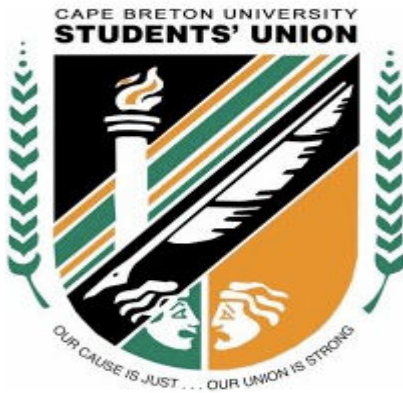




SMART PLANNING FOR A SMARTER TOMORROW

A report by the Alliance of Nova Scotia Student Associations





The Alliance of Nova Scotia Student Associations (ANSSA) is a non-partisan, not-for-profit organization representing over 35,000 students at five post-secondary institutions across the Province of Nova Scotia. ANSSA's mandate focuses exclusively on post-secondary education, and is committed to advocating for a high quality system that is accessible and affordable to every qualified student.

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St. Francis Xavier University Students' Union

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INTRODUCTION

The next year will be a landmark one for Nova Scotia's new government in terms of direction on post-secondary education policy and funding. Over the next twelve months the government will be faced with important decisions that will affect the lives of families and students in Nova Scotia related to the affordability and accessibility of post-secondary education. As the Memorandum of Understanding that has secured funding for the universities over the past three years is about to expire, the government has the opportunity to define itself on the issue of post-secondary education and make progressive funding decisions.

Over the past three years students and their families have benefited from the security of an across the board tuition freeze and a scheduled tuition reduction plan that enabled them and their families to plan for their financial future. Students beginning a university degree this fall have no such security. The government has thus far been silent on fee regulation, future university funding intentions, and the tuition reduction plan that expires at the end of the 2010-2011 academic year. This leaves students and their families with few assurances of the affordability of post-secondary education in the coming years.

This document first outlines the importance of a well-funded university system and student financial assistance program. We discuss the negative effects student debt has on graduates and the province. We explain the need for a continued tuition freeze and concrete steps that the provincial government can take to ensure greater accessibility to post-secondary education through the use of targeted needs based grants.

POST-SECONDARY EDUCATION MATTERS

Access to a quality post-secondary education is critical to the success of Nova Scotia's citizens and our prosperity as a province. The universities in Nova Scotia are our best recruitment tools. Over fourteen thousand students in Nova Scotia came from outside the province in 2008¹. Higher levels of parental education are associated with lower teen pregnancy levels, lower levels of child abuse and neglect and reduced crime among youth. Individuals with higher levels of education are less of a strain on the health care system, and are better able to use their knowledge to improve their own health². Societies with higher levels of education boast greater civic engagement levels³. Studies from the United States also suggest that increases in educational attainment reduce

¹ MPHEC (2008). Update of selected figures and tables from surveying the enrollment landscape. Retrieved from <http://www.mphec.ca/resources/TrendsSurveyingUpdten.pdf>

² Berger, J., Motte, A. and Parkin, A. (2009). The price of knowledge: access and student finance in Canada. Montreal: Canadian Millennium Scholarship Foundation.

³ Ibid.

incarceration rates, arrests and self reported crime⁴. Universities also have an effect on communities that Ridder calls “knowledge spillovers” whereby more-educated individuals raise the productivity and of their colleagues and acquaintances by implementing and sharing what they’ve learned in their lives⁵.

Most importantly, perhaps, accessible post secondary education will be so very necessary in the knowledge-driven economy of the future. According to the 2006 Ten Year Outlook for the Canadian Labour Market published by Human Resources and Skills Development Canada, “The fastest labour force growth will take place in occupations usually requiring university education.”⁶ It is expected that more than two thirds (69.3%) of jobs created during this period will require a post-secondary credential⁷.

Beyond the overwhelmingly positive effect that universities have on the individual, they are also centers for innovation and cutting edge research. Universities are where knowledge is uncovered and “created”. Research on issues including health care, ocean management, technological innovation, environmental sustainability and social policies inevitably benefit the public in the long run.

With this in mind, our government must work not only to cultivate the skilled workforce needed to fill the pending void in labour⁸, but also work to keep that skilled workforce here in Nova Scotia. Doing so will allow the province to fully realize the positive investments in our young citizens throughout their lifetimes. One of the major impediments for many young scholars considering a post-secondary education is the fear of debt.

WHAT’S SO BAD ABOUT DEBT?

Students in Nova Scotia face one of the highest debt loads in Canada upon graduation. According to the Canadian Millennium Scholarship Foundation, in 2009 64% of graduates in Nova Scotia had accumulated an average of \$30,128 in debt upon graduation from an undergraduate degree⁹. In Nova Scotia, an undergraduate student in a four-year program can accumulate up to \$16, 640 in provincial student loans, in addition to the nearly thirty thousand dollars they can accumulate from the Canada Student Loans Program¹⁰. In total, a student of highest need will graduate owing a

⁴ Ibid.

⁵ Riddell, W. Craig. (2006). *The Impact of Education on Economic and Social Outcomes: An Overview of Recent Advances in Economics*. Ottawa: Canadian Policy Research Networks.

⁶ Lapointe, M., Dunn, K., Tremblay-Cote, N., Bergeron, L.P., Ignaczak, L. (2006). *Looking-Ahead: A 10-year outlook for the labour market (2006-2015)*. Retrieved from http://www.hrsdc.gc.ca/eng/publications_resources/research/categories/labour_market_e/sp_615_10_06/page06.shtml#level

⁷ Ibid.

⁸ McNiven, J.D., and Foster, M. (2009). *The developing workforce problem: Canadian labour shortages in the coming decades*. Retrieved from <http://www.aims.ca/library/WorkforceProblem.pdf>

⁹ Berger, J., Motte, A. and Parkin, A. (2009). *The price of knowledge: access and student finance in Canada*. Montreal: Canadian Millennium Scholarship Foundation.

¹⁰ Byron, K. Personal Communication. Nova Scotia Department of Education.

principal amount of \$45, 780, which will ultimately grow once interest begins accruing or if the student takes a longer than average time to complete their degree.

Debt isn't only detrimental to the student, as we discuss later; it's also detrimental to the province. We need young graduates to put down roots in Nova Scotia - to pay taxes and to fill the expected demand created by a shrinking workforce. However, the results of the Canadian Student Survey have shown that Canadian students with high debt are 20% more likely to leave their province of study following graduation¹¹. Additionally, the survey also indicates that students studying in Nova Scotia, New Brunswick and Prince Edward Island were also the least likely to remain in their province of study following graduation. This is likely due to the larger-than-average debt loads encountered by students in the Maritime Provinces.

For debt-burdened students who choose to stay in the Maritime Provinces, their economic freedom is limited. A recent report by Statistics Canada revealed that students who borrow to fund their post-secondary education are less likely to own a home, and are also less likely to have savings or investments¹². It appears that students with debt are less willing to take financial risks in general. Some of these risks might include starting a small business or taking a chance on investing in a local venture capital markets. Knowing that 64% of students in Nova Scotia graduate with an average of over thirty thousand dollars in debt, these trends are concerning. For Nova Scotia's economic success we need to cultivate young entrepreneurs, skilled labourers, innovators and risk-takers who are not only willing to stay, but are also willing to support local business and invest in our communities.

Nova Scotia needs to ease the overwhelming debt burden we currently place on so many of our young students by providing more up-front, non-repayable grants to high need and low income Nova Scotians.

UNIVERSITY EDUCATION IS AFFORDABLE, RIGHT? AT LEAST IT PAYS OFF IN THE END?

For 19 of the past 21 years, students in Nova Scotia have paid the highest tuition fees in the country. Recently, however, we have seen some relief. For students and families who can't afford the costs of a university education, higher tuition means more debt. We've already noted that high debt isn't benefiting students or our province in the long run. Additionally, in Nova Scotia we have one of the worst funded university systems in Canada. Indeed, in Nova Scotia tuition fees account for a larger proportion of operating

¹¹ Canadian Student Survey (2010). Next Steps: Upper year Canadian PSE students' future plans and debt. Retrieved from <http://anssa.ca/files/CSS%20-%20Report%202.pdf>

¹² Luong, M. (2010). The Financial Impact of Student Loans. Retrieved from <http://www.statcan.gc.ca/pub/75-001-x/2010101/article/11073-eng.htm>

revenue when compared to government grants than anywhere else in Canada¹³. The full effect of high tuition at Nova Scotia universities is unknown, but we do know the following:

- High tuition doesn't make university education more accessible
- High tuition doesn't make university education more affordable

Prior to the current memorandum of understanding and tuition reduction plan, tuition fees in Nova Scotia most recently increased at a rate of 3.9% between 2005 and 2006¹⁴, which accounting for inflation would equate to a roughly 2.4% annual increase. Over the course of the average university degree, this would amount to an increase in almost eight hundred dollars in annual tuition fees between the first year and the final year of a student's four-year undergraduate degree! Over four years this essentially amounts to an increase of 7.59% (after accounting for inflation) in tuition fees – an increase that would never be defensible in the world of sales taxes, yet in the past it has been justified and billed to some of the lowest earning citizens in the province – students.

If we continue to compare tuition fees to a type of tax – which is increased as costs of providing the service rise – one could argue that tuition as a form of targeted tax. Most targeted taxes are placed on items with a socially and politically recognized ill effect – such as cigarettes or pollution. University degrees, on the other hand, have an indisputably positive effect on individuals and society at large, yet they are priced as if the opposite were true. Unfortunately, unlike the cigarette industry, there is no black-market for university degrees that students can by-pass when fees get unreasonable.

Between 1994 and 2007, tuition as a proportion of university operating revenue in Nova Scotia increased from ~25% to 52%. This compares to a nationwide rise from 20% to 37% over the same time period¹⁵¹⁶. The current ratio of tuition fees-to-government grants is now closer closer to 50-50. Nova Scotia is the only province in Canada in which tuition fees account for a majority of university operating revenue (excluding research funding)¹⁷. Newfoundland and Labrador, on the other hand, boasts of tuition fees that have been kept relatively low and account for only 20% of university operating revenue, while still maintaining high quality education for their students¹⁸.

In an economic climate like Nova Scotia, however thinly stretched our resources, government investment in students and universities cannot decrease to the point that

¹³ CAUBO (2009). Financial information of universities and colleges: 2007 – 2008. Retrieved on 7 September 2009 from <http://caubo.ca/pubs/documents/CAUBO_2007_2008_FINANCIAL_INFORMATION_OF_UNIVERSITIES_AND_COLLEGES.pdf>.

¹⁴ Statistics Canada (2006). The Daily: University tuition fees. Retrieved from <http://www.statcan.gc.ca/daily-quotidien/060901/dq060901a-eng.htm>

¹⁵CAUT, P. (2006). CAUT Almanac 2006. Retrieved on 7 July 2009 from <<http://www.caut.ca/en/publications/almanac/2006-1.pdf>>

¹⁶ CONSUP. (2009). Making a commitment to higher education in Nova Scotia. Halifax: Council of Nova Scotia University Presidents.

¹⁷ Ibid.

¹⁸ Ibid.

would mean tuition increases on the backs of already over burdened, debt-ridden and hesitantly west-bound youth. Fee increases could mean an even greater outmigration of our best and brightest to more affordable schools and better paying jobs. For example, Newfoundland currently boasts the second lowest tuition in Canada and has done so for some time. Between 1997 and 2007 enrollment of Nova Scotian high school graduates at Memorial University in Newfoundland has increased by over 1400 percent¹⁹! During the same period fees in Nova Scotia steadily increased until 2006²⁰, and were the highest in the country until September 2009²¹.

Nova Scotia needs to continue in the direction set out by the last government – maintaining the current tuition freeze, tuition bursaries and funding to offset the freeze and maintain current quality levels, and to enact a long term tuition reduction strategy.

HOW TO MAKE THE MOST OF INVESTMENTS IN EDUCATION

The Government of Nova Scotia can make the best of current and future investments of education by providing opportunities for educated citizens to be employed and to continue living in Nova Scotia. The only major initiative currently targeted at retaining new graduates is the graduate retention rebate which provides graduates with \$2 500 annually for up to six years, deductible from taxes payable, for up to \$15 000. Unfortunately, this funding rewards students at the wrong end of a degree that too many cannot afford to begin with. The National Graduates Survey (NGS) indicates that in Manitoba and New Brunswick there has been no changes in retention rates of graduates in these province despite these governments' collective spending of roughly \$100 million on retention motivated tax credits. As Alex Usher states, these two provinces have spent \$100 million "in funding that's doing exactly nothing other than providing windfall gains to people doing exactly what they were going to do anyways²²."

If the government is serious about retaining young Nova Scotians, we need to create retention policy through discussions with young Nova Scotians. The Nova Scotia government needs to develop a retention plan that rests on more than just a single policy tool. For example, the Government of Newfoundland and Labrador launched a 41-point Youth Retention and Attraction Strategy in November of 2009²³. The strategy was developed with a 19-member youth advisory panel, engaged stakeholders including students, businesses and expatriate youth. The result: a plan has been produced that

¹⁹ CBC Radio. 2008. On The Go. Retrieved on 9 May 2009 from <http://www.cbc.ca/onthegeo/media/20080930hatcher_127111.ram>

²⁰ Statistics Canada (2007). The Daily: University tuition fees. Retrieved from <http://www.statcan.gc.ca/daily-quotidien/071018/dq071018b-eng.htm>

²¹ Statistics Canada (2009). The Daily: University tuition fees. Retrieved from <http://www.statcan.gc.ca/daily-quotidien/091020/dq091020b-eng.htm>

²² Usher, A. (2009). *Damn the facts! Just declare victory*. EPI Commentary—Friday September 4, 2009. Retrieved from <<http://educationalpolicy.org/pub/epitoday/Commentary/090904.html>>

²³ Department of Human Resources, Labour and Employment (2009). Creating a Province of Choice: A youth retention and attraction strategy for Newfoundland and Labrador. Retrieved on 6 Nov 2009 from <<http://www.lmiworks.nl.ca/yrras/>>.

has been well received by the public, and is being supported by the local student federation. Future retention strategies in Nova Scotia ought to be based on evidence based research and should involve collaboration with the youth such strategies would seek to retain. Effective graduate retention will ensure that the benefits investments made in citizens through education funding remain in Nova Scotia.

WHAT CAN GOVERNMENT DO?

ANSSA has taken the time to prepare carefully researched and thoughtful policy recommendations that balance the interests of students with the priorities of the province. We believe acting on these recommendations will make Nova Scotia a stronger, more competitive, more sustainable and better-educated province. For brevity's sake, this paper has provided only a sampling of the background research that has gone into developing these recommendations. For more information on research that supports these recommendations as sound policy choices, please contact us.

SUMMARY OF RECOMMENDATIONS

ACCESSIBILITY

ANSSA recommends the Provincial Government introduce a "Student Access Guarantee" that would ensure no qualified student is denied access to post-secondary education due to financial barriers, perceived or otherwise. Such a guarantee would be delivered through a number of short-term and long-term policy tools and programs, including, but not limited to the recommendations that follow.

The Government of Nova Scotia should double the proportion of non-repayable aid delivered in student assistance packages.

The Government of Nova Scotia should ensure that the proportionate value of a grant increases incrementally with a student's assessed need to ensure students who qualify for more financial assistance have a more manageable debt, which will be capped at an amount comparable in size to that of other provinces in Canada with debt cap

UNIVERSITY FUNDING AND TUITION

The Government of Nova Scotia Should provide assistance to universities at levels that allow the university system to maintain current quality levels and a continuation of the existing tuition freeze.

The Government of Nova Scotia should continue the practice of negotiating multi-year funding agreements (Memorandums of Understanding) to allow universities, students and families to proactively plan for the cost of their education.

Student representatives should be included in the membership of any negotiating committees, teams or working groups.

The Government of Nova Scotia Should implement a long-term tuition reduction strategy in cooperation with the universities that does not differentiate between out-of-province students and resident Nova Scotians.

The Government of Nova Scotia should complement tuition reductions with increased targeted student assistance in the form of up-front grants.

RETENTION

The government of Nova Scotia should move away from back-end tax-credit based delivery mechanisms of student or graduate assistance and eliminate the graduate retention rebate program.

The government of Nova Scotia should create a comprehensive retention and attraction strategy for Nova Scotia youth in collaboration with youth, expatriate youth, business leaders and other stakeholders concerned about outmigration.

The government of Nova Scotia should allocate funding otherwise intended for tax-credit based initiatives towards an enhanced up-front grants program as a means of increasing accessibility of education, reducing debt and procuring long term retention.



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