

# BUDGET 2016 SUMMARY & ANALYSIS

## CANADIAN FEDERATION OF STUDENTS

March 2016

During the last federal election, students proved that we are not disengaged, but a powerful political force that could not be ignored. As a result, student issues became election issues that political parties committed to.

Students have spent the past five months working to ensure the Liberal Party followed through on election commitments to students and youth. Inviting the Honourable MaryAnn Mihychuk, Minister of Employment, Workforce Development and Labour to address delegates at our National General Meeting in November, meeting with over 180 Members of Parliament and Senators during the Federation's national lobby week in February and presenting recommendations to the House of Commons' Standing Committee on Finance are just a few examples of the Federation's efforts to ensure that our issues were not merely election issues, but are also budget priorities.

What follows is a closer look at what Budget 2016 means for students and youth, what commitments the government has carried through with and what opportunities they have failed to act on.

While offering some steps forward – including greater access to upfront, non-repayable, needs-based grants, increased job opportunities for youth and a reinvestment in public research funding – Budget 2016 does not fulfill the Liberal Party's election commitments to Indigenous students nor does it provide the strong federal leadership that is necessary to repair Canada's public post-secondary education system.

### THE GOOD

#### Student Grants

Budget 2016 commits to increase the Canada Student Grants Program funding available to low- and middle-income student by 50 percent as promised during the federal election. This comes with a price tag of \$216 million in 2016-17, \$468 million in 2017-18 and \$1.53 billion over five years. The increased funding in 2017-18 is in part due to differences between the federal government's fiscal year and university and college academic years.

Students from low-income families can now receive a maximum grant of \$3,000 per year, up from \$2,000. Students from middle-income families see an increase from a maximum grant of \$800 to \$1,200 per year. For part-time students, the maximum grant is now \$1800 per year, up from \$1200. These changes will come into effect in the 2016-17 academic year and will result in nearly 247,000 students from low-income families, 100,000 students from middle-income

families and 16,000 part-time students receiving increased support.

The government has also committed to working with the provinces and territories over the next year to expand the eligibility for this program. This commitment includes an investment of \$790 million over four years to implement a single threshold for eligibility. Under this new model, the low- and middle-income thresholds will be replaced with a single progressive threshold in which the grant amounts will be based on family income and size.

To pay for the increased funding for the Canada Student Grants Program, Budget 2016 has eliminated the ineffective textbook and education tax credits. However, any tax credits that have been accumulated prior to 2017 will remain claimable.

In fulfilling the Liberal Party's election promise, the government has increased the loan repayment threshold to ensure that students do

not need to begin to repay their debt until they earn at least \$25,000 a year. Before making this annual income, the federal government will cover all interest owing on the student loan, an estimated cost of \$131.4 million over five years.

The Federation called for increased upfront, non-repayable needs-based grants during the federal election. In our *Public Education for the Public Good* policy document and during our meetings with Members of Parliament and Senators. Though students welcome the increases to upfront student grants, these changes do not address the chronic underfunding of post-secondary education. Years of underfunding have resulted in tuition fee increases across the country as costs have been downloaded onto students.

## Job Opportunities for Young People

The government made investments in employment opportunities for young people. In February \$339 million over three years was invested into the Canada Summer Jobs. This investment is expected to create 35,000 new summer jobs each year for full-time students between the ages of 15 and 30, more than doubling the number of jobs that this program currently supports.

Budget 2016 also invests an additional \$165 million in the Youth Employment Strategy (YES). This investment will be used to create new green jobs, job opportunities in the heritage sector for young people and increase access to the Skills Link Program, which is intended to help young people make a more successful transition to the workplace.

The government has also committed \$73 million over four years to launch the Post-Secondary Industry Partnership and Co-Operative Placement Initiative, which will support partnerships between employers and post-secondary institutions. This Initiative seeks to better align class curriculum with the needs of employers by helping to fund new co-op placements and work-integrated learning opportunities. These opportunities will primarily go to students in science, technology fields, engineering, mathematics and business.

Despite the increase in funding, Budget 2016 does not completely fulfill the Liberal Party's election promises. Collectively, the budget commits approximately \$290 million dollars for 2016-17 towards a youth jobs strategy, compared to the Liberal Party's commitment of \$455 million during the federal election, which included an annual investment of \$300 million to the YES for the next three years.

The Federation called for an increase to the Youth Employment Strategy during the federal election. Re-investments in youth employment, particularly funding for paid summer employment opportunities, are welcome. However, there remain several points of concern.

Firstly, while more co-op placements will provide students with valuable work experience and financial support, the underlying rationale for the Initiative is problematic. In part, the goal of this program is to better align post-secondary institutions with the needs of employers and the private sector. Similar rationale has been used to justify the underfunding of particular departments and programs and support a shift in research priorities to support private sector research and development instead of basic curiosity-driven research.

Second, missing from the government's youth job strategy is a response to the increasing reliance on unpaid and precarious labour. For example, the Federation called for Budget 2016 to include provisions to end the practice of hiring unpaid interns within the federal government to set an example for youth employers.

## Research Funding

Canada's research councils will receive \$95 million in new funding per year, starting in 2016-17. Both the Canadian Institutes of Health Research (CIHR) and the Natural Sciences and Engineering Research Council of Canada (NSERC) will receive \$30 million, while the Social Sciences and Humanities Research Council (SSHRC) will receive \$16 million. The additional \$19 million will go towards the Research Support Fund, which

provides funding to support the institutional costs associated with undertaking federally sponsored research. Research councils will receive a total of \$141 million in new funding in 2016-17 when including the \$46 million of funding allocated in Budget 2015.

The government has also committed \$2 billion over three years to a Post-Secondary Institutions Strategic Investment Fund that will be used to improve and modernize research facilities, as well as reduce the carbon emissions of post-secondary institutions. The budget has limited contributions from this fund to 50 percent of costs which may impact what kinds of projects get funding.

Budget 2016 commits \$14 million over two years to the Mitacs' Globalink program, which provides graduate students with the opportunity to participate in a 16 to 24 week research project with an industry partner outside of Canada. This funding will support 825 international and domestic students and postdocs each year.

The Liberal Party's election commitments around research were vague, promising \$200 million a year for the next three years for a "new innovation agenda" and an additional \$100 million each year to research and development.

These investments are welcomed, however, significant investment is still required to match the growth in graduate studies enrollment, particularly in the social sciences and humanities. In addition, shifting emphasis from basic and curiosity-driven research towards commercialized research must be reversed.

## The Bad

### A National Vision for Post-Secondary Education

Budget 2016 does not provide the required investments to end years of chronic underfunding to post-secondary education. Institutions are increasingly relying on tuition fees in order to make up for funding shortfalls from both the federal and provincial governments.

### Student Loans

Beyond the increases to the CSGP, Budget 2016 fails to provide any meaningful solutions to the skyrocketing levels of debt that students are taking on to pursue post-secondary education. Rather than creating a strong national plan to make education more, the government has focused on helping students manage the "sizeable student loans that they are unable to repay." In addition, without addressing increasing tuition fees across the country, the impact of the CGSP will quickly erode.

### Canada Social Transfers

Budget 2016 lacks a strong long-term plan, supported by funding, to create a system of high quality, accessible post-secondary education in Canada that is nationally planned. Once again, the federal budget only commits to a three percent increase to the Canada Social Transfer, which is the federal block funding transfer to the provinces and territories in support of post-secondary education, as well as social assistance, social services and early childhood initiatives and childcare. This increase does not adequately offset inflation and enrollment growth. Furthermore, this transfer does not include any accountability measures to ensure that federal investments in post-secondary education are used at the provincial and territorial levels as intended.

To protect the investments made in post-secondary education, the Federation has called for the implementation of a federal Post-Secondary Education Act, in cooperation with the provinces and territories. This Act would require provinces and territories to uphold several principles - including universality and accessibility - to receive adequate and predictable federal funding for post-secondary education. This Act would demonstrate bold federal leadership and help build and maintain a strong public post-secondary education system.

## The Ugly

### Support for Indigenous Students

Although over \$8 billion in spending for Indigenous communities is laid out in the budget, the Post-Secondary Student Support Program (PSSSP), a crucial program for post-secondary students, has been left out.

The Federation has long called for increased funding to the PSSSP and welcomed a commitment by the Liberal Party to invest \$50 million each year for 4 years during the federal election.

Unfortunately, Budget 2016 does not lift the two percent funding cap on the PSSSP for Indigenous students nor does it commit to increasing funding for the program to ensure that no Indigenous learner is denied funding.

The only mention of post-secondary education for Indigenous learners in the budget is a commitment by the government to “work with students, parents, educators and Indigenous groups to explore how to best ensure that Indigenous learners can access post-secondary education.”

Supporting post-secondary Indigenous learners is not only economically smart for Canada, but morally required as part of our commitment to truth and reconciliation. The Truth and Reconciliation Commission of Canada’s final report demands that the federal government provide funding for Indigenous students hoping to pursue post-secondary education, and the Liberal government has committed to implementing all recommendations of the TRC.

Students will continue to fight for the removal of the funding cap on the PSSSP and ensure that every eligible First Nations, Inuit and Métis learner receives the funding necessary to pursue post-secondary education. For a small amount of money, the federal government can still right this wrong in this budget, making post-secondary education accessible to thousands of Indigenous students.