



Connecting the Dots

**A framework for a high-quality,
affordable post-secondary education
system in British Columbia.**

SUBMISSION TO THE SELECT STANDING COMMITTEE ON FINANCE
AND GOVERNMENT SERVICES

2018 BC Budget Consultation

BRITISH COLUMBIA FEDERATION OF STUDENTS

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MEMBER STUDENTS' UNIONS

University of British Columbia Students' Union Okanagan
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University of Northern British Columbia Graduate Students' Society
North Island Students' Union
Northwest Community College Students' Union
Okanagan College Students' Union
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Thompson Rivers University Students' Union
Students' Union of Vancouver Community College
Vancouver Island University Students' Union

INTRODUCTION

Post-secondary education and training is an integral component of BC's economic framework and amongst the most important social programs provided by the BC government. It is a basic requirement necessary to participate and succeed in today's labour market, and essential in order to participate fully in society. In the last several decades, public demand for post-secondary education has increased, and unfortunately, funding has failed to keep pace. Public funding shortfalls have been downloaded to students and their families in the form of increased upfront costs. From 1990 to 2017, tuition fees across the country have increased on average by more than 349%¹. In BC, average tuition fees for an undergraduate education in 1990 were \$1,808 compared with \$5,635 in 2017, an increase of 212%².

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 British Columbia Federation of Students represents over 150,000 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.

SUMMARY OF RECOMMENDATIONS:

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

STUDENT FINANCIAL ASSISTANCE

- 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 FUNDING AND FEES

- increase base funding to colleges and universities by at least \$200 million starting in the 2018/19 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;
- reduction of 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 tuition fees beyond the prescribed limits in the form of new ancillary fees.

REGULATION OF INTERNATIONAL STUDENT TUITION FEES

- amend the Tuition Fee Limit Policy to include fees for international students; and
- ensure that pricing policies for international student tuition fees are set centrally by the BC government.

OPEN EDUCATION RESOURCES

- one-time additional funding of \$5 million to BCcampus to facilitate the create and expansion of open education resources

INDIGENOUS RECONCILIATION

- implement the education-related recommendations from the Truth and Reconciliation Commission.

STUDENT FINANCIAL AID

CREATING EQUITABLE SOLUTIONS TO THE AFFORDABILITY CRISIS

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 declined³, 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 \$34,866⁴. According to the Canadian University Survey Consortium Graduating University Student Survey from 2015, approximately one in two students graduate university in debt, nearly 60% of those in debt owe \$20,000 or more upon graduation, and students required almost \$15,800 of financing for one year of university education⁵. 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 and debt incurred during upgrading and preparatory programs prior to university as well as debts incurred in post-graduate education are not included⁶.

INTEREST CHARGES ADD THOUSANDS TO STUDENT DEBT TOTALS AND CREATE A TWO-TIERED SYSTEM

Following graduation, student loan borrowers pay interest on their public student loans at a rate of prime for floating or fixed repayment options. This rate is notably above the government's cost of borrowing of prime minus one percent. Under these terms, interest charged on a student loan of \$25,000 adds an additional \$6,000 during a 10-year repayment. Those with \$40,000 of debt upon graduation could expect to pay an additional \$9,700 in interest⁷.

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, and 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, provinces such as Manitoba and Newfoundland and Labrador have eliminated interest on student loans, moving towards a more equal and accessible model of student aid.

GRANTS, NOT LOANS

In 2015 the Government of Newfoundland and Labrador announced the replacement of its entire student loan system with a grants-only model, meaning that student financial assistance in that province is now 100% non-repayable⁸. By comparison, 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.

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 more on being successful in their classes, rather than worrying about how to make the 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.

INVESTMENTS IN FINANCIAL AID FOR STUDENTS NET A CLEAR RETURN FOR GOVERNMENT

Education has numerous social benefits, but also clear economic returns. According to research by the Canadian Centre for Policy Alternatives, 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 lifetimes⁹. These figures point to a clear financial advantage for the BC government to invest in

programs that assist students from low- and middle-income families. This study makes clear that the best returns on educational investment for government come in helping those who can least afford the costs of education.

Education is an investment, for both the learner and for society. Society's return is realized in many ways, not least of which are higher tax revenues and lower social service costs. As students and families are called on to pay for an ever-increasing proportion of university and college education, 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:

- immediately 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

AN IMPORTANT INVESTMENT IN BC'S FUTURE

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 has been remiss in its obligations to adequately fund provincial post-secondary institutions, leaving them scrambling to make up for annual shortfalls with cost-recovery programming and ancillary fees (including increasingly relying on profits generated by international students).

In recent years, 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 1970s¹⁰. 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 recent decades.

UNDER-FUNDING CAUSES ENROLMENT DECLINES AND PUSHES YOUNG PEOPLE TO MOVE OUT-OF-PROVINCE

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 falter¹¹. Between 2007/08 and 2011/12, enrolment grew by 13% in BC. However, between the 2011/12 and 2013/14, enrolment growth dropped to less than 2%, and in fact declined between the 2012/13 and 2013/14 years¹². During these years, BC experienced a 5% increase in the number of youth aged 18 to 24, suggesting that enrolment should have increased, rather than decreased¹³.

Given the years of budget surpluses forecasted as part of Budget 2016, and the vast negative effects of frozen and reduced institutional funding, investments in BC's college 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 alone¹⁴. 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 University¹⁵ and North Island College¹⁶ 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 2018-19 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; 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.

FAIRNESS FOR INTERNATIONAL STUDENTS

DIVERSITY ENHANCES LEARNING INSIDE AND OUTSIDE THE CLASSROOM

International students come to British Columbia for an opportunity to access a highly-ranked country for post-secondary education globally. Yet 16 years of flat or reduced core funding to universities and colleges has resulted in a reliance on ever-increasing fees charged to international students to make up budget shortfalls.

INTERNATIONAL STUDENTS IN BC

British Columbia has experienced the largest increase in proportions of international students at universities of any province; between 2004 and 2013 the proportion of international students increased by 6.7% (from 10.9 to 17.6%)¹⁷. Currently, British Columbia hosts almost one third of all international students in the country¹⁸.

In 2012 the provincial government committed to doubling the number of international students in BC schools as a part of its BC Jobs Plan. Arguably, the rationale for this was to infuse British Columbia with a larger pool of educated people from which to fill shortages in workers and grow the economy. However, the government has left the key to attracting potential students completely in the hands of institutions. By having no regulation on tuition fees for international students, institutions are free to set prices at whatever number they see fit—there is no consistency across the province nor predictability in the increase each year.

INTERNATIONAL STUDENTS DESERVE FINANCIAL PREDICTABILITY

One of the biggest financial challenges facing international students is the inability to properly budget for a 4-year degree. Because there is no limit to the amount by which fees could increase, tuition fee increases are based on whatever the institution deems required to balance its budget in any given year. This is an unsustainable model that often results in students struggling to stay in BC to finish their studies.

A secondary challenge to the current policy context is that there are no notice requirements for fee increases. Institutions are able to implement substantial fee increases with only a few weeks of notice, leaving students scrambling to gather resources from their home countries. Unlike domestic students, international students who fail to assemble the necessary resources face removal from their courses

and programs, and removal from the country. International student fees at universities in BC have risen 485% since 1991, from just under \$4,000 in 1991 to more than \$23,000 annually in 2017¹⁹.

International students also pay a vast amount into the local economy on things such as living expenses, arts and culture, and recreation. According to a report for Global Affairs Canada, it is calculated that in 2015 these expenditures totalled \$3.12 billion in annual spending, contributing to over 26,000 jobs. This is a direct contribution of \$1.77 billion to the provincial GDP and over \$176 million in income taxes²⁰. This report demonstrates that the value of international students expands much farther than the campus at which they are studying.

The regulation of tuition and ancillary fees for international students would create fairness, consistency, and predictability to changes in international student fees, and would respect those who are travelling great distances and paying substantial fees to participate in our educational system. It would also mean that pricing policies for this vital service would be set centrally by the BC government, and not left to individual boards of governors who regularly implement international student fee increases to simply offset projected budget shortfalls.

RECOMMENDATION

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

- amend the Tuition Fee Limit Policy to include regulation of fees for international students to create fairness, consistency, and predictability for international student tuition fees.

OPEN EDUCATION RESOURCES

OPEN ACCESS TO EDUCATION MATERIALS OPENS DOORS TO LEARNING

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 2012²¹, 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, short-changing their academic goals.

There is a solution to this problem. Open Education Resources (OER), notably 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. OER 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 OER as a solution to the textbook dilemma, and empowered BCcampus to oversee its implementation province-wide. 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.

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.

RECONCILIATION THROUGH EDUCATION

POST-SECONDARY EDUCATION PLAYS A ROLE IN INDIGENOUS RECONCILIATION

Indigenous students face unique challenges in accessing, attaining, and participating in post-secondary education across Canada. Indigenous post-secondary attainment is not only an education issue, but has larger consequences for income and unemployment. If the federal and provincial governments are serious about reconciliation, they will consider the gaps in Indigenous post-secondary attainment as a systemic disadvantage that must be addressed.

According to the 2011 National Household Survey, almost one-half (48.4%) of Indigenous people aged 25 to 64 had a post-secondary qualification, compared to two-thirds of non-Indigenous people; yet when it comes to university degrees specifically, the gap is much larger. For the last three decades, the proportion of Indigenous people with university degrees has remained much lower than their non-Indigenous peers. While the proportion of Indigenous people who have a university degree has more than doubled compared to 20 years ago, the gap between Indigenous and non-Indigenous people has widened over the same period. Among non-Indigenous people 26.5% had a university degree, compared to only 9.8% of Indigenous people²².

Level of education has a clear and universally-accepted impact on employment. According to the above-noted National Household Survey, Indigenous people overall are less likely to be employed compared to non-Indigenous people, by a rate of 63% versus 76%. However, unemployment rates decrease as educational attainment increases, particularly for Indigenous people, making education a crucial pathway to minimizing the gaps between Indigenous and non-Indigenous communities.

Many of the disadvantages facing Indigenous peoples—such as unemployment and lower incomes—can be traced back to the gap in educational attainment between Indigenous and non-Indigenous populations. Implementing the education recommendations from the Truth and Reconciliation Commission can help to minimize, and even eliminate, many of the gaps that exist between Indigenous and non-Indigenous people.

TRC RECOMMENDATIONS FOR EDUCATION FOR RECONCILIATION

The following section from the Truth and Reconciliation Commission's report addresses the role of post-secondary education in supporting reconciliation efforts, specifically as it relates to provincial governments' jurisdictions.

(62) We call upon the federal, provincial, and territorial governments, in consultation and collaboration with Survivors, Aboriginal peoples, and educators, to:

- ii. Provide the necessary funding to post-secondary institutions to educate teachers on how to integrate Indigenous knowledge and teaching methods into classrooms.*
- iii. Provide the necessary funding to Aboriginal schools to utilize Indigenous knowledge and teaching methods in classrooms.*
- iv. Establish senior-level positions in government at the assistant deputy minister level or higher dedicated to Aboriginal content in education.*

RECOMMENDATION

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

- implement the education-related recommendations from the Truth and Reconciliation Commission that are the purview of the provincial government.

CONCLUSION

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 upfront 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 just 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.

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