

FEDERAL BUDGET 2012

PUTTING OUR FUTURES AT RISK

GENERAL OVERVIEW

Budget 2012, introduced on March 29, 2012 was the first presented by the Conservatives as a majority government. The budget contains no new investments in post-secondary education. It contains many austerity measures that will slash \$5.2 billion in federal government spending. Austerity measures were expected since a federal government strategic review announced ten per cent budget cuts across all government departments in 2008.

Youth and students lose most from heavy job losses and cutbacks in social programs. The 2012 budget changes Old Age Security (OAS) by increasing the program's age of eligibility from 65 to 67, affecting all Canadians under the age of 57. Cuts were also made, for example, to the youth volunteer program Katimavik, which will be eliminated and to the Canadian Broadcasting Corporation's (CBC) budget to be reduced by \$115 million. The National Film Board also faces a reduction of \$6.7 million.

FUNDING FOR POST-SECONDARY EDUCATION

Students estimate that funding to post-secondary education needs to be restored to pre-1992 levels to address current shortfalls of \$1.7 billion. The budget does not make any of the necessary funding increases required to address rising tuition fees and chronic post-secondary education underfunding.

STUDENT FINANCIAL ASSISTANCE

The budget provides no relief for students struggling with heavy debt loads and rising tuition fees. The

government's inaction is made worse by the recent increase to the student loan ceiling from \$15 billion to \$19 billion and the reduction of student debt statistics reporting. While the Office of the Chief Actuary was previously mandated to provide an annual actuarial report detailing uptake information on student loans, the government will now only produce this report every three years. The government is not only allowing student debt to continue climbing, but it is also removing the ability of the public to properly evaluate the effectiveness of federal student financial assistance programs.

ABORIGINAL FUNDING

The budget does not address the funding needs of Aboriginal students. Instead, the annual two percent funding cap introduced in 1996 for the Post-Secondary Student Support Program (PSSSP), the primary funding vehicle for Aboriginal students, will remain in place. Aboriginal Affairs and Northern Development Canada suffered a \$250 million cut that is sure to impact Aboriginal communities.

RESEARCH FUNDING

The budget seeks to transform the National Research Council (NRC) which is the government's science and research agency, into a service centre for industry. The NCR was established in 1916 to conduct basic research and has been at the forefront of fundamental scientific investigations that have produced discoveries and applications in countless fields. However, under this budget, the NCR's basic research program will be eliminated and the council will be "realigned" to meet business needs. As part of this process,

the NCR will receive \$67 million in 2012-13 to support the “refocusing on business-led, industry-relevant research”.

The federal granting agencies will not receive new funding this year and will instead face cuts. Over the next two years \$37 million will be reallocated from “low-priority” areas towards programs designed to support academic-industry partnerships.

Library and Archives Canada will see funding cuts of \$9.6 million over three years and Statistics Canada’s budget will be reduced by nearly \$34 million by 2014.

STUDENT EMPLOYMENT

In early 2012, students learned that the Service Canada Centres for Youth were being discontinued under the pretext that online services were being enhanced. These Centres provided employment services for youth and over 700 seasonal jobs to students who were hired to run them. Students reacted strongly to the closure of the centres and garnered significant media attention on the matter.

In the budget, the government responded to students by introducing a new investment of \$50 million over two years to the government’s Youth Employment Strategy. The investment is an important opportunity for students to pressure the federal government to ensure that funding for seasonal employment opportunities and employment services are restored.

INTERNATIONAL STUDENTS’ STRATEGY

The government has reiterated its goal of attracting more international students to the country. In the budget, the government has committed to enhancing its International Education Strategy and to receive recommendations from an expert Advisory Panel to deepen links with institutions internationally. Recently, the Federation organised an International

Students’ Symposium in conjunction with the Department of Foreign Affairs and International Trade to provide recommendations to the Advisory Panel.

CONCLUSION

The Conservative government has failed to support students and their families as university and college education costs continue to rise and the student debt crisis worsens. The government’s inaction on post-secondary education funding means that the quality of public institutions will continue to erode and that education will remain out of reach for a growing number of youth and out-of-work Canadians. The government’s introduction of austerity measures that include laying off tens of thousands of public sector workers while providing tax breaks for corporations will only diminish the quality of social programs. The government has effectively balanced the books at the expense of youth, seniors, and working people.

By combining a continued underfunding of post-secondary education and cuts to Old Age Security, this budget is creating a grim future for Canada’s youth. Young people, already struggling with high student debt, bleak employment opportunities, and an overall decline in wages are now facing the prospect of having to work longer and of being the first generation to be worse off than the last.

FOR MORE INFORMATION

Alternative Federal Budget, Canadian Centre for Policy Alternatives, February 2012: <http://www.policyalternatives.ca/projects/alternative-federal-budget>

Budget Analysis, Canadian Labour Congress <http://www.behindthenumbers.ca/2012/03/29/clc-analysis-of-the-2012-federal-budget/>