

# Tuition - why are we paying more

Alberta colleges, universities and technical institutes have implemented 20% to 150% increases in tuition fees for 1976-77 and have indicated that fees will rise again in 1977-78. The increases were announced after the Alberta government imposed an 11% ceiling on growth in operating grants for post-secondary education.

When tuition fees have generally been stable in the last few years, why are students now faced with such increases?

The basic problem is lack of money. Governments have declared these years a "period of restraint" and are cutting back their commitments to social services (education, health and welfare). Post-secondary institutions, faced with inadequate funding from the governments, are turning to their second largest source of revenue — tuition fees — to make up their deficits.

The political decision to force an increase in tuition fees has aroused debate over the role of these fees, and their effect. Most of the arguments in favour of increasing fees coincide with the points in favour any any fee in the first place. The fundamental question, then, is whether or not there should be tuition fees.

## Who benefits?

The take-off point in the debate on the existence of (or the increase in) tuition fees is the question of who benefits from higher education.

The financial benefits of post-secondary training to the individual are usually identified in terms of "improved access to employment opportunities, greater likelihood of achieving positions of prestige and importance, and increased income over one's working life." (Oliver Report, Manitoba, 1973). In other words, a student should pay some money as a form of individual investment (cost) for financial benefit expected after graduation.

There are other costs and benefits that are not considered if we only look at post-graduation income. When the student is in school, he/she is not working and not receiving a wage. This loss in potential income is called "foregone earnings."

Marian Porter, John Porter and Bernard Blishen, three sociologists, argue that "foregone earnings are an educational cost." In a detailed study, *Does Money Matter?*, published in 1973, the three calculated that when both tuition and foregone earnings are considered COSTS, the students actual share of total education costs is 55%.

## The corporate sector

While considerable time has been spent debating the individual vs. "social" benefits derived from post-secondary education with a view to ascribing that appropriate proportion of the cost, little or no consideration is given to the "corporate" benefits and their appropriate level of cost sharing. In fact, rarely if ever does one see the corporate sector appear on the scale.

There can be no doubt that post-secondary education makes a massive impact on corporate income levels (many would argue that it is the determining factor). Without a highly educated work force — without people capable of making

complex decisions, operating complex machinery, designing, researching, teaching, healing, communicating, etc. — this relatively advanced industrial society would grind to a halt. With it would go all corporate income. Less dramatically, the corporate sector depends on a constantly increasing level of education in society as a whole to maintain its relative position in the world economy, to meet domestic demand and to meet its own future needs. Quite simply, higher education is probably the most vital independent variable on the corporate ledger.

During the seven year period, 1967-74, when expenditures on post-secondary education in Canada were "booming," corporate profits were booming as well, increasing by 250% from 5.6 billion to 19.5 billion. Personal income, meanwhile, increased at a more modest 125% from 33 billion to 74 billion. Despite this relatively fast growth in corporate income, the corporate share of public revenues during that period fell from 11.3% to 10.7%. Personal income tax, on the other hand, increased as a source of revenue from 16.2% of all revenue sources to 18.3%.

## The class argument

Working people are largely frozen out of higher education, yet they pay a relatively higher portion of their income in taxes to finance it. One might then expect the labour movement to support an increase in tuition to lighten the tax burden on its members. Yet the Canadian

Labour Congress supports the National Union of Students in demanding free tuition and a living stipend. The two groups are united on this point because they do not see the present class make-up of universities and colleges as inevitable.

## Tuition fees are unimportant, or does money matter?

Almost everyone is concerned with the under-representation of working people in post-secondary institutions, but many argue that this is the result of social environment, the family situation and the high school system, not high tuition fees.

Those who argue in favour of the abolition of tuition fees do not deny the importance of the family and school environment as it affects accessibility. They argue, however, that tuition and foregone earnings are a significant financial barrier that must be eliminated.

Abolition of tuition fees is also the most practical area where the government can act quickly, and fairly painlessly, to encourage accessibility. Reform of the high school system and an effort to change family attitudes is a much more long-term and complex matter.

## Tuition to reduce enrollment

Another argument often heard in favour of increased fees is that it is a good way to reduce enrollment.

There are too many over-qualified graduates as it is and "we should allow the cost of those services to the beneficiaries to bring supply and demand into equilibrium." In other words, raise the market price of "product" to reduce the demand.

However, even if the number of college graduates need to be limited, it remains unclear why blunt instrument of higher tuition should be used, particularly with its negative impact on children of working people.

## Conclusion

Of all the proposals for encouraging accessibility, free tuition with a living stipend makes the most sense. When tied to a reform of the tax system, it ensures that the corporate sector of the economy picks up its fair share of the funds for higher education. It also ensures that those who do benefit financially from their education will assume their share. By removing the financial barriers to universities and colleges, the number of students from workers' families will increase and the government can begin to deal with the more difficult social and cultural barriers to a post-secondary education.

Free tuition is not an unrealistic proposal. It already exists at the community college level in the Province of Quebec. Further study is needed on the Quebec experience but it is clear that the social and economic mix of students is more balanced than at other institutions, charging, institutions.

# The remission system of the Alberta Until graduation our loans are being

Alberta's student finance program was quietly transformed in 1971 with the introduction of loans and remission scheme. The grant and loans program, which had been financially assisting students since 1958 was gradually phased out in favour of this new and rather unorthodox scheme. It was — and remains today — the only provincially-administered plan in Canada which defers the grant portion of a loan until graduation.

In 1975, the Board raised the remission levels to a maximum 50% remission to first year students in post-secondary studies, 40% for those in the second year and 25% for those in the third and subsequent years. Any students who took out a loan after July 1, 1975 were eligible for these increased benefits. The Board also ceased paying remission awards over a five-year period. Once the student had submitted a transcript and had consolidated the loan, the Board would settle the award in a single payment.

The remission program has most certainly saved the provincial government a great deal of money since the changeover from the grant scheme. Prior to the introduction of the new plan, the amount of money the government levied in grants and prizes had risen dramatically. The 1967-68 payment was \$2.5 million; by 1970-71 the government was providing \$6.2 million for grants and prizes. During the first year of operation under the remissions program, the grants and prizes payments (which includes

remissions) plunged to \$2.3 million. With the recent increase in the remission ceiling, grants and prize payments have only now started to level out with the generous grant allocations of six years ago.

The number of students assisted has dropped off since the introduction of the remission system, making one wonder just how far this program has encouraged accessibility. The 1970-71 year was a peak year for numbers of students receiving financial assistance — almost 27,000 students received aid, of one form or another. Following the establishment of the remission program the number fell to 25,000 and has fluctuated below that level since. At the same time, total enrolment in the province's post-secondary institutions has steadily climbed since 1969. It is difficult to speculate on whether the remission system has discouraged the rate of students participating in our provincial financial aid scheme. Nonetheless, the reduced number of students being assisted during a period of very high enrolment does not promote Alberta's performance in the encouragement of accessibility to higher education.

The key to accessibility is providing incentive to those students, who because of lack of financial resources, might rule out post-secondary education. A grant program informs the student of the level of support she will be eligible for prior to each year of enrolment. The remission program, on the other hand, provides loan support

throughout the years of post-secondary education and the "forgives" a portion of its debt upon graduation. The student has a guarantee that the Board will forgive the maximum allowable remission. What kind of security does this give the low-income student whose debt will be conditional upon a whole variety of factors? The remission system does not encourage accessibility in an active, positive fashion. The first battle must be one of assuring the needy student of the *outset* of her studies, that she have a guaranteed measure of financial security. No program which promises a vague sum to be forgiven at the end of a program can ever hope to promote accessibility.

For each loan year, the student receives a statement of estimated remission on his award statement. This figure is estimated on a year-by-year basis and is primarily determined on the basis of the student's financial contribution for that year.

When the loan is consolidated (graduation or interruption of program) all the estimated remissions are totalled and if the student demonstrated a serious academic effort (passing three of five courses is a minimum effort) near or full remission should be granted.

However, the loopholes are numerous and vague. For dependent, married or "living-together" students, the Board expects suitable contribution from parents, spouse and partner, respectively. If