

## Affordability

### **Is post-secondary education affordable?**

A sensible place to begin an affordability discussion is with tuition trends. If you are an Albertan worried about escalating tuition and associated costs of a post-secondary education, you are not alone. According to an Alberta government survey carried out in 2003-04, only 50% of respondents believe that post-secondary education is within the means of most Albertans.<sup>5</sup>

Alberta university tuition has more than tripled since 1991-92, increasing at a rate more sharply than in any other Canadian province during the same period.<sup>6</sup> Average undergraduate tuition at Alberta's universities is \$4,622, the second highest in the country<sup>7</sup>. College tuition has also more than tripled since 1991-92 and college students pay the second highest tuition rates in Canada, at \$2,840.<sup>8</sup>

Tuition is just one of many costs students face. The total financial burden of attending post-secondary education can be daunting. Statistics Canada notes that when accounting for tuition, associated fees, books and supplies, and regular monthly expenditures (rent, utilities, food, transportation, personal care), the total average costs for full-time students is approximately \$10,000 per 8-month academic year.<sup>9</sup>

The government permitted institutions to charge differential tuition fees for professional programs (engineering, medicine, dentistry, and law). The institutions have chosen to levy much higher tuition and ancillary fees for professional programs than for most other undergraduate programs. Dentistry students, for instance, pay over \$17,000 in tuition alone. Medical students, in addition to their tuition, can pay as much as \$8,000 for mandatory supplies and equipment. It should come as no surprise that differential fees have their greatest impact on learners from modest-income backgrounds.

The government defends the decision to permit differential tuition fees by noting that professional programs are more costly to deliver and that their graduates, typically, have higher earnings and a greater capacity to repay debt.

### **Can all Albertans participate?**

It seems foolish to use an argument that higher earning potential justifies ever-rising fees since, in reality, upfront costs prevent many prospective students from attending these programs in the first place. Statistics Canada notes that students from lower-income backgrounds do not participate in all levels of post-secondary education in the same proportion as their higher-income counterparts.<sup>10</sup>

The government knows tuition is too high. Advanced Education Minister David Hancock publicly said, "What's important is that many students across this province believe that tuition costs are getting out of hand. It's very clear that students and their families are concerned about the cost of education, and when

students and their families are concerned about the cost of education, their government is concerned about the cost of education.”<sup>11</sup>

### **Government action on tuition**

For the 2005-06 academic year only, the government is reimbursing institutions for the amount of tuition increases that would otherwise have been imposed this year. However, the percentage increase in tuition for this year remains “on the books.” What happens in September 2006? Will there be a double tuition increase for students or will the new tuition policy that the government has promised protect the students from paying a double increase? The government has been conspicuously silent on resolving this problem, so the prospect that students might face a double tuition increase in 2006 is a real one.

### **Do student loans bring down financial barriers?**

The Alberta and Canada student loan programs are intended to supplement the resources of individual learners who otherwise may not have the financial means to access the post-secondary education programs of their choice. Assistance can also come in the form of grants and scholarships.

According to Statistics Canada students most often cite financial concerns as the main reason why they do not attend post-secondary studies, drop out of their studies, or delay their studies.<sup>12</sup> Government, in an attempt to minimize the importance of financial barriers, cites other conditions that might determine students’ decisions not to attend, to drop out, or to delay post-secondary studies. These include: parents’ attitudes to post-secondary education and their expectations of their children, students’ level of academic performance in high school, and the distance the student lives from a post-secondary education institution. While all of these barriers are important, the government continues to minimize the deterrent that financial barriers pose to many prospective students.

### **Loans are a debt sentence**

While the government doles out student loans, post-secondary graduates are accumulating larger school-related debts. University students who require loans can now expect to graduate with an average of \$20,000 in debt; college students can expect to accumulate an average of \$12,000 of debt upon graduation.

### **Public loans do not fully address need**

Approximately half of all students who depend on student loans borrow at the maximum amount allowed by the government. Even students who borrow at the maximum do not have adequate resources to meet all of the costs they will face during their studies. Government’s own estimate is that students who borrow are short \$190 per month when it comes to meeting the actual costs of housing, books and supplies, transportation, etc.<sup>13</sup>

### **Students must turn to private lenders**

Many students are forced to turn to private lenders such as banks and credit card companies to help finance their education expenses – and in doing so, they become burdened with crushing amounts of combined public and private school-related debt. One of the major drawbacks to private debt is that students are subject to high and relentless interest, which is added to the loan from the moment the loan is paid out. By contrast, interest does not become payable on government loans until after students finish their studies.

### **Why is this happening?**

This situation is the result of a government philosophy that the cost of post-secondary education is to be shared by the government (tax payers), learners, and their families – with a growing emphasis on increasing the burden of costs on the latter two.

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<sup>5</sup> Advanced Education, *2005-08 Business Plan, 2005*, page 8

<sup>6</sup> Statistics Canada, Centre for Education Statistics

<sup>7</sup> Statistics Canada, Centre for Education Statistics

<sup>8</sup> Doherty-Delorme, Denise and Erika Shaker, *Missing Pieces V: An Alternative Guide to Canadian Post-Secondary Education*, Canadian Centre for Policy Alternatives, 2004, page 6

<sup>9</sup> Statistics Canada, Centre for Education Statistics

<sup>10</sup> Barr-Telford, Lynn, Fernando Cartwright, Sandrine Prasil and Kristina Shimmons. Access, Persistence and Financing: First Results from the Postsecondary Education Participation Survey (PEPS). Statistics Canada, 2003

<sup>11</sup> Hancock, Hon. David, *Alberta Hansard*, 1<sup>st</sup> Session, 26<sup>th</sup> Legislature, March 3, 2005, page 20

<sup>12</sup> Allen, Mary, Patrick Bussiere, Mylene Lambert and Klarka Zeman, *Who Pursues Post-Secondary Education, Who Leaves and Why: Results from the Youth in Transition Survey*, Statistics Canada, 2004, page 15

<sup>13</sup> Alberta Advanced Education, *A Learning Alberta: Ensuring Affordability in Alberta's Advanced Education System*, June 2005, page 16