

A focus on the student

2019-2020 Federal Budget Highlights

March 2019

Overview

The Liberal government delivered its fourth and final budget before the federal election on March 19, 2019. Budget 2019 brings welcome investments for students. It does not address however, key challenges facing Canada's colleges and universities, resulting from stagnant government funding for core operating costs.

Budget 2019 commitments to making post-secondary more affordable average around \$650 million per year for five years and include investments in training for working adults, Indigenous students, graduate students, student loan recipients, with additional measures for those with disabilities, and supports for apprenticeships.

Like previous Liberal budgets, Budget 2019 invests in an ambitious work-integrated learning (WIL) for students promising 84,000 new placements by 2023. Calls for study abroad programs from some post-secondary education stakeholders were also heard with funding for an international education strategy. Just under \$1 billion over 5 years was committed for these two initiatives.

Following last year's historic investments in basic research, there are no new commitments to Tri-Council base funding, although funding levels now average around 60% of the level recommended by the Advisory Panel on Federal Support for Fundamental Science. There is action, however, on Panel recommendations with \$151 million over 5 years committed to graduate students, funding over 600 new scholarships and extending parental leaves for student researchers from 6 to 12 months.

The budget also committed funding for a new federal drug agency to develop a national formulary, as well as new funding for medicines for rare diseases. Hopefully this is a down payment for a pharmacare plan, which, like more funding for childcare, will be a topic for the election campaign.

CAUT has its work cut out to make the case for stronger federal leadership on post-secondary education funding this election. Liberal budgets, including Budget 2019, have invested in basic research, student affordability and Indigenous education. Whereas these are positive moves, there is more to be done in each of these areas and to top-up core funding for colleges and universities, which last occurred in 2007.

Enhancing affordability for students

Budget 2019 improves the Canada Student Loans Program by lowering interest rates and introducing a 6-month interest free "grace period" after a student loans borrower leaves school. The interest rate changes are as follows:

- Lowering the floating interest rate from the current prime rate + 2.5% down to simply prime.
- Lowering the fixed interest rate from prime rate + 5% down to prime + 2%.

Though this is an improvement, this is not yet matching the five provinces which have eliminated all-together interest on provincial shares of student loans.

Budget 2019 is also improving the Canada Student Loans Program for student borrowers with disabilities:

- Increasing the cap on the Canada Student Grant for Services and Equipment for Students with Permanent Disabilities from \$8,000 to \$20,000 per year. This program is meant to assist students with permanent disabilities afford services and equipment for their studies.
- Expanding eligibility for loan forgiveness for students with severe permanent disabilities.
- Removing restrictions on the Repayment Assistance Plan for Borrowers with a Permanent Disability to make it easier for them to return to school before having paid off all of their student loans debt.

For student borrowers in other vulnerable financial or life situations:

- Increasing eligibility for loan rehabilitation after default on student loans, allowing financially vulnerable borrowers in default to access supports. These supports include the Repayment Assistance Plan. This will allow these borrowers to begin making affordable payments on outstanding debt once again.

Improving access to training for working adults

Budget 2019 creates a Canada Training Benefit for working adults 25 to 64 years of age. It builds upon the existing tuition tax credit and EI training programs, however is likely to suffer from similar issues with benefits accruing to those less in need.

The Government will be investing \$1.7 billion over five years, \$586.5 million per year ongoing thereafter, to ensure that workers are able to take time off work for “occupational skills training” (all programs for which the tuition tax credit applies). There are two components to the program, the first subsidizes the cost of the training program, and the second pays the worker up to 55% of their salary through employment insurance while they take time away from work. In the budget, the Government commits to consulting with all stakeholders over the coming months regarding the details of the EI training program:

- Canadians accumulate \$250/year in credit, up to a lifetime maximum of \$5,000.
- A re-skilling worker would pay tuition upfront, and receive their credit back in taxes.
- Covers at most 50% of tuition.
- Comes with guaranteed time off from work – up to four weeks every four years, that can be segmented – with EI paying 55% of salary during that time.

Fundamental science

Following Budget 2018’s investments in base funding for basic research, CAUT called for an investment in Budget 2019 in graduate scholarships at the level recommended by the Advisory Panel: a total base increase of \$140 million per year be phased in over four years.

Budget 2019 committed \$114 million over five years, with \$26.5 million in ongoing funding.

This is a good start but does not go far enough to support early career researchers and assist Canada in increasing its graduate attainment, which is below the OECD average.

Heading into the election, CAUT will call on the next government to meet recommended funding levels in basic science, closing the gap (see Table 1).

Table 1
Investigator-Led Project Funding

	Advisory Panel	Budget 2018	Panel Funding (% Rec)
2018-19	155	150	97%
2019-20	310	200	65%
2020-21	465	250	54%
2021-22	485	300	62%
Ongoing	485	300	62%

Equity in federal research programs

Under the leadership of the Minister of Science, Budget 2018 made a number of commitments to improve equity in federal research programs. Budget 2019 takes a further step by expanding parental leave benefits for Tri-council funded students and postdoctoral fellows from 6 to 12 months. The government is investing \$37.4 million over five years and \$8.6 million ongoing.

Increased support for Indigenous students & languages

Budget 2019 announced new funding frameworks for Inuit and Métis students and, while bilateral discussions for a First Nations’ framework are ongoing, a modest increase to the Post-Secondary Student Support Program was also provided. There were also announcements regarding closing data gaps and information on Indigenous people and implementing the forthcoming *Indigenous Languages Act*:

- \$327.5 million over five years to enhance the Post-Secondary Student Support Program while the Government engages with First Nations on long-term regional post-secondary education models. To compare, this program spent \$308 million in 2015.
- \$125.5 million over 10 years for an Inuit-led post-secondary education strategy, with \$21.8 million annually thereafter.
- \$362 million over 10 years to support a Metis Nation-led post-secondary education strategy, with \$40 million annually thereafter.

- Provide Indspire with \$9 million over three years, starting in 2019-20, for additional bursaries and scholarships for Indigenous students.
- \$9.1 million for Indigenous Legal Lodge at the University of Victoria to house the university's new dual degree program in Canadian common Law and Indigenous Legal Orders.
- \$78.9 million over seven years, starting in 2019-20, with \$13.7 million annually thereafter, to permanently fund the surveys on Indigenous Peoples (which includes data on education) and the First Nations regional Health Survey.
- To support implementation of the *Indigenous Languages Act*: \$333.7 million over five years, starting in 2019-20, with \$115.7 million per year ongoing.

Supporting northern & rural learning and access to high-speed broadband

Budget 2019 announced some targeted funding for post-secondary learning and research in the Yukon and the Northwest Territories. In addition to this, significant investments in improving rural high-speed internet access was announced:

- \$26 million over five years to build a new science building at Yukon College and support its efforts to become the first university in the North.
- \$13 million over five years, starting in 2019-20, for the Dechinta Centre for Research and Learning in the Northwest Territories. The funding will support the delivery of culturally appropriate and community developed curricula to enhance access to and success in higher education for Indigenous and northern students.
- Up to \$1.7 billion over 13 years, starting in 2019-20, to support high-speed internet access in underserved communities.

Significant increase in work-integrated learning opportunities for students

Budget 2019 sets as a target the creation of 84,000 new work-integrated student placements. This is to be created through three coordinated initiatives and funding for the Business Higher Education Roundtable to help forge the

necessary partnerships between the business and post-secondary education sectors:

- 20,000 new work-integrated-learning placements per year for students in all disciplines – at a cost of \$631.2 million over five years – through expanding the Student Work Placement Program.
- \$150 million for Employment and Social Development Canada over four years to create partnerships with innovative businesses to create 20,000 work-integrated-learning opportunities.
- Business Higher Education Roundtable commitment to match this number of work placements with an additional 44,000 new opportunities to be created by 2021.

In-bound & out-bound student mobility

Budget 2019 announced one financial announcement for both promoting Canada as an international student destination and for developing an outbound student mobility program “on a pilot basis”. The division of the money between these two different programs was not made clear:

- \$147.9 million over five years, \$8.0 million annually thereafter, to develop an “outbound student mobility program on a pilot basis” and to promote Canada abroad as an international education destination.

Priority-driven research

Budget 2019 announces the creation of a new Strategic Science Fund to start in 2022-23. This fund will operate on a “principles-based framework for allocating federal funding that includes competitive, transparent processes.” This fund, using the framework, will be applied by “an independent panel of experts” in determining federal money for third-party science and research organizations. No financial budget line was attached to this announcement but committed to provide more detail over the coming months.

This is a welcome improvement over the current system. Budget 2019 announced renewed funding for a handful of science, research and technology organizations:

- Stem Cell Network: renewed funding of \$18 million over three years.
- Brain Canada Foundation's research fund: up to \$40 million over two years, starting in 2020-21, with fundraising to be done to match from non-government partners by Brain Canada Foundation.
- Terry Fox Research Institute: \$150 million over five years starting in 2019-20 towards establishing Marathon of Hope Cancer Centres Network. Like above, the institute must raise matching funds.
- Ovarian Cancer Canada: \$10 million over five years, beginning in 2019-20.
- Genome Canada: \$100.5 million over five years starting in 2020-21 for Genome Canada's operations and new large scale research competitions and projects.
- Let's Talk Science: \$10 million over two years, starting in 2020-21.
- TRIUMF, Canada's particulate accelerator: \$195.9 million over five years, starting in 2020-21 (in addition to the National Research Council's existing contribution of \$96.8 million – for a total federal government contribution of \$292.7 million).

Equity, diversity & inclusion initiatives

Budget 2019 announced funding for community-based programs that support advancing equity-seeking groups:

- Increasing funding to the Women's Program to \$160 million over five years, starting in 2019-20, and by 2023-24 becoming \$100 million annually. This is to enable community action to tackle systemic barriers impeding women's progress.
- \$20 million over two years, starting in 2019-20 for community-level work of Canadian LGBTQ2+ service organizations.
- An additional \$1.2 million, starting in 2020-21, to support ongoing establishment of the LGBTQ2+ Secretariat.
- \$45 million over three years, starting in 2019-20, to support a new Anti-Racism Strategy and Anti-Racism Secretariat. Strategy will focus on public education or programs to build skills and provide leadership and employment opportunities. Further details are to be announced at a later date.
- \$25 million over five years, starting in 2019-20, for projects and capital assistance to celebrate, share

knowledge and build capacity in Black Canadian communities – given that the UN has declared this the International Decade for People of African Descent.

- \$22.8 million over five years, starting in 2019-20, to assist Canada's independent book publishers increase production of accessible books for people with print disabilities.
- \$1.5 million over five years for Treasury Board to work with government departments to collect data and practices with respect to GBA+ information for all initiatives. Treasury Board will work with Statistics Canada and the Department for Women and Gender Equality in developing frameworks and tools for GBA+ disaggregated data collection and reporting.
- \$5 million over five years for Employment and Social Development Canada to develop a strategy and improve capacity to better measure, monitor and address gender disparity and promote access to under-represented groups across skills programming. This will be done in partnership with Statistics Canada and the Labour Market Information Council.

Enhanced retirement security

In Budget 2019, the federal government recognizes that more and more Canadians are postponing full retirement and are living longer. Low-income working seniors will be able to keep more money before triggering a claw-back in the Guaranteed Income Supplement (GIS). For seniors with RRSPs, there will be a new option to defer some retirement income until age 85. In addition, starting in 2020, Canadians will be auto-enrolled in CPP at age 70 or older.

Conclusion

Budget 2019 built on previous Liberal budgets, investing more on the basic research agenda, student affordability, and Indigenous education. These are welcome moves; however, CAUT will be looking to see commitments to a bold vision to ensure the sustainability of Canada's post-secondary education system. Ongoing challenges of affordability, accessibility and quality need to be addressed to ensure the economic, social and cultural success of our country.