimates that for each dollar a country like Canada invests in post-secondary education there is a return of approximately $1.30. This means that an increased investment from the federal government would not only result in increased access to post-secondary education and training needed to meet the training requirements of the current economy, but it would actually pay for itself in government revenue in the future.
With experience showing that accessible university and college education is best achieved through increased government funding, reduced tuition fees and a full system of upfront need-based grants, there is no question that prioritizing post-secondary education is the right choice for the government to make.

*Please note that at least one recommendation must be provided