

Position Paper of the  
Canadian Federation of Students – Quebec

# The End of the Strike and the Status of Financial Aid in Quebec

Canadian Federation of Students  
Quebec Component

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## 1. INTRODUCTION

In 1968, the first student strike was held in Québec. Coming at the high point of the Quiet Revolution, the movement was based on expanding post-secondary education (PSE) beyond the business elite, predominantly composed of urban Anglophones. The result was the founding of both the CEGEP system and the University of Québec network, as well as establishing the groundwork for the present-day financial aid system. It is clear that, from its beginning, the modern Québec post-secondary system has its roots in a system based on accessible, public education.

Over the past year, Québécois have seen one of the most concerted attacks on this system in recent memory. The cuts made to financial aid by the Québec Liberal government, under Jean Charest, have targeted the heart of the Québec PSE system. Through both direct cuts and policy reforms, the government has removed \$103 million from financial aid. The result is a direct, negative impact on the level of accessibility to PSE for the least well-off in our society.

It is important to note that Québec remains the only province in Canada to offer a mixed program of bursaries and loans. It is no coincidence that Québec also maintains the lowest tuition fees in Canada. In other provinces, cuts to bursaries and financial aid have come in co-ordination with tuition fee increases.

In 2003-2004, the Québec government provided \$670.6 million in financial aid, of which \$355.4 million was in loans, and \$315.2 million was in bursaries<sup>1</sup>. The projected financial aid budget for 2004-2005 will be approximately as follows: A global sum of \$711 million (out of total PSE funding of \$3.6 billion), with \$491 million in loans and \$220 million in bursaries<sup>2</sup>. This represents a significant shift in the debt burden placed on each student.

The goal of the following document is two-fold: the first is to serve as a public, historical document relating to the strike movement and its outcome, for use by both members and non-members of the Federation. The second is to provide a detailed analysis of the agreement in principle, as well as present the Federation's stance and propose further actions.

### 1.1 Strike movement & previous offers

In early February 2005, after nearly a year of small scale, yet sustained, actions and pressure campaigns, as well as lobbying and public awareness campaigns, it became clear that further, more forceful actions would be required in order to ensure the reforms made to financial aid were done away with. On February 11<sup>th</sup>, the Executive Committee of the Québec Component adopted a resolution of supporting the strike movement and other actions, as well as to explore the willingness of their members to go on strike.

The strike itself began on February 24<sup>th</sup> with approximately 30,000 students, mostly associated with Coalition de l'Association pour une Solidarité Syndicale Étudiante

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<sup>1</sup> Aide Financière aux Étudiants 2003-2004 annual report

<sup>2</sup> AFE

Élargie (CASSÉE), leaving class. The event was marked by a large rally at the Université du Québec à Montréal (UQAM). From there, the strike movement grew, with both university and CEGEP students being added to the ranks everyday. Eventually, the Fédération des Étudiants Universitaire du Québec (FEUQ) and the Fédération des Étudiants Collégiale du Québec (FECQ) added their weight to the strike, with FEUQ being the last association, in mid-March, to officially call for its members to go on strike. At the height of the strike (mid-March) over 185,000 students were on strike. Local 79, the Post Graduate Student Society (PGSS) of McGill University, and Local 91, the Concordia Student Union (CSU), both participated in a one-day strike on March 16<sup>th</sup>, 2005. Local 83, the Concordia University Graduate Student Association (GSA), encouraged its members to participate in strike activities that same day.

Two previous offers had been put on the table, one in February and the other in March. The first called for a system based on income contingent loan repayment, which has been used in the rest of Canada to further legitimise higher debt and eventual tuition fee increases. The second offered a system whereby students were required to graduate within the normally allotted time frame from both CEGEP and university in order to qualify for debt forgiveness. This system completely ignored the fact low-income students are those who are most often required to extend their studies over a longer period of time in order to not simply make money for themselves, but possibly their families as well. Both these offers were rejected both on the basis of not being a complete reinvestment as well as not being a return to an up-front bursaries system.

## **2. CURRENT OFFER**

### **2.1 Context of education funding in Québec**

To understand the current proposal, it is essential to first provide a basic history of funding for PSE and financial aid in Québec.

#### **2.1.1 PSE Funding**

As indicated below, the bulk of the finances for post-secondary education is provided through government funding. The majority of this funding comes from the provincial government, with less than 10% of total university revenues in Québec coming from the federal government. In real terms, this represents \$538.6 million from the federal government and \$3.542 billion from the provincial government, with tuition fees and other revenues making up the remaining amount. The funding from the federal government consists of funds from the Canada Social Transfer, money which can be divided among social assistance, health care and education expenditures. This includes any funding that is transferred from the Canada Student Loans Program as well. Unlike other provinces, funding from the CSLP transferred to Québec is not required to go to financial aid; it is therefore impossible to break-down how much federal funding is specifically dedicated to financial aid.

**Table 1: Québec University and College Revenues (2004)**

	<b>Canada</b>	<b>Québec</b>
<b>Total Revenue (Thousands \$)</b>	<b>\$23,518,660</b>	<b>\$5,984,344</b>
<b>Own Source Revenue (total)</b>	<b>44.4%</b>	<b>31.8%</b>
Sales of goods and services (total)	34.9%	22.1%
Tuition fees	19.2%	8.9%
Other sales of goods and services	15.7%	13.2%
Investment income	1.7%	1.2%
Other own source revenue	7.8%	8.5%
<b>Government Transfers (total)</b>	<b>55.6%</b>	<b>68.2%</b>
Federal	8.3%	9.0%
Provincial	47.2%	59.2%
Local	0.2%	0.0%

Source: Statistics Canada

Not included in the federal transfer is the funding from the Millennium Scholarship Foundation. Since 1999, the Québec government has been receiving funding from the federally-managed private foundation to put towards financial aid. The total annual transfer amounts to \$70 million a year, half of which must be spent on financial aid and half of which must be spent on student services. The agreement, though, was reached with the understanding that the funds would be used to continue to lower student debt. If the provincial government breached the agreement, the money could be withheld. According to the Foundation, the \$103 million cut from bursaries amounted to such a breach, and threatened to withhold all funding from the province.

### **2.1.2 Financial aid funding**

The Québec Financial Aid system dates back over 60 years, but the roots of the modern system were put in place in 1966 when the Québec government adopted for the first time a law governing financial aid. The program included financial aid in the form of both bursaries and loans. That year, 48,000 students used the program, borrowing \$26.2 million from 2,400 financial institutions<sup>3</sup>.

In 1974, the first time the plan was reviewed, it adopted three base principles, the most important being that no student should ever be stopped from gaining a post-secondary degree because of a lack of funds. It is in this spirit that the financial aid system in Québec has continued to evolve to the point where it now distributes hundreds of millions of dollars in financial aid to thousands of students every year.

The amount of funding over the past seven years, though, has varied widely, as well as the amount that is given out in bursaries versus the amount given out in loans (see Table 2, below). This can be attributed to two facts. First, there is no control over who applies for financial aid, meaning the amounts may fluctuate depending on the financial status of

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<sup>3</sup> AFE website

those who apply. More to the point, though, is that the amount placed in financial aid is governed by the yearly provincial budgets. It is important to note, then, that Parti Québécois governments (which make up six of the past seven years) has not been much better when it comes to funding financial aid. At the same time, though, from 2001-02 to 2003-04, we see a gradual increase in financial aid funding, as well as a drastic increase of the percentage of financial aid money distributed in bursaries as opposed to loans.

**Table 2:** Financial aid funding, 1997-98 to 2004-05

Year	Bursary (\$M)	Loan (\$M)	Total (\$M)	Bursaries (% of total)
1997-98	239.6	530.5	<b>770.1</b>	31.11
1998-99	190	484.6	<b>674.6</b>	28.16
1999-00	175.9	410.4	<b>586.3</b>	30
2000-01	201.8	330.8	<b>532.6</b>	37.89
2001-02	\$254	338.6	<b>592.6</b>	42.86
2002-03	292.4	345.2	<b>637.6</b>	45.86
2003-04	315.2	355.4	<b>670.6</b>	47
2004-05*	220	491	<b>711</b>	30.94

Source: Aide Financière aux étudiants      \*projected

And although the percentage of aid allotted as bursaries in 2004-05 is not the lowest in the past seven years, the percentage drop is a drastic one that rolls back the increase we have seen in the past four years.

## 2.2 The “Agreement in Principle”

On April 2<sup>nd</sup>, the Québec government released its latest offer to the student movement. The agreement in principle sets out a system of mixed funding from the provincial and federal governments over the next 5 years. Next year (2005-06), students will see a reinvestment of \$70 million (out of \$103M), with the amount reaching \$103 million the following year.

The funding breaks down as follows (see below for a detailed analysis):

**TABLE 3: BREAKDOWN OF THE OFFER TO QUÉBEC STUDENTS  
TO REDUCE STUDENT DEBT (FROM 2005-2006 TO 2009-2010)**

March 15 offer (total over 5 years)	\$342M
Addition from the Millennium Scholarship Foundation (on top of the \$70M annually already received)	\$40M
Funding from the Canada Student Loans Program (\$25M per year starting 2006-2007)	\$100M
Grand total of additional federal funding	\$140M
Offer of April 1st 2005 (Total over five years) (\$342M + \$140M)	\$482M

Source: MEQ

**TABLE 4: DETAILS PER YEAR OF THE OFFER TO  
QUÉBEC STUDENTS TO REDUCE STUDENT DEBT  
(FROM 2005-2006 TO 2009-2010)**

	2005-06	2006-07	2007-08	2008-09	2009-10	TOTAL
Offer of March 15 2005	\$41.5M	\$53M	\$69.5M	\$82.5M	\$95.5M	\$342M
Additional federal contributions	\$28.5M	\$50M	\$33.5M	\$20.5M	\$7.5M	\$140M
Offer of April 1 2005	\$70M	\$103M	\$103M	\$103M	\$103M	\$482M

Source: MEQ

**TABLE 5: CHANGES IN THE LOAN CEILING UNTIL 2009-2010**

Year	Professional Programs	College	University Undergrad	University MA or PhD
2003-2004	2,000\$	1,980\$	2,440\$	3,240\$
2004-2005	3,150\$	3,035\$	4,420\$	5,220\$
2005-2006	2,450\$	2,335\$	3,020\$	3,820\$
2006-2007	2,000\$	1,980\$	2,440\$	3,240\$
2007-2008	2,000\$	1,980\$	2,440\$	3,240\$
2008-2009	2,000\$	1,980\$	2,440\$	3,240\$
2009-2010	2,000\$	1,980\$	2,440\$	3,240\$

Source: MEQ

## **2.2.1 The details about the program**

### **2.2.1.1 Funding:**

Through a program of mixed funding, federal and provincial, funding for bursaries will increase to \$70 million next year and \$103 million after that up until 2009-2010. The federal funding is a combination of \$100 million from the Canada Student Loans program (CSLP) over four years starting in 2006-2007 and \$40 million from the Millennium Scholarship Foundation (MSF). Increased funding from the CSLP was announced in the 2004 federal budget, but the specifics were not included. In other provinces, funding from the CSLP must be used for financial aid. The agreement with Quebec is different, though: because the financial aid system in Quebec is more generous than the federal financial aid system, money from the CSLP can be used on any type of project and is not restricted to education. It has been custom, though, that the provincial government allocates this funding to PSE. The provincial government had apparently signaled there was a good chance they would break this custom, not only not spending this money on bursaries, but likely not spending this funding on education at all. The government has now committed to using it only for bursaries. The MSF money (\$40 million) is new money negotiated for by the FEUQ and will be used only for financial aid. All this money is on top of the \$70 million from the MSF that the foundation threatened to withhold because of the cuts to financial aid (see 2.1).

### **2.2.1.2 Reforms:**

Just as significant are the changes to the actual structure of the financial aid program. Under this new agreement, the government is backing away from its proposals of both income contingent repayment programs (offer from February 12, 2005) and a performance-based debt forgiveness program (offer from March 15, 2005). Instead, the system will continue to be based on up-front bursaries.

Changes made to Article 51 have also been removed. Originally setting out a fixed loan ceiling per semester, the changes allowed for the loan ceiling to increase if tuition fees, or ancillary fees, increased (meaning higher fees would equal higher debt). Article 51 has therefore returned to its original form.

As well, the government has informally committed to an increase in bursaries in order to compensate for any rising fees.

## **3. ANALYSIS:**

While the government's latest proposal is significantly different from the previous two, and offers answers to several of students' concerns, it does fall short on several levels. It is important, then, to look at the proposal as a whole in order to determine where improvements must be made and whether the plan can be wholly accepted.

### **3.1 Positives**

Although the federation is critical of several aspects of this proposal, it does represent several concrete successes:

- The returned funding will go specifically to up-front bursaries. This means that over the past year we have defeated moves to implement income contingent loan repayment programs what was proposed by then education minister Pierre Reid in January) and a performance-based debt-forgiveness program (Education Minister Jean-Marc Fournier's offer on March 15th). This is a major success.
- The money coming from the Canada Student Loans program will be used specifically for financial aid
- The other \$70 million from then MSF will be back
- The reforms to Article 51 are abolished
- That a government, which for a year said it would never reinvest this money, has been forced to do so in the face of the largest student mobilisation in Canadian history. This has also sent a very strong message as to what would happen if the tuition freeze is threatened.

### **3.2 Negatives**

There are several issues that remain of concern to the Federation, which we intend to continue to concentrate on through both lobbying and campaigns.

- There will be no retroactive funding to cover this year's cuts or to cover the extra debt incurred. In real terms, the \$103 million cut from financial aid in 2004-05 is \$103 million in additional debt for Québec students. Compounded with the fact only \$70 million will be reinvested next year, students will be seeing a \$136 million increase in debt over two years, something the Federation finds extremely troubling.
- The funding from the CSLP was already promised; in reality we should be seeing an influx of \$100 million into core funding for the post-secondary education system and not seeing it swallowed up by provincial cuts.
- There is no guarantee what will happen after 2009-10. Under the current agreement, in the final year the provincial government will reinvest \$95.5 million and the federal government \$7.5 million. There has been no commitment that the government will continue to invest \$103 million.
- Over the next five years, ancillary fees will continue to rise, as will the cost of living. Conceivably, the amount in bursaries should increase over the next five years to compensate for these additional costs.

### **3.3 Beyond Education**

There are also more global issues at hand with this new proposal. Using federal funding over the next five years to cover provincial cuts comes on top of unmet campaign promises to significantly increase funding for post-secondary education; the provincial government has once again refuse to show a strong commitment to post-secondary education. Although the funding will be restored, the government has not fundamentally shifted its stance from one where it is acceptable to cut funding for education.

Furthermore, this proposal allows the Charest government to continue to cut taxes at the expense of social programs, including education. If there was an underlying theme to this entire battle it was that cutting social services in favour of tax-cuts is unacceptable. A large part of the solidarity across social sectors that greatly aided the student movement was based on this fundamental belief; it is imperative that students return the favour in the battles that lay ahead.

## **4. CONCLUSION: Where do we go from here?**

By mid-March, it was clear that students had organised the largest student mobilization to ever take place in Québec, and possibly the largest in Canadian history. All that was left to be seen was to which degree the government would meet students demands. By the end of March, the factor of time was also playing an important factor, with deadlines



approaching for CEGEP students and with universities beginning to convene committees in order to set their own deadlines and decide how to deal with a prolonged semester.

Throughout the strike, though, popular support for students remained high. As proposal after proposal from the government was rejected, students held their breath, but public support remained behind the call for a full reinvestment in bursaries.

Even with public support, though, it was unclear what could be expected from the Québec government that had already taken a hard-line on changes to the labour code, the health care system and publicly funded daycare. On April 2<sup>nd</sup>, those questions were answered, with the government forced to meet several, if not all, of students' demands.

It is clear that although the student strike has run its course, it is imperative that the Federation continue to work on the concerns outlined above in order to ensure that the government recognise that more work is required in order to answer students' needs. This includes continued mobilizations and media events in order to keep the debate on education in the public sphere, as well as arranging meetings with relevant politicians.

It must be noted, as well, that the fight for fully funded, needs-based bursaries cannot be removed from the push for a fully funded, public and accessible post-secondary education system. The belief that students must pay higher fees and take on higher debt will never truly end until a system is put in place that ensures full public funding for our PSE system. It is of utmost importance, then, that the Federation continues to work on broader solutions to the funding crisis that persists in PSE, including the call for a dedicated federal transfer for education as well as the adoption of a truly progressive tax system<sup>4</sup> that recognises education as a common good that should – and can – be funded from the public purse.

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<sup>4</sup> “Progressive tax system” refers to a tax system where workers remit a certain percentage of their wages as taxes, resulting in those who make more money paying more in taxes. Post-secondary graduates have been shown to earn higher wages, on average, than those who do not hold post-secondary degrees. A progressive tax-system therefore allows for those who have benefited the most from PSE to reinvest in the system. This is known as “intergenerational investment”: one generation, which has already benefited from public education, ensures the following generation can as well. Although Canada has the beginnings of a progressive tax-system, more can be done to improve the program.