

Cost Estimate of Election Campaign Proposal

Publication Date: September 2021

Short Title: Financial support for post-secondary education

Description: Providing new funding to provincial and territorial governments to enable Canadian students to attend either a university, a college, or a technical school without paying tuition fees. Modifying the Canada Student Financial Assistance (CSFA) Program to forgive all federal post-secondary student loan debt held prior the elimination of tuition fees and to remove tuition fees from the need assessment process for future federal student financial assistance. Eliminating the Tuition Tax Credit with any unused credit amounts prior to the 2022 tax year remaining eligible to be carried forward. This proposal will be effective January 1, 2022.

Cost of Proposed Measure:	\$ millions	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	Total
Total cost		17,303	15,770	10,761	10,943	11,234	66,011

Notes:

- Estimates are presented on an accrual basis as would appear in the budget and public accounts.
- A positive number implies a reduction in the budgetary balance (lower revenues or higher spending). A negative number implies an increase in the budgetary balance (higher revenues or lower spending).
- "-" = PBO does not expect a financial cost.

Estimation and projection method: The estimate was based on reported tuition fees paid to Canadian universities and colleges. The amount was projected using forecasted tuition fee increases and the projected increase in demand for post-secondary education. The PBO Student Financial Assistance model was used to estimate the net expense of the CSFA Program under current policy parameters and the impact of the proposal. A behavioural response for enrolment was incorporated.

Source of Uncertainty: The main sources of uncertainty relate to future provincial and territorial government tuition fee policies, as well as projected enrolment growth, student support expenditures and loan repayments. There is also uncertainty surrounding the magnitude of the behavioural response.

Data Sources:	Variable	Source
	Tuition and other fees	Statistics Canada
	Tuition fees paid by international students	Higher Education Strategy Associates
	CSFA Program expense and interest revenue	PBO Student Financial Assistance model
	CSFA Program administrative data	Employment and Social Development Canada
	Tuition Tax Credit, Education Tax Credit,	Finance Canada
	Textbook Tax Credit and Student Loan Interest Credit	