

1.8 Post-Secondary Education

Average tuition fees for undergraduate arts programs reached \$5,447 in fall 2007. Since 1990, tuition fees have more than tripled in most provinces, increasing at a rate seven times faster than inflation. In graduate and professional programs, increases have been even more dramatic. Tuition fees for medical students top \$10,500 and students studying in dentistry pay a staggering \$13,000 per year. The Chief Actuary reported in the most recent Actuarial Report of the Canada Student Loans Program that tuition fees are “the primary source of increases in student need” and represent an average of 142% of the average student’s available resources. Consequently, one in every two students must borrow to pay for post-secondary education.

The impact of high tuition fees on low- and middle-income families is clear. There is a 20% gap in university participation rates between students from the highest and lowest income quartiles. For those families forced to take on education related loans, completing post-secondary education remains elusive. Financial considerations are the primary reasons cited by college students who do not complete a diploma, and students carrying greater than \$10,000

in debt are half as likely to graduate than those with less than \$1,000.

In Budget 2007, the federal government increased transfers to the provinces for post-secondary education by \$800 million, to begin in 2008. Although this welcomed investment was the most substantial of its kind in recent memory, it still falls well short of making up for federal cuts to transfers experienced during the 1990s. The Canadian Association of University Teachers estimates that an additional \$3 billion is required to return to 1990 funding levels (0.41% of Gross Domestic Product).

The Budget 2007 funding increase was also announced without any plans for provincial accountability. Condition-free transfers to the provinces represent a further devolution of powers for what has historically been an area of loosely shared jurisdiction. A weak federal role in post-secondary education has already led to wildly varying tuition fee levels across Canada, undermining the federal government’s ability to deploy effective student financial aid policy.

The 2008 Alternative Federal Budget will make federal re-investment in post-secondary education a key strategy for reducing the debt

burden on families. The AFB will build on the 2005 program to reduce tuition fees, remove post-secondary education from the Canada Social Transfer, and create a new Post-Secondary Education Transfer governed by a Post-Secondary Education Act to ensure accessibility and quality. This transfer will rise to \$2.4 billion by 2010–11. If just 50% of this funding commitment is used to reduce tuition fees, students at public post-secondary institutions will realize at least \$2,000 (-33%) of annual tuition fee relief by 2010.

By reducing the up-front cost of a post-secondary education, the AFB will substantially reduce student debt over time and remove some pressure on student financial aid programs. For students from low- and middle-income backgrounds, this will translate directly into both a richer educational experience and a better post-graduate quality of life. It could alleviate the debt burden for women students particularly, who are more likely to borrow and, because of the wage gap in the workforce, are more likely to struggle with student loan repayment.

Student Financial Aid

Currently the federal government employs a confusing yet expensive patchwork of aid programs that has failed to reduce student debt or close the participation gap between the rich and poor.

Downloading education costs onto families has also been reflected in the federal government's ballooning costs for savings schemes. Since 2000, the Registered Education Savings Program has cost the federal government over \$1 billion in forgone tax revenue. From 1998 to 2004, the Government of Canada spent \$2.36 billion on the Canada Education Savings Grants (the publicly-funded top-up to the RESP tax haven).

Research on RESPs shows that high-income Canadians benefit far more from this program than do low-income households. In 2001, children from households in the lowest quintile

GENDER ANALYSIS Post-Secondary Education

As of 2007, 57% of full-time students were female.¹

From 1993–94 to 2003–04, average undergraduate tuition fees have more than doubled, a rate of change four times faster than the rate of inflation. For every one \$1,000 increase in tuition fees, there was a 15% drop in enrolment, coming almost exclusively from minority and low-income students.²

Investment in post-secondary education and reforming the student financial assistance program is a welcome initiative with a positive impact on the lives of female students.

(incomes under \$25,000) made up only 9.7% of families who were saving for post-secondary education. Households with incomes exceeding \$85,000 (the highest quintile) accounted for 31% of savers.

The AFB will end the Registered Education Savings Program, the Canada Education Savings Grant, and other ineffective programs. This includes the very controversial Millennium Scholarship Foundation (MSF), which is fast approaching the final year of its 10-year mandate. Students have criticized the MSF since its inception, saying that the Foundation has not been as effective at reducing student debt as expected, but also that it has taken on a deeply political role by advocating for a higher tuition fee regimen in Canada. The Foundation's research department has also been the subject of scrutiny over funds transferred to former employees in lucrative "research contracts." Many expect the Conservative government to take a different approach in its 2008 budget rather than renew the beleaguered Foundation.

The overall savings from reallocating tax credits (*see Taxation chapter*), estimated by the Canadian Federation of Students to be approximately \$2 billion annually when fully phased in, will be used to fund a national system of needs-based grants administered through the Canada Student Loans Program (*see accompanying box*).

Case study: Grants, NOT Loans

Under the existing system, a student with \$8,000* in assessed financial need would receive a federal-provincial loan and no more than \$3,000 in grants from the Millennium Foundation (which largely replaced provincial grants in the late 1990s).

Under the system proposed by the AFB, the same student could qualify for up to \$6,000 in the form of a grant, thereby reducing student loan borrowing by 75%.

**The AFB also proposes to support provincial tuition fee reductions, which thereby reduce financial need and allow financial aid spending to go even further.*

The staggering costs associated with medical school is a strong deterrent for students from low- and middle-income backgrounds and those who do enrol are saddled with massive debt. In order to boost medical school enrolment to tackle a practitioner shortage, the AFB proposes a stop-gap return for service program. For more information about the program, see the Health Care chapter.

Funding for Aboriginal students through the Post-Secondary Student Support Program (PSSSP) has been capped at 2% annual growth since 1996. In keeping with the Standing Committee on Aboriginal Affairs and Northern Development's Sixth Standing Committee Report, the AFB will increase PSSSP funding to \$233 million in 2008–09.

University Research

For university research to pay rich dividends to Canadians and their economy in the form of scientific breakthroughs or in-depth social analysis, academic freedom and independence must be respected and supported by government. Unfortunately, the federal government has increasingly taken a hands-on approach to leveraging outcomes from campus researchers. For example, Budget 2007 targeted nearly \$1 billion to research in a narrow range of research projects whose goal is to commercialize research outcomes.

Targeted funding to university research that benefits the private sector is also the main thrust of the federal government's new Science and Technology Strategy. Released in 2007, the Strategy outlines several policy initiatives that will coerce universities into joint projects with the private sector to achieve short-term spin-offs.

The AFB will strengthen independent peer-reviewed research in Canada by increasing the federal granting councils' base budgets by 10%. Approximately \$70 million will be allocated to the National Sciences and Engineering Research Council (NSERC), \$70 million to the Canadian Institutes of Health Research (CIHR), and \$60 million to the Social Sciences and Humanities Research Council (SSHRC), for a total of \$200 million annually.

Notes

1 <http://www.statcan.ca/bsolc/english/bsolc?catno=89-503-X>

2 Canadian Federation of Students, 2007 *Fact Sheet*, vol. 11 no. 1 found at http://www.cfs-fcee.ca/html/english/research/fact_sheets.php