

THE HOUSE OF COMMONS STANDING COMMITTEE ON FINANCE PRE-BUDGET 2018 CONSULTATIONS

Increasing Employment of Vulnerable Youth
in Post-Secondary Education with a

National Work Study Program

*Aligns with Federal
Innovation and Skills
Plan:*

- *Build a diverse workforce*
- *Help young Canadians get the experience to kick-start their careers*
- *Expanding Youth Employment Strategy to help vulnerable youth overcome barriers to employment*

*Responds to October
2016 report from
Expert Panel on Youth
Employment:*

- *Employment challenges threaten the productivity and prosperity of our young people*
- *Indigenous, new immigrants, living in poverty, having disabilities, racialized and youth from rural communities face particularly high barriers.*

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**Canadian Association of
Student Financial Aid Administrators**

Submitted by
Stephanie Williams & Cara Piperni
President and Past President
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EXECUTIVE SUMMARY

FEDERAL WORK-STUDY PROGRAM

Proposal designed to leverage the **Canada Student Loan Program** and the **Youth Employment Strategy** to offer university and college **students with financial need** access to **on-campus employment** opportunities.

Program Objectives

For **vulnerable and under-represented post-secondary students** including low income, first generation, indigenous, new immigrants and those with disabilities:

1. To **increase the employability and labour market participation** through career-related work opportunities, thereby allowing **diverse** youth to contribute positively to their workplace and community.
2. To **increase retention and graduation rates** through engaging on-campus employment opportunities
3. To help those with **unmet need**, already reliant on student loans, to contribute towards the cost of studies **without incurring more debt**.
4. To create **partnerships** with Educational Institutions to **prioritize work experiences**, post-graduation **preparedness** and **soft skill development**.

The unemployment rate for young people between the ages of 15 and 24 is, on average, more than twice that of workers aged 25 and older.

The Youth Unemployment Rate stands at 12% according to the June 2017 Statistics Canada Labour Force Survey.

Many young people are entering the labour market for the first time and lack work experience.

According to the Canada Student Loans Program 2014-15 Statistical Review, the total amount of student loans owed to the federal government reached \$16.42 billion as of March 31, 2015. This does not include provincial loans nor other forms of debt used for education-related expenses.

In a March 2017 policy brief from the U.S.-based Center for Analysis of Postsecondary Education and Employment, researchers found the impact of the U.S. Federal Work Study Program had a positive effect on post-PSE outcomes. These effects were magnified for lower-income students.

Introduction

The Canadian Association of Student Financial Aid Administrators (CASFAA) thanks the House Standing Committee on Finance for this opportunity to contribute to the pre-budget consultation process. CASFAA is the national professional association representing financial aid administrators at Canada's post-secondary institutions.

Our members administer a large spectrum of student financial aid programs at all levels. This includes government sponsored student aid programs such as the Canada Student Loan Program (CSLP), various provincial student assistance programs, as well as institutional scholarship, bursary, and work study programs. Students, governments, student loan service agencies, and our respective institutions count on our members' expertise to deliver these complex programs efficiently, effectively and ensuring the academic success of our students. We also provide budgeting and financial counseling assistance to students. A primary objective of the Association is to advocate on behalf of Canadian students. Because of our roles within our educational institutions, we are uniquely positioned to directly witness not only the success of the CSLP, but also the gaps that seriously compromise the academic potential and post-graduation employability of a great number of students. **Manageable debt levels, work experience and financial literacy will strengthen the opportunity and ability of high risk students to be future contributors to the Canadian economy.**

The Federal Government has developed many successful programs to improve conditions for students in Canada. The implementation of the Canada Student Grant Program, the Federal Repayment Assistance Plan, and set aside billion dollars for grants to improve the accessibility of post-secondary education (PSE) and under-represented students—just to name a few. CASFAA applauds these achievements and urges the government to build upon this momentum. **There are still many students in Canada who are disadvantaged in the current system and urgently require additional forms of government assistance to ensure post-graduation employability and full-time participation in the labour market.**

Canada's continued prosperity in an increasingly competitive and integrated global economy rests on its ability to maintain an advantage in terms of the skills, flexibility and innovativeness of its labour force. As a country, we need to make gains in the average PSE participation rates of students from low-income families by **removing barriers** such as increased debt. We need to emphasize the **dignity of work** and **increase persistence** by providing practical opportunities to enhance their educational experience, promote student-faculty interactions and connect students to their campus communities in meaningful ways.

As such, CASFAA is recommending a **Federal Work-Study Program (FWSP)**. It will promote self-help in paying for educational costs. Through program participation, students will also **gain the skills, knowledge and confidence** to effectively utilize their own potential and capabilities to **transition from post-secondary education to full-time employment.**

Federal Work-Study Program (FWSP)

The Federal Work-Study Program (FWSP) will offer **students with financial need** access to **on-campus employment opportunities**. This would be accomplished by a Federal Grant administered by Educational Institutions (EIs) based on their proportion of students on Full-Time Canada Student Loans. **100% of this Federal funding goes to students as pay for work performed.** It represents 75% of the EI's Federal Work Study Program as the EI would be required to contribute (at minimum) of 25% of the funding from other resources. An average FWSP job is defined as 34 weeks at 10 hours/week but each EI would establish a Program most conducive to success based on their environment: fewer jobs at more hours (e.g. intensive summer work) or more numerous small jobs with a higher number of participants. In addition to the focus on low-income students, intersecting profiles including **first generation, indigenous, new immigrants and/or students with disabilities** would be specifically targeted. This ensures a **diverse** future workforce. EIs would also be poised to employ Work Study students as financial literacy ambassadors to reinforce healthy budgeting and debt skills – most powerful when delivered as a “students helping students” model.

BENEFITS TO STUDENTS:

- Priority access to a bank of jobs that complement and reinforce their educational programs or career goals, including work in research, labs and specialized internships;
- Incentive to continue their academic career despite lack of resources;
- Ability to address their budget shortfall after government aid and other resources are exhausted without incurring more debt; helps to meet the “fixed student contribution” introduced in CSLP starting 2017/18.
- Work in a flexible and supportive environment which regards full-time studies as priority;
- Develop career-related skills and experience, enhancing employment prospects upon completion of their studies;
- Develop other important life skills relating to budgeting and debt management.

BENEFITS TO EDUCATIONAL INSTITUTIONS:

- With the FWSP administered by the EI Financial Aid Offices, the neediest or most at-risk students can be prioritized to participate, and other need-based institutional programs can be combined to provide the best possible support;
- Enhancing student engagement on campus by developing more work-based learning opportunities. This in turn will positively impact retention and on-time graduation;
- Creates additional opportunities to provide financial literacy and life readiness skills;
- Stretches research grants and institutional dollars used to hire students due to the Work Study subsidy incentive.

BENEFITS TO GOVERNMENT:

- Under-represented students who successfully complete their studies and enter the work force with relevant experience are contributing to the economy and innovation at a heightened level, as well as be more likely to repay their student loans;
- Extends the value of federal dollars due to contributing partnership of educational institutions
- The burden of administration rests with EI while retaining the benefit of outcome reports;
- Higher likelihood of Canada Student Loan repayments if students can avoid having to incur other forms of consumer debt.

Accountability and Funding

An important component is **on-going monitoring** of the Federal Work-Study Program by the institutional Financial Aid Offices. Interactions include student eligibility through CSLP verification and need assessment, ensuring the EI's financial contribution to the program, and engaging their campuses to prioritize academically relevant work opportunities for eligible students. The FWSP would be governed by the EI's employment conditions including rate of pay that is appropriate and reasonable according to the type of work performed, the geographic region, the employee's proficiency and any applicable laws. An annual report providing aggregate spending and categories of on recipients, as well as an evaluation of Program impact will be furnished by the EI, which may include student focus groups and surveys.

The Federal cost component could be covered by re-evaluating government spending on student assistance through fiscal tax measures such as Registered Education Savings Plans (RESPs). Any funding distributed entirely without regard to financial need disproportionately benefit families with higher incomes. They do little to assist high-need students and under-represented groups to enter our post-secondary education system. CASFAA believes that means-tested student financial assistance that is accessible through a simplified application process and that delivers funds at a time that expenses are incurred represents the most effective use of taxpayers' dollars.

Conclusion

CASFAA is grateful for the opportunity to share our insights with the Standing Committee on Finance. Investing in post-secondary education and removing the barriers to youth employment will strengthen our nation's economy and ensure that all citizens can equitably contribute and benefit.

Respectfully Submitted,



Stephanie Williams
CASFAA President



Cara Piperni
CASFAA Past-President

References:

Expert Panel on Youth Employment *13 Ways to Modernize Youth Employment in Canada* (October 2016) <https://www.canada.ca/en/employment-social-development/corporate/youth-expert-panel/report-modern-strategies-youth-employment.html>

Statistics Canada *Perspectives on the Youth Labour Market in Canada 1976 to 2015* (December 2016) <http://www.statcan.gc.ca/daily-quotidien/161205/dq161205a-eng.pdf>

Statistics Canada *Labour Force Survey* (June 2017) <http://www.statcan.gc.ca/daily-quotidien/170707/dq170707a-eng.htm>

Statistics Canada *Statistical Review : Canada Student Loans Program 2014-2015* <https://www.canada.ca/en/employment-social-development/services/student-financial-aid/student-loan/student-loans/reports/statistical-review-2015.html>

Scott-Clayton, Judith and Rachel Yang Zhou *Does the Federal Work Study Program Really Work – and For Whom?* (Center for Analysis of Postsecondary Education and Employment, March 2017) <https://capseecenter.org/does-the-federal-work-study-program-really-work-and-for-whom/>

FEDERAL WORK STUDY PROGRAM PROPOSED COSTS

Average Work Study Job is 34 weeks @ 10 hours per week, jobs may be split or combined by EI	340
Federal Work Study Program Grant covers minimum wage, representing 75% of total program	\$ 11.70 (see Table 1 below)
Contribution from Education Institutions, covering the remaining 25%	\$ 3.90
Average total hourly rate, varies by job duties and skillset requirements	\$ 15.60

Total students on Full-Time Canada Student Loans	488,781
With 2% subtracted to account for study abroad students	479,005

	0.5% of FT CSL	1% of FT CSL	2% of FT CSL
Pilot as % of total students on full-time Canada Student Loans (# recipients for average job)	2,395	4,790	9,580
Total Funding for Federal Work Study Program	\$ 12,703,223	\$ 25,406,445	\$ 50,812,891
Minimum contributions from Educational Institutions	\$ 3,175,806	\$ 6,351,611	\$ 12,703,223
Paid by Federal Budget in form of grants to Educational Institutions to administer	\$ 9,527,417	\$ 19,054,834	\$ 38,109,668

Table 1: Average Weighted Minimum Wage

It is proposed that the Federal contribution cover minimum wage, which would vary based on the location of the Educational Institution where the student is studying. For the purposes of cost estimates, a weighted average minimum wage is determined.

Province	Current ¹	Upcoming ¹	FT CSL weighting ²	
AB	12.2	13.6	10.4%	1.4
BC	10.85	11.25	11.6%	1.3
MB	11	11	2.0%	0.2
NB	11	11	2.5%	0.3
NL	10.75	11	1.2%	0.1
NS	10.85	10.85	3.3%	0.4
ON	11.4	11.6	66.1%	7.7
PEI	11.25	11.25	0.6%	0.1
SK	10.72	10.72	2.3%	0.2
YT	11.32	11.32	0.0%	0.0
Weighted Average			100.0%	11.7

¹ Based on Canada Labour Program website <http://srv116.services.gc.ca/dimt-wid/sm-mw/rpt1.aspx?lang=eng>

² Proportion of full-time Canada Student Loan borrowers by jurisdiction, based on CSLP Statistics 2014/15 (table 1.1)