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-Nova Scotia

or

○ **an individual** **Name:** _____

Topic: Education and skills training

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

Federal student debt must be substantially reduced, and measures put in place to slow ballooning accumulation of debt. Average debt for Nova Scotian students is above $31,000, forcing many graguates to seek employment in other provinces upon graduation. The federal government should redirect spending on education tax credits and RESPs into the Canada Student Grants Program, and cut student debt in half with an investment of $7.5 Billion.

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.

Reallocating existing spending on tax credits and RESPs ($2.5 billion) to the Canada Student Grants Program is a cost-neutral and effective way to reduce student debt. Such a change would turn all loans distributed by the Canada Student Loans Program ($2.3 billion for 2013-14) into non-repayable grants and reduce the cost of the CSLP by reducing the need for loans defaults and repayment assistance. Additional government revenue and ecenomic stimulus would result as those benefitting from the program would gain increased spending power.

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

Education tax credit and savings programs are inefficient mechanisms for improving access to post-secondary education. Tax credits help only a limited number of students with low amounts of debt and from high-income backgrounds. Savings programs mostly benefit students from high-income backgrounds, as individuals from low-income families often do not have the resources to make the initial investment.

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.

Research has shown that many potential students are reluctant to take on the debt necessary to obtain a post-secondary degree. Those from marginalized and low-income backgrounds are more likely to be debt averse.

Debt has detrimental effects following graduation rates. Commitment of resources to debt repayment reduces potential for other investments, such as starting a business or buying a home.

Topic: Education and skills training

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

In order for Canada to remain a centre of innovation, investment is required in graduate-level research. This investment will improve research and development within private industry.

Funding should no longer be allocated based on targeted research objectives, which history has shown to be an ineffective investment. Instead, funding should be proportionally distributed between the granting councils based on enrolment growth.

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.

Despite some of the strongest tax incentives for research in the world, Canada lags behind other countries in Graduate-level funding. Allocating a portion of spending on these tax incentives to the Canada Graduate Scholarships would improve Canada's standing. 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.

Removing the targeted research funding earmarks within the granting councils would be cost-neutral.

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

Funding graduate-level basic research and development would be a long-term investment in innovation. Funding undirected research would attract leading scholars, and train graduate students in the skills necessary for Canada to continue to be globally economically competitive in the future. These same students would apply their training and research in the private sector, with positive economic spinoffs.

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.

An Investment in curiosity-driven research will produce long term economic returns. Providing merit-based grants through the Graduate Scholarship Program would ensure that Canada is attracting the most talented and qualified researchers. With the resources required to conduct and focus on their research, graduate students' capacity for innovation will grow.

Topic: Education and skills training

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

Canada’s future prosperity depends on it ability to replace its aging workforce to meet its economic goals. With its rapidly growing Aboriginal population, which is especially prevalent in Nova Scotia, Canada has the capacity to meet market demand for labour. Training and jobs skills must be made available to this rapidly growing demographic of the Canadian labour force. Toward this end, Canada must remove the funding cap on increases to the Post-Secondary Student Support Program to ensure that every eligible First Nations, Inuit, and Métis learner is provided adequate 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 reports that closing the educational gap between Aboriginal and non-Aboriginal Canadians, at 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 the $253 million per year could be redirected from ineffective RESPs, which are allocated $750 annually.

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

The Post-Secondary Student Support Program (PSSSP) has a proven track record. Most aboriginal students who are able to receive funding through the PSSSP complete their studies and find employment. Regardless of their location of study, the majority of aboriginal graduates return to work in their communities and are employed in their field of study, creating economic self-reliance and developing healthy and stable aboriginal communities while improving the Canadian economy.

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.

Investments in post-secondary education provide essential improvements to the well-being of aboriginal peoples and communities. It is estimated that over 300,000 aboriginal youth could enter the labour force in the next 15 years, with substantial economic benefits for their communities and Canada as a whole.

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

With current federal student debt at over $15 billion and an average student debt of over $31,000 for Nova Scotia students, Canadian youth are now the most indebted generation in the country•s history. This debt has far-reaching implications for an individual's economic productivity and Canada•s economy and socio-economic equality.

In the absence of national policy on post-secondary education, students face significantly different challenges in accessing higher education depending on the province they are studying in. In Nova Scotia, students pay some of the highest tuition fees in the country, whereas students in the geographically proximate provinces of Quebec and Newfoundland and Labrador pay some of the lowest, resulting in siginificant youth out-migration in the province. This disparity threatens Canada•s long-term economic stability and social equality, and also impacts regional development and economic growth.

As the primary lenders of student loans, the federal government must take decisive action to progressively reduce student debt. While the current funding model is unsustainable, the above recomendations prove realistic options are within reach.

Investments in students, colleges, and universities are investments in Canada•s future. Taking advantage of Canada•s current relative economic strength, compared to other industrialised countries, requires leadership at the federal level. The above recomendations are required to build and maintain a strong post-secondary education system that ensures a prosperous, equitable future for generations to come.

*Please note that at least one recommendation must be provided