



2016-17 Pre-Budget Submission

**Presented to the Honourable Roger Melanson
Minister of Finance**

January 2016

EXECUTIVE SUMMARY

In a few short weeks, the 2016-17 New Brunswick Budget will be tabled. As government works to finalize its budget estimates, no doubt inspired in large part by a sizeable fiscal deficit and the findings of its strategic program review, post-secondary students across New Brunswick are urging elected officials to consider the vital role students will play in both economic and demographic recovery.

As the voice for over 12,000 undergraduate students on four university campuses, the New Brunswick Student Alliance (NBSA) believes strongly that post-secondary education is indeed the key to our province's long-term prosperity. An accessible, affordable, and high-quality post-secondary education system would have many benefits for New Brunswick, including increased enrolment, a more educated and job-ready population, and millions of dollars in added income. Unfortunately, such a system remains out of reach.

Nevertheless, there are actions that government could take now to set New Brunswick and its student population on the path to prosperity. We believe the four recommendations presented in this document represent critical actions. If the province of New Brunswick aims to establish a productive, skilled, and dedicated labour force, it must first invest in the generations that will become that force and ways in which to keep them here.

RECOMMENDATIONS

- 1. Reinvestment of Tuition Rebate Funds**
- 2. Elimination of In-Study and Summer Income Assessments**
- 3. Extension of Medicare to International Students**
- 4. Increased Experiential Learning Opportunities**

REINVESTMENT OF NEW BRUNSWICK TUITION REBATE FUNDS

The elimination of the New Brunswick Tuition Rebate (NBTR) was announced in the 2015-16 New Brunswick Budget, a decision that came into effect on January 1, 2016. A non-refundable tax credit that provided up to \$20,000 in rebates to recent graduates, the NBTR came to the aid of thousands of indebted graduates.¹

However, as educational tax credits tend to disproportionately benefit higher income households, the NBTR failed to directly assist those individuals most in need. On aggregate, tax credit expenditure ends up in the hands of individuals in the higher income quartiles. A 2013 study found that 42% went to those earning more than \$80,000 per year.² Studies have also shown that these types of credits do little to increase or encourage enrolment, and fail to provide any financial support to post-secondary students when they need it most: while in-study.³

To deliver more effective and equitable financial aid, government should reinvest the \$22.4 million from the now-eliminated tuition rebate into up-front, needs-based, non-repayable grants. By ensuring that those students who need it most have the resources to pay for tuition, textbooks, and living expenses, government would see an increase in post-secondary participation rates and a decrease in overall student debt in New Brunswick. It would also be working to ensure that an individual's financial background does not prohibit them from accessing the education necessary to become a productive member of our labour force.

ELIMINATION OF IN-STUDY AND SUMMER INCOME ASSESSMENTS

Once enrolled, post-secondary students in New Brunswick face the often-daunting prospect of financing their education. As the costs of living and of delivering a high-quality post-secondary education rise, so too does the financial burden placed on students. Post-secondary students in New Brunswick graduating with debt have an average debt of \$35,200, the highest in Canada.⁴

To make ends meet, an increasing number of students are employed part- or full-time while in-study. According to a recent national survey, approximately 60% work during the academic year at an average of 18 hours per week.⁵ Many more

¹ The New Brunswick Department of Finance allocated \$22.4 million to the Tuition Rebate in 2014-

² Neil, Christine. "What You Don't Know Can't Help You: Lessons of Behavioural Economics for Tax-Based Student Aid." C.D. Howe Institute, 2013.

³ Ibid.

⁴ Statistics Canada. National Graduates Survey, 2014.

⁵ Prairie Research Associates. "2012 Survey of Graduating Undergraduate Students." 2012.

are employed during the summer months. Employment earnings make up the second largest revenue source that students use to help pay for their post-secondary education today, second only to loans.⁶

The New Brunswick Student Financial Assistance Program exacerbates this burden by restricting financial aid based on employment earnings. The program's in-study income assessment claws back aid for every dollar over \$100.00 earned per week, while its summer income assessment counts up to 80% of earnings against the applicant.⁷ This means that our post-secondary students are missing out on thousands of dollars in crucial financial aid each year.

Students who work while pursuing a post-secondary education are more likely to secure employment at graduation.⁸ If employed locally, they are also more likely to stay in New Brunswick.⁹ Government must stop asking our future generations to choose between employment and financial aid. Eliminating the in-study and summer income assessments for student financial aid would represent a step toward establishing a productive, skilled, and dedicated labour force,

EXTENSION OF MEDICARE TO INTERNATIONAL STUDENTS

Demographic decline is a major concern in New Brunswick. Our province is aging more rapidly than all but one of its Canadian counterparts.¹⁰ To help counteract this, government has increasingly placed focus on drawing new immigrants to the province, as noted in its Population Growth Strategy.

Today, international students account for over 10% of total enrolment at New Brunswick universities.¹¹ These students contribute \$1.78 to the provincial economy for every government dollar spent on them, and are also likely to apply for permanent residency upon graduation.¹² However, the cost to these students of pursuing a post-secondary education in our province has also risen. This includes

⁶ Ibid.

⁷ "Information Guide: Student Financial Assistance for Full-Time Post-Secondary Students in New Brunswick." Department of Post-Secondary Education, Training and Labour, 2015.

⁸ "2012 Survey of Graduating Undergraduate Students."

⁹ Canadian Council on Learning. "An Exploration of Work and Learning Opportunities in New Brunswick." 2007.

¹⁰ Statistics Canada, CANSIM Tables 051-0001 and 052-0005.

¹¹ International students as a percentage of total enrollment (approximations): University of New Brunswick, 12%; Mount Allison University, 10%; l'Université de Moncton, 11%; Saint Thomas University, 6%.

¹² Council of Atlantic Ministers of Education and Training, 2010.

substantially higher tuition fees than domestic students, the cost for travel, and the premium associated with their institution's healthcare provider.

Healthcare premiums for international students in New Brunswick range between \$595 and \$1,526 per year for a single student.¹³ With five other provinces having already extended Medicare to international students, including the Atlantic provinces of Nova Scotia and Newfoundland and Labrador, high fees in New Brunswick act as a disincentive to study here. By extending Medicare coverage to international students, government would not only be encouraging their success, but also their likelihood of becoming New Brunswick residents.

INCREASED EXPERIENTIAL LEARNING OPPORTUNITIES

Youth unemployment rates in New Brunswick are the highest in Canada at 17.2%, and the province's youth continue to out-migrate at an alarming rate.¹⁴ Over the past five years, 6,200 have left.¹⁵ Though the unemployment rate can be expected to rebound over time due to job creation and exits from the labour force, that alone will not necessarily be enough to keep our young people here.

Experiential learning has a key role to play in retaining New Brunswick's post-secondary graduates. A recent survey of experiential learning participants in the province indicated that 38% believed that the experience made them more likely to stay here long-term.¹⁶ Furthermore, as 60% of job openings in New Brunswick in the next ten years are expected to require a post-secondary education, equipping students with relevant skills training has never been more important for ensuring a productive labour force.¹⁷ Experiential learning can also help students to identify their career direction and grow professional networks.

Increasing the number of experiential learning opportunities in New Brunswick would help to ensure the development of a strong economy. It would also help to plug the exodus of our young people. By committing to working with post-

¹³ Healthcare insurance premiums for a single international student: University of New Brunswick, \$866; Mount Allison University, \$595; l'Université de Moncton, \$1,526; Saint Thomas University, cost included in tuition.

¹⁴ Statistics Canada. CANSIM Table 282-0087.

¹⁵ Godfrey, David. "The New Brunswick Labour Market: Trends and Opportunities." Presentation delivered at the Forum on Foreign Qualification Recognition, Fredericton, New Brunswick, October 19, 2015.

¹⁶ Canadian Council on Learning. "An Exploration of Work and Learning Opportunities in New Brunswick." 2007.

¹⁷ "The New Brunswick Labour Market: Trends and Opportunities."

secondary institutions and local businesses to expand these opportunities, government would be helping post-secondary students gain the skills they need to succeed outside of the classroom and help New Brunswick prosper.