

EDUCATION FOR ALL

**Submission to Finance Canada's
Pre-Budget 2021 Consultation**

Education for All: Investing in post-secondary education as an equitable path to building back better





Recommendation 1

Develop a national post-secondary education plan and boost direct federal transfer funding for post-secondary education by a minimum of \$3 billion

- Working with the provinces and territories, and in consultation with post-secondary education sector, develop a long-term national plan to address chronic underfunding.
- Ensure that funding keeps up with inflation and enrolment growth and require accountability and transparency.
- Establish a federal post-secondary education secretariat or branch within the federal government to facilitate collaboration with the provinces and territories, Indigenous Peoples and Indigenous governments, and experts and stakeholders, as well as to coordinate initiatives such as research and science, student assistance, data and innovation.

Recommendation 2

Increase funding for Indigenous post-secondary education by a minimum of \$650 million annually

- Eliminate the gap in post-secondary attainment between Indigenous students and non-Indigenous students.
- Invest in the development and expansion of culturally appropriate Indigenous post-secondary education systems and models.

Recommendation 3

Fully adopt and implement the recommendations of the Advisory Panel on Fundamental Science

- Increase base funding for Canada's three research granting councils from \$3.5 billion to \$4.8 billion.
- Expand Canada's research capacity through increased research funding and graduate scholarships.
- Adequately resource and enshrine the position of Chief Science Advisor in legislation.



Recommendation 4

Improve education funding options for students and families and reduce generational debt

- Permanently eliminate interest on federal student loan debt.
- Move to a 50:50 funding model for grants and loans.
- Replace the Canada Education Savings Program and Tuition Tax Credit with direct funding for student grants.

Recommendation 5

Mandate Statistics Canada to track and analyze data on precarious work

- Fund Statistics Canada to track and analyze data on precarious work, including national standards for the collection and provision of data in areas such as access, affordability, quality, equity, mental health, and employment and working conditions of faculty, staff, researchers and student workers.



Introduction

Universities, colleges, and polytechnics are the foundation and infrastructure of Canada’s knowledge advantage. High-quality post-secondary education is essential to a robust democracy, and to the research and civic engagement necessary to address social, economic, and environmental challenges we face. The COVID-19 pandemic has shone a spotlight on long-simmering issues facing Canada’s post-secondary education system. After years of underinvestment from governments, this system is in crisis.


Access to a high-quality education is out of reach for too many students—particularly students from low-income families, racialized, Black, and Indigenous students, and students living with disabilities. The rising costs of education means that many more students are burdened with years of debt. Coupled with growing inequality and stagnant wages, fewer Canadians are able to access education and training, just when unemployment and economic displacement are time high due to the pandemic.

Meanwhile, post-secondary education workers are increasingly placed in positions of precarity without the resources or working conditions necessary to provide the highest quality education and services to students, or to engage in the foundational research necessary to unlock the best potential of our citizens and our country.

As key stakeholders in the post-secondary education sector, the Canadian Association of University Teachers, the Canadian Federation of Students, the Canadian Union of Public Employees, the National Union of Public and General Employees, and the Public Service Alliance of Canada—who together represent over 1 million students and workers working in over 150 communities—have united to make the below recommendations.

We are calling on your government to take more substantive action and leadership to maintain and improve the affordability, accessibility and quality of Canada’s post-secondary education sector through sustainable investments in the following critical areas:

1. Direct federal funding for post-secondary education
2. Access to post-secondary education for Indigenous peoples
3. Research capacity
4. Grants and loans models
5. Data collection on precarious work



The post-secondary education sector has a vital role to play both in ensuring a quick and effective resolution of the pandemic and in ensuring a truly just recovery. The sector educates and trains over 2 million people every year. It generates important knowledge to meet today's and tomorrow's challenges, whether protecting public health; ensuring a strong economic recovery; promoting a cleaner environment; or standing up for fairness and equality. To build back better, we need a new normal for post-secondary education in Canada. We need a federal leadership, a renewed vision and funding commitments.


1. Direct federal funding for post-secondary education

Public spending on post-secondary education in Canada has not kept pace with enrolment over the past several decades. Public funding now represents less than half of total university revenue in Canada. Students and their families are bearing an ever-larger burden of the costs of higher education, with private donations, investments and endowments, and corporate contracts also taking up a larger portion of the costs. A big part of this shift from public support to private funding has been due to the declining share of funding provided by the federal government.

In 1992, the federal government's contribution to post-secondary education amounted to \$3,432 per post-secondary student adjusted for inflation; in 2017-18, the federal government's per student contribution was only \$2,068. If the federal government provided the same per student amount in 2017-18 as it did in 1992-93, the post-secondary education component of the Canada Social Transfer would have been \$7.3 billion, which is \$3 billion more each year than what the government is currently providing.

What is more, this reduction in the federal contribution has happened even though the government's capacity to spend, measured by the growth in our economy, has grown considerably. Significant changes to the federal transfer to provinces and territories for post-secondary education took effect in 1995, including decreases in cash transfers. In 1992-93, the federal government's cash transfer for post-secondary education was 0.41 % of GDP. In 2018-19, it was only 0.19 %. The last time the federal government topped up the transfer to the provinces for post-secondary education was in 2008, by \$800 million.

This is all despite the fact that post-secondary education has become an essential part of Canada's economic growth. More than two-thirds of jobs are estimated to require some form of higher education and the Department of Finance's Advisory Council on Economic Growth calculated in 2017 that the additional funding required for adult reskilling alone through post-secondary education over the next decade is \$3 billion.



The federal government has a leadership role to play in post-secondary education funding. It must ensure that funding keeps up with inflation and enrolment growth and work with the provinces and territories to develop a shared vision and develop accountability and transparency mechanisms for federal funding. To this, the federal government should establish a federal post-secondary education secretariat or branch within the federal government to facilitate inter-governmental collaboration and communication, as well as to coordinate initiatives such as research and science, student assistance, data, and innovation.


2. Access to post-secondary education for Indigenous peoples

Despite education being a fundamental right, the legacy of colonialism, residential schools, the mass removal of Indigenous children from their families during the Sixties Scoop, the persistent issues faced by Indigenous youth in the child welfare system, daily and systemic racism, and decades of underfunding by the federal government means that there are significant barriers for First Nations, Inuit, and Métis students to access higher education. While the government has a moral and legal responsibility to ensure access to education, financial barriers prevent many Indigenous people from attending college or university.

There is a significant and persistent gap in access to post-secondary education between Indigenous and non-Indigenous students. Only 37% of people with Aboriginal identity aged 25-64 have a college diploma or university degree, compared to overall attainment of 54% among Canadians aged 25-64.

Between 1996 and 2016, funding for First Nations and Inuit education through the Post-Secondary Student Support Program (PSSSP) was officially capped, allowing only 2% growth per year, even as inflation and population growth exceeded two percent annually. The cap was removed in 2016, however, federal support for the PSSSP still does not reflect actual growth in inflation and population. As a result, the number of students supported by the PSSSP in 2016 was almost the same as the number of students who received support in 1996, even though Indigenous youth are the fastest growing segment of the population and more Indigenous students are achieving a secondary school diploma.

In addition, many students who receive funding do not actually receive enough financial support to complete a diploma or a degree. This gap in funding may have pushed some Indigenous students who do pursue higher education into attending colleges rather than universities, due to the lower costs. The choice between a university and college education should be a personal decision, not dictated by low funding levels. Both the gap in post-secondary attainment and the fact that Indigenous learners are more likely to attend college than university have contributed to an employment and wage gap between Indigenous Peoples and non-Indigenous students.



The Truth and Reconciliation Commission's Calls to Action and the United Nations Declaration on the Rights of Indigenous Peoples underscore the importance of funding education and providing for culturally relevant and appropriate learning. To respect inherent and Treaty rights and to make reconciliation meaningful in Canada, the federal government must provide adequate funding to close the gap in Indigenous post-secondary educational attainment, beginning with an investment of \$650 million annually. The federal government should also commit to working in partnership with First Nations, Inuit, Métis, and urban Indigenous peoples to ensure they are included in discussion and decisions over education.


3. Research capacity

The monumental scientific advances Canada hopes to achieve to drive innovation and our global competitiveness are not possible without publicly-funded research.

Canada's expenditure on Research & Development as a percentage of its gross domestic product has declined since 2001 and is now below the OECD average and second to lowest among the G7 countries. Canadians need new knowledge and new ideas to improve our quality of life and to help us meet the critical challenges we face. The final report from the Advisory Panel on Federal Support for Fundamental Science, released in 2017, provides the blueprint to ensure Canada is a world leader in research. Despite recent investments in basic research, there remains a shortfall of approximately 40 % to reach the levels of funding recommended by the Panel to keep Canada competitive internationally.

The final report recommended increasing base funding for Canada's three research granting councils (the Canadian Institutes of Health Research, the Natural Sciences and Engineering Research Council, and the Social Sciences and Humanities Research Council) from \$3.5 billion to \$4.8 billion over four years. This investment would raise funding to a level that is equal to those of other G7 countries which would ensure long-term viability and competitiveness.

The final report also recommended the federal government improve and expand support for student and postdoctoral research, including expanding the number of awards and providing more generous support, both in amount and duration. The federal government's 2019 budget dedicated \$114 million over five years to create additional masters and doctoral, and postdoctoral scholarships. However, many issues remain unsolved. For example, the length of doctoral scholarships under the Canada Graduate Scholarship Program remains capped at three years. Considering that the average completion time for a doctoral degree is over six years, capping these scholarships provides insufficient stable funding and risks driving our brightest minds to universities outside of Canada that offer better funding opportunities.



The pandemic, while serving as a moment of tremendous research into viruses, vaccines, and public health, research in other areas has been stalled or delayed. Support for basic research will be essential to grow our economy and ensure that Canada trains and retains global research talent. With this support, Canada's world-class researchers will be better placed to help solve emerging problems, such as mitigating the impacts of climate change, and building a stable, sustainable country. We recommend sustained support, not only for basic research in postsecondary institutions, but including research performed in other institutions, industry, the not-for-profit sector, and government labs.


Lastly, the Chief Science Advisor plays an essential role in ensuring government policy is informed by solid evidence, that government science is fully available to the public, and that scientists are able to speak freely about their work. Additionally, this role has served to promote dialogue between federal scientists and academic researchers and advocate for scientific issues across the country. Now more than ever, we need to ensure that the critical work of the Chief Science Advisor continues, that the office is resourced appropriately, and that the position is non-partisan by enshrining it in legislation.

4. Grants and loans models

As public funding has diminished, universities and colleges have increased tuition and other fees for students to make up for the funding gap. Years of tuition growth has resulted in a significant increase in the amount of student debt carried by graduates. This impacts young people's ability to start their lives such as buying their first home, starting a family, launching businesses, and upgrading their skills. The escalating cost of tuition is also putting higher education out of reach for many Canadians.

In response to the costs of higher education, both the federal and provincial governments offer student financial assistance. However, government student aid comes in a complicated maze of federal and provincial programs, supplemented by institutional programs and private, for-profit loans.

A significant proportion of student financial assistance comes through tax measures. This approach is inherently problematic as it is cumbersome and primarily benefits those who are less likely to require financial assistance, like families and individuals who are in higher income tax brackets. To receive assistance through tax measures, students or families need to pay tuition and other expenses out of pocket, and in turn, they receive a reduction in their taxes the following year—or sometimes years later. This discourages and disadvantages prospective students who cannot pull together the funding upfront.



In 2019-20, the federal government spent \$7.8 billion on direct support to students. Nearly half of the funding (\$3.4 billion) came in the form of tax expenditures, such as the tuition credit, the student loan interest credit, and deferred income tax on earnings from Registered Education Savings Programs. But tax expenditures are notoriously regressive. Unless they are refundable, they only benefit those who have enough taxable income to see a significant reduction in their taxes. An analysis by the Office of the Parliamentary Budget Officer found that nearly 40% of the value of the Tuition Tax Credit goes to families among the top 20 % of income earners.

Similarly, Canada Education Savings Grants, which match contributions from families to a Registered Education Savings Program and accounts for 12.5% of direct federal student support, disproportionately go to higher income families. Half the funding goes to families earning \$90,000 or more. Although the Canada Learning Bond was created to provide greater funding for low-income families through RESPs, only one-third of eligible families are actually receiving any benefit. To have a more balanced and equitable impact for disadvantaged students, the federal government should replace the Canada Education Savings Program and Tuition Tax Credit with direct funding for student grants.

The federal government also provides support in the form of student loans, but they charge students handsomely for the privilege of borrowing. Interest rates on variable Canada Student Loans are prime plus 2.0%, well above the going rate on many mortgage loans. The economic downturn from the pandemic will be felt for many years to come, and as a first step towards reducing generational economic inequities, the federal government should permanently eliminate interest on federal student loan debt. Furthermore, the balance of federal support is heavily weighted towards loans: for every \$1 in grants that the federal government disburses, they loan \$2 in funds which must be repaid. A more equitable disbursement toward a fully-funded, tuition-free higher education, would be for the federal and provincial governments to move towards a 50:50 grants and loans model.

Lastly, for students looking to enter the trades, a lack of apprenticeship opportunities to complete their training are a barrier to successfully completing postsecondary education. Government investments that encourage or require employers to hire apprentices can play an important role in increasing apprenticeship opportunities, particularly for women, Indigenous, and racialized students.



5. Data collection on precarious work


The working conditions of staff are the learning conditions of students. Faced with declining public funding, many universities and colleges have become dependent on private forms of income, such as international student fees, fundraising, and donors. There has also been an increasing embrace of privatization, contracting out, and the use of precarious forms of employment by universities and colleges.

When contract academic staff are forced to work in insecure conditions without adequate resources, that has an impact on the quality of education because they are not being given the time and resources necessary to provide the highest quality education. Nevertheless, these contract instructors are expected to perform the same teaching and research as permanent staff at significantly lower wage levels, fewer resources and institutional supports, and compromised academic freedom. In addition to low wages, contract and casual employees often do not get paid sick leave, they receive few if any health benefits, and many have no pension.

Postdoctoral Fellows and Research Associates, who are highly qualified personnel expected to drive the innovation and discovery that is integral to Canada's knowledge-based economy, are frequently subject to unreasonable hours, unsafe working conditions in aging laboratories, dangerous equipment, and low wages. They often do not have access to sick leave or benefits and approximately 30% report that they do not have enough income to cover monthly expenses after paying for rent, childcare, and student loan payments.

Support services are also increasingly being contracting out or privatized, which has a significant effect on education and the health and safety of students and workers. The pandemic has been a perfect example of the importance of cleaning and safety measures, yet many post-secondary institutions are using the pandemic as an opening to privatize these services, forcing workers to do more with less, while trying to keep campuses safe. These workers are more likely to earn low wages, with no benefits or sick times.

While recent employment equity initiatives in the post-secondary sector have made important gains, it is essential that these gains are not undermined by trapping women, Black and Indigenous people, People of Colour, and persons living with disabilities in contract and casual positions.



To support and promote decent work, the federal government must fund Statistics Canada to track and analyse data on precarious work, including the creation of a national standards for the collection and provision of data in areas such as access, affordability, quality, equity, mental health, and employment and working conditions of faculty, staff, researchers and student workers. This information is crucial in developing a pan-Canadian definition of precarity and supporting a workforce renewal strategy that limits the post-secondary education sector's use of precarious contract jobs, contracting out, and privatization.

Conclusion

The pandemic has demonstrated the immense social cost of closing down industries without having a plan in place for the workers who depend on them, or a plan to transition workers who are affected to new jobs. Accessible, high quality post-secondary education will be an essential part of reskilling, upskilling workers and training the next generation of researchers.

Although education is a provincial jurisdiction, much like health care, housing or childcare, post-secondary education is of social, cultural, economic and political importance to Canada and is supported through a variety of federal mechanisms. Therefore, the federal government plays a key role in the success of our higher education system. Canadians need a stronger federal partner for post-secondary education and research. The federal government must work with the provinces and territories; universities, colleges, and polytechnics; and labour and student groups to ensure high levels of quality, access, and affordability of higher education in Canada.