

# **ELIMINATING BARRIERS** *to* **RETRAINING**

**Pre-Budget Submission 2014**

**Canadian Alliance  
of Student Associations**





The Canadian Alliance of Student Associations represents 300,000 students at 24 member associations from across Canada. CASA advocates for a Canadian post-secondary education system that is accessible, affordable, and of the highest quality.

**Acadia Students' Union**  
**Brock University Students' Union**  
**Dalhousie Student Union**  
**University of the Fraser Valley Students' Union Society**  
**University of Prince Edward Island Student Union**  
**Red River College Student Association**  
**Saint Mary's University Student Association**  
**SAIT Student Association**  
**St. Francis Xavier University Students' Union**  
**St. Thomas University Students' Union**  
**McMaster Student Union**  
**Student Association of Mount Royal University**  
**University of New Brunswick Fredericton Students' Union**  
**University of New Brunswick Saint John Students' Representative Council**  
**University of Alberta Students' Union**  
**University of Calgary Students' Union**  
**University of Lethbridge Students' Union**  
**La Fédération des étudiants et étudiantes du Centre universitaire de Moncton**  
**University of Waterloo Federation of Students**  
**Western University University Students' Council**  
**Graduate Student Association - University of Waterloo**  
**Mount Allison Students' Administrative Council**  
**Athabasca University Graduate Student Association**  
**University of British Columbia Graduate Students' Society**

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## Executive Summary

With Canada's fragile economic recovery ongoing the need for individuals to quickly gain access to knowledge and skills is essential. In this context, government needs to take immediate action to eliminate barriers to retraining while ensuring all Canadians have an equal opportunity to find stable and meaningful employment. The federal government should take an active approach to improve financial assistance in a targeted way that helps those who need it most.

Canada's students recognize the value of a financial aid system that effectively addresses the needs of all who want to get an education and improve their skills. A highly educated population opens opportunities for individuals to make a meaningful contribution to Canada's labour force on a path to financial independence. CASA believes that nobody should have to put their savings, assets, or retirement on the line if they need help to get the skills employers are looking for.

It is expected that there will only be two people of working age for every senior in Canada by 2056. (Statistics Canada) This means that every individual will have to be more productive in the years to come to continue the economic growth that affords Canadians a high quality of life. Further, it is expected that the growth of the knowledge economy will mean that 70% of new jobs will require a post-secondary education. (Canadian Council on Learning) It is clear that, for the most sustainable economic recovery, getting people back to work will mean getting people back to school. CASA is calling on the federal government to make this a reality and to eliminate barriers to retraining in the 2014 federal budget.

The federal government must remove employment penalties for working students. Budget 2014 should invest to completely exempt in-study income from the assessment criteria of the Canada Student Loans Program

The federal government should encourage good financial planning and prioritize retraining by amending the Canada Student Loans Program assessment of borrower assets to increase allowable limits to RRSP contributions and exempt \$10 000 in personally held financial assets.

The federal government ensure the Canada Student Loans Program meets the needs of students by increasing the weekly loan limit amounts from \$210 to \$245 per week.

# Removing Employment Penalties for Working Students

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 making contributions to the labour force that Canada needs. Government should completely exempt in-study income from the assessment criteria of the Canada Student Loans Program.

This change will help approximately 100,000 working students. Individuals balancing jobs 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. (Canadian University Survey Consortium)

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.

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 and financial independence. Additionally, this policy change will make it easier for students to participate in work-integrated learning opportunities like 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.

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

**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.**

**42,876 applicants were denied a loan or grant from the Canada Student Loans Program last year.**

## Encouraging Responsible Financial Planning Through Forward Thinking Policy

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.

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. (Statistics Canada, Canada Student Loans Program) At the same time, their average loan was higher, indicating older students have higher financial need but have less access to financial assistance. (Canada Student Loans Program) A large portion of this shortfall consisted of part-time mature students. As such, CASA projects that this change will be particularly beneficial for mature learners.

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.

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.

# Ensure the Canada Student Loans Program Meets the Needs of Students

Last year 29% of Canadian students had financial need that exceeded available assistance. (Office of the Chief Actuary) 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.

This recommendation will benefit students with the highest financial need. It will assist individuals who rely on private lending and miss out on support benefits from the Canada Student Loans Program. 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 students depended on government and private borrowing. (Canadian Alliance of Student Associations, et al.)

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. (Raaflaub) This change will also make it easier for many students to stop relying on debt from private lenders, significantly alleviating this burden for many.

Making this change will put almost \$150 million into the hands of students who need it most to get educated and trained. This change would be made possible through an expenditure of \$44 million at most in non-recoverable costs per year.

**Last year 29% of Canadian students had financial need that exceeded available assistance.**

**The weekly loan limit has not been updated since 2004, leaving many to rely on private borrowing.**

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