

# PRE-BUDGET SUBMISSION

## CANADIAN ALLIANCE OF STUDENT ASSOCIATIONS

The Canadian Alliance of Student Associations  
Submission to the House of Commons  
Standing Committee on Finance

The Canadian Alliance of Student Associations (CASA) is an alliance of 25 student associations from coast-to-coast. CASA represents nearly 315,000 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  
Bishop's University Students' Representative Council  
Brock University Students' Union  
Dalhousie Student Union  
Fédération des étudiants et des étudiantes du Centre universitaire de Moncton  
Graduate Student Association - University of Waterloo  
Kwantlen Students' Union  
McMaster Students' Union  
Red River College Students' Association  
Saint Mary's University Students' Association  
St. Francis Xavier Students' Union  
St. Thomas University Students' Union  
Students' Association of Mount Royal College  
Southern Alberta Institute of Technology Student's Association  
University of Alberta Students' Union  
University of British Columbia Alma Mater Society  
University of Calgary Students' Union  
University of Fraser Valley Student Union Society  
University of Lethbridge Students' Union  
University of New Brunswick Students' Union (Fredericton)  
University of New Brunswick Students' Union (Saint John)  
University of Prince Edward Island Student Union  
University Students' Council of Western Ontario  
University of Waterloo Federation of Students  
Wilfrid Laurier University Students' Union

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# Executive Summary

The importance of accessing a post-secondary institution and completing a post-secondary credential in Canada will take on greater importance than ever in the next several decades, based on two known trends. First, manual labour and repetitive task-based jobs are being rapidly replaced by jobs which require a high level of analytical skills and resourcefulness that is best imparted via post-secondary training.

Second, the number of people retiring in Canada is expected to surpass the number of newcomers entering the workforce in the near future. Amongst other effects, this will place tremendous strain on our healthcare system and social services at the very time when Canada will have proportionally fewer workers available to generate the wealth necessary to pay for these services. Post-secondary education offers a means for the next generation of workers to become more productive and innovative in order to build up the tax base with which to support the aforementioned services.

One area which merits additional attention is the issue of post-secondary costs. Simply put, the cost of post-secondary education in Canada has grown beyond the resources currently available to students; consequently, a lack of appropriate student financial support has been shown to negatively affect both a student's ability to access and to complete a post-secondary credential. Given that our future

economic success will be strongly linked to attendance and completion of a post-secondary program, this is not a welcomed trend.

The Canadian Alliance of Student Associations (CASA) recognizes the impact of the global economic recession on government spending. In a time of difficult fiscal choices, the government must prioritize strategic investments in areas that will promote sustained economic growth and strong returns to Canadians. The recommendations that CASA advances in its submission are a series of smart, high-return, and in most cases, low-cost policy options for the federal government, which will help to address the new demands of our economy by ensuring that all students have the financial resources they require to access and persist in a post-secondary program.



**CASA recommends that the federal government should lift the 2% cap on spending increases to INAC's Post-Secondary Student Support Program** immediately, and ensure that the program is provided with adequate levels of funding in order to provide financial assistance for all eligible First Nations and Inuit learners based on **actual costs incurred for tuition, travel and living expenses**. Further, **PSSSP funding**

**should be indexed annually** to reflect rises in both tuition costs and the cost of living.

The federal government should also **provide bands with a PSSSP program delivery budget** set at approximately 10-15% of the total value of funding provided for PSSSP to offset the direct and indirect costs of administering the program. Given the reported cost of PSSSP<sup>1</sup>, the cost for this would be **approximately \$33-49 million**.

**CASA recommends that the federal government should increase the Canada Student Loan Program student loan limit** beginning in the 2011-2012 academic year, to ensure that all financial needs are covered. Further, the federal government should also **annually increase student loan limits by the Canadian Core Consumer Price Index**, in conjunction with increases to the Canada Student Grants Program.

In addition, the federal government should **increase allowable in-study work income exemption from \$50/week to \$100/week**, in order to provide students with Canada Student Loans greater freedom to offset their education costs through work while they are in-study.

**CASA recommends that the federal government amend the Book Importation Regulations** to allow parallel importation of books by retail book sellers in Canada.

# Strengthen Federal Support for First Nations Education



Canada's Aboriginal peoples face persistent inequalities with regard to labour market outcomes when compared with non-Aboriginal populations. There are a number of root causes which taken together help to explain this gap in outcomes. However one of the most influential factors is the lower post-secondary educational attainment rate among our Aboriginal population.

According to the latest census data, only 8% of the Aboriginal population has earned a bachelor's degree or higher, compared with 24% of the Canadian population.<sup>2</sup> When only First Nations data is analyzed however, this number falls to 3%.

Further, while the Aboriginal population has made gains in the number of skilled trades and college credentials earned – 14% and 19% respectively, a level equal to the non-Aboriginal population – attainment rates drop to 10% and 13% when only First Nations data is examined.<sup>3</sup>



Meanwhile, the supply of financial resources from the federal government has not kept pace with the growth in demand brought on by this increase in size of school-aged Aboriginal populations, or the rising cost of post-secondary education. The Post-Secondary Student Support Program (PSSSP) managed by Indian and Northern Affairs Canada (INAC) – the principal funding mechanism of First Nations and Inuit students – has been capped at a program increase of 2% since 1996, forcing an already small pot to be spread thinly among an increasing number of students.

Funding scarcity has driven down the number of First Nations and Inuit students attending post-secondary education; in 2004-05, 23,000 First Nations and Inuit students were receiving funding from PSSSP, down from the 27,000 receiving support when the cap was put in place in 1996.<sup>4</sup>

Compounding the issue of PSSSP underfunding is the subject of funding delivery. Currently, local band councils are responsible for the day-to-day management of First Nations education funding, a process crucial to addressing the unique cultural, social, geographical and historical barriers that First Nations and Inuit people face in pursuing post-secondary education.

As noted in 'Factors Affecting the Use of Student Financial Assistance by First Nations Youth', the importance of a community capacity to connect youth to post-secondary was highlighted, and identified "often weak or inadequate infrastructural support (both physical and human) connecting First Nations communities with outside sources of information about PSE" as well as "the historical sense of distrust toward or disconnection from government and other bureaucracies among First Nations people" which have negatively influenced the perception of government funding and programs by First Nations youth.<sup>5</sup>

As a recent review of PSSSP observed however, many band council staff members are unable to devote singular focus to PSSSP administration, given that this responsibility is "usually just one of a number of often fairly complex

programs that have to be managed and reported upon."<sup>6</sup>

This situation occurs largely because band councils are not provided with an administrative budget to support the cost of employing permanent post-secondary education (PSE) coordinators. This forces many bands either to go without PSE coordinators and have nobody responsible for pushing the use of PSSSP (and other programs like the Canada Student Loans Program) or to use PSSSP funds for administrative purposes; the latter is considered a misuse of funds by INAC.

Additionally, PSE coordinators on reserves have little budget room for professional development, meaning that coordinators are often not able to attend workshops and professional conferences where up-to-date information and best practices about student financial assistance programs are exchanged.

Improving the educational outcomes of Canada's Aboriginal population will require new funding commitments of various levels by the federal government over the next few years. That said, making greater investments in First Nations education as outlined is a valuable marginal cost to government.

As a recent study by the Centre for the Study of Living Standards has projected, the effect of improving educational and labour market outcomes of Aboriginal peoples to the level similar to that experienced by non-Aboriginal Canadians in 2001 would create the following benefits by 2026<sup>7</sup>: increase Aboriginal income by \$36.5 billion per year (\$401 billion

cumulatively), increase tax revenues by \$3.5 billion per year (\$39 billion cumulatively), and lower government expenditures by \$14.2 billion (\$77 billion cumulatively).

CASA believes that the following recommendations will help to provide effective resources in support of First Nations students, enabling them to better access and complete post-secondary education programs.

**CASA recommends that:**

The federal government should **lift the 2% cap on spending increases to INAC's Post-Secondary Student Support Program immediately**, and ensure that the program is provided with adequate levels of funding in order to provide financial assistance for all eligible First Nations and Inuit learners based on **actual costs incurred for tuition, travel and living expenses**. Further, **PSSSP funding should be indexed annually** to reflect rises in both tuition costs and the cost of living.

The federal government should also **provide bands with a PSSSP program delivery budget** set at approximately 10-15% of the total value of funding provided for PSSSP to offset the direct and indirect costs of administering the program. Given the reported cost of PSSSP<sup>8</sup>, the cost for this would be **approximately \$33-49 million**.



# Address Unmet Student Financial Need

In a study conducted by the Canada Higher Education Project during the fall of 2009, post-secondary education students were asked to indicate how concerned they were about having sufficient funds to complete their post-secondary education. Overall, nearly 60% of those polled reported that they were very or somewhat concerned with having sufficient funds to pay for their education.<sup>9</sup> These concerns stem from several key issues.

To start, while increases to the Canada Student Loan Program (CSLP) maximum aid limits made in 2005 helped to temporarily lower unmet need – the difference between the demonstrated financial need of students who receive assistance from the government, and the amount of aid they actually receive – a growing proportion of post-secondary students are once again finding that their costs, including items such as tuition and rent are rising faster than the resource levels they receive.

As the Canada Millennium Scholarship Foundation noted, during 2006-2007 academic year at least 20% of Canadian students had high unmet need (defined as unmet need greater than \$1,360 per year), with New Brunswick (\$5,214), Nova Scotia

(\$3,942) and Alberta (\$3,612) recording the highest levels of unmet need amongst regions for which there is corresponding data.<sup>10</sup>

One of the principal reasons for this growing gap is that since 2005, federal aid limits have remained frozen at \$210 per week, effectively capping the total amount of aid available to a student, even as student costs have escalated rapidly each year since. As

a result, greater numbers of students are hitting the maximum of what they can borrow through the loan program. Currently, 33.4% of students receiving student loans are receiving

the highest possible loan amount<sup>11</sup>; within 10 years, projections show that almost half of all student loan borrowers will be at their loan limits.<sup>12</sup>

To offset this unmet need, many students rely on employment during their studies; employment provides approximately 40% of a college or university student's funding for their education.<sup>13</sup> However summer employment – especially full-time summer employment – has been in short supply of late.

In the past year, the level of student employment has reached record lows. During the summer of 2009, there were roughly 128,000 less

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student jobs available as compared with the summer prior; consequently, last summer produced the highest student unemployment rate since 1977.<sup>14</sup> This high level of student joblessness resulted in approximately \$512 million in lost income for students<sup>15</sup> creating a tremendous credit crunch in the year following.

While student employment rates for the first months of this summer have increased when compared with last year, the unemployment rate amongst 20-24 year olds remains above the level experienced in the summer prior to the onset of the recession.<sup>16</sup> The situation is even less positive for 17-19 year olds; the unemployment rate for this student cohort remains well over 4 points higher than that observed in June of 2008.<sup>17</sup> This conforms to a well established trend, in that the student job market tends to not recover as quickly or as substantially from a recession as employment of other age groups.<sup>18</sup>

Higher education costs and fewer summer work prospects have pushed students to seek out both in-study work opportunities, and more hours of work while in-study. In the aforementioned Canada Higher Education Project survey, a majority of students receiving student financial aid reported if their costs were to increase relative to their resources, they would seek to work more in order to offset the increase in their expenses.<sup>19</sup>

However, for those students wishing to supplement their income with work during the school year, CSLP regulations have created a perverse incentive where the more a student works, the more their student loan is diminished. As it currently

stands, for every dollar a student earns over \$50/week, the CSLP reduces that student's loan by the same amount.

Thus many students face a no-win situation: student aid maximums have helped to increase instances of unmet need, yet students who rely on student financial aid face significant disincentives for attempting to offset unmet need by working while in school.

The Government of Canada must recognize that our current student financial aid system is failing to address the totality of student need, and in addition, is unfairly penalizing responsible students who wish to help pay for the costs of their own education through employment.

CASA believes that the following recommendations will not only help to lessen the burden of unmet student need, but also provide the government with meaningful policy interventions at a relatively low cost.

### **CASA recommends that:**

The federal government should **increase the Canada Student Loan Program student loan limit** beginning in the 2011-2012 academic, to ensure that all financial needs are covered. Further, the federal government should also **annually increase student loan limits by the Canadian Core Consumer Price Index**, in conjunction with increases to the Canada Student Grants Program.

In addition, the federal government should **increase allowable in-study work income exemption from \$50/week to \$100/week**, in order to provide students with Canada Student Loans greater freedom to offset their education costs through work while they are in-study.



# Make Books Cheaper in Canada

Between 1995 and 2007, the average increase in textbook price was a staggering 280%.<sup>20</sup> While market forces affect prices<sup>21</sup>, so too has the government by prohibiting parallel importation by book retailers.

Parallel importation is the practice of importing non-counterfeit goods from other countries without the permission of the intellectual property owner. This practice aims to take advantage of arbitrage opportunities – creating savings as a result of substantial price differences between two markets, such as Canada and the United States. Parallel importation is currently legal in Canada for consumers ordering from booksellers in other countries, but not for domestic retail booksellers.<sup>22</sup>

The Book Importation Regulations under the Copyright Act were last updated in July 1999 to limit parallel importation in order to protect small Canadian publishers and distributors. As a result, book importers receive government-backed importation monopolies over individual book titles in exchange for limiting prices to a 10% price premium on books imported from the United States and 15% on books from any other country.

These regulations force retail booksellers to buy domestically at an inflated price, they also prevent domestic booksellers from finding price efficiencies through competition. These regulations are unique to the book importation

industry and no other industry in Canada receives such protection.

If the limits on parallel imports had achieved their intended policy outcome, the argument for keeping them would be coherent. Instead, over the last ten years, small publishers and distributors have been bought up or folded under this regulation.<sup>23</sup> In fact, the profit from these government-backed monopolies and increased prices goes from Canadian students and readers to primarily non-Canadian book importers. Canadian writers and retailers do not benefit.<sup>24</sup>

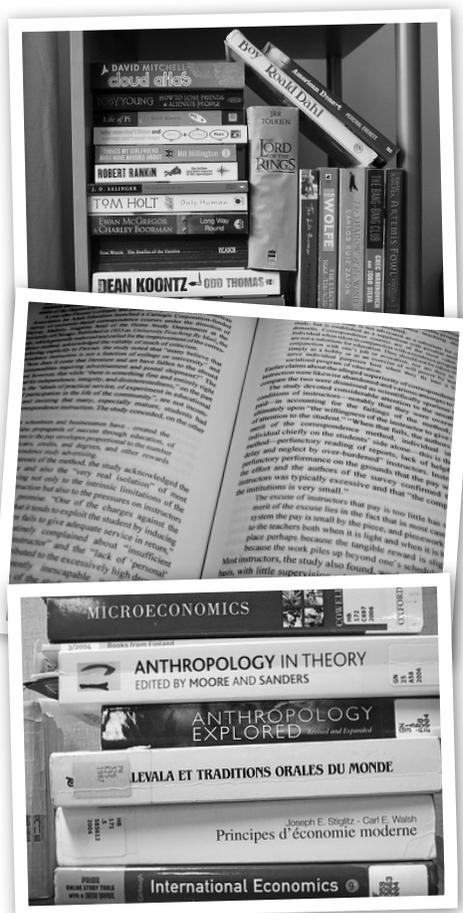
Furthermore, online retailers are not subject to these restrictions causing physical bookstores to be less competitive.

Internationally, these regulations have placed Canadian consumers and retailers at a disadvantage. In the United States and the European Union, the “first sale doctrine” has determined that intellectual property owners cannot dictate how a copyrighted work is resold after its initial sale by the copyright holder. New Zealand lifted their ban on parallel importation in 1998 and it was found in 2007 that the decision had produced no impact on the growth of domestic authorship in the country.<sup>25</sup> Australia’s Productivity Commission in 2009 similarly recommended lifting the ban on parallel importation.

If these regulations were eliminated, it would save close to \$30 million annually for students alone.<sup>26</sup> As a matter of perspective, the most recent reduction in the GST by 1 percentage point saved students \$3.75 million on textbooks. These savings do not include further savings through competition by breaking the government-endorsed monopoly of exclusive book resellers. Competitive book importation could drive prices even lower.

## CASA recommends that:

The federal government amend the Book Importation Regulations to **allow parallel importation of books** by retail book sellers in Canada.



# Endnotes

- <sup>1</sup> Dollar amount derived by applying 2% to the \$285 million reported in 2001-02.
- <sup>2</sup> Educational Portrait of Canada: 2006 Census. <http://www12.statcan.gc.ca/english/census06/analysis/education/pdf/97-560-XIE2006001.pdf> Accessed February 12<sup>th</sup>, 2010.
- <sup>3</sup> 2006 Census Data, Statistics Canada. <http://www12.statcan.ca/census-recensement/2006/dp-pd/index-eng.cfm>, Accessed February 12<sup>th</sup>, 2010.
- <sup>4</sup> Standing Committee on Aboriginal Affairs and Northern Development <http://www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=2683969&File=57#Fund>
- <sup>5</sup> Factors Affecting the Use of Student Financial Assistance by First Nations Youth, Canada Millennium Scholarship Foundation. June 2008. [http://www.millenniumscholarships.ca/images/Publications/MRS\\_AB\\_11JLY2008\\_EN.pdf](http://www.millenniumscholarships.ca/images/Publications/MRS_AB_11JLY2008_EN.pdf), Accessed February 10<sup>th</sup>, 2010
- <sup>6</sup> Usher, Alex., The Post-Secondary Student Support Program: An Examination of Alternative Delivery Mechanisms. The Education Policy Institute, November 2009. <http://educationalpolicy.org/publications/pubpdf/INAC.pdf>, Accessed February 10<sup>th</sup>, 2010
- <sup>7</sup> The Effect of Increasing Aboriginal Educational Attainment on the Labour Force, Output and the Fiscal Balance, Centre for the Study of Living Standards, May 2009, pg. v.
- <sup>8</sup> Dollar amount derived by applying 2% to the \$285 million reported in 2001-02.
- <sup>9</sup> Canadian Student Survey Report: Summer Work and Paying for PSE, Canada Higher Education Project, 2010.
- <sup>10</sup> The Price of Knowledge 2009, Canada Millennium Scholarship Foundation, p. 175.
- <sup>11</sup> Ibid p. 64
- <sup>12</sup> Ibid.
- <sup>13</sup> The Price of Knowledge 2004, Canada Millennium Scholarship Foundation, p. 116
- <sup>14</sup> The Daily, Statistics Canada, Sept. 4, 2009
- <sup>15</sup> Derived by multiplying the mean summer income of students (The Price of Knowledge 2004, p. 155) by the number of unemployed students
- <sup>16</sup> The Daily, Statistics Canada, August 6<sup>th</sup>, 2010
- <sup>17</sup> Ibid.
- <sup>18</sup> Human Resources and Skills Development Canada (2004). Youth Employment Strategy (YES) 1997-2002: Summary of Recent Summative Evaluation Results. P. 10
- <sup>19</sup> Canadian Student Survey Report: Summer Work and Paying for PSE, Canada Higher Education Project, 2010.
- <sup>20</sup> Canadian Roundtable on Academic Materials
- <sup>21</sup> Book publishers engage in practices to keep book prices inflated such as issuing a new edition of a book with only cosmetic changes
- <sup>22</sup> Defined as an individual, firm or corporation that is directly engaged in the sale of books in Canada for at least 30 consecutive days in a year and:
- (a) whose floor space is open to the public and is located on premises consisting of floor space, including book shelves and customer aisles, of an area of at least 183 m<sup>2</sup> (600 sq. ft.); or
  - (b) whose floor space is not open to the public and that derives 50% of his or her or its gross revenues from the sale of books.
- <sup>23</sup> The Book Importation Regulations were primarily intended to benefit two publishers – General Distribution and Pegasus Wholesale – that have both ceased to operate.
- <sup>24</sup> Information provided by Campus Stores Canada.
- <sup>25</sup> Ministry of Economic Development Parallel Importing Review: <http://www.med.govt.nz/upload/53594/report.pdf>
- <sup>26</sup> According to Campus Stores Canada, the trade on imported books is worth \$262 million at campus bookstores alone – approximately 50% of total books sold.

## Images

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