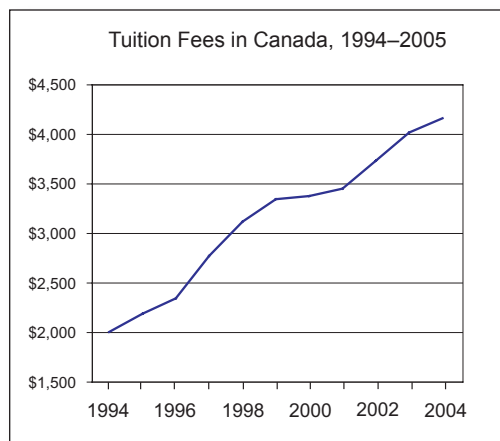


## Tuition Fees in Canada: A Pan-Canadian Perspective on Educational User Fees

### The User Pay System: What Can You Afford?

The steady decline of federal funding for post-secondary education over the last 20 years has resulted in provincial governments and individual university and college administrations replacing the lost funds by relying heavily on tuition fees and other user fees from students.

In 1992 user fees accounted for an average of 17% of an institution's operating budget. The continual decline in government funding brought that average up to 28% in 2002, and much higher in some provinces. From 1993-1994 to 2003-2004 average undergraduate tuition fees have more than doubled, a rate of change four times faster than the rate of inflation. User fees at Canadian universities, adjusted for inflation, are at their highest recorded levels.



### Student Debt is Soaring

The impact on student debt as a result of funding cuts has been devastating. On average, students completing a four-year program will have \$25,000 of debt, an increase of 300% from 1990.

### Access is suffering

Recent studies are painting a disturbing picture of the effect high tuition fees have on access to post-secondary education for low and middle income Canadians. A study done at the University of Western Ontario demonstrated that after graduate and professional user fees were deregulated in Ontario, the participation rates of low-income families were cut in half.

Researchers at UCLA found that for every \$1,000 increase in tuition fees, there was a 15% drop in enrolment coming "almost exclusively from minority and low-income students." The conclusion is simple: user fees act as a barrier to access.

### Tuition Fee Freezes And Reductions: Steps to Ensuring Access

Although much of the blame for Canada's regression to a primarily user pay system lies with the federal government, there is a great disparity amongst provinces with regard to tuition fee policy. In the face of deep cuts from the federal government, some provinces have frozen, and in some cases, reduced user fees. Others, like Nova Scotia, Alberta, Ontario, Saskatchewan and, most recently, BC have increased tuition fees and cut student aid in response to the crisis of underfunding.

#### Ontario

A two-year tuition fee freeze was implemented in Ontario in 2004. The new Liberal government increased core funding to institutions to offset the cost of the freeze. Under the previous government, tuition fees in Ontario were driven up by years of funding cuts. Despite the freeze, Ontario students still pay some of the highest tuition fees in the country, second only to students in the province of Nova Scotia.

#### Manitoba

Tuition fees in Manitoba have been frozen for four years since a 10% user fee reduction in 2000.

#### Québec

For residents of Québec, the province has the lowest university tuition fees in the country, and college is free. User fees in Québec have been frozen for 15 of the last 20 years.

#### Newfoundland & Labrador

Following a two year tuition fee freeze, fees at Memorial University of Newfoundland were reduced by 10% in 2001. Fees for most programs at Memorial were reduced a further 10% in 2002, with fees in the remaining programs frozen at 2001 levels. A freeze at

**“Students made it impossible for me not to freeze tuition.”**

- Brian Tobin, then Premier of Newfoundland and Labrador

**“The research clearly demonstrates that... students from lower income households are much more likely to be affected by financial issues when deciding to pursue or not pursue their education beyond high school.”**

- Maritime Provinces Higher Education Commission, 1997.

**“Tuition fees are the primary source of rising student needs.”**

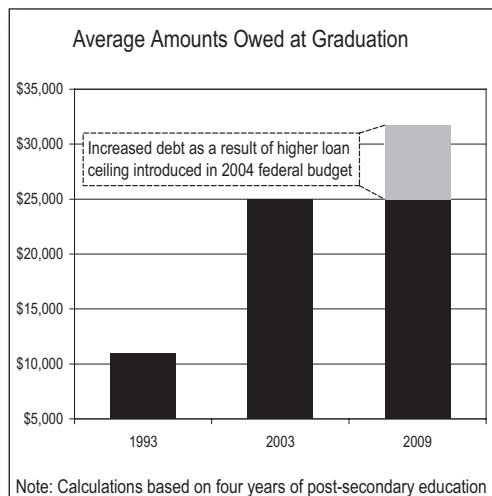
- 2003 Actuarial Report of the Canada Student Loans Program

other Newfoundland post-secondary institutions has been extended for the fourth consecutive year. Newfoundland now has the second lowest undergraduate tuition fees in Canada.

## Grants NOT Loans

Despite soaring student debt levels, the federal government’s strategy for reducing debt is deeply flawed. Canada remains one of only two member nations in the Organisation for Economic Cooperation and Development (OECD) without a national system of needs-based grants, yet saddles its students with some of the highest fees. The loans-based approach to student financial assistance has proved to be a failure at promoting access.

The research clearly demonstrates that the cost of post-secondary education and increasing debt levels are significant factors in the decision students make about whether or not to continue their studies beyond high school. Even more significant is the finding that students from lower income households are much more likely to be affected by financial issues when deciding to pursue or not pursue their education beyond high school.



## Income Contingent Loan Repayment Plans (ICLRPs): A Lifetime of Debt

Income contingent repayment schemes were designed with one purpose in mind: to facilitate a system of individual user fees in which the students pay the full cost of post-secondary education. ICLRPs go by many names, but

they are first and foremost a regressive funding model that eliminates government support for post-secondary education, not an alternative loan plan.

Canadian students vigorously opposed the Plans when they were proposed by the federal government in 1994, and consequently they were never implemented.

Often referred to indirectly as “flexible repayment”, ICLRPs stretch repayment out over a longer period of time. Additional interest payments ensure that students earning less after graduation will pay three or four times more for their education than students with higher incomes, who would pay equivalent loans back faster. Furthermore, the gender gap in wages will profoundly disadvantage women.

## Millennium Scholarships

Despite the fact that the Millennium Foundation was endowed with \$2.5 billion over ten years, Millennium Scholarships have proven to be ineffective at providing widespread relief to students.

More of a public relations exercise for the federal government than a student grants program, the Foundation has experienced great difficulty in ensuring all of the provinces distribute scholarships. Provinces like Ontario and Nova Scotia have refused to cooperate, and as a result students in those provinces are seeing little or no benefit from the program.

## A Canada Student Grants Program

The only way to adequately begin to address the student debt crisis is for the federal government to introduce a Canada Student Grants Program (CSGP). For years, the Canadian Federation of Students has been proposing a system of needs-based grants that would be national in scope, and available to any student in financial need.

Reallocating the Millennium Foundation’s endowment, as well as other ineffective federal programs, such as the Canada Education Savings Grants, could fund a CSGP. If a CSGP was administered as a non repayable portion of the Canada Student Loan, then the federal government could use its existing infrastructure to save on costs, as well as avoid difficult federal-provincial arrangements.