

Submission to the Commission on Post Secondary Education in New Brunswick

Presented by the Mt Allison Students' Administrative Council



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Mt. Allison, like all other Post Secondary Institutions in New Brunswick, plays a significant role in our community. While the social and cultural contributions of universities merit careful consideration, this submission focuses on financial issues facing students and the impact of our institution on the provincial economy from the Mt. Allison perspective.

Our observations, comments and recommendations have been compiled and loosely organized into the following categories:

- i. Affordability - University Financing*
- ii. Accessibility – Financial Aid*
- iii. The Provision of Quality Education*
- iv. Mt. Allison’s Role in and Integration with the New Brunswick Economy*

Affordability:

Education must remain affordable in New Brunswick as our universities integral to achieving future prosperity. Dramatic increases in tuition in the past decade have jeopardized the ability of many low and middle income students to pursue and complete post secondary studies. Affordable education must be achieved through stable funding to institutions that rises with the cost of providing that education.

Rising tuition has been a continuous trend across most of the country. Tuition in New Brunswick is notably high – so high that New Brunswick was ranked 57th of 60 provinces and states on affordability of post secondary education by the Educational Policy Institute. Such high tuition hurts both students and institutions. The sticker shock of high tuition and the reality of the significant cost of PSE act as a barrier to many potential students from low income and non traditional backgrounds. High tuition in New Brunswick also jeopardizes our schools' competitiveness with other universities in the region and across the country. We are recommending that the government fund a reduction in tuition to the national average to help make PSE affordable to all and to help our schools remain attractive destinations for out of province students.

Another issue of concern is the amount and the stability of government funding to our institution. University costs rise faster than inflation, this means that even a government grant that increases to cover inflation decreases in relative worth. This past year, our government grant was projected to increase by 3.2% where as our costs were roughly projected to increase at 6%. This left a 'hole' in the budget that was inevitably filled with higher tuition. This trend means that year after year students end up paying for a disproportionately high percentage of our operating revenue.

We are not opposed to tuition increasing under the two conditions that first, it is lowered to the national average and second, future increases are regulated so as to ensure that students pay a fixed proportion of their institution's operating revenue. We believe that government funding for post secondary education should be reevaluated with these concerns in mind.

We therefore call for:

- ◆ A government funded reduction in tuition to a level below or equal to the national average of \$4347.
- ◆ The regulation of future tuition increases with the goal of maintaining a fixed ratio between the amount of university revenue that comes from student tuition and from government funding.
(Ensuring that the government provides *at least* 50% of university operating revenue – keeping in mind that with the initial reduction in tuition the government should be paying a sum significantly higher than 50%)

Accessibility:

If New Brunswick is to sustain itself as a place to live, not leave – then it needs to invest more heavily in making our post secondary system accessible – financially, geographically and otherwise. The financial aid system must ensure that that all qualified students can graduate and subsequently participate in New Brunswick’s economy without an undue financial burden.

Once an affordable system of post secondary education is created in New Brunswick we must ensure that it is accessible to all academically capable students. The New Brunswick financial aid system has many aspects and can often seem daunting to maneuver from the eyes of a prospective student. There are a few ways that we believe the system can be improved to make it more effective in creating an accessible system and make it a more efficient use of public dollars. First, we believe that the focus should be on ***up front*** and ***targeted*** non refundable grants. Loans are an important aspect of financial aid, especially for middle income families, but there has been too small a focus on the necessity and benefits of grants. Generally, low income and non traditional students are averse to taking on debt and therefore do not benefit as much as they need from the loan program. Grants are also superior to tuition rebate or tax back programs because they help get students in the door and help them while they are studying and not working as opposed to after graduation.

Another aspect of the financial aid system that must be explored is the potential negative economic externalities of having a generation of students with an extreme debt load. The average level of student debt in New Brunswick is quite significant. Not only is this a burden to students and a potential deterrent to pursuing PSE but could also have negative effects on the NB economy. Students with such high debt are presumably more likely to leave the province in search of high paying employment to pay off their debt than students graduating with a ‘clean slate’. Another concern is that student graduating with large debt loads are presumably more risk averse in choosing a future occupation and would be less likely to want or even be able to finance a small business start up. In this way, student debt has the potential to stifle entrepreneurial spirit in the province. We therefore suggest that an in depth study of the externalities of having a generation of students with an extreme debt load be commissioned.

A final point to make regarding financial aid is about the timing of that aid. It is important that students receive aid throughout the duration of their degree. There is a multitude of funding sources available for first year students, from the recent government \$2000 program to entrance awards. This funding almost disappears however for second, third and fourth year students. As noted in the discussion paper we have high participation rates but we also have concerning drop out rates. Our financial aid system must be formulated in a way that supports students through the duration of their studies.

We therefore call for:

- ◆ The prioritization on needs based, up-front, non refundable grants as the primary form of financial aid.
- ◆ An examination of the negative economic externalities of having a generation of students graduate with an extreme debt load.
- ◆ A reconsideration of financial aid strategies to ensure that students receive funding throughout the duration of their studies and not simply in first year or upon graduation.

Quality:

Students from across Canada are attracted to Mt Allison by the prospect of attending a university known for academic excellence and innovative programming. Ensuring the quality of education at Mt A is of utmost importance to our students. To remain a nationally competitive school we must have the opportunity to enhance the quality of our offerings and provide unique opportunities to students.

We therefore suggest:

- ◆ The development of a provincial program that financially supports research opportunities for undergraduate students and faculty.
- ◆ Increased accountability to students in university governance by encouraging community involvement in the hiring process of the Board of Regents.

Mt Allison's Role in and Integration with the New Brunswick Economy:

Future growth in New Brunswick rests on the ability to integrate our skilled graduates with the economy. Our graduates need relevant opportunities to apply their skills meanwhile the province needs young graduates to stimulate the economy to create those opportunities. The government must initiate this circular process of growth by creating opportunities for university graduates to utilize their skills and actively participate in and shape the growing NB economy.

We therefore call upon the government to:

- ◆ Provide meaningful opportunities for our graduates to participate in New Brunswick by developing programs that will integrate them with the labour market such as:
 - Funded employment centers in all universities
 - The development of relevant co-op opportunities
 - Summer internship programs designed to give students in a variety of programs relevant work experience
 - Increased cooperation with the private sector – developing creative industries that will utilize our graduates and developing programs that enhance these industries.