The Student Affordability Issue
**PRESIDENT’S MESSAGE:**

Affordability is an important and prominent facet of the ongoing debate on the future of post-secondary education. This year, students were pleased to see that it was a top issue for all the political parties during the provincial election.

Obviously tuition costs are an area of concern for both students and their parents. For governments and universities, quality of education and ensuring financial sustainability is heavily linked to the tuition debate. Beyond simply tuition itself, students view ancillary fees, student financial assistance and textbook costs as important facets of “affordability.” This issue of Educated Solutions looks at some of these issues from a variety of perspectives. This is a conscious attempt to look at “affordability” in new ways. We’ve long talked about decreasing affordability as a barrier to the accessibility of higher education and something that has contributed to a growing gap in participation between students from high and low income backgrounds.

**EDITOR’S MESSAGE:**

Welcome to the eighth edition of OUSA’s Educated Solutions magazine. This year we have challenged ourselves again to improve the magazine, with high quality submissions and thought-provoking debate, all as a medium for students and stakeholders to continue the higher education conversation.

Educated Solutions has grown into a tool for discussion and advocacy, as its pages are delivered to all stakeholders and legislators in Ontario. It remains the only province-wide student publication, and in its eighth year, continues to feature content from leaders in the sector, and for the first time ever, a message from the Premier himself.

Governments, parents and students are coping with rising sticker prices through a variety of means. Governments have developed policy and programs around student financial assistance. Students have taken on debt, worked before and during school, and reduced course loads. Parents are saving less and spending more on their children’s education. Even for those who have not had trouble affording higher education, rising costs mean that it is only a matter of time before the pinch affects them as well.

Not all is bleak though – students still stand to benefit tremendously from their education and investments aimed at making education affordable are growing. In particular, students are looking forward to the implementation of the new Ontario tuition grant, which will lower up-front costs for many. Getting students through the university system is not only desirable but also necessary for the health of the province. Allowing the best and brightest to access our schools is as important graduating them. We’re looking forward to a year of tackling our shared goals with government and putting affordability at the centre of the agenda.

-Sean Madden

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**MISSION:** Educated Solutions is an annual student-focused magazine that is designed to provoke thought, discussion and dialogue about higher education in Ontario.

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**VOLUME EIGHT: © 2011 EDUCATED SOLUTIONS MAGAZINE**
OUR WORLD HAS CHANGED. Economic strength isn’t just about brawn anymore – it’s about brains. Ours is a knowledge economy – and succeeding in that economy means we need to make changes.

For example, we know that 70 per cent of all new jobs will need workers who have post-secondary credentials. That’s why the demand for college and university continues to grow.

Economists know that a strong post-secondary system is the key to a strong economy. And young people know that a post-secondary education is their best ticket for a higher quality of life and better job.

As many families in Ontario have experienced, education is the greatest social and economic equalizer. Spending on education is one of the most important investments a government makes – because it’s focused on creating a bright future for Ontarians and their children and grandchildren.

That’s why, as Premier, I’ve made education my personal priority.

And through our investments in education, we’re helping to ensure that all of our young people can achieve their potential and build their future. Simply put: young Ontarians are rising to the occasion.

In 2003 only 68 per cent of our high school students were graduating. Today that number is 81 per cent. In the last decade, young Ontarians entered post-secondary institutions at twice the rate of their peers across the country. We’re on our way to achieving among the highest post-secondary attainment rates and graduation rates in the world.

But there is still more to do. We need to make sure that every qualified young person gets the skills and education they need to succeed.

In the recent election we committed to creating 60,000 new post-secondary spaces on top of the 120,000 college and university spaces we’ve already added. And we’ll build three new undergraduate campuses to deliver the highest quality undergraduate experience for students.

Most importantly, we’re creating a new tuition grant that will reduce average undergraduate tuition for college and university by 30 per cent – because money shouldn’t be an obstacle to pursuing higher education.

Through our investments in education – and the hard work of young Ontarians – we’re making progress in post-secondary education. That’s important to me. Young people in post-secondary today are the doctors, carpenters, teachers, nurses and builders of tomorrow. And, so, when you succeed, we succeed.

All of us. Together.

Please accept my very best wishes for what I hope will be a wonderful, challenging and fulfilling year.

-Dalton McGuinty
Inside This Issue

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DR. HARVEY P. WEINGARTEN is the President and CEO of the Higher Education Quality Council of Ontario (HEQCO). He previously spent ten years as President of the University of Calgary. Dr. Weingarten taught at McMaster University as a Professor of Psychology, also serving as Dean of Science and Provost. He holds a Bachelor of Science from McGill University and a Master of Science, Master of Philosophy and Doctorate of Philosophy from Yale University.

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Affordable Enough?

JOSEPH BERGER is the Director of Business Development and Communications at Higher Education Strategy Associates. Prior to this, he served as a senior planning analyst at McGill University. He spent several years at the Canada Millennium Scholarship Foundation as both a policy and research officer and a communications officer. At the Millennium Scholarship Foundation, Joseph authored and co-authored a number of publications, notably two editions of the organization’s flagship publication, The Price of Knowledge. Joseph pursued his BA & MA in journalism, and public policy and administration at Concordia University in Montreal.

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Employment Patterns of Post-Secondary Students

KATHERINE MARSHALL has a BA in Sociology from the University of British Columbia and a MA in Women’s Studies from Carleton University. She currently works in the Labour Statistics Division at Statistics Canada and has spent many years writing for Perspectives on Labour and Income. Much of her research has focused on gender and family analysis, alternative work arrangements, and youth.

Opportunity, Fairness and Wisdom: Turning the Tuition Debate on its Head

HUGH MACKENZIE has worked for more than 35 years in a variety of different public policy capacities, at all three levels of government as well as in the non-profit sector. Mr. Mackenzie is a recognized expert on the funding of education in Ontario, and is a frequent contributor in the media on public finance. He holds an Honours BA in Economics from the University of Western Ontario and an MA in Economics (Public Finance) from the University of Wisconsin (Madison).

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A look back at 2010-2011

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PARTNERS IN HIGHER EDUCATION DINNER
Access to higher education was a top priority for students. OUSA released a report in February entitled *Breaking Barriers: A Strategy for Equal Access to Higher Education*, with the College Student Alliance and the Ontario Student Trustees’ Association. Building on the accessibility theme, Dr. Ross Finnie of the University of Ottawa delivered the keynote address (pictured above) at the 7th annual partners dinner. Former Ontario Premier Bob Rae also made a stop at the event to speak about the importance of access. Additionally, there was a discussion panel with former Seneca President Rick Miner, Higher Education Strategy Associates’ Joseph Berger, Pathways to Education director Stacey Young, and the Globe & Mail’s James Bradshaw. The evening also included OUSA’s teaching awards, and paid tribute to retiring OCUCFA Executive Director Henry Mendelbaum with an honourary membership. OUSA’s own outgoing Executive Director Alexi White was also recognized.

OLD AND NEW EXECUTIVE TRANSITION TO LEAD OUSA
During the organization’s annual transition conference in May, the outgoing steering committee and newly elected incoming steering committee met for nearly a week in Toronto. During the conference, partners and stakeholders met with student leaders to speak about the year ahead. Thank you to the outgoing executive for a great year (pictured below with the 2011-2012 executive).

BLUE CHAIR CAMPAIGN
The annual campaign to promote accessibility issues in post-secondary education ran for a 4th consecutive year on OUSA’s member campuses. The campaign draws awareness to informational, motivational, financial, and other barriers to access. The campaign uses empty blue chairs placed all over campuses, which represent empty seats of students who are not able to attend higher education institutions.
QUEEN'S HOSTS SPRING GENERAL ASSEMBLY

The annual spring General Assembly of OUSA met in Kingston, Ontario this year at Queen’s University. The campus and city did not disappoint. The conference featured a number of special guests, including then Minister of Training, Colleges & Universities John Milloy, as well Wendy Vuyk, director of the newly established Kingston branch of Pathways to Education. The General Assembly provided another opportunity for student representatives to come together and engage in the important policy decisions that drive the direction of the organization’s activities. During the conference, OUSA passed policies on ancillary fees, Aboriginal students and student success (pictured above are all of the delegates who attended the conference).

ELECTIONS, ELECTIONS

Over the last 12 months, students have been involved in elections at all three levels of government, beginning with municipal elections last fall. During the spring, the federal government held its third election in five years. Finally, this fall, OUSA dove into the Ontario provincial election with three key goals: raise awareness of post-secondary issues in the election campaign, encourage parties to run on higher education issues in their platforms, and increase voter turnout among youth. With this goal in mind, OUSA joined with the College Student Alliance for the ‘It’s Your Vote’ campaign. Through this, we launched YouTube videos which received thousands of views, a platform comparison chart that was accessed 10,000 times on Election Day, and provided a source for media to reach students during the election, which saw incredible coverage on student issues. All four major parties ran on recommendations from students to improve higher education, and advance polling stations on campus saw increased voter turnout among students.

ADVOCACY WEEK

Over the course of four days in Toronto, students met with 70 of the 107 MPPs at Queen’s Park, with over half of the cabinet and members from each of the parties. Students’ greatest concerns were financial assistance, new funding and teaching quality, all of which were well received by legislators. The Student Advocacy Conference is an annual week-long event, where students and lawmakers have the opportunity to discuss the priorities of post-secondary education, and what students think of the current issues facing the system.
WINDSOR: This year marks new and exciting changes for the University of Windsor and its students in the University of Windsor Students’ Alliance (UWSA). There have been a number of new projects across campus including a new building for engineering excellence as well as the addition of a new multi-faith prayer space in the student centre. A proposed downtown campus for music, visual arts and social work faculties has posed new challenges and great gains for students at the university. Everyone is eagerly awaiting more news on what this new development will mean for students and the community. The UWSA has been happy to be a contributor in these projects and to help Windsor do what it is best at: combining the new and the old in a unique student experience. With its 100,000th graduate convocating last June, Windsor remembers its past while thinking forward this year.

WESTERN: Life at the University of Western Ontario is busier than ever. This year we welcomed our largest first year class of 7,100 students. Our Orientation Week with over 800 volunteers featured a special event called the “One Love Rally” which worked to end the stigma around being different and celebrated diversity. The University Students’ Council launched a new late-night shuttle bus service called the Mustang Express (MEX), which transports students home from downtown Thursday, Friday and Saturday nights. In the first three weeks of it operating, the MEX transported over 2,500 students home. Finally, we’ve welcomed to campus numerous public speakers recently including Justin Trudeau, the Honorable Jim Flaherty, David Frum, Adrian Grenier, and Maya Angelou. The USC is only getting started in what appears to be the best year yet!
QUEEN'S: Students have been adjusting to numerous changes to registration and academic policy at Queen's, including a new online registration and student centre, a tuition payment deadline change from September 30th to the 1st, and the implementation of a GPA system for the first time. The AMS launched a massive campaign to inform and engage students with the provincial election. Several planning processes are underway at Queen’s, including an extensive Academic Plan and more recently the Strategic Research Plan. Also, the Queen’s community is ushering in several sustainability commitments aimed towards carbon-neutrality, a bottled water ban effective 2012, an implementation of solar panels across campus roofs, and a revolutionary sustainable home designed by the Queen’s Solar Design Team.

TRENT IN OSHAWA: The Trent in Oshawa Student Association joined OUSA in 2011 as an Associate Member. The campus of 800 students is a satellite campus of Trent University. Over the next few years the campus is expected to grow up to 2,500 students. As with many satellite campuses, Trent in Oshawa struggles with being disconnected from its main campus at times but is a growing and exciting presence in the city of Oshawa. Developing a unique identity from the main campus in Peterborough is something the Trent Oshawa Student Association strives for.

BROCK: This year has been pretty eventful here at Brock, the provincial election was a big deal around campus, and we were able to secure both an advanced poll in our student union building as well as on election day poll on campus. We hosted a Rock the Vote voter awareness concert where students were given election information, as well as some background on all of the parties. During the week of October 17-21, BUSU held the CASA Grocery List Campaign where students had the opportunity to give some direct feedback and priorities in post-secondary education in exchange for Mac and Cheese or Soup, with the main goal of generating a list of actual student issues in order to keep on top of the most current student concerns.

McMASTER: Institutionally, the university President Patrick Deane recently wrote a letter to the McMaster community entitled “Forward with Integrity.” The letter has a strong focus on experiential education, particularly enhancing the undergraduate experience through co-curricular involvement and community engagement. The letter speaks to the importance of a well rounded education, and will hopefully be the first step to a transformation in undergraduate education. Part-time student enrolment is up at McMaster University. There are over 3,400 part-time degree and certificate/diploma students enrolled for the fall 2011 term. This is not surprising as during economic downturns, people turn to higher learning to stay competitive in the labour market.

WILFRID LAURIER: Laurier’s centennial has proven to be an exciting time for everyone on campus with innovative and informative conferences, celebrations and programming, and the unveiling of a statue dedicated to our namesake, Sir Wilfrid Laurier. Moving forward with the next hundred years, Laurier plans to inspire its students and community through new initiatives in community service and work integrated learning. Students and staff at Laurier were pleased with the announcement of over 72 million dollars in funding for the construction of The Global Innovation Exchange building. This building will help relieve space pressures, as well as allowing new types of learning and broader community participation in education.

WATERLOO: It’s been a great start to the year for the Federation of Students, especially in our advocacy efforts! During the spring term we held our first ever Take a Politician to School Day, where several local, provincial and federal leaders joined students on campus to engage directly with students and learn about the issues facing today’s student. UW was hopping during the provincial election, with great participation in all of our voting programs, advanced polls and election day shuttle service. Looking forward to the winter term, we will stay busy with our local lobby conference, Tuition Town Hall, and annual Colour Me Educated Campaign.
OVER THE PAST 20 YEARS, the cost of attending a college or university in Ontario and in most provinces in Canada has increased dramatically – more than doubling since 1993. For programs in the professions and business, the increases have been off the charts.

The results for students are crystal clear. Students in undergraduate arts and sciences programs are graduating into weak and uncertain employment markets saddled with debts that in many cases exceed the mortgages their parents took out when they bought their home. For students whose families cannot comprehend assuming massive debts before they even enter the workforce, the tuition barrier makes their post-secondary educational choices for them – they don’t attend. For those who attend, many find their education compromised by the need to work heavy hours in part-time jobs just to make ends meet.

Because the tuition increases have been most extreme in business and professional schools, so have the impacts on access and career choices. Most of the professional schools that have jacked up their tuition and other fees have dealt with the access impact by choosing not to study it. Those few studies that have been done paint a stark picture. Studies of medical students at the University of Western Ontario indicate that, since tuition increases began, the proportion of the student body from high-income families has shown a significant increase, while enrolment from lower- and middle-income families has dropped. Students from middle-income families in particular find themselves caught in a squeeze. Their families are too well-off to qualify for bursary support, but not sufficiently well-off to manage the increasing costs.

It also affects career choices. It is hard to find young lawyers who are prepared to work for the government, legal clinics or in areas of law less well-paid than corporate law. Why? Because it is hard to imagine paying off a law school sized student loan from legal clinic wages. A similar problem is affecting medical practice. Faced with crippling levels of debt on graduation, young doctors are increasingly focusing on the higher-paid specialties and shunning less well paid areas of practice like family medicine.

High tuition increasingly means that our universities are focused on serving students from high-income families and those few students from low-income families who can qualify for needs-based assistance.

It’s not fair. One of the foundations of our society is mutual sharing of responsibility among generations. Working Canadians support the education of younger people and the health care and living standards of older people based on the expectation that society will continue to support education when their own children need the help and to support health care and income supports for the elderly when they reach old age. If the Bob Rae government in the 1990s hadn’t debased
the meaning of the phrase, one could describe publicly funded education as one of the key social contracts on which modern society depends. Rapidly escalating tuition breaks that social contract.

It is inconsistent with the principles of our liberal-democratic society. That society is based on the equalization of opportunity so that everyone has an equal opportunity to succeed. Ever since free elementary schooling was introduced in Ontario in the 1850s, education has been critical to that process. Public support for education counteracts the natural tendency for the market to transfer one generation’s ability to the next generation by pricing education beyond reach.

Just as important, none of the arguments typically advanced for increasing the share of tuition in university funding make any sense.

Advocates of higher tuition claim that subsidized post-secondary education amounts to a subsidy of the rich paid for by the poor. The claim is based on the fact that (in part thanks to high tuition itself) the post-secondary participation rate among children of higher-income families is higher than that of children from lower-income families. The problem with the argument is that ignores the source of funding for post-secondary education – the tax system. Because our tax system raises revenue from families roughly in proportion to their income, and because income is unequally distributed, it turns out that public funding actually delivers a transfer of resources from high-income families to middle- and lower-income families – exactly the opposite of what the critics say. And that’s before you consider the likely increase in participation from students from lower-income families that would accompany the elimination of post-secondary tuition.

The other key argument from high tuition advocates is that post-secondary graduates earn more, and therefore it is only fair to the rest of society that they pay the full cost of a service – education – that provides them with a private benefit. There are three major problems with this argument. First, it implicitly assumes that every post-secondary graduate gets the same relative income benefit from her or his education. That is factually incorrect. While there is, on average, an income benefit associated with a post-secondary degree, there is a significant number of graduates for whom that is not true. Many of those graduates will never generate enough extra income to match the tuition costs they and their families incurred.

More important, the argument fails on exactly the same grounds as the distributional argument fails – it ignores the impact of the tax system. The fact is, we already have a well-developed and extremely efficient system for sharing the additional benefits derived from subsidized education with society as a whole – the personal income tax. Even if you ignore the broader societal benefits delivered directly through education, in health care and criminal justice costs, for example, the personal income tax ensures that out of every dollar of additional income a graduate earns as a result of his or her degree, between 30 and 40 cents of that additional income is redistributed to society as a whole through the personal income tax.

All of these problems come together perfectly in the proposals for income-contingent loans that are the high-tuition advocates’ supposed answers to these criticisms. High-tuition, by itself, merely transfers poverty from one generation to the next indirectly as access is denied to all but the poorest and most qualified of students from low-income households. Income contingent loans do so directly, as the following thought experiment demonstrates.

Imagine two graduates, working for the same software company in neighbouring cubicles. They are doing the same job, for the same pay. One student comes from a family with enough resources to pay off her student loans as soon as she graduates and has to start to pay interest. The other has to pay off her student loans from her employment earnings. In net terms, these two people are being paid very different amounts: the lower your parents’ income, the lower your net income.

The income-contingent loan advocates also miss one glaring fact. We already have an income-contingent repayment system for publicly subsidized post-secondary education – it is called the income tax system. It ensures that society will get back a significant share of any additional income the graduate earns as a consequence of society’s investment in his or her post-secondary education.

Finally, exactly the same argument could be used to justify charging fees for secondary or even elementary education. The data on income benefits from education are just as compelling for elementary and secondary education. Why do we provide elementary and secondary education at no cost to the student or the student’s family? Because our grandparents and their grandparents understood that public education was both the foundation for a civilized liberal democratic society and an essential prerequisite for a productive working life.

In our modern knowledge-focused economy, education is even more important; increasingly, college and university education is the new high school.

We’re having the wrong debate entirely about the funding of public education. Instead of finding new ways to justify pushing tuition even higher, we should be looking for ways to get rid of tuition entirely.

Our grandparents and their grandparents were wiser.

Hugh Mackenzie has worked for more than 35 years in a variety of different public policy capacities, at all three levels of government as well as in the non-profit sector. Mr. Mackenzie is a recognized expert on the funding of education in Ontario, and is a frequent contributor in the media on public finance. He holds an Honours BA in Economics from the University of Western Ontario and an MA in Economics (Public Finance) from the University of Wisconsin (Madison).
By a number of metrics, the Ontario university system appears affordable. Forty-seven per cent of university students graduate with no debt. The average debt for those owing money, about $25,000, appears manageable for many as the loan default rate of Ontario university graduates is at a historic low. While absolute tuition levels in Ontario universities have risen sharply -- a 19 per cent increase from 2006-07 to 2010-11 -- tax credits, scholarships, bursaries and enhanced student assistance programs have mitigated the net effect of these tuition increases. In fact, once all of these are taken into account, it may be that very few students pay the full “sticker” price of tuition. Inflation has blunted the real magnitude of these absolute tuition increases even further.

While tuition levels in Ontario are among the highest in Canada, they are significantly lower than what students pay to attend comparable public universities in other countries. The most striking example is provided by the University of Toronto, an institution ranked internationally as among the best public universities in the world. Students entering the U of T in arts and sciences baccalaureate programs this year will pay $5,450 in tuition. Tuition for in-state students at public institutions in the United States with comparable or lesser international reputations are $13,000 at the University of California, $14,000 at the University of Michigan, $11,600 at the University of Virginia and even $10,000 in resource-rich University of Texas (out-of-state students pay more and a strategy being used by these public universities to maximize revenue is to increase their take of out-of-state students, a strategy many would not like to see adopted in Ontario).

Perhaps most significantly and tellingly, in spite of the tuition levels charged in Ontario, this province has among the highest university participation rates in Canada and has evidenced the largest increase in university enrolments compared to all other provinces over the last eight years or so. Finally, in
terms of affordability, economic and labour outcome analyses demonstrate consistently that money spent attaining a post-secondary credential is one of the best financial investments anyone will ever make, even accounting for lost wages during the time spent achieving a degree.

In spite of the generally positive assessment presented above, there are some outstanding affordability challenges and the most prominent is this: certain groups of potential students—those who are low-income, Aboriginals, living in rural areas, from families with no post-secondary experience— are not adequately or equitably participating in universities. Financial issues contribute to their under-representation. We thought this problem was easy to solve—all that was needed was to offer more financial aid. The evidence suggests, though, that simply putting more money on the table has not closed the participation gap between under-represented and traditional university attendees. In fact, some HEQCO research reveals that fully half of students eligible for financial assistance (some of which would be non-repayable grants) do not seek the funds available.

There are a host of attitudinal, cultural and social barriers that discourage some students from seeking financial aid and thereby pursuing an affordable university education. To achieve the goal of increasing the number of students from currently under-represented groups in our universities will require a set of changes to the current student assistance system, some directly financial others procedural. A recent paper by OUSA, Breaking Barriers: A Strategy for Equal Access to Higher Education does a very good job of crystallizing these issues and offering a comprehensive solution, an important element of which is to reform the ways we administer student financial aid. To highlight the centrality of this continuing challenge, HEQCO is sponsoring a conference in November 2011, Fear of Finance: Financial Literacy and Planning for Post-Secondary Education, that will explore innovative and effective ways to overcome the barriers some students experience in their effort to secure the financial means to attain a post-secondary credential.

A complete discussion of affordability also recognizes that some of the decisions affecting affordability, particularly the setting of tuition, have affected and influenced the relationship between students and their universities.

First, universities have become increasingly reliant on tuition fees to support their institutions. In 1990, tuition represented 19 per cent of the operating revenue of Ontario universities; by 2008, that had increased to 37 per cent. As tuition contributes proportionally more to the university’s bottom line, it is reasonable that students will ask more pointed questions about what they getting for their money and seek a greater say in how their tuition dollars are spent. Students have noted that incremental university revenues have gone preferentially to cost drivers, such as increased employee wages and benefits, which have not led necessarily to a higher quality or a better student experience. Students may well seek a larger say in how their increased tuition dollars are being used to improve the quality and value of their experiences. One manifestation of this dynamic will be to focus students (and governments) on what students actually know, understand and can do upon completion of a particular program of study. This issue, the challenge of identifying and measuring learning outcomes, is a significant area of research at HEQCO.

Second, students are aware that a primary way governments have compensated universities for the loss of public funding has been to allow tuition fees to rise at a rate faster than inflation. Students are also keenly observing the dramatic changes in tuition policy in countries like the United Kingdom and the United States. Given Ontario’s financial situation, students wonder what the provincial government will decide about future tuition levels. This concern amplifies the acuity and angst of tuition discussions and decisions and the political activity around them. All of this is quite appropriate given the centrality of affordability as a cornerstone of a successful public higher education system.

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MOST POST-SECONDARY STUDENTS depend on earnings from a job to cover some of the cost of their education. However, youth employment can be particularly affected by economic downturns. Tuition fees have risen at a faster rate than inflation since the early 1990s. Recently, more high school and post-secondary students have been working during the school year and spending more time at their jobs than in the past, likely in response to increased costs.

Using the Labour Force Survey (LFS) to examine long-term school-year employment trends among youth enrolled full-time in community college, CEGEP or university, the pattern is quite clear. Over the past 35 years, the employment rate among full-time post-secondary students increased from approximately one in four to just under one in two, with the summer employment rate remaining stable.

As youth unemployment rises during economic downturns, these important sources of student income decline, which can lead to increased borrowing. Some studies estimate an increase of 1 per cent in student unemployment leads to a 6 per cent increase in the number of students with loans. Research has shown that declining student employment rates in 1982 and 1990 were followed by large increases in the number of Canada Student Loan Program clients. The importance of student earnings in financing education was also evident in the Post-Secondary Education Participation Survey, which found that over one-quarter of the average student’s costs was met by employment earnings. Students with jobs report using an average of $3,000 of employment income to help fund their studies.

With lower levels of seniority, job permanency and job protection, young workers are often the first to be laid-off. The Canada-wide employment rate of full-time students during the academic year fell by over 3 percentage points between the fall 2008 term and the winter 2009 term. The summer of 2009 was the worst labour market for post-secondary students aged 20 to 24 since the recession years of 1982 and 1993. Between the summers of 2008 and 2009, the employment rate dropped from 70.3 per cent to 63.0 per cent, the unemployment rate increased from 9.0 per cent to 13.6 per cent, and the percentage with a full-time job dropped from 60.7 per cent to 56.6 per cent. Students in Ontario experienced the highest unemployment rate (17.1 per cent) and the second lowest employment rate (59.1 per cent) among all the provinces.

With average weekly employment hours dropping slightly, but not significantly, over the recent recession and hourly average Canada-wide wages increasing from $10.75 in 2007/2008 to $11.80 in 2009/2010, students working while in school held their ground in terms of earned income. For
those students that kept their part-time jobs for the duration of the school year, average income from earnings for 2009/2010 would have been about $6,300. However, the 2.5 per cent increase in the unemployment rate suggests that, had the rate remained the same as before the downturn, an additional 30,000 students would have been employed while studying.

Employment hours increased steadily until the late 1990s and have since hovered around 16 hours per week, with nearly one in five employed students (18 per cent) working more than 20 hours per week. Working at least 20 hours per week has been shown to be an important threshold, with some studies indicating that long hours can interfere with post-secondary performance and student retention. Male students worked slightly longer hours on average per week (16.7) than female students (15.3). The employment rate during the academic year and average number of hours worked per week were slightly lower in Ontario in comparison to the national average.

Findings show that women are more likely to be employed during the school year: 52 per cent of full-time female students having a paid job during the school year compared with 41 per cent of full-time male students. Immigrant students are much less likely to work while going to school (32 per cent) compared with their Canadian-born counterparts (49 per cent). Going to school in a large urban centre, which offers more job opportunities, also increases the chances of being employed (47 per cent) compared to students living in smaller centres (39 per cent). Finally, college students are more likely to work while attending school (49 per cent) than their university counterparts (43 per cent).

Since employed male students worked about two extra hours per week, and earned more per hour than their female counterparts ($12.15 per hour in 2009/2010 versus $11.55), their weekly and school-year earnings were higher. Estimated school-year earnings were approximately $6,900 for men and $6,000 for women. Compared with students age 15 to 19, those aged 20 to 24 were more likely to work while going to school, work longer hours and have higher wages. The financial consequences for unemployed older students are therefore much greater than those for younger students. Furthermore, older students are also less likely to depend on their parents for financial assistance.

Of the 542,000 post-secondary students who were employed during the 2009/2010 school year, almost all (96 per cent) had a job in the service sector, compared with 78 per cent of the total non-post-secondary-student employed population. The majority of these were in retail trade, and restaurants and other eateries. Students also had a higher-than-average representation in the education services and arts, entertainment and recreation industries, where many work as research assistants and instructors in recreation and sport, respectively.

It is particularly difficult for students to be jobless during the summer due to the potential earnings loss. Students who were employed during the summer of 2009 earned $6,700 on average. The recent declines in the school-year and summer student employment rates due to the economic downturn, and subsequent increase in the unemployment rate, suggests more students would have been working at a paid job if they could have found one. However, student employment is starting to recover; students wanting work may soon have a better chance of being employed again.

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An unabridged version of this article was first published in Statistics Canada September 2010 Perspectives – Catalogue no. 75-001-X.


4. Ouellette 2006
WHAT SHOULD WE CONCLUDE about a country where tuition increases at a faster pace than student debt? Assuming – and this is a mild assumption – that student loan recipients tend to skew more toward the lower ends of the income spectrum, if their debt rises slower than the general cost of education, we might just have a progressive system of higher education.

The most recent figures on university student debt in Canada date to 2009, when the Canadian University Survey Consortium published its triennial survey of graduating students. As my then colleagues and I reported in the fourth edition of *The Price of Knowledge*, debt had increased at a relatively small pace between 2000 and 2009. After accounting for inflation, undergraduate debt had increased from just under $25,000 in 2000 to just under $27,000 in 2009 – a 9% increase. No small amount to be sure, but keep in mind that tuition grew at a faster pace, by 14%, according to Statistics Canada. Moreover, the proportion of undergraduates reporting debt from any source (government student loans are most common, followed by private loans from banks, family members and friends) increased by a mere two percentage points, from 56% to 58%.

These figures may not necessarily jive with the characterization of student debt in Canada. “Everybody knows” that debt loads are spiralling out of control, that the incidence of debt is growing at an alarming rate and that student debt loads are unsustainable. On the first two accounts, it would be more accurate to say the mash-up of loan remission programs, upfront grants and tax credits has let us hold the line, more or less, on student debt. Our system might not be ideal, but at least it’s stable.

As for the manageability of debt loads, we’ve never really had a strong measure of the impact of student debt on a graduate’s financial decisions. It’s easy to imagine a graduate deferring the purchase of a home or a car, or marriage and child-rearing, until they’ve got a handle on their debt payments. There’s a strong case to be made that graduates with substantial debt loads might stunt their burgeoning careers by settling for an OK job that will pay right now instead of a better job that might be further on the horizon. Yet the programs in place during the 2000s – loans, grants and tax credits provided by the federal and provincial governments and the Canada Millennium Scholarship Foundation, not to mention institutional financial aid – all helped to keep debt from growing at a rate that only exceeded inflation somewhat. Thank heavens for small graces, right? It hasn’t hurt, either, that low interest rates have kept payments relatively low, which might explain why one-third of Ontarians who graduated with debt in 2005 had repaid it completely within two years.

So is higher education in Ontario affordable? Well, that depends on who were talking about: folks at the top of income...
heap, or those at the bottom. Perhaps the more compelling question is how much debt can students reasonably afford to take on in pursuit of post-secondary education? More to the point, are particular individuals averse to debt, and if so, what are the consequences of a post-secondary system built largely on the premise that the long-term gain exceeds short-term pain?

In a neat little paper for the College Board, Carleton’s Saul Schwartz and Skidmore College’s Sandy Baum, who combined have studied the issue of student debt from every conceivable angle, attempt to define benchmarks for student debt affordability (the pair worked on a Canadian version reaching similar conclusions). Interestingly, they conclude that what really matters isn’t the debt load, per se, but the debt-service ratio, i.e., the proportion of income a graduate must devote to student loan repayment. They argue for the establishment of a sliding scale, ranging from no payments for those earning $10,000 or less to a maximum of 18% of discretionary income (i.e., that which exceeds 150% of the poverty line) for those earning $150,000. Sound familiar? That’s because it served as the rationale for the parameters of the Repayment Assistance Plan jointly administered by the Governments of Canada and Ontario, which caps maximum payments at 20% of income, and allows students to discharge outstanding debt after 15 years of repayment (additional support is available for those with permanent disabilities).

Still, the mere prospect of student debt might discourage potential students from pursuing post-secondary education, particularly those from families with low incomes or no experience with post-secondary education. Policymakers typically point to debt aversion as a significant barrier to higher education, and have in recent years introduced grant programs specifically intended to make higher education cheaper for these students. Combined, the access grants that emerged in the middle of the last decade (and have evolved into other things, for the most part) de facto eliminated tuition for most low-income students, yet only half of all low-income students bothered to apply for financial aid. Maybe we need to find a better way to eliminate tuition. New papers from HEQCO and the World Bank shed a little empirical light on our collective assumptions about poverty and student debt aversion. They conclude that debt aversion exists, but it’s minimal, and is often mitigated by increased work hours or a more frugal lifestyle. Most of the time, the prospect of debt itself isn’t enough to keep a young person from finding a way to study.

In short, we may be approaching the limits of what student aid can do for the question of access. Coming off of a decade where student aid programs – as byzantine as they may be, as an OUSA research paper famously put it – kept debt increases below the rise in tuition, Ontario students who do struggle after graduation have access to comprehensive repayment assistance. While student aid is far from optimal (one can only rant about the proliferation of do-nothing tax credits for so long), it’s still pretty good – and it will never be able to address the problems we increasingly identify as crucial to the development of a more accessible system of higher education: the academic, informational, cultural, motivational and aspirational barriers to higher education. So is higher education affordable? Well, that’s the wrong question. Here’s a better one: if higher education is affordable, where do we turn our attention next?

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What Ontarians Think About Post-Secondary Education

By David Coletto, Ph.D
CEO, Abacus Data Inc.

THE RECENT PROVINCIAL ELECTION campaign in Ontario was dominated by debates over taxes, the economy, and who was best to lead Ontario through what appears to be some uncertain economic times. We heard little about some of the other priorities Ontarians care about: health care and education.

In early September, OUSA and the College Student Alliance commissioned Abacus Data to conduct a public opinion survey of Ontarians over the age of 18 to gauge the public’s attitudes towards post-secondary education. An election is a great time to survey the public because it is the one time when it is most engaged and most likely to be thinking about policy issues. With an election underway and school back in session, it was an excellent time to find out where the public is when it comes to post-secondary education.

Here are some of the key findings from the survey.

Most Ontarians believed that post-secondary education was very important to the province’s quality of life and economic prosperity over the next 20 years.

There was little disagreement among the public when it came to higher education’s role in building a better province in the future. Over six in ten respondents (65%) said that post-secondary was very important to the quality of life and economic prosperity of Ontario over the next 20 years while another 26% believed post-secondary was somewhat important to achieving that outcome. This opinion held regardless of one’s gender, age, income, or education. The link between future prosperity and higher education is a consensus opinion.

When asked whether post-secondary education was more important or less important to the province’s future than either hydro rates or health care, only a small minority considered it to be less important. A full two-thirds of Ontarians (67%) believed that post-secondary education was either more important than or just as important as “hydro rates” to the province’s future prosperity while a majority (62%) believed PSE was either more important than or just as important as “the quality of the health care system” to Ontario’s future.

Thus, our poll indicated that public likely does not separate higher education from other priorities such as health care or hydro rates but sees it as an integral part of what will build a better province in the future.

Ontarians also recognize the impact of tuition fees on access, the rise of student debt loads, and the need to spend more on higher education.

Respondents were shown a number of statements related to post-secondary education and asked whether they agreed or disagreed with them. Overall, a large majority of Ontarians believed that students in Ontario have to borrow too much money to pay for their education (74% agreed) and that the cost of tuition fees in Ontario prevents students who are qualified and motivated to go to post-secondary education from going (68% agreed).

Moreover, when asked whether they would be willing to pay more in taxes if the money was used to reduce tuition fees and improve student aid, 54% agreed while only 30% disagreed. Ontarians not only believe that more should be done to reduce barriers to higher education and student debt loads, but a majority are willing to pay more taxes to see it happen.

What is more noteworthy is the fact that these opinions are relatively consistent across socio-economic and regional subgroups. Although younger and lower income respondents are more likely to agree with the statements, support for reduced tuition fees was high even among those with higher household incomes.
Most Ontarians believed that post-secondary education was very important to the province’s quality of life and economic prosperity over the next 20 years.

Ontarians with children at home are worried about paying for post-secondary education.

The broad support for eliminating barriers to access, reducing student debt loads, and reducing tuition fees is not surprising when you consider that 73% of Ontarians with children under 18 at home say they are either very or somewhat worried about their ability to help pay for their children’s post-secondary education. Only 5% say they are not at all worried.

The angst is not isolated amongst low or middle income Ontarians. Even among those with children under 18 whose household was higher than $75,000 per year, a large majority told us that they were either very or somewhat worried. It seems that economic uncertainty plus the rising cost of education has caused most Ontario families to worry about how they will help pay for the cost of their children’s education.

Consensus on post-secondary education: it must be a priority.

The survey research conducted by OUSA and the CSA clearly demonstrates a consensus among Ontarians about the importance of post-secondary education, not only to students in the system now and those entering in the future, but to the future prosperity and quality of life of all Ontarians. Ontarians strongly agree that student debt loads are too high and that tuition fees prevent capable students from obtaining an advanced education. For those with children under 18, many worry about their ability to help their children pay for their education.

Keeping this in mind, it is no surprise that a majority of Ontarians rate post-secondary education a top priority for government spending and that over five in ten respondents would be willing to pay more taxes if it meant that tuition fees would be reduced and student aid improved.

After a divisive election campaign that left no party with an all-out majority in the legislature, one thing that unites all Ontarians is their belief that Ontario’s future is linked to the affordability and effectiveness of its post-secondary education system.

Post-secondary education is a public priority and Ontarians want it to be a priority of their government.

SURVEY METHODOLOGY

The survey was conducted online with 1,002 respondents from September 9 to 12, 2011. Respondents were randomly selected from a representative panel of over 150,000 Canadians. The data was statistically weighted by age, gender, education, and past provincial vote. Although there is technically no margin of error for non-probability sample-based surveys, a random survey of 1,002 respondents would have a margin or error of ±3.1%, 19 times out of 20.

Abacus Data was the second most accurate pollster during the 2011 Ontario provincial election. For more information about Abacus Data or its track record, visit its website at www.abacusdata.ca.

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FOR MANY YEARS NOW, tuition has taken centre stage in the ongoing debate surrounding student fees. This is understandable; the price tag associated with tuition is the most obvious personal expense incurred by attending post-secondary education. Indeed, one of the few things that every Ontario citizen knows about post-secondary education is that tuition is expensive. However, ancillary fees are a far less obvious expense and much less discussed outside of the university community itself. Even the names associated with these fees paints a picture of relative unimportance; they’re “incidental,” “ancillary” or “miscellaneous.” Students find this to be an unfortunate reality, since ancillary fees are growing steadily both in terms of cost to students and in their importance to university finance. These fees pay for a wide variety of non-academic services, including health insurance plans, public transit, athletic centres, physical and mental health services, student governments, food banks, campus construction projects and more. After accounting for inflation, ancillary fees per student have grown by six times since 1980, doubling the rate of growth in tuition fees over the same period. This has obviously meant that students are paying more ancillary fees than they ever have before. According to Statistics Canada, Ontario has the second highest average ancillary fees in the country, making our province the most expensive in Canada in which to attend university by nearly $1,000.

Ancillary fee revenue for each full-time equivalent student has increased from approximately $136 in 1979-80 to over $966 in 2009-10, accounting for more than one-seventh of the average student’s bill. In terms of importance to the overall university system, ancillary fee revenue has grown on average from less than one per cent of the operating budget to over six per cent during the same time period. In 2011-12, combined ancillary fee and tuition revenue pushed the overall student contribution to Ontario university operating budgets to 47.96 per cent, just below the government’s contribution of 48 per cent. This means that for the first time, Ontario students are now contributing just as much to the operating costs of universities as the provincial government. Clearly, ancillary fees have increased past the point of being “incidental” or “miscellaneous.” Rather, they are an important and growing player in both the affordability and funding of the university system.
There are many different types of ancillary fees charged by universities, which can be broken down into tuition-related compulsory fees, non-tuition related compulsory fees and non-compulsory user fees.

Non-tuition related compulsory ancillary fees in Ontario are controlled by student governments and can only be introduced or increased with their consent. These fees carry particular importance to students, largely due to the fact that they pay for important student support services often in lieu of declining or stagnant support from institutional operating budgets. It is important to note that this underinvestment has not been due to a lack of recognition of the importance of student support services, but rather the cost pressures forcing institutional revenue to focus on core university functions such as teaching and research. For example, at the University of Waterloo, the proportion of student service costs borne by students increased from 92 per cent to 98 per cent between 2004-05 and 2010-11. Given non-tuition related compulsory fees are of growing importance to mental health and counselling services, academic skills clinics and more, students are particularly concerned over their future. While students are facing higher fees than ever before, student service fees will continue to rise without increased operating support for student services from either universities or the government.

Furthermore, infrastructure funding from the government is typically only granted for academic or administrative purposes, leaving student or athletic facilities without support. As a result, students at sixteen of Ontario’s 20 universities are currently paying compulsory fees at an average of $112 to support student and athletic capital projects. Students at Nipissing University alone pay over $470 annually. In 2009, the final report of the Ontario government’s Long-Term Capital Planning Project made a recommendation that “funding should be extended to traditional ‘ancillary’ projects which demonstrate significant contribution to student development.” Just this year, the government announced $7.9 million dollars in funding for an athletic complex at St. Clair College. Students hope that this signals a change in direction for a government policy that has required them to largely foot the bill for facilities that benefit the entire community.

Tuition-related fees have been disallowed in Ontario since 1987, effectively drawing a line between what revenue could be considered tuition and what could be considered ancillary. These rules have mostly kept in check fees for items traditionally paid for by universities – namely academic instruction, evaluation and support. Unfortunately, instances of students being charged tuition-related compulsory fees for online tests and assignments have popped up at universities across Ontario. In response, the government sent a memo in 2011 clarifying that fees for evaluation were considered tuition-related, and not allowable under current regulations. While students are not against the proliferation of innovative online products, this letter was an important step in ensuring that this transition respects the long-standing relationship of institutions paying for evaluation. These fees, however, fly under the radar of administrators, and there remains pressure from some faculty members and textbook publishers to continue to charge for such products.

Non-compulsory ancillary fees typically come in the form of user fees students pay in order to access certain university goods and services. If a student needs to replace a lost student card, print a transcript or a second copy of a degree, they will usually end up paying some kind of user fee in order to recover the cost of the good or service. In many cases, user fees are justifiable on a cost-recovery basis. As such, no serious effort has been made to regulate them in the same way that compulsory fees are regulated.

This lack of regulation is certainly understandable in a context where user fees are charged simply for goods and services a student could avoid. Unfortunately, this scenario is not always the case. For example, Ontario students now pay graduation fees at 10

The time has come for renewed public effort to understand and control the quickly changing landscape of ancillary fees in Ontario.

Chris Martin is currently the Director of Research at OUSA, and has been an active volunteer of the organization for nearly his entire university education. Chris joined OUSA after completing his degree in Political Science at McMaster University, where he also worked extensively with the student union.

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“It’s important that Ontario’s students remain at the forefront of the public debate. OUSA has always done an outstanding job in this regard, and has in many ways led the argument for a continued focus on investment in higher education. Avoiding ideological excess every step of the way, OUSA has commissioned research, documented the failures of public policy, and pointed the way to a better approach... I congratulate OUSA on keeping the debate alive, focused, and looking for solutions rather than rhetoric.”

-MP Bob Rae, former Premier of Ontario and author of “Ontario: A Leader in Learning”

“I am especially grateful for your paper on tuition. I look forward to your continued input on this and other important issues facing Ontario.”

- John Tory, Former PC MPP & Leader of the Official Opposition

“...I applaud the efforts you and your OUSA colleagues continually make to maintain open lines of dialogue amongst all stakeholders regarding post-secondary education in this province.”

- Dr. David Johnston, Governor General of Canada, former President of the University of Waterloo

“I think that the idea of professor training that OUSA is promoting is something that should be pursued aggressively.”

MPP Rosario Marchese, NDP Education Critic
The Ontario Undergraduate Student Alliance (OUSA) represents the interests of over 145,000 professional and undergraduate, full-time and part-time university students at nine member associations across Ontario. Its primary function is to lobby the provincial government for improvements to the post-secondary education system in Ontario.

Our vision is for an accessible, affordable, accountable and high quality post-secondary education in Ontario. To achieve this vision we’ve come together to develop educated solutions to challenges facing higher education, build broad consensus for our policy options, and lobby government to implement them.

OUSA was formed in 1992 as the result of an informal alliance of elected student governments. The goal was to present a united front on issues that affect Ontario’s undergraduate students in order to more effectively lobby the provincial government for change.

For over 15 years, OUSA has been a leader in student advocacy and has achieved many successes for students in Ontario.

OUSA has a long record of success in advocating for changes that benefit students at Ontario’s universities. Some recent accomplishments include:

- successfully advocated for $74 million over five years in 2011 to develop a new credit transfer system that makes it easier for students to transfer between institutions
- successfully secured full funding for 60,000 new university and college spaces in 2011
- successfully renewed funding for early outreach and access initiatives in Ontario communities and post-secondary institutions in 2011
- successfully lobbied for $81 million in student financial assistance improvements in 2010, including:
  - six-month interest-free grace period before loan repayment begins
  - doubling of exemption for income earned during studies
  - 7 per cent increase in OSAP loan maximum
  - implementation of Repayment Assistance Plan to cap and manage student debt
- successfully lobbied for a $150 million investment in university infrastructure in 2009
- successfully created the $500 Ontario Distance Grant and $150 Textbook & Technology Grant in 2008
- successfully lobbied for a two-year tuition freeze and associated funding for 2004-05 and 2005-06
As of January 2012, you may be eligible for a grant worth up to $1,600 a year!

The Government of Ontario is providing new financial support for many students to make their tuition more affordable.

In order to qualify you must be:

• A resident of Ontario
• From a family that earns less than $160,000 per year
• Out of high school for less than 4 years
• Studying towards an undergraduate degree program, excluding second-entry professional programs (e.g. law, medicine, etc.)

As of Fall 2012, the grant will likely come off tuition bills directly; however, in order to receive the grant for this January 2012, you will need to apply. Go to OUSA.ca for more details.