

# BANK NOTES

*Student leaders say an all bursary funded education is more feasible than the present system. But can they convince the government?*

BY BETH RYAN AND MICHELLE LALONDE

**W**hen Secretary of State David Crombie asked for student input into the federal government's student aid program, he should have been prepared for an earful.

Students have a lot to say about the flaws of the current Canada Student Loans Program and they have been eager to present alternatives to the federal government. But their suggestions amount to more than a few changes to federal policy: student groups across the country want Canada to take a hard look at just who deserves a post-secondary education.

They want to see a change in the assumption that underlies government policies and university admissions regulations — that post-secondary education is a privilege to be extended only to the gifted and the wealthy.

Although "accessibility" is a catch-all phrase that student politicians have thrown around for years, today they are talking about total accessibility in the form of a government-funded education. They propose a system that offers non-repayable bursaries and grants instead of student loans. And while government officials may quickly dismiss the suggestion as "financially unfeasible", student groups have some pragmatic reasoning to back up their proposal.

"The idea of an all-bursary program is not unrealistic at all. In fact, it makes good economic sense," says Stephen Scott, executive officer of the Canadian Federation of Students — Pacific Region.

"Loans are costly to administer because the government pays for the interest. They pay when a student defaults, and 123,000 students have defaulted. The administration of a loans program creates a bureaucracy which is costly to maintain," Scott says.

"And if you have people graduating with \$12,000 debts, they are not buying cars and getting mortgages and starting families and keeping the economy going. Instead, it's a drag on the economy."

The students' society at Simon Fraser University in Burnaby, B.C., has studied the costs of implementing an all-bursary program instead of an all-loan program in B.C. and found only a minimal difference in the cost. And financial administrators at universities and colleges in the province shared that conclusion, says Stephen Howard, a research coordinator for the SFU student society.

They determined that it would cost \$17.5 million to administer an all-loans program and \$20 million for an all-

bursary program, says Howard.

Factors which contribute to the high cost of administering a loans program include the number of loan recipients, number of guaranteed loans, interest charges paid by government, defaults based on 18 per cent federal rate, and a remission program that reduced academic achievers' loan payments.

Howard says for every \$2000 loan it makes, it costs the Canada Student loans program \$1000 in interest charges, administrative expenses, tax reductions claimed by students, and other related expenses.

L'Association nationale des etudiantes et etudiants du Quebec (ANEEQ) supports the conversion of student loans to bursaries, saying it will actually cost less for the government to administer than student loans.

The major cost covered by the government is the interest paid on the loan while the student is still in school. Students only begin to repay their loans six or eight months after leaving school.

"It costs the government 40 cents interest when it lends \$1 to a student," says Jean-Pierre Paquet, an executive of ANEEQ. "If the student remains in school longer than three years, the cost of the interest rises until it actually costs the government 80 cents to lend a student \$1."

Paquet says the amount paid by the government is even higher when one adds administrative costs and the expenses incurred in trying to recover the loans.

While student groups are looking for full-bursary programs or increased bursaries at the very least, provincial and federal governments are increasing the number and amounts of student loans while cutting back or even eliminating bursaries in many provinces.

In 1981-82, Nova Scotian students received financial assistance that was 50 per cent loan and 50 per cent bursary. Now it's two-thirds in loans and only a third in bursaries. Loans were increased by 100 per cent while bursaries were increased by .008 per cent, according to the Students' Union of Nova Scotia (SUNS).

"We'd like to see more than \$2200 in bursary, but it's a compromise between what we think would solve the problem

and what we would actually get," says Robin Hamilton, SUNS executive officer. "An all-bursary program is consistent with the policy of SUNS. But we wouldn't suggest it because the government would just ignore it," he says.

In 1984, the Social Credit Government in B.C. eliminated bursaries and replaced them with an all-loan program, cutting the student aid budget from \$33 million to less than \$3 million.

Student groups in B.C. launched an extensive lobbying effort during the provincial election campaign in the fall of 1986 which contributed to positive changes in the system. The government adopted several of the students' recommendations, such as a debt ceiling of \$12,000 and grants for a student's first two years of study.

The Saskatchewan government more than doubled funding for student aid in its June 1987 budget, but replaced bursaries with "forgiveable loans". Repayment of these loans depends on financial status and academic performance.

Lyndon Surjik, the CFS Saskatchewan chair, points out that the repayable portion of the loan has doubled before a student gets to the "forgiveable" portion.

"This means the average student on the student loan program will have a total debt of \$23,000 up from \$12,000 under the old system," he says.

Escalating student debt loads have prompted the federal government and students to take a harder look at the student aid situation in Canada.

In October, the Secretary of State and the Council of Minister of Education released a report on student debt loads which indicates that 28 per cent of final-year students with Canada Student Loans had debts of \$5000 to \$10,000 in 1985-86. Another 9 per cent, or 19,488 students, had debt loads of over \$10,000.

These figures include federal loans only. The study estimates that provincial loans add another 12 per cent to the number of students with debts between \$10,000 and \$15,000 and another 8 per cent to those with debts over \$15,000. The study also excludes Nova Scotia and Newfoundland, two provinces where high summer unemployment usually means high debt loads.

William Rompkey, a Liberal M.P. and post-secondary education critic, says he was surprised that the figures were not higher.

"Those figures don't concur with the figures I had, which indicates that most students had \$12,000 to \$20,000 debt

loads coming out of bachelor programs. But even if the figures are right, a \$10,000 debt load is nothing to gloat about.

"If 80 per cent of our students have a debt load of \$10,000 and we are patting ourselves on the back over it, then we can just forget about it as a country," says Rompkey.

In the Atlantic provinces, there are no statistics available on student debt loads, and student leaders say that's an indication that the provincial governments don't care.

"We simply don't have the research in the Maritimes. The only research is what we at SUNS have done and there's only so much research a student group can do on a \$27,000-a-year budget. It shows lack of government concern when we're the only ones doing any research," says Hamilton.

In British Columbia, students are more heavily in debt than the rest of their Canadian peers, with 21 per cent of students with loans owing more than \$12,000 compared to the national average of 13 per cent.

"B.C. has some of the worst student aid programs in Canada, but there have been some significant improvements in the last year," says Stephen Scott of CFS.

In response to the student aid crisis, the Secretary of State has established an Advisory Group to review the federal student assistance programs, made up of representatives of national student organizations, bankers, university administrators, faculty, and government.

"Student loans have served us well in the past 20 years. But there hasn't been a major review of student assistance in recent years," said Mary Meloshe of the Secretary of State's Student Aid Directorate.

David Crombie wants the advisory group to make recommendations and he expects to introduce improvements to the student aid program before August 1988. He says he's particularly concerned with low-income borrowers, part-time students, disabled students, and those with special needs.

But Rompkey suggests the government must totally rework the program instead of implementing "band-aid" solutions.

"We can't just make changes to the periphery. We have to look at education from a different perspective," says Rompkey.

"Something that worked in 1964 just ain't gonna work in 1987. In 1964, students had no problem getting summer jobs or a job after graduation, even in Newfoundland." The Advisory Group

on student aid held its first meeting in December.

"Everybody in that meeting agrees it would be appropriate for Canada to have a national bursary program," says Tony Macerollo, chair of the Canadian Federation of Students and a member of the committee.

"But there must be opposition out there or it would have been implemented already. This is why I am concerned that this [the national advisory committee] is just another mechanism being used to keep us quiet," says Macerollo.

Macerollo says the government representatives in the Group are researching various projects, including the cost of a full bursary program for a February meeting.

"They are in the best position to do that," says Macerollo, "and they are also in the best position to blow it out of proportion. So we are going to look at what they come up with and work from there. We are giving them the benefit of the doubt that they want to see improvements in the program as much as we do."

Sheena Weir, the chair of the Ontario Federation of Students, says policy-makers have to look beyond the expense barriers that keep students from getting a post-secondary education.

"There is this attitude that if students pay for education themselves, it will mean more. It's just not true. As the system is now, rich students' parents pay for their education.

"And even though we have a student aid program, we haven't changed the social climate at all, so we still have an elitist system. There is still an attitude that you don't deserve to go to university if you are from a lower-class background. Nobody tells you that you have every right to go to university," says Weir.

"We need better student aid programs. I know lots of people who couldn't afford to go to university. And even if loans are available, you can't expect people to take on debts when they come from a home life where a \$1000 loan was a debilitating prospect."

William Rompkey agrees. "We have to start looking at education as an investment, not as a privilege. We should face up to our responsibility as a society that requires an educated population. We should be willing to fund that education.

"We should not be demanding individuals to be educated to function in this society and then expect them somehow to deal with the debt," says Rompkey.

