

IN-DEPTH *A News Feature*

THE SOCIAL POLICY REVIEW

What the social policy review means to UNB students

The recent "discussion paper" released by the Human Resources Development Committee on social policy review, if adopted, will fundamentally change the face of post secondary education in this country.

Basically, if the discussion paper is adopted by the federal government it will mean the elimination of the cash portion of EPF (established program financing) transfer payments which the federal government currently makes to the provinces to fund universities. What this means is the implementation of a voucher system of tuition payment, repayable on an income contingent basis.

Essentially, the voucher system would open the door (and open it wide) to the creation of a two tiered post secondary university system. The government would hand the money they now give the provinces in cash EPF transfer payments directly over to the students in the form of a voucher that they would then "cash in" to pay for their tuition. Sound good? Be careful. These vouchers aren't free. A voucher is a loan and a loan must eventually be paid back. This also leaves the door open for universities to charge more than the vouchers' value as tuition. Schools like Mount Allison, Queens, Acadia, and Western may decide that they want to charge \$5000 more than the value of the voucher as tuition. Those who can afford the extra fees will then be able to attend these institutions, while others will not, thereby creating a post secondary educational system for the rich and affluent and one for everyone else, much like the system now in place in the United States. A degree from one university might not be worth as much as the same degree from another that cost more to attend in the eyes of employers, thus allowing those who can afford to attend more expensive universities to get the jobs after graduation.

To be allowed to repay your student loan contingent on what you are earning only seems reasonable. You pay when you have the money you don't pay when you don't have the money. Makes sense. Under an ICLRP (Income contingent loan repayment plan) students could borrow the funds required to cover the cost of tuition and living expenses. The interest on these loans would accumulate from the time the loan is negotiated, with repayment contingent on one's level of income after graduation—the lower your income, the lower your payments. Repayment would continue for a set number of years

through the income tax system, in most models between 25 and 30 years, after which, a person's outstanding debt would be forgiven. Seems almost bearable doesn't it? Unfortunately it isn't. Below is a somewhat brief explanation of some of the potential effects of an ICLRP scheme. A more detailed explanation can be found under the heading Income Contingent Loan Repayment Plans (ICLRPs).

The implementation of an ICLRP could result in drastically higher tuition fees...how does \$40,000 for a BA sound not including living expenses? Tuition fees would be deregulated freeing universities and colleges to set tuition fees at whatever level they choose. Students could pay as much as \$10,000 in tuition fees per year for full time Arts studies, drastically increasing the amount to be borrowed. Student loans would accumulate interest from the time the loan is negotiated. Those in high paying jobs after graduation could repay their loans quickly and avoid interest payments, while those in lower and middle income jobs would pay their loans back over a longer period of time with the additional cost of accumulated interest, thus increasing the total of the loan to be repaid. Groups such as women, aboriginal people and people with disabilities would be disadvantaged because they traditionally have lower life-time earnings and therefore, will have to repay their loans for many more years and pay much more interest on their loans as a result.

Ironically the federal government sees these changes as a means of increasing accessibility to post secondary education. What

they are failing to see is that increased tuition fees, massive debt loads and no reassurance that there will be employment for students after graduation will not do anything to increase the accessibility to higher education. These will only act as deterrents for those who come from less than affluent families. Essentially what the government is trying to do is reduce the debt. However in doing this they are shifting the burden of financing post secondary education from the government onto the backs of individual students.

The challenge now is to find means of reform that will work. Governments need to look at reviewing the cost and length of university and college programs. Is it possible to meet the same standards with shorter degrees? Could costs be cut by holding classes year round, instead of paying salaries and maintenance costs in the summer? Establish national standards that would ensure that credits could be transferred from university to university, thus avoiding repetition of credits. These are just a few of the reforms students across the country are proposing, reforms that will work for students not against them.

Education is a right. Everyone benefits from an educated society, not just the individual receiving the education. As students we must take an active role in determining the future of post secondary education in this country. Get informed, stay informed.

For more information on the social policy review or to get involved, please contact Lara Rooke (VP External Affairs) at the Student Union, rm. 128, SUB.

WHAT IS EPF ??

Health care and post-secondary education are provincial responsibilities under the BNA Act. However, the federal government has always felt a national need to assist to provinces' efforts to provide quality services to all Canadians.

In 1977, the federal government began making contributions to provincial health and education programs through Established Program Financing (EPF), a formula which allowed the federal government to transfer both cash and taxation powers to the province to help in these areas.

While provincial governments are not accountable for these funds, and the provinces write the final cheque to the university, the federal contribution is nonetheless vital to the quality and accessibility of universities. In New Brunswick, over one-half of government money given to universities is federal EPF dollars.

EPF funds have never been cut since their inception. The Mulroney government froze them for several years, but never cut. At the time, the funding freeze drew howls of protests from the Liberal Opposition under Jean Chretien. How ironic that Mr. Chretien, the finance minister who started EPF, the opposition leader who fought to protect EPF, is now threatening to be the Prime Minister who obliterates EPF.

Will my tuition double?



his seems to be one of the hottest questions on campus these days. If the social policy review is adopted by the federal government will your tuition double?

It is hard to put an exact dollar figure on the potential increase in tuition in the immediate future. One thing is for sure and that is that it is going to increase.

Before looking at the effects of the Social Policy Review, it is important that students understand how their education is paid for. Tuition represents roughly 25% of the total operating cost per year at UNB. The remaining 75% comes from two other sources. Exactly what the breakdown of this money is between the Provincial and Federal governments is a matter of dispute. The fact is, however, that the funding Lloyd Axworthy is proposing to remove represents nearly 33% of the total funding post secondary education receives from the province. The 33% has been calculated using the 1992-93 year when the federal cash transfers to New Brunswick for post secondary education were 80 million. The total spent on education, with this money included, was 240 million. Removing this 80 million would represent a substantial cut to the funding of education. Whether or not the post secondary institutions feel the full effect of this cut or not remains unknown. Essentially there are three possible scenarios that could occur.

- 1) The cut to EPF (approx. 80 million) could be spread out over all of the EPF funded programs including education and health.
- 2) The cut could be covered by the province in full with reallocations of funds as well as increases in revenue.
- 3) The post secondary education system could be forced to deal with the full effect of the cut and this would cause the substantial increase in tuition.

Considering that the amount cut from EPF is going into student loans, it is highly unlikely that options one or two will take place. This increase in student loans offers the province a scapegoat from being forced to find the funds to make up for the cut. Option two is also highly unlikely as additional increases in taxes in order to find the additional revenue would spell political suicide for the McKenna government.

If you listen to Lloyd Axworthy, he acknowledges this prognosis of tuition increases, but is quick to point out that the money will be available in the form of loans, which are to be repaid on an income contingent basis after graduation.

It is impossible to answer definitively what the increase in tuition will be. It seems, however, that an increase is a foregone conclusion if the social policy review is adopted. The worst case scenario would be a 33% cut to the funding of UNB which would need to be recovered, most likely, through tuition. This would increase tuition from the \$2,470 this year to approximately \$5,730 in future years. I would caution everyone that this is A WORST CASE SCENARIO and there is much left to be decided and finalized before anything becomes a reality.

By Paul Estabrooks

PUBLIC FORUM
October 30th, 1994
Fredericton High
School 1-5pm
With Andy Scott

Nov 1: Release of Position Paper Called "No more smoke and mirrors"