

## Submission to the Senate Committee on National Finance

# Study on the government's response to the COVID-19 pandemic and its economic consequences

June 2020

## Introduction

The Canadian Association of University Teachers (CAUT) represents 72,000 academic staff working at over 120 universities and colleges across the country. A strong and vital post-secondary education sector is an essential foundation for innovation, science and economic success in Canada. It creates the knowledge needed to meet national and international challenges, it trains the talent necessary to make Canada a competitive leader, and it develops the critical thought essential for a democratic and just country.

## Impact of COVID-19 on the sector

### Students re-considering post-secondary education

The pandemic has had a significant impact on students, up ending their learning environment, and increasing expenses, while decreasing employment opportunities. A recent survey of new and returning college and university students showed that up to a third were reconsidering their plans for school in the fall, worried about both the experience of remote learning and the costs. Seventy per cent of students highlighted that their plans for summer employment were disrupted by COVID-19. Many students were aware of emergency federal supports but were still worried about their ability to pay for school in the fall.

### Threats to quality and affordability

The pandemic has had significant impacts on post-secondary institutions, reducing revenues and increasing expenses. Some universities and colleges have laid off staff, reduced course options and student services, increased class sizes and raised tuition. With the increased dependency on international student fees because of the long decline in public funding for post-secondary education, there are serious concerns about what reduced enrollment, particularly from international students, will mean for institutions, and for local and regional economies.

### Reduced research output

The federal government has significantly supported COVID-19 research; however, research in other vital areas has stalled. The research councils have acknowledged the challenges faced by grant recipients -

extending timeframes and encouraging student retention. Additionally, the federal government acknowledged gaps and found solutions to assist clinical health researchers through the provision of \$450 million in wage and operational subsidies. However, despite this assistance, there have still been unavoidable setbacks to research.

The intense focus on emergency remote teaching and learning, the physical closure of labs, and public health measures that limit physical contact have led to a sharp decline in research activities. A survey of our members demonstrated that 26% have been unable to do any research at all and another 41% had to reduce their research productivity after public health measures were put in place. This decrease in research activity will have a significant fallout for both knowledge generation and economic development.

### Summary of recommendations:

- Provide emergency support for institutions and the post-secondary workforce by including public institutions in the Canada Emergency Wage Subsidy Program and by allowing for supplemental benefits to the Canada Emergency Response Benefit.
- Expand investment in science and research capacity.
- Fix the funding model for post-secondary education to ensure better outcomes for students and researchers.

### Recommendation: Include public universities & colleges in the Canada Emergency Wage Subsidy (CEWS) Program

The CEWS allows employers to retain their employees, supporting workers and their families to pay the bills. It also allows normal operations to restart as efficiently as possible as public health measures lift. As research labs, universities, and colleges lose their research staff, restarting research will be challenging and in some cases, impossible.

Currently, public universities and colleges are ineligible for the CEWS, even though modifications made to the program now allow for private education institutions. Universities and colleges are autonomous institutions from government, and while publicly funded, year after year we have seen the proportion of

government funding decrease. Now, universities receive less than fifty per cent of their revenue from public sources.

Inclusion in the wage subsidy program would assist universities and colleges in retaining their employees, reducing job insecurity, and continuing the vital operations of ensuring quality education and research.

### **Recommendation: Allow supplemental employer payments with the Canada Emergency Response Benefit**

In regards to the Canada Emergency Response Benefit (CERB), the change made to the program to allow for \$1000 per month of income has been helpful, however it is still limiting for employees and employers - including some who have previously negotiated EI Supplemental Unemployment Benefits. Employers have highlighted their desire to offer supplemental payment for laid off staff to retain a connection to these employees. There are benefits for employers, workers, and the economy to allow for supplemental payments with the CERB. We strongly encourage the government to permit top-ups to the CERB, because it comes with significant benefits to Canadians and adds no additional government costs.

### **Recommendation: Increase investment in science & research capacity**

Accelerating research and science activity following the pandemic is an important opportunity for Canada's economy and wellbeing. Financial support from the tri-agencies has permitted some research teams to pay their staff and extend the timelines of their research. However, the impact on research from the pandemic are significant.

As the country moves forward, investing in science and research must be part of the recovery plan. Increased research funding will contribute to the knowledge needed to get through current and future crises, as well as provide much needed student employment.

Despite a historic increase in 2018, Canada is only providing around 54% of the level recommended by the Advisory Panel on Federal Support for Fundamental Science to stay competitive on the international stage.

### **Recommendation: Increase federal support to the provinces for post-secondary education, with agreements on shared priorities to improve affordability, accessibility & quality**

The pandemic and other macroeconomic conditions have displaced many workers, and in these times of high levels of unemployment, more Canadians than ever could benefit from training and retraining. Unfortunately, COVID-19 has imposed significant financial barriers on current and would-be students. Although the federal government has expanded student loans and grants, the grants remain lower than the average tuition, and currently the grant program reaches fewer than one in five students. Costs will remain a barrier for many students – especially now that COVID-19 has disrupted their income and forced some institutions to increase tuition fees.

Financial support for students must be complimented with a commitment to long-term, stable and predictable core operating funding for post-secondary education.

Without a coordinated approach to student and sector support, we will fail to achieve positive outcomes. For example, in some cases, federal increases to student aid have been met with increased tuition fees, ultimately resulting in a limited impact on the affordability of post-secondary education. Stable core funding is needed to ensure the affordability and quality of post-secondary education, which underpins Canada's prosperity.

With stable funding to address affordability and quality post-secondary institutions will be able to: (a) reduce reliance on precarious workers and expand research capacity; (b) reduce costs for students; and (c) expand education and training options.

The last federal top-up for core-operating costs for post-secondary education was in 2007. Provincial governments do not have the same fiscal maneuvering room as the federal government, and some have already indicated reduced funding for post-secondary education in future years.

Post-secondary education is key to Canada's recovery but it needs stronger federal leadership to ensure a stable path forward.