

# Degrees of Uncertainty

Navigating the Changing Terrain of  
University Finance

Erika Shaker and David Macdonald  
with Nigel Wodrich





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5	<b>Summary</b>
7	<b>Introduction</b>
10	<b>Muted Provincial Response</b>
12	<b>Deal or No Deal?</b>
14	<b>System Progressivity</b>
17	<b>International Comparisons</b>
20	<b>Provincial Overviews</b>
	Provincial Fee Comparisons
	Cost of Learning Index
	British Columbia
	Alberta
	Saskatchewan
	Manitoba
	Ontario
	Québec
	New Brunswick
	Prince Edward Island
	Nova Scotia
	Newfoundland and Labrador
37	<b>Conclusion</b>
39	<b>Notes</b>



# Summary

SOME PROVINCIAL GOVERNMENTS are taking notice of and responding to growing public concern over student debt loads, economic and employment uncertainty, and the long-term ramifications being felt by students and their families.

These responses have not resulted in across-the-board fee reductions; provincial governments have largely preferred to go the route of directed assistance measures, either before (two-tiered fee structures or nearly-universal targeted grants or bursaries) or after-the-fact (tax credits, debt caps and loans forgiveness) directed at in-province students as part of a retention strategy, and to mitigate the poor optics of kids being priced out of their local universities.

While this does impact in-province affordability, it undermines any commitment to universality because it creates a situation where the only students who leave the province to pursue a degree are the ones who can afford to.

The increasing number of exceptions and qualifiers makes the system of university finance far more difficult to navigate, and makes it harder to compare provincial policies. Additionally, the system becomes much more unpredictable. Financial assistance applied in this manner is anything but certain; programs can change or be eliminated at any time, while the only thing students can be relatively certain of is that fees will likely continue to increase.

Ironically, the not-insignificant amount of public funding being used to offset tuition fee increases is being applied in a piecemeal, targeted and non-universal manner. Were it provided upfront, it would make the university system far easier to navigate and demonstrate a commitment to universality and

affordability. Upfront public funding is the fairest way to fund higher education because it ensures that everyone pays what they can afford through a progressive tax system. When funding is shifted from public sources to individualized tuition/user fees it makes the entire system less progressive.

Often, provincial comparisons will focus exclusively on tuition fees; however, as transfer payments to universities are increasingly insufficient, institutions have implemented additional compulsory fees which students must also pay in addition to their tuition. Because this impacts the overall amount students owe, for the purposes of this report unless otherwise stated we use combined tuition and other compulsory fee projections in both provincial comparisons and the Cost of Learning Index.

Within these broad trends are some key highlights:

- Since 1990–91, average tuition and other compulsory fees in Canada have increased from \$1,464 to \$6,348 in 2012–13, are estimated to reach \$6,610 this fall and will continue to climb to an estimated \$7,437 in 2016–17. Adjusting for inflation, by 2016–17 tuition and compulsory fees will have tripled since 1990–91.
- Ontario, the most expensive province, will see its tuition and other compulsory fees climb from \$8,403 this fall to \$9,517 in 2016–17.
- Newfoundland and Labrador remains the province with the lowest tuition and other compulsory fees: \$2,872 this fall, rising to \$2,886 in 2016–17.
- For kids from median income and low-income families beginning university this fall, Newfoundland and Labrador remains the most affordable province on the Cost of Learning Index throughout a four-year degree.
- This fall, New Brunswick is the least affordable province for students from median income families. By 2016–17, Saskatchewan overtakes New Brunswick to become the least affordable.
- For low-income families, Newfoundland and Labrador (followed closely by Quebec) is the most affordable province this fall; by 2016–17, Newfoundland and Labrador will be by far the most affordable place for kids from low-income families to pursue university.
- This fall, Alberta is the least affordable province for students from low-income families and it will still be the least affordable by 2016–17.

# Introduction

AFTER NEARLY TWO decades of debate and discussion about the impact of reduced public investment in higher education and the increasing reliance on individualized finance through tuition and other compulsory fees, public awareness and acknowledgement appears to have reached a critical mass.

Much of the focus has been on the actions and decisions of provincial governments with regard to education finance and structure. This is understandable, as provincial governments are responsible for dispensing public funding for higher education and setting tuition fee policy at their provincial institutions.

However, we cannot look at the provincial role in higher education without examining the broader context: federal cash transfers play an enormous part in determining how we finance higher education. When measured as a proportion of GDP, federal cash transfers for post-secondary education have declined by 50% between 1992–93 and 2011–12.<sup>1</sup> To fill the gap, Canadian universities have turned to private sources of income, predominantly tuition fees. From 1989 to 2009, the proportion of university operating revenue from government sources fell from 81% to 58%, and the proportion funded by tuition fees increased from 14% to 35%.<sup>2</sup>

When a 2010 actuarial report indicated the student debt ceiling limit of \$15 billion (\$20 billion including provincial and commercial bank loans) would be reached in 2013, the federal government responded in 2012 by increasing the legal ceiling to \$19 billion (the previous \$5 billion ceiling was raised by amendment in 2000).<sup>3</sup>

Depending on the province, the degree to which the cost of higher education has been downloaded onto students varies. In 2009, the percentage of university operating revenue comprised of tuition and other compulsory fees ranged from a high of 47% in Nova Scotia to a low of 16% in Newfoundland and Labrador.

Since 1990–91, average tuition and other compulsory fees in Canada have increased from \$1,464 to \$6,348 in 2012–13, are estimated to reach \$6,610 this fall and will continue to climb to an estimated \$7,437 in 2016–17. This translates to an increase from 1990–2017 of just over 5 times and, even taking inflation into account, fees have tripled.

The way in which these trends are playing out for students and their families is receiving an increasing amount of attention. Major financial institutions are acknowledging that parents are postponing retirement and taking on additional debt to help put their kids through school.

Of 1,000 Canadian parents with kids under 25 surveyed by Leger Marketing, 36% said they've had to postpone their retirement due to their children's post-secondary education costs. Within that group, 19% were planning to put off retirement by more than five years. A third of respondents said they have taken on additional debt to help pay for their kids' tuition and other expenses.<sup>4</sup>

The price tag for a university degree is significant: when books, living expenses and transportation costs are added to tuition and other compulsory fees, the cost of a four year university education is estimated to reach over \$80,000<sup>5</sup>; of that, residence is estimated at about \$31,000.<sup>6</sup>

Given these prices, student debt is a growing concern. In a recent BMO survey, students indicated they expect to graduate with over \$26,000 in debt; women anticipate they will owe over \$30,000 on graduation. Finances continue to be the number one source of stress for students (and more for women than men), outpacing stress over academic achievement.<sup>7</sup>

While a number of provincial governments have implemented “debt caps” for provincial loans which do limit the amount of public debt students can accumulate, there is also an increasing reliance on private debt – though this is more difficult to quantify. In 2005, Statistics Canada estimated that, for students with both public and private debt, the average amount owed was \$37,000 (\$10,000 of which is private).<sup>8</sup>

The negative long-term financial and social impacts of student debt are well-established. Student loan borrowers are less likely to be home-owners, and those that do own a home are more likely to have a mortgage; their in-



come is significantly below that of their non-borrowing counterparts which means that leaving school with debt can have the effect of delaying the accumulation of wealth. Additional studies suggest negative psychological effects are associated with student debt, including depression.<sup>9</sup>

Repayment of student loans is, understandably, a key area of focus for graduates;<sup>10</sup> unfortunately, the job market is less than optimal, particularly for young people entering the workforce. The national unemployment rate for 18–25 year olds is double the overall average of 7%.<sup>11</sup> Furthermore, young people are particularly vulnerable to the current environment of precarious and insecure work, and part-time employment within the context of public and private sector downsizing.

According to the CIBC, a record high number of young people, once they leave school (22% of teens, 14% of non-students aged 20–24), are underemployed or only working part time – and of these, 70% *want* to work full time. From the late 90s to the present there has also been a significant increase of young workers in temporary, insecure, or contract work, from 8% to almost 12% – a much greater increase than in the 25+ category.<sup>12</sup>

As fees continue to rise, and as increasing attention is paid to the economic insecurity faced by students and graduates as they enter a precarious job market with significant levels of debt (and the sacrifices made by parents to help their offspring), mainstream sources, including financial institutions and business journalists,<sup>13</sup> are beginning to pay attention.

# Muted Provincial Response

AS PUBLIC REALIZATION about the unsustainability of this situation grows, it appears some provincial governments are responding to the pressure, albeit modestly, in addition to the current policy of overwhelmingly piecemeal financial assistance that is most frequently applied after-the-fact (including interest relief, loans forgiveness, or debt caps).

However none, with the exception of Newfoundland and Labrador, have explicitly addressed the issue of affordability through a universal low-fees policy. Instead, several of the more expensive provinces have turned to almost-universal grants, two-tier fee structures, or bursaries, all of which are intended to make studying in-province more attractive to domestic students (Ontario, Nova Scotia, PEI, and Québec) and, presumably, to mitigate public concern.

Such domestically-focused policy will eventually impact the degree to which students — specifically students who rely on financial assistance — can leave their home province (or even move out of their parent’s home)<sup>14</sup> to pursue a degree. Students may find themselves having to choose between the program they want — if it is offered out of province — and the school they can afford — if they can live at home.

Another emerging trend is the tacit acceptance that “responsible” students pursue areas of study where employment promises a good “return on investment”; where salaries are especially high, and where the job pros-

pects are greatest. According to one financial planner, “You want the degree, and the debt that you take on for that degree, to lead to a job that’s going to make that debt worthwhile.”<sup>15</sup> The assumption — that private debt is immoveable, that the short term demands of the job market are paramount, and that students must adapt — is both limited and limiting. Furthermore, the economic return argument is flawed because landing the “right” job at the “right” time is often well out of a student’s control. For instance, graduating in a poor economic climate, while not the fault of the student, can be devastating for job prospects. And a program of study may look promising upon entry, but not yield the expected return upon graduation if demand has shifted in the meantime.

Reframing student debt and inadequate job market opportunities as indicative of the “bad decisions” of students who refuse to adjust their educational aspirations with the needs of the job market is an effective strategy for proponents of tuition-based education funding. But blaming graduate unemployment or stubbornly persistent debt on insufficiently strategic students neglects the fact that corporate spending on on-the-job staff training in Canada is an embarrassingly low 23<sup>rd</sup> in the World Economic Forum rankings (by contrast, the quality of our post-secondary education system on the same rankings was sixth). Blame-game tactics do little but delay focusing on the degree to which the cost of higher education has been downloaded onto students and their families. And the reality of what this means — in postponed life decisions, significant sacrifices, and deepening economic insecurity — is clearly becoming too stark to ignore.

However, while there appears to be some recognition of the growing unaffordability of higher education due to an increasing reliance on tuition fees, provincial governments have generally preferred to act as if these fees are out of their control, and the best that can be done is to cap the rate at which they are allowed to increase. Instead, the focus for most provincial governments remains on short term measures intended to mitigate some of the costs some of their students bear.

Despite steep declines in direct government transfers to universities since the 1990s, these remain the most important source of funding in all provinces.

# Deal or No Deal?

WHILE GOVERNMENTS HAVE, for the most part, been quite public about tuition fees through setting framework policy (implementing caps or, in limited cases, freezing fees), there is much less consistency when it comes to student aid measures, which vary significantly and may be implemented, changed, or cancelled with very little warning.

Alberta is “covering” the cost of the legislated fee increase (2.15%) this year, but makes it clear that that is a reprieve rather than a freeze. There has yet to be a decision on whether students should plan on this support next year. However, tuition fees will continue to increase annually until the policy is reviewed in 2016.

Ontario’s 30% Off Tuition Grant (which isn’t 30% but rather a fixed dollar amount for all students) was implemented in 2012 and is indexed to the allowable tuition fee increases. According to the Ministry the grant has permanent funding within OSAP’s budget, but it bears mentioning that in order to create it several other existing programs were eliminated – which again raises the issue of how financial assistance programs can lack consistency, longevity, and dependability.

In several provinces the onus is on the student to find the assistance programs for which they qualify. In other provinces the amount of assistance for which students qualify is dependent on the size of the budget and the number of students who require aid. In New Brunswick the “debt cap” only applies if students finish university within four years.

While tax credits do provide some relief after-the-fact, the ability to make full use of them is dependent on sufficient taxable income; given the current employment realities facing graduates, this is increasingly uncertain. Furthermore, and perhaps more importantly, tuition fees cannot be paid with a tax credit; students must bear the expense up-front and float any costs for the duration of their degree. They are unlikely to gain the full benefits of the credits until after they have graduated and have found employment at a sufficiently high salary. To ensure students can make full use of existing publicly funded support when they need it most, it would be much more direct to reduce the up-front costs all students face by simply rolling back tuition and other compulsory fees.

In spite of the not insignificant sums being directed to student assistance, the piecemeal and decentralized process by which this money is being applied is making the system much more unwieldy and harder to navigate. It is also making provincial comparisons more complicated, and certainly making it more difficult for students to estimate what they will ultimately owe upon graduation. Because while most provinces have multi-year tuition fee frameworks that do allow students to estimate what they can expect to pay each year (although ancillary fees are generally determined by the individual institution), the assistance side is much less reliable.

# System Progressivity

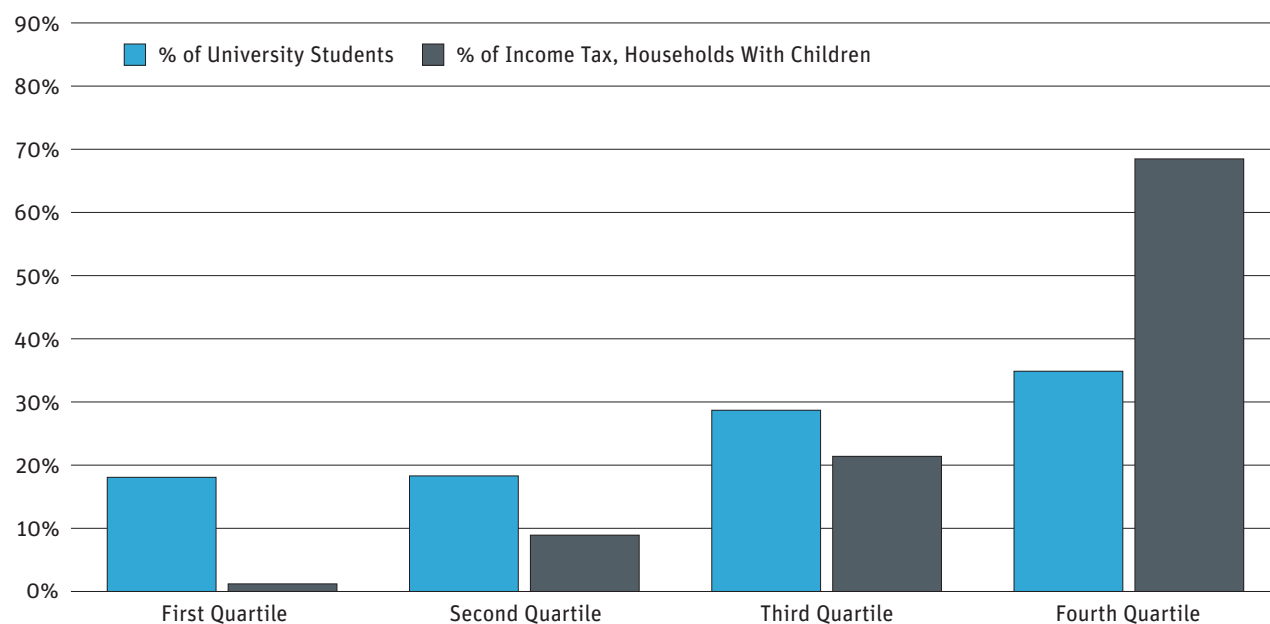
DOES AN INCREASE in tuition fees (or do the existence of tuition fees themselves) result in a system of financing higher education that is less progressive? To answer this question, we need to look at two things: where the funding for higher education originates; and who bears the greatest percentage of these costs.

The understandable focus on tuition fees can overshadow analysis of the public money that goes towards higher education. However, in the majority of provinces, even with significant declines between 1990 and 2009, all three levels of government collectively provide more than half of university funding which must be incorporated into the discussion of how we pay for higher education.

The government funding that is allocated to programs (including universities) comes from the income tax system, so recognition of the level at which families who make use of university education contribute to the system that funds most of it is key to this discussion.

Perhaps not surprisingly, families in the highest income quartile are most represented in university participation (approximately 35%), while families in the two lowest income quartiles are least represented (approximately 18%). This has been used by tuition fee proponents as a “fairness” argument to claim that keeping tuition fees low disproportionately benefits wealthy kids, or that low-income families subsidize the education of the kids whose families can actually afford to pay much more.

**FIGURE 1** Households: Shares of University Enrolment and Income Tax by Quartile



Source Learning and Earning: The impact of taxation in the higher education debates

**TABLE 1** Proportion of University Funding by Source

	Canada		Newfoundland and Labrador		Prince Edward Island		Nova Scotia	
	Students	Government	Students	Government	Students	Government	Students	Government
1990	22%	71%	17%	79%	31%	67%	33%	60%
2009	34%	55%	27%	68%	41%	53%	47%	43%
	New Brunswick		Quebec		Ontario		Manitoba	
	Students	Government	Students	Government	Students	Government	Students	Government
1990	28%	62%	15%	78%	25%	66%	22%	70%
2009	36%	53%	21%	69%	41%	46%	29%	58%
	Saskatchewan		Alberta		British Columbia			
	Students	Government	Students	Government	Students	Government		
1990	21%	73%	22%	71%	24%	69%		
2009	30%	61%	33%	58%	36%	55%		

Source Statistics Canada CANSIM 385-0007

But in fact, families of higher income kids *do* pay more — much more. Not in tuition fees; rather, through the income tax system. As *Figure 1* makes clear, the wealthiest families are paying close to 70% of the total tax bill which means that, particularly for families in the two lowest income quartiles, there is a significant net income transfer *from* the highest income families *to* families in the lower half of income distribution.

According to Hugh Mackenzie, who provides a detailed analysis in *Learning and Earning*, “more than two thirds of families with children are net beneficiaries or the transfer inherent in subsidizing education from general government revenues.”<sup>16</sup>

Keeping tuition fees low or even eliminating them altogether does not entrench unfairness by requiring lower income families to subsidize the education of wealthier kids. On the contrary, replacing public funding with tuition fees corresponds with a *reduction* in net transfer from higher income families to lower income families, resulting in a less progressive system of financing higher education.



# International Comparisons

AS PREVIOUSLY DISCUSSED, provincial and federal governments have, with few exceptions, individualized and downloaded the costs of higher education onto students. However, not all jurisdictions have taken this route. Canadian proponents of higher tuition fees prefer to compare our provincial averages to those in the U.S.; “Québec students pay the lowest fees in North America” was a common refrain during the 2012 student strike.

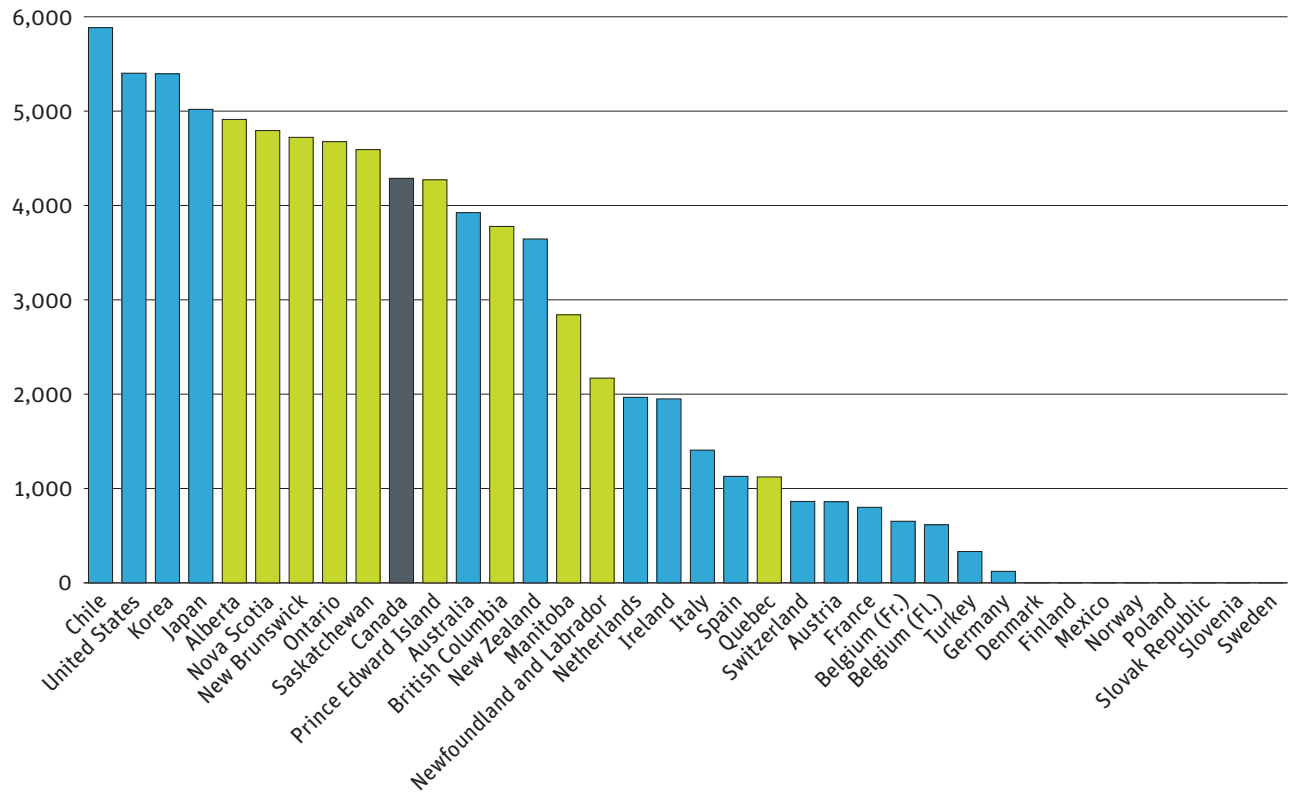
But how do our provinces compare internationally?

Canada as a whole has the fifth highest tertiary tuition in the OECD behind Chile, the U.S., Korea and Japan. In fact, eight of the 26 countries with tuition data charge nothing at their equivalent universities or colleges. The most expensive Canadian province in which to attend tertiary education (university and college) is Alberta. Were Alberta its own country it would also rank fifth highest in the OECD.

Within the Canadian context, Québec is often singled out as having particularly low tertiary tuition rates, accentuated by the fact that its CEGEP system, which is comparable to college, is fully publicly funded. However, in the international context, Québec is slightly more expensive than other OECD countries. If it were its own country it would rank 16<sup>th</sup> of 26 OECD countries with data.

In Canada, tuition fee increases have been rationalized by making the claim that since students are the primary beneficiaries of pursuing a uni-

**FIGURE 2** Tertiary Tuition Fees (2011)



Source OECD Education at a Glance 2011, Statistics Canada, Canadian Millennium Scholarship Foundation and author's calculations

versity degree, they should be prepared to, individually and privately, bear a significant portion of the risk and of the cost. This view of higher education as a private rather than a public good minimizes the significant benefits gained by society as a whole.<sup>17</sup> And as evidenced by *Figure 2*, many OECD countries approach post-secondary education as a collective benefit that is generously funded through the state.

Germany and Finland are but two examples of countries that have taken alternative approaches to Canada when it comes to post-secondary finance. Rather than saddling students and their families with rising tuition fees, citizens in those countries have demanded a collective approach to funding tertiary education, and governments have provided the grants and programs necessary to make higher education much more universally accessible.

In recent years Germany has been lauded as an economic success story — a success that is not unrelated to its education system. Between 1945 and

2005, tuition fees were banned for most students in Germany as part of the Federal Framework Law. When several state governments (*Länder*) challenged the ban in 2005 and introduced tuition fees of up to €1,000 (\$1,350) per year, students and professors joined forces in mass demonstrations to oppose tuition fees altogether. The organized opposition to fees was successful and by early 2014 all of the states that had introduced tuition fees will have phased them out again.

In addition to eliminating tuition fees, the federal and state governments offer robust grants and tax credits to students, including €184/month (\$248) in *Kindergeld* for each firstborn child as long as they are in school until the age of 25; more money is available for each subsequent child. This funding is available both to university students and to the one half of young Germans who opt for vocational post-secondary training. According to the OECD, enrolment rates for 20–29 year-old full- and part-time students in public and private institutions in Germany have been on the rise, from 20% in 1995 to 32% in 2011. By comparison, Canada's 20–29 year-old student enrolment rate was 25% in 2011.

Finland is another country touted as an exemplary model of public education. For the most part, tuition is free in Finland for students in both parallel sectors of higher education: universities and polytechnic schools of applied sciences (*ammattikorkeakoulu*, or AMK). This is a direct result of the government's support of tertiary education. According to the OECD, 95.9% of all funds for Finnish post-secondary education institutions come from public sources, compared with 56% in Canada.

A variety of financial aid programs are also available to students in Finland to comprehensively assist with living and other expenses including a monthly means-based study grant, a housing supplement, and a meal subsidy. According to the OECD, 42% of 20–29 year-olds in Finland were enrolled in a post-secondary institution in 2011, compared with 25% for the same age range in Canada.

# Provincial Overviews

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## Provincial Fee Comparisons

Last year criticisms were raised about how Statistics Canada calculated average weighted tuition fees, suggesting that it minimized the steps Ontario<sup>18</sup> and Nova Scotia<sup>19</sup> had taken to make higher education more affordable for in-province students.

However, provincial governments are also responsible for their decisions to download the costs of higher education onto out-of-province, professional, graduate, and international students, and to what extent. For this reason, our estimates for combined tuition and other compulsory fees are based on Statistics Canada weighted projections for all Canadian undergraduate students, not just in-province students.

Often, provincial comparisons will focus exclusively on tuition fees; however, as transfer payments to universities are increasingly insufficient, institutions have implemented compulsory fees which students must also pay in addition to their tuition. Because this impacts the overall amount students owe, for the purposes of this report unless otherwise stated we use combined tuition and other compulsory fee projections in both provincial comparisons and the Cost of Learning Index.

**TABLE 2** Tuition and Compulsory Fees for Full Time Undergrads (\$Current)

	Canada	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
1990–91	\$1,464	\$1,344	\$1,874	\$1,941	\$1,925	\$904	\$1,680	\$1,512	\$1,545	\$1,286	\$1,808
2012–13	\$6,348	\$2,867	\$6,033	\$6,576	\$6,376	\$3,505	\$8,062	\$4,175	\$6,483	\$6,794	\$5,589
2013–14e	\$6,610	\$2,872	\$6,326	\$6,812	\$6,553	\$3,656	\$8,403	\$4,243	\$6,796	\$7,093	\$5,719
2016–17e	\$7,437	\$2,886	\$7,293	\$7,574	\$7,094	\$4,086	\$9,517	\$4,441	\$7,912	\$8,077	\$6,129

Source Statistics Canada TLAC and author's Calculations

**TABLE 3** Inflation Adjusted Tuition and Compulsory Fees for Full-Time Undergraduates (\$2011)

	Canada	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
1990–91	\$2,243	\$2,059	\$2,871	\$2,974	\$2,949	\$1,385	\$2,574	\$2,316	\$2,367	\$1,970	\$2,770
2012–13	\$6,254	\$2,825	\$5,944	\$6,479	\$6,282	\$3,453	\$7,943	\$4,113	\$6,387	\$6,693	\$5,506
2013–14e	\$6,438	\$2,797	\$6,161	\$6,635	\$6,382	\$3,561	\$8,185	\$4,132	\$6,619	\$6,908	\$5,570
2016–17e	\$6,842	\$2,655	\$6,710	\$6,969	\$6,527	\$3,759	\$8,756	\$4,086	\$7,280	\$7,431	\$5,639

Source Statistics Canada TLAC and author's Calculations

## Cost of Learning Index

The Cost of Learning Index looks at how much less (or more) affordable university will become over the course of a degree beginning this fall, for median income families and families at the poverty line. This year we have adjusted the Index to reflect policies implemented by provincial governments with respect to in-province students attending universities in their province of residence. This specifically impacts Nova Scotia, Ontario, Québec and Prince Edward Island.

The Cost of Learning Index for the median family takes tuition and ancillary fees in a given province and then adjusts for any increased earnings for the median family with children in that province (it does not include other forms of assistance, such as tax credits). So, if tuition and ancillary fees are increasing by 5% a year and median incomes of families with children are also going up 5% a year, the Index would neither rise nor fall. For the family right at the poverty line (the Low Income Cut-Off [LICO] \$29,996), incomes would only adjust for annual inflation.

For the purposes of this Index, the Canadian average in 1990 is fixed at 100, with the starting point for each province related to that 100 point. Prov-

**TABLE 4** Cost of Learning Median Family

	Canada	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
1990–91	100	110	145	148	152	67	105	114	118	84	114
2012–13	196	87	162	213	218	95	194	139	198	187	169
2013–14e	198	83	165	212	217	94	197	137	203	184	169
2016–17e	199	73	170	204	206	89	200	128	218	195	164

Source: Statistics Canada TLAC and author's Calculations

**TABLE 5** Cost of Learning Low Income Family

	Canada	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC
1990–91	100	92	128	133	131	62	115	103	106	88	123
2012–13	279	126	208	265	280	127	280	183	285	298	246
2013–14e	287	125	218	272	285	129	290	184	295	298	248
2016–17e	305	118	246	285	291	132	311	182	325	331	251

Source: Statistics Canada TLAC and author's Calculations

vincial “scores” for the two types of families cannot be compared between each Index; in other words, a lower provincial score on the LICO index does not mean it is cheaper for LICO families to attend university in that province than it is for median families — it is only more affordable relative to the Canadian 1990 average on that Index.

By establishing a baseline measurement for these two types of families in relation to tuition and other compulsory fees projecting forward to 2016–17, we can identify the degree to which affordability is expected to change based on provincial education funding policy and economic trends.

To be clear, the Index is not an attempt to pinpoint the “right” level of affordability. It provides an opportunity to better understand how incomes and tuition and other compulsory fees interact for median-income and low-income families and how this (and other trends) must be taken into consideration in any discussion about university affordability.

**TABLE 6** British Columbia Condensed Information

	Fees & Tuition	Fees & Tuition Inflation Adjusted (\$2011)	In Province Fees & Tuition (\$current)	Cost of Learning Rank (Median Family)	Cost of Learning Rank (Low-Income Family)
1990–91	\$1,808	\$2,770	NA	5	7
2012–13	\$5,589	\$5,506	NA	5	5
2013–14e	\$5,719	\$5,570	NA	5	5
2016–17e	\$6,129	\$5,639	NA	4	5

Source: Statistics Canada TLAC and author's Calculations

## British Columbia

British Columbia rolled back tuition fees 5% in 2000–01 and maintained them there for 2001–02, at which point fees in that province were the second-lowest in the country. The freeze was lifted in 2002–03 to substantial increases that within a year put fees in BC well above the national average. In 2005 the provincial government limited annual tuition fee increases to 2% (this does not include other compulsory fees), a policy that has been maintained. Currently, tuition and other compulsory fees put BC approximately at the Canadian average.

In February 2013 the provincial budget cut funding to the Ministry of Advanced Education, Innovation and Technology by \$46 million over the next three years, leaving universities to “find” savings in their current budgets.<sup>20</sup>

Average tuition and other compulsory fees in BC are projected to rise from \$5,719 in 2013–14 to \$6,129 in 2016–17 (a difference of \$410), although this results in an inflation-adjusted decline. Throughout this period BC maintains its position with the fourth least expensive fees in the country.

On the Cost of Learning Index for median income families, BC's score, in fifth position, is decreasing slightly, making it slightly more affordable for British Columbian families to send their kids to university in that province over the course of a four year degree. For families at the poverty line, BC is again the fifth most affordable, although it will become less affordable from 2013–14 to 2016–17.

### Student Debt Relief Highlights<sup>21</sup>

In 2004, British Columbia eliminated needs-based grants, replacing them with loans. The Repayment Assistance Program replaced BC interest relief. Loan reductions are available on an annual basis and are applied in the following year of study. The amount by which the loan is reduced is contin-

gent on the total program budget, the number of eligible students, and the size of the individual's student loan.

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## Alberta

Tuition fees in Alberta have remained consistently above average since the mid-90s, and this trend accelerated in 2003–04. After a freeze in 2004–05, new policy in 2006 stated that fees would rise with the Consumer Price Index (CPI) until 2016. However, in 2013 the government announced that they would “cover” the 2.15% increase for that year (for in-province and out-of-province students), effectively freezing tuition fees. However, concerns have been raised that this could result in a “double hike” in 2014–15.

The CPI-fixed cap is somewhat deceptive in that “market modifiers” can allow an institution (with government approval) to raise tuition at a higher rate for certain programs (such as business, for example). In practice this has meant that tuition rates have been growing at 3.9% over the past three years, far above either inflation or the approved increase value.

Tuition fees are not the only cost borne by students; compulsory fees in Alberta, which are unregulated, are by far the highest in the country, spiking in 2010–11 after government cuts resulted in universities implementing new fees to compensate for not being able to rely on tuition fee hikes. And with a further 7% reduction in university budgets in 2013–14 (after the universities were promised a 2% rise in government funding) it's anticipated that ancillary fees will continue to increase.

The cuts have led to course restructuring as well; the University of Alberta has announced it is suspending 20 arts programs and will accept 300 fewer science students for 2013–14;<sup>22</sup> the University of Calgary is seeking permission from the provincial government to cut 19 programs with “low enrolment” (these include music and applied physics), and has reduced the number of spaces in medicine and nursing.<sup>23</sup> Alberta currently has the lowest post-secondary education participation rate in Canada at 17.5%, compared to 23.8% nationally.<sup>24</sup>

Tuition and other compulsory fees in Alberta are the second highest in Canada and given the previous trend of substantially exceeding CPI in practice, they will be \$7,093 in 2013–14 and rise to a total of \$8,077 in 2016–17 (a difference of \$984), still second highest. Even with the government's promise to “cover” the planned tuition fee increase this year Alberta's fees are still second highest in the country. Due to the lack of clarity about how



**TABLE 7** Alberta Condensed Information

	Fees & Tuition	Fees & Tuition Inflation Adjusted (\$2011)	In Province Fees & Tuition (\$current)	Cost of Learning Rank (Median Family)	Cost of Learning Rank (Low-Income Family)
1990–91	\$1,286	\$1,970	NA	2	2
2012–13	\$6,794	\$6,693	NA	6	10
2013–14e	\$7,093	\$6,908	NA	6	10
2016–17e	\$8,077	\$7,431	NA	6	10

Source: Statistics Canada TLAC and author's Calculations

long the government top-up will last, we have not included it in subsequent years of in-province fees or the Cost of Learning indexes.

On the Cost of Learning Index for median income families, Alberta's continues to become less affordable over the next four years, although the province maintains its sixth place position on the Index from 2013–14 to 2016–17 (even with the government's decision to cover the scheduled increase). For families at the poverty line with a child beginning a degree in 2013–14, even accounting for the one-year government top-up Alberta is the least affordable province – and will remain in that position through 2016–17.

### Student Debt Relief Highlights

Alberta cancelled its Student Loan Relief (the last day to qualify was July 31, 2012) and replaced it with small sums for students who complete their program (Completion Grants, between \$1,000–2,000) as well as a number of other modest grants. The Retention Grant Program provides \$1,000 to graduates who work in “essential professions” in Alberta for three years.

## Saskatchewan

Saskatchewan's tuition fees jumped in 2000–01; this was particularly noticeable because at the same time other provinces were freezing and rolling fees back. Fees were lowered in 2006–07 and then frozen until 2010–11, after which the freeze was lifted and with tuition and other compulsory fees Saskatchewan found itself in the middle of the pack, nationally. In 2012–13, Saskatchewan posted the second highest fees in the country, and the highest increase in compulsory fees (17%).

In 2013 the provincial government announced tuition fee increases would be 4% (though this translates to a 4.4% increase at the University of Regina

**TABLE 8** Saskatchewan Condensed Information

	Fees & Tuition	Fees & Tuition Inflation Adjusted (\$2011)	In Province Fees & Tuition (\$current)	Cost of Learning Rank (Median Family)	Cost of Learning Rank (Low-Income Family)
1990–91	\$1,545	\$2,367	NA	7	5
2012–13	\$6,483	\$6,387	NA	8	9
2013–14e	\$6,796	\$6,619	NA	8	9
2016–17e	\$7,912	\$7,280	NA	10	9

Source: Statistics Canada TLAC and author's Calculations

and 4.8% at the University of Saskatchewan). And to compensate for less-than-expected provincial funding (a 2% increase, down from the trend of an annual 5.8% increase) announced in 2012, universities in Saskatchewan began making cuts to staff and arts and science programs in 2013.<sup>25,26</sup>

Saskatchewan's tuition and other compulsory fees were the fourth highest in the country in 2012–13, barely less expensive than Nova Scotia. With the current rates of increase, tuition and other compulsory fees are projected to reach \$6,796 this fall, rising to \$7,912 in 2016–17 (an increase of \$1,117), and the third most expensive in the country, just behind Alberta.

For median income families, Saskatchewan ranks eighth on the Cost of Learning Index, gradually becoming least affordable by 2016–17. For low-income families, Saskatchewan is second only to Alberta in unaffordability, and maintains that position behind Alberta while becoming increasingly more expensive for low-income families.

### Student Debt Relief Highlights

All assistance is provided first as a loan. Saskatchewan has a limited bursary program for some students, but money is only applied to the loan at the end of the study period. While the provincial and federal governments pay the interest on the student loans while the student is in school, there is no interest relief offered on loans, even during the six-month grace period after graduation. Although recently the interest rate on student loans was reduced to prime. Students are now allowed to earn as much as they want during the study period and own a vehicle – previously this was counted against the loan value for which they could qualify.

**TABLE 9** Manitoba Condensed Information

	Fees & Tuition	Fees & Tuition Inflation Adjusted (\$2011)	In Province Fees & Tuition (\$current)	Cost of Learning Rank (Median Family)	Cost of Learning Rank (Low-Income Family)
1990–91	\$1,512	\$2,316	NA	6	4
2012–13	\$4,175	\$4,113	NA	3	3
2013–14e	\$4,243	\$4,132	NA	3	3
2016–17e	\$4,441	\$4,086	NA	3	3

Source: Statistics Canada TLAC and author's Calculations

## Manitoba

Tuition and other compulsory fees in Manitoba were at the national average until the early 2000s when the provincial government implemented a 10% rollback and subsequent freeze, making fees in Manitoba the third lowest in the country. In 2011 the Protecting Affordability for University Students Act tied annual tuition increases for full-time, domestic undergraduate students to inflation, approximately 2% (1.6% in 2013–14). While it requires the government to create a funding projection for the next three years, there is nothing forcing the government to fulfill these funding commitments.<sup>27</sup> Case in point: this year, the provincial government halved its university funding increase from 5% to 2.5%.<sup>28</sup>

The 2% tuition fee cap is somewhat deceptive: universities in Manitoba can apply for exceptions to increase tuition above inflation for some programs (law school tuition fees at the University of Winnipeg, for example).

Further, ancillary fees (set by the institution) must be justified by the institution as “reasonable.” As such they have been increasing at roughly the rate of inflation. At the same time, new compulsory fees have been introduced over and above existing ones, resulting in a total increase at some universities much greater than the rate of inflation.

Manitoba’s tuition and other compulsory fees are estimated to reach \$4,243 in 2013–14, and then increase to \$4,441 in 2016–17 (a difference of \$198). Throughout this period, all fees in Manitoba remain the third least expensive — a consistent position since Newfoundland and Labrador implemented their rollback and subsequent fee freeze. It is of note that university presidents continue to be very vocal about the need to examine Manitoba’s lack of “alignment” with the rest of the country on tuition fees.<sup>29</sup>

On the Cost of Learning Index Manitoba maintains its ranking as third most affordable province between 2013–14 and 2016–17 for median income families, and its score on the Index declines as incomes are projected to increase above inflation. Manitoba also holds this third place position for families at the poverty line while maintaining its score over that same period.

### **Student Debt Relief Highlights**

In addition to some modest bursaries for low and middle-income students and students with dependents, there is a Manitoba bursary program designed to limit student debt levels; money is provided directly to the student's debt. However, the amount of money available changes annually according to how much is in the fund and the number of eligible students.

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## **Ontario**

Ontario's tuition fees rose rapidly throughout the 90s until they were second only to Nova Scotia. They were briefly frozen from 2004–06 and then continued to increase. Tuition fees in Ontario became the nation's most expensive in 2009–10, in part due to a rollback in Nova Scotia which took effect in 2007–08. In 2013, the Ontario government reduced the cap for tuition fee increases to 3%; they have committed to this until 2017–18.<sup>30</sup> However, Ontario undergraduate tuition has regularly broken through the previous 5% cap, hitting an average of 6.1% over the past three years, casting doubt on the veracity of the new 3% cap. Further, the cap only applies to undergraduate programs; tuition fees in other programs can and do continue to increase by as much as 8% annually.

In addition, Ministry guidelines prohibit students being charged “tuition-related” ancillary fees but concerns have been raised about institutions implementing fees that violate government policy.

In 2011–12, Ontario implemented a “30% Off Tuition Grant” which refunded \$1,600 of the cost of tuition to students who qualified (the base amount increases annually with inflation; it is set at \$1,730 in 2013–14). While the upfront grant does affect affordability, not all students qualify (for example, part-time students or students who have been out of high school for more than four years). And because it is not actually a direct reduction in tuition fees we have not factored it into the weighted averages.

For students attending university in Ontario, fees start in the most expensive position and stay there — in fact, frosh this year can anticipate total

**TABLE 10** Ontario Condensed Information

	Fees & Tuition	Fees & Tuition Inflation Adjusted (\$2011)	In Province Fees & Tuition (\$current)	Cost of Learning Rank (Median Family)	Cost of Learning Rank (Low-Income Family)
1990–91	\$1,680	\$2,574	NA	3	6
2012–13	\$8,062	\$7,943	\$6,382	7	8
2013–14e	\$8,403	\$8,185	\$6,673	7	8
2016–17e	\$9,517	\$8,756	\$7,570	7	8

Source: Statistics Canada TLAC and author's Calculations

fees of nearly \$10,000 by their fourth year. Ontario's tuition and other compulsory fees are estimated at \$8,403 for 2013–14, rising to \$9,517 in 2016–17 (a difference of \$1,113).

Because of the 30% Off Tuition Grant is available to most (though not all) Ontario undergraduate students from low- and median income families, we have incorporated it into the Cost of Learning Index. For median income families Ontario ranks seventh on the Index and maintains that position throughout a four-year degree, although Canada's largest province becomes slightly less affordable over that period. For low-income families, Ontario begins this fall as eighth least affordable province, and then becomes increasingly unaffordable while maintaining its eighth place position.

### Student Debt Relief Highlights

The “debt cap” for Ontario student loans is \$7,300 for a two-term year, and \$10,950 for a three-term year (for a total of \$29,200).

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## Québec

The 2012 student strike resulted in the fall of the provincial Liberals and a rollback of the fee increase mandated by then-Premier Jean Charest by PQ leader and incoming Premier Pauline Marois. After the 2013 Summit on Higher Education, the government decided to index tuition fee increases to the increases in household disposable income per capita in Québec (a proposal that was floated long before the actual Summit took place). As a result, following a one year freeze in 2012–13, tuition fees will increase by 2.6% for in-province undergraduate students for 2013–14.

Québec is one of the only provinces to regulate ancillary fees, which are not allowed to increase at a faster pace than tuition fees (although Québec's

**TABLE 11** Québec Condensed Information

	Fees & Tuition	Fees & Tuition Inflation Adjusted (\$2011)	In Province Fees & Tuition (\$current)	Cost of Learning Rank (Median Family)	Cost of Learning Rank (Low-Income Family)
1990–91	\$904	\$1,385	NA	1	1
2012–13	\$3,505	\$3,453	\$2,899	2	2
2013–14e	\$3,656	\$3,561	\$2,974	2	2
2016–17e	\$4,086	\$3,759	\$3,213	2	2

Source: Statistics Canada TLAC and author's Calculations

ancillary fees are currently some of the highest in the country). The average increase in ancillary fees will be 2.6% in 2013–14, but the increases are not uniform; the largest increases are seen in programs with the lowest fees.

Despite tying tuition increases to growth in household disposable income, the government implemented two further policy changes that negatively impact affordability: an increase to the additional fees charged to out-of-province domestic students by 8.68% from 2012–13 through 2015–16; and a reduction in the “tax credit for tuition or examination fees”. According to a June 2013 report from the *Ministre de l’Enseignement supérieur, de la Recherche, de la Science et de la Technologie*, students who filed income taxes in Québec prior to 2012–13 could claim a 20% rebate on their tuition fees: this was reduced in 2013–14 to 8%, and the government stated that this would be used to fund “more means-based financial aid”.

Québec’s average tuition and ancillary fees in 2012–13 were the second lowest in the country behind only Newfoundland and Labrador. They are projected to reach \$3,656 this fall, rising to \$4,086 in 2016–17, still the second lowest in Canada (for a total increase of \$430). It is interesting to note that even in-province Québec students no longer have the least expensive tuition and other compulsory fees in the country — that position was taken over by Newfoundland and Labrador in 2011–12. The difference between the two continues to grow as Québec’s fees are now allowed to rise at an annual average of 3%, and Newfoundland and Labrador’s fees remain effectively frozen.

Because of the lower in-province fees, median income families in Québec will enjoy the second most affordable universities in the country this fall, a position that is projected to be maintained through to 2016–17 as the provincial Cost of Learning score remains fairly constant. For low-income families, the annual scores are not as impressive. Nonetheless, Québec maintains its

position as second most affordable on the Index, bested by Newfoundland and Labrador, from 2013–14 to 2016–17.

### **Student Debt Relief Highlights**

Québec has a Deferred Payment Plan (DPP) for graduates who have difficulty making their monthly loan payments, where the government will exempt graduates from repaying student loans to their financial institutions for a renewable six-month period, and will pay the interest on the loan for that period. Major changes to the DPP have been announced for this fall.

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## **New Brunswick**

Tuition fees in New Brunswick have remained consistently above the national average since the early 1990s and have risen steadily ever since. After instituting a tuition freeze from 2007 to 2011, tuition was allowed to rise by \$200 in 2011–12, \$175 in 2012–13, and \$150 in 2013–14.

However, St. Thomas University is raising full-time domestic undergraduate tuition fees by \$434 for 2013–14, in spite of the cap;<sup>31</sup> it remains to be seen whether or not the provincial government will enforce its own policy. Ancillary fees are not regulated in the province; nevertheless, New Brunswick has the third lowest additional compulsory fees in the country, projected to be \$486 in 2013–14.

Average tuition and other compulsory fees in New Brunswick are projected to rise from \$6,553 in 2013–14, and continue to increase to \$7,094 in 2016–17 (a \$541 increase). Throughout this period, New Brunswick remains the most expensive Atlantic province for students who choose to study in their home province (as a result of tuition fee reduction schemes for in-province students in Nova Scotia and PEI).

For median income families in New Brunswick with a child attending university in that province, tuition and other compulsory fees make New Brunswick the least affordable on the Cost of Learning Index. By 2016–17, New Brunswick's score improves slightly to second place as Saskatchewan becomes even less affordable.

For low-income families, New Brunswick is the fourth least affordable province in 2013–14, and remains in that position through 2016–17.

**TABLE 12** New Brunswick Condensed Information

	Fees & Tuition	Fees & Tuition Inflation Adjusted (\$2011)	In Province Fees & Tuition (\$current)	Cost of Learning Rank (Median Family)	Cost of Learning Rank (Low-Income Family)
1990–91	\$1,925	\$2,949	NA	10	9
2012–13	\$6,376	\$6,282	NA	10	7
2013–14e	\$6,553	\$6,382	NA	10	7
2016–17e	\$7,094	\$6,527	NA	9	7

Source: Statistics Canada TLAC and author's Calculations

### Student Debt Relief Highlights

New Brunswick's Timely Completion Benefit implements a debt cap of \$26,000 for students who complete their education in the required period. The government also offers the New Brunswick Tuition Rebate, primarily aimed to attract and retain young professionals to New Brunswick, which allows individuals to claim up to \$4,000/year and a lifetime maximum of \$20,000 in recouped tuition payments through a New Brunswick income tax payment.

### Prince Edward Island

After a brief rollback in 2007–08 which allowed other provinces to “catch up,” PEI's tuition and other compulsory fees resumed climbing at an annual rate of approximately 4% since 2008–09<sup>32</sup> (this does not include the Doctor of Veterinary Medicine program which charges significantly more). Tuition fees are set on a year-by-year basis, with no long-term commitment.

Like other Maritime universities, UPEI is confronting declining enrollments. There has also been an increase in international students whose fees are significantly higher and have become a lucrative revenue stream for a number of universities. There is no provincial policy for ancillary fees which are also determined on a year-by-year basis.

To help stem the loss of domestic students, in 2008 the province established the George Coles Bursary<sup>33</sup> which is automatically available to domestic (first time) undergraduate students attending university in PEI. In 2012 it was increased by 10%: it allocates \$2,200 in the first year, \$400 for second year, \$600 for third year and \$2,000 in fourth. It does not impact the actual tuition fees charged in the province, but because it is automatically available to the vast majority of PEI students attending UPEI, we have included it in the Cost of Learning Index.



**TABLE 13** Prince Edward Island Condensed Information

	Fees & Tuition	Fees & Tuition Inflation Adjusted (\$2011)	In Province Fees & Tuition (\$current)	Cost of Learning Rank (Median Family)	Cost of Learning Rank (Low-Income Family)
1990–91	\$1,874	\$2,871	NA	8	8
2012–13	\$6,033	\$5,944	\$4,727	4	4
2013–14e	\$6,326	\$6,161	\$5,020	4	4
2016–17e	\$7,293	\$6,710	\$5,987	5	4

Source: Statistics Canada TLAC and author's Calculations

Tuition and other compulsory fees in PEI are estimated at \$6,326 in 2013–14. By 2016–17, however, they are projected to reach \$7,293 (a difference of \$967). It appears that, with the exception of Newfoundland and Labrador, the Atlantic provinces have been aligning their tuition and other compulsory fees for in-province students; the George Coles Bursary does that for PEI, though fees for out-of-province students continue to increase at a higher rate.

Because of the impact of the Bursary, median income Island families sending their kids to UPEI this fall will find it the fourth most affordable province, dropping to fifth place by 2016–17 as its unaffordability score gradually increases. Low-income Island families will also find PEI to be the fourth most affordable province, but the province's score increases quite dramatically over the course of a four year degree; however its rank does not change.

### Student Debt Relief Highlights

PEI maintains a zero-interest policy on student loans dating back to 2012.

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## Nova Scotia

Nova Scotia had the most expensive tuition rates in Canada from 1990 until 2009. Since 1989–90, university expenditures have increased 202%, while over roughly the same period tuition fees have risen 157% (since 1992–93) and enrolment increased 20%, meaning that students are paying the lion's share of the increase in university expenditure.

Like Québec, Nova Scotia charges lower tuition fees for in-province students through the Nova Scotia Students Bursary (a \$1,283 rebate, begun in 2010–11) compared to a \$261 rebate for domestic out-province students in 2013–14. This differential is partially motivated by Nova Scotian students choosing to study in Newfoundland and Labrador (where average under-

**TABLE 14** Nova Scotia Condensed Information

	Fees & Tuition	Fees & Tuition Inflation Adjusted (\$2011)	In Province Fees & Tuition (\$current)	Cost of Learning Rank (Median Family)	Cost of Learning Rank (Low-Income Family)
1990–91	\$1,941	\$2,974	NA	9	10
2012–13	\$6,576	\$6,479	\$6,042	9	6
2013–14e	\$6,812	\$6,635	\$6,258	9	6
2016–17e	\$7,574	\$6,969	\$6,955	8	6

Source: Statistics Canada TLAC and author's Calculations

graduate tuition fees are less than half of those in Nova Scotia) as well as its own shrinking population. A report released by Memorial University found that the number of students originally from Nova Scotia attending Memorial increased by 1,079% during the 2000s when the tuition fee rollbacks in Newfoundland and Labrador took full effect.<sup>34</sup>

To compensate for a shrinking student-age population and students increasingly drawn to Newfoundland and Labrador, Nova Scotia has been courting other student markets; international students represented 11.8% of the total student population in 2010–11, a 148% increase in 10 years. International students generally pay just over twice as much in tuition as domestic students (between \$8,290 and \$15,219 in 2012–13).

A Memorandum of Understanding (MOU) between the province and the universities capped annual tuition fee increases for full-time undergraduate students at 3% for 2012–13, 2013–14, and 2014–15. However, the MOU also called for a “Tuition Policy Review” in 2013–14 to determine whether the cap should be lifted for domestic out-of-province students. The cap also does not apply to medicine, dentistry, and law students, which explains why a higher 3.7% average increase in tuition fees was observed in Nova Scotia in 2012–13.

Despite the MOU, similar increases of more than 3% can be expected in the years ahead. Tuition and other compulsory fees in Nova Scotia climbed from \$6,575 in 2012–13, to \$6,812 in 2013–14, and are projected to reach \$7,574 in 2016–17 (a difference of \$762), the fourth most expensive province for tuition and other compulsory fees.

For median income Nova Scotian families with a child attending university, the implementation of the in-province bursary did result in an improvement in affordability, compared to the previous year. However, it is worth noting that even *with* this bursary, Nova Scotia is still the second least affordable province (topped only by New Brunswick) for median income fam-

ilies. Its score stabilizes throughout the subsequent four years, and it is eventually overtaken by Saskatchewan. For low-income families, Nova Scotia ranks sixth in affordability this fall and sixth by 2016–17, though unaffordability gradually increases as provincial incomes do not offset higher fees, even with the in-province bursary.

### **Student Debt Relief Highlights**

Nova Scotia's debt cap program began in 2011, with a maximum benefit of \$15,232 (the cap is set at \$28,560, and is not extended beyond four years). The province also provides smaller grants for students who qualify.

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## **Newfoundland and Labrador**

Tuition fees in Newfoundland and Labrador rose in tandem with the Canadian average in the 1990s; they were frozen in 1999–2000, and then were rolled back 25% from 2001–03. Since 2004 the provincial government has frozen tuition fees while most other provinces implemented fee increases. As a result, Newfoundland and Labrador now has the second lowest tuition fees (compared to Québec's in-province rates) in the country.

Until recently, the provincial government compensated for the tuition freeze with substantial funding increases for the province's two university campuses. However, the government has slashed the budget of the College of the North Atlantic for 2013–14 and has announced that there will be a funding review of Memorial University this year. The Adult Basic Education program has also been privatized.<sup>35</sup>

For students attending university in Newfoundland and Labrador, tuition fees combined with projected ancillary fees ensure that Newfoundland and Labrador has the lowest costs of attending post-secondary education in Canada — even lower than in-province students in Québec. Assuming current trends continue, tuition and other compulsory fees will go from \$2,872 in 2013–14, to \$2,886 in 2016–17 (a difference of \$14). In inflation-adjusted terms, this results in a real decline in fees over the next four years.

On the Cost of Learning Index for median income families in Newfoundland and Labrador, government policy and relatively robust economic growth make this the most affordable province in which to pursue a university degree, growing increasingly more affordable through 2016–17 (almost three times more affordable than the Canadian average). For low-income families, the trend continues: Newfoundland and Labrador squeaked past Québec

**TABLE 15** Newfoundland and Labrador Condensed Information

	Fees & Tuition	Fees & Tuition Inflation Adjusted (\$2011)	In Province Fees & Tuition (\$current)	Cost of Learning Rank (Median Family)	Cost of Learning Rank (Low-Income Family)
1990–91	\$1,344	\$2,059	NA	4	3
2012–13	\$2,867	\$2,825	NA	1	1
2013–14e	\$2,872	\$2,797	NA	1	1
2016–17e	\$2,886	\$2,655	NA	1	1

Source: Statistics Canada TLAC and author's Calculations

in 2011–12 to become the most affordable province for those living at the poverty line, continuing to become slightly more affordable through 2016–17 (over two and half times more affordable than the Canadian average).

### **Student Debt Relief Highlights**

Newfoundland and Labrador has one of the most robust grants program in the country, and the government has promised to replace provincial student loans with a needs-based grant by 2015; however, there has been no movement on this commitment.

# Conclusion

WHILE TUITION FEES are continuing to increase, it is clear that growing public concern over debt loads, coupled with broader economic and employment uncertainty and the long-term ramifications on students and their families, has had some impact on government policy. It has not resulted in across the board fee reductions; provincial governments have largely preferred to go the route of directed assistance measures (either before or after-the-fact) targeted to in-province students as part of a retention strategy, and to mitigate the poor optics of students being priced out of their local universities.

There is no doubt that this has, to some extent, improved the Cost of Learning, at least on an in-province basis through two-tiered tuition fees (Québec<sup>36</sup> and Nova Scotia), or targeted grants or bursaries (Ontario and PEI), although not so much for low-income families. With the exception of Newfoundland and Labrador, the focus is less on a universal commitment to affordability through low fees; in the vast majority of cases, the focus seems to be more on retention than on accessibility or affordability.

In other words, in setting fee structures, provinces have replaced a commitment to affordability with a commitment to predictability – at least, for those provinces who have made public announcements about long-term tuition fee increases.

This speaks to a system marked by increasing complexity and provincial variance; one that is much less reliable for students and their families who are attempting to budget and account for costs over the duration of a

degree. While governments (some more than others) have been open about projected fee increases and policies, there is no such guarantee that any of the domestically-focused fee-reduction schemes will be maintained. And, as with previous programs, they can be changed or eliminated altogether with little notice to students who depend on them (such as in Ontario where several student grants were rolled into the 30% Off Tuition Grant).

Furthermore, in-province student-focused financial policies encourage insularity, at a time when students could be exploring educational and geographic opportunities previously unavailable to them, simply by pricing opportunity out of reach for all but the wealthiest students. This directly threatens the notion of universality.

There are, without a doubt, significant sums of public money being put towards post-secondary education. But as public funding is replaced by tuition fees, the financing of the system becomes increasingly regressive because the cost burden is disproportionately shifted from high-income families to everyone else.

Additionally, tax credits, while a form of student assistance, do nothing to reduce the expenses students must pay up-front. And because they are inherently dependent on the income and employment of the student post-graduation, maximizing their benefits can take years. Like other forms of after-the-fact assistance implemented by a number of the provinces, this would be much more effective and immediate applied to the up-front costs in the form of a significant fee reduction. Up-front funding also makes the system much more predictable for students to plan ahead, and much easier to navigate because the commitment is universal; it is not dependent on family income, place of residence, area of study, or ability to navigate government websites.

Clearly, public pressure and growing awareness of the economic, social and employment issues facing students after graduation has made an impact on some provincial governments. However, with few exceptions, the responses have been muted; instead of a universal commitment to affordability these fiscal measures seem more about short-term retention strategies and optics management. As a result, we are moving towards a system that, in becoming less progressive as funding sources shift from the public to the individual, is also increasingly divisive, shaped by exceptions, application forms, and qualifiers.

# Notes

- 1 CAUT *Almanac of Post-secondary education in Canada*. 2012–13
- 2 CAUT *Almanac of Post-secondary education in Canada*. 2012–13
- 3 CAUT Bulletin. “Debt ceiling to increase.” [http://www.cautbulletin.ca/en\\_article.asp?articleid=3405](http://www.cautbulletin.ca/en_article.asp?articleid=3405)
- 4 “Canadian parents delaying retirement to pay for kids education: poll.” Canadian Press. August 22, 2013. (<http://ca.finance.yahoo.com/news/cibc-poll-parents-delaying-retirement-pay-kids-education-080508535.html>)
- 5 It bears mentioning, however, that this estimate is provided by Knowledge First Financial, an RESP provider.
- 6 Dale Jackson, “Student Debt: A hard lesson in higher education.” *Pay Day*. July 4, 2013. (<http://ca.finance.yahoo.com/blogs/pay-day-/student-debt-hard-lesson-higher-education-162646253.html>)
- 7 2013 BMO Student Survey: Canadian Students Relying Less on Family to Finance Higher Education. August 13, 2013
- 8 (<http://www.statcan.gc.ca/pub/81-595-m/2009074/debts-dettes-eng.htm>)
- 9 David Macdonald and Erika Shaker, *Eduflation and the High Cost of Learning*. September 2012, CCPA and: May Long. *Perspectives*. “The financial impact of student loans,” Statistics Canada. January 2010
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**32** “UPEI tuition up 4%, no word on faculty cuts.” CBC News. May 10, 2013. (<http://www.cbc.ca/news/canada/prince-edward-island/story/2013/05/10/pei-upei-tuition-increase-584.html>)

**33** PEI offers a rebate program for in-province students called the George Coles Bursary. Unlike other provinces, the amount of the rebate varies by year. To provide an average in-province undergraduate fee, a weighted average of the four possible bursary values is used (reflecting the four years of a standard undergraduate program). However, with each successive year, some students will drop out yearly. There will be fewer students in fourth year compared to first year, meaning that an even weighting will not correctly represent the rebate value. Instead the weighting of the bursary values is made based on a 10% annual drop-out assumption.

**34** “Fairness in Nova Scotia University Funding: Who pays and how much?” StudentsNS. May 16, 2013. (<http://studentsns.ca/wp-content/uploads/2013/05/SNS-Funding-Report-Final-For-Distribution.pdf>)

**35** Canadian Federation of Students-Newfoundland and Labrador. Budget 2013. Submission to the Department of Finance. <http://www.cfs-nl.ca/wp-content/uploads/2013/03/Pre-Budget-Submission-2013.pdf>

**36** Québec has had a differentiated fee structure since 1997, but its weighted tuition fee averages have remained comparatively low (until quite recently the lowest in the country, although not where ancillary fees are concerned). However, the recent decision to allow fees to increase by 3% has resulted in a noticeable increase in the provincial score on the Cost of Learning Index for LICO families.



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