

Pre-Budget Submission
August 2011

Canadian Alliance of Student Associations

Amplifying our Potential



**Realistic Solutions
for Challenges facing
Post-Secondary
Students**

The Canadian Alliance of Student Associations (CASA) is an alliance of 26 student associations from coast-to-coast. CASA represents over 320 000 post-secondary students at the national level. CASA's members believe that Canada's post-secondary education system should be affordable, accessible, and of the highest quality. We believe that the federal government has an important role to play in higher learning and research. CASA is committed to working with decision makers at the federal and inter-provincial levels to promote the innovative policy solutions developed by our members.



CASA Member Associations:

Acadia Students' Union
Alma Mater Society of the University of British Columbia
Brock University Students' Union
Dalhousie Student Union
University of the Fraser Valley Students Union Society
University of Prince Edward Island Students Union
Red River College Student Association
Saint Mary's University Student Association
Southern Alberta Institute of Technology Student Association
St. Francis Xavier University Students' Union
St. Thomas University Students' Union
McMaster Student Union
Student Association of Mount Royal College
UNB Fredericton Students' Union
UNB 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
University of Western Ontario Student Council
Wilfred Laurier University Students Union
Graduate Student Association - University of Waterloo
Mount Allison Students' Administrative Council
Athabasca University Graduate Student Association
Kwantlen Student Association

Executive Summary

For years Canada has relied on its post-secondary education system to produce the knowledgeable, highly trained, skilled people that keep its economy strong. The Canadian Alliance of Student Associations believes that Canada's future success is tied directly to the education attainment of the students in the post-secondary system today.

Youth understand that with an aging population there will be a greater strain on social services in the years to come. Moreover, increasing numbers of Canadians retiring means labour shortages will be an economic trend that continues for decades. Canada is faced with a growing need for each working individual to be more productive. This generation needs resources now to bear that mantle into the future.

Investments in higher education now will allow Canada to take advantage

of its strong economic position, safeguarding its quality of life and international relevance into the future. Ensuring that the post-secondary system is well funded will improve the skills of Canada's graduates. This sends a message to the aging population, future generations, and the world that Canada is committed to prosperity.

CASA's positions reflect the challenges faced by many of the over 320 000 students it represents. They also reflect the current fiscal reality and anticipate social and economic trends. Taken together, these recommendations are designed to facilitate increased participation in post-secondary education. They also aim to ensure every student attending college or university has the financial support they need to be successful.

CASA RECOMMENDS

- The government allow the exemption of a single vehicle from the Canada Student Loans Program's assessment of borrower assets.
- The government lift the 2% funding cap on spending increases to AANDC Post-Secondary Student Support Program in budget 2012. The program should provide financial assistance for all eligible First Nations and Inuit learners based on actual costs incurred for tuition, travel and living expenses, and program administration.
- The government amend the Copyright Act to strike section 27.1 which prohibits the parallel importation of books from foreign distributors.

Needs
are
Changing



Modernizing the Canada Student Loans Program

In a National Survey of 700 000 vehicles advertised for sale online the median price was:

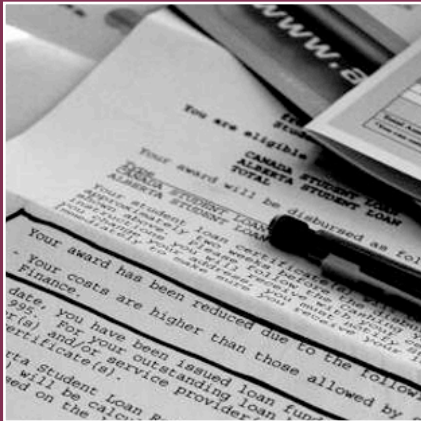
\$11,410

from a private seller; and

\$20,566

from a dealer.

(Used Car Dealers Association of Ontario, 2010.)



The 9 provinces in CSLP have average unmet need of:

\$3437 per borrower.

A low of 31% of students in Atlantic Canada, and a high of 49% of students in British Columbia rely on vehicles to get to class.

This criteria has not been re-examined since
2001.

Accuracy in the calculation of need is essential to a well functioning student financial aid model. Twenty-one percent of students across Canada have high unmet need: over \$1360 per year between the financial assistance the government provides and the sticker price of their education. Average unmet need across the nine provinces that participate in the Canada Student Loans Program (CSLP) is \$3437.¹

The realities confronting students today have to be met by greater financial resources. Increasing fees, rapidly escalating materials expenses, and a higher cost of living will make it difficult to entice more students without more comprehensive financial assistance. Slow recovery in the summer employment market means students have fewer resources to draw upon than they did three years ago.²

The Canada Student Loans Program expects that families will sell off assets essential to

attending school, to cover the costs of attendance. One such asset is a vehicle. The program currently counts the cost of a vehicle, less \$5 000, against the amount of money a student is eligible for. This is despite the median advertised price of used vehicles being \$11 400 from private sellers.³

Many students, particularly those in suburban and rural areas, need a vehicle to get between their home, class, and jobs every day. Often public transit is inadequate in these regions, so a dependable vehicle is fundamental to their participation in post-secondary. A low of 31% of students in Atlantic Canada and a high of 49% in British Columbia rely on a vehicle to attend school. The current vehicle exemption limit of \$5,000 was implemented in 2001, and has not been revised to reflect current conditions since.⁵

Therefore CASA Recommends:

The government exempt a single vehicle from the Canada Student Loans Program's assessment of borrower assets.

¹Canadian Millennium Scholarship Foundation. *Price of Knowledge: Fourth Edition*. 2009.

²"In July 2011, the unemployment rate for students was 17.4%, similar to that of July 2010."

Statistics Canada. July 2011 *Labour Force Survey: Student Summer Unemployment*. www.statcan.gc.ca/daily-quotidien/110805/dq110805a-eng.htm

³Used Car Dealers Association of Ontario. Communication on national study of more than 700,000 vehicles advertised online. Dec. 22, 2010.

⁴Fred Hemingway. *Assessing Canada's Student Aid Need Assessment Policies*. March 2003. Canadian Millennium Scholarship Foundation.

PSE ACCESS FOR FIRST NATION AND INUIT STUDENTS

The education of Canada's First Nations and Innu is an integral component of continued economic success, cultural development, and building strong communities. The government should make it a priority to encourage the potential of this fast growing and dynamic group. Apologizing to the former students of Indian Residential Schools and endorsing the United Nations Declaration on the Rights of Indigenous Peoples are good first steps, but there remain

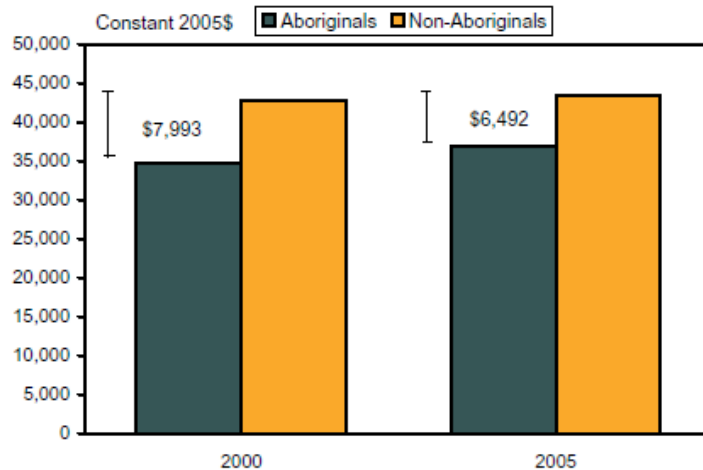
substantial challenges that need to be addressed.

Since the Post-Secondary Student Support Program (PSSSP) was capped to 2% increases in 1996, the number of First Nation students in post-secondary decreased by 9%, from 26,493 to 24,316 in 2007.⁶ Costs of attending college or university surpassed program-funding increases keeping more First Nation and Inuit Students off of campuses.

Between 1971 and 2001, Canada's Aboriginal Population grew 322% compared to 37% in the non-Aboriginal population. Further, a large proportion of the Aboriginal populace is now of school age. Fifty percent of Aboriginals are under 25, while a third are under age 14.⁷

As of the latest available census data, First Nations unemployment remains almost three times the rate for non-Aboriginals, and First Nations earn 17% less in median salary.⁸ One reason this occurs is that for every First Nations person who attends university, nearly four non-Aboriginals do.⁹ Furthermore, median wages for the Aboriginal population continue to lag behind non-Aboriginals.¹⁰ Adequately funding programs that support increased educational attainment is essential to bridging this gap. The PSSSP is a principally strong program that delivers money to band councils for PSE funding, but its resources are severely constrained.

MEDIAN EARNINGS OF FULL-TIME, FULL-YEAR EARNERS



Source: TD Economics Special Report, June 11th, 2009

⁶Assembly of First Nations, "Background Paper," written paper, dated June 28, 2007.

⁷ Standing Committee on Aboriginal Affairs and Northern Development. *No Higher Priority: Aboriginal Post-Secondary Education in Canada*.

⁸ TD Economics Special Report. June 2009. *Aboriginal People in Canada: Growing Mutual Economic Interests Offer Significant Promise for Improving the Well-Being of the Aboriginal Population*.

⁹Ibid.

¹⁰ Ibid.

PSE ACCESS FOR FIRST NATION AND INUIT STUDENTS

Not only will First Nations populations benefit from this policy change enormously, but so too will the economy, and all Canadians. Investing in First Nations education has the projected potential to increase tax revenues by \$3.5 billion per year, and reduce government expenditures by \$14.2 billion.¹¹

The financial resources that have been invested in Aboriginal skills training in recent years are a good start. Nevertheless, the insufficient growth rate of PSSSP funding remains an issue. The expansion of Aboriginal populations has quickly outstripped the funding model of the program, resulting in an

unacceptable accessibility decline.

Another challenge facing this program is that of administration. Band councils are not provided with an administrative budget to support the cost of employing permanent post-secondary coordinators. This forces many bands to go without PSE coordinators, and have nobody responsible for the best use of PSSSP and other support programs like the Canada Student Loans Program. If the band were to use PSSSP funds for administrative purposes Aboriginal Affairs and Northern Development Canada (AANDC) would consider it a misuse of funds.

Potential to:

Increase tax
revenues by \$3.5
Billion per year

Reduce Government
Spending by \$14.2
billion.

Therefore CASA Recommends:

The government remove the 2% cap on spending increases for AANDC Post-Secondary Student Support Program, and provide an increase in funding to reflect the actual cost of attending post-secondary education as well as the population that wants to go. This will require the commitment of \$318 million in the 2012-2013 fiscal year. An escalator of 5.6% annually will ensure that the program funding continues to be sufficient in the years to come. Further, a program delivery budget set at 10-15% of the total value of funding provided for PSSSP to offset administrative costs, estimated at \$31-\$47, million is crucial to the effectiveness of the program.

¹¹ Centre for the Study of Living Standards. *The Effect of Increasing Aboriginal Educational Attainment on the Labour Force, Output and the Fiscal Balance*. May, 2009.

A FREE MARKET FOR ACADEMIC MATERIALS

Academic materials are essential for teaching and learning. It is crucial to consider their expense in any calculation of the cost of being enrolled in post-secondary. Access to the best resources and materials is fundamental to attaining the highest quality outcomes from our post-secondary system.

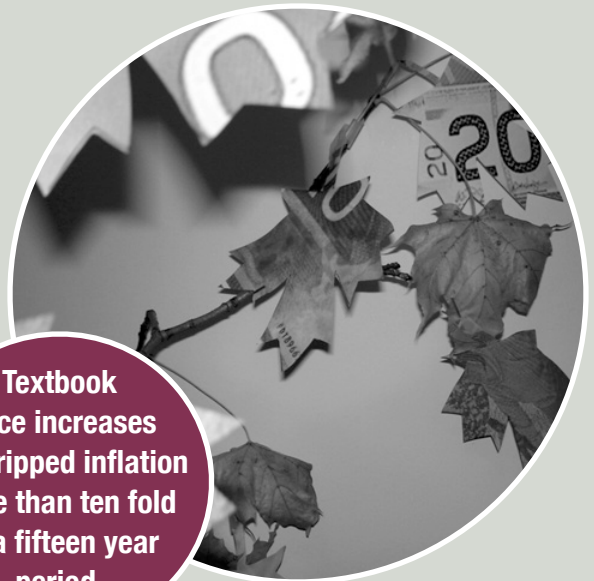
It is common to hear that textbooks are expensive – what one rarely hears is that they increased in price by over 280% in the last fifteen years.² Textbook price increases have outstripped normal inflationary forces; over the same period, the Consumer Price Index only rose 22%.

Current regulation encourages this massive exaggeration of price; book importers are given the exclusive right to import a book title where a Canadian copyright is held, and explicitly permitted by regulation to add 10-15% to the sticker price, depending on country of origin.

Despite being created to protect a domestic market for small Canadian publishers and distributors, this protectionist measure has had the opposite effect. Canadian distributors have flopped, firms are relocating to the United States, and Internet middlemen are unfairly profiting, as they are not subject to the same regulation.³ The government receives no revenue as a part of the exchanges. Thus, students in Canada are now subject to a private tax that goes largely toward funding the foreign owned publishing industry.

The decrease to the GST by one percentage point saved students \$3.75 million on textbooks annually. The reduction cost government the same amount in foregone revenues. Allowing parallel importation would save students \$30 million annually,

Textbook price increases outstripped inflation more than ten fold in a fifteen year period.



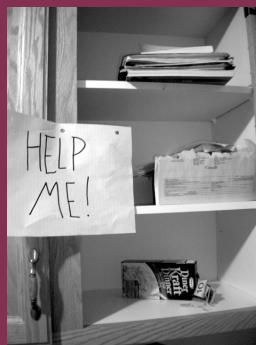
with no foregone government revenues. Freeing this market would also have the effect of encouraging competitive pricing, which could result in significant further savings for students.

Therefore CASA recommends:

The government amend the Copyright Act to strike section 27.1 which prohibits the parallel importation of books from foreign distributors.

Savings for Students

Allowing parallel importation would save students \$30 million annually.



Innovation

Affordable access to high quality, up to date research and sources will spur innovation