



POLICY STATEMENT

Policy Category:	Post Secondary Learning Act
Policy Title:	Differential Tuition
Effective Date:	May 11, 2002

Tuition and Government Funding

Tuition fees levied by Alberta post-secondary institutions have increased faster than either inflation or Alberta government operating grants, since 1991. Increasing financial pressure, coupled with a lack of government support for PSE during the mid '90s have lead many to support the institution's ability to differentiate tuition fees.

The cost of financing PSE has shifted to the students, as government contributions to institutions have declined. The combination of government cuts and rising tuition has meant students are shouldering an even larger portion of the cost of education. Tuition has risen in Alberta by over 208%, since 1991 and is not the third highest tuition in Canada¹.

Alberta Student Loan Program and Student Debt

Repayment of increased loan amounts because of differential tuition will come directly from the Alberta government, as long as the \$5,000 remission level is a government staple. Therefore, increases in tuition will also increase the amount of spending on the Alberta Student Loan Program because of remission, interest subsidies and defaults. Students in the faculty of law and medicine have the lowest repayment rates within the first two years of graduation². This has been a key weakness in the case for differential tuition, the failure of its proponents to come to terms with the role of the ASLP in financing the post-secondary system.

Proponents contend that differential tuition will not lead to unmanageable debt simple because students graduating from the faculty of law will make more than a student graduating with only an arts degree, for example. The prophetic predictions of future earnings neither take into account potential downturns in the economy that might affect a graduate's ability to pay, nor do

¹ Statistics Canada's Annual Tuition and Additional Fee Survey

² Student Loans: Borrowing burdens and repayment, Ross Finnie 1995

they effectively allow, from a financial standpoint, for graduates to freely choose public and community service positions due to high levels of indebtedness since these are typically lower paying jobs.

Accessibility

ACTISEC believes higher tuition fees greatly contribute to reduced accessibility and real hardships for students and families of lower socio-economic status, and part-time students.

There are many signs increases in tuition are having an impact on accessibility. A recent survey at the University of Western Ontario revealed that since tuition was deregulated, and therefore differentiated, for the faculty of medicine:

- the average family income of incoming students jumped from approximately \$80,000 to \$140,000;
- The percentage of students coming from families with an income less than \$60,000 has decreased from 35 per cent to 15 per cent; and
- The average expected debt of individuals who have to rely on loans because they lack family support has risen in excess of over \$70,000³.

Revenue Allocation and Accountability

A frequently used argument for increasing tuition is that it will force institutions to be more responsive to student needs; this belief is unfounded. At present, the number of qualified applicants exceeds the number of available spaces for most PSE programs in Alberta. There is, therefore, no real competition to attract students. Each institution attempts to attract top students; however this effort does not have a direct impact on funding levels or the ability to fill seats. To put matters in economic terms: as long as the demand for spaces exceeds the supply, there is little financial incentive for institutions to become responsive to student needs.

Another argument for differentiation is that the increased tuition students pay will directly improve their program of study. However, any funds raised through differential tuition go into the same pot as any other tuition revenue generated. This money is administered centrally, and there is no guarantee the funds raised through differential tuition would be given back to the department.

Differential tuition will also create a two-tier educational system. For institutions, differential tuition represents a means by which to generate

³ “Budgeting Guide for Medical Students: 1999-2000,” University of Western Ontario, Faculty of Medicine, Admissions/Student and Equity Affairs.



substantial increases in revenue, albeit on the backs of the students. In turn, this substantial increase in revenue is meant to be used to attract the best faculty and staff, purchase the most up-to-date and technologically advanced equipment and research facilities, provide quality, one on one instruction, and so on. In contrast, smaller institutions lacking the requisite mix of professional/graduate programs will be left to fend for themselves in the realm of unpredictable funding.

BIRT ACTISEC opposes differential tuition due to their impacts on access and affordability to PSE.

BIFRT ACTISEC believes a predictable and stable funding formula must be developed, giving all post-secondary institutions a means to carry out their mandate without affecting the accessibility and affordability the system currently offers.