

Post-Secondary Education: Strategic Investments for a Better New Brunswick

Prepared by the New Brunswick Student Alliance
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EXECUTIVE SUMMARY

Once a prosperous and youthful province, New Brunswick now finds itself nearing the brink of economic and demographic collapse. The provincial deficit sits at \$470.6 million¹; the dependency ratio, a measure of dependents to the working-age population, is projected to exceed 0.85 by 2036.² These numbers tell a story – one of a myriad of challenges including weak economic growth, high unemployment rates, and rising public and private debt levels.

In these challenging times, New Brunswick finds itself at a crossroads between status quo and substantive change. The latter is certainly the goal; but to get there, the province must be willing to make strategic investments in its future.

Investing in New Brunswick’s post-secondary education system will be fundamental to ensuring stability today and prosperity down the road. With over 60% of job openings in New Brunswick in the next decade expected to require a post-secondary education³, and over 111,000 individuals set to retire during the same time period⁴, post-secondary students represent the bulk of the province’s future labour force. Ensuring the delivery of a high-quality post-secondary education and providing adequate student supports and retention tools will be key to mitigating demographic decline and establishing a productive economy. For New Brunswick, there is no investment more strategic than an investment in its youth.

In recognition of the above, the New Brunswick Student Alliance is recommending a suite of policy prescriptions and actionable items that represent strategic investments in the post-secondary education system. Several of these recommendations were made one year ago and have not been acted upon; nevertheless, they remain vital to success. Collaboration between government, students, post-secondary institutions, and faculty associations will also be essential.



EFFECTIVE FINANCIAL AID

Targeted Assistance

Despite a freeze on tuition fees in the 2015-16 New Brunswick budget, the cost of pursuing a post-secondary education in the province continues to rise. Students are paying more for academic materials, housing, food, and other expenses than ever before. The need for an equitable financial aid system that ensures the accessibility and affordability of post-secondary education has never been greater.

“Students are paying more for academic materials, housing, food, and other expenses than ever before.”

The New Brunswick Tuition Rebate, a non-refundable tax credit that provided up to \$20,000 in rebates to recent graduates, was also eliminated in 2015-16. The program succeeded in delivering assistance to thousands⁵; however, it failed in not

directly assisting those individuals most in need. Educational tax credits disproportionality benefit students and graduates least in need of financial assistance, with 42% of total credits transferred to individuals earning more than \$80,000 in 2013.⁶ Tax credits also fail to deliver aid when students need it most – during their studies.

In contrast, needs-based grants have proven to be an effective tool for ensuring that post-secondary education is both accessible and affordable. Investing the \$22.4 million⁷ from the New Brunswick Tuition Rebate into up-front, non-repayable grants would reduce average student debt and increase participation rates in the province.⁸ A targeted grants system would distribute assistance to those who need it most, ensuring that an individual’s financial background does not prohibit them from gaining the skills and training needed to succeed.



Recommendation

Reallocate all funds from the eliminated New Brunswick Tuition Rebate into up-front, needs-based, non-repayable grants.

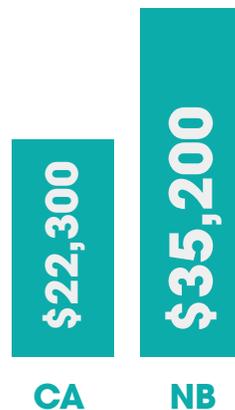
A Sensible Debt Cap

Post-secondary student debt levels are rising steadily above inflation each year. In New Brunswick, students graduating from a bachelor’s degree with debt owe an average of \$35,200⁹ – the highest in Canada and well above the national average of \$22,300.¹⁰

High levels of student debt have social and economic consequences. Studies have shown that as the cost of pursuing a post-secondary education rises, low- to middle-income youth are more likely to forgo the risk of enrolment.¹¹ High debt levels also act as a drag on the provincial economy by increasing the likelihood of outmigration and constraining spending. For example, the

Average Debt

**students graduating with debt*



more debt a student or recent graduate has, the less likely they are to purchase a home or car.¹²¹³

Introduced in 2009, the New Brunswick Timely Completion Benefit was designed to address high levels of student debt and encourage program

Support for Working Students

As the costs of delivering a high-quality post-secondary education rise, so too does the financial burden placed on post-secondary students. This has led an increasing number of students to work part- or full-time while enrolled. Today, nearly 60% work an average of 18 hours per week to cover the costs of tuition, housing, and other expenses.¹⁵ Employment earnings make up the second most common revenue source students use to help pay for their education, accounting for over 40%.¹⁶

Despite this growing reality, the New Brunswick Student Financial Assistance program, which provides loans and grants to eligible students, continues to restrict financial aid based on students' employment earnings and expected contributions. The program counts 80% of summer earnings against students and claws back aid for every dollar over \$100 per week earned while in-study.¹⁷ As a result, the average student misses out on thou-

completion within the minimum number of years. However, despite staggering and rising debt levels, and the estimated 6,200 youth who have left New Brunswick over the last five years¹⁴, the program's debt cap was increased from \$26,000 to \$32,000 in 2015. Reversing the decision to increase the debt cap would reduce the financial strain on students and encourage the development of a strong and productive provincial economy.

Recommendation

Decrease the debt cap on the Timely Completion Benefit from \$32,000 back down to \$26,000.

sands of dollars of vital financial aid each year.

"Post-secondary students in New Brunswick should not be forced to choose between employment and financial aid."

Studies have shown that students who work while enrolled are more likely to find employment at graduation.¹⁸ The federal government has recently recognized this in eliminating the in-study income assessment from the Canada Student Loans Program. Similarly, post-secondary students in New Brunswick should not be forced to choose between employment and financial aid.

Recommendation

Eliminate the assessments of in-study and summer income from the New Brunswick Student Financial Assistance program.

THE RIGHT SOCIAL SUPPORTS

International Student Care

Home to a declining population and burgeoning dependency ratio, New Brunswick is increasingly looking to immigration as a source of demographic renewal. This includes international students, a group identified as potential immigrants in the province's Population Growth Strategy and whom now account for over 10% of enrolment at its post-secondary institutions.¹⁹

"International students contribute \$1.78 to the provincial economy for every dollar government spends on them."

In the last ten years, New Brunswick's international student population has grown by more than 80%.²⁰ As the number of international students has increased, so too have the associated costs: international students pay more than double the tuition fees of domestic students and incur various other costs such as travel, lost wages from limited access to employment, and that of their institutions' healthcare provider – the premiums for which range from \$595 to \$1,526 per year for a single student.²¹

High premiums for basic healthcare act as a disincentive for students from other countries to choose to study in New Brunswick. The govern-



ments of British Columbia, Manitoba, Saskatchewan, Newfoundland and Nova Scotia have all acknowledged this factor in extending health-care coverage to international students. Studies have shown that international students in New Brunswick contribute \$1.78 to the provincial economy for every government dollar spent on them.²² If the province hopes to attract and retain more of these potential immigrants, it must first be willing to invest in their fair treatment and well-being.

Recommendation

Extend full provincial healthcare coverage to international students.

Community Growth

Settling in to a foreign country is expensive; however, it also requires a period of cultural and social adaptation. The capacity for international students to integrate successfully in New Brunswick is directly linked to both their academic success and likelihood of applying for permanent residency at graduation.²³

Support offices at each of New Brunswick's post-secondary institutions are working to help

international students adapt to the local environment. These offices deliver services such as orientation, personal and cultural advising, mentorship programs, immigration resources, career programming, and emergency bursaries. However, the quality, accessibility and extent of these services varies across the province.

This could impact recruitment efforts, as without the proper supports in place, students may find time spent in the province unsatisfactory and share that sentiment with their peers.²⁴

The cultural and social integration of international students will have a key role to play in New Brunswick's economic and demographic growth. These students require specialized supports to succeed both within the post-secondary education system and at graduation. To ensure consistent and effective service delivery, key stakeholders must come together.

Recommendation
Government should work with post-secondary institutions to identify and promote best practices for international student support.

Pathways to Prosperity

At 17.4%, New Brunswick's youth unemployment rate is the highest in Canada and well above the national average of 13%.²⁵ Though it can be expected to decrease over the next decade due to outmigration, job creation and an estimated 111,000 individuals aging out of the provincial labour force, over 60% of job openings in the same time period will require a post-secondary education.²⁶ Equipping post-secondary students with relevant skills training has never been more important.



“Students who take part in experiential learning are most likely to remain in the province long-term.”

Investing in experiential learning will be key to ensuring a productive provincial economy both now and down the road. Post-secondary stu-

dents who complete co-ops, internships and/or work-study placements while enrolled are more likely to secure employment at graduation.²⁷ These opportunities help students identify their career direction, development marketable skills, and grow their professional networks. Studies have shown that those who take part in experiential learning in New Brunswick are also more likely to remain in the province long-term.²⁸

Collaboration will be required to build New Brunswick's talent pipeline. An expansion of existing programs such as the Youth Employment Fund and One Job Pledge and the development of new experiential learning opportunities by government, post-secondary institutions, and local businesses will help students gain the skills they need to succeed outside of the classroom.

Recommendation
Government should work with post-secondary institutions and local businesses to increase the number of experiential learning opportunities for students in New Brunswick.

Planting a Stronger SEED

One area in which government could move swiftly to better support skills development is through the Student Employment Experience Development (SEED) program. The SEED program provides post-secondary students with an average of eight weeks of employment experience over the summer months. In 2015-16, 1,115 placements were funded through grant payments.²⁹

Though laudable in its goal of preparing students for the labour force, the SEED program suffers from a partisan system of grant distribution. Elected officials are responsible for recommending where SEED grants are distributed in their ridings, with government officials receiving over twice as many weeks of employment to allocate than the opposition.³⁰

Furthermore, the SEED program does not receive adequate funding. The program's budget was increased in line with the most recent

increase to the minimum wage; however, this has not been the case historically, meaning that fewer employment hours are typically available to students year-over-year.

In order for New Brunswick to receive the full benefit of experiential learning, these opportunities must be diverse, non-partisan, and adequately funded. Implementing changes to the SEED program represents one path toward a more work-ready generation.

Recommendation

Reallocate the distribution of SEED grants to the Department of Post-Secondary, Training and Labour and increase the program's budget regularly in line with increases to the provincial minimum wage.

QUALITY INSTITUTIONS

Encouraging Institutional Success



New Brunswick currently ranks eighth out of the

ten Canadian provinces in terms of per-student public funding to its post-secondary institutions. The most recent interprovincial study found that institutions in the province received just \$10,119 per full-time equivalent student, compared to a national median of \$12,237.³¹

"New Brunswick ranks eighth out of the ten provinces in terms of per-student public funding of its post-secondary institutions."

Though each province takes a unique approach to funding its post-secondary education system based on history and circumstance, it is easy to see that New Brunswick is falling behind. Insuffi-

cient levels of public funding in New Brunswick mean that the cost of pursuing a post-secondary education is increasingly falling to students in the form of higher tuition, residence, and ancillary fees – a population already burdened by the highest average debt of any province.

Low levels of public funding also mean that post-secondary institutions are increasingly struggling to deliver a high-quality education. Positions, programs, and services have been and will continue to be cut. Given that the majority of job openings in the next decade are expected to require a post-secondary education, graduates lacking quality skills training will find themselves at

a disadvantage.

Unfortunately, government is paying less than its fair share to prepare New Brunswick's youth for the labour force.

Recommendation

Increase per-student funding to New Brunswick's post-secondary institutions by 3% each year to reach, at minimum, the national average and freeze tuition until such a level is reached.

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The New Brunswick Student Alliance is the largest student organization in New Brunswick, representing over 12,000 post-secondary students at Mount Allison University, Saint Thomas University, and the University of New Brunswick Fredericton and Saint John campuses.