



# **Making Post-Secondary Education More Affordable for British Columbians**

SUBMISSION TO THE SELECT STANDING COMMITTEE ON  
FINANCE AND GOVERNMENT SERVICES

BRITISH COLUMBIA FEDERATION OF STUDENTS

2019 BC BUDGET CONSULTATION

## **BRITISH COLUMBIA FEDERATION OF STUDENTS**

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### **Member Students' Unions**

University of British Columbia Students' Union Okanagan

Camosun College Student Society

Coast Mountain College Students' Union

Douglas Students' Union

Emily Carr Students' Union

College of New Caledonia Students' Union

University of Northern British Columbia Graduate Students' Society

North Island Students' Union

Okanagan College Students' Union

Selkirk College Students' Union

Thompson Rivers University Students' Union

Students' Union of Vancouver Community College

Vancouver Island University Students' Union

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# INTRODUCTION

In July 2017, with the change of the government and release of Ministerial mandate letters, the current government made three key commitments to British Columbians to guide its vision for a better BC. Post-secondary education and training is a natural fit in a conversation about investing in the betterment of BC; it is an integral component of BC's economic framework and amongst the most important social programs provided by the BC government. Making post-secondary education affordable and accessible to all falls directly in line with the three key commitments the current government has made to British Columbians:

**1. To make life more affordable for British Columbians.**

Indeed, too many families were left behind when the previous government cut funding to post-secondary institutions for 16 years. British Columbians are counting on this government to do its part to make post-secondary education affordable and accessible to all.

Demand for post-secondary education has increased over the past several decades, but unfortunately funding has failed to keep pace. Public funding shortfalls have been downloaded to students and their families in the form of increased tuition fees and ancillary fees. From 1990 to 2017, tuition fees across the country increased on average by more than 349%<sup>1</sup>. In BC, average tuition fees for an undergraduate education in 1990 were \$1,808 compared with \$5,635 in 2017—an increase of 212%<sup>2</sup>. The government can keep its commitment to British Columbians by making post-secondary education more affordable.

**2. To deliver services that people count on.**

British Columbians count on their government to ensure that all students get access to the quality public education they need to succeed. Quality public education affects the lives of British Columbians every day. It is a basic requirement necessary to participate and succeed in today's labour market, and essential in order to participate fully in society.

A robust and accessible system of quality post-secondary education is key for British Columbia to remain competitive and innovative into the future. Continual cuts to education funding, coupled with unmanageable cost increases, threaten the province's ability to provide the education and training needed for BC to prosper. The government can keep its commitment by increasing funding to post-secondary education to ensure quality post-secondary education for British Columbians.

**3. To build a strong, sustainable, innovative economy that works for everyone, not just the wealthy and the well-connected.**

To fulfill this commitment, post-secondary education is key. By focusing Budget 2019 on affordable and accessible post-secondary education this government can tackle poverty and inequality, contribute to good-paying jobs in every corner of the province, and ensure people from every background have the opportunity to reach their full potential.

Education is a fundamental component of achieving these three commitments. The recommendations put forward in this document describe ways in which the BC government can follow through on its three key commitments and the key priority mandated to the Minister of Advanced Education, Skills and Training: to reduce the financial burden on students.

### **SUMMARY OF RECOMMENDATIONS**

The British Columbia Federation of Students represents over 130,000 college and university students from across all regions of the province, and the recommendations herein are representative of the current priorities of those students, as brought forward by their respective students' unions and societies.

Our recommendations would create more access to financial assistance for low- and middle-income citizens, restore necessary funding to colleges and universities, and reduce financial barriers to education for all learners. Our recommendations are as follows:

#### **Student Financial Assistance**

- fulfill Minister Mark's mandate to eliminate interest on all BC student loans; and
- increase in non-repayable student financial assistance options for students from low- and middle-income backgrounds through the creation of a comprehensive up-front, needs-based grants program.

#### **Institutional Fees and Funding**

- increase base funding to colleges and universities by at least \$200 million starting in the 2019-20 year;
- increase targeted funding to trades and vocational training, and reform the Industry Training Authority's governance to include a greater diversity of educators, students and representatives of small- and medium-sized business;
- reduce tuition fees at public colleges, institutes and universities to lessen the financial burden on students and their families; and
- strengthen the existing Tuition Fee Limit Policy to ensure that institutions are not increasing fees beyond the prescribed limits in the form of new ancillary fees.

#### **Open Education Resources**

- invest \$5 million in one-time funding to BCcampus to facilitate the creation and expansion of open education resources.

# STUDENT FINANCIAL AID

## **INTEREST ON STUDENT LOANS: A TAX ON THE POOR**

Student loans are an important component of Canada's student financial aid system and enable young people and workers from low- and middle-income backgrounds to access the education they need to start a new career and support a family. As education costs have increased far beyond inflation and as real incomes have declined<sup>3</sup>, more and more students require financial assistance, and student debt has ballooned to now historic highs.

In 2013, a Bank of Montreal Student Survey estimated the average public student debt for a four-year program in BC to be \$34,866<sup>4</sup>. According to the Canadian University Survey Consortium Graduating University Student Survey from 2018, one in two students graduate university in debt, nearly 65% of those in debt owe \$20,000 or more upon graduation, and students required over \$17,000 of financing for one year of university education<sup>5</sup>. It is important to note that these numbers, while alarming, understate the actual amount of student debt in BC because they fail to account for debt held by those who are unable to complete their studies, for private debt, and for debt incurred during upgrading and post-graduate education<sup>6</sup>.

### **Interest Charges Add Thousands to Student Debt and Create a Two-Tiered System**

Following graduation, student loan borrowers pay interest on their public student loans at a rate of prime—currently 3.6%. Under these terms, interest charged on a student loan of \$25,000 adds an additional \$7,400 during a 10-year repayment. Those with \$40,000 of debt upon graduation could expect to pay an additional \$11,900 in interest<sup>7</sup>.

Students and families with the fewest financial resources have to borrow the most for post-secondary education. As a result, these same students end up graduating with higher debt levels, end up paying more in interest payments, and ultimately pay more for the same education than those who can afford to pay up-front. For these and other reasons, four provinces have already eliminated interest on student loans: Manitoba, Newfoundland and Labrador, Prince Edward Island, and Nova Scotia. Almost half of the provinces have eliminated interest on student loans, moving towards a more equal and accessible model of student aid—it's time for BC to catch up.

Recent polling shows that the public agrees—68% of British Columbians want to see the government follow through on their commitment to remove interest on student loans as part of the 2019 budget or sooner<sup>8</sup>.

## **GOVERNMENT STUDENT DEBT KEEPING STUDENTS FROM CONTRIBUTING FULLY TO THE ECONOMY**

Student debt is affecting recent graduates now more than ever before. A recent RBC report shows the depth of this impact on graduates' contribution to the economy in terms of delaying major life choices. Amongst recent university graduates, over 50% report not saving enough for emergencies, 45% are

delaying a home purchase, 25% delay having children and 20% report delaying marriage<sup>9</sup>. These changes mean that student debt is shrinking the economy. Eliminating interest on student loans will help grow the economy by putting money back in the pockets of students as they join the work force, which can then be spent on goods and services. By stopping student debt from growing after graduation, the government will help new graduates contribute to the economy instead of withdrawing from it.

### **GRANTS, NOT LOANS**

In 2004, the BC Student Grants program was replaced with a patchwork of inferior forms of aid, including programs tied to post-graduation residence, or offering limited and retroactive grant funding. Such measures, like the Repayment Assistance Program, assist some students with their debt once it is already incurred, but do nothing to reduce the need to borrow in the first place. Up-front grants relieve financial pressures that students face while in study, and enable students to focus on being successful in their classes rather than worrying about next semester's tuition fee payment. Further, the assurance provided by up-front, needs based grants addresses debt aversion, a factor that limits those from low- and middle-income backgrounds from enrolling in the first place.

In 2017 Ontario, which has the highest tuition fees in Canada, created an up-front grants program for students from low-income families that fully covered tuition fees<sup>10</sup>. This up-front grants system was afforded by cutting the province's ineffective tax credits—saving the province \$145 million—to provide up-front grants to one third of the student population<sup>11</sup>.

By comparison, BC is the only province that offers neither up-front grants, nor forgivable loans. BC offers a series of boutique grants and repayment assistance programs that are available to small pockets of the population. Though BC is perhaps

not ready to lead innovations in student financial assistance, it certainly has the means to improve its offering.

Recent public opinion polling shows that the public agrees—68% of British Columbians support or strongly support the idea of a needs-based, upfront grant system of financial aid for BC students<sup>12</sup>.

### **Investments in Financial Aid for Students Net a Clear Return for Government**

Education is an investment for the learner and for society. The economic return is realized in many ways. For example, in 2012 British Columbians with university education paid between \$80,300 and \$140,000 more in income taxes, and required between \$15,400 and \$18,100 less in government aid throughout their lifetimes<sup>13</sup>. Across Canada, those with a university degree earn 63% more than those with a high school diploma, have lower unemployment rates, and are less impacted during recessions compared to the rest of the working population<sup>14</sup>.

The government will see a clear financial return by investing in programs that assist students from low- and middle-income families. To sustain and grow the economy, BC must have systems in place to ensure that those without the necessary resources can get the help they need to complete a post-secondary program.

### **RECOMMENDATIONS**

The British Columbia Federation of Students recommends that the BC government:

- fulfill Minister Mark's mandate to eliminate interest on all BC student loans; and
- increase non-repayable student financial assistance options for student from low- and middle-income backgrounds through the creation of an up-front, needs-based grants program.

# FUNDING FOR COLLEGES AND UNIVERSITIES

A review of per-student funding in BC tells a concerning story about the provincial government's commitment to strengthening universities and colleges.

Despite its stated goal of creating a world-class system of post-secondary education, the previous British Columbia government was remiss in its obligations to adequately fund post-secondary institutions, leaving them scrambling to make up for annual shortfalls with cost-recovery programming and ancillary fees.

The proportion of public funding to BC colleges and universities has dropped to near 50% of total operating costs, down from more than 80% in the 1980s and more than 90% in the 1970s<sup>15</sup>. This constitutes a massive divestment in public education for the current generation of young people compared to the support provided to those who attended college and university in past decades.

## **UNDER-FUNDING CAUSES ENROLMENT DECLINES**

The effects of underfunding were vastly expanded by the austerity measures implemented by the BC government in the wake of the 2008 market collapse and subsequent recession. Years of frozen institutional operating grants, coupled with millions of dollars of base funding rollbacks, has left BC's colleges and universities saddled with program cuts, increasing wait lists for programs and courses, deteriorating equipment, and antiquating facilities. Such deep cuts in funding erode quality, and eventually undermine enrolment.

An examination of the enrolment patterns in British Columbia indicates that the once steady trend of annual increases in student numbers is beginning to falter<sup>16</sup>. Between 2007-08 and 2011-12, enrolment grew by 13% in BC. However, between 2011-12 and 2013-14, enrolment growth dropped to less than 2%, and in fact declined between the 2012-13 and 2016-17 years<sup>17</sup>. During these years, BC experienced a 4.3% increase in the number of youth aged 18 to 24, suggesting that enrolment should have increased, rather than decreased<sup>18</sup>.

Given the vast negative effects of frozen and reduced institutional funding, investments in BC's colleges and universities should be a high priority for the provincial government.

## **FUNDING FOR TRADES EDUCATION**

In recent years, trades education in BC has focused on providing modular training to meet short-term needs identified by industry. This, coupled with record-high cost of post-secondary education and funding cuts to colleges and universities, undermines efforts to solve long-term skills shortages. This modularization of trades education is a result of the nature of trades education governance, and the over-representation of large employers from a small number of industries, and corresponding under-representation of trades people, educators, and small- and medium-sized business leaders.

One of the keys to maintaining trades education that works for students, educators, and employers is to ensure that programs remain comprehensive and able to address broad, universal labour market needs. Increased numbers of broadly trained trades people will enable BC's labour market to be more nimble, flexible and responsive. Such a strategy will also help ensure that trades people get the up-front training necessary to evolve with the economy, and avoid cyclical unemployment and retraining periods that organically arise from a modular, skills-focused approach to trades and vocational training.

### **STRONGER FEE REGULATION NEEDED**

The lack of sufficient government funding has incentivised institutions to increase user fees—both tuition fees and ancillary fees. Tuition fees in BC have more than doubled since 2001, outpacing inflation by every possible measure. Over the course of this period, the cost of obtaining a degree has increased by \$12,000 in tuition fees alone<sup>19</sup>. Add to those costs a multitude of new ancillary fees, housing cost inflation, rapidly inflating transportation costs and other increased living costs, and it is easy to see why so many students are struggling. Compounding the squeeze on students and their families is the fact that wages have remained stagnant, and student financial assistance has not kept pace with need.

Students recognize the benefit provided by the Tuition Fee Limit Policy that has been in place since 2005, and the moderating effect it has played on fee inflation since its implementation. However, this policy followed on the heels of dramatic fee increases that saw British Columbia fall from second lowest tuition fees in Canada, to fifth highest in just a few years. Further, the policy has not prevented many institutions from implementing hundreds of dollars in new ancillary fees for costs previously included as part of students' tuition fees, for example at

both Vancouver Island University<sup>20</sup> and North Island College<sup>21</sup> in the 2016-17 year. These new ancillary fees—which at VIU will total almost \$1 million in fees annually—are simply tuition fee increases by a different name, and constitute an all-too-easy means to circumvent the principles of the BC government's policy on tuition fee increases.

### **RECOMMENDATIONS**

The British Columbia Federation of Students recommends that the BC government:

- increase base funding to college and universities by at least \$200 million for the 2019-20 academic year;
- increase targeted funding to trades and vocational training, and reform the Industry Training Authority's Governance to include a greater diversity of educators, students, and representatives of small- and medium-sized business;
- reduce tuition fees at public colleges, institutes and universities to lessen the financial burden on students and their families; and
- strengthen the Tuition Fee Limit Policy to ensure that institutions are not able to circumvent the rules by creating or re-naming courses or programs and proclaiming them new, or by implementing new ancillary fees.

# OPEN EDUCATION RESOURCES

The high cost of textbooks has become a serious obstacle to accessing post-secondary education in British Columbia. Textbook prices rose by 82% between 2002 and 2012<sup>22</sup>, and now typically cost more than \$200 per book. For the many students and families who are already struggling to afford tuition fees and the cost of living, this unpredictable expense can be a huge burden. Many students end up taking on additional loans, or credit card debt, or working longer hours just to pay for their books. Others compromise their educational experience by opting not to buy books at all, thereby short-changing their academic goals.

There is a solution to this problem. Open Education Resources (OERs), in particular those in the form of open textbooks, are high-quality resources that are available in digital formats for free or for a very low cost in print. OERs can ease the burden of expensive textbook costs and be made available in formats that are accessible to people with disabilities and those who do not have reliable access to the Internet.

The BC government has already identified OERs as a solution to the textbook dilemma, and empowered BCcampus to oversee implementation province-wide. BCcampus has saved students approximately \$9 million collectively since beginning this initiative in 2012. An infusion of funding would allow the agency to:

- create and adapt open textbooks that reflect and serve the diverse needs and contexts of students and educators in BC;
- develop sustainable systems to maintain these open textbooks;
- create open education resources that are usable by all students, including those with physical and/or learning disabilities; and
- create and adapt required ancillary resources such as assignments and quizzes, to support open textbooks.

Students have put their money where their mouth is: at our July 2018 general meeting, student representatives from our 13 member students' unions voted unanimously to donate \$30,000 to BCcampus for the expansion of OERs<sup>23</sup>. This money will cover the cost of the creation of one brand new textbook and the cost of updating to at least three additional textbooks.

## RECOMMENDATION

The British Columbia Federation of Students recommends that the BC government:

- implement a one-time funding increase to BCcampus in the amount of \$5 million for the production and enhancement of open education resources.

# CONCLUSION

In the 2017 mandate letters, the BC government made three key commitments to the people of BC: to make BC more affordable, to deliver services people count on, and to build a strong, innovative economy that works for everyone. All three commitments can be met through investment and improvement to the BC public post-secondary system.

Post-secondary education and training is an integral component of BC's economy, and access to it has been jeopardized over the last decade due to funding shortfalls and increased up-front financial costs. Students in BC and across Canada are now graduating with unprecedented debt loads, higher than any generation before, and the impact of this crushing debt on the economic prosperity of the province is yet to be fully felt.

At the same time, meaningful participation in the economy is no longer possible with only a high school diploma, and the effects of an educated workforce on creating an engaged society and skilled workforce cannot be understated.

Leadership is crucial in order for BC to remain competitive. Not only must the provincial government ensure the availability of a skilled workforce able to fill expected skills shortages, but it must also make the necessary investments in education to spark new economies based on knowledge and creation that will diversify and expand BC's growth into the future.

# ENDNOTES

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