

1

REALLOCATE TAX CREDITS INTO STUDENT GRANTS

Eliminate the tuition tax credit and relocate the estimated \$1.5 billion to up-front grants administered through the Canada Student Grant Program.

2

EXPAND CANADIAN UNDERGRADUATE RESEARCH

Strengthen the Undergraduate Student Research Awards (USRA) program by increasing funding, expanding eligibility to include health, social sciences and the humanities, and improving data collection.

3

SUPPORT INDIGENOUS STUDENTS

Support Indigenous students by increasing funding for the Post-Secondary Student Support Program (PSSSP), and initiating a broad consultation with Indigenous students, communities, and organizations over how Canada can best revitalize the program.

4

FAST-TRACKING INTERNATIONAL STUDENTS INTO THE CANADIAN WORKFORCE

Fast-track international students into the Canadian workforce by modifying the eligibility guidelines under the Canadian Experience Class (CEC) Express Entry program to count skilled university-based job experience toward eligible work experience.

5

RETAIN THE COPYRIGHT ACT'S FAIR DEALING EXCEPTION FOR EDUCATION

Retain the fair dealing exception for education within the Copyright Act.

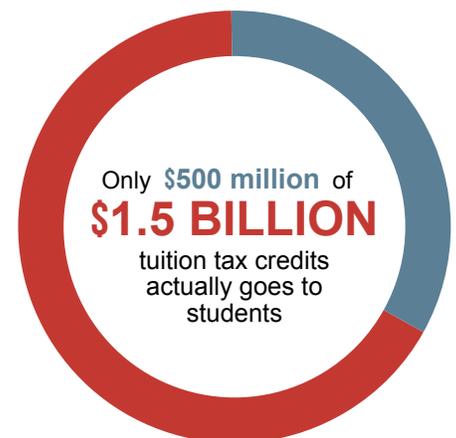
RECOMMENDATION

The government of Canada should eliminate the tuition tax credit and relocate the estimated \$1.5 billion to upfront grants, to be administered through the Canada Student Grant Program.

POST-SECONDARY EDUCATION TAX MEASURES

Since the 1960's, federal post-secondary education tax credits have been a consistent expenditure for the government of Canada. Currently, approximately \$1.5 billion is spent on tuition tax credits. Though they are a classic form of financial aid for students, tax credits should be viewed as vestigial, as they have been widely criticized by stakeholder groups, private consultants, and even the Parliamentary Budget Officer for the following reasons:

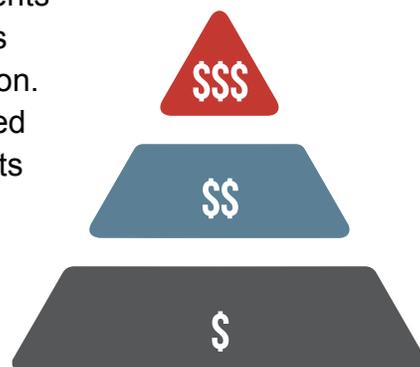
- 1 The number of tax credits claimed is steadily decreasing, resulting in lost tax revenue and inefficiencies.** A report by the Parliamentary Budget Office (PBO) in 2016 highlights that the stock of unused tuition tax credits is increasing. In 2013-2014¹ the unused stock of tax credits exceeded \$27 billion, which represents a loss of \$4.2 billion in tax revenue.
- 2 Higher income families are increasingly benefitting from tuition tax credits while low income families continue to struggle.** The PBO indicates that higher income families receives the majority of the approximate \$1.5 billion spent on tuition, textbook, education, and student loan interest tax expenditures. The C.D. Howe Institute report highlights that students making below \$10,000 per year are often not able to claim the tuition tax credit. Further, low-income students coming from low-income families are forced to carry forward the tax credit until after graduation, once they find employment.
- 3 Students receive only one-third of tax credit expenditures.** According to a study published by the C.D. Howe Institute, in 2012, "about two thirds of the tax expenditures on these credits was not used to reduce student tax bills in the year the credit was earned, but was claimed either by parents, grandparents or a spouse, rather than the student, or went to credits accumulated in an earlier year and carried forward."³



WHY SUPPORT THIS RECOMMENDATION?

The government of Canada should eliminate the tuition tax credits and relocate the estimated \$1.5 billion to upfront grants to be administered through the Canada Student Grant Program, because tax credits are no longer an effective tool to financially support low income students. Upfront grants will reduce the sticker cost of education, thus lowering debt levels and better utilize the government's current allocation of funding, while adding no additional expense to the federal budget.

This recommendation is supported by wide-ranging groups; from students to the Parliamentary Budget Officer. The PBO explains clearly that the reallocation of the federal tax expenditures would make post-secondary education more affordable for Canadians. In addition, this recommendation would allow for more timely and upfront relief for students directly. At peak of times of the academic year, particularly at the beginning of academic terms when tuition payments and other expenses are due, students require direct upfront aid. Grants provide this upfront relief and are applied directly to the cost of education. Finally, this recommendation would provide more aid for those who need it most. The Canada Student Grant Program provides grants for students based on need. By reallocating the tax credit system to upfront grants, financial aid is emphasized based on need and is implemented proportionately by maximum income thresholds, rather than income brackets. This system will also allow students who do not currently have the income to qualify for tax credits to benefit directly from this new system.



¹Fréchette, J. (2016, May 5). Federal Spending on Postsecondary Education. Retrieved from http://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2016/PSE/PSE_EN.pdf

²C.D. Howe Institute. What You Don't Know Can't Help You. https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Commentary_393_0.pdf

³C.D. Howe Institute. What You Don't Know Can't Help You. https://www.cdhowe.org/sites/default/files/attachments/research_papers/mixed/Commentary_393_0.pdf

RECOMMENDATION ONE

Strengthen the Undergraduate Student Research Awards (USRA) program by increasing funding, expanding eligibility to include health, social sciences and the humanities, and improving data collection.

UNDERGRADUATE STUDENT RESEARCH AWARDS PROGRAM:

The USRA program, currently operated by the Natural Sciences and Engineering Research Council (NSERC), encourages undergraduate students to participate in four month research opportunities under the guidance of senior researchers. The program funds 75% of the cost, with the balance covered by the participating university or private sector partner must contribute the balance. According to a report conducted by the Conference Board of Canada, human skills like critical thinking and problem-solving are the most important for creating a workforce of the future.¹ Undergraduate research provides a key experience in the formation of both of these skills, as well as time management and decision making abilities, skills that RBC's Future Skills Report predicts will be important for over 90% of job openings over the next three years.² While the government is currently supporting entrepreneurship and work-integrated learning programs, it is important that research is prioritized to enable students to develop a distinct skillset. Investment in USRA will foster Canada's future researchers and develop skill sets required for Canada's economic success future.



Currently, the USRA program only benefits students conducting research projects under the guidance of a senior researcher who has been awarded an NSERC grant.³ Thus, students in the social sciences, humanities, or health sciences are ineligible to apply. With a future that requires an increased focus on transferable skills, it is important that all students have access to skill-enriching and cutting-edge research opportunities. The Fundamental Science Review highlighted the importance of creating a long-term talent pipeline for Canadian research.⁴ Early research opportunities that grow the potential pool of future doctoral researchers is essential to long term success in every field.

Increased USRA funding would have benefits for research beyond universities as well. With the creation of research superclusters promoting private sector innovation⁵, as well as Industry Canada targeting increased private sector research and development funding to \$30 billion by 2025⁶, USRAs can serve

to develop undergraduate-level research talent for use in the private sector upon graduation through partnerships with industry. For instance, the NSERC program also permits undergraduate research in the private sector as well, through Experience Awards. These awards function in the same manner as the USRA program, apart from the partnership with organizations to conduct industry research.

An NSERC program report in 2012 reflected that the federal \$4,500 amount, combined with the mandatory 25% university support, led to an equivalent compensation of \$9.38 dollars per hour for a 35 hour week, inside a 16-week research experience. This amount falls below the current minimum wage levels of every province and territory, and is over a thousand dollars lower than it was prior to 2010.⁷ By investing additional funds into the USRA program, the USRA funding could be increased to \$6,300. With a proportional increase in university funding, this would reflect an equivalent wage of \$15.00 per hour, or equal to Alberta's minimum wage, and result in more students accepting the awards.⁸

The increased funding allocated towards undergraduate research opportunities would be housed in each of the funding agencies, and coordinated through the Canada Research Coordinating Committee. \$67 million of funding per year would allow for 2.5% of university students to have a USRA research experience before graduation.

¹Conference Board of Canada, The Cost of Ontario's Skills Gap (2013), 26, https://www.conferenceboard.ca/temp/8cd5e978-fd2a-42c2-9094-8e9b58285e65/14-032_SkillsGap_RPT.pdf

²RBC, Humans Wanted Future Skills Report Technical Annex and Methodology. https://www.rbc.com/dms/enterprise/futurelaunch/_assets-customer/pdf/RBC13C-Future-Skills-Report-Methodology.pdf

³NSERC-CRSNG, Evaluation of the USRA Program (2012), 9, http://www.nserc-crsng.gc.ca/_doc/Reports-Rapports/USRAFR_e.pdf

⁴Advisory Panel for the Review of Federal Support for Fundamental Science, Investing in Canada's Future – Strengthening the Foundations of Canadian Research (2017), 9, http://www.sciencereview.ca/eic/site/059.nsf/vwapj/ScienceReview_April2017

⁵Industry, Science and Economic Development Canada, Canada's New Superclusters (2018), <https://www.ic.gc.ca/eic/site/093.nsf/eng/00008.html>

⁶Industry, Science and Economic Development Canada, Tracking progress and results: The Innovation and Skills Plan (2018), https://www.ic.gc.ca/eic/site/062.nsf/eng/h_00083.html#toc-02

⁷NSERC-CRSNG, Evaluation of the USRA Program (2012), http://www.nserc-crsng.gc.ca/_doc/Reports-Rapports/USRAFR_e.pdf

⁸Government of Canada, Current And Forthcoming Minimum Hourly Wage Rates For Experienced Adult Workers in Canada (2017), <http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt1.aspx>

RECOMMENDATION TWO

Demographic data should be collected on consenting applicants and recipients to USRAs.

RECOMMENDATION THREE

NSERC should conduct an extensive review of the Undergraduate Student Research Awards Program in 2020 to identify key areas of strength and improvement for the USRA program.

COLLECTION OF CLEAR AND VALUABLE DATA:

Under the guidance of the Canada Research Coordinating Committee, the federal government should mandate research funding agencies to track data pertaining to the number of undergraduate student applications, field of study, number of successful undergraduate student funding applications and dollar value for each successful application. The tracking of this data should mirror the NSERC model of data collection and disclosure⁹, and should be released on an annual basis. As well, the data collection should be expanded to gather and report applicants' self-reported demographic data, including gender, Indigenous status, racialized identity, and if students have a disability.

In the 2018 Budget, the federal government committed to focusing on the next generation of researchers, as well as increasing support for women, youth, Indigenous peoples, persons with disabilities, and racialized individuals in research. An important aspect of this is to ensure traditionally marginalized individuals have access to opportunities early in their academic careers through undergraduate research. UCRU supports the collection and disclosure of information surrounding granting decisions to ensure USRAs are both accessible and equitable.

Many key pieces of data on USRAs are contained in the most recent program review of USRAs, conducted in 2012. UCRU recommends that another USRA program review should be conducted to identify concerns with the program both from data, as well as consultation with universities, students, USRA alumni, and other stakeholders. Collection of this data can help create a set of desired program outcomes for longitudinal study to assess the USRA program in the future.



⁹NSERC-CRSNG, 2017 Research Grants Competition - Results by Institution (2017), http://www.nserc-crsng.gc.ca/NSERC-CRSNG/FundingDecisions-DecisionFinancement/ResearchGrants-SubventionsDeRecherche/ResultsInstitution-ResultatsEtablissement_eng.asp?Year=2017

RECOMMENDATION

Increase funding for the Post-Secondary Student Support Program (PSSSP) and initiate a broad consultation with Indigenous students, communities, and organizations over how Canada can best revitalize the program.

Indigenous students are disproportionately disadvantaged in post-secondary education, with the largest attainment disparity in the university sector.¹ In 2011, only 9.8 percent of the Indigenous population held a university degree,² in contrast with 26.5 percent of the non-Indigenous population. Indigenous students routinely cite cost as a major barrier to achieving post-secondary education,³ largely as a consequence of insufficient funding for thousands of Indigenous students.⁴ Canada must do more to eliminate the barriers that impede Indigenous learners from obtaining a post-secondary education, considering their education falls within the purview of the federal government.



PSSSP offers financial assistance to Indigenous students enrolled in post-secondary programs, including undergraduate, advanced, and professional degree programs,⁵ as well as diploma and certificate programs. Current funding sits at approximately \$385 million to support 27,600 students annually, for an average grant of approximately \$14,000 per student.⁶

Indigenous people are one of the fastest growing (and youngest) demographic groups in Canada, with a population growth of 20% between 2006 and 2011.⁷ The long-term sustainability of PSSSP will be critical for Indigenous youth to access post-secondary education; however, annual growth in funding for the program has been limited to 2% by the Treasury Board since 1997.⁸ This means that proportionally fewer Indigenous students will be able to access the program, even though Indigenous people are less likely to obtain a post-secondary education.

The current government promised in their campaign to provide an additional \$200 million to PSSSP over four years, and to lift the 2 percent annual cap on future increases. In the 2017 federal budget, only \$90 million was added to PSSSP along with a commitment to an extensive review of the program with Indigenous partners.

Research by the Assembly of First Nations (AFN) indicates that the deficit in First Nations' educational attainment is 78,000 students, as compared to non-Aboriginal people.⁹ To target equal educational achievement among high-school graduates, the AFN calculated that in 2008, \$724 million would be

needed to address the post-secondary gap.¹⁰

Consistent with the findings of the AFN's report, administration of these funds should be conducted with increased consultation with students and Indigenous communities. Indigenous Services Canada should also conduct a review of eligible expenses and expense caps under the PSSSP to ensure that the program is sufficiently funded to provide for the post-secondary needs of all Indigenous learners

¹Statistics Canada, The educational attainment of Aboriginal peoples in Canada (2013), <https://www12.statcan.gc.ca/nhs-en-m/2011/as-sa/99-012-x/2011003/tbl/tbl1-eng.cfm>.

²Ibid

³Statistics Canada, Aboriginal Statistics at a Glance: 2nd Edition, (2015), 20, <http://www.statcan.gc.ca/pub/89-645-x/89-645-x2015001-eng.pdf>

⁴R.A. Malatest & Associates Ltd. , Factors Affecting the Use of Student Financial Assistance Programs by Aboriginal Youth (2008), 24, https://library.carleton.ca/sites/default/files/find/data/surveys/pdf_files/millennium_rs-37_lr_2008-10_en.pdf

⁵Post-Secondary Student Support Program, Indigenous and Northern Affairs Canada (2017), <https://www.aandc-aandc.gc.ca/eng/1100100033682/1100100033683>.

⁶Indigenous and Northern Affairs Canada, Canada Commits to Increased Post-Secondary Funding For First Nations and Inuit Students (2017), <https://www.newswire.ca/news-releases/canada-commits-to-increased-post-secondary-funding-for-first-nations-and-inuit-students-620738543.html>

⁷Statistics Canada, Aboriginal Peoples in Canada: First Nations People, Métis and Inuit, (2013) 6, <https://www12.statcan.gc.ca/nhs-en-m/2011/as-sa/99-011-x/99-011-x2011001-eng.pdf>

⁸R.A. Malatest & Associates Ltd. , Factors Affecting the Use of Student Financial Assistance Programs by Aboriginal Youth (2008), https://library.carleton.ca/sites/default/files/find/data/surveys/pdf_files/millennium_rs-37_lr_2008-10_en.pdf

⁹R.A. Malatest & Associates Ltd. , Factors Affecting the Use of Student Financial Assistance Programs by Aboriginal Youth (2008), https://library.carleton.ca/sites/default/files/find/data/surveys/pdf_files/millennium_rs-37_lr_2008-10_en.pdf

¹⁰Assembly of First Nations, Fact Sheet: First Nations Post-secondary Education (2011), https://www.afn.ca/uploads/files/education/22._2011_afn_pse_fact_sheet.pdf

RECOMMENDATION

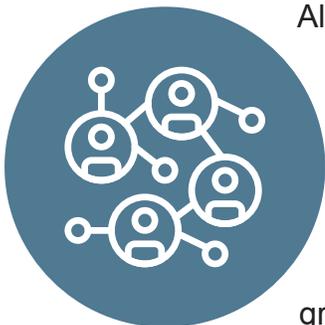
Fast-track international students into the Canadian workforce by modifying the eligibility guidelines under the Canadian Experience Class (CEC) Express Entry program to count skilled university-based job experience toward eligible work experience.

In the last few years, Canada has become one of the best places for post-secondary education in the world for international students. Students studying at Canadian universities not only engage in a high-quality, world-class education, many are also eligible to work part-time to gain valuable work experience while helping to pay for their expenses. Canada has also benefited greatly from the growth of international student numbers, as these students inject over \$15 billion into the economy each year, supporting 170,000 Canadian jobs.¹ The creation of the Canadian Experience Class (CEC) Express Entry program meant that international students could apply for Permanent Residency earlier, with a year's worth of work experience in Canada after graduation. However, the program fails to recognize the skills and experience gained during a student's degree. International students face a major barrier to employment after graduation, due to their uncertain immigration status. Canadian universities place a large emphasis on providing opportunities for students to get real work experience that prepares students for jobs in their field. In turn, more than half of university students engage in practical experiential and work-integrated learning opportunities, including co-op, research posts, and WorkLearn placements.² Strengthening pathways for immigration makes perfect sense as international students are some of the best candidates for immigration, "due to their high levels of language proficiency, good quality education that is automatically recognized by Canadian employers, and their experience working and living in Canada — which speeds up the integration process".³ Canada should fast track their PR status to make sure that they stay and invest their knowledge here, rather than lose it to the USA or elsewhere. This will best leverage the graduates' experience here into economic benefits across the country.



Concurrently, Canada is facing new economic challenges as birth rates decline whilst the population ages.⁴ As unemployment remains low with millions of jobs available, the federal government must be

vigilant in finding a solution. A critical aspect of meeting Canada’s labour challenges is removing barriers to entry into the Canadian labour market for graduates - a central element of which is clearing a path to permanent residency. 51% of international students apply for permanent residency. These are students who want to stay and work in Canada and clearly Canada needs them.⁵ Job projections from federal government show that between 2013 and 2022, there will be 5.8 million job openings. More than 65% of those will require postsecondary training. Employers, however, avoid hiring highly skilled, post-secondary educated, international students because of unpredictability around their long-term immigration status.



Although the Canadian government announced it would award international students up to 30 additional points for a Canadian post-secondary degree or diploma, the changes do not significantly clear the path towards Permanent Residence (PR) for international students under a system in which one can obtain 1200 points. As Minister of Immigration, Refugees and Citizenship Ahmed Hussen states, “growing immigration levels, particularly in the Economic Class, will help us sustain our labour force, support economic growth and spur innovation”.⁶ Expediting permanent residency for university

graduates who have engaged in relevant work experiences during their degree provides a substantial population of “highly trained university graduates to meet upcoming labour market shortages,” argues University of Calgary President and Vice-Chancellor Dr. Elizabeth Cannon. For Canada to promote economic growth, it is necessary to retain international students with this kind of work experience in the Canadian job market. At the same time, this is also an opportunity for Canada to reward those who have come to study here and invested heavily in the post-secondary system and the economy at large.

¹El-Assal, Kareem, Huge surge in international students coming to Canada to study, Canadian Immigrant, 2018, <https://canadianimmigrant.ca/careers-and-education/international-students/studyincanada/huge-surge-in-international-students-coming-to-canada-to-study>

²Universities Canada, Study on experiential learning and pathways to employment for Canadian youth Supporting university students to succeed, 2018, <https://www.univcan.ca/wp-content/uploads/2018/04/study-on-experiential-learning-pathways-to-employment-for-cdn-youth-submission-march-2018.pdf>

³El-Assal, Canadian Immigrant.

⁴Smith, Stephen & Eman Katem, Canada extends immigration targets into 2021 with prominent roles for Express Entry, PNPs, Canada Immigration Newsletter, 2018, <https://www.cicnews.com/2018/11/canada-extends-immigration-targets-into-2021-with-prominent-roles-for-express-entry-pnps-1111368.html#gs.1QIYOyk>

⁵El-Assal, Canadian Immigrant.

⁶Smith & Katem, Canada Immigration Newsletter.

RECOMMENDATION

Education should continue to be considered fair dealing under the Canadian Copyright Act.

Since 2013, educational use has been considered fair dealing under the Canadian Copyright Act, giving educators, including university instructors, the ability to make limited and fair use of copyrighted material for student learning.

This change to the Copyright Act improved the quality and access of education at Canadian institutions, while avoiding unreasonable charges for copyright usage in education. Use of real world or applied examples in the classroom allows students to engage with classroom material in the context of select readings and contemporary media reports. Prior to the Modernization Act, Universities Canada reported that exorbitant costs were frequently charged for the use of materials. One of the most egregious examples of exploitative costs, included a \$66 per second assessment to show a short film segment in the classroom.¹



Without question, fair dealing contributes to affordability in education. For example, the University of Toronto's Zero-to-low Cost Course project (ZTLCC), which was enabled by the fair dealing exception, saved 1,900 students collectively over \$400,000.² Often, the cost savings enabled by the Canadian Copyright Act are by educational exceptions to reproduction licenses on material that Canadian university libraries have already acquired. University libraries spend over \$300 million in acquisitions every year, despite the fair dealing exception.³

Post-secondary institutions drive innovation and knowledge. They produce future leaders across sectors, including business, healthcare, academia, and politics. Copyright materials are integral to providing students with the most effective, affordable, and relevant resources in the classroom. The Canadian Copyright Act should continue to consider education as a provision for fair dealing. Students accept that education comes at a price; however, the affordability of copyright materials helps reduce the financial barriers that students face.

¹Universities Canada, The Changing Landscape of Canadian Copyright and Canadian Universities (2018), 2, <https://www.ourcommons.ca/Content/Committee/421/IDU/Brief/BR10002433/br-external/UniversitiesCanada-e.pdf>

²University of Toronto, The zero-to-low cost course project is estimated to have saved students over \$400,000 (2016), <https://www.utoronto.ca/news/u-t-library-project-takes-cost-burden-out-course-packs>.

³Universities Canada, The Changing Landscape of Canadian Copyright and Canadian Universities (2018), 4-5, <https://www.ourcommons.ca/Content/Committee/421/IDU/Brief/BR10002433/br-external/UniversitiesCanada-e.pdf>