



FACE THE FUTURE

A PRE-BUDGET SUBMISSION



CANADIAN FEDERATION OF STUDENTS - NOVA SCOTIA

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INTRODUCTION

It's no secret that Nova Scotia's post-secondary education system is in need of change. Overwhelmed by the third highest tuition fees in Canada, students in our province are graduating with debt loads that are amongst the highest in the country. These high debt loads compound the problem of high youth outmigration and our demographic decline, resulting in a dismal vision for Nova Scotia's future. Our universities and colleges should be the solution to attracting and retaining young people to our province; two decades of government neglect have instead allowed them to become part of the problem. Having the second lowest rate of per student government funding in the country means that students in our province are paying more for less, undermining the skills development our young people need to succeed in life. The need is urgent for a robust youth retention strategy that focuses on giving young people the means and skills to stay in Nova Scotia.

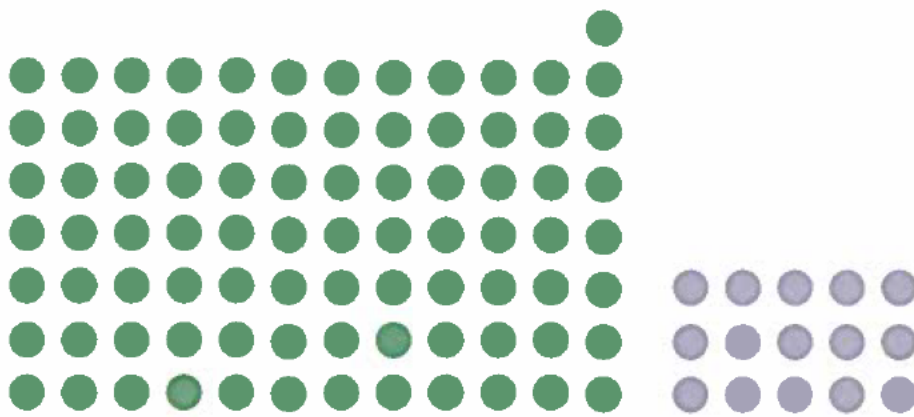
Improving access to post-secondary education must be at the forefront of encouraging our young people to stay and build a life in Nova Scotia. Over the past 25 years, Nova Scotia has consistently been the least accessible province in which to pursue a post-secondary education. Over this time, an increasing dependence on tuition fees to fund our universities and colleges has undermined the quality of our institutions, and disadvantaged our young people with burdensome debt loads. Reducing student debt will give graduates the financial flexibility to buy a house, start a family, or pursue entrepreneurship. Simply put, reducing debt gives our young people the opportunity to build lasting roots in communities across Nova Scotia.

Addressing high youth unemployment must become a priority for our provincial government. Young people deserve to be given the opportunity to work in this province, and it is government's responsibility to improve that opportunity. While the Student Career Skills Development Program and the Graduate to Opportunities program are part of the solution, a more cohesive strategy must be built in order to address the issue of youth underemployment in our province.

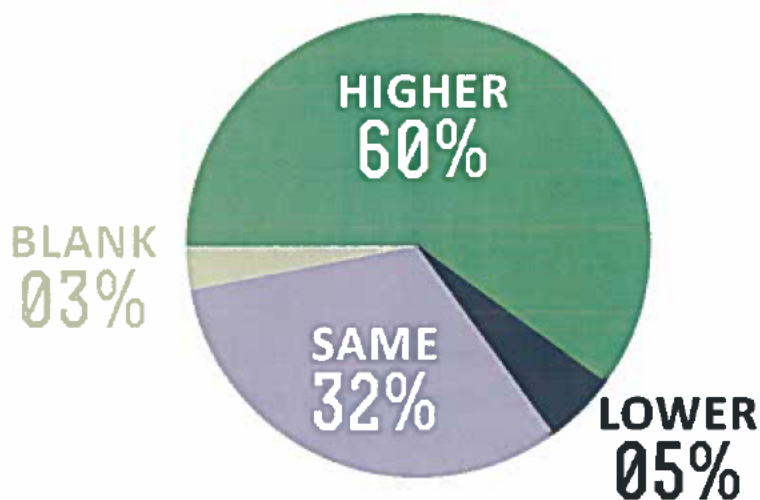
REDUCING STUDENT
DEBT GIVES OUR
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SCOTIA.

Students know that budgets are about priorities. Economic growth will not be the outcome of public policy focused solely on balanced budgets. Instead, the provincial government must ensure that adequate funding is provided to the programs and institutions that are the foundation of the skills and training our province needs to succeed in the 21st century. Nova Scotia's economy will suffer if the provincial government continues the trend of increasing tuition fees, reducing university funding, and ignoring student debt.

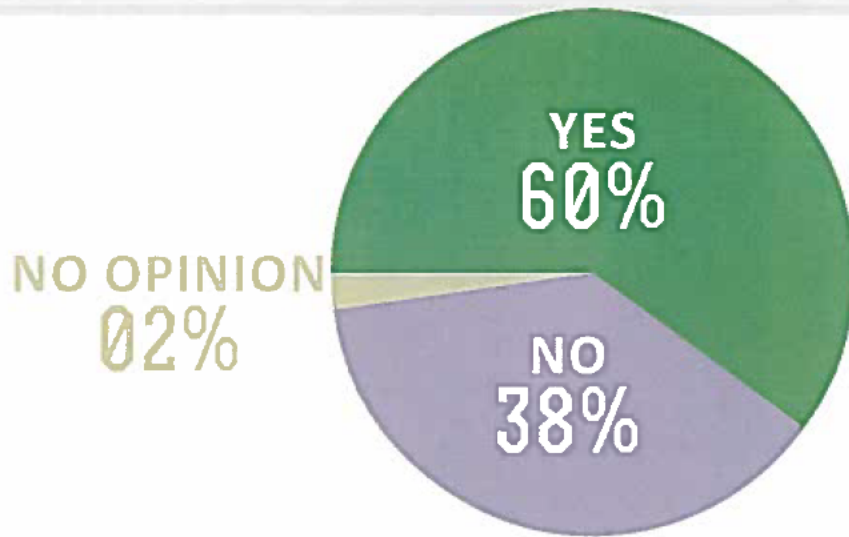
WHAT NOVA SCOTIANS THINK



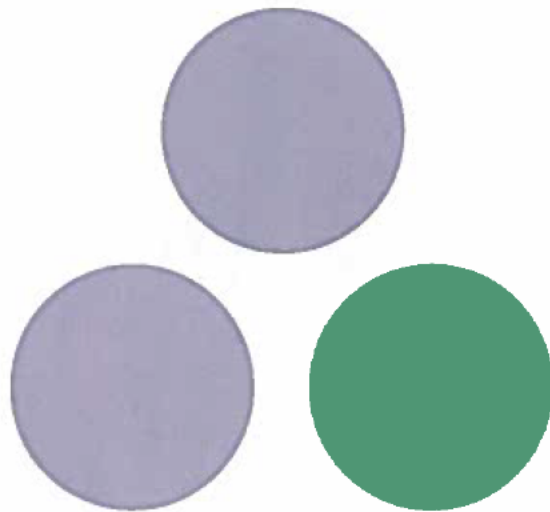
85% OF NOVA SCOTIANS AGREE THAT
TUITION FEES SHOULD BE REDUCED



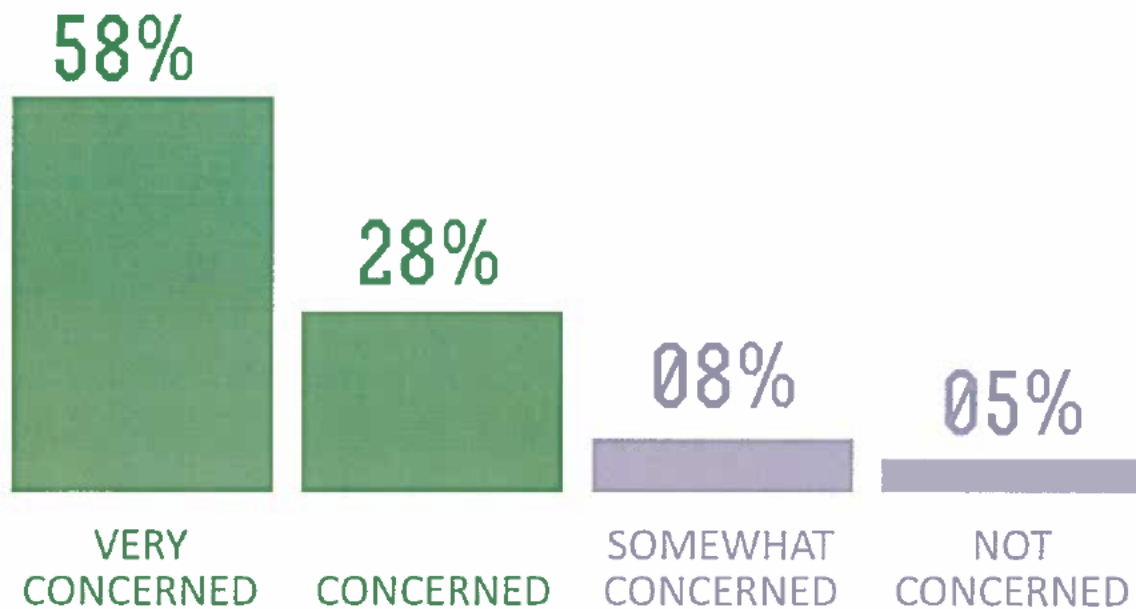
60% OF NOVA SCOTIANS THINK THAT
**GOVERNMENT FUNDING SHOULD MAKE UP A
HIGHER PORTION OF UNIVERSITY FUNDING**



60% OF NOVA SCOTIANS WOULD PAY HIGHER TAXES TO MAKE POST-SECONDARY EDUCATION MORE AFFORDABLE IN NOVA SCOTIA



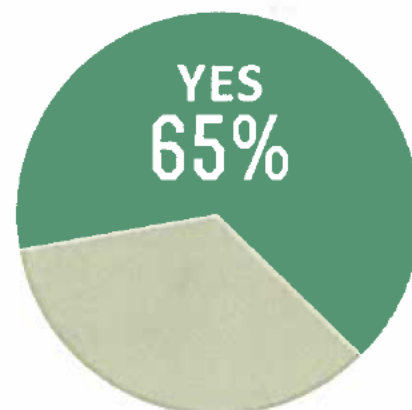
1 IN 3 NOVA SCOTIANS SURVEYED SAID THAT IN THE PAST YEAR THEY OR SOMEONE IN THEIR FAMILY **DID NOT ATTEND COLLEGE OR UNIVERSITY** BECAUSE IT WOULD MEAN TAKING ON TOO MUCH DEBT



58% OF NOVA SCOTIANS ARE **VERY CONCERNED** AND **28%** ARE **CONCERNED** THAT **STUDENTS WILL HAVE TO LEAVE THE PROVINCE FOR HIGHER WAGES** BECAUSE OF LARGE DEBT LOADS



SUPPORT SERVICES
IMPORTANT



MORE SUPPORT
SERVICES NEEDED

91% OF NOVA SCOTIANS THINK THAT **SUPPORT SERVICES ARE IMPORTANT**, AND **65%** THINK THERE NEED TO BE **MORE OF SUCH SERVICES**.

GOVERNMENT PRIORITIES

More Nova Scotians are concerned about the affordability of post-secondary education than taxation and crime.

On a scale of 1 to 10 where 1 is “not at all concerned,” and 10 is “very concerned,” how concerned are you with each of the following issues:

(% of Nova Scotians surveyed who answered 8 or higher)

Unemployment and the job market:	66%
The affordability of post-secondary education:	65%
The quality of health care in Nova Scotia:	65%
The level of taxation in Nova Scotia:	64%
The quality of primary and secondary education:	56%
The level of crime in your community:	39%

STUDENT ASSISTANCE

The government needs to improve its approach to addressing student debt. Programs aimed at reducing student debt must take a holistic approach and include both reductions in the upfront cost of post-secondary education and financial assistance directly to students.

Students are best served by student financial assistance programs that provide adequate levels of financial support to students when they need it most and are easy for students and their families to access and understand. The Nova Scotia Student Grants program, introduced in 2008, is such a program. Through it, students receive 40 per cent of their provincial student loan as a non-repayable grant. A student receives this assistance at the beginning of their term, with the amount being pegged to their need assessment. The program requires no additional effort from a prospective applicant, beyond applying for a provincial student loan.

THE DEBT CAP FAILS TO PROVIDE ASSISTANCE IN AN EQUITABLE OR FAIR MANNER

In contrast to the efficiency and ease of use of the grants program is the Nova Scotia Debt Cap Program, introduced in 2011. This measure works by cancelling a portion of a student's government loan when

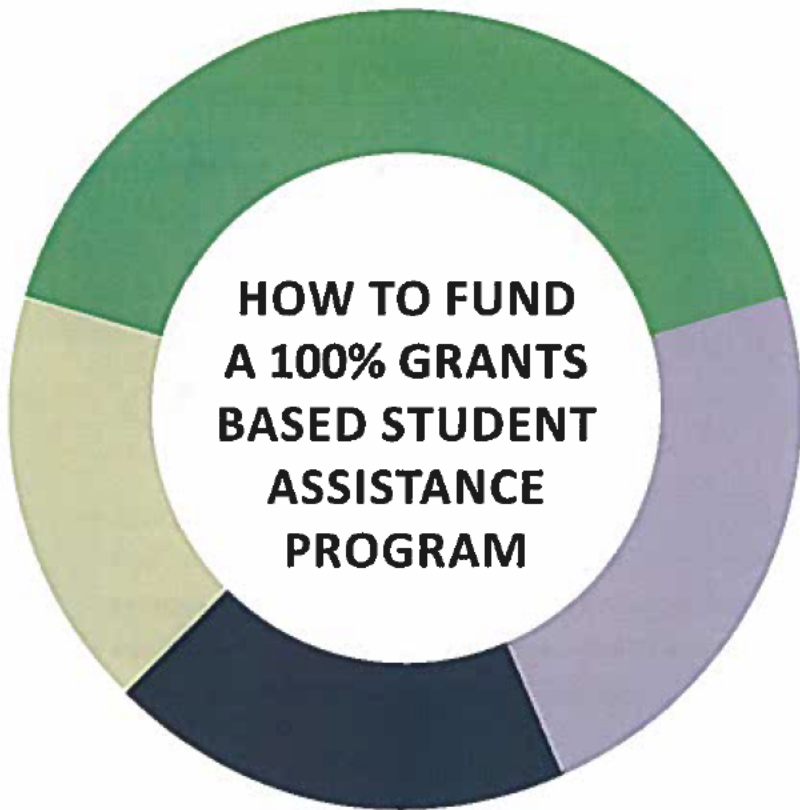
they complete their degree. The cap only covers the students first four years of study and if the student does not complete their degree, they will receive no benefit from the program.

A 2010 report from the Maritime Provinces Higher Education Commission shows that students from the Maritimes region are those most likely to extend their study beyond four years. Students may need to extend their degree because of family or work obligations, program changes, or even administrative issues within their program.

As well, the lack of support the Debt Cap program provides for those who do not complete their degree makes the level of assistance the cap provides unpredictable for students and their families. The students that are not covered by the debt cap are the most vulnerable to the impacts of high university fees. Students would be better served if Nova Scotia focused its resources into expanding the grants program to cover 100 per cent of provincial student loans.

Just last year, the Government of Newfoundland and Labrador announced that they were eliminating provincial loans to replace them with grants. According to the Newfoundland and Labrador government, as a result of this measure, student debt in the province will be reduced from \$26,529 to \$14,787.

The investment required to make this policy a reality in Nova Scotia is relatively modest. The conversion would make the Student Debt cap program irrelevant, freeing up roughly \$12 million a year. Assuming, as the Government of Nova Scotia currently does, that every dollar they loan a student costs \$0.30, a cost



FUNDING ALREADY ALLOCATED TO THE PROVINCIAL GRANTS PROGRAM
\$21 MILLION

FUNDING ALREADY ALLOCATED TO THE DEBT CAP
\$11.6 MILLION

FUNDING ALREADY ALLOCATED TO THE STUDENT LOAN PROGRAM
\$9.2 MILLION

ADDITIONAL FUNDING
\$10 MILLION

reflective of bad debt and repayment assistance programs, an additional \$10 million is all that is required to introduce what would be considered the strongest student assistance program in the country. The additional funding would represent just a 15 per

cent increase in total spending on student assistance disbursements, including the cap. The amount also shies comparison to the \$49.5 million dollars cut from the graduate retention rebate last spring.

RECOMMENDATIONS

Convert every student loan in Nova Scotia into a grant, \$10 million

REDUCE FEES

NUMBER OF HOURS WORKED AT MINIMUM WAGE A PERSON WOULD NEED TO WORK TO PAY FOR ONE YEAR'S TUITION FEES IN NOVA SCOTIA



Tuition fees are the greatest barrier to accessing a post-secondary education in Nova Scotia. According to Statistics Canada, average undergraduate tuition fees in Nova Scotia for the 2014-15 year are currently \$6440, \$481 more than the national average of \$5959 and amongst the highest in the country. Statistics Canada also reports that undergraduate tuition fees in Nova Scotia have increased by 14.6 per cent over the past 4 years, and 3.6 per cent in the past year alone. This demonstrates a consistent trend of tuition fees in Nova Scotia increasing at a rate greater than the national average.

A report released earlier this year from the Canadian Centre for Policy Alternatives found that a student today must work twice as many hours as a student who attended university in 1975 to earn enough to afford tuition fees for one year of study, an increase from 300 hours to 600. Today, if lucky enough to find full time work over the course of a whole summer, a student can afford tuition fees. This presumes, however, that the student incurs no expenses over the summer, and will be able to find the money to afford living expenses and additional university fees, textbooks, and other academic costs for the coming year. Action is clearly needed to remove these financial barriers to ensure all Nova Scotians can pursue a post-secondary education.

For those able to afford a post secondary education in Nova Scotia, the challenges continue. Polling by

the Canadian Federation of Students shows that an increasing number of students are forced to work part-time during their studies, and 75 per cent of those who do work say that it undermines their ability to effectively focus on pursuing their degree. A 2013 BMO survey also found that the financial pressure of pursuing a post-secondary education puts more stress on students than academic success in the degree itself. Reducing tuition fees will allow students to focus on pursuing their degree, and improving the quality of their education.

Students pursuing professional programs continue to face the most outrageous fee increases in Nova Scotia. The fees for these programs are entirely deregulated and have increased much more quickly than other fees. Since 1990, average undergraduate tuition fees in Nova Scotia have increased at a rate of 230 per cent. In comparison, fees for dentistry have increased by 790 per cent.

A study conducted by Statistics Canada in 2005 investigating the impact of deregulated professional fees in Ontario found that the lack of regulation altered the socio-economic background of students away from low income Ontarians. Considering the incredibly influential role lawyers and doctors play in our society, it is critical that this trend be reversed, and that Nova Scotians, no matter the financial situation they have been born into, are free to pursue these programs.

International students face many of the same problems that professional student do in skyrocketing fee costs. Because there are no rules to regulate how international differential fees are spent, universities have become reliant on exploiting these students to make up for provincial underfunding.

Tuition fees in Nova Scotia are more than double those of our Atlantic neighbour Newfoundland and Labrador, which has led to an increase of over 1000 per cent in the number of students leaving Nova Scotia to study in that province. Of course, outmigration is only one of the problems associated with high tuition fees and the resulting high-levels of student-debt. High levels of student-debt are a drag on economic growth as indebted graduates have less available funds with which to begin their lives. Coupled with the fact that recent graduates face incredibly tight labour markets upon graduation, it is against the best interest of our province to saddle our university and college students with debt. At a time where the province needs to encourage our graduates to buy a home, start a family, and pursue entrepreneurship, high student debt discourages all these things.

To add to this, tuition fees are not the only fees that students are forced to pay. Increasingly, ancillary and auxiliary fees are putting new pressures on students as freezes and caps restrict the ability of institutions to increase tuition fees at any rate they choose. Under the last Memorandum of Understanding (MOU)

signed between the Government of Nova Scotia and the Council of Nova Scotia University Presidents both parties agreed to rules regulating these. There is a clearly articulated agreement that ancillary and auxiliary fees not increase beyond the cost of offering the service, that they apply transparently to a service being provided, and that increases not be used to circumvent the tuition fee cap.

Unfortunately, universities have consistently violated this section of the MOU, with students effectively powerless and government disinterested in ensuring they abide by their agreement. Since 2008, ancillary and auxiliary fees in Nova Scotia have increased by an average rate of 10 per cent or more per year; a rate that consistently outpaces inflation. Government can no longer sit back and watch as university administrators violate their agreement with the province over how these fees will behave. Students need the province of Nova Scotia to step in and introduce legislation regulating the introduction and maintenance of these fees, and clearly define what services ancillary and auxiliary fees can be charged for.

RECOMMENDATIONS

Reduce tuition fees to 2011 levels, \$34.5 million

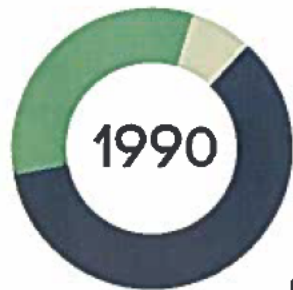
Introduce legislation regulating how universities can define and set amounts for ancillary and auxiliary fees, no cost

Regulate fees for medicine, dentistry and law programs in Nova Scotia, no cost

Regulate fees for international students, no cost

PUBLIC FUNDING

33%
TUITION
FEES



1990

60%
PUBLIC
FUNDING

41%
TUITION
FEES



2012

49%
PUBLIC
FUNDING

Over the past 4 years, Nova Scotia's universities have been forced to adjust to real annual cuts from the Provincial Operating Grant (POG). These cuts have had a direct impact on the quality of education provided in Nova Scotia, and have undermined the ability of institutions to maintain and develop the academic and support services students depend on.

Our province is in a relatively strong position with respect to its debt, and can afford to increase funding to core services while continuing to reduce its debt burden. Nova Scotia's debt-to-GDP ratio, the best way to measure the province's ability to manage debt, has fallen from 48.7 per cent in 2000 to 36.7 per cent today. Moreover, the cost of the province's debt has contracted significantly, with debt servicing charges accounting for only 8.7 per cent of total provincial expenditure in 2013, down from 20 per cent in 2002. Nova Scotia should take advantage of its current financial situation to invest in the programs that will guarantee future prosperity.

While the justification for funding cuts are hard to find, the impacts of these cuts are extremely clear. Students face cuts that have resulted in slashed library procurement budgets, fewer academic supports, and increased class sizes. Universities should be focused on improving services, not draining them of resources. Students are eager to work with core stakeholders to develop and improve badly needed mental health services on campus, but universities are currently

struggling to maintain the frail services currently on offer.

Cuts to the POG also fail to recognize the economic and social benefits provided by the post-secondary education sector to Nova Scotia. Citizens who attain at least some post-secondary education are more likely to be civically engaged, will be more aware of sustainable practices, less dependent on the public healthcare system, and more efficient at finding work in the labour force. Democratic engagement, maintaining universal health care and preventing an ecological crisis are among of the greatest challenges facing our society today. Access to post-secondary education will play a central role in finding solutions.

Speaking in purely financial terms, the province earns its investment in post-secondary education back. In a report released by the Canadian Centre for Policy Alternatives in 2013, it was observed that Nova Scotia's income tax gain from a post-secondary degree holder offset public costs in 12.6 years. Considering that populations with a concentration of post-secondary degree holders receive a wage boost across the work force, this benefit would increase even further. Progressive income taxes are a much better and equitable cost-recovery model than increasing fees.

Increased funding must be paired with increased accountability from universities to the public. Nova Scotia should ensure our universities are spending

public dollars wisely by implementing standard financial reporting across these institutions in Nova Scotia.

Students are calling on the Nova Scotia Government to increase per student funding to the 2011 national average over the next three years. Furthermore, students ask that legislation be amended or introduced mandating universities report their finances consistently and in a standardized fashion.

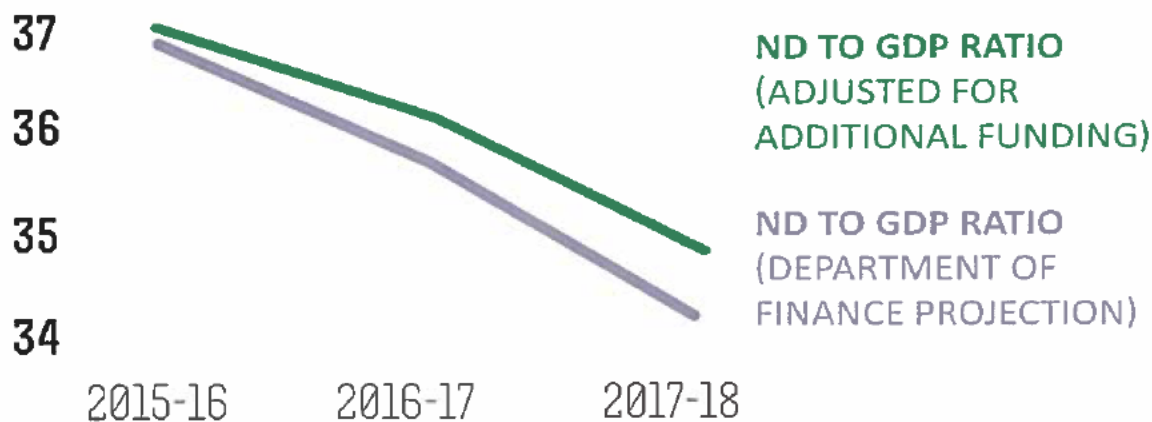
Increased funding can fit into the context of responsible debt management by the Nova Scotia government.

Debt management is core to the current government's financial strategy, and students recognize this. Students understand the importance

of ensuring the long-term prosperity of Nova Scotia, and that's why students advocate for a strategy that does not jeopardize the goals of debt-reduction.

In the 2014-15 budget, Nova Scotia committed to reaching a debt-to-GDP ratio of 34.2 per cent by 2018. This represents a decrease of 4.3 per cent over the next 4 years. The Canadian Federation of Students-Nova Scotia is calling for the Provincial Government to invest \$140 million over the next three years. This additional spending will only impact the 2018 debt-to-GDP ratio target by 0.9 per cent, with Nova Scotia reaching a ratio of 35.1 per cent in 2018, only marginally higher than the original target.

DEBT TO GDP PROJECTION



RECOMMENDATIONS

Restore an additional \$15 million to the Provincial Operation Grant this year, \$15million

Restore \$45 million of funding to the Provincial Operating Grant in 2017 and 2018 each to match the 2011 Canadian average for per-student university funding, no immediate cost

Implement Standard Financial Reporting Procedures at Nova Scotia's Universities, no cost

FAIRNESS FOR INTERNATIONAL STUDENTS

In recent years, universities and colleges have strategized to attract more international students to Nova Scotia. The push to attract more international students reflects the need to build an educated, prosperous and skilled society. Between 2011 and 2016, immigration is estimated to account for 100 per cent of the net labour force growth in the country.

International students are an integral part of college and university campuses in Nova Scotia. In 2013, international student enrolment grew by 10 per cent from the year before, and have increased over 240 per cent since 2003. International students make our institutions more diverse and make valuable contributions to the academic community. They play a significant role in the provincial economy through paying tuition fees, spending on basic living expenses, and consumer spending; an investment of approximately \$231 million per year.

Despite these significant contributions, international students are faced with various challenges when it comes to accessing to post-secondary education, one of which being able to access public health care upon arrival in Nova Scotia. At this time, international students are eligible for Medical Services Insurance

(MSI) coverage once they have studied in Nova Scotia for 13 months, without spending 31 consecutive days outside the province. In the meantime, they are forced to invest in private health coverage through their institution or students' union. This policy can prove to be expensive for students who are already struggling to pay international student fees, and can prevent students from visiting their families for fear of losing health coverage.

The cost of administering health coverage to international students upon arrival is less than \$500,000 a year, a small price to pay for supporting such an important and growing population. In order for international students to continue to live and invest in Nova Scotia after they've completed their studies, Nova Scotia must provide a supportive, welcoming environment.

RECOMMENDATION

Provide MSI to international students upon their arrival in Nova Scotia: \$500,000

PROTECTING YOUNG WORKERS

In 2014, rates of youth unemployment were at a staggering 20 per cent. This is more than twice the national average, and even worse than recession era levels. While reducing the youth unemployment rate will require reducing student debt, adequately funding our post-secondary education system, and creating programs to incentivise job creation for young people, we also need to guarantee that young people are protected when they enter the work force.

At times of high youth unemployment, students are especially vulnerable to exploitation in the workforce. High competition for work means that students are forced to take on multiple, precarious, part time jobs. Increasingly students are also forced to work unpaid internships, sometimes even paying to work for free in the hopes of developing experience that will lead to paid work. Government needs to ensure students are fairly compensated for the work they do – to do anything else would be to condone the exploitation of young people.

Nova Scotia is one of only three provinces that have a separate minimum wage for students, first-time workers, or inexperienced employees. An inexperienced employee is an employee who has not been employed by their present or other employer

for a total period of three calendar months in their specific field. Inexperienced employees are entitled to a wage \$0.50 below the minimum rate. A separate wage for inexperienced workers impacts students, who will often have several, temporary, part-time jobs while in school. Over the course of a four month summer job, a student may make the inexperienced employee minimum wage for most of their employment term.

Employees should be compensated based on work performed, not past experience. Eliminating the inexperience worker wage would better represent young people's contributions to the Nova Scotian economy.

Students are also concerned about those students who are not making any wages at all. The first step in addressing unpaid internships in Nova Scotia is to assess how prevalent they are in our province. Students are recommending that the Nova Scotia government make a modest investment to determine how widespread the use of unpaid internships is. The resulting data should be made publicly available, and result in a process in which students and government together curb the use of unpaid internships in Nova Scotia.

RECOMMENDATIONS

ELIMINATE THE INEXPERIENCED MINIMUM WAGE RATE AND MONITOR THE USE OF UNPAID INTERNSHIPS IN NOVA SCOTIA: \$250,000

RECOMMENDATIONS

- 1 CONVERT 100% OF STUDENT LOANS TO GRANTS: \$10 MILLION**
- 2 REDUCE TUITION FEES TO 2011 LEVELS AND REGULATE ANCILLARY, AUXILLIARY, PROFESSIONAL PROGRAM AND INTERNATIONAL STUDENT FEES: \$34.5 MILLION**
- 3 INCREASE UNIVERSITY FUNDING TO MATCH THE PER STUDENT NATIONAL AVERAGE OVER THE NEXT 3 YEARS THROUGH GRADUAL INVESTMENT IN THE PROVINCIAL OPERATING GRANT: \$15 MILLION IN 2016, \$45 MILLION IN 2017, \$45 MILLION IN 2018**
- 4 PROVIDE MEDICAL SERVICES INSURANCE TO INTERNATIONAL STUDENTS UPON THEIR ARRIVAL IN NOVA SCOTIA: \$500,000**
- 5 ELIMINATE THE INEXPERIENCED MINIMUM WAGE RATE AND MONITOR THE USE OF UNPAID INTERNSHIPS IN NOVA SCOTIA: \$250,000**

CONCLUSION

These recommendations will cost \$60.25 million in 2015-16, \$105.25 million in 2016-17, and \$140.25 million in 2017-18. While some naysayers may dismiss this investment as beyond our province's means, the Nova Scotia government needs to change its attitude that a dollar spent is simply a dollar lost. Our young people are the most important investment to ensuring Nova Scotia prospers over the coming decades. Our province will recoup this money many times over when young people stay in Nova Scotia and build their lives here. A similar strategy has already started to produce results in Newfoundland and Labrador, which now attracts young people away from our province. To put things in perspective, \$140.25 million represents just 2.5% of projected GDP growth over the next 3 years. The cost of not spending this money and failing to reverse our demographic decline will be far higher.

Nova Scotia's young people are facing challenges unseen by previous generations: record-high levels of student debt and a youth unemployment rate well above the national average will only diminish our graduate's contributions to the province and willingness to remain in such a place. Students know that a university or college education is more important than ever to succeed in today's society and there can be benefits for those who choose to pursue their degree in Nova Scotia. It is up to government to assure a student that choosing our province is worthwhile and provide for our students and their institutions and for what is ultimately a public good.

The Newfoundland and Labrador government's decision shows the innovation and dedication needed to work towards an accessible post-secondary education system. It is time to follow suit and see such bold leadership on part of the Nova Scotia government. With ten institutions, Nova Scotia has strong potential for a competitive and high quality post-secondary education system that rivals other places both nationally and internationally. Maintaining that potential is not possible, however, without also ensuring post-secondary education is accessible to all. Students' recommendations for the upcoming budget will guarantee that the government build and maintain a system that properly ensures an equitable and prosperous future for generations to come.

The Federation represents over 500,000 students across Canada, and students at NSCAD University, Mount Saint Vincent University, Université Sainte-Anne, the University of King's College, and Cape Breton University in Nova Scotia.

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