

# CASA's Poverty Reduction Submission

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# Executive Summary

The Canadian Alliance of Student Associations (CASA) believes that any academically qualified student with the desire to pursue post-secondary education should not face any barrier - financial, social, political, physical, cultural, or otherwise. CASA believes in post-secondary education that is affordable and accessible to all, as it is one of the most effective tools for increasing employment rates and lifetime earnings as well as reducing poverty.

CASA would like to see government savings programs, financial aid and workforce development initiatives expanded and improved to better support Canadians who wish to attend post-secondary, especially low-income and underrepresented groups.

## Recommendations:

- » **Improve access to the Registered Education Savings Plan (RESP) for low-income applicants by proactively distributing the Canada Learning Bond (CLB) to qualified persons**
- » **Expand Canada Student Grants to offer grants designated for underrepresented peoples and for graduate students with high financial need**
- » **Increase access to post-secondary education for underrepresented peoples, such as First Nations and Canadians with disabilities**
- » **Offer more employment training and transition programs for youth and students**

# How can the government improve its savings programs for families preparing for post-secondary education?

Canadian families have a number of government savings programs they can avail themselves of when it comes to preparing for their or their children's education. Parents who make contributions to a Registered Education Savings Plan (RESP) automatically receive the Canada Education Savings Grant (CESG). Additionally, low- and middle-income families are eligible to receive the Additional Canada Education Savings Grant (A-CESG), and low-income families can access the Canada Learning Bond (CLB). While these programs

Parliamentary Budget Officer (PBO) observed that the benefits of the program were disproportionately enjoyed by “wealthier and higher income families.”<sup>3</sup> A recent study on education savings incentive programs further bolsters this idea, stating that, “In 2012, families eligible for the income-based A-CESG and CLB represented 37 per cent of all families, but received only 24 per cent of savings grants. By contrast, families earning more than \$90,000 represented 33 per cent of all families and received almost 50 per cent of all the savings incentives.”<sup>4</sup> Although the RESP is intended to help all Canadians save for their education, it is clear that higher income groups reap the most rewards. This program should be adjusted so that the greatest benefits are enjoyed by those Canadians who need them most.

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have benefitted many, CASA believes that they could be improved to help even more families save for post-secondary education.

This system of education savings programs currently oversees nearly \$44 billion in savings by families, with nearly \$4 billion in annual contributions as of 2014.<sup>1</sup> Each year, nearly 379,000 students draw on RESPs to pay for their higher education expenses.<sup>2</sup> This demonstrates that these programs are increasingly important for families who are working to cover the costs of higher education in Canada.

However, there is still room for significant improvement. In its study of the RESP, the

**Therefore, CASA recommends the following solutions:**

- » **Rather than requiring an application, grant the CLB automatically to those who qualify when filing their taxes and distribute it proactively in the form of a voucher that can be deposited into a child's RESP plan, at a cost of approximately \$200 million**
- » **Reduce the CESG from 20% to 10% for families with a total annual income in the top quintile of Canadian incomes to pay for the expansion in the CLB, a measure that will save roughly \$200 million**

1 Employment and Social Development Canada, *CESG Annual Report 2014*, Ottawa ON, February 2016, Accessed online: [http://www.esdc.gc.ca/en/reports/cslpcesp/cesp\\_2014.page](http://www.esdc.gc.ca/en/reports/cslpcesp/cesp_2014.page)

2 *Ibid.*

3 Parliamentary Budget Officer, *Federal Spending on Postsecondary Education*, Ottawa, ON, May 2016, Accessed Online: [http://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2016/PSE/PSE\\_EN.pdf](http://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2016/PSE/PSE_EN.pdf)

4 Andrew Parkin, *Family Savings for Post-Secondary Education: A Summary of Research on the Importance and Impact of Post-Secondary Education Savings Incentive Programs*, The Omega Foundation, November 2016, 4. Accessed online: <http://www.theomegafoundation.ca/documents/Family-Savings-for-Post-Secondary-Education.pdf>

# How can the government improve its grant programs for students preparing for post-secondary education and graduate studies?

Grants are key tools for making post-secondary education more affordable and accessible, especially for low-income students. For this reason, CASA and students across the country celebrated the investments made in student financial aid in Budget 2016. The 50% per-recipient increase to all categories of Canada Student Grants, as well as the expanded income threshold for low- and middle-income families, ensure that more students have access to grants and benefit from reduced

financial barriers to these programs, especially for low-income Canadians and students from underrepresented groups, are deeply concerning, especially given that graduate degrees are associated with lower unemployment rates and higher incomes.<sup>6</sup>

## Therefore, CASA recommends the following solutions:

- » Expand Canada Student Grants to include grant options that specifically target underrepresented groups and students with high financial need
- » Index Canada Student Grants to the “education” component of the Consumer Price Index (CPI) to maintain their purchasing power over the duration a student is eligible to receive the grant
- » Create a Canada Student Grant for graduate students with high financial need, at an average value of \$3,000 per year (indexed to the CPI)

**“[M]any graduate students [...] are left without a source of non-repayable financial assistance.”**

financial barriers to post-secondary education. More can be done, however, to ensure that grants also specifically benefit underrepresented groups in Canadian post-secondary education.

Furthermore, graduate students are currently not eligible for needs-based grants. The federal government supports Canada’s graduate students primarily through merit-based scholarships provided through the Tri-Council Agencies. The selective nature of this funding means that many graduate students – particularly those enrolled in course-based or professional graduate programs – are left without a source of non-repayable financial assistance. This is particularly problematic given the proliferation of Master’s and professional programs in recent years<sup>5</sup>, which often charge much higher tuition.

<sup>5</sup> Canadian Association of Graduate Studies. *A Profile of a Master’s Degree in Canada*, 2006. Accessed online: [http://www.cags.ca/documents/publications/best\\_practices/CAGS-Master.pdf](http://www.cags.ca/documents/publications/best_practices/CAGS-Master.pdf)

<sup>6</sup> Joseph Berger, Anne Motte and Andrew Parkin (eds.), *The Price of Knowledge: Access and Student Finance in Canada*, 4th ed., Montreal: Millennium Scholarship Foundation, 2009. <http://www.yorku.ca/pathways/literature/Access/The%20Price%20of%20Knowledge%202009.pdf>

# How can the government expand access to post-secondary education for underrepresented peoples?

A post-secondary credential is proven to reduce unemployment rates and increase lifetime earnings. As such, increasing accessibility to post-secondary education is directly related to fighting poverty.

The proportion of Indigenous peoples with a post-secondary credential is lower than that of the non-Indigenous population,<sup>7</sup> and a key barrier to access is a lack of financial support. The Assembly of First Nations reports that about 70 per cent of First Nations youth want to attend post-secondary education, but “lack of funding remains the primary barrier.”<sup>8</sup>

The program currently supporting First Nations and Inuit learners is the Post-Secondary Student Support Program (PSSSP). This program was implemented with the intention of improving access to post-secondary education, and has significantly helped those students lucky enough to receive funding. Regrettably, following almost 20 years of a 2% growth cap, the program is now starving for funds.

Persons with disabilities are also underrepresented in Canadian post-secondary education. While 15 per cent of people without disabilities reported having a Bachelor's degree in 2006, for example, only 8 per cent of people with a disability had the same credential.<sup>9</sup> It is essential that the federal government focus on ensuring the accessibility of post-secondary education for persons with disabilities.

**Therefore, CASA recommends the federal government implement the following:**

- » Fully fund the Post-Secondary Student Support Program and address its backlog
- » Work alongside the National Educational Association of Disabled Students (NEADS) and other key stakeholders to develop a comprehensive strategy for improving the accessibility and affordability of post-secondary for students with disabilities

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# How can the government improve access to employment training opportunities for post-secondary education students?

Providing employment opportunities for youth and recent graduates is a key aspect of fighting poverty. The federal government needs to do more to support employment opportunities for marginalized youth in particular, who are by and large underrepresented in Canada's workforce. This includes youth living in rural and remote communities, new immi-

grants, women, Indigenous youth, and youth with disabilities. Due to financial and other barriers, Indigenous youth are less likely to participate in the labour market than non-Indigenous youth. In 2010, the youth unemployment rate sat at 14.6% for non-Aboriginal youth, and a staggering 21.1% for Aboriginal youth.<sup>10</sup>

<sup>7</sup> *The educational attainment of Aboriginal peoples in Canada*, Ottawa: Statistics Canada. Accessed online: [https://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-012-x/99-012-x2011003\\_3-eng.cfm](https://www12.statcan.gc.ca/nhs-enm/2011/as-sa/99-012-x/99-012-x2011003_3-eng.cfm)

<sup>8</sup> *Fact Sheet: First Nations Post-Secondary Education*, Assembly of First Nations. Accessed online: <http://www.afn.ca/uploads/files/pse-fact-sheet.pdf>

<sup>9</sup> *Opening the Door: Reducing Barriers to Post-Secondary Education in Canada*, Standing Senate Committee on Social Affairs, Science and Technology, December 2011. Accessed online: <https://sencanada.ca/content/sen/committee/41/soci/rep/rep06dec11-e.pdf>

<sup>10</sup> Employment and Social Development Canada. *Aboriginal Labour Market Bulletin: Fall 2012*. 2012. Accessed Online: <http://www.esdc.gc.ca/eng/jobs/aboriginal/bulletins/fall2012.shtml>

As noted above, persons with disabilities continue to face significant barriers to post-secondary education, and this has significant implications for employment and income. For example, the median earnings of a person with disabilities was measured as 17% lower than the earnings of a person without disabilities.<sup>11</sup>

Youth living in rural and remote communities also face significant barriers in the labour market. While many job-seekers rely on local services such as career support centres, post-secondary networking events, and job fairs to find employment, those living in rural and remote communities don't always have access to the same supports. As a result, these youth experience much greater difficulty finding meaningful work. This is particularly challenging for the 13% of Canadians aged 15-24 who are neither employed, nor currently engaged in education or training.<sup>12</sup>

In short, transitioning and integrating youth into the labour market is important. In Canada, as well as in other OECD countries, we have identified a particular class of youth that are educated and have the qualifications that should make them highly employable, but that experience difficulties integrating into the labour force: the Poorly Integrated New Entrants, or PINEs. They find themselves frequently moving between temporary jobs or unemployment, even when the economy is growing.

## **Therefore, CASA recommends the following solutions:**

- » **Invest in programs and implement strategies that seek to connect marginalized youth with employers and the labour market. This could include, but is not limited to:**
  - **Following the recommendation from the Council of Canadians with Disabilities to develop “Targeted employment programs for youth with disabilities”<sup>13</sup>**
  - **Creating incentives, in the form of grants and other mechanisms, for employers to hire marginalized youth and adapt the workplace environment to accommodate youth with special needs**
  - **Implementing programs aimed at educating businesses and employers about diversity issues and workplace accommodation**
- » **Implement the Canadian Career Development Foundation’s recommendations to support the integration of Poorly Integrated New Entrants (PINEs), as well as other youth, into the labour market. This includes, but is not limited to:**
  - **A well-coordinated, highly visible youth school-to-work transition strategy at the national level**
  - **Consideration of a four-pronged approach to PINE reduction that would include post-graduate, early intervention, demand-side, and diversity strategies**

<sup>11</sup> *Perspectives on labour and income*, Statistics Canada, February 2006. Accessed Online: <http://www.statcan.gc.ca/pub/75-001-x/10206/9096-eng.htm>

<sup>12</sup> Katherine Marshall, *Youth neither enrolled nor employed*, Statistics Canada, May 2012. Accessed online: <http://www.statcan.gc.ca/pub/75-001-x/2012002/article/11675-eng.htm>

<sup>13</sup> “Youth with Disabilities Advise on the Creation of an Accessible and Inclusive Canada,” *Council of Canadians with Disabilities*, October 31, 2016. Accessed online: <http://www.ccdonline.ca/en/socialpolicy/fda/Media-Release-Youth-Forum-31Oct2016>

# Our Members



# About CASA

Established in 1995, the Canadian Alliance of Student Associations (CASA) is a non-partisan, not-for-profit national student organization composed of 21 student associations representing 250,000 post-secondary students from coast to coast. CASA advocates for a Canadian post-secondary education system that is accessible, affordable, innovative, and of the highest quality.



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Alliance canadienne des associations étudiantes



 130 Slater Street, Suite 410, Ottawa ON, K1P 6E2