

COMMISSION ON  
TUITION FEES AND  
ACCESSIBILITY TO  
POST-SECONDARY  
EDUCATION IN MANITOBA

**Report to the Minister of Manitoba Advanced Education and Literacy**

Submitted by Dr. Ben Levin  
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# Acknowledgments

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It is my hope that this report will contribute to more Manitobans being able to benefit from post-secondary education.

Ben Levin

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# Executive Summary

The mandate of the Commission was ‘to review access to post-secondary education in Manitoba including tuition fees and student financial assistance’. The official terms of reference for the Commission were to:

- review international research on the relationship between tuition fees and university accessibility
- analyze data on university participation in Manitoba, focusing on under-represented groups (including Aboriginal, rural, northern, part time and mature students)
- analyze current tuition and extra fees at Manitoba's post secondary institutions and compare them to those in other provinces and countries
- review the main sources of student aid in Manitoba (federal, provincial and institutional) and analyze their impact on accessibility
- review the contribution of student fees to the overall financing of post secondary education in Manitoba and compare it to other provinces and countries
- review the impact and role of provincial education tax credits
- recommend public policy on the topic, including legislation if appropriate

The Commission’s mandate is focused on accessibility; the Commission is not a general inquiry into post-secondary education, its operations, governance or financing. Tuition is thus discussed primarily in relation to its impact on accessibility.

An analysis of relevant empirical research, both Canadian and international, is the basis for an integrated set of recommendations aimed at significantly improving accessibility, participation and success in post-secondary education in Manitoba, with a specific goal of reducing the gaps in participation among social and economic groups. The recommendations make most sense if read in context of the entire report, especially because they are based on a careful analysis of the research.

## Context and Rationale

There is no dispute about the importance of post-secondary education to Manitoba’s future prosperity and social cohesion. Manitoba needs more post-secondary graduates, a change that will require government action. Manitoba has already made a significant effort to improve participation in post-secondary education, with improvements in student aid and in other support programs. The result has been an increase in participation and, even more, a reduction in borrowing and in debt levels for Manitoba students. However evidence suggests the need for more improvement in equity of participation, since participation is still strongly related to socio-economic level, particularly in university enrollments.

A large body of evidence shows that accessibility is the outcome of many factors working interactively. While financial factors are important, so too are academic preparation, student and family expectations, availability of good information on costs and benefits, access to

appropriate programs, and availability of support services such as housing and child care. Counter to some strongly held beliefs, evidence in Canada and elsewhere around tuition fees shows clearly that tuition fees alone do not shape participation or success.

Affordability of post-secondary education is determined by a mix of costs and revenues, with tuition only a small share of the overall cost. Students' sources of funding include earnings and parental support as well as grants and loans. About 60% of Manitoba students do not borrow money for their post-secondary education, indicating that they do not have financial barriers. Most students who do borrow are well able to repay these debts, although a small number of students incur high debt levels that have adverse consequences. Others do not participate in post-secondary education because of inaccurate perceptions about costs and long term benefits.

The Commission argues that students ought to pay a share of the cost of their post-secondary education. The main reason is that individuals reap large benefits from this education; there is no justification for this personal benefit to be subsidized completely given the many other pressures on public expenditure. The amount or share of costs that students should pay is less clear. While current levels are arbitrary, there is no compelling reason to move to a very different fee structure.

While most Manitoba students finish their post-secondary education with no debt at all, some students end up with high debt, suggesting that scarce funds now used to keep tuition low could better be used to limit debt levels for those with more need.

For all these reasons, outlined at length in the full report, the Commission concludes that Manitoba ought not to focus on reducing tuition, but ought instead to allocate resources to targeted measures to support accessibility as recommended below.

At the same time, large and sudden increases in tuition are not desirable. Increases in fees should be modest and be fully offset by improvements in student aid, to avoid negative impact on students with financial need.

### **Recommendations:**

The main recommendations in brief are:

1. *Set targets for participation:* The province should set targets for participation and graduation from post-secondary education at levels above national averages, with equitable participation from all social and economic groups.
2. *Keep tuition fees moderate:* Tuition fees can be increased gradually but should remain below the Canadian average.
3. *Improve information and communication:* Manitoba should improve the flow of information about post-secondary education so that students and parents can make well informed decisions.
4. *Improve student earnings through a higher minimum wage.*
5. *Implement a work-study program:* to subsidize employment related to students' area of study allowing students to support themselves while also connecting their work to their studies.

6. *Ensure excellent student financial assistance*: Manitoba's system of student financial assistance should be the best in Canada, with a particular focus on limiting maximum debt levels and preventing catastrophic situations.
7. *Increase equity of participation*: In order to improve the ability of less advantaged students to participate in post-secondary education, Manitoba should:
  - a. Improve high school preparation and graduation; launch a comprehensive effort to increase high school graduation rates;
  - b. Review and strengthen the adult learning system, including expanding adult learning significantly;
  - c. Encourage post-secondary institutions to expand participation and success using a 'Targeted Accessibility Fund';
  - d. Address some of the most urgent barriers to participation related to child care and housing;
  - e. Reach out directly to Aboriginal and other groups to support greater participation.
8. *Monitor impact of policies and strategies*: The province should put in place a research and evaluation strategy to assess the impact of its policies.

The Commission's terms of reference did not include reviewing the adequacy of overall funding of post-secondary education. Nonetheless, it is obvious that accessibility only matters if there are programs of quality for students. Increased participation will have implications for ongoing operating and capital costs for Manitoba's colleges and universities, an issue that requires further discussion and analysis.

Implementing the Commission recommendations will require additional investment equal to approximately 5% of current post-secondary operating grants, or some \$25 million per year. Approximately 70% of that amount, roughly \$18 million, is related to specific proposals 5, 6 and 7 above; the remainder would address the other recommendations. The government should consider redirecting some resources from relatively ineffective measures, such as tax credits, to more effective strategies.

Although implementation will require careful planning, improving the situation is urgent. The recommendations should be phased in as quickly as possible.

# Section 1: Introduction

## Summary Statement

Manitoba should intensify its efforts to increase participation, and equity of participation, in post-secondary education. To do so requires a comprehensive and multi-faceted approach that addresses issues of affordability but also the various services and supports at all levels that will encourage Manitobans to enter and complete post-secondary studies. The evidence reviewed for this report shows clearly that tuition fees are not the main barrier to participation or success in post-secondary education. Manitoba should continue to have tuition fees that are below Canadian averages, but rather than use scarce resources to maintain very low fees, Manitoba should let fees rise gently and invest more in areas that research indicates are more strongly connected to participation and success.

## Background

On July 28, 2008, the Manitoba government announced the creation of a Commission on Tuition Fees and Accessibility to Post-Secondary Education in Manitoba. The idea of a Commission on this subject was first announced in the spring of 2008, when the government indicated that it was ending the freeze on tuition fee increases in Manitoba. In announcing the Commission, the Minister of Advanced Education and Literacy noted that this work was part of the government's desire to "ensure post-secondary education in Manitoba is accessible and affordable".

## Terms of Reference/Limitations

The mandate of the Commission as announced was 'to review access to post-secondary education in Manitoba including tuition fees and student financial assistance'. The official terms of reference for the Commission were to:

- review international research on the relationship between tuition fees and university accessibility
- analyze data on university participation in Manitoba, focusing on under-represented groups (including Aboriginal, rural, northern, part time and mature students)
- analyze current tuition and extra fees at Manitoba's post secondary institutions and compare them to those in other provinces and countries
- review the main sources of student aid in Manitoba (federal, provincial and institutional) and analyze their impact on accessibility
- review the contribution of student fees to the overall financing of post secondary education in Manitoba and compare it to other provinces and countries
- review the impact and role of provincial education tax credits
- recommend public policy on the topic, including legislation if appropriate

These terms of reference provide a clear and limited mandate for the Commission that focuses on accessibility. The Commission is not a general inquiry into post-secondary education, its operations, governance or financing. Accordingly, this report does not discuss, and the Commission makes no recommendations on, those more general matters. Moreover, tuition is to be discussed primarily in relation to its impact on accessibility, although its other purpose as a source of institutional revenue cannot be disregarded.



## **Accessibility, Participation and Success**

All three of these terms are used in this report. Although each has a different meaning, the policy goal is not simply accessibility to or participation in post-secondary education, but success in the form of graduation. For this report, where ‘accessibility’ or ‘participation’ are used, because they are widely understood terms, they also embody the idea of success, of students not just beginning but also completing programs and gaining credentials.

## **International and Economic Context**

### ***Manitoba in the National and International Context***

Manitoba is one province among ten in Canada, and not one of the largest. In a federation social policy is inevitably constrained by the larger entity. In theory Manitoba could have an entirely independent policy in areas such as post-secondary tuition, but in practice, it cannot. In fact all provinces have to take account of each other’s policies in these areas; otherwise there can be important unintended consequences. For example, if tuition in Manitoba were significantly higher than other provinces one would expect a certain degree of outmigration by students, many of whom would not return to the province. If tuition were much lower than elsewhere, there could be a substantial influx, imposing substantial additional costs on Manitoba taxpayers for students who might not stay in Manitoba (a problem encountered for many years in Nova Scotia). Quebec, which has much lower tuition than elsewhere, does charge students from other provinces more, even though most of its post-secondary institutions operate in French, which prevents many other Canadians from attending them.

National policies also have important effects on Manitoba. Whether it is tuition tax credits, the Canada Student Loan Program, the creation (and then disbanding) of the Canada Millennium Scholarship Foundation, Aboriginal education, or less proximal policies such as Employment Insurance or labour mobility, decisions of the Government of Canada have important impacts on what Manitoba does.

Despite these constraints, Manitoba has substantial autonomy in its policy choices, which it should exercise. But it must do so in a way that recognizes the potential impacts from being very different from other jurisdictions.

Policies in Canada are often compared to those in the United States or other countries. While it is important to be aware of and learn from different policy choices made elsewhere, one can never assume that a single policy choice, such as that around tuition or around post-secondary funding, should or could be imported into Canada from another country. Even in their home countries these policies are part of larger webs of policy and of public thinking and one cannot easily remove one element without considering others. Also, policies will have different effects in different places because of different cultures, institutional structures and historical patterns. One should always treat with skepticism the claim that Manitoba (or Canada) should do something because it was done in another country with good results. Further discussion of international policies is provided in Section 3: “Ways of Financing Post Secondary Education.”

### ***The Changing Economic Context***

Since the Commission was established in the summer of 2008, much has changed. The world economic crisis has put a very different light on many policy issues. Governments, families and individuals are all feeling stress and uncertainty from a financial point of view. Nobody knows what the next few years will bring, but many things that seemed relatively certain even last year in relation to this inquiry are no longer so. Will there continue to be a robust labour market for post-secondary graduates? Will governments be able to continue to increase their investment in education? Will many more people return to school if there is less robust employment? Will students and their families be able to continue to contribute to post-secondary education financing at the same level? We simply do not know the answers to these questions, important though they are. Nobody knows how severe the economic downturn will be or how long it will last.

Since the uncertainty is so great, it seems undesirable to change the basic approach in this report based on assumptions that might turn out to be entirely erroneous. So, while the economic decline is reflected in some of the discussion and recommendations, the basic tenor of the report is grounded in the realities of the last several years. The analysis and recommendations have not been significantly modified because of the economic situation.

### **Value of Post Secondary Education**

Many reports on post-secondary education begin with a disquisition on the importance of post-secondary education, and on the various benefits it confers. This report assumes that readers already know and share this perspective. A large body of empirical literature from many different places demonstrates that more education is linked with every favourable life outcome. Every analysis of post-secondary education does show important public benefits. Although this evidence is not reviewed here in any detail, many examples and references can be found in the reports on post-secondary education published annually by the Canadian Council on Learning ([www.ccl-cca.ca](http://www.ccl-cca.ca)) and in many other places. It is clear that more educated people are on average more productive workers and earn higher salaries. Their lifetime earnings are significantly higher than high school graduates, even taking into account the years of foregone income associated with more education, which means they pay more taxes. More than that, though, more education is also associated with just about every other imaginable social benefit, such as better health, greater longevity, and less criminality. These benefits are also intergenerational, being passed on at least in part to children. These points have been made so often that further elaboration is unnecessary in this report.

A starting point for the Commission, then, is that Manitoba wants more people to participate in post-secondary education and, even more importantly, wants that participation to be broadly open to people regardless of their starting circumstances. The proportion of the population participating in post-secondary education has increased rapidly in most countries over the past forty years or so; at the same time, participation has become somewhat more equitable. However, in Manitoba as in other jurisdictions, post-secondary education still enrolls a disproportionately large share of students from higher economic and social circumstances. The challenge is to expand participation, with particular emphasis on increasing the proportion of students from lower socio-economic circumstances or from groups less likely to proceed past secondary school.

### ***Improving Post-Secondary Participation***

How far can we go in improving post-secondary participation and success? Although much could be said on this important point, in the interests of brevity, the issue can be stated succinctly. One of the real barriers to improvement is the perceived limits to people's ability. There remains a widely stated view that too many students may already be taking part in post-secondary education. We hear frequent statements from various places, including in the mass media, that too many students are not capable, that they do not have the necessary skills, and that standards are therefore falling. Many people believe that post-secondary education should remain a somewhat elite activity.

The Commission unconditionally rejects that proposition because there is such compelling evidence that it is a wrong view, contradicted by everything we know. The stance in this report is that research and experience both tell us that people are capable of more than we think; that whenever we stretch our sense of what people can do, many will rise to the new level.

A couple of centuries ago it was widely accepted that women did not need or should not get advanced education; now in Canada women are a substantial majority of students. Not so long ago, high school completion was seen as the preserve of a few, while now we expect almost all students to graduate from high school. Fifty years ago post-secondary education participation was something like 10% of the age cohort and there were already complaints that too many students, with too weak skills, were entering universities (there were few or no colleges then). Now participation is closer to 50% and nobody would ever suggest that 10% was an appropriate level. Thirty or so years ago many persons with disabilities were thought to have very limited potential for education yet we are steadily learning that many students even with serious disabilities are capable of a great deal when properly supported. In short, history tells us that we have underestimated how many people can reach high levels of education.

More compelling evidence, if any were needed, that participation by previously under-represented groups can be improved, comes from Manitoba's own experience with ACCESS and other similar programs. These programs (Levin & Alcorn, 1999; Sloane-Seale, Wallace and Levin, 2004) have shown that with appropriate supports, students who were considered unqualified can be successful in demanding professional programs, including law, medicine and engineering. A belief that people can do more than we thought has led to Manitoba having hundreds of additional Aboriginal teachers, nurses, social workers, doctors, and others. When these programs were initiated, many people, including in universities, thought that they could not succeed. They did succeed – or rather the students in them succeeded – with many positive results for Manitoba.

The ACCESS experience also tells us that increasing participation and success will require different kinds of programs and supports than are normally available. Post-secondary institutions will need to do some things differently. The important thing, though, is to avoid setting arbitrary and a priori limits on what people can do. Optimism should be the order of the day – that we can have more people reach higher levels of skill and knowledge than we think if we are sufficiently determined to do so.

### ***Goals for Participation and Accessibility***

The Commission urges the Government of Manitoba to approach issues of post-secondary participation and accessibility by committing itself to three goals. These principles arise from the Commission's analysis of the research and from examining the current and recent situation in Manitoba.

1. Overall participation in post-secondary education should continue to rise; Manitoba should seek to be at or above the national average in its participation rate. The participation rate is usually expressed as a proportion of the traditional age cohort, ages 18-24. That is fine as a statistical measure as long as one remembers that participation is not and should not be confined to, or even primarily focused on that age cohort. This report will argue that increased participation by non-traditional students, in particular by persons out of the 'normal' age range, is fundamental to progress in Manitoba. If Manitoba's overall participation rate were at the Canadian average some 5,000 to 6,000 more students would be participating in post-secondary education.
2. Efforts should focus on reducing differences in post-secondary participation and success based on irrelevant demographic factors. In Manitoba, as everywhere else in the world, participation and success in post-secondary education is highly skewed on the basis of what should be thought of as irrelevant demographic factors. In an ideal world, one's ability to take part in post-secondary education should not depend on one's parents' education or income, or one's immigration status, or place of residence, or ethnicity. In the real world, everywhere, these things do matter. However we also know that their influence can be reduced, and this report recommends ways in which Manitoba can move in that direction.
3. As part of the effort to improve participation and accessibility, Manitoba should take steps to ensure that those able and wanting to benefit from post-secondary education are not deterred or prevented from doing so by costs, real or perceived, including but not limited to tuition fees. Costs are only one part of the accessibility picture, as outlined more fully later, but they are an important issue and a specific charge to this Commission.

### **Commission Approach and Nature of Evidence**

The goal of this Commission and report is to contribute to sound, long-lasting public policy in Manitoba. Public policy is always a matter of choices between competing goods. It is never possible to do everything that might be desirable; governments have to choose how best to use limited resources. Those choices should be, first and foremost, grounded in the best available evidence. However they must also be within the realm of public acceptability. Policies will not be adopted, no matter how strong the evidence, if they do not have sufficient public support.

Those issues certainly apply in the work of the Commission. There are strong beliefs, often expressed by the media, by student organizations and by others, about the factors shaping post-secondary participation and success; such beliefs may or may not be consistent with the evidence. The Commission, while seeking out and respecting all perspectives, is committed to drawing conclusions based on the best available empirical evidence.

The Commission has therefore pursued two major aspects in its work. First, it has done a careful review of the extensive empirical literature on accessibility to higher education and, in particular, on the role of tuition fees in that regard. This is an issue for which there is strong and growing evidence, much of it Canadian and recent, on the relevant issues.

Second, the Commission has created opportunities for input from organizations and members of the public who have perspectives on these issues.

- Contact was made with all major stakeholder organizations related to post-secondary education (students, faculty, support staff, and college and university boards and senior management) inviting their input.
- Meetings were organized in September, 2008, to which all stakeholder organizations were invited, to discuss some of the main issues identified by the Commission.
- A further meeting was held with representatives of high school principals, high school guidance counselors, and adult learning centres to learn more about students who are not currently attending post-secondary education.
- A web site was established with an easy way to provide comment via e-mail, a web response form, and a mailing address for those who prefer more traditional communication.
- Newspaper reminders of the opportunity for input were run in a range of Manitoba media in November of 2008.

### **The Research Evidence**

The Commission has drawn on a substantial body of recent research on the issues pertinent to its work. The base of evidence around issues of accessibility and affordability has grown substantially in the last few years and now includes quite a wide range of studies done by a number of different organizations. Fortunately there is a great deal of consistency in the central messages of the work on post-secondary accessibility across Canada and internationally, allowing considerable confidence about the findings.

In Canada, much of the research has been funded or supported by the Canada Millennium Scholarship Foundation (CMSF) which has made an important contribution to knowledge about post-secondary participation and success, especially concerning financial issues. The Commission has drawn extensively on this body of work. The Foundation's "Price of Knowledge" series is the best single source of information on the financing of post-secondary education. CMSF has also commissioned several controlled experiments to assess the effects of different interventions to increase participation, but the results of these are not yet available.

For Manitoba data the Commission drew on the databases of the Council on Post-Secondary Education (COPSE) and the Manitoba Student Aid Branch (MSA). Manitoba Student Aid has also commissioned studies of students' financing. Canadian post-secondary institutions also produce relevant data; the Commission analyzed data provided by Manitoba institutions.

Much of the Canadian research is based on relatively large data sets from national or provincial sources. A number of smaller scale studies are also available in Canada and elsewhere. Both the Canadian Council on Learning (2006) and the Council of Ministers of Education (Sorensen & De Peuter, 2007) have produced thorough reviews of the research as well.

For international comparisons, the report draws frequently on a 2008 study of tertiary education done by the OECD (Santiago et al., 2008) which contains valuable analyses of issues of financing, student supports and equity in an international perspective.

## Section 2: Tuition and Accessibility in Manitoba: A Review of Recent Developments

### Tuition Fees: Canada and Manitoba

It is useful to begin by looking at developments in Manitoba over the last two decades, in comparison with Canada as a whole.

The 1990s were a time of significant retrenchment in public spending across Canada. Post-secondary education was deeply affected. In relation to the mandate of this Commission, tuition fees rose rapidly and other supports to students declined, at the same time as institutional budgets were also constrained. In Manitoba the bursary program was eliminated in 1993, and there were further cuts to ACCESS programs during the decade, largely due to the withdrawal of the federal government from its shared funding.

Table 1 shows the increase in tuition fees across provinces since 1990. During the 1990s tuition fees across Canada rose by about 150% on average, with British Columbia as the only province where the increase was less than 100%. At the same time, student aid programs became less generous, with a number of provinces reducing or eliminating bursaries so that students with financial need had to take out more loans. Although many students were still able to complete their studies with no debt, many ended up with much higher debt levels, as discussed later in this report. These dramatic differences created a kind of natural experiment in differential tuition fee policy which will be examined more fully later.

<b>Table 1 – Comparison of Average Undergraduate Tuition Fees in Canada</b>					
	<i>1990/1991</i>	<i>2001/2002</i>	<i>2006/2007</i>	<i>1990/1991 to 2006/07</i>	<i>2001/2002 to 2006/2007</i>
Canada	1,464	3,577	4,347	196.9	21.5
NFL	1,344	3,036	2,606	93.9	-14.1
PEI	1,874	3,710	4,947	164.0	33.3
NS	1,941	4,855	6,571	238.6	35.3
NB	1,925	3,863	5,328	176.8	37.9
QC	904	1,843	1,916	111.9	4.0
ON	1,680	4,492	5,160	207.1	14.9
<b>MB</b>	<b>1,512</b>	<b>3,243</b>	<b>3,338</b>	<b>120.8</b>	<b>2.9</b>
SK	1,545	3,879	5,063	227.8	30.5
AB	1,286	4,030	4,828	275.3	19.8
BC	1,808	2,527	4,960	174.3	96.3

Source: Statistics Canada (2008)<sup>1</sup>

<sup>1</sup> Statistics Canada (2008). Average undergraduate tuition fees. Retrieved online on March 10, 2009 at <http://www.statcan.gc.ca/daily-quotidien/060901/t060901a-eng.htm>

Table 2 provides similar information for community colleges. Overall across Canada college fees also rose rapidly during the 1990s – in some cases by 400%, although even after those large increases they were still much lower everywhere than university tuition fees.

<b>Table 2 – Average College Tuition Fees</b>				
	<i>1990/1991</i>	<i>1999/2000</i>	<i>2000/2001</i>	<i>2007/2008</i>
NF	484	1,452	1,452	1,452
PEI	1,118	2,000	2,000	3,250
NS	767	1,500	1,750	2,600
NB	500	2,400	2,400	2,600
QC	n/a	n/a	n/a	n/a
ON	740	1,684	1,718	2,020
<b>MB</b>	<b>605</b>	<b>1,435</b>	<b>1,292</b>	<b>1,292</b>
SK	720	1,710	1,860	3,026
AB	574	2,130	2,339	3,435
BC	1,061	1,433	1,433	2,792
Source: Council on Post-Secondary Education				

These tables also illustrate the difficulties in comparing provinces using either percentage increases or rankings. For example, between 1990 and 2000 Quebec increased its university fees by about the same percentage as New Brunswick, but the increase cost New Brunswick students \$1000 more because of Quebec’s low starting point. Quebec’s fees, after increasing by 100%, were relatively even cheaper in 2000 compared to most other provinces than in 1990. That is why this report speaks of fee changes in dollars rather than percentages.

The tables also show the problems inherent in ranking provinces by fee level. Manitoba’s fees went from 4<sup>th</sup> lowest among the 10 provinces in 1990 to 3<sup>rd</sup> lowest in 2006 – a change of one rank. However in 1990, Manitoba’s fees were still above the national average, and were only \$430, or about 25%, below the highest level, then in Nova Scotia. In 2006, Manitoba’s fees were more than 20% below the national average and were only a little more than half, or \$3000 less than those in Nova Scotia.

Similarly, for colleges, Manitoba’s 1990 college tuition of about \$600 was 4<sup>th</sup> lowest among provinces - \$120, or 25% higher than Newfoundland, the lowest, and \$500, or 40% lower than PEI, the highest. By 1999 Manitoba’s \$1435 fee, about 140% higher than 1990, was tied for lowest in the country with BC, \$1000 or 40% lower than New Brunswick. By 2007, the Manitoba college fee of about \$1300 was the lowest in Canada by \$150 and about one-third of Alberta’s top charge.

In short, students in Manitoba and across Canada were significantly worse off financially in 1999 than in 1990. Colleges and universities had also seen budget reductions so students were paying more for programs that were not as well resourced.

### **Government Strategies: 1999 and Thereafter**

Manitoba had, in 1999, four universities and four community colleges. One of these, College Universitaire de Saint-Boniface, operated both a college and a university



component. The creation of University College of the North in 2005, which also operates both college and university programs, means that there are now 5 universities and 4 colleges, but only 7 separate institutions.

In 1999, Manitoba's institutions enrolled about 27,500 full time equivalent undergraduate university students, and just over 11,000 college students (data from Council on Post-Secondary Education). Manitoba's participation rates in 1999, defined as the proportion of students compared to the total 20-24 age group population was a little bit under the national level of 21% for university undergraduates, but at 6% was only half the national rate of 12% for colleges, a problem that had been raised by the Roblin Commission some years earlier.

The government that took office in Manitoba in 1999 made an election commitment to increasing participation and equity of participation in post-secondary education. In 1999 it was already well established, and had been for many years, that post-secondary enrolment, especially in universities, drew disproportionately from higher socio-economic status segments of the population. There were also well-established concerns about the participation level of Aboriginal students.

A main element in the government's program was the promise to reduce tuition fees by 10% from the 1999 levels. That change took effect in the fall of 2000. The reduction applied to all full and part time students in for-credit programs leading to a graduate or undergraduate degree at a university, and to all students in for-credit programs lead to a certificate or diploma at a college. The post-secondary institutions were given additional grants to make up the lost revenue.

From 1999 until 2008, tuition fee levels were largely frozen, at both colleges and universities.

There were two exceptions. First, exceptions were made for four professional programs at The University of Manitoba. In Dentistry, Pharmacy, Law and Engineering, tuition increases from nearly 40% (Engineering) to nearly 100% (Law) were put in place after support by students in referenda, and were intended to recognize the substantial additional operating costs in these programs. For example, after these increases tuition in Dentistry, the highest cost program in Manitoba, reached more than \$12,000 per year. In each case, a portion of the additional tuition was set aside to increase bursary and other financial support for students in an effort to ensure that the higher fees did not affect accessibility. While large fee shifts of this kind in other provinces have produced negative effects on equity of participation, data provided to the Commission from the Faculty of Law at the University of Manitoba indicate that the Faculty was able to maintain a good mix of students even with much higher fees because of their focused efforts on recruitment and financial support.

Secondly, during the period of the tuition freeze some programs and some institutions imposed additional or ancillary fees outside the regular tuition amounts. By 2007-08, according to COPSE, these fees amounted to about \$300 at Brandon University, \$500 at The University of Winnipeg, and nearly \$600 at The University of Manitoba which included the introduction of a student approved student health plan. While not trivial, and annoying to students, these fees were similar to those in other provinces and relatively small in relation

to total tuition fees. And even including these increases, total fees for most students in 2008 remained at levels below those of 1999.

<b>Table 3 – Average Undergraduate Additional Compulsory Fees</b>			
	<i>2001/2002</i>	<i>2006/2007</i>	<i>Percent Increase</i>
Canada	462	619	33.7
NF	366	466	27.2
PEI	415	728	75.4
NS	380	572	50.5
NB	208	341	64.0
QC	426	624	46.5
ON	554	729	31.6
<b>MB</b>	<b>371</b>	<b>458</b>	<b>23.4</b>
SK	493	431	-12.6
AB	447	567	27.1
BC	345	442	28.2
Source: Statistics Canada (2008) <sup>2</sup>			

The tuition fee reduction was only one part of a broader strategy to improve post-secondary participation. Manitoba also took a number of steps to improve financial support for post-secondary students. The most important of these was the decision in 2000 to use funding from the Canada Millennium Scholarship Foundation to reinstate Manitoba's own bursary program, which had been eliminated in 1993. So in addition to extra millions of dollars from the CMSF, Manitoba students also benefitted from about \$6 million per year in additional Manitoba bursary assistance (which subsequently increased to \$8 million). These two programs effectively capped maximum student loan amounts at approximately \$6,000 per year. Manitoba also followed the move by the federal government in 2006 to enhance post-secondary tax credits from \$120 per month to \$185 per month for full time students.

Total student assistance excluding tax credits in Manitoba remained roughly stable at between \$70 and \$80 million for the last several years according to the CMSF. Last year, Manitoba further committed to increasing the Manitoba Bursary by \$8 million, effectively doubling it over the next three years, with the first increase taking place in the fall of 2009.

Total annual government financial support for post-secondary students in Manitoba in 2006-2007 was just under \$160 million including need-based student loans and grants, Aboriginal assistance, education tax credits and savings grants, and merit scholarships – a number roughly similar to the total value of tuition, of about \$150 million. Since the mid-1990s, total financial support for students in Manitoba has increased by 58% (32% in real terms). This is roughly the same as the overall increase for Canada as a whole. However in Manitoba the increase is now shared among a smaller number of students.

<sup>2</sup> Statistics Canada (2008). *The Daily – Average undergraduate tuition fees & average undergraduate additional compulsory fees*. Retrieved online on March 10, 2009 at <http://www.statcan.gc.ca/daily-quotidien/060901/t060901a-eng.htm>

Most recently, Manitoba introduced in 2007 the Manitoba Tuition Fee Income Tax Rebate which provides post-secondary graduates with a 60 % income tax rebate on their eligible tuition fees up to a maximum of \$25,000. The rebate can be claimed over a period of 6 to 20 years by any graduates who have completed studies at a postsecondary education institution after January 1, 2007 and now work and pay taxes in Manitoba. Together with the existing tax credits for tuition, the graduate tax rebate will effectively mean that students have close to the entire cost of tuition refunded to them eventually. The relative effectiveness of tax credits as an accessibility vehicle is discussed later.

Financial measures were not the only steps taken to support accessibility. A major part of the effort to improve college participation was the College Expansion Initiative of the early 2000s that sought to increase enrolment dramatically by creating new programs and increasing spaces in high demand college programs. Manitoba also partnered with the CMSF to launch an experimental program in the north that would assess the impact of more supports, including financial incentives, on high school completion and post-secondary participation by high need students, mostly Aboriginal. More recently, Manitoba launched the “Bright Futures” program to support community-based programs that would also support post-secondary accessibility. This is a modest fund but may increase if the programs prove successful.

Overall, these measures constitute a very substantial public investment in support for students in post-secondary education. Manitoba’s actions in the last few years have also been part of a national trend, just as were the increases in tuition and cuts in assistance of the 1990s. In the last few years, as illustrated in Table 1 above, with the exception again of BC, tuition increases have been much smaller than in the prior years, with Newfoundland making reductions. As well, due in part again to the creation of CMSF, student aid has improved in many parts of the country, making post-secondary education more affordable. Several provinces have had commissions on post-secondary education, such as the Rae Report in Ontario or the Minor Report in New Brunswick, which have drawn attention to the importance of accessibility. The policy climate is very different than it was a decade ago.

### **The Results of These Changes?**

The overall impact of all these changes in Manitoba is hard to judge, for several reasons. The empirical evidence is quite limited except in relation to borrowing and debt, discussed shortly. As well, participation is a result of many factors that are beyond the scope of policy, such as the overall economic situation, labour market demands and cultural values. So it is difficult to make a direct link between any policy measure and results. Still the evidence does support three main conclusions.

- Borrowing and debt levels decreased
- Overall participation increased
- Inequities in participation, especially in universities, remain substantial.

#### *Less Borrowing and Less Debt*

Grants and loans are an essential source of funds for at least a significant minority of students. However in Manitoba the proportion of students who borrow from government student loan programs to finance their studies has always been low. Use of student aid

actually fell in Manitoba between 1999 and 2006 even as enrolment rose. Between 1999 and 2006, university enrolment rose by 7,000 or 35%, from 20,000 to 27,000, while the number of students receiving loans fell by 20%, from 10,000 to about 8000. Private borrowing appears to have increased somewhat, but not enough to offset the decrease in student loans.

A CMSF study (PRA 2007) reported that only 17% of Manitoba students had government student loans. In the Manitoba Graduate Outcomes study (PRA 2009), just completed for COPSE, 39% of graduates reported having any debt. Of these, about a third (12% of the total sample) had only student loans, about a quarter (10% of the total sample) had only private loans, and about half (18% of the total sample) had both.

During the last ten years as well, not only has the number of loans decreased, but the average amount owed by Manitoba students to all sources has declined significantly, as shown in Table 4. Average debt among university graduates with loans fell by 25% to \$15,000 while average debt among all graduates was about half that amount.

<b>Table 4 - Average Amount Of Student Debt In Manitoba</b>			
	<i>2000 (n= 312)</i>	<i>2003 (n=801)</i>	<i>2006 (n= 1,100)</i>
All students	\$9,925	\$7,486	\$7,229
Those with any type of debt	\$19,979	\$15,270	\$14,836
Those with Student loans	\$21,665	\$13,868	\$13,768
Those with loans from financial institutions		\$10,107	\$9,559
Those with loans from parents/family		\$7,418	\$8,863
Those with loans from other sources		\$3,422	\$5,638
Source: PRA 2007, p. 8			

In fact, most Manitoba students at graduation have quite modest debts, if any, even including all borrowing. Table 5 based on a 2009 survey of graduates, shows that nearly 60% had no debt. About 12% of graduates owed more than \$20,000. Most of these are university graduates, meaning their debt would be something more than \$5,000 per year of study.

<b>Table 5 - Use of Student Loans And Loans From Financial Institutions</b>			
	<b>Overall (n=3,678)</b>	<b>Type of Institution</b>	
		<b>University (n=2,334)</b>	<b>College (n=1,344)</b>
<b>Debt from</b>			
No debt	58%	55%	63%
Debt from student loans only	12%	12%	10%
Debt from financial institutions only	18%	18%	17%
Debt from both sources	10%	12%	7%
<b>Owed in loans</b>			
No debt	58%	55%	63%
\$1 – \$4,999	8%	6%	10%
\$5,000 – \$9,999	9%	9%	10%
\$10,000 – \$14,999	6%	7%	6%
\$15,000 – \$19,999	4%	5%	3%
\$20,000 or more	12%	16%	5%
<b>Average debt</b> (those with debt)	\$17,404	\$20,500	\$10,691
<b>Median debt</b> (those with debt)	\$11,000	\$14,000	\$8,000
<b>Average debt</b> (all graduates)	\$7,026	\$8,894	\$3,751
Source: PRA 2009			

Another important feature of these data is that median debt is much lower - by at least 20% - than mean or average debt. This suggests that a small number of students with large debts affect the average figure, while for most students, debts at graduation is smaller.

A main reason for this decline in debt, is that Manitoba, according to the CMSF (Berger & Parkin, nd), now provides nearly 50% of its student assistance as non-repayable grants; among other provinces only Quebec is close to this proportion. In 1999, Manitoba provided 4% non-repayable aid compared with the Canadian average of 21%, whereas in 2007, these numbers were 48% non-repayable compared to 30% for Canada as a whole. The change resulted largely from the decision to use CMSF funds to increase Manitoba bursaries rather than, as done in some other provinces, using these funds to offset provincial spending.

In summary, the research indicates that most Manitoba students are able to finance their studies with either no debt or quite moderate levels of debt. At the same time, a small number of students do end up with high levels of debt, a concern taken up later in this report.

#### *Average Increases in Participation*

What can be said about post-secondary participation in Manitoba over these years? Participation in post-secondary education is most commonly measured as a percentage of the age group from 20 to 24. Even though a significant number of students are outside that age cohort, this measure does provide a common basis for comparing across jurisdictions. On this measure, Manitoba's PSE participation rate increased significantly, as shown in Table 6, from just under 26% in 1999 (a rate unchanged in the previous five years) to 33% in 2006 – an increase in student numbers of 22%, amounting to nearly 14,000 more students per year. The gap in overall participation rate, including both colleges and universities,

between Manitoba and the national average was cut in half, from 7.8% in 1999/2000 to 4% in 2006/2007.

<b>Table 6 – Post-Secondary Participation Rate</b>						
<i>Year</i>	<i>Manitoba - University undergraduate</i>		<i>Manitoba - College</i>		<i>National University</i>	<i>National College</i>
	Students	Participation rate (PR)	Students	PR	PR	PR
1999/2000	27,495	19.7	11,049	6.4	20.5	12.8
2000/2001	28,788	20.2	12,112	6.6	21.1	12.4
2001/2002	30,864	22.7	13,050	6.8	21.0	13.5
2002/2003	33,299	23.3	13,862	6.7	21.4	13.2
2003/2004	35,496	24.1	14,416	7.4	22.4	12.6
2004/2005	36,855	23.8	14,451	7.2	23.3	12.8
2005/2006	36,888	26.3	14,612	7.0	24.8	12.1
2006/2007	36,617	25.3	15,212	7.3	24.9	11.2

Source: COPSE

As a proportion of 1999 enrolment, the growth in colleges was greater - about 42% compared with 30% growth in universities. However in terms of actual numbers of students, university enrolment grew by more than 9,000, while college enrolment grew by about 4,000. In 1999, Manitoba's university participation rate was a little less than the national average, whereas in 2006 it was a little higher. In 1999 the community college participation rate was approximately half the national average, but by 2006 it had climbed to two-thirds of the national rate.

One claim made to the Commission is that the increase in enrolment is counterbalanced by a decline in credit hours per student, indicating that more students are taking a reduced course load, perhaps because they need to work. However data provided by COPSE do not support this claim; the decrease in credit hours per student has been very small. Moreover, Dubois (2006) finds that lack of funds was not the main reason for part-time study among graduates over the last 10 years, since only about 10% of students listed 'lack of money' as their main reason for working, or for having to interrupt their studies. There is no reason to think that participation growth has been offset by less full-time participation.

#### *Equity In Participation Among Groups Not Improving*

Although participation rates have increased in Manitoba, equity of participation remains a concern. The available evidence, though far from conclusive, suggests that inequities in participation in universities based on family income continue to be large.

In 2004, a report to the Council on Post-Secondary Education (Usher, 2004) concluded that although participation had increased in Manitoba, the gap in participation between high and low income students had not changed significantly. The study reported that the increase in enrolment, both in college and in universities, drew disproportionately from students in the top quartile of the income distribution, so that inequality in participation actually grew worse rather than better.

The method used for this analysis, based on secondary data, is imprecise, so its results cannot be taken as definitive. However these results are consistent with other evidence to the same effect that does use individual student data. A Statistics Canada report found that Manitoba's proportion of lower income youth attending university was lower than the Canadian average (Berger 2008). Data provided to the Commission by Red River College show that from 1999 to 2004 the College expanded the share of students it drew from lower-income households, though that share remained below its pro rata amount. So while one cannot be sure, there is no reason to think that disparities in participation have decreased significantly in the last ten years.

One area where Manitoba has had some real success has been in increasing the number of Aboriginal students attending colleges and universities. Information provided by colleges and universities to the Commission indicates that Aboriginal students are now thought to be (it is impossible to know with certainty because identification as Aboriginal is, appropriately, voluntary under Manitoba's human rights legislation) participating in post-secondary education at rates similar to their share of the Manitoba population – that is, between 10 and 15%. This relative success has come from multi-faceted efforts with the primary focus on recruitment, support, and bridge building to Aboriginal communities.

### **Conclusion**

Over the last ten years, Manitoba has put in place several measures to improve accessibility to post-secondary education, including a reduction and subsequent freeze in tuition fees, significant improvement in student aid and various other program measures. These steps have had positive impact on overall participation and on levels of debt but less strongly on equity of participation.

It is time for Manitoba to rededicate itself to improved post-secondary participation, and to greater equity in that participation.

## **Section 3: The Role of Tuition Fees in the Financing of Post Secondary Education**

### **Why Post-Secondary Students Should Pay Tuition Fees**

It has been a long-standing position of a number of groups in Canada that post-secondary education ought to be free – that is, there should be no tuition fees. Two main arguments are advanced in support of this position; first, that post-secondary education has important public benefits that warrant public subsidization, and secondly that tuition fees have the effect of making post-secondary education less accessible for poor people and other disadvantaged groups.

Although the second point will be discussed in detail in the next section, the Commission concludes that the evidence is clear; tuition fees alone have little or no effect on accessibility and participation, although affordability, both real and perceived, is clearly an important issue. The Commission also finds that there are no grounds for believing that simply having lower tuition will improve accessibility.

That leaves the first point, about the public benefits of participation in post-secondary education. Every analysis of post-secondary education does show important public benefits. Other things being equal, more education is correlated with greater economic productivity and greater social cohesion. These benefits are what economists call the public or social rate of return. Estimates of these returns to post-secondary education are just that – estimates – because they require so many assumptions. Nonetheless, all studies show them to be quite positive. A recent review of Canadian and international research by Riddell (2008) puts the public returns at between 6 and 9% per year. These benefits are significant, which is why there is, and should continue to be, a substantial public investment in post-secondary education.

However, it is clear that post-secondary education yields substantial private returns to individuals as well. In fact, every analysis reviewed for this report found that private rates of return were higher than the public returns. That is, individuals get more direct personal benefit from post-secondary education than does the society as a whole. For example, Riddell (2008) suggests that private rates of return are often well above 10%, considerably higher than the social rates he estimates in the same paper. A recent CMSF study noted that: “Recent estimates for Canada put the private annual rate of return at 15% to 28% for community college graduates and 12% to 20% for university graduates.” (Cote and Skinkle, 2008, p 5). These are very high rates of return. Simply put, higher education has been one of the best long-term investment choices an individual can make.

Because of the large private benefits to post-secondary education, most experts in the economics of education agree that there should be a private contribution to paying the costs. Otherwise a highly inequitable situation of reverse subsidies would develop, in which people with less money pay the cost of programs that primarily benefit people who have, or will have, more money. This view, practically universal among economists of education, is also shared by students; 91% of Manitoba students surveyed in 2007 reported that they believe that their education is worth the financial cost to complete (PRA 2009).



Some economists and policy analysts go farther, and argue that the cost of post-secondary education should be borne entirely by students, who can then make investment decisions based on the rate of return, just as people do with any other investment they might make. In the theoretical world of economics, people would then make reasoned choices about how much education they should get, based on what it costs them and what benefits they expect to derive. In this model, institutions would also make decisions about which students to subsidize, and to what degree, based on their own analysis of their institutional interests.

The Commission does not find this a persuasive view for many reasons, and takes the position that there should continue to be substantial public investment in post-secondary education. For one thing, it is impossible to estimate even the direct effect on earnings of post-secondary education over the forty or more years of an individual's workforce attachment. But even if rates of return were known with some reasonable degree of certainty, there is abundant evidence to show that people do not always make choices based on such long-term calculations. We know that many people will under invest in things that are known to be good for them. For example, people often save less money than is optimal, and under invest in their retirement – a very similar sort of decision to the post-secondary education choice. Similarly, everyone knows that smoking is a bad choice in terms of its long-term effects, while regular exercise is good, yet many people continue to smoke or do not exercise. And that is the case even though these are essentially cost-less choices; one does not need to have thousands of dollars to engage in regular exercise. Thus, governments are justified in taking steps to encourage and support participation in post-secondary education, both university and college.

At the same time, to dismiss 100% private financing of post-secondary education does not mean embracing 100% public financing. While the large private benefits to post-secondary education are the single most compelling reason that students should pay some share of the costs, there are other good reasons as well. Paying for a product heightens people's view that they have some stake in the activity, so it increases commitment. One reason for the introduction of fees in some European countries was to provide more incentive for students to complete their studies with reasonable efficiency, especially in cases where being a student confers other benefits such as cheaper transportation. Paying fees can also foster students' feeling they have a right to influence policies and practices in colleges and universities. Public policy should encourage students to be active participants in these areas, and making a financial contribution is one way – though certainly not the only way – to do so. For example, proposals and referenda over raising fees in some University of Manitoba faculties generated considerable debate and led in some cases to more student input.

It is also valuable for post-secondary institutions to have more than one source of revenue. Some independence of colleges and universities from the dictates of government is an important principle of public policy, but one that is easier to fulfill where the institutions are not completely dependent on government for their entire revenue.

Taken together, these arguments make, to the Commission, a very strong case that students should continue to pay some share of the cost.

## How Much Tuition?

Assuming, then, that students should pay part of the cost of their education, what should that share be and how should it be determined?

Clearly there is no single right answer; many different positions could reasonably be argued. Among the positions most often advanced are that tuition should:

- have increases tied to inflation;
- be a share of the operating cost of the programs or institutions;
- be related to people's capacity to pay – for example a share of individual or family income; or
- be related to the benefits of post-secondary education.

Most of these positions are unpersuasive. There would only be a reason to tie tuition increases to inflation (whether that is inflation generally or the rate that post-secondary institutions calculate for themselves) if the current level of tuition were known to be the correct level. Otherwise the relative contribution of all students remains the same. Tying tuition to inflation also assumes that differences in tuition rates – for example between colleges and universities or between programs in universities – are appropriate. With equivalent percent increases, the differences in fees will increase over time. There is no evident reason why fees in Law should go up two or three times as much in dollars as fees in Arts for example, or that university fees should increase by nearly three times as much per year as college fees.

In practice in Canada tuition fees have often been used to 'balance the books'. That is, once institutions know their other revenue, primarily from government grants, they attempt to set tuition at a level that will allow them to operate with what they regard as a reasonable budget. That is why tying tuition to inflation is seen as desirable. This approach is pragmatic in one sense, but does not seem to be grounded in sound public policy.

Deciding that tuition should cover some fixed share of operating costs of institutions is also a dubious approach. The choice of a percentage is inevitably an arbitrary decision. The operating costs of programs depend on many factors, some of which are not closely connected to the experience of students. For example, research and teaching expectations for faculty vary from program to program, affecting costs but not necessarily in a way that students see. Some programs make more use of core faculty and others of less expensive adjunct or sessional faculty. Some programs require more labs or equipment. All of these affect the cost of the program but it is not evident that these differences in cost structures should affect how much tuition students pay.

As the Manitoba institutional data in Table 7 show, the proportion of revenue from fees depends greatly on the nature of each institution – its size, mix of programs, cost structure, and so on. Note that the calculations below include the Tuition Rebate Grant as if it were tuition revenue even though these funds come from government, not from students. There is no evident pattern in these data, either across institutions or across years. This analysis also shows the danger of setting some arbitrary percentage of operating costs that should come from tuition fees. Had such a proportion been set in 2000, for example, fees at Brandon University, UCN, and Assiniboine College would have had to rise sharply while fees at the

Universities of Manitoba and Winnipeg would have declined. It is hard to see how one could advance this is a sound policy.

<b>Table 7 - Tuition Revenue As A Percentage of Total Expenditures, 1999/2000 to 2007/2008</b>			
	<i>1999/2000</i>	<i>2003/2004</i>	<i>2007/2008</i>
University of Manitoba	22%	25%	26%
University of Winnipeg	29%	34%	28%
Brandon University	24%	23%	21%
College Universitaire de St. Boniface	17%	17%	14%
University College of the North	8%	7%	5%
Assiniboine Community College	17%	14%	13%
Red River College	16%	14%	12%
Ecole technique et professionnelle	14%	13%	12%
<b>Total Universities</b>	23%	26%	26%
<b>Total Colleges</b>	16%	14%	13%
<b>Total Post-secondary</b>	22%	23%	22%

1. Source: COPSE

Within institutions, operating costs vary greatly from one program to another; some programs cost two or three times as much per student as others. However operating costs of programs are not necessarily related to the benefits the programs confer in terms of income, and tuition fees are not necessarily related to either. As Table 8 shows, the costs of providing nursing education in universities are higher than the costs of providing teacher education, yet on average education students pay less tuition and teachers earn about as much as nurses. Pharmacy students pay a smaller proportion of program costs than engineers but earn more. If program costs are not strongly related to earnings and other benefits, they are a weak ground on which to determine tuition fees.

**Table 8 – Comparison Of Professional Tuition Fees And Hourly Wages For Professionals Living In Winnipeg, Manitoba**

Profession	Tuition in 2008/2009 (Univ. of Manitoba)	Program Costs (to nearest 1000) (2007/2008)	Wage (per hour, rounded to nearest \$)	
			Low	high
Secondary School Teacher	Education – 2,848	\$11,000	\$22	\$37
Registered nurse	Nursing – 3,366	\$15,000	\$30	\$37
Civil engineer	Engineering – 5,118	\$18,000	\$16	\$39
Pharmacists	Pharmacy – 5,548	\$28,000	\$23	\$52
Dentist	Dentistry – 12,236	\$87,000	\$30	\$74
Source on tuition costs: Statistics Canada (2008c)				
Source on program costs: University of Manitoba (2009)				
Source on professional wages: Government of Canada (2008)				

A third option to determine tuition levels is to connect fees to student capacity to pay. That is, people who can afford to pay more should do so. Some top U S universities link tuition to ability to pay, in that fees are reduced for families below a particular income level. However these are exclusive private institutions with very high tuition fees, so that even a reduced amount is usually far above tuition charges in Manitoba. Also the policy applies to students in undergraduate programs, not in professional programs.

In Manitoba and Canada, ability to pay is already built in through the student aid system, which subsidizes students based on their financial capacity (although opinions differ on how well it accomplishes this). It makes no sense for this subsidy to operate at the institutional instead of the provincial level, since that would be highly inefficient. Moreover, a central argument in this report is that tuition is, for most students, not the main cost factor, so relating tuition fees to ability to pay is not sufficient; it is the total cost of post-secondary education that needs to be subsidized where students have financial need.

That leaves the option of linking fees to benefits, which would translate primarily into charging more for programs that typically yield higher incomes. There are several problems with this approach. First, the income variance among those who study for any particular occupation is quite high. Many fields of study are not linked to a particular occupation – for example, Arts and Science. Not everyone who finishes a technical qualification or professional degree will practice that occupation. Some will earn much less than others. What happens to people who are older so have fewer years of earning left, or to those who take time out to have children, or choose to work part time? The variance in income among those with the same qualification is so high that it is not reasonable to use average earnings as the basis for tuition charges.

Moreover, the tax system serves to charge people based on their income. Those who earn more do, at least in theory, pay more taxes, and taxes are the main basis for supporting post-secondary education. In practice, of course, the tax system has many problems with it and is far from entirely equitable. However it does provide a vehicle for funneling money to post-

secondary education – among other public services – based at least to some degree on ability to pay.

Given that there is no absolute basis for setting tuition, what would be a reasonable approach? Although current tuition levels may lack any particular rationale, they are well established and generally reasonably well understood. Rapid changes in fees are likely to have unexpected effects. Significant decreases, for reasons outlined elsewhere in this report, are not a desirable policy. However neither are significant increases. Continuity and predictability of fees are important to students' enrolment decisions, so sudden large changes should be avoided. Similarly, it would be desirable to avoid major differences in fees between institutions in Manitoba. Fees in Manitoba must also take into account fees in other provinces, as noted earlier. So current fee levels should only be adjusted slowly over time where there is a sound reason for doing so.

### **The Role of Fees in the Funding of Post-secondary Education**

The question of whether colleges and universities in Manitoba are adequately funded is outside the scope of this Commission, which was not intended as a review of the overall financing of post-secondary education in Manitoba, and did not undertake the work that would be required to support recommendations on these matters. However, it is obvious that accessibility only matters if there are relevant, high quality programs available for students. If participation rates increase, therefore, there will be a need for more institutional capacity. The report does make a recommendation on this point later.

The Commission was asked specifically to comment on the degree to which tuition fees constitute an appropriate share of the financing of post-secondary education in Manitoba, particularly in comparison to other provinces.

There are two aspects to this question – the actual level of spending and the contribution of fees to total spending. Fees might be a very small proportion of overall spending but if overall spending is so low that institutions have limited spaces and poor quality, there is little benefit to students. For example, people in the Quebec system, which has very low fees, sometimes complain that the result is insufficient money for the institutions. The fact that fees are a small or large share of overall spending does not tell us anything about the health or success of a system of post-secondary education.

The rapid expansion of post-secondary education has created a financing challenge for governments everywhere. The funds for more institutions, more spaces, more programs and more staff have to be found somewhere. As always, there are more pressures on the public purse than can ever be accommodated. Over time, government spending as a share of the economy will rise and fall due to political choices and economic circumstances, just as it is presently rising rapidly due to the recession. Within government, the share of spending devoted to post-secondary education will also change over time depending on participation rates, public attitudes and other pressures. The argument that post-secondary education should get a fixed share of government spending is as wrong as the argument that students should pay a fixed share of the cost of college or university. Those are political choices that have to be made on an ongoing basis in the light of changing circumstances.

According to the OECD (2006, p. 181) Canada is one of the highest spending countries per student on post-secondary education; Canada and the United States, according to this analysis, are the two countries that combine high levels of spending per student with high participation rates, although such comparisons should always be regarded with some skepticism because so many other factors are at play.

The comparison is easier and fairer among provinces because, with the exception of Quebec, the organization of post-secondary education is at least reasonably similar across the country. Within Canada, as shown in Table 9, tuition in 2008 accounted for just over 20% of total institutional revenue. This amount varies considerably, with Quebec especially different. There does not seem to be a clear relationship across provinces between enrolment, overall expenditure, and the share of operating costs from fees. Manitoba is below the national average, though that average is skewed considerably by Ontario.

	Canada	Quebec	Ontario	Manitoba	Sask.
Total Revenue	36.7 billion	7.5 billion	15 billion	987 million	1.1 billion
Tuition fees	7.7 billion	700 million	3.9 billion	187 million	185 million
Tuition fees as % of total revenue	21%	9%	26%	19%	16%

Source: <http://www40.statcan.ca/101/cst01/govt41b-eng.htm>, CANSIM, Table 385-0007

There is no reason to think that all provinces should have similar levels or patterns of funding for post-secondary education given different participation rates and program mixes. The Manitoba data shown earlier suggested that this percentage will also vary from year to year and institution to institution. In addition, there are multiple measures one might use to compare provinces on their investments in post-secondary education, including spending per student, spending per capita, and spending as a share of overall provincial spending. One might also ask about institutional revenue per student – which would take into account the tuition contribution.

The answer to the question of the contribution of fees to total spending, then, is similar to the previous question on how much tuition should be – it depends. Reasonable and well informed people will not agree. Some would want more overall spending and less tuition while others would want more of both. The Commission would certainly welcome greater investment in post-secondary education overall, but would also see the current level as defensible in the current context. Manitoba’s share of tuition to operating funds is currently somewhat below the national average, as are its fees; that seems a reasonable position to be in, but this is an area in which debate should continue.

### **International Comparisons**

One often hears calls for public policy in Canada to adopt a particular feature from another country that is seen to be desirable. However such proposals are almost always misleading, because social policies in a country are embedded in a context of other policies and values. Taking just one element out of a setting gives a misleading picture of the causal relationships.

Countries vary greatly in the arrangements they have in place to finance post-secondary education and to support students in post-secondary education (Santiago et al., 2008). There are many different combinations of schemes ranging from no tuition fees to quite high fees, and from almost no financial support to students, to various loan schemes, to programs of grants that cover all costs. Each country's mix of policies is a product of its unique history, culture, values, institutional structures, and previous policy decisions. Understanding the overall situation in any country involves not just looking at tuition levels and grants, but at other factors such as the overall share of public spending devoted to post-secondary education, the size of the sector and the participation rate.

For example one could have a small post-secondary sector with highly restricted access but no tuition and universal support for students, as is the situation in many developing countries. The public cost is not huge because participation is low, but the result is highly unfair, with public funds subsidizing primarily high income students. Alternatively, one could have a system with relatively high tuition, high participation rates, and public subsidies through loans and grants aimed at those students who would otherwise not participate. Although the private cost to individuals is higher in the second example, it is actually a fairer system that could have better overall participation and equity. In most countries today, the demand for post-secondary education exceeds the supply at the system level as a whole if not in particular institutions, so increasing tuition is less likely to affect enrolment.

The recent OECD review of tertiary education (Santiago et al., 2008) shows how difficult it is to understand these arrangements based on only one or two factors such as tuition fees. For example, Canada or Australia or the US, with substantial tuition fees, are often compared to the Nordic countries or Ireland, which have no tuition fees. However consider the following interesting points about various jurisdictions:

- Australia, despite its fees, has higher participation rates in tertiary education than do any of the Nordic countries.
- Ireland, which is often cited for its lack of tuition fees, has a lower participation rate than Canada.
- Sweden, which has no fees and substantial grants, also has very high student debt levels (Sorensen & De Peuter, 2007)

To see how all these factors work together, consider a country such as Switzerland that has no tuition fees for universities. According to a Swiss expert interviewed for this report, Switzerland limits university participation to the top 20% of students. All universities are almost entirely funded by government and must accept whichever students from this group choose to attend, so universities have no control over their admissions. Switzerland also has no student loans and only a very modest program of grants for high need students. It is also the case that wage differentials are quite low in Switzerland, so that the return on investment for tertiary education is low compared to most OECD countries, which could result in underinvestment in tertiary education if students also had to pay fees. All in all, one could not readily conclude that the Swiss system results in greater or less accessibility for students or value for the country.

What these data show is that there is no single right answer to the best policy mix, which depends on what countries believe in regard to public expenditure, participation, institutional autonomy and so on. The Canadian policy mix includes significant tuition fees coupled with means-tested loan and grant programs. That mix has produced, here and elsewhere, quite good results in terms of overall participation and equity. The starting point for this Commission is to advocate a policy mix that is best able to support high participation rates with high levels of equity, while also being feasible in the Canadian social and political context. Canada's current policy mix comes out well in this regard.



## Section 4: Supporting Accessibility: What Do We Know?

### Multiplicity of Interacting Factors

As the Canada Millennium Scholarship Foundation publication, *The Price of Knowledge* (Berger, Motte and Parkin, 2007), notes, improving participation, and especially equity of participation among different groups and populations, requires thinking about the people who are not enrolling or graduating, and why they are not there.

Every study of post-secondary access and participation comes to the same conclusion – that whether people go on to college or university is a result of many influences in their life, often working in unpredictable combinations (e.g. Dowd, 2008; Sorensen & DePeuter, 2007; Price of Knowledge, 2007). Even sophisticated multivariate studies that try to predict participation using multiple indicators inevitably find that a substantial portion of the variance is not accounted for.

It is also important to recognize differences between college and university students that affect their requirements related to accessibility. In Manitoba, according to various data sources, college students are significantly older, have been out of school longer, are less likely to have completed high school, and come from families with lower incomes and lower levels of education. College programs are also shorter, which affects students financial needs. This means that accessibility efforts aimed primarily at sequential students – that is, those coming directly from high school – will have a smaller impact on college students.

Financing is one important part of the accessibility picture; however, non-financial factors are also important, and the two sets influence each other. No single factor has a determinative effect, which means that no single policy measure will be a solution to the challenge of increasing accessibility, a conclusion restated in every major study of the subject.

An excellent summation is the following excerpt from *The Price of Knowledge*:

Efforts to remove obstacles to higher education must, when taken together, form a broad mechanism of support for post-secondary education. Only in this way can the compound effects of interaction between barriers to higher education be addressed effectively. A scattershot approach (dealing with cost here, academics there) will have a more limited impact. The individuals who face barriers do not necessarily distinguish between or compartmentalize them. Solutions that take a comprehensive approach have a greater chance of success because they negate the larger effect the barriers to post-secondary education can have when they are compounded. (Berger, Motte and Parkin, 2007)

Financial and non-financial factors are both important in determining levels of participation and, more specifically, participation from traditionally under-represented groups. Several researchers have attempted to quantify the relative importance of various factors. Junor and Usher (2004) review the available Canadian evidence and quantify three barriers to post-

secondary education: academic barriers account for about 10 % of the total, followed by financial barriers (20 to 33 per cent) and motivational and information barriers (about 50 per cent). Using different variables, Frenette (2007) concluded that family income explained about 12% of the variance in post-secondary participation. Parents' education level accounted for 30%, students' reading ability for 20%, and parent expectations for 12%. Of course these factors are themselves partly related; reading ability is, for example, related to family income and parental education.

Both financial and non-financial factors affecting accessibility are discussed in the next sections.

## **Financial Factors Affecting Accessibility**

### ***Financial Issues Multi-faceted***

Every study of post-secondary participation identifies financial issues as one important part of the overall accessibility picture. However the financial issues are themselves complex, having to do with costs, available funds, and sources of those funds. Financing issues include all costs of participation, not just tuition, in relation to all sources of funds to pay the costs, including students' earnings, family support for students, and various public and private grants and loans. Sorensen and DePeuter (2007, p. 7) put it this way: "...no single component of an affordability policy is the determining factor, nor is there a single best route to making postsecondary education affordable". The key issue is the combination of all costs and all sources of funding. Participation is also affected by students' and families' *perceptions* of costs, benefits and of borrowing. Students and their families appear to have limited or sometimes misleading information on these matters.

### ***Costs of Education***

Costs of education include tuition fees, related school costs such as books and computers, living costs and foregone income. Even leaving aside foregone income, tuition is only a minor portion of the cost of education for many students. The Price of Knowledge (Berger, Motte and Parkin, 2007) gives the average annual cost of post-secondary education in Canada at about \$14,500 in 2003-04, with universities at about \$16,000 and colleges at about \$11,500, excluding foregone income. Of this, tuition accounted for between 20 to 33% and books another 10% or so.

As usual, an average can hide considerable variation. The cost depends greatly on the circumstances of individual students. Consider the following typical scenarios for Manitoba students, using Canada Student Loan living cost figures.

CSLP living allowances (provided by Manitoba Student Aid)

A single student living at home is assessed living costs of .....	\$431 per month
A single student living away from home.....	\$903 per month
A married student.....	\$1,742 per month
A single parent.....	\$1,104 per month

A married or single parent student has additional costs of \$504 per month added per dependant.

	<i>Program</i>	<i>Tuition</i>	<i>Living Costs</i>	<i>Total</i>
18, living at home	University 1	\$3,200	\$430x8=3,440	\$6,640
18, living at home	College 1	\$1,200	\$430x10=4,300	\$5,500
25, independent	University 1	\$3,200	\$900x8=7,200	\$10,400
35, married, 2 young children	College 1	\$3,200	\$2,750x10=27,500	\$28,700
18, living away from family	College 1	\$1,200	\$900x10=9,000	\$10,200

In none of these hypothetical cases does tuition constitute even half of the total cost of attending, and for any student who is self-supporting, tuition would be at most one-third of the total cost. Another recent survey found that education costs (tuition, books and supplies) account for 36% of all expenditures for university students and just 28% for college students (EKOS, 2006). For many potential students who do not currently participate, costs and availability of housing or transportation or childcare are decisive factors irrespective of tuition (more is said on this point below). Dubois (2006) finds that having children tended to delay post-secondary participation. No doubt cost is not the only reason for this, but it would be part of the picture.

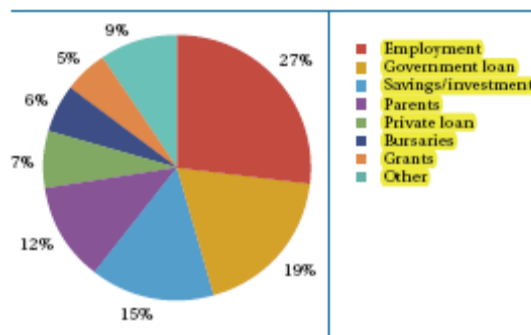
### ***Foregone Income***

The discussion of costs is considerably changed if one considers foregone income. For many sequential students this is not an issue, since they have no significant income and no expectations of one. However for anyone who has already been in the labour force in more than a casual way, which includes most adults, taking time off for post-secondary education involves very large costs. Junor and Usher (2004) note that foregone wage are a larger cost to many students than tuition fees or debt. Anyone earning even minimum wage for full-time work would be earning about \$15,000 per year, which would double or triple the costs shown above except for a family with children.

### ***Sources of Funds***

The extensive research on how Canadian students pay for their post-secondary education is reviewed in *The Price of Knowledge* (Berger, Motte and Parkin, 2007), which draws on the Canadian Post-Secondary Student Financial Survey to provide an analysis of sources of funds for students (these data are now five years old). In this case the data are the percent of income from each source across all students, college and university.

**Figure 3.III.1 — Distribution of Financial Support Sources for Full-Time Students**



Source: Canadian Post-Secondary Student Financial Survey 2003-04.

A new survey of Manitoba graduates (PRA, 2009) provided the following information on sources of financing. These data are for graduates, not all students, and do not show how much money or the proportion of income obtained from each source.

<b>Table 11 – Percentage of MB Graduates Using Various Sources of Funding</b>			
	<b>Overall (n=3,678)</b>	<b>Type of institution</b>	
		<b>University (n=2,334)</b>	<b>College (n=1,344)</b>
Personal savings	71%	77%	61%
Parents, grandparents, other relatives, or friends	55%	65%	37%
Non-government scholarships, grants, or bursaries	36%	48%	15%
Loans, lines of credit, credit cards	35%	37%	31%
Government scholarships, grants, or bursaries	32%	38%	22%
Canada or Manitoba Student loan	28%	31%	24%
Spouse or partner	15%	14%	17%
Your own Registered Education Savings Plan (RESP)	13%	17%	7%
Employment Insurance	11%	3%	25%
Sponsorship by an employer	9%	7%	12%
Research and teaching assistantships	7%	10%	1%
Sponsorship by Aboriginal, Métis, or Inuit organization	6%	4%	10%
Your own Registered Retirement Savings Plan (RRSP)	4%	4%	4%
Workers' Compensation	<1%	<1%	1%
Other	10%	9%	10%

Several findings from this research are noteworthy.

Financing patterns are quite variable among students. Many students are able to finance their studies entirely from earnings, savings, or parent contributions. Other students must mainly rely on their own resources or loans and grants. There is no standard pattern, which means that schemes to support accessibility must pay attention to multiple sources of income. For example, national survey data of young Aboriginal adults attending post-secondary programs shows that they make less use of family funding and government student loans and more use of band funding. (Malatest & Associates, 2007).

Earnings are a major source of funds for many students. The Price of Knowledge (Berger, Mottee & Parkin, 2007) gives earnings as the largest single source on average, at about 30%. The Manitoba Student Aid survey found that more than 70% of students responding worked both in the summer and during the school year, and the Manitoba Graduate Outcomes study (Prairie Research Associates, 2005) had very similar results. The Price of Knowledge also gives average earnings reported by students as \$9.60 per hour in 2005 (Berger, Motte and Parkin, 2007).

Although working to pay for studies is the reason most often given for employment during the school year, it is still cited only by less than 40% of students. Students have many reasons for working in addition to school costs, such as lifestyle preferences or even liking the responsibility or learning from employment.

Employment and earnings are mostly ignored in the policy literature on accessibility, which focuses almost entirely on fees, loans and grants (Berger, Motte and Parkin, 2007). Yet it is evident from the research that students rely heavily on earnings, and if they were able to earn more, their need for other funds would be reduced. This point is taken up again in the recommendations.

All student aid plans in Canada assume a parental contribution based on family income. In this regard, Canada is an outlier, since many countries with student loan programs do not use means testing; they simply make loans available to any student who wants them. This point is discussed further in the recommendations.

Little is known about actual family contributions. Families have many ways of supporting students, including providing allowances, making interest-free loans, providing cash as needed, covering particular expenses such as fees or rent to transportation, or many others. The best information we have, such as the Manitoba Student Aid survey, suggests that many students rely on family for support of one kind or another. A Statistics Canada survey (Shipley, Ouelette & Cartwright, 2003) showed that more than 80% of parents were ready to contribute financially to their children's education and more than 70% were prepared to provide room and board at no cost. While many families contribute by continuing to house and feed students, this is often regarded as less of a 'contribution' than writing a cheque to pay tuition.

In another survey, parents of more than 9 in 10 Canadian children agreed it was important to start saving early for post-secondary education. The Survey of Approaches to Educational Planning showed that more children had savings put aside for their postsecondary education in 2002 than in 1999 (50% compared with 41%) (Shipley, Ouellette and Cartwright 2003).

Family saving patterns for postsecondary education are influenced by many factors, including the family's financial circumstances and the child's age and performance at school. Over two-thirds of children from the highest income families had savings put aside for their postsecondary education compared with less than 30% of children from the lowest income group. Also, the amounts invested for children in the highest income families were twice those of the lowest income families. Parents with more education also tended to save more, even after controlling for family income and aspirations.

Parental contribution has been a perennial issue for student aid programs. From their outset, programs faced the challenge of deciding what to do with students who said that their families, while able to contribute to their education costs, refused to do so. Doubtless such situations do arise, for all kinds of reasons, but without active detective work it is very hard to know when and whether they are real. Farm families were often particularly challenging, as the worth of a farm may not be closely related to cash availability.

### ***Loans and Debt***

The evidence around loans and debt in Canadian post-secondary education leads to the following conclusions:

- Many students do not borrow at all during their post-secondary education.
- Of those who borrow, most are able to manage their debts with little difficulty.
- A small but significant number of students have high levels of debt and difficulty managing them.

The first point to make about loans is that in Canada a large number of students are able to finance their studies without any borrowing, either private or public. About half of all Canadian students finish their studies with no debt at all and that proportion is even higher in Manitoba (PRA 2007).

A further indicator of the ability of many students to finance their studies without public assistance is that during the 1990s, while tuition levels increased significantly across Canada, the proportion of students with government student loans did not change very much. According to a federal government analysis, in 2000, 47% of college graduates and 52% of bachelor graduates owed debt from a government student loan program, up from 45% of college graduates and 51% of bachelor graduates ten years earlier.” (Dubois, 2006, p. 5)

What did change during the 1990s was the amount owed by those who had to borrow. According to Dubois (2006), “the mean level of debt increased significantly over that period, with the average debt of college graduates in 2000 63% higher than the Class of 1990 while bachelor graduates in 2000 owed 68% more than the Class of 1990.” Dubois points out that the median debt-to-earnings ratio increased dramatically between 1990 and 2000 for both university and college students.

The reasons for the increase in debt or in repayment problems are multiple. Increasing costs are certainly one factor, but ability to find employment and levels of earnings also matter. Still, even with these increases, only a minority of students had such difficulties. Most had no loans or were able to manage their loans.

Manitoba students had much lower levels of borrowing, as described earlier, and fewer repayment problems. About one fifth of Manitoba graduates with loans – that is, about 8% of all graduates (PRA, 2009) reported having difficulty repaying their loans. This survey, too, shows that median debt is much lower than mean debt, so that a small number of high debts end up affecting the average level. Among these graduates with debt, the mean was \$17,000 but the median was much lower - about \$11,000.

An interesting feature of the debt data is how much private borrowing is reported. There are various reasons students might borrow from a bank or credit union – or family – rather than from the public loan programs. Less paperwork may be required. The turnaround time is much faster. Interest rates could well be lower than those on public loans and amortization could be longer. Students who already have credit ratings or who have someone to guarantee the loan may find private borrowing a better option. Some Manitoba Student Aid staff believe that students’ private borrowing is largely short term rather than a basic

financing source, but we simply do not know this. Still, even with growing private borrowing, debt levels were not unreasonable for most students, especially in relation to the gains in earnings from post-secondary education.

Debt from post-secondary education is not equitably distributed. In general, those with more financial resources personally or in their families, or those with lower costs because they can live at home or do not have families to support, will have less debt. So an equity strategy has to be concerned about ensuring that debt does not become a crippling factor, especially for those for whom access is already challenging.

There are clearly many students in post-secondary education who are able to manage the costs of post-secondary education without much difficulty, while there are other students who do need financial support and, presumably, still others who do not currently participate but would if there were more supports available. Within financial support schemes, high levels of debt (or perceptions of high levels of debt) do have an adverse effect on participation and success.

### ***Tax Credits***

Tax credits were a relatively minor form of support for post-secondary education until about a decade ago but have since grown dramatically (Neil, 2007). These credits have two parts. The tuition tax credit covered tuition fees and the education tax credit provided a credit based on the number of months of full-time attendance. Until 1995, the education credit was \$80 per month, then increased to reach \$400 per month in 2000. Part-time students were also given education credits for the first time in 1998, and these were expanded in 2000. In 2006 a new federal textbook and technology credit was introduced, which has added \$65 per month to the tax credit per full time student and \$20 per month for part time.

Tax credits for education in Canada are now worth \$1.8 billion per year, more than twice the annual cost of the Canada Student Loan program and also much more than the value of all grants and bursaries from public sources (Berger, Motte and Parkin, 2007). The Manitoba Department of Finance indicates that tax credits for students currently cost Manitoba about \$25 million per year, while the graduate tuition rebate is estimated to cost up to \$90 million per year when fully implemented. Moreover, Manitoba has one of the highest ratios among provinces of tax credits to direct student aid, even without the graduate tax credit.

However, the evidence suggests that the tax credits are not effective in encouraging enrolment in higher education among those from backgrounds where income is modest (Neil, 2007). Students from higher income families are the main beneficiaries of tax credits because they are more likely to enroll in post-secondary education and because higher income families get more benefit from the transfer of the credit amounts not used by students. Families with incomes in the top quartile claim credits worth at least twice as much as those in the lowest quartile.

Moreover, for students of modest means the credits are not helpful because the money does not arrive when it is needed. Cash at the start of the year is much more important than the promise of a refund or credit in the future. Credits lag expenditure by at least 7 months for the fall term, and by more than a year for a school term beginning in January. Notably, about two-thirds of the value of the credits claimed in Canada each year is not used by

students in the year earned. Instead, these amounts are transferred to a parent or carried forward to a future year. This means that most of the benefit, already indirect, is not available even within a year of the expense being incurred.

Accordingly, accessibility would be improved if funds were used for direct assistance to students rather than for tax credits.

### **Influence of Tuition Fee Changes**

The conclusion of almost all the research, in Canada and internationally, on tuition fees is that neither reductions nor small increases in tuition fees have a significant effect either on participation overall or on equity of participation, especially once one takes into account changes in availability of student financial assistance. Tuition matters; it is a significant cost, but it is not the prime factor shaping participation.

The absence of evidence linking tuition to participation is disappointing, and even incredible to some people for whom low or free tuition has long been an iconic principle of belief, but it is the conclusion one comes to from a careful consideration of all the research. It is possible to increase participation and improve equity, and to do so in ways that are affordable for students – indeed, that is the goal of this report – but that goal will not be achieved only through tuition policy.

The Canadian Federation of Students submitted a brief to the Commission aimed at making the point that tuition fees should be reduced further. There is much in that brief with which the Commission agrees, and many of its recommendations are embodied in the recommendations in this report. However, the overall evidence on tuition fees is quite consistent in showing that participation and equity of participation depend on a much broader array of factors. It is the total pattern of support and assistance for students, along with other social and institutional factors, that shape participation, a point acknowledged by CFS in their brief, where they write:

The simple truth is that access is not a simple policy area. There is no single program that would single-handedly both boost enrolment and improve access in a sustained way. (Canadian Federation of Students, 2009, p. 19).

This is a position which the Commission entirely supports.

Several kinds of evidence support the conclusion that tuition is not the most important factor shaping participation and therefore ought not to be the prime focus for public policy or expenditure.

First, as indicated earlier, for most students tuition, while significant, accounts for the minority of the total cost of attending.

Recent Canadian experience, in Table 12, does not show a link at the provincial level between tuition levels or changes and participation levels or changes. Provinces that reduced tuition in the 1990s did not always show greater increases in participation than other provinces. Provinces with lower tuition, such as Manitoba, do not necessarily have higher participation rates or greater equity of participation. British Columbia, for example,



with a very substantial increase in tuition fees until 2004, still had a larger gain in participation than did Manitoba. In Saskatchewan, participation actually fell between 2005 and 2006 even though tuition fees declined in that year. The same happened in Newfoundland in 2003. If one considers Manitoba, Saskatchewan and B C over the years shown in this chart, there were almost as many times when tuition and participation went up or down together as there were in the expected direction (as tuition went up, participation went down or vice versa). One would be hard pressed to conclude from these data that tuition affects participation in Canada.

	MB		SK		BC		NB		Canada	
	Tuition	% P	Tuition	% P	Tuition	% P	Tuition	% P	Tuition	% P
1997/98	\$3,666	19.2	\$3,858	19.4	\$3,161	15.9	\$3,799	17.6	\$3,601	20.8
1998/99	\$3,894	20.2	\$4,054	19.9	\$3,121	18.0	\$3,987	18.0	\$3,878	20.5
1999/00	\$4,212	19.7	\$4,066	20.3	\$3,101	17.6	\$4,045	18.1	\$4,019	20.5
2000/01	\$3,741	20.2	\$4,263	20.9	\$3,013	16.8	\$4,167	20.0	\$4,007	21.1
2001/02	\$3,728	22.7	\$4,459	24.2	\$2,904	17.2	\$4,440	16.3	\$4,112	21.0
2002/03	\$3,515	23.3	\$4,793	23.6	\$3,551	19.5	\$4,680	19.6	\$4,149	21.4
2003/04	\$3,443	24.1	\$5,070	22.6	\$4,457	21.7	\$4,865	22.6	\$4,339	22.4
2004/05	\$3,475	23.8	\$5,438	21.2	\$5,085	22.6	\$5,069	23.6	\$4,448	23.3
2005/06	\$3,481	26.3	\$5,289	23.9	\$5,085	20.7	\$5,262	25.4	\$4,399	24.8
2006/07	\$3,393	25.3	\$4,880	23.8	\$4,846	21.4	\$5,592	24.7	\$4,498	24.9

The same conclusion is reached by several other researchers based on more detailed analysis. Overall participation rates increased despite increases in tuition- provincial enrolment increases did not appear to correspond with changes in tuition (in some cases, provinces with high tuition increases exhibited greater enrolment increases than did provinces with comparatively small tuition increases) (Finnie, Laporte, and Lascelles. 2004)

International analyses have led to the same conclusion. The Canadian Council on Learning, reviewing research in England found no significant effect of the recent introduction of tuition fees on enrolment rates in post-secondary education (Abbott & Leslie, 2004).

OECD data show no relationship between tuition levels and post-secondary participation rates across countries. Countries with high participation, whatever their tuition levels, tend to have high levels of other supports. The OECD review of tertiary education concludes: “There does not seem to be any correlation between low or no tuition fees and participation rates.” (Santiago et al., 2008, p.181).

Australia is an interesting case because it originally had fees, abolished them in the 1970s, and reinstated fees late in the 1980s. Both full and part time enrolment in Australian universities rose more rapidly after fees were re-introduced than they had been prior to that (Scott-Swail and Heller, 2004, p. 32). Ireland eliminated fees in the mid 1990s, but growth in tertiary enrolments remained at the same rate after the fee cut as in the years preceding it. Moreover, the fee decrease in Ireland did nothing to reduce social class disparities in participation (Scott-Swail & Heller, 2004, p. 37).

Micro-level studies using individual student data from Canadian students have produced similar results, also showing that participation overall and equity of participation are not strongly affected one way or the other by tuition levels.

For example, Corak, Lipps and Zhao (2003) found that equity in participation among income groups in Canada actually improved in the mid 1990s despite rapidly increasing tuition, a change they attribute to the increased loan amounts made available. Rivard and Raymond (2004) found that after controlling for students' background, there was no impact of tuition fees on participation in post-secondary. High school marks were the strongest single predictor of participation in their model. Johnson (2008) used data from the Youth in Transition Study to reach the same conclusion.

A review of research on post-secondary enrolment trends conducted by the Canadian Council on Learning for the government of British Columbia (CCL, 2006) analyzed high quality Canadian studies on the issue and concluded that they found very small (Mueller and Rockerbie, 2005) or no effect (Christofides, Cirello & Hoy, 2001) of tuition fees on enrolment. The authors point out that where space is limited, demand high, and quality differences among institutions relatively small, which is generally the case with Canadian universities, enrolment choices will be less affected by tuition fees. In contrast, the U S higher education system, where most research on tuition impact has been conducted, is characterized by multiple institutions with very different quality and fee levels, resulting in more dramatic choices for students.

In summary, there is very strong evidence to show that tuition fees alone do not shape post-secondary participation.

### **Non-Financial Factors Affecting Accessibility**

The non-financial factors affecting post-secondary participation are powerful and often insufficiently appreciated in the discussion of accessibility. Dowd (2008) argues that policy should 'recognize the interrelatedness of a student's financial circumstances, academic experiences, perception of one's likelihood to complete a program, work and family demands, self-concept, and social support from significant others in one's family and community' p. 242

The largest single factor affecting participation, just as it affects all other life experiences, is socio-economic status. "Perhaps the most consistent finding in the entire body of literature on postsecondary affordability is the proven transference from one generation to the next of the likelihood of pursuing a post-secondary education" (Sorensen & De Peuter, 2007, p. 12). Post-secondary education, especially in universities, is strongly linked to indicators of socio-economic status such as family income or parents' education or occupation. As researchers have looked more closely at these factors, they have realized that background operates to limit opportunity and motivation in multiple ways.

There seems to be increasing evidence that those from disadvantaged backgrounds may not be attending PSE institutions primarily because of *non-monetary* reasons rather than financial concerns—in particular, issues of identity and the tensions and conflicts associated with identity change and dislocation from familiar comfort zones. (Cote & Skinkle, 2008)

An important U S longitudinal study shows how disadvantage has a cumulative effect on post-secondary participation and success. Lavin and Hyllegard (1996) followed for many years students who attended university in New York in the 1970s under a policy that gave a space to all high school graduates, many of whom would previously not have been admitted. They found that this change in policy did indeed permit many additional students to complete post-secondary education with significant lifetime benefits. At the same time, their analysis shows how students' initial disadvantages continued to handicap them. For example, students who were poor were more likely to have to work during college, which often meant it took them more years to finish. This not only cost them more but made them somewhat less competitive in the employment market. Similarly, students with lower levels of high school achievement had to take more remedial courses. This also delayed their graduation, led more of them to discontinue their studies, increased their cost of attending, including foregone wages, and, overall, led to poorer outcomes on average than students who did not have those initial handicaps.

The mix of non-financial factors described in the literature, though all interrelated, are organized here for greater clarity under three headings: secondary school preparation; the influence of family, peers and self-concept; and availability of good information. Socio-economic status factors affect all of these. As well there may be other factors operating, such as proximity of PSE institutions. Factors reviewed here are secondary school preparation; social influences (parents, peers and teachers, self concept); and availability of information about costs and benefits.

### ***High School Preparation***

High school results affect post-secondary participation in several ways. First, students must have the necessary prerequisites to be accepted in the program of their choice. Second, beyond the actual courses, students need to develop the academic and related skills to be successful in post-secondary education.

These factors often get insufficient policy attention. Yet it is evident that students who lack the prerequisite courses or skills will either not be admissible to post-secondary institutions, or may have difficulty once they get there. One important part of adequate preparation is having appropriate academic content - which means the courses that are required for entry to particular post-secondary programs – as well as skills in key areas such as reading, writing, or mathematics. Another part of preparation involves study habits; whether students are able to manage their own learning, have study skills, have time management skills, and so on. These skills are not necessarily taught deliberately in schools yet they are vital to students' success in post-secondary education where dropping out is often related to lack of interest and poor management of demands as much as to actual ability to do the work or master the skills.

Beyond that, students' performance early in high school influences the courses they are likely to take later, which in turn affects the post-secondary choices available to them. Students' sense of their own capacity, which is shaped by both their families and their earlier school experience, also has a large influence on their aspirations for post-secondary education and on the routes they choose in high school.

Manitoba's high school graduation rate parallels Canadian averages. However these rates have not moved very much in the last decade or so. As indicated earlier in this report, one of the strongest lessons of the history of education is that the system typically underestimates the level of performance it can create. Fifty years ago about half of high school students graduated, and many people at the time thought that was already too high. Now some three-quarters of the age cohort graduates from high school, but most people would say that is too low.

In case it is not obvious, graduation or good marks that are not a result of real skill are not helpful; it is an active disservice to students for them to think they are more capable than they actually are. However it is at least as true to say that most students can achieve more than they currently are, or more than many adults think they are capable of. So the goal is not just to increase high school graduation rates; the real goal is to increase the proportion of students with the skills and capacities that will enable them to graduate from high school and have opportunities to extend their education later. Quite a few countries outperform Canada in this regard but there is no reason to think their students are any brighter or any more motivated.

For all these reasons it is important for high schools to provide as many students as possible with a strong and successful secondary experience that increases their skills, their confidence, and the range of opportunities available to them.

### ***Social Influences***

Secondary school students are embedded in a social context that has a strong effect on choices about post-secondary destinations. Influential aspects of that context include:

- Parental expectations
- Influence of peers and teachers
- Self-concept and other influences

### ***Parental Expectations***

Parents' expectations for their children have a strong influence on students' plans. Students whose parents participated in post-secondary education are more likely to assume that they too will follow such a path, a conclusion reported in many studies. For example, young Canadians who felt that their parents expected them to complete PSE were more likely to have enrolled in a post-secondary program than youth who felt their parents did not have that expectation (67% and 34% respectively) (CCL, 2009). In 2002, two-thirds of children were expected by their parents to get a university education. The higher the postsecondary credential parents hoped the child would obtain, the more likely they were to save for that education, and the greater the amount saved. Children expected to get a university education had somewhat more savings than children expected to get a college or CEGEP diploma. Similarly, parents whose children perform well at school are more likely to save; 55% of children with A averages had savings, compared with 42% of those with C averages, and only 28% of those with below C.

Families' willingness to support students may vary based on both financial and non-financial circumstances. Parental support for children's participation in post-secondary education is known to vary based on factors such as ethnicity or parents' own education. As

well, in cases where family relationships are poor, parents may be less willing to support students emotionally and financially, making PSE participation less likely.

### *Influence of Peers and Teachers*

The social context in which young people operate influences, to a greater or lesser degree, how students think about their own futures. In a school or community where friends and many other students are planning to attend post-secondary institutions, this becomes an accepted choice for all students. Universities and colleges may need to make special efforts to connect with students in schools where participation in post-secondary education is the exception rather than the norm.

Whatever students' level of secondary school preparation, teachers and guidance counselors provide various types of support to students concerning post-secondary possibilities. Students are influenced by whether their teachers believe in their capabilities, which means it is important for teachers and guidance counselors to ensure that all students, particularly those who may not have considered it otherwise, are supported in considering post-secondary education. It is a mistake to limit students' horizons unduly, even while it is important to be realistic about what is required for success. The goal should be to encourage students to have high aspirations coupled with a realistic sense of what they would have to do to achieve them.

### *Self-concept and Other Influences*

Student self-concept, particularly in relation to academics and personal expectations for the future, is crucial in understanding decisions to enroll or not in post-secondary education. Of course, such beliefs about oneself are not independent of school and family, but are important enough to discuss separately. As one study put it:

With respect to what policy makers might take from these findings about encouraging disadvantaged groups to attend in greater numbers, it emerges that simply reducing financial costs and promoting the benefits of PSE will not be sufficient. Other issues are more important for some young people, especially those whom we have identified as pessimists and skeptics. Interventions will therefore need to be of a more personal nature, making those in these groups feel more at home in PSE institutions and helping them undergo an identity formation that includes images of themselves as people who deserve a higher education and can succeed without alienating others around them. (Cote & Skinkle, 2008 p. 35)

Whether students see themselves as 'post-secondary capable' is deeply affected both by their own experiences and by how others see or treat them. Students' sense of their academic ability is related to, but not identical with, actual prior achievement. Some students do reasonably well in high school while remaining doubtful about their ability to do well in post-secondary, while other students are the opposite. These differences are often due to students' backgrounds; students with less exposure to post-secondary education are less likely to feel confident in their ability to participate successfully even when their high school achievement is relatively strong. Similarly, students who know many people who

attended post-secondary institutions, including people close to them such as family members or close friends, are more likely to take part in post-secondary education.

Students' own sense of their capacity and futures is clearly important. Most students want to participate in post-secondary education and most parents want their children to do so. Yet as students' lives evolve, those desires, for many, are not realized. Some would argue that this is a necessary adjustment to the realities of limited ability. This report rejects that view for reasons already discussed; the evidence is that many more students are capable of higher levels of achievement than we might think.

### ***Information about Costs and Benefits of PSE***

Students and their families appear to have limited or sometimes misleading information on matters related to the costs and benefits of PSE, as well as access to possible sources of funding.

It is undeniable that post-secondary education has value as a personal investment (a point discussed more fully in the section on 'Why Students Should Pay Fees'). A basic tenet of economic theory is that people will not make good investment decisions in the absence of good evidence and a clear understanding of how those decisions may affect them later. The Canadian evidence suggests that students' and parents' knowledge about post-secondary education costs and benefits is quite limited. Families, especially those from lower income backgrounds, are likely to overestimate the costs and underestimate the benefits of post-secondary education, making them less likely to invest in it (e.g. Junor and Usher, 2004; De Broucker, 2005; Cote & Skinkle, 2008).

According to Usher (2005, p. 3), "A year's average university tuition cost (\$3,749) is overestimated by Canadians in general (\$4,989) and in particular those from low-income backgrounds (\$6,834)". Usher's analysis shows an even greater gap between the actual annual income differential between high school and university graduates (\$27,191) and estimates of that difference by Canadians in general (\$5,337) and by low-income Canadians in particular (\$4,885). Based on this analysis Usher concludes that "...given limited and incorrect information, many Canadians –and those from low-income backgrounds in particular – are making rational choices which imply they do not view university education as being a "good investment." If there is also a greater reluctance to borrow among students and families from lower income backgrounds, the overestimation of costs and underestimation of benefits will be even more likely to lead to underinvestment.

Surveys of Canadians show considerable discrepancies between the ways students or parents expect to finance their studies and what actually happens. A recent report by the Canadian Council on Learning (2009) reveals that parents expected more funding from scholarships, bursaries and grants and less from loans than actually happened. According to Shipley, Ouelette, and Cartwright (2003) about one-third of children had parents who expected them to receive grants based on financial need, which may reduce savings behaviour. Information about such programs as the Canada Education Savings Grant (CESG) also plays a role in affecting behaviour. Children whose parents were aware of the CESG program had, on average, about 50% more in savings than children whose parents were not aware. However participation rate in the RESP/CESG program is significantly lower for the lowest

income families—13% compared with 42% for the highest income families – creating a double disadvantage for lower income students. (Shipley, Ouelette and Cartwright, 2003).

Students are also often badly informed. A 2005 survey of secondary school students (grades 6-12) in the West and Atlantic Canada revealed that only one out of four high school students surveyed expect that they will be able to obtain “adequate student loans” to finance their post-secondary education, while over 40% reported that their parents would support their studies, and 39% report that they would rather take time from their studies to work rather than take out a student loan. (Prairie Research Associates, 2005)

Students and families do not necessarily seek out more accurate information, either. A review of the Manitoba student aid program in 2008 (Probe Research, 2008) found that nearly two-thirds of students made decisions about financing their studies either on their own or only with parents. This review also showed that significant numbers of students, even those who had applied for aid, had serious misconceptions about the program’s rules, with even higher proportions among Aboriginal students.

One should not be surprised to find substantial amounts of misinformation. The financing of post-secondary studies is complex. There are many programs available, and the rules around them have changed frequently. The calculation of longer-term costs and benefits, and even the whole concept of investment in human capital, is unfamiliar to many, especially to many lower income families or to parents with less education. Families with financial advisers will be kept informed of changes such as the CESG and helped to take advantage of them, further disadvantaging lower income families. Faced with the complexities of figuring out the costs of attending and the various sources of assistance, a student with modest means and who is already uncertain as to whether she or he wishes to participate is much more likely to give up, or to assume that she or he will have to work at least part-time to finance studies.

It is no surprise, then, that a report on accessibility for the B C government by the Canadian Council on Learning (2006) concluded that “...in order to increase access, policies to increase aid or lower tuition may not be enough. Increased access to information about educational and career options, and more intensive support programs may be necessary.” (CCL, 2006 p.52). Students themselves recognize this need; when non-attendees were asked what they recommended to help increase participation in post-secondary education; their overwhelming response was better information and support services, starting early (CCL, 2006).

## Section 5: What Should Manitoba Do to Improve Accessibility to Post-Secondary Education?

The Commission believes that Manitoba could build on recent efforts and do more to strengthen accessibility, participation and success in post-secondary education. This Commission provides an opportunity to reaffirm the Province's commitment and to take the next steps that will bring more Manitobans, especially those who are capable but who currently are discouraged from participating, into the post-secondary system. This report lays out an ambitious but achievable agenda to be implemented over the next few years.

The strategy recommended by the Commission for Manitoba to achieve this goal focuses on increased participation, greater equity in participation, and strategies to provide greater and more accurate communication (to students and families) about the costs and benefits of PSE, as well as ways of ensuring adequate financial resources to complete programs. Given scarce resources, more should be used to support those students who need it and to limit debt levels rather than for general subsidies through lower tuition fees or tax credits. Equally, more attention is needed to non financial factors, and many recommendations address those.

The main recommendations in brief are:

1. *Set targets for participation:* The province should set targets for participation and graduation from post-secondary education that are above national averages, with equitable participation from all social and economic groups.
2. *Keep tuition fees moderate:* Tuition fees can be increased gradually but should remain below the Canadian average.
3. *Improve information and communication:* Manitoba should improve the flow of information about post-secondary education so that students and parents can make well informed decisions.
4. *Improve student earnings through a higher minimum wage.*
5. *Implement a work-study program:* to subsidize employment related to students' area of study allowing students to support themselves while also connecting their work to their studies.
6. *Ensure excellent student financial assistance:* Manitoba's system of student financial assistance should be the best in Canada, with a particular focus on limiting maximum debt levels and preventing catastrophic situations.
7. *Increase equity of participation:* In order to improve the ability of less advantaged students to participate in post-secondary education, Manitoba should:
  - a. Improve high school preparation and graduation; launch a comprehensive effort to increase high school graduation rates;
  - b. Review and strengthen the adult learning system, including expanding adult learning significantly;
  - c. Encourage post-secondary institutions to expand participation and success using a 'Targeted Accessibility Fund';
  - d. Address some of the most urgent barriers to participation related to child care and housing;



- e. Reach out directly to Aboriginal and other groups to support greater participation.
8. *Monitor impact of policies and strategies*: The province should put in place a research and evaluation strategy to assess the impact of its policies.

Each of these recommendations is more fully elaborated in the following section.

### **1. Set Targets for Participation**

Because targets have the effect of focusing everyone's attention on desirable public policy goals, Manitoba should establish public long-term targets for post-secondary participation and success.

These targets should be:

- University participation and completion rates at or above the national average.
- College participation and completion rates that are within 10% of the national average
- Aboriginal participation and completion rates proportionate to the Aboriginal share of Manitoba's population aged 30 or less
- Roughly equal participation and completion across socio-economic groups.
- Increased participation and completion among persons with disabilities.

The Council on Post-Secondary Education would be responsible for monitoring these goals; the Council should establish numerical targets and should report publicly on progress on a regular basis.

### **2. Keep Tuition Fees Moderate**

#### **1. Rationale**

The arguments in favour of maintaining a moderate level of tuition fees have been outlined earlier. The Commission concludes that given a choice between using public money to reduce tuition fees, and using public money to support targeted accessibility measures, the latter is a superior choice that will yield greater overall participation, greater equity in participation, and greater equity in financial status at the completion of post-secondary studies.

For reasons also outlined earlier, tuition fees should continue to be relatively modest and predictable over multiple years. Manitoba should have a goal of keeping tuition fees below Canadian averages. Moreover, increases in fees should be modest in terms of actual additional dollars.

#### **2. Flexibility for Institutions**

The government should continue to regulate tuition fees, though with some scope for institutional modification. All ancillary fees should be considered as part of base tuition and be subject to guidelines. Institutions should not be able to circumvent the intent of the guidelines through creating new payment categories for students.

Within the boundaries set by public policy, institutions should have some control over tuition fees. First, the province would set a maximum but institutions would not be obliged

to choose the maximum amount. Some institutions may wish to differentiate themselves by having somewhat lower fees.

Second, as in past, institutions should be able to make a case to the Council on Post-Secondary Education that a particular fee is currently out of alignment in relation to the benefits students obtain related to the costs of operating the program. That is, an institution should have the opportunity to show that for particular programs current tuition fees are not reasonable in comparison to other existing fee levels because program costs are higher (or lower) AND benefits to students are also higher (or lower). Higher program costs in themselves are not sufficient reason to increase fees; there must also be clear benefits to students.

These requests should be considered by the Council as they are made. Any such request should be made public, including the empirical evidence on which the request rests. Students should be consulted, but there should not be binding referenda on such issues. In particular, it is inappropriate to have current students vote on decisions that bind future students but do not affect them to any significant degree. Where approved, such changes may need to be phased in over several years; as a general principle, large and sudden changes in fees should be avoided.

Where institutions use this provision to propose significant increases in tuition fees above the maximum, a substantial proportion of the proceeds from such increases must be set aside for additional student financial assistance to students based on need, and there must be an institutional plan, with subsequent monitoring, to ensure that the increase does not reduce equity of participation.

For reasons also outlined earlier having to do with predictability and risk aversion, increases in fees should be expressed primarily in terms of actual dollars. Students pay dollar amounts for tuition, not percentages. Since tuition fees vary greatly from program to program, expressing them in terms of percentages has a distorting effect. What seems like a large percentage can be a small amount, and, in a few cases, vice versa. For example, an increase of 8% in college fees is less than \$100 – about the price of a pair of shoes – while an increase of 4% in law school fees at the University of Manitoba is \$300, a much larger amount.

*University fees:* With the above exceptions, tuition increases for the next three years for Manitoba universities should not exceed the lesser of \$150 or 5%. This would mean that the increase in most university programs could not exceed \$150 per year – an increase that would not threaten anyone's ability to participate, especially given the various improvements proposed later. More expensive programs would also be limited to \$150, which would be less than 5%. Gaps in tuition fees across programs would neither increase nor diminish unless the institutions chose to apply less than the maximum allowable amount in some cases. While it may be desirable for students in some faculties to pay more, for reasons already outlined, there is no reason the disparity in fees should get larger every year.

*College fees:* The Commission finds that community college fees in Manitoba are unnecessarily low at present, being much lower than almost all other jurisdictions in Canada. This puts the colleges at a disadvantage vis a vis the universities in terms of

revenue sources and, it could be argued, is not in the best interests of college students. College fees should be allowed to rise by \$125 per year (that is still less than the maximum allowable university increase), until they are approximately 25% below either the Canadian average, or the average of Ontario and Saskatchewan, whichever is less.

To give a sense of the change involved, if this policy were already in effect, Manitoba college fees would be approximately \$1,950 (25% below the average of Ontario and Saskatchewan) which is about \$650 more than at present. If fees were at this level in Manitoba, they would still be second lowest in Canada. It will take 7 to 10 years to phase in this recommendation depending on what happens to fees in other provinces.

Three years from now, in 2012, COPSE should recommend to the government, following the principles outlined in this report, a further three year maximum for tuition increases. In arriving at its recommendation, the Council should review any new evidence on tuition fee levels related to graduate earnings, as well as new evidence on affordability taking into account any significant changes in student aid policies tax policies, relative wages or other factors that might affect students' ability to pay. It should also take into account tuition fees in other provinces.

In addition, the Commission recommends the option of a small further increase in tuition to support a 'Targeted Accessibility Fund' described below.

The impact of these modest increases in tuition will be more than offset by other recommendations in this report.

*Graduate Students and International Students:* The focus of this Commission was on tuition in relation to accessibility to post-secondary studies. Graduate students have, by definition, already had access to post-secondary education. For this reason, and because the issues around graduate studies are both different from many of those taken up in this report and complex, the Commission has not studied the issue of graduate tuition fees. The general principles in this report should apply to graduate students – namely that tuition fees should be modest by Canadian standards, and that the additional impact of fees should be fully offset by additional supports to students with financial need.

With regard to international students, the Commission takes the view that Manitoba does not have the same obligation to students from other countries to provide post-secondary education as it does for its own residents. Accordingly, the Commission takes no position on the issue of differential fees for international students. There is clearly a benefit for Manitoba in having students from other countries studying in Manitoba colleges and universities. The general analysis of tuition fees and costs in this report suggests quite strongly that lowering fees will not achieve the goal of greater equity in participation of international students, and may not even lead to more students from other countries studying in Manitoba. Hence there seems no a priori reason to change existing fee policies in regard to international students, though there may be good reasons for subsidizing some students, for offering scholarships and bursaries, or for other efforts to increase enrolments from other countries. The Commission makes no recommendations on these issues.

### **3. Improve Information and Communication**

The evidence shows that students and parents overestimate the costs and underestimate the benefits of post-secondary education, especially for students from lower income backgrounds. Good information is vitally important to good decisions, especially where these decisions have lifelong effects.

Manitoba should take a number of measures to improve the flow of information about post-secondary education, particularly about costs and benefits, to students, potential students, and their families. Such measures should include:

- *Website with “investment analysis tool”*: The creation of a website that would allow prospective students to see the costs and benefits of particular programs of study based on current information. The tool should be relatively simple to use yet should cover the main revenue, cost and benefit categories. This tool should be provided and maintained by a third party that is independent of both the government and the institutions. Ideally this would be a non-profit third party such as the Canadian Council on Learning.
- *A paper and CD version of the tool* should be made widely and freely available to high school students, adult learning centre students, and guidance counselors in these settings, as well as to any other organization that serves or counsels prospective students.
- *Professional development* sessions should be provided to guidance counselors in various settings on the use of the tool and on the data that underlie it.
- *Post-secondary institutions* should also embody the main elements of this analysis in their ongoing outreach and recruitment work.
- *Special outreach efforts* should be made to those populations less likely to participate in post-secondary education. These efforts can be made by schools, youth organizations, community groups and post-secondary institutions. This is an area in which duplication of effort is not a bad thing, as similar messages from multiple sources are likely to have positive effects.

### **4. Improve Student Earnings through a Higher Minimum Wage**

As noted earlier, earnings are an important part of the way students finance their studies, yet they receive relatively little attention in the literature. If students were able to earn more, they would have less need for loans or grants. Since a large proportion of minimum wage earners are students, increases in the minimum wage have a disproportionately positive effect on students. The province of Manitoba has steadily increased the minimum wage from \$6 an hour in 1999 and has set plans to bring the minimum wage to \$9 an hour later in 2009. However even at this new level, a student working full time in the summer and part-time during the school year would earn (based on a total of about 900 hours of work over a full year) only about \$8,000, which is insufficient to cover the basic costs of education and living for a single person as described earlier in this report. The government should therefore consider more rapid increases in the minimum wage.

### **5. Implement a Work Study Program**

As a second way to improve students' earnings, the province should take steps to increase employment opportunities that are directly related to students' fields of study. Such a work

study program, with opportunities directly related to students' studies, would allow students to earn and learn at the same time. Ordinarily, wage subsidy programs are not considered by economists to be very effective ways to stimulate employment. However a program of wage subsidies to post-secondary institutions and other organizations with the goal of creating work for students that is connected to their post-secondary studies could be an efficient way to improve the affordability of post-secondary education and would have the positive effect of supporting work that had a variety of other social benefits. Such jobs could include co-op education placements, working for and with instructors, as well as work in various community organizations. Although the basic emphasis should be on non-profit organizations, there may be cases where a private firm is an appropriate target for wage subsidies because it can create work that is particularly vital to the learning of students aiming for particular occupations; this might be especially so in the community college sector.

A reasonable target for such a program would be to create 1,500-2,000 such jobs each year, whether in the summer or during the school year. Assuming that each job yielded approximately 400 hours of employment and that the wage subsidy was in the order of 30-40%, or \$4-5 per hour, the cost of such a program would be \$1,500-\$2,000 per job, or \$2-4 million per year. The details of such a program should be worked out by Manitoba Advanced Education and Literacy. This proposal would complement the existing co-operative education tax credit that the Province now provides.

## **6. Ensure Excellence in Manitoba's Student Aid Program**

Manitoba already has one of the better student financial assistance programs in Canada, and the commitment to increase the Manitoba Bursary by \$8 million is a further very tangible step in this direction. The government should indicate its intention to have the best overall program of financial support for students in Canada, with a particular focus on limiting debt levels, on providing all students with the support they need for legitimate program needs, and ensuring that no student ends up with crippling levels of debt.

### *1. Limit Maximum Annual and Cumulative Debt*

In 2000-2001 Manitoba made significant improvements in student aid due to a partnership with the Canada Millennium Scholarship Foundation. The results, described earlier, were less borrowing and significantly lower debt levels even as enrolment grew rapidly. Those arrangements will now change due to the disappearance of the CMSF and the creation of the Canada Student Grants Program, and it is not possible to say at this moment what the impact will be on loans and debt levels. However this change also brings an opportunity to further improve the overall situation in regard to debt.

The Commission recommends that Manitoba set a goal of limiting the combined maximum debt from federal and provincial student loans for students pursuing their first degree or diploma in a Manitoba public institution to \$5,000 per year. In fact, for the last few years, this maximum for almost all students has been \$6,000, with occasional exceptions for students who are participating in particularly expensive programs or are choosing to pursue out of province programs when there are alternatives in Manitoba. Manitoba should reduce Canada Student Loans as well as Manitoba loans in order to keep maximum debt loads to this amount.

It is not possible to determine the cost of this recommendation due to the change in programs occurring this year, thus the recommendation is expressed as a goal or aspiration. Given the data presented earlier about loan and debt levels, it is plausible that this could be accomplished with the existing commitment to increase the Manitoba bursary and the additional commitment recommended later.

### *2. Provide All Students With Support for Legitimate Program Needs*

A small number of students with particularly high needs may fall outside the current Manitoba Student Aid parameters. These appear to be students who have very high program costs or very high living expenses – for example related to family size or disability. For reasons that are too complex to review here, MSA is unable to know with certainty how many such students there are, or how high their need levels might be, although the number of students is likely quite small. The Commission recommends that Manitoba Student Aid should review these situations with the goal of ensuring that all students in a legitimate first degree or diploma program should have their full needs met while still keeping their student loans to a maximum of \$5,000 per year. The cost of this recommendation would likely be quite small but the impact on those affected would be considerable. Student Aid should conduct a further analysis of this issue this year, with a view to implementing the necessary changes for the 2010-2011 school year.

One exception to this general approach concerns students in institutions or programs with high loan default rates due to low earnings among graduates. In part this is an issue of credit counseling and financial planning; students should be aware before they enroll in a program what that program's history is in terms of employment, earnings and ability to pay off debts. Manitoba already has a policy in place to deal with concerns about programs with high loan default rates but this effort should be intensified. More steps should be taken to be sure that students are not being exploited to pay high fees to programs with low success rates and poor earnings.

### *3. Protect Students from Crippling Levels of Student Debt*

Manitoba Student Aid should make efforts to ensure that no students end up in a catastrophic situation due to high debt, especially if there is also some inability to earn enough to service the debt – for example as a result of injury or illness. Such a 'floor' would reassure potential students who are averse to borrowing, disproportionately those with fewer means, so would help improve the use of loans among equity groups. It only takes a few stories of students unable to manage their debts to have a negative effect on many other students' willingness to borrow.

Improvements now being planned in the national interest relief programs may resolve this issue, but if these are not adequate, Manitoba should put in place its own program for students with high levels of debt. Such a program would require an individual review of circumstances for former students who find themselves unable to manage their debt. Normally that would involve high levels of total debt – for example over \$20,000 in total - but there may be other students with lower debt levels who find themselves in equally difficult situations, so the best approach is an individual review based on applications. Where the review finds it appropriate, students could be assisted through such measures as longer amortization, interim interest relief, or reduction of the amount of principle, as appropriate.

While it is impossible to predict the precise cost of such a program, everything about the Manitoba situation, including low borrowing levels and low gross debts, suggests it would be quite small. In addition, other measures proposed in this report would reduce the demand still further.

#### *4. Strengthen Connections with Institutional Aid Programs*

Over the last few years, institutional support for students has increased, in part due to the Manitoba Scholarship and Bursary Initiative. The vast bulk of financial support for students, though, and especially need-based support, comes from government programs. There is room for closer coordination between these funding sources. The Commission recommends that Manitoba Student Aid create a regular forum for meeting with institutional student aid leaders to ensure that there is maximum synergy between what institutional awards do and what Student Aid provides. Institutions will be able to provide Student Aid with good information and advice on situations that are problematic for numbers of students and therefore need to be addressed in Student Aid policy or practice. At the same time, institutional aid programs should have a particular role in addressing emergency situations, since they will be able to respond more quickly and more flexibly than can a large and universal program such as Manitoba Student Aid.

#### *5. Maintain But Do Not Expand The Manitoba Scholarship and Bursary Initiative (MSBI)*

The Commission considered whether the Manitoba Scholarship and Bursary Initiative (MSBI) should be enlarged. Colleges and universities like the MSBI because it assists them in raising private funds. However the Commission concluded that using public funds to match private fundraising for aid should not have any greater priority than other accessibility measures, especially since a substantial part of institutional aid is not based on need or is otherwise directed by the wishes of donors, which implicates public funds in ways that are not always highest priority. That being said, institutions may choose to use some of the accessibility funding proposed elsewhere in this report to help build their student aid endowment.

#### *6. Increase Credit Counseling*

Some years ago Manitoba Student Aid initiated a credit counseling program for applicants. Since students can borrow quite significant amounts of money at a young age, with lifetime consequences, they should have access to skilled advice on the potential implications of borrowing and to help them review the various costs and benefits.

The Commission recommends that the availability of credit counseling for students be expanded. This service need not be provided directly by Student Aid; it could also be available through post-secondary institutions, through financial institutions, and through appropriate community agencies. Building wherever possible on existing credit counseling services seems a desirable approach.

#### *7. Online Planning for Student Aid*

The Student Aid online planning tool should be enhanced, in connection with the earlier recommendations on better information, to allow students a better sense of their likely costs and student aid entitlements. This tool should also be connected in an appropriate way to those recommended earlier to give broader information on financing post-secondary studies.

### *8. The Canada Student Loan Program*

A discussion of the federal Canada Student Loan Program (CSLP) is outside the scope of this report. However CSLP has important effects on what happens in Manitoba, so a few comments are necessary concerning issues that need attention.

The basic living amounts in the Student Aid program are determined by the Canada Student Loan Program, but appear to be quite low, especially for independent students and those with families. It is vital to have a way of keeping the basic cost of food, housing, books, and transportation current. One easy way to do this would be to commission an annual survey by a third party of actual student costs and then to alter the benchmarks accordingly.

The interest rate on student loans is presently too high. Students are probably a higher risk group, but that risk is substantially reduced by the inability to discharge student loans through bankruptcy.

The Student Aid application should be simplified. Although most students manage the application reasonably well, a significant number find it difficult, especially Aboriginal students (Manitoba Student Aid, 2008). Research in the United States (Dynarski, S. & Scott-Clayton, J. (2007) has found that a one page application with approximately a dozen questions produces almost the same results as a very long application with hundreds of questions. Manitoba should press the federal government to simplify the form as soon as possible.

Finally, a number of countries – New Zealand is a good example – have loan programs that are not means tested. The complications in the Canadian student loan program are likely one main reason for the substantial private borrowing reported by students. CSLP might consider providing, as a second form of student loan, one that is not means tested or subsidized, to augment, not replace, the current system.

### *9. Cost of Improved Student Aid*

The Commission recommends increasing spending on student financial support by seven million dollars over the next three years, over and above the already planned increases in Manitoba bursary. This should allow the above recommendations to be implemented. Using funds to increase aid rather than maintain lower fees will benefit more needy students, and will reduce the indebtedness of high need students by a much greater amount than the amount of the tuition increases recommended in this report.

## **7. Increase Equity of Participation**

Participation and success in post-secondary education are very much influenced by non-financial factors. Five areas are identified where much can be done to improve the way that Manitoba encourages students to participate in post-secondary education, particularly those from under-represented groups.

- Improve high school preparation.
- Strengthen the adult education system.
- Encourage post-secondary institutions to recruit and retain more diverse students.



- Improve housing and child care for students.
- Reach out directly to target groups to support participation of their young people.

### *1. Improving High School Preparation*

We have learned a considerable amount in the last few years about the steps needed to improve high school graduation rates. This report is not the place to rehearse in any detail a high school improvement strategy; one outline of such a strategy can be found in Levin (in press). The Commission recommends that Manitoba Education, Citizenship, and Youth develop and implement a strategy, drawing on the best available evidence and working closely with school divisions and community groups, that would have as its focus improving Manitoba's high school graduation rate, with a target by 2014 of having 80% of students graduating within four year years of starting grade 9 and 85% graduating within five years. Since those who do not presently graduate from high school are presently disproportionately from low income or other disadvantaged groups, success in this area would automatically increase equity in the group eligible for post-secondary education. Manitoba should also work with First Nations to assist them in improving high school graduation rates on reserves.

One key aspect of a successful graduation improvement strategy is good data, at the school level, on current graduation rates. Manitoba Education, Citizenship, and Youth should work with school divisions and schools to ensure that schools can track the progress of students during high school, and also assist school divisions in tracking graduates and school leavers so that the divisions can have good data on what happens to their students after they leave high school. Schools should publish, as part of their regular accountability to the public, their high school graduation rates using a common definition developed through a provincial process.

Dual-credit courses have particular potential to improve equity of participation in post-secondary education. Dual credits allow students to use post-secondary credit courses both for high school credit as for post-secondary credentials. Dual credits (Hoffman et al., 2007) have been particularly helpful to adult students but they could also be a useful way to attract disengaged learners into post-secondary studies. The Commission recommends that the provincial government, through both education departments, work towards a substantial expansion of dual credits with a particular emphasis on students who are not necessarily considering post-secondary studies. A desirable goal would be for at least 20% of high school students to have one or more dual credit courses upon graduation.

A further important step is to make sure that information on post-secondary education is available to students not just in secondary schools, but in junior high school as well. Manitoba Student Aid survey data show that students do not make extensive use of school counselors in planning their post-secondary studies. This finding, consistent with other studies, suggests that schools need a more varied strategy using classroom teachers, former students, and various information forms as ways of having students think about their post-secondary options early.

## *2. Strengthen the Adult Learning System*

The creation of adult learning centres in Manitoba a few years ago was an important step in supporting adults to return to school and complete their secondary education. Legislation governing the centres was passed in 2002. The centres now serve more than 8000 adults each year and produce more than 1200 graduates each year. However given the number of adults in Manitoba with low levels of education, more could be done. Adult learning can be a key part of improving post-secondary accessibility.

The adult learning centre system runs on only \$15.6 million per year, whereas funding for each year of regular high school is more than \$100 million. The Commission recommends a full review of the adult learning centre model leading to an expansion of efforts to increase the number of adults participating in post-secondary education.

## *3. Encourage Post-secondary Institutions to Recruit and Retain More Diverse Students*

While many steps to promote accessibility can and should be taken by the province, post-secondary institutions also play a vital role. Building the commitment and capacity of post-secondary institutions to improve accessibility and success must be an important part of the overall strategy.

About twenty years ago the Province, through what was then the Universities Grants Commission, made an effort in this direction using some targeted funds. However there has been no similar recent provincial initiative. At the same time, the stance of the institutions has changed significantly over the years. All Manitoba colleges and universities now recognize their responsibility to reach out to potential participants who have the capacity but for one reason or another do not participate in post-secondary education. Whether in regard to Aboriginal students, students with disabilities, or others, the institutions have displayed considerable ingenuity in some of their efforts to expand recruitment and participation. This is a perfect time to support and intensify those efforts.

As an incentive and support for institutional efforts to improve accessibility, the Commission recommends a “Targeted Accessibility Program”. Under this scheme, institutions would be able, after consultation with students, to increase fees by an additional 1% or \$25 per FTE (whichever is less) for each of the next three years, provided that all the revenues raised from this additional fee are used solely to support measures to improve accessibility and success for under-represented groups. The Province should match any such funds on a one for one basis in the operating grant over and above any other operating grant increases.

The amounts raised from this scheme would be modest, amounting, including provincial matching funds, to a potential \$3 million per year for three years, or up to \$9 million in the third year, spread across the entire post-secondary sector. Used wisely, these funds could make an important contribution to accessibility and success measures. They would also constitute a deliberate, though small, transfer of funds from more to less affluent students.

There are many ways these funds could be managed, but the simplest would be through a public plan by each institution as to how it will promote access and success, including target groups and measures. The fund could support any activities based on evidence (such as that

reviewed in this report) of effectiveness, including recruitment, information, bursaries, post-admission supports, connections to high schools or adult education, or direct work with underrepresented communities. Institutions might want to strengthen existing accessibility efforts or undertake new ventures. Institutions should also look for ways to work more closely with local communities and community groups such as youth organizations, ethnic groups, First Nations, and others, since that would build ongoing relationships and trust.

All efforts from these funds should have measurable targets. Since some of the money would come from additional tuition, students should be involved in developing these plans. A dialogue about desirable strategies should also occur among the institutions and between the institutions and the Council on Post-Secondary Education around effective strategies, practices and outcome measures.

Institutions would report on these funds annually in terms of the amounts of money raised, their use, and measures of impact. Efforts within this scheme should be independently evaluated (as recommended later) and those that are shown through these evaluations to be successful should have their operating funds rolled into institutional base grants, while unsuccessful programs are terminated. Following the initial three years the Council on Post-Secondary Education should, taking into account the evaluations and the views of institutions and stakeholder groups, advise government on whether this policy and the associated funds should be ended, modified, or continued for a further fixed period.

#### *4. Improve Housing and Child Care for Students*

Some of the most important factors affecting post-secondary accessibility lie outside the direct responsibility of post-secondary institutions or Manitoba Advanced Education and Literacy or the Council on Post-Secondary Education.

One of these, earnings, has already been discussed. Two other areas are critically important – housing and child care. Both are vital to participation among some key groups of Manitobans, especially northern and rural residents, and students who are also parents. University College of the North has particular challenges in attracting students due to shortage of affordable family housing in Thompson and The Pas, but family housing is a problem everywhere for families with low incomes, which includes many students, and can be difficult for all students where vacancy rates are low – as appears to be the case, for example, in Brandon. The same is true of child care. The shortage of child care spaces is well known, especially for infant care. Institutional day cares have long waiting lists.

These issues are too complex for any full analysis in this report, nor is the Commission in position to propose a solution to these issues. However they cannot be ignored. The Commission recommends that the government create a working group - or possibly two groups, one for housing and one for child care – to consider ways of increasing the supply of affordable housing and child care for students from low participation communities. The working groups should be chaired by senior government officials, should consult with relevant stakeholders, and should make proposals to the government on potential strategies in time for the 2010-11 budget. While the government need not commit in advance to a particular amount or proposal, it can indicate its intention to take some steps in 2010 to improve housing and child care for high need students.

### *5. Reach Out Directly to Target Groups to Support Post-Secondary Participation*

The general strategies above are relevant to large numbers of Manitobans, and will be adapted in any case to suit particular circumstances. However there are also some crucial features of particular populations that require comment in this report.

Low socio-economic status, especially when sustained over time, continues to be the biggest single predictor of poor education, economic and other life outcomes. Many issues related to other target groups, such as Aboriginal students or students with disabilities, are also related to their lower incomes and lower education levels of parents. The proposals in this report are all aimed at reducing gaps in outcomes related to socio-economic status. Among those needing special attention are Aboriginal people, students from rural and remote area, and students with disabilities.

Some of the biggest successes in education in Manitoba have come from close connections with community groups related to underrepresented populations. For example, the Access programs benefited from their strong relationships with Aboriginal and inner-city communities. Some of the most successful adult learning centres grew out of local efforts to support learning. Manitoba also has a long and proud tradition of local community economic development that has included some important education initiatives as well. In implementing these recommendations and strategies, the government and the post-secondary sector should take every opportunity to work with local groups to build local community capacity to support learners more effectively. It is a mistake to think that all accessibility measures need to be driven by or located in existing post-secondary institutions, and that is especially the case for marginalized groups and communities.

Aboriginal people: Improved outcomes for Aboriginal people are essential to the future of Manitoba. The province has had some considerable success in improving post-secondary participation for Aboriginal people through a variety of means, most of which are consistent with the ideas in this Commission. The ACCESS programs were an important early strategy and continue to be relevant, but have latterly been supplemented by many other initiatives from the post-secondary institutions and from Aboriginal groups and communities. The creation of University College of the North is also an important accomplishment. Across Canada, there has been growing attention to the educational needs of Aboriginal people.

These are very positive developments but of course the gaps between Aboriginal people and other Canadians are still too large. The strategies proposed in this report, if implemented, will have positive results for many Aboriginal people. At the same time, the Commission emphasizes that improved outcomes for Aboriginal people must be based on extensive consultation with and full respect for the histories and world-views of Aboriginal communities. Relationships of trust must be built. This work happens slowly. Much good groundwork has been done, but much remains to be done.

Aboriginal post-secondary education is also deeply affected by policies of the federal government. It is clear that the funds available to support First Nations students to participate in post-secondary education are not adequate to the demand. Manitoba should continue to urge the Government of Canada to increase funding in this area for First Nations students at least in relation to the growth in the 18-24 population, and including catch-up for the lack of support in recent years. Manitoba should look for opportunities to work with

First Nations and other Aboriginal groups to improve their post-secondary participation and success, but it should not take over responsibilities that properly belong to the federal government. Manitoba would be in a stronger position to make this case if it makes the additional provincial investments proposed in this report.

The increase in tuition proposed in this report will impose additional costs on Aboriginal students, of course. However the recommended offsets in terms of additional student aid are much greater than the additional costs for any student with financial need, so there should be a positive impact of these recommendations for Aboriginal students. Even for those funded by First Nations, the additional tuition amounts are small in relation to the total cost of participation and are additionally offset by other recommendations in this report, such as targeted accessibility supports and programs.

Rural and remote communities: Participation rates for students from rural and remote communities remain lower than overall rates, for a number of reasons. One of the main causes is the additional cost since almost all students from rural backgrounds must live away from home to participate. The recommendations in this report that aim to reduce maximum debts and to protect students from catastrophic situations would be important steps to address this situation. Stronger high school programs, dual credits and expanded adult learning would also support improved rural accessibility, and institutions could use their accessibility funds in this area as well.

Students with disabilities: Students with disabilities continue to face education challenges even though for many students additional education vastly increases their opportunities to be self-supporting and contributing. Much is now known about how to support disabilities of various kinds; the primary requirement in many cases is simply more resources for support staff or equipment, something that can be addressed at least in part through the recommendations in this report. The colleges and universities have made some very creative steps in this area.

The best way to increase participation for currently under-represented groups is a mix of generic strategies that benefit all students with higher needs as well as some targeted attention in particular areas. Such an approach can, over time, reduce the link between socio-economic status and participation in post-secondary education, increasing equity and success.

Part-time students: Part-time students are a large and varied group, ranging from people with good jobs and no financial need to people who are attending part-time in order to earn enough to live. No single approach will suit all part-time learners. The Commission's view is that the improvements proposed in this report will enable more students who wish to do so to attend full-time, and will also enhance other opportunities for students who prefer part-time study.

## **8. Monitor Impact of Policies and Strategies**

Good evidence is vital to public policy in any area, and certainly in regard to improving accessibility to post-secondary education. Public policy ideas that are announced with great fanfare may turn out to have an impact very different from what was intended. This can only be known if there is good evidence on the matter.

One of the best things that has happened in this area in Canada has been the program of research supported by the Canada Millennium Scholarship Foundation. That body of research informs much of the thinking in this report and has made important contributions to international understanding of the issues as well. The demise of CMSF will, unfortunately, mean that this valuable program of research is likely to be greatly diminished, if it continues at all.

In the absence of this sort of sponsored research, it is even more important for Manitoba to support good research and evaluation on the measures recommended in this Commission. I therefore recommend further that the Manitoba government allocate, through COPSE, up to \$1 million each year to support high quality research and evaluation on issues of accessibility and success in post-secondary education. COPSE may want to consult or partner with other national bodies with similar interests, such as the Canadian Council on Learning, the Council of Ministers of Education, Canada (CMEC), the Social Sciences and Humanities Research Council of Canada (SSHRC), or the federal government. There may be opportunities to lever additional investments in research through such partnerships.

Research should focus on the highest priority issues while evaluation should focus on the most expensive programs. This would mean that research should address the participation and success of students from low socio-economic backgrounds, Aboriginal students and students with disabilities as a first priority, while evaluation should address first of all the impact of various tax credit programs. All results of this research should be made public to contribute to better understanding of the issues.

A research and evaluation program can be facilitated through the Working Group described below in the section on ‘Implementation’ so that there is maximum value and synergy in the work that is done.

#### **A Related Issue: Adequacy of Funding For Colleges and Universities**

As noted, the issue of overall funding of post-secondary education in Manitoba was outside the scope of this review. However accessibility only matters if there are quality programs and services for students. Because this is a critical matter, it is one that should be examined more fully and on a regular basis. The Commission suggests (this is not a formal recommendation because it is outside the terms of reference) that the Council on Post-Secondary Education may wish to develop some indicators of the overall health of the post-secondary sector in Manitoba, and make these publicly available on a regular basis.

#### **Financing These Recommendations**

A report that gives so much attention to financing issues could hardly avoid the question of the cost and financing of the recommendations being made.

The total annual public operating expenditure for post-secondary education in Manitoba is about \$800 million including grants to institutions, tuition, and other revenues. About \$480 million comes from provincial operating grants, and about \$150 million from tuition fees, of which almost 90% is from university students. Given the importance of increasing accessibility, and the multiple steps needed to do so, the Commission has concluded that the government should set a target of allocating approximately \$25 million annually in new

funding, an amount equivalent to some 5% of current operating grants, specifically to support improved accessibility. Everything we know says that this would be a cost-effective investment in the future of the province.

The recommendations in this report outline elements of the overall strategy. Some have specific costs associated with them while others do not.

The list of recommendations with costs includes:

- Improved information on PSE – up to \$1 million per year beginning in 2009-2010
- Matching tuition payments for accessibility - \$1.5 million per year beginning in 2009-2010, rising to \$4.5 million by 2011-2012
- Support for education-relevant employment - \$2-4 M per year
- Improvements to student aid – \$7 million increase in annual expenditure
- High school improvement – \$3 million per year beginning in 2010-2011
- Adult learning – unknown but possibly up to \$2 million per year
- Housing and child care – to be determined
- Research and evaluation – up to \$1 million per year

The total amount for specified recommendations is \$17.5 million to \$22.5 million. The remainder of the \$25 million would support the other recommendations.

\$25 million per year is a large amount of money in Manitoba, especially at a time when governments are facing huge financial challenges. It is easy to say that accessibility to post-secondary education should be a high priority; government hears that message constantly about many areas of activity, and not all of them can be accommodated. However, in this case the task is made easier because there is a ready source of funds for most if not all of the proposed amount. As shown earlier in this report, tax credits are not effective as a strategy for increasing participation. Accordingly, the Commission recommends that a significant portion (possibly up to 100% depending on the government's preferences and fiscal circumstances) of the additional costs for the measures recommended here be financed by gradual reductions in Manitoba's tax credit programs. The Commission is convinced that shifting money from tax credits to direct accessibility supports will be much more productive for Manitoba.

### **Implementation**

Writing recommendations to government is relatively easy; making them happen is much harder. Without careful attention to implementation, recommendations are likely to remain just that.

These recommendations cannot all be implemented immediately. Many of them require careful planning prior to implementation. At the same time, there is urgency in improving the situation; it is the hope of the Commission that the government could implement the recommendations over the next few years.

Putting the proposals in this report into practice will take the combined energies and efforts of all parties to post-secondary education – government, institutions, student groups,

communities, and others. This combined work does not happen by accident; it takes dedicated attention.

The Commission recommends that Manitoba Advanced Education and Literacy create an 'Accessibility Working Group'. This group should be chaired officially by the Minister. It should include senior officials of COPSE, of all the post-secondary institutions and other key stakeholders. Students and community groups should play a prominent role and it would be desirable to involve high school and adult learning centre students as well. The mandate of this group would be to monitor efforts to improve accessibility and success, to share information on effective strategies and practices, and to foster the kind of communication that is essential for improvement. The working group would likely want to establish some sub groups to explore particular areas of focus. This working group should not turn into a large bureaucracy or take on its own tasks; it is a forum for discussion of ideas and practices, and sharing of data and research.

A further aspect of supporting increased efforts around accessibility is the creation of venues for dialogue and discussion around the relevant issues. Many of the recommendations have this intention. In order to keep accessibility issues on the agenda, it will be important to have ongoing discussions among various parties.

The setting of provincial goals and targets, the institutional accessibility plans, and the research and evaluation strategy will also lead to more visible and public discussion of accessibility issues. All of this will help keep people focused on making progress, and on the evidence necessary to know whether that progress is being made.

Both Manitoba Advanced Education and Literacy and the Council on Post-Secondary Education will have new responsibilities if these recommendations are adopted. It would be highly desirable to create a new, relatively senior position in each organization with a particular focus on accessibility. A small number of additional staff would serve to support the larger processes recommended here of data gathering, public dialogue, evaluation of strategies, and so on. Given the size of the investment, expecting to spend 1% or 2% of the total on additional infrastructure in government is entirely reasonable.

## **Conclusion**

In summary, the Commission has concluded that Manitoba can and should do better in terms of both overall participation and equity of participation in post-secondary education. The key to achieving these goals is a powerful comprehensive strategy to address both financial and non-financial barriers to successful participation on the part of a broader range of students. Within that strategy, contrary to common belief, tuition is not critical; financial aid and other non-financial supports are more crucial. Tuition fees can rise, gently, as long as other supports improve more rapidly.

If the recommendations of this Commission are implemented, post-secondary education in Manitoba will be more affordable and accessible to more students, with positive results for the province at an affordable cost.



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