

UPEI Student Union Policy Priorities 2015-2016

Affordable, Accessible, and Sustainable Post-Secondary Education in Prince Edward Island



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About the UPEISU

Our Mission:

The UPEI Student Union is a non-profit democratic representation of students. We are dedicated to fostering pride in the university, the betterment of university life, and enhancing the student experience at UPEI. We value our independence as an organization while maintaining effective relationships with the university and surrounding community.

Our Vision:

As a unifying body, the UPEISU strives to provide leadership while assisting students as they obtain the highest standards in their academic and personal life; enhancing their quality of life now and into the future.

Executive Summary

The UPEI Student Union represents approximately 3,800 full time students at the University of Prince Edward Island. Given that having a post-secondary education is a necessity for success in the labour market today, we want to ensure that public policy decisions are being made with our student's best interests in mind.

It is the opinion of the UPEI Student Union that issues exist within post-secondary education and need to be addressed by government. For example, the student financial assistance program considers parental income when assessing students for government loans - it is an unfair assumption that parents will contribute to their children's post-secondary education. The financial assistance plan has also not had the weekly loan limits raised in over a decade while tuition is vastly outpacing the consumer price index. Secondly, the funding framework between the University of Prince Edward Island the Provincial Government does not incentivize growth and leaves students in the dark on how much their education will rise from year to year.

The Government of Prince Edward Island had made post-secondary education a priority in the 2015 general election and had delivered policy promises that the UPEI Student Union had been working on for a few years.

The policy priorities of the UPEI Student Union this year will follow up on the election promises made during the 2015 election campaign and revolve around accessibility, affordability, and sustainability.

Our Core Values:

- Representation for all students.
- Transparency, Honesty, and Accountability.
- Fun, Participation, and Engagement.
- Progress (Growth, Strength, Best Practices, Creative Solutions, etc).
- Sustainability (Triple Bottom Line – Financial, Social, and Environment)

UPEISU 2015-2016 Executives

President:	Dana Kenny
VP Academic & External:	Jonathan Rix
VP Student Life:	Nathan Hood
VP Finance:	Zach Tweel
VP Communications:	Alexandra Heighington

Affordability

Providing Adequate Student Loan Funding

Student financial aid programs have played a key role in ensuring that many students are able to access post-secondary education. The costs of post-secondary education are enormous, and include more than just tuition and fees. The cost of financing an education can vary widely based on your location, the program you are taking, and the type of student you are. With that said, there is a limit on the amount of financial aid a student may receive from the provincial government: The provincial government provides \$165 a week, while the federal government provides \$210, this adds up to a 34 week-maximum of \$12,750¹. If we assume a domestic full-time student with a full course load is assessed at the maximum assistance level, and pays UPEI tuition and fees, that leaves them with just \$207 per study week for living expenses (food, accommodations, etc.).

The cost of obtaining an education continues to increase rapidly. In fact, since 2002 it is estimated that tuition costs at the University of Prince Edward Island have increased by 50%², while inflation has increased by 28% over the same time period according to the Consumer Price Index³. In addition, mandatory instructional fees have increased by almost 165%⁴.

An unfortunate reality of our current student financial aid system is that some students don't get all the assistance they require. In fact, recent statistics from this fiscal year demonstrate that 41% of students are assessed in excess need of what the government can provide under the current public policy⁵. Furthermore, this number is projected to rise above 50% by 2020⁶. In 2010, 59% of student in excess need had to rely on other forms of borrowing just to get by⁷. Unfortunately for these students, private borrowing is far less supportive: private borrowing frequently comes with higher interest rates, in-study payments, and may require a co-signer – which eliminates the chance of students from low income backgrounds from receiving the extra funds they so desperately need.

Raising the maximum assistance levels will have 3 desirable effects on Prince Edward Island. 1) The portion of the population with post-secondary credentials would increase. 2) Gross Domestic Product would have a slight increase. 3) The measure of income inequality would decrease. This was an election promise in the 2015 provincial election campaign and the UPEI Student Union is calling on the Government of Prince Edward Island to take action on this sooner rather than later in their mandate. The situation continues to get worse for students as the cost of tuition, fees, and living costs rises from year-to-year.

The UPEI Student Union recommends that the Government of Prince Edward Island index its student loan maximum assistance level to the provincial inflation rate annually.

Exempting Parental Income as an Asset for Student Loan Assessments

With a few exceptions, parental income has long been included as an asset when student aid personnel calculate loan amounts across the country. Alberta and New Brunswick currently exempt parental income in the consideration of assets for student loan eligibility. Additionally, the Government of Canada has included a significant scale back of parental income as an asset for students in the 2015 budget.

Studies by Statistics Canada have shown that youth from lower-income backgrounds attend University at lower rates than those from higher-income backgrounds. As shown in figure 1, those with family incomes in the highest quartile (38%) were roughly twice as likely to attend University than those in the lowest quartile (19%)⁸.

University Participation Rate

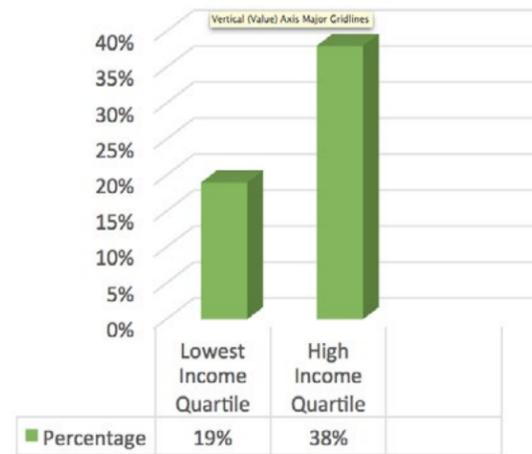


Figure 1: University Attainment by Parental Income¹

Accessing University by Parental Education Level

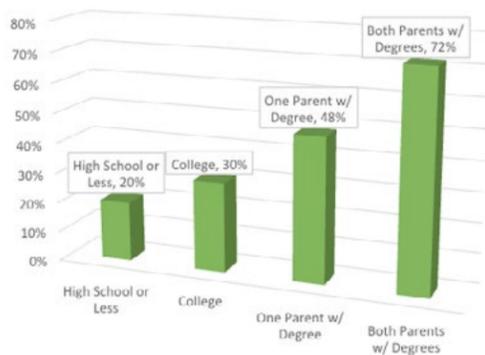


Figure 2: Accessing PSE by Family Educational Background⁹

Additionally, the education of a family unit as a whole has a direct link to the likelihood of post-secondary education attainment. Students who come from families with shorter educational history are less likely to attend post-secondary education. In fact, only 20% of youth will attend university if their parent(s) had an education which ended at or below the high school level⁹.

In many cases, parents may not always value post-secondary education as an investment; may not be in a financially suitable position to contribute; or may be under the assumption that loan programs will cover sufficient amounts to a student's education. Some students are unable to obtain stable government loan funding, and may be forced to turn to private lenders to fund their education.

Parents are also contributing far less than they have in the past. In 1965, parents contributed 29.4% towards a student's educational costs, but by 2002 that percentage point dropped to just 15.04%. In addition, family contributions have dropped to 1.95% of a student's income¹⁰. Furthermore, as of 2009, the average household on Prince Edward Island was only contributing 5.8% of their household expenditures to tuition fees. It is evident that students are receiving less than what they did previously, though government continues to assume that parents are contributing adequate amounts¹¹.

The current system is unfair as it assumes that parents contribute to a student's education. However, for many students this is not the case. Parents may not have enough financial stability; parents may not value post-secondary education; or parents may assume that a student will be able to afford their education with the help of government funding alone.

Parental Contributions as a Percentage of Student Income

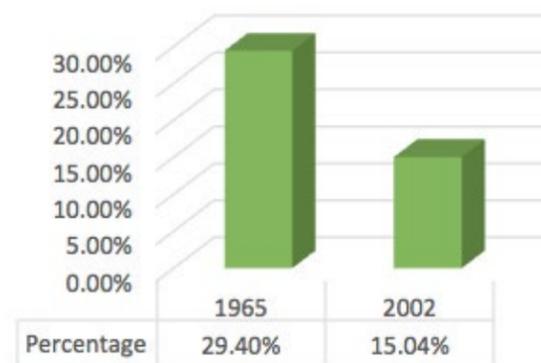
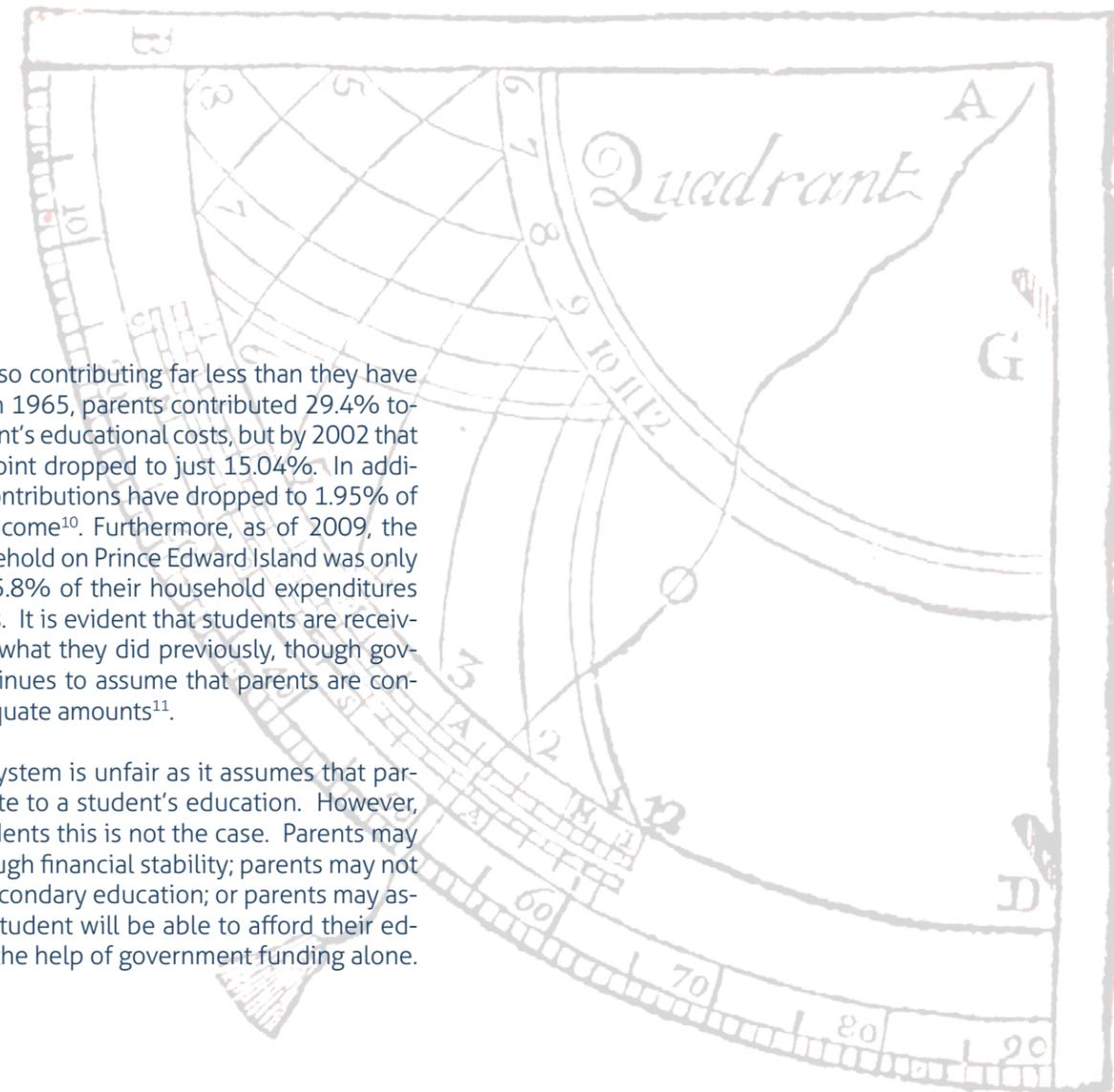


Figure 3: Parental Contributions to a Student Income⁶

The UPEI Student Union recommends that the Government of Prince Edward Island no longer consider or assume parental contributions when carrying out assessments for student loan eligibility.



Sustainability

Creating a Funding Framework that Allows Growth at UPEI

The rising operating costs of Universities are a growing area of policy concern across the country. UPEI is no exception to this issue. The UPEI Student Union recognizes the need for growth at UPEI, but also sees that there are significant challenges with long-term planning at UPEI when the administration doesn't know how much money it will receive from year-to-year. Rising operating costs are not just a concern to the administration, but are also a concern to students because they are unsure how much their tuition will rise year-to-year.

According to the University of Prince Edward Island's Economic Impact Assessment, the Province contributed 34% of UPEI's overall revenue in 2013 – one of the lowest rates in the country¹². In addition to having one of the lowest rates, funding is unstable and varies from year-to-year. In 2012, UPEI took a 3% cut to its funding¹³, and there were no changes in funding for the following 2 years. In the 2015 Budget UPEI received an 8% increase which included funding for the new Engineering

school¹³. This demonstrates that funding to UPEI is inconsistent. This makes it difficult for the University to plan for growth and it also puts a lot of financial stress on students who try to anticipate the rising cost of education.

In Prince Edward Island we use a historical (or incremental) funding mechanism for post-secondary education. The amount of money allocated is based on the amount in the previous years. This is the most logical system for PEI because we have one university. However, a major drawback to this funding agreement is it does not incentivize institutions to grow due to the uncertainty in funding¹⁴. If funding decreases it puts the University in a difficult situation forcing them to increase tuition for students – creating little certainty for the overall cost of education. The government department responsible for higher education has a role to play in providing students with relevant information.

If the University were able to project how much revenue it will receive from the Province several years in advance, it would be able to plan more effectively and students may be able to realistically add up their education costs so they can save better. It is the opinion of the UPEI Student Union that the Government of Prince Edward Island should create a 4 year "rolling-funding" agreement with the University of Prince Edward Island to address the concerns of uncertainty previously mentioned. If this is done, students will be able to figure out the overall cost of their education reasonably and the University will be able to confidently invest in its student's future.



Conclusion

The UPEI Student Union's policy priorities for the 2015-2016 academic year are follow ups from the promises made in the 2015 provincial election. Government had recognized that post-secondary in Prince Edward Island needed some work and we want to ensure that student issues are continuing to be addressed going forward.

Students are not receiving enough financial compensation to reflect rising costs from the government, parental incomes being assessed as an asset are putting financial strain on low and middle income students, and the University and its students are having trouble planning long term. Government has said they will address these issues; we urge sooner rather than later.

Bibliography

¹ Government of Prince Edward Island. "Focus on Your Future: Prince Edward Island Student Financial Assistance Guide." 2013-2014. P. 7.

² Ibid. P. 8.

³ UPEI Academic Calendar 2002-2004; Current Student Statement 2014-2015

⁴ Statistics Canada. Consumer Price Index, historical summary, by province or territory. Avail: <http://www.statcan.gc.ca/tablestableaux/sumsom/l01/cst01/econ150aeng.htm>

⁵ Macdonald, David, and Erika Shaker. "Eduflation and the High Cost of Learning." P. 16. Canadian Centre for Policy Alternatives.

⁶ Table 33, Impact of Loan Limit on Loans Issued, Human Resources and Skills Development Canada. Actuarial Report on the Canada Student Loans Program. Office of the Chief Actuary, 2012.

⁷ CASA et al. "Canadian Student Survey: Next Steps: Upper-Year Canadian PSE Students' Plans and Debt." March 2010.

⁸ Participation in Postsecondary Education: Evidence from the Survey of Labour and Income Dynamics (StatsCan 2005) (p. 15)

⁹ Intergenerational education mobility: University completion in relation to parents' education level. (2011) (p. 39)

¹⁰ The More Things Change...: Undergraduate Student Living Standards After 40 Years of the Canada Student Loans Program. (2004) (p. 11)

¹¹ "The University of Prince Edward Island Economic Impact Assessment" (2014) pg. 17

¹² "UPEI board approves "bare bones" budget." *Academica Top Ten*. 10 May 2012. Avail: <http://academica.ca/top-ten/upei-board-approves-bare-bones-budget>

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¹⁴ "The Future Is Not What It Used To Be: Re-examining Provincial Post-Secondary Education Funds in Canada." *C.D Howe Institute*. Pakravan, pg. 12.