

Real Solutions for Post-Secondary Education in Canada

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Canadian Alliance of Student Associations
Alliance Canadienne des associations étudiantes



The Canadian Alliance of Student Associations (CASA) is an alliance of 19 university, college, and technical institute student associations from across Canada. CASA represents the interests of nearly 300,000 post-secondary students at the national level. CASA has now been advocating on behalf of Canada's students for ten years. CASA's members believe that Canada's post-secondary education system should be affordable and accessible, and of the highest quality. We believe that post-secondary education is a national priority, and that the federal government has an important role to play in promotion of higher learning and research.

CASA Member Associations

University of British Columbia Alma Mater Society
University of Calgary Students' Union
University Students' Council of Western Ontario
Students' Society of McGill University
Dalhousie Student Union
University of Saskatchewan Students' Union
University of Waterloo Federation of Students
University of New Brunswick Students' Union (Fredericton)
Acadia Students' Union
Bishop's University Students' Representative Council
Brock University Students' Union
University of Lethbridge Students' Union
Southern Alberta Institute of Technology Student's Association
Students' Association of Mount Royal College
Red River College Students' Association
Saint Mary's University Students' Association
St. Thomas University Students' Union
St. Francis Xavier Students' Union
University of New Brunswick Students' Union (Saint John)

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Real Solutions for Post-Secondary Education in Canada

Governments seek to strengthen society and improve the quality of life of their citizens. There is no greater tool for achieving these goals than the pursuit of knowledge and innovation through higher learning. Post-secondary education improves our standard of living and contributes directly to Canada's social safety net. It leads to an active, engaged citizenry. What is more, a post-secondary education is a tremendous individual investment. Graduates have a high quality of life, and are employed in high-paying, fulfilling jobs. According to Finance Minister Ralph Goodale our post-secondary system can strengthen the three drivers of national productivity: technology and infrastructure, higher education, and research and innovation.¹

Canada's future holds great challenges, and a strong post-secondary education system is key to facing them with resolve. According to the federal government, in the next five years over 70 per cent of jobs will require a post-secondary education, yet presently only 40 per cent of Canadians hold such credentials. In the next decade the number of persons retiring will surpass the number of newcomers to the workforce.² In short, Canada will need highly-educated, skilled workers to replace retirees in order to compete in the global knowledge economy.

Our post-secondary education system has delivered countless benefits for Canadians, but it can no longer serve our needs after more than a decade of under-funding. Our colleges and universities are struggling to provide high-quality education to an ever-increasing number of students. And while we have been cutting funding to post-secondary institutions, countries such as the United States have been ramping up investment.

Cutbacks in federal transfers to the provinces for post-secondary education that began in the early 1990s caused the provinces to cut funding to our post-secondary institutions. As a result of these cutbacks, universities and colleges slashed budgets and, increasingly, the burden of funding our education system has been transferred to students. Tuition has skyrocketed in Canada over the last decade.

Not surprisingly, along with the dramatic increase in tuition has come an increase in student debt as well. Students are borrowing more to finance the growing costs of college and university education. Students receiving Canada Student Loans now graduate owing more than \$20,000³ - and must pay nearly \$30,000 with interest.

The high cost of a post-secondary education coupled with the spectre of burdensome student debt levels, presents a very real barrier to many who wish to pursue a post-secondary education. Currently Canadians from low-income families and Aboriginal peoples, to name but two disadvantaged groups, are under-represented in our post-secondary system.

The prosperity that comes along with a quality post-secondary education system must be shared by all Canadians. We expect our universities and colleges to be of the highest quality, but we must also ensure that the benefits of lifelong learning are affordable and within the reach of each and every Canadian. No one should be denied the ability to pursue their dreams because of a lack of financial resources.

We must re-invest in higher learning, and we must do so with foresight. The federal government and the provinces and territories must work with determination towards a truly national vision for post-secondary education, a vision which will lead to a brighter future for all Canadians.



Executive Summary

Canada's post-secondary students believe that a well-funded, high-quality post-secondary education system benefits all Canadians. We believe the dream of a high-quality post-secondary education should be within reach of everyone in Canada, and we have put forward proposals to help the federal government accomplish this:

1. The federal government should take a leadership role in working with the provinces and territories to create a Pan-Canadian Accord on Post-Secondary Education. Only with a national vision will we be able to move forward and ensure ours is the best system of post-secondary education in the world.
2. The government should re-invest in post-secondary education by creating an independent Canada Education Transfer. This dedicated post-secondary transfer payment should be funded at a minimum of \$4 billion annually to address the funding cuts our post-secondary system has experienced.
3. The government should expand the new Canada Access Grant for students from low-income families. The grant should cover all years of study, not just the first year, and cover a percentage of total educational costs, not simply tuition.
4. The government should conduct a holistic review of Canada's student financial assistance programs. The review should address the needs-assessment process, focusing on allowing all students to afford a post-secondary education and allocating funding towards grants targeted at improving access for under-represented groups such as Canadians from low-income families and Aboriginal peoples.



Strength Through Vision: A Pan-Canadian Accord on Post-Secondary Education

While provincial governments hold legislative authority over post-secondary education, both the federal government and the provinces contribute to post-secondary education in valuable ways. The federal government currently contributes billions of dollars to our post-secondary system in the form of provincial transfers, research funding, and student assistance.

Post-secondary education is an issue that is incredibly important to Canadians. They wish to see their governments ensure that all Canadians have access to a high quality, affordable post-secondary education system. Our leaders are realizing that we need to reinvest in higher learning in order to meet the needs of the future. Several key post-secondary initiatives were announced by the federal government in the 2004 budget. Following that, many high-profile announcements from provincial governments followed suit, such as Ontario's response to the Rae Review and Alberta's Bill 1. Most recently the federal government passed Bill C-48, dedicating another \$1.5 billion over 2 years for post-secondary education.

While students appreciate the injection of funding from Bill C-48, it exhibits what is wrong with current post-secondary initiatives. While recent investments in post-secondary education have been significant, they have been largely piecemeal. What our post-secondary education system requires most is leadership. Canada is lacking a strong, focused national vision for post-secondary education. Students acknowledge provincial jurisdiction over education - and the shared role that the provinces and the federal government play in strengthening our post-secondary education system. However, a national dialogue between all governments is needed to ensure they are working together to effectively address the needs of Canadians.

Canada's leaders must work together to improve our post-secondary system, in the spirit of cooperative federalism. CASA is calling on the federal government to work with the provinces to develop a *Pan-Canadian Accord on Post-Secondary Education*. Such an accord would outline the roles of the federal and provincial governments and establish a national direction and objectives for post-secondary education. It would ensure that our post-secondary system is efficient, effective, and collaborative.

At the recent Council of the Federation meeting, Canada's premiers discussed post-secondary education and called for a First Ministers Conference on the issue. While significant hurdles have been cleared on the road towards a national vision for higher education, the federal government must take the lead in developing such a vision. Through such leadership a truly national direction for post-secondary education can arise in the form of a Pan-Canadian Accord.

CASA Recommends:

- **That the Prime Minister agree to a First Ministers Conference on Post-Secondary Education.**
- **That the federal government take a leadership role in working with the provinces and territories to create a Pan-Canadian Accord on Post-Secondary Education.**



Investing in our Future: A Dedicated Post-Secondary Education Transfer

In 1993 the government began to cut post-secondary transfer payments, and in 1996 lumped funding into the Canada Health and Social Transfer (CHST), cutting nearly \$4.6 billion in education and social spending. The provinces passed these cuts onto post-secondary institutions. Our post-secondary education system has delivered many benefits for Canadians, but it can no longer serve our needs after more than a decade of under-funding.

Faced with dramatic cuts to their operating budgets, colleges and universities have turned to students to make up for lost revenue. Since the cuts of the 1990s, tuition has nearly tripled with an average undergraduate university student paying \$4819 in tuition and fees. An average college student faces tuition of over \$2000. The growing cost of a post-secondary education makes it increasingly unaffordable for many Canadians.

Our campuses are literally crumbling, with universities facing an accumulated deferred maintenance price tag of \$3.6 billion, \$1.2 billion of which is urgent. Aging and deteriorating facilities have a negative impact on the ability of institutions to fulfill their missions in teaching and research. The costs of maintenance are now being passed on to students in the form of compulsory fees in addition to costs of tuition.

Our funding situation is even more disturbing when we look at the positive investments other nations have made in post-secondary education. Government funding to universities and colleges is 20 per cent lower now than it was in the 1980s. While we were once on par with the United States, they have increased investment by 25 per cent in the same time period.

An immediate reinvestment into post-secondary education by the federal government is desperately needed. The current Canada Social Transfer (CST) is not the vehicle through which to do this, however. Last year, the Canada Health Transfer (CHT) was split from the CST in order to improve 'the transparency and accountability' of healthcare funding. The growing importance of post-secondary education suggests that it should be awarded the same care and courtesy. CASA is calling on the federal government to create a dedicated Canada Education Transfer (CET), with funding to the provinces earmarked for post-secondary education.

Prior to the implementation of the CHST, the federal government allocated \$2.9 billion to post-secondary education. Accounting for inflation and population growth, such a transfer today would represent a federal investment of \$4 billion annually. While a CET of \$4 billion would alleviate some of the stresses placed on the post-secondary education system since the funding cutbacks of the 1990s, it is only a start. Enrolment in Canada's colleges and universities has increased substantially in the last decade and continues to rise. Producing more skilled graduates and ensuring that Canadians have equal access to post-secondary education will require significant re-investment.

Solution:

- **In order to ensure effective and accountable funding, the Government of Canada should remove post-secondary education funding from the Canada Social Transfer and create an independent Canada Education Transfer.**
- **The new Canada Education Transfer should be funded at a minimum level of \$4 billion in annual cash transfers, and be increased annually according to annual inflation and demographic growth.**

Improving Access to Post-Secondary Education: Expanding the Canada Access Grant

Post-secondary education benefits society as a whole, but there are immense individual rewards to those who graduate with a post-secondary education as well. In addition to the intrinsic benefits of knowledge and learning, graduates have a significant advantage in the job market. More and more jobs depend on a post-secondary education, and graduates earn much more than non-graduates.⁴

A post-secondary education is becoming increasingly expensive. When expenses such as books, food, rent, clothing, and medicine are included, it can easily cost as much as \$18,000 a year to attend university.⁵ Student loans offer financing for some students, but many are turned off by the prospect of such high debt loads - and because of a flawed needs-assessment process many students simply cannot get adequate financial assistance.

While a post-secondary education is no doubt a worthy individual investment, unfortunately it is an investment that many do not – or can not – make. With the rising cost of education and the large debt loads facing graduates, CASA fears that the dream of a post-secondary education is increasingly out of reach for many Canadians. Thirty-six per cent of individuals who complete high school but do not continue on to post-secondary state that this is because they face financial barriers.⁶ Aboriginals, individuals from rural areas, and low-income Canadians are under-represented in our post-secondary education system. Currently in Canada, young people from low-income families are 2.5 times *less* likely to attend university than those from high-income families.⁷

Canadians believe that no one should be barred from reaching their full potential because of social or economic barriers to accessing higher learning. Research shows the best way to improve access to post-secondary education is through the use of up-front, targeted grants.⁸ Grants provide students with direct funding for post-secondary costs without indebting them.

In 2004 the government created the Canada Access Grant, which provides students from low-income backgrounds with a grant to cover half of tuition (up to \$3000) for their first year of post-secondary studies. While an excellent step, the Access Grant does not go far enough in improving access to post-secondary education in Canada. It provides for only half of tuition for a student's first year of study. Grants should focus on the total cost of education, not just tuition. Living expenses, books, etc. can often cost as much or more than tuition. Furthermore, grants should be made available to low-income students throughout the duration of their studies, rather than just in their first year. This will ensure that students do not just start college or university - they complete it.

Solutions:

- **The Canada Access Grant should be made available to students throughout the duration of their studies, rather than just in their first year.**
- **The Grant should cover a percentage of total educational costs, not simply tuition.**



Assisting Students Effectively: A Review of Canada's Student Financial Assistance System

The federal, provincial, and territorial governments have all committed to the idea that no Canadian should be denied a post-secondary education because of lack of financial resources. Governments seek to make education more affordable by providing students with needs-based assistance, such as loans or grants to cover tuition and other educational and living costs. To improve access, aid is targeted at groups who otherwise would not or could not pursue higher education, such as low-income Canadians, Aboriginal peoples, and high-need individuals.

Canada's student financial aid system is a complex mixture of student loans, grants, scholarships, tax incentives, and savings programs delivered by all levels of government as well as the Canada Millennium Scholarship Foundation (CMSF), and makes up over \$5 billion in public spending annually. The problem with Canada's student financial aid system is not lack of funds, but a serious lack of cohesion and vision.

It may surprise many Canadians that nearly half of the \$2.8 billion the federal government spends on "student financial aid" is not targeted towards those in need.

Table 1

Federal Government Spending on Student Financial Aid (2000-01) (\$millions and percentages) ⁹		
Loans	530	19.0%
Grants and Remission	575	20.6%
CMSF*	284	10.2%
CESG	301	10.8%
Tax Credits	1100	39.4%
Total	2791	
*Canada Millennium Scholarship Foundation spending is from an endowment set up by the federal government		

The single largest expenditure on student financial aid by Canadian governments is tax credits – accounting for nearly 40 per cent of spending. This money is a prime example of untargeted and regressive spending in our financial assistance system. Over half of this money does not even go to students, and much of it goes to those with above-average incomes.

The government also provides funding for those that invest in RESPs, but the vast majority of this funding goes to wealthier Canadians, not those in need. The government recently created the Canada Learning Bond. While attempting to provide lower-income families with the benefits of RESPs is a noble goal, there are much better uses for such money to improve accessibility. For \$240 million annually, or a little over half the cost of Bill C-5, the government could expand the Canada Access Grant to cover 100 per cent of tuition for four years of study. Such a move would dramatically affect the prospects of lower-income Canadians considering a higher education.

There are serious problems within the existing Canada Student Loans Program. Many students do not receive enough assistance to meet their needs, yet half of students are borrowing the maximum amount allowable and accumulating huge debt loads.

CASA is calling for a review of our system of student financial assistance by the federal government - with provincial and public input as well. A review is desperately needed to ensure that we are spending taxpayers money responsibly, in a way that is consistent with a national vision for post-secondary education.

A review cannot be an excuse for inaction. We must tackle the problem of student debt. We need more targeted assistance. The expansion of the Canada Access Grant and the development of grant programs aimed at other under-represented groups is the most effective means of doing this. Canadians expect and deserve an affordable, accessible post-secondary education system, and we have the resources to ensure ours is the best in the world.

Solutions:

- **There should be an immediate holistic review of Canada's student financial assistance programs, including student loans, grants, tax incentives, savings programs, and the Millennium Scholarship Foundation.**
- **The review should address the needs-assessment process and focus on allowing all students to afford a post-secondary education.**
- **The review should focus on targeting funding towards improving access for under-represented groups such as Canadians from low-income families and Aboriginal peoples.**



Endnotes

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