

Fact Sheet 2001



September 2001
Vol. 7, No. 5

Document aussi disponible en français

National Office
170 Metcalfe St.
Suite 500
Ottawa, ON K2P 1P3
tel. (613) 232-7394
fax (613) 232-0276
www.cfs-fcee.ca

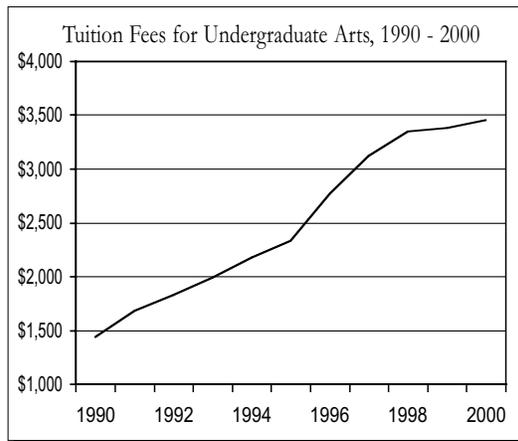
CUPE 1281

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 college and university administrations replacing the lost funds by relying heavily on tuition fees and other user fees from students.

In 1990-1991 user fees accounted for an average of 18% of an institution's operating budget. The continual decline in government funding has brought the average up to 32% in 1998-1999, and much higher in some provinces. In the meantime, tuition fees have risen 126.2%, six times faster than the rate of inflation.



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 in 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.

Other researchers at the University of Guelph found that 40% fewer students from low-income families were attending the University as tuition rose. The conclusion is simple: user fees act as a barrier to accessibility.

Tuition Freezes And Reductions: Steps to Ensuring Access

Although much of the blame for Canada's regression to a primarily user pay system falls onto 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 and Saskatchewan increased tuition fees and cut student aid in response to the crisis of underfunding.

British Columbia

BC has frozen tuition fees for the past five years. Under pressure from students, the government funded a 5% rollback of user fees in the 2000 provincial budget. For several years, BC has boasted the second lowest tuition fees in Canada. However, the newly elected government in British Columbia has made it clear that they are not committed to freezing or reducing tuition fees beyond this academic year.

Manitoba

Tuition fees in Manitoba have been frozen for two years. In 2000, the provincial government funded a 10% user fee reduction.

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

User fees have undergone significant reviews in recent years. Following two years of frozen fees, Grenfell College and Memorial University of Newfoundland were granted a 10%

“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.

“Income-contingent repayment means learning with lifelong debt. It doesn't solve the problem it just extends the repayment.”

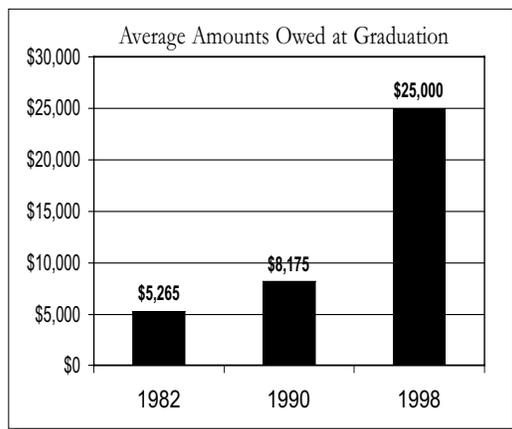
- Stephen McDonald, Executive Director, Learning Assistance Division, Advanced Education and Career Development, Alberta, 1997.

reduction in fees this year and promised a 25% reduction over 3 years, one of the largest reductions in Canadian history.

Grants NOT Loans

Despite soaring student debt levels, the federal government's strategy for reducing debt is deeply flawed. Canada remains one of two nations in the world 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 guaranteeing 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, 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 more than three or times more for their education than students with higher incomes, whom 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 wide spread 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.