First Aid for Student Aid

A proposal to fix the system of student aid in Manitoba

Canadian Federation of Students

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Chapter 1: Introduction

1.1 Overview

In 1999, after a decade of rising tuition fees and funding cuts, the provincial government made funding universities and colleges, reducing tuition fees, and grants for students a priority again in Manitoba. The re-introduction of grants and a significant provincial re-investment in colleges and universities—along with lower tuition fees—have meant more students in classes and more affordable post-secondary education.

Yet, eight years later, it is again time to address the shortfalls in our public system of student aid.

This document briefly reviews the history of student financial aid, as well as the myriad of changes that have taken place in the post-secondary education sector over the past two decades.

It also sets out to identify solutions to current challenges. Students in Manitoba may enjoy the benefits of a tuition fee freeze and some of the highest per-student[1] funding in the country, but the student loan system remains mired in decades-old policy models that no longer work. While this report is not exhaustive in its proposals for student aid, it covers the primary areas of concern for students.

Using policy analysis and end-user surveys, this document sets out a vision for improving the accessibility of colleges and universities in Manitoba, with a focus on changing the student aid system.

1.2 The Benefits of Post-Secondary Education

Manitobans understand that post-secondary education provides both societal and individual benefits through higher average income levels and reduced reliance on social services. A post-secondary degree or diploma today is of the same importance as a high school education was a generation ago. Clearly, keeping pace with educational expectations in Canada is essential to growth in Manitoba.

The value of advanced education should not be underestimated. In 2006, W. Craig Riddell, a professor at the University of British Columbia conducted a review of the literature on positive social and personal outcomes related to various educational levels. Riddell found that university graduates not only contributed more to the tax base, but were also far less likely to use government transfers such as social assistance. Higher levels of education are also correlated with higher civic participation, such as voting and following current events[2]. American studies on incarceration rates and education show that those with some college experience have one-quarter the incarceration rate of those with high-school diplomas alone[3]. Authors Lochner and Moretti went so far as to estimate that $1.4 billion could be saved on the costs of crime in the U.S. by raising the high school graduation rate by 1%[4].

It is also likely that high levels of participation in post-secondary education contribute to reducing usage of the Canadian health care system. In the 2007 edition of Education Pays, the authors conclude, "at every age and income level, higher levels of education are correlated with better health[5]."

Finally, it is important to evaluate the private rate of return for a post-secondary education. Many critics of universal access policies—like tuition fee reductions—argue that post-secondary graduates will earn over one million dollars more over their lifetime, as a result of their advanced education.

1 Mia Rabson, "NDP Cheapskates on Education: Tories," Winnipeg Free Press 2007.

2 W. Craig Riddell, "The Impact of Education on Economic and Social Outcomes: An Overview of Recent Advances in Economics", (Vancouver: University of British Columbia, 2006).

3 Ibid.

4 Sandy Baum and Kathleen Payea, Education Pays 2004: The Benefits of Higher Education for Individuals in Society (New York: The College Board, 2004).

5 Sandy Baum and Jennifer Ma, Education Pays 2007: The Benefits of Higher Education for Individuals in Society (New York: The College Board, 2007).

However, closer examination shows that this figure, which is often cited by university presidents, is suspect. The number is an average compounded by inflation, something that does not happen to most people's earnings in real life. In fact, Canadian economist Hugh McKenzie examined this claim in more detail, and found that once inflation and other factors were accounted for, the net present value of a university education over a lifetime is only $148,000[6]. For a student graduating at 22 years of age, and retiring at 65 years of age, the educational premium averages out to just $3,442 per year. The reality is that many university graduates are average income earners.

The desire of many analysts and politicians to examine the personal "investment value" of a university degree is merely a way to avoid acknowledging the larger societal value of an educated populace. McKenzie's examination of income levels and educational completion also showed that the personal investment for one-quarter of university graduates was negative. That is, 25% of university graduates earned less than the average income for non-university graduates.

Given that university graduates see limited or no net personal economic benefit from their education, and that significant debt may come with it, higher fees and higher debt are no solution to promoting post-secondary education in Canada.

1.3 Only One Piece of the Puzzle

Although this document focuses largely on the system of student financial aid in Manitoba, it is important to note that no single policy change can be expected to eliminate systemic barriers to post-secondary education in Manitoba. As this paper will discuss, user fees, student financial aid, government funding, research funding, demographics, and many other factors are intertwined in creating the college and university system we currently have. Improving the accessibility and quality of the system requires ongoing improvement to many areas of the system. There is no quick fix to solve all problems.

While this paper focuses on financial aid, there is still an urgent need for increases to baseline and capital funding for universities and colleges in Manitoba. Better student aid, lower user fees, and more public funding are the three largest contributing factors to accessibility and quality that can be affected by provincial government policy, and they must be addressed together.

1.4 About the Canadian Federation of Students

The Canadian Federation of Students is Canada's national student movement. With over 85 member students' unions across the country, uniting over 600,000 students, the Federation is the largest students' organisation in Canada.

In Manitoba, the Canadian Federation of Students represents over 40,000 members at the University of Winnipeg, Brandon University, the Collège universitaire de Saint-Boniface, and the University of Manitoba.

6 Hugh McKenzie, Funding Post-Secondary Education in Ontario: Beyond the Path of Least Resistance (Toronto: Ontario Confederation for Postsecondary Education, 2004).

Chapter 2: History

2.1 History of Funding

The first post-secondary education institution was established in Manitoba in 1818, when Father Joseph-Norbert Provencher began providing religious and classical French education from his house in St. Boniface. This small institution, which later became the Collège universitaire de Saint-Boniface, was funded by the Catholic Church. Most post-secondary institutions at the time were funded by religious organisations.

In 1877, the association of St. John's College and Wesley College created the University of Manitoba. At its inception, the new university was funded directly by small federal and provincial grants, and revenues from provincial marriage licences. By 1897, the Manitoba government agreed to a series of land grants to the new university, along with an annual teaching grant of $6,000, which rose to $390,000 by 1945.

The patchwork system of funding for colleges and universities continued until 1945. With the end of the Second World War came a program of federal funding for universities, whereby the federal government paid for veterans to attend university. Each veteran received a $60 monthly stipend, and the university received $150 per veteran, to cover program costs. Federal funding was also provided for extensive building and facility expansions.

By the early 1950s, with the enrolment of veterans at institutions on the decline, but civilian enrolment on the rise, the federally-mandated Massey Commission recommended a federal funding model beyond the veteran funding model that had existed since the war. In response, the federal government implemented a $0.50 per capita funding model, as a grant paid directly to universities and colleges. By 1966, these grants had increased to $5 per capita.

In 1967, the Federal-Provincial Fiscal Arrangements Act established a 50/50 shared funding framework between the provincial and federal governments, and raised the per-capita grant to $15 per capita. Later that year, the Manitoba government created the University Grants Commission (UGC) to oversee funding requests from universities in Manitoba and disperse provincial funds. The mandate of the UGC included direction to fund universities based upon enrolment changes. By 1970, total provincial grants from the UGC reached $36.7 million, $2.2 million less than universities had requested that year. In 1976, the UGC switched to a funding request model whereby universities tabulated their funding requests by category and department, rather than on a per-student basis.

By the late 1970s and early 1980s, Established Program Financing and further federal caps on program funding increases meant that the federal government was paying for progressively fewer costs in the post-secondary education sector. By the mid-1980s, further federal cuts meant that national funding levels had fallen by $1.6 billion over five years.

During the 1990s, massive federal funding cuts, worsened by significant provincial funding cuts, left Manitoba universities and colleges in perilous financial positions. By the late-1990s, institutions were cutting funding, gapping or eliminating faculty and staff positions, and rationalising programs. Some institutions even suspended certain maintenance tasks to save money.

By the end of the 1990s, the state of post-secondary education in Manitoba was dire. Program funding was severely lacking and enrolment at Brandon University and the University of Winnipeg had declined by 40%. Major changes were effected in 2000 with the implementation of a 10% reduction and subsequent freeze of college and university tuition fees, the restoration of the provincial grants program, and funding increases for and capital reinvestment in institutions, particularly colleges. Over the five years that followed, enrolment rose by over one-third, a new college campus was opened in downtown Winnipeg, and the University College of the North was created.

However, many of these positive changes took place five to eight years ago. It is once again time to identify and address shortcomings in the current system.

2.2 History of Student Financial Assistance

Initially, Canadian university students represented only a small cross-section of Canadian society: "wealthy white men". However, as the demographics of Canadian universities began to grow, so too did the need for financial assistance for students without means. Initially, this was a very limited patchwork of primarily merit-based aid paid directly by institutions to students.

The first real system of student financial aid in Canada was the Dominion-Provincial Student Aid Program, established in 1939. The program was a joint federal-provincial initiative, based on a system of matching grants for students. However, the program was very limited, helping fewer than 3,000 students out of the nearly 100,000 in Canada by 1960[7].

Following the Second World War, the Canadian government initiated a program of student financial assistance for veterans returning from the conflict. The government provided free tuition to veterans returning to or beginning university, along with a living allowance paid directly to each student. The government accommodated for this enrolment boom on institutions by paying an annual per-student-veteran allotment to each institution.

In 1964, the federal government created the Canada Student Loan Program (CSLP), replacing the Dominion-Provincial Student Aid Program. This program, which still exists today, is a national system of loans, financed by the federal government but administered by the provinces. The CSLP provides loans for 60% of a student's assessed need, with provincial programs' covering the remaining 40%. However, it is up to the province to assess a student's financial need using CSLP guidelines.

Over the past four decades, the CSLP has undergone a myriad of minor changes, some of which have been designed to help students, but many of which have slowly moved it away from its mandate of "respect[ing] the principles of accessibility to the post-secondary education system and mobility within the country."

7 Donald Fisher et al, Canadian Federal Policy and Post-Secondary Education (Alliance for International Higher Education Policy Studies, 2005).

Chapter 3: Manitoba Student Aid

3.1 Current System of Student Aid

Manitoba Student Aid was created with a mandate "to improve the affordability and accessibility of post-secondary education by providing student loans and other assistance to eligible Manitobans experiencing financial barriers"[8]. The implications of this mandate are obvious: student aid exists as a last resort for students seeking to attend college or university. Use of the Canada Student Loans Program nationally is quite high—40% of full-time students in Canada borrowed under the program in 2004-2005. Use of loan programs is much lower in Manitoba, with only 21% using the Canada Student Loans/Manitoba Students Loans, likely the result of lower tuition fees and cost of living. At the same time, the number of applications for public student loans has been on the decline in Manitoba for five years, during an upward spiral in enrolment in the province.

Feedback from students and analysis of existing policies and practices within the system show areas that serve students well, but also a number of areas in need of significant improvement.

With the rising costs of college and university in Manitoba, it is important to examine the financial aid our province provides for students, and how students can benefit from improvements to the system.

3.1.1 Repayable and Non-Repayable Aid

Up to 2000, the only student financial "aid" offered to students in Manitoba through both the federal and provincial aid systems were student loans. It is important to highlight that a loan, under the current system, is in fact not aid at all, but a financial penalty (interest charges) levied on those who can least afford to participate in our system of post-secondary education. In 2000, the Manitoba government reintroduced a system of needs-based grants, the value of which now exceeds $33.9 million annually[9].

Manitoba Student Aid administers the current systems of loans and grants, with automatic consideration of a student's aid application by Canada Student Loans, Manitoba Student Loans, and for all non-repayable government aid for which they are eligible. Loans are currently financed directly by both the federal and provincial governments, with 60% of a student's assessed need provided as Canada Student Loans, and 40% provided as Manitoba Student Loans. Students must apply for loans prior to each academic year, and are assessed for need each time they apply. Loan funds are then disbursed in September and January of the academic year, and funds borrowed remain interest free through the study period (unless the student is no longer studying full-time).

Borrowers begin repayment of both Canada Student Loans and Manitoba Student Loans six months after completing their studies. However, interest on Canada Student Loans begins to accrue upon graduation, whereas Manitoba Student Loans are interest-free during those six months. Standard loan amortisation is 120 months (ten years), but borrowers are free to reduce their debt load more quickly than their monthly payments require.

To claim that a system of loans provides financial aid to needy students is misleading. While loans do provide a partial solution to students' short-term cash flow problems while studying, they also create a disincentive for low- and middle-income students through the interest these students repay. While upper income and lower income students will pay the same amount for tuition fes, books, travel, room, board and other expenses while studying for the same degree. For a low-income student relying on loans, that would likely mean the combined federal/provincial maximum of $11,900[10] from the CSLP and MSA, as well as

8 Dwight Botting, Manitoba Student Aid Annual Report 2005-2006. (Winnipeg, 2007).

9 2007 Manitoba Provincial Budget.

10 Botting, Manitoba Student Aid Annual Report 2005-2006.

a combination of earnings from work and private loans. When that student graduates, she will have paid the same amount as the upper-income student, but will have to repay her loans with interest, whereas the upper income student has no loans to repay. Over a 10-year repayment period, the interest cost on an average $18,000 loan is $7,487.61—a penalty for having inadequate financial resources. While loan repayment and debt assistance reduce the debt burden, student loans still penalise those who can least afford it.

Aid Usage by Eligible Weeks

Program	Weeks
Undergraduate (4yr)	34 x 4 = 136
Masters (2yr)	52 x 2 = 104
PhD (5yr)	52 x 5 = 260
Total	**500**
CSLP Maximum	**340**

Deconstructing Restructuring: A Response to Graduate Tuition Fee Restructuring, (Winnipeg: University of Manitoba Graduate Students' Association, 2007), reports that the average time to completion for a 1-year master's at the University of Manitoba is 3 years 8 months, and the average time to completion for a PhD program at the U of M is 6 years 2 months.

The current system of student loans also places a number of limits on the length of studies for which a recipient is entitled to access loans. For any course of study for which a student applies for aid, she or he is only entitled to one year more than the official length of the program in which she or he is enrolled. For students not taking a full course load while working, this often means running out of assistance before completing their program. CSLP prohibits loans for a second degree at the same level as one previously completed, such as a second undergraduate degree[11].

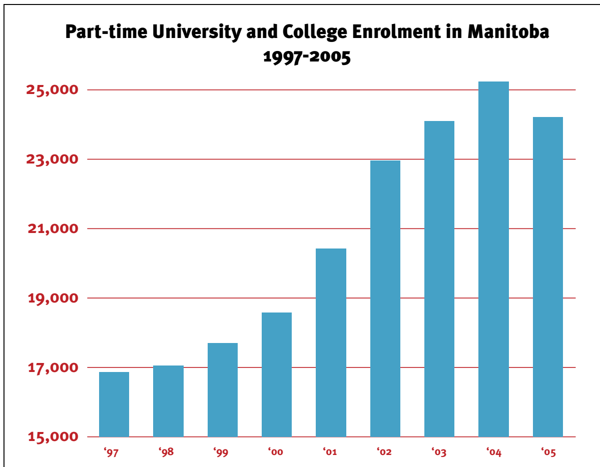
Finally, as directed by the CSLP, there is a lifetime maximum of 340 weeks of aid for students. This means that for most students planning to complete an undergraduate degree, Master's degree, and Ph.D., they will run out of aid before they complete their doctoral program (see table). For a student requiring financial aid from the beginning of an undergraduate program through to the end of their master's, that aid will run out more than three years prior to completing a Ph.D. The CSLP does allow up to an additional 60 weeks of aid for which students in doctoral programs can apply, however this still leaves some lacking aid for the remainder of their program, and allows no contingency for unforeseen circumstances.

The Manitoba government provides a number of non-repayable student aid programs, primarily in the form of grants. The bulk of these grants come from the Manitoba Bursary Initiative and the Canada Millennium Scholarship Bursary (with funds provided to the province by the Millennium Scholarship Foundation). Grants from both funds are automatically applied to all loan applicants based upon need, with the application of grants directly to borrower's accumulated debt following their year of study. While this approach helps to reduce debt levels in the province, it does nothing to put additional money in students' hands during the school year, when it is most needed.

The student aid system also provides very little aid for part-time students, a demographic that has been growing rapidly for the past decade in Manitoba. No grants are awarded to part-time students, and only 0.7% of part-time students[12] received loans through the Canada Students Loans Program. To add insult to injury, the maximum that can be borrowed through this program is $4,000, and interest becomes payable 30 days after the funds are borrowed. Unfortunately, part-time students are usually forced to borrow through a private financial institution.

11 The program makes an exception to this rule if one degree is a pre-requisite for another.

12 Dwight Botting, Manitoba Student Aid Annual Report 2005-2006. Statistical Compendium for the Academic Years Ending in 2001. (Winnipeg: Manitoba Council on Post-Secondary Education, 2003). Statistical Compendium for the Academic Years Ending in 2006.



3.1.1 Application process

A primary complaint from students in Manitoba about the current student aid system surrounds the application process. Currently, applications can be submitted via a mail-in paper form, or through an interactive web site, with supporting documentation sent via mail.

The application process is complex, and exhaustive, with requirements for applicants to disclose every detail of their personal financial history, including money from gifts and earned through work, current assets, whether they own a vehicle, and details on their academic program and personal situation. Applicants must also provide supporting documentation for almost all aspects of their application.

The other challenge faced by applicants is the duration of the application process. While the web application provides a draft needs assessment on the spot, the final loan amount is not confirmed for over a month, with an even longer wait for the payment of funds. Many students are left uncertain as to whether they will be awarded enough money to take a full course load, or to attend college or university that year at all.

An interesting quirk in the online application system is the loan agreement. Manitoba Student Aid requires that borrowers sign a paper loan agreement outlining the terms of the loan. However, online applicants are mailed this agreement through Canada Post, which they then have to mail back to Manitoba Student Aid prior to receiving their loan.

3.1.1 Eligibility & Needs Assessment

Manitoba Student Aid uses CSLP criteria to determine the eligibility of applicants for student loans. To be eligible for the program, applicants must: be Canadian; reside in Manitoba; study in a program of no less than 12 weeks in duration leading to a degree, diploma, or certificate; be a full-time student at a designated institution; maintain satisfactory progress in their program; not be in default of any other loan or have poor credit history; and be in financial need as determined by the program.

The result of these extensive eligibility criteria is that many applicants face eligibility appeals, and approximately 17% of applicants have been rejected since 2000[13].

Our system of student loans requires that each applicant have their financial need assessed, based upon a formula developed by the Canada Student Loans Program. The assessment process examines an applicant's existing financial "resources" (including earnings prior to study, scholarships & bursaries, RRSPs, vehicles owned by the applicant, and the applicant's parents' incomes), and subtracts those from the student's total need (including tuition fees, books and supplies, incidental fees, and a living allowance). In addition, the maximum assessed need cannot exceed the program maximum for a single independent person of $11,900 per year.

3.1.1 Allowable Expenses

The program automatically assesses the total tuition fees due for the applicant's registered program of study based upon costs provided by their institution, and the number of credit hours they are taking in a term. In addition, their requirements for books and supplies, any compulsory

13 Data provided by Manitoba Student Aid, calculations by Canadian Federation of Students

fees charged by the institution and a living allowance are estimated.

Over the course of a degree, a student is allowed to borrow a maximum of $3,000 for books and supplies. A recent change to the program allows students to borrow up to $500 per year for three years towards the cost of a computer. However, this amount does not give an applicant enough up-front cash to purchase a computer, and that amount also is counted as part of the $3,000 total.

Living allowance rates are based on an applicant's marital status, whether they are regarded as "independent", and whether they have any dependants. The program defines a typical independent student as one who has been out of high school for over 4 years (however, the definition is much broader). The reality of this limitation is that a student's living allowance is based on an arbitrary definition of whether their parents "should" be supporting them, rather than their actual living status.

The program requires that students live within a particular budget established by the program. For students living at home, up to $422 per month is allowed for living expenses, and for single students

CSLP Monthly Living Allowance

Shelter (shared)	$364
Food	$204
Miscellaneous	$245
Total Living Allowance	**$883**
Low Income Cut-Off	**$1458.33**

Source: Manitoba Student Aid, Statistics Canada

living away from home, up to $883 per month can be put toward living expenses (see budget chart below).

While Manitoba Student Aid requires that applicants contribute some of their own earnings to finance their education, the system inherently requires that applicants reduce their living standards to sub-poverty levels. Under the current system, an applicant can have a combination of loans, and personal and parental contributions totaling no more than $17,000, including books and tuition fees. After eliminating the cost of textbooks and tuition fees for a typical undergraduate program[14], a student is left with only $11,189 for living expenses, a very meagre amount by any standard.

As a comparison, the Statistics Canada Low Income Cut-off (LICO) after tax for 2006 for an individual in a city was $17,570, very far short of the $10,596 on which the student aid program expects students to subsist. The limits on pre-study earnings and loans results in forced poverty for students, something that government should not be forcing on any individual (talk about impact on increasing more expensive private debt loads). In effect, our system of student aid requires students to become poor in order to qualify for any financial assistance.

3.1.1 Allowable Income

The student loan program requires that applicants work during the four-month period (spring/summer) preceding their study period (fall/winter). During that time, applicants are allowed to deduct a living expense from their earnings, and are required to save the remainder as a contribution to their expenses during their studies. During the study period, students are allowed to earn up to $50 per week without penalty.

However, the system also counts existing assets against assessed need, while ignoring some important liabilities, such as existing debt servicing. Applicants are expected to sell any vehicle worth more than $5,000, as well as any Registered Retirement Savings Plans (RRSPs) greater than $2,000 for every year worked. Bank account balances are also counted against applicants' assessed need. For a working person going back to school, this may well mean selling off significant assets—with a significant cost associated with the sale of assets—in order to gain access to student aid. For

14 University of Manitoba Faculty of Science: 30 credit hours @ $128 + $471.25 incidental fees + $1500 for books and supplies

example, in order to cash out an RRSP early, the RRSP must be repaid within ten years to avoid a tax penalty. In addition, RRSPs are most valuable when left to grow for long periods. Therefore, a mid-life withdrawal of retirement savings will require that a much greater amount be reinvested later to achieve the necessary savings to retire.

Similarly, treating vehicles as a liquid asset is unrealistic. Vehicles are not easily sold, and a sale often means a significant loss for the vehicle owner. In addition, the purchase of a new, lower-cost vehicle may mean higher fuel costs, registration fees, and sales tax to be paid on the new vehicle. For many students, public transit is not a viable option for travel, given its lack of reliability, its lack of flexibility, and travel distances from affordable housing to universities. In addition to the travel needs of rural and northern students, single parents also require reliable vehicles.

The assessment process also fails to take into account existing debt that an applicant is carrying. A student carrying credit card debt, personal debt, a private student loan, or a vehicle loan may be paying hundreds of dollars a month in principal and interest payments that they cannot simply ignore. In spite of not being assessed for this amount by student aid, the student must continue to pay, or be sent to collection. Simply having to earn the income to service these debts could result in the student becoming ineligible for public aid.

Home ownership is often incompatible with access to the public loans system. While a single homeowner is not required to sell her or his home in order to be eligible for student aid, they must maintain their mortgage payments to their lender. However, the student aid living allocation of $364 monthly is only enough to service a mortgage for a $28,000 property[15]. For families, it is expected that the spouse will pay for the mortgage, the dependants, and support the students with a single salary. Home ownership is in fact a barrier to accessing student aid.

15 Assiniboine Credit Union Mortage Calculator, Available: http://www.assiniboine.mb.ca/Home/Tools/Mortgage-Qualifier.aspx2008.

When assessing need versus income, the student aid system looks at any and all income sources at an applicant's disposal, including Employment Insurance and social assistance benefits received. These amounts are taken into account when assessing a student's need, thus reducing the total amount of aid for which a student is eligible.

The loan system also requires that a borrower report any changes in their course load or income. Generally, this means that if a borrower drops a course (and therefore has a lower need), or earns extra income that was not originally reported (and therefore has greater means), she or he will be considered to have been over-awarded, and must pay the "extra" money back to the loans system immediately. For many students, this means coming up with several hundred dollars in the middle of a term, or having that amount deducted from their next student loan. This insecurity of resources puts enormous pressure on students to maintain their sub-poverty standard of living.

3.2 Repayment

Canada Student Loans and Manitoba Student Loans are amortised over 10 years, with the start of repayment 6 months after the completion of studies. In the case of Canada Student Loans, the interest begins to accrue at the beginning of that six-month period. For Manitoba Student Loans, the interest begins to accrue at the end of the six-month period.

The standard term of repayment for a loan is 114 months, although borrowers have the option of making payments on their principle above their monthly payments, if their means allow.

As outlined previously in this report, student loans comprise a significant penalty in terms of the overall cost to students with limited finances. The interest on an average student loan paid over the standard 114-month amortisation of the loan means that students will repay an additional $9,751 on an average $18,0000 loan. The interest payment is significantly more than most students will receive from the province's new 60% tuition

Principle	Interest	Monthly Payment
$10,000	$6,001.68	$140.37
$20,000	$12,003.36	$280.73
$30,000	$18,005.05	$421.10

Source: Canlearn.ca Student Loan Calculator, at an interest rate of Prime + 2.5% (currently 8.25%).

fee tax rebate program[16].

There are currently two programs available to assist graduates in repayment that face financial difficulties. Created in the 1998 federal budget, Interest Relief (IR) is available to CSLP borrowers, depending on their debt size and net income. The IR program pays the interest on borrows' loans for up to 30 months, with a possible extension of 24 additional months, thus reducing the financial burden of loan repayment. However, a borrower must reapply every six months, and the program does not automatically kick in for borrowers, depending on income level or other factors. In addition, students entering repayment have reported that the program is very difficult to apply for, and even more difficult to qualify for, especially since previous problems with repayment can exempt qualification.

The second program to help graduates in repayment is Debt Reduction in Repayment (DRR). Also introduced in the 1998 federal budget, DRR promised to help 12,000 students per year across Canada. However, due to eligibility requirements, only about 500 students across Canada have been able to access the program each year. Since the problem was identified, eligibility requirements have been merged with those for IR, with the result that borrowers in repayment are now eligible for up to $26,000 in debt relief. While this is positive, the fact that the program reaches so few shows that it's scope and eligibility must be expanded.

The harsh reality for students graduating with high debt levels, and entering relatively low- to average-paying fields, is that debt-servicing costs will comprise a significant amount of their earnings, leaving them with little to no discretionary incomes for a number of years. This long-term debt burden can have a significantly negative economic impact for graduates, including an inability to borrow, buy a home, make investments, save money, or start a family.

A recent report from Scotland noted that 53% of young graduates who were searching to buy a home were unable to do so: nearly one third were unable to save for a deposit; and one in ten graduates believed they would never be able to afford a home[17]. In New Zealand, skyrocketing tuition fees alongside unlimited student loans and income contingent repayment schemes have resulted in a marked decline in automobile and home purchases by post-secondary graduates—a result of high debt levels. In the United States, debt is forcing many graduates to pursue higher-paying private-sector employment, resulting in recruiting challenges for public sector employees, including teachers and social workers[18].

The trend of mounting debt and dwindling personal savings has been escalating since the early 1980s. In 1984, Canadians owed $0.60 for every dollar earned, a number that has spiraled to $1.08 today. The costs of mounting debt are rising too: for every 1% rise in interest rates, Canadians lose 1.5% of their discretionary income to debt servicing. The effects of mounting personal debt are staggering: Canadians are having a harder time saving for retirement, and the average Canadian now retires with over $35,000 in debt. In jurisdictions like New Zealand, where tuition fees have been allowed to rise without limit, the country is feeling an economic impact from graduates who purchase homes and cars later in life, due to massive student debt upon graduation[19].

16 Tuition Fee Income Tax Rebate, 2008, Government of Manitoba, Available: www.manitoba.ca/tuitionrebate. Arts tuition fee example.

17 Graduates Remain Downbeat About the Property Market in 2006, (Edinburgh: Scottish Widows Bank, 2006).

18 Rothstein and Rouse, Constrained after College: Student Loans and Early Career Occupational Choices.

19 Debt Nation: Are We in over Our Heads?, 2006, Canadian Broadcasting Corporation, Available: http://www.cbc.ca/consumers/market/files/money/debt/

3.3 Aboriginal Students

3.3.1 Demographics

According to Statistics Canada, Aboriginal peoples comprise nearly 15% of Manitoba's population, with growth of 16.6% between 1996 and 2001. Of particular note is the rapid growth of Aboriginal youth in Manitoba, with a nearly 21% increase in the under-15 age group between 1996 and 1999. In 2001, more than half of Manitoba's Aboriginal community was under 24 years of age[20].

Ideally, this should mean high participation in education. However, in 2001, 56% of Aboriginal people in Manitoba (70% for on-reserve Aboriginal people aged 20-24 years) had less than high school education, compared to 38% for the entire population[21]. For university programs, only 5% of the Aboriginal population had completed a degree, versus 13% for the total population. This is offset by the fact that completion rates for non-university post-secondary programs by aboriginal students in Manitoba is markedly better, with 20% of the Aboriginal population completing non-university post-secondary education programs, compared to 26% of the total population.

Recent research has shown promising connections between high school completion and post-secondary education completion. Using Statistics Canada census data, Michael Mendelson of the Caledon Institute of Social Policy examined Aboriginal participation in the Canadian post-secondary education sector. When comparing the rate of high school graduates who have completed post-secondary education, he found that 76% of the total population of high school graduates had completed post-secondary education, while 74% of Aboriginal high school graduates had attained the same level of education.

index.html.

20 2001 Census, Statistics Canada.

21 Ibid.

3.3.1 Access

While high school participation and completion rates are beyond the scope of this paper, the basic barriers to completing any education remain the same. Poverty and access to funding play key roles for anyone wishing to participate in any system of education. Federal funding through the Post-secondary Student Support Program (PSSSP) is a treaty right. However, funding increases have been frozen at 2% since the mid-1980s (average annual CPI since 1985 has been 2.6%[22]). Along with the Aboriginal population boom and skyrocketing tuition fees during the same period, this means that fewer First Nations students are receiving less funding than ever before.

In 2004, the Auditor General of Canada cited the lack of federal funding as the reason 9,500 First Nations people were prevented from pursuing a post-secondary education in 2000[23]. The Assembly of First Nations estimates that 10,588 students were denied funding from the PSSSP between 2001 and 2006, and an additional 2,858 in 2007-2008.

In Manitoba, programs like ACCESS and the creation of the University College of the North are helping to increase Aboriginal participation in university programs. However, participation rates for Aboriginal people remain low in Manitoba, and with a rapidly-growing Aboriginal population, coupled with declining non-Aboriginal demographics, increasing access and participation amongst Aboriginal students must be a provincial priority.

3.4 Rural and Northern Students

On top of all the items already discussed in this paper, rural students in Manitoba face a number of significant challenges to participation in post-secondary education. Apart from the significant gap between rural and urban families[24], students

22 Inflation Calculator, 2008, Bank of Canada, Available: http://www.bankofcanada.ca/en/rates/inflation_calc.html.

23 No Higher Priority: Aboriginal Post-Secondary Education in Canada. (Ottawa: House of Commons, 2007).

24 Vik Singh, The Rural-Urban Income Gap within Provinces: An Update to 2000 (Ottawa: Statistics Canada, 2004).

who live away from centres with post-secondary education institutions face a significant move, or significant commute, without any special consideration from the system of student aid.

For students moving to a metropolitan centre to attend college or university, Manitoba Student Aid allows for limited moving expenses, assessed as part of an applicant's need, or allows for travel expenses to be assessed in lieu of shelter expenses. As an example, a student living in Steinbach, Manitoba, commuting by car to the University of Manitoba, travels 70 kilometres each way, five days a week, or 700 kilometres per week. If the student travels to and from school for 33 weeks, at the rate of $0.26 per kilometre prescribed by Manitoba Student Aid, the student should have a need of $6,006. However, the maximum shelter amount allowed by Manitoba Student Aid is $364 per month, or $2,793 for 33 weeks. If the student parks at the city limits and takes public transit for the remainder of the trip, they are also entitled for the public transit assessment of $70 per month, or $537.21 in additional assessed need. However, this total is still only $3,330.21, far short of the $6,006 that the student needs to finance her commute. Worse yet, any of this amount that is granted as a loan is taken against the maximum limit of $11,600 per year. This creates a significant financial divide between needy rural and needy urban students.

The maximum vehicle value limit also unfairly affects rural students. While a $5,000 maximum value may seem reasonable for students commuting inside an urban centre, for rural students who have to travel through treacherous weather conditions, and unpaved or uncleared rural roads, a vehicle that is safe for city driving may not be safe for highway driving. Further, many residents of rural Manitoba drive trucks or larger vehicles for reasons of necessity and safety, given that a car sometimes cannot pass snowed-over rural roads. These vehicles have much higher values than small cars, as well as higher operating costs, neither of which is taken into account by Manitoba Student Aid.

A 2002 study by Marc Frenette looked at the likelihood of attending college or university by income quartile and distance of commute. He found that the participation gap between upper and lower-income individuals widened, depending on the distance that they live from their place of study. Upper-income students living between 40 and 80 kilometres away from their school were 3.5 times as likely to attend as their lower-income counterparts. When that distance is increased to about 80 kilometres, the gap widens to nearly six times. Although the expansion of rural education, such as additional spaces at Assiniboine Community College (ACC), the expansion of the University College of the North (UCN), and distance education programs, is making a difference, the basic challenges of distance remain. For students commuting to a UCN campus in northern Manitoba, the Steinbach example is amplified: many of those trips would take long hours, even if they are less frequent.

3.5 Part-time Students

With part-time enrolments now accounting for nearly 36% of post-secondary students in Manitoba, studying part-time has become a necessity for many. Due to limited options for financing the rising cost of education, the necessity to work to support a family, limited access to childcare, and a number of other factors, more students have taken to studying on a part-time basis. Part-time status is determined differently at every institution, and accommodations are made for students with disabilities. However, the costs and benefits of full-time versus part-time status, along with how this status is determined, is an entirely subjective decision on the part of an institution.

Almost no financial aid is available to part-time students in Manitoba. The federal government offers limited Canada Study Grants for part-time students with dependants and part-time students with disabilities. However, most part-time students are only eligible for Canada Student Loans with a maximum loan limit of $4,000, and no interest relief during the study period. For many part-time students, the bank is a better option than our public student aid system.

One significant factor identified by many part-time students across Canada is the availability of child care spaces. In Manitoba, the government created 1,975 new spaces between 2002 and 2007[25] (an 8% increase). During the same period, however, part-time enrolment in Manitoba's post-secondary institutions increased by over 18%. Combined with the lack of after-hours childcare spaces, the childcare crunch in Manitoba is a barrier to post-secondary for students with children.

3.6 Students with Dependants

Little additional aid is available for students with dependants. The Canada Student Loans Program and Manitoba Student Aid provide a moderately higher living allowance under the needs assessment for students with dependants. However, these students are still subject to the same total annual cap on aid, regardless of their increased need.

Students who apply for student aid are automatically considered for Canada Study Grants for students with dependants. However, these awards are a maximum of $60 per week for a full-time student with three children. While these programs do assist students with dependants, the lack of funded childcare spaces in Manitoba and the huge added pressures of completing full-time studies with children make these forms of assistance extremely limiting for parents working to further their education.

As mentioned above, because aid limits are not increased for students with dependants, the CSLP and MSA not only force students to live in poverty, but they force their dependant children to live in poverty as well.

3.7 Students with Disabilities

Several forms of non-repayable aid are available for students with disabilities in post-secondary programs. A Canada Access Grant of up to $2000 per year and a Canada Study Grant of up to $8,000 per year are available for students with disabilities. These additional forms of aid are intended to help fund students with disabilities, who often complete their studies over a longer period of time than students without disabilities, and to help pay for extra services like interpreters or tutors.

3.8 Medical Student/Resident Financial Assistance Program

In 2001, in an effort to increase the retention of medical school graduates in Manitoba, the provincial government announced a system of non-repayable aid for third- and fourth-year medical students and medical residents, who agree to practice in the province after graduation.

For third-year students, the program consists of a $15,000 annual grant for students who agree to practice medicine in a rural community in Manitoba for one year after completion of their program. For fourth-year students and residents, the program requires one year of service per year of aid, anywhere in Manitoba. Applicants enter into a service agreement with the province in order to participate in this program.

A similar program was announced by the provincial government in the 2006 provincial Speech from the Throne. The program provides a 10% per year tuition fee rebate to all students who stay in Manitoba, for each year they remain in the province, to a maximum of 60% of fees, or $25,000. Similar to a program in place in New Brunswick, this initiative is intended to increase graduate retention in Manitoba. It is only retroactive to tuition fees paid after January 1, 2004, can only be claimed after graduation, through the tax system, and only covers tuition fees, not expenses like ancillary fees, books, transportation, or living.

The tuition fee rebate program is a positive step in reducing the long-term implications of debt for Manitoba graduates. However, the program does nothing to increase access to college and university programs since it provides aid no students trying to finance their education in the first place.

25 Bulletin No. 1, (Winnipeg: Child Care Coalition of Manitoba, 2007).

3.9 Private Debt

The only option for students in Manitoba who are ineligible for the Canada Student Loans Program and Manitoba Student Aid, or have more need than the public system can provide, is to take out private loans or lines of credit from their financial institutions.

Unlike the CSLP and MSA, banks and credit unions provide unsecured loans like student loans solely on the basis of a student's future ability to repay the loan. Students in professional programs like medicine and law can access greater amounts than students in a humanities program. In addition, not all students are eligible to borrow from a financial institution, based upon their past credit history.

For students borrowing privately, interest begins to accrue the moment that they borrow the money. Unlike public loans, a student has accrued years of interest by the time they graduate (and interest accrued during the study period goes against their total credit limit while they study), vastly increasing their cost of borrowing.

Because of financial disclosure laws, little is known about private debt levels of students, or the reasons they borrow from private institutions. However, Manitoba Student Aid has indicated that borrowing is slowly declining at a time when costs are rising, likely forcing students to access additional private loans. A limited analysis of private loan usage is discussed in Chapter 6.

Chapter 4: Budget Choices for Manitoba

Budgets are about choices. In the 1990s, the Canadian Centre for Policy Alternatives began its alternative budget project based upon this simple idea. Before delving into the types of budget choices that will direct student aid towards policies for an equitable, just, and educated society, it is important to provide a brief overview of government spending and taxation choices over the past number of years.

The most common myth about modern budgeting is that current rates of taxation are too high to make Manitoba nationally and globally competitive. However, this myth has more to do with perceptions promoted by conservative groups with agendas of decreased government services and mass privatisation. The reality is that Manitobans enjoy low cost of living, and that a moderate level of taxation affords the services needed for the province to grow and improve.

4.1 Fair Taxation

To understand current tax levels, one must look at the slash-and-spend days of the 1990s in Manitoba. The previous government, through an agenda of aggressive personal and business tax cuts, along with reduced social program spending, put the province in a deficit budgetary situation until the late 1990s. These tax reductions (primarily for businesses) greatly reduced the Province's fiscal capacity, and failed to provide the promised economic growth.

With the change in government in 1999 came the restoration of spending on social programs, coinciding with an agenda of moderate annual tax reductions. They add up: Between 2000 and 2007, the Manitoba government cut $787 million in taxes[26]. The combined lost revenue in Manitoba over these years could have provided the capital funding for over 39,000 new childcare spaces, increased university and college budgets by 27% each year, or eliminated 93% of tuition fees in Manitoba[27].

While the combined corporate and personal tax cuts mean a small immediate benefit to Manitobans, the long term implications of under-funding education, health care, and other social services have much greater long-term social and economic costs. Of particular note is the focus of the current government on personal income tax cuts. The unfortunate reality is that much of the benefit (and lost government revenue) from tax cuts goes to the wealthiest Manitobans, while the poorest in Manitoba continue to receive limited assistance from social programs and government transfers.

Advocates of small government may continue to call for further, unrealistic tax reductions, but Manitoba already has some of the lowest tax rates in Canada. Now is the time for the provincial government to end the hemorrhaging of revenue, and to reinvest in core programs.

4.2 Manitoba Can Afford to Fix Student Aid

Over the past eight years, Manitoba has seen a steadily growing economy alongside tax reductions. At the same time, provincial budget surpluses have grown steadily: Between 1999 and 2007, the provincial government posted combined surpluses of nearly $1.5 billion dollars. In 2006-2007, the provincial budget surplus was 4.9% of total government expenditures, a significant sum by any account.

While these surpluses may not seem as dramatic as the multi-billion dollar federal surpluses of the past decade, in proportional terms, a $430-million surplus on an $8.8 billion provincial budget[28] is equivalent to the highly criticized $9.2-billion

26 Shauna MacKinnon et al, 2006 Manitoba Alternative Provincial Budget (Winnipeg: Canadian Centre for Policy Alternatives, 2006). 2007 Manitoba Provincial Budget. (Winnipeg: Government of Manitoba, 2007). Calculations by Canadian Federation of Students.

27 Calculations by Canadian Federation of Students.

28 2007 Manitoba Provincial Budget.

Manitoba Government Surpluses, 1999-2007

Year	Surplus (millions)
1999-00	$11
2000-01	$40
2001-02	$63
2002-03	$4
2003-04	$13
2004-05	$562
2005-06	$375
2006-07	$430
2007-08*	$175
2008-09*	$182
2009-10*	$61
2010-11*	$100
Accumulated: 1999-2007	$1,498
Accumulated: 2008-2011	$518

*projected surplus
Source: 2001–2007 Manitoba Provincial Budgets

federal surplus[29] on a $223.6 billion federal budget[30].

The provincial surpluses that are being posted year after year—alongside unnecessary provincial tax cuts—show that the government has ample fiscal capacity to provide the needed funding for universities and colleges in the province. It can afford to further reduce tuition fees, eliminate ancillary fees and differential fees for international students, and provide the best system of student financial aid in the country while making critical investments in college and university operating and capital budgets.

29 Derek Burleton, The 2007 Federal Budget (TD Bank Financial Group, 2007).
30 2006 Federal Budget. (Ottawa: Government of Canada, 2006).

4.3 Federal Responsibility

Since the federal funding cuts of the mid-1990s, the Canadian Federation of Students has echoed provincial governments across Canada—including the Manitoba government—in their calls for more adequate federal social service and health transfers. While transfers to the provinces have slowly risen in other areas, funding levels for post-secondary education have lagged behind, with two successive federal governments' favoring a patchwork system of tax credits over transfers to the provinces.

The first change came as part of the 2007 federal budget, in the form of an additional $800 million annual transfer payment to provinces for post-secondary education. While this was the largest federal funding increase to post-secondary funding in recent memory, it fell short of the $3.8-billion dedicated federal transfer called for by the Canadian Federation of Students. That said, for this new funding to have a significant impact in Manitoba, the government must use it for its intended purpose, and not displace any existing or new funding to the post-secondary sector in the province.

As the long-running inter-jurisdictional debate over federal transfer payments continues, Manitoba must take the lead in establishing spending priorities, rather than simply blaming the federal government for transfer shortfalls that began before most of today's college and university students were born.

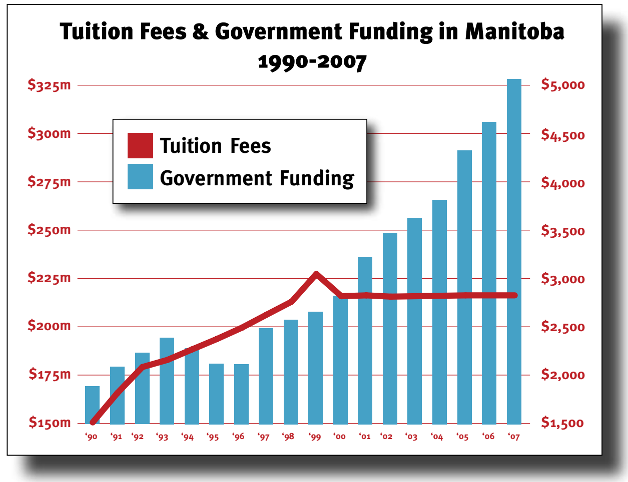
4.4 Reducing User Fees

There are those in the university community—mainly university administrators seeking to increase revenues at any cost—who suggest that the quality of education is directly proportional to tuition fee levels, and that tuition fees have no relation to government funding levels whatsoever. The reality is that arguments like these are often politically motivated. There is, in fact, no direct relationship between tuition fees and quality. However, history has proven that there is an inverse relationship between tuition fees and government funding levels.

The evidence of this relationship can be seen provincially, nationally, and internationally. For example, during the 1990s, when tuition fees in Manitoba rose by over 120%, government funding largely declined, rising during election years. As a result, universities cut staff, cut spending on supplies and maintenance, and some went so far as to eliminate grounds care and window-washing. In contrast, since the implementation of the tuition fee freeze, government funding has steadily risen at its highest rate in the past two decades. The contrast between eras of government funding increases and tuition fee increases is stark: rising tuition fees never result in notable increases in quality at colleges or universities. In our public system of post-secondary education, annual funding increases are essential to maintaining and improving the quality of our institutions.

Similar evidence exists in Newfoundland and Labrador, where a tuition fee freeze was accompanied by a 42% funding increase from 2005-2006 to 2007-2008 was implemented. So too in Québec, where during 35 years of frozen tuition fees, the government chose to insulate students from federal funding cuts. In both provinces, the government imperative to freeze and reduce tuition fees has meant that the provinces have a reason to fund colleges and universities at higher levels. At the same time, quality has not suffered. McGill University in Montreal is consistently regarded as a world-class institution in spite of (or perhaps because of) frozen tuition fees.

Yet when provinces where tuition fees have been allowed to skyrocket are examined, no such funding imperative exists. In Ontario, where tuition fees have increased for 23 of the past 25 years, government funding has stagnated, or even been cut. And while user fees have risen year after year, Ontario university presidents have consistently decried the lack of funding, and alleged that there is a correlating decline in the quality of education. Despite some of the highest tuition and ancillary fees in the country, Ontario colleges and universi-



ties have not seen the facility upgrades, faculty hiring, and smaller class sizes that are hallmarks of improved quality. Once again, this is proof that a link exists between lower tuition fees and higher quality, not higher tuition fees and higher quality.

In Manitoba, graduate students are now facing threats of tuition fee hikes. For years, "continuing fees" or "post-residency fees" – lower fees charged to graduate students during the research phases of their degrees – have offset the high fees charged to graduate students. These lower fees reflect the limited usage of university resources, as well as the contribution graduate students are making to the research engines of universities. Yet, over the past decade, many universities across Canada have introduced flat fees for the duration of graduate programs. At the same time, Manitoba universities have not introduced such fees, resulting in an increase in graduate student enrolment in spite of low levels of graduate student funding.

However, recent proposals to eliminate continuing fees have emerged at both the University of Manitoba and Brandon University, putting at risk the ongoing health of their graduate programs. During a time of high demand for skilled workers and low graduate student funding levels in Manitoba, a significant increase in fees will mean skyrocketing fees for graduate students, and will severely hinder the ability of universities in Manitoba to attract graduate students. A May 2007 paper by researchers at Princeton University show the acute affects of rising debt on graduation: they found that as debt levels rise, graduates are forced to pursue higher-paying jobs to pay back their debt, resulting in fewer graduates pursuing lower-paying, public sector opportunities[31]. This problem is even more pronounced for graduate students who complete their second or third degree with even higher levels of debt than undergraduates.

International Student Fee Differential by Institution

University of Winnipeg (2007-08)	150%
University of Winnipeg (2008-09)	239%
University of Manitoba-Undergraduate	200%
University of Manitoba-Graduate	111%
Brandon University	111%
Collège universitaire de Saint-Boniface	111%

Source: University Registration Guides

International students have also been subjected to significant fee increases, both in Manitoba and across Canada. While these fee increases are the direct result of low government funding levels, they are contrary to the public interest. International students represent a tantalizing pool of potential immigrants for provinces with shrinking populations. These students are educated, have connections to their communities within Canada, and represent the ideal candidates for immigration. Yet, universities are allowed to charge international students two to three times as much as domestic students, arguing "international students don't pay taxes." The reality is that international students pay exactly the same taxes as Canadian students, and will continue to should they choose to immigrate. The current policy of penalizing students based on their nationality is both discriminatory and contrary to the immigration needs of our province.

31 Jesse Rothstein and Cecilia Elena Rouse, Constrained after College: Student Loans and Early Career Occupational Choices (Princeton University & National Bureau of Economic Research, 2007).

In Manitoba, many have seen fees rise by 100% or more overnight, at a time when it is difficult to attract and retain qualified professionals. In Ontario, where professional program fees are extremely high—on par with many American universities—low- and middle-income students have been all but priced out of programs like law, dentistry and medicine. Conservative advocates of higher user fees often point out that the future earnings potential of professional program students is high enough that they can afford high tuition fee levels, but the true impact of these fee hikes is to simply limit these programs to upper-income students, rather than qualified students[32].

An often-used refrain by university administrators when raising professional program fees is that graduates in these lucrative fields will have no problems paying off any accumulated debt upon graduation. For example, the average tuition fees paid for an Arts or Sciences degree in Manitoba is $11,794[33], while the average income of a university graduate in Manitoba is $41,856[34], a tuition fees to salary ratio of 28%. However, this same ratio is much higher for professional programs with higher tuition fees. For example, for an engineering graduate, this ratio is 57%, and for a law graduate, this ratio is 97%. Even with the slightly higher earnings potential in these fields, graduates are paying a much higher portion of their post-graduation earnings to debt servicing than their counterparts in non-professional programs.

4.5 Benefits of the Tuition Fee Freeze

Canadians have long identified education as a social priority in Canada. Churches ran the first

32 Hugh McKenzie, The Tuition Trap (Toronto: Ontario Confederation of University Faculty Associations, 2005).

33 Statistical Compendium for the Academic Years Ending in 2006. (Winnipeg: Manitoba Council on Post-Secondary Education, 2007). Calculation by Canadian Federation of Students.

34 "Average Earnings of the Population 15 Years and over by Highest Level of Schooling, by Province and Territory (2001 Census) " 2001, Statistics Canada, ‹http://www40.statcan.ca/l01/cst01/labor50b.htm›.7

Canadian universities, but by the turn of the 20th century, provinces began to identify the need for publicly funded, publicly run schools for all Canadians. While Canadian universities followed a similar path, they remained privately run far longer than primary and secondary schools, and a system of high user fees existed until after the Second World War. By the 1960s, provinces were looking seriously at the costs of university and college education, and the new province of Newfoundland and Labrador had eliminated tuition fees entirely for a period of three years. By 1976, the Canadian government had signed a UN Declaration committing itself to the progressive elimination of tuition fees for post-secondary education.

With the graduation of the baby boomer generation, and the years of high inflation that followed, tuition fees in Canada rapidly rose. By the early 1990s, students were paying more than ever before. Provinces, spurred on by the problems created by federal funding cuts, individually recognised the importance of affordability, becoming aware that allowing tuition fees to rise was a political choice. Tuition fees in Québec have been frozen for most of the last 40 years; fees in British Columbia were frozen from 1995 until 2001, with a reduction in 2000; fees were frozen in Newfoundland and Labrador in 1998, and were reduced between 2002 and 2004; fees in Manitoba were reduced in 2000, and have been frozen since; fees in Alberta were frozen in 2005-2006; fees have been frozen in Saskatchewan since 2005; fees in Ontario were frozen from 2003 until 2006; and fees in Nova Scotia were frozen and reduced in 2007.

The establishment of the tuition fee freeze in Manitoba coincided with a change in government, and came after a decade of tuition fee hikes and inadequate government funding for post-secondary education. The tuition fee freeze—and accompanying restoration of needs-based grants and increased funding for institutions—heralded in a 33% jump in enrolment over the following 5 years[35].

Critics of the tuition fee freeze often note that enrolment has risen significantly in jurisdictions with rising fees, and that the tuition fee freeze policy is therefore ineffective in its objective of increasing access. However, this is a gross oversimplification, for two reasons. First, it is difficult to believe that a policy of rising user fees will make it easier for students to attend college or university.

Second, freezing tuition fees is only one component of public policy affecting the accessibility of university. Funding levels for colleges and universities have a direct impact on program spaces, recruitment, and the quality of academic programs. Student financial aid, in the form of grants and loans, also affects the ability of many potential students to pursue advanced education. General poverty eradication measures also contribute, as do average salaries in jobs not requiring post-secondary education. High school awareness programs, like the Career Trek program in Manitoba, also have a limited impact on post-secondary enrolment.

Access to post-secondary education is not a simple policy area. There is no single program that would single-handedly both boost enrolment and improve access in a sustained way. The successes seen in the early 2000s in Manitoba were the result of a multi-pronged approach, and future improvements in access and quality will also be the result of combined efforts. While program user fee levels have a central effect on enrolment and access, any discussion of improvements to access in Manitoba must examine all aspects of the system, not just one single policy.

4.6 Trends in Enrolment

Graduation from secondary schools in Manitoba has been rising steadily for the past decade, growing by over 15% since 1996[36]. The Canadian Association of University Teachers has also shown that the university participation rate in the 18-to-24 year-old age group has risen from 17.8% in 1996 to 21.1% in 2004[37].

35 Dwight Botting, Manitoba Advanced Education and Literacy Annual Report 2006-2007. (Winnipeg, 2007).

36 Figures provided by Manitoba Government. Calculations by Canadian Federation of Students.

37 CAUT Almanac of Post-Secondary Education

University enrolment in Manitoba has been on the rise since bottoming-out in the mid-1990s. Between 1998 and 2005, university enrolment grew by over 36%[38], with an equally rapid rise in both part-time and full-time enrolment. Given that the number of high school graduates in Manitoba only grew by 14% during the same period, this increase in university enrolment suggests a rising overall participation rate in Manitoba. Part-time university enrolment as a percentage of the total has remained stagnant since 1998, with part-time students forming 42% of total 2005 enrolment.

On the other hand, graduate student enrolment in Manitoba has increased more rapidly than total enrolment, growing by 41% between 1998 and 2005. Interestingly, part-time enrolment of graduate students grew nearly 92% during the same period, with over 36% of graduate students studying part-time in 2005.

College enrolment has also grown substantially since the 1990s, with an increase of 44% between 1998 and 2005. Of particular interest is the rise in part-time college enrolments, a demographic that has grown by 220% during the same period. In 2005, part-time students represented 12% of college enrolment, up from 5.5% in 1998.

With a decline in birth rates over the past decade, and the anticipated decline in high school graduates over the coming years, post-secondary institutions will be hard-pressed to continue recruiting more students in the next decade. Future enrolment increases should come from improved participation rates among Aboriginal peoples in Manitoba and other groups facing accessibility challenges. The growing need for post-secondary education in new jobs means that a larger portion than ever of the entire population of the province will be seeking higher levels of education in the coming years.

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in Canada, (Ottawa: Canadian Association of University Teachers, 2007).

38 Statistical Compendium for the Academic Years Ending in 2001. Statistical Compendium for the Academic Years Ending in 2006.

Chapter 5: A Vision for the Future

5.1 Creating the Conditions for Better Student Aid

As outlined in Chapter 3, there is a direct correlation between higher funding levels and lower debt levels for college and university graduates. Public funding and tuition fee levels affect reliance on student aid and total debt levels. It is the elevated public funding for universities and colleges that comes along with tuition fee freezes and reductions that create conditions for better student aid. Apart from improving quality and accessibility, increasing the public investment in colleges and universities also leads to a diminished need for student aid. In this chapter, a series of recommendations are made, including measures to improve the overall accessibility and quality of Manitoba's universities and colleges, as well as recommendations directly related to student aid.

The current rate of funding growth—7% per year—strikes an adequate balance between the funding growth needed to begin addressing the funding shortfalls of the 1980s and 1990s, and the principle of fiscal prudence. Government funding only accounts for 63.6% of university funding in Manitoba, down from 82.5% two decades ago[39]. This dramatic decline has been a result of both federal funding cuts and provincial government spending priorities during the 1980s and 1990s, and has resulted in the growth of tuition fees as a percentage of university funding from 13.0% to 24.4%[40].

Last year's provincial funding increase of 7% was welcome news for universities, but really represented only a 4.5% funding increase, given that government funding only comprises two-thirds of their budgets. To achieve a 7% overall funding increase, government funding increases must be calculated based on total institutional budgets, and not simply the current government-funded percentage. For 2008, this would require an additional funding increase of $8.8 million. The long term goal in Manitoba should be a return to a funding model of 85% government funding.

The Canadian Federation of Students recommends a continued investment in post-secondary education in Manitoba by restoring provincial government funding for colleges and universities to the share of total budget it represented in 1985 (83%).

The Federation recommends that the estimated $24 million in new federal transfer funds be added to provincial funding increases, and that it not be used to replace provincial funds. The long-term goal of additional federal transfers should be to restore government funding as a percentage of university and college funding to 1985 levels.

Despite the rapid growth in provincial government funding for post-secondary education over the last three years, university presidents consistently decry public funding as inadequate. Yet these same administrators continue to fund non-core program areas, including unnecessary aesthetic improvements, and the construction of recreation and ancillary facilities.

While some of these may be positive areas of expansion, non-core projects are being prioritised before lab and classroom upgrades, faculty hiring, and academic program expansion. University budgets are about choices in spending, whether to prioritise labs and professors, or landscaping and aerobic facilities. It seems that university presidents are prioritising the latter, and then crying broke when they need to fund academic areas.

For the past three years, the government of Manitoba has announced budget surpluses of greater than $300 million annually. The cumulative surplus since the government changed in 1999 is nearly $1.5 billion. These surpluses are enough to do more than eliminate tuition fees for all Manitoba students for each of the last eight years. Surpluses

39 CAUT Almanac of Post-Secondary Education in Canada.
40 CAUT Almanac of Post-Secondary Education in Canada.

could also have been used to fund the rapidly mounting physical infrastructure gap on Manitoba campuses or have been allocated as operating grants to universities to cover ongoing shortfalls.

The Canadian Federation of Students recommends that the province set aside $250 million for the creation of a capital fund, to which colleges and universities can apply for capital, repair, or maintenance funding. The Federation recommends that the Council on Post-Secondary Education administer the fund.

Many of the systemic improvements proposed below have a cost associated with them. Beyond allocating surplus dollars to the post-secondary education sector, the Canadian Federation of Students has long advocated against reducing fiscal capacity through successive tax reductions. While it is far beyond the scope of this document to examine the system of taxation in Manitoba, the Federation firmly believes that Manitoba's progressive income taxation system, coupled with the elimination of user fees for universal public services, is the most effective, stable, and equitable way to fund programs like post-secondary education.

This concept of universal payment through the tax system, based not upon individual benefit received but upon ability to pay, has been proved through our public primary and secondary school system, and our public health care system. All Canadians are equally able to access these public services, which are financed solely on an ability-to-pay model . Our public schools were made free to all Canadians because of the societal need for educated workers and an educated population. Apart from the personal benefits derived from public education, an educated populace has a higher participation rate in elections, is healthier, and has a higher standard of living.

Some have denounced tuition-freeze policies as a subsidy for the rich, since everyone benefits equally from frozen tuition fees, regardless of financial means. In fact, the opposite is true. Manitoba's progressive taxation system ensures that everyone pays a fair share. User fees only to place an undue burden on lower income participants in the system. One study shows that, in Ontario, while the upper-income quartile contributes 47% of tax revenues, it makes up 31% of the post-secondary population. The two middle-income quartiles make up 45% of the tax revenue, and 48% of the student population, with the lowest income quartile contributing only 8% of tax revenue, but making up 21% of the student population.[41]

Others argue that tuition fee freezes should not remain a priority while other pressing policy areas, such as Aboriginal students' high school completion rates in Manitoba, remain a barrier to post-secondary education. Yet allowing tuition fees to rise while tackling Manitoba's racialised poverty is ill-advised. The Assembly of First Nations, for example, clearly identifies both improving high school completion rates and more funding for Aboriginal post-secondary education as priorities—part of an overall strategy to end poverty[42].

The Canadian Federation of Students opposes a system of post-secondary education funded by user fees in favour of a system funded through a progressive system of taxation.

5.2 User and tuition fees

5.2.1 Tuition and Ancillary Fee Regulation

In spite of a tuition fee freeze in Manitoba since 2000, institutions have raised mandatory ancillary fees—essentially tuition fees—for each of the past three years, under the guise of funding non-academic areas and the promise of using some of the new fees to increase student aid. However, these fees, which have amounted to overall fee increases of as much as 15% over the past three

41 Hugh McKenzie. Tuition Fees: A Regressive Flat Tax: Canadian Centre for Policy Alternatives, February 2007

42 Assembly of First Nations, Available: http://www.afn.ca/article.asp?id=3828

years, mean that students are being forced to borrow more to finance their education, while no new aid money is being made available (be clear on whether aid from fee increases is or is not getting to students).

While university presidents downplay the positive effects of the tuition fee freeze, it is up to the province to ensure that these presidents follow provincial policy with respect to tuition fees. In addition, the necessity of these increases is a topic of contention at university boards, since raising fees is only one choice available to university administrators. The decisions to increase funding for institutions and keep tuition fees frozen are political choices made by the provincial government. Yet the provincial government continues to allow ancillary fees and fees in certain programs to rise[43].

The Canadian Federation of Students recommends that all future funding for colleges and universities be contingent upon those institutions' maintaining the tuition fee freeze, including a moratorium on increases to mandatory ancillary fees.

5.2.1 Differential Fees Charged to International Students

International students studying in Manitoba face a number of additional barriers, only because of their nationality. These students are highly educated and are ideal immigration candidates. At a time when Manitoba needs highly skilled workers to maintain the province's economic growth, these students are an ideal source of potential immigrants, and provide a needed boost to Manitoba's workforce. Manitoba's workforce is expected to stop growing by 2011, making it even more important to make international student immigration a core part of Manitoba's economic strategy.

43 Ancillary fees refers to mandatory user fees that are, in essence, the same as tuition fees. Students' union dues are governed by those unions' bylaws and, in some cases, provincial legislation, and are excluded from this discussion.

The Canadian Federation of Students recommends the adoption of a provincial policy eliminating differential fees for international students at all Manitoba colleges and universities.

5.3 Student aid eligibility

In the previous chapter, a number of areas were identified within the existing student aid system that merit both attention and improvement.

One important note to consider when reviewing these recommendations is that the Canada Student Loans Program provides 60% of the repayable aid for a student with assessed need. Manitoba Student Aid has harmonised eligibility and funding rules with those of the Canada Student Loan Program. While this makes things easier for administrators, it ties the provincial system of aid to a program that could be referred to as the "lowest common denominator".

When reviewing the recommendations forwarded here, consider them in the context of doing better than the national program. Often, change comes because one group or province shows that concrete, financially-sustainable improvements are possible. While "The federal government is playing politics" may be a popular refrain by which to hold Manitobans hostage to ineffective and unfair policies, it is one that students are tired of hearing.

The Canadian Federation of Students recommends that the Province make needed changes to the Manitoba Student Aid program independently of the Canada Student Loan Program policy, with the long-term goal of effecting change in the national program.

As discussed previously, the lifetime maximum of 340 weeks of aid for students, as set out by the Canada Student Loans Program, poses a challenge to students seeking to complete a full academic track, from undergraduate studies to the end of their Ph.D.

The Canadian Federation of Students recommends that the lifetime cap on weeks of study eligible for student aid be removed for Master's and Ph.D. students.

5.3.1 Application and Assessment

Since 2000, the re-introduction of grants and bursaries such as the ACCESS initiative, along with the tuition fee freeze policy and higher funding for colleges and universities have made a real difference in Manitoba in promoting access to college and university, and keeping debt levels lower than the Canadian average. However, much remains to be done.

None of the changes to the student aid system proposed below are based on the idea that students should be forced to incur higher debt to finance their education. Quite the contrary: we are proposing changes to make college and university more accessible to those students with the least financial resources, while keeping debt levels at their current levels or lowering them.

The Canadian Federation of Students opposes any changes to Manitoba Student Aid that will result in higher Canada Student Loan Program/Manitoba Student Aid debt levels for students.

As discussed in the previous chapter, allowable living expenses under the existing student loan program are considerably less than the 2006 Low-Income Cut-Off (LICO) levels for Manitoba. While it is certainly fair to expect students to live modestly while studying, it is intolerable to expect students to live in significant poverty during their studies in order to qualify for financial assistance. The current program is similar to many social assistance programs in that it expects users to live at an extremely low standard. While the short- and long-term repercussions of living in poverty are far beyond the scope of this paper, no government should advocate forcing anyone into poverty.

The Canadian Federation of Students recommends that the minimum annual living allowance of the student aid program be the current Low Income Cut-Off amount, as determined by Statistics Canada, adjusted on the basis of the area in which a student is studying (not the area of permanent residence), and updated annually by the rate of inflation. Increased need resulting from the use of LICO for assessments would be met with non-repayable aid (grants) and higher allowances for in-study earnings.

This paper identifies a number of challenges faced by rural students, in particular those commuting to their place of study. With the rising cost of owning and operating a vehicle, and the increasing need to commute, it is unreasonable to expect students, especially rural students, to drive a car valued at less than $5,000. More importantly, it is unreasonable to financially penalise a needy student for driving a car, when the option of selling it for a cheaper one, or ending a lease early, may not be financially possible. Simply put, owning a car valued at over $5,000 does not imply that the student has access to over $5,000 in funds that could be used towards educational expenses.

The Canadian Federation of Students recommends that vehicles be exempted from consideration as a resource for Manitoba Student Aid applicants.

Currently, the assessment of educational and living expenses does not include the cost of servicing existing debt, be it student debt or other debt. A poor history of repayment on a private loan might mean that an individual becomes entirely ineligible for public aid. Students who do manage to service existing debt are penalised by student aid. For example, a student with $10,000 in loans through her bank might be charged $70 to $100 each month in interest. Because these fees are assessed monthly, the student is responsible for paying them, or borrowing more on an ongoing basis, to keep up with payments. Although the CSLP and MSA do not count these expenses in their assessment, these payments comes out of cash flow, regardless.

Like government student loans during repayment, individuals cannot escape the costs of debt servicing or repayment, even if Manitoba Student Aid wants them to ignore those costs. For many students, this means quietly going further in to debt.

The Canadian Federation of Students recommends that the cost of servicing existing debt be included as a needs-assessment criteria for student aid applications.

A related problem is the inadequate allowance provided for the purchase of a computer ($500 annually). Given that distance courses require the use of a computer, and are often the only realistic option for rural and northern students, as well as students with dependants or those who require flexible course scheduling, it is particularly important that students receive a sufficient computer allowance at the beginning of their studies.

The Canadian Federation of Students recommends that the computer allowance be increased.

Many students have described the student aid application process as lengthy, difficult, and not transparent. As with any administrative process, there is a certain amount of bureaucracy necessary to make the system work. However, the turnaround time on student loans is often more than 30 times that of bank or credit union loans. This forces many students to delay paying tuition fees and purchasing books. With the current state of electronic communications, direct deposit, and online applications, it is reasonable to expect a quicker turn-around time.

The Canadian Federation of Students recommends a review of the administrative process of Manitoba Student Aid, with an aim to reducing turn-around times to less than 5 days.

5.3.1 Part-time students

Students study part-time for a variety of reasons, but it generally boils down to special needs, a lack of financing and the need to maintain employment income. Many part-time students are also mature students, and face the challenge of finding childcare spaces to allow them to attend classes. The simplest way to immediately address the financial needs of part-time students is to make the current provincial system open to them, regardless of CSLP rules.

The Canadian Federation of Students recommends that full-time status be eliminated as an eligibility requirement for Manitoba Student Aid loans and bursaries, and that a pro-rated living expense amount for part-time students be set. The Federation recommends that the required personal contribution be set such that the applicant would be left with an income no lower than the current after-tax Low Income Cut-Off, as defined by Statistics Canada.

For students with children, the availability of affordable and flexible public childcare is often a major problem. During the 2007 election, the NDP promised to create 1,000 new childcare spaces. While these spaces have yet to be created, they are critical in addressing the childcare needs of post-secondary students in Manitoba.

The Canadian Federation of Students recommends that the provincial government continue to invest in public childcare.

5.3.1 Aboriginal students

This report has identified a number of barriers faced by Aboriginal students in Manitoba. While the foremost challenge for Aboriginal people interested in pursuing post-secondary education is the completion of secondary school, targeting policy exclusively towards the secondary school system would be shortsighted.

Given the challenges confronted by Aboriginal students in our province, and the vital necessity of providing adequate support to Aboriginal students pursuing college or university, additional financial supports at the post-secondary level are required. As the number of Aboriginal students completing secondary school and wishing to pursue college or university grows, so too does the demand for financial aid.

The Canadian Federation of Students recommends that funding for additional ACCESS bursaries keep pace with the increasing number of Aboriginal students completing a secondary education and the rising costs associated with attending college or university.

5.4 Non-repayable Aid

The introduction in 2000 of the current regimen of non-repayable aid (grants) in Manitoba has done much to reduce student debt levels in the province. However, the current system simply reduces debt after a student has taken it on, typically in the summer after a borrower has finished a given year of studies. Based on information from Manitoba Student Aid, this is done because the number of students who will share the total bursary amount allocated in the provincial budget cannot be calculated until the end of the year. However, the annual report of Manitoba Student Aid shows that application rates have remained quite constant and, within a small margin of error, are quite predictable.

A more effective way to implement the existing provincial grants system would be to award assessed grants at the time of application. Applicants would be assessed a portion of their need as a grant, and a portion as a loan. For example, the first 50% of their need could be assessed as a grant, and the remainder as a loan. While this would necessitate a commitment to fund all applicants according to a common formula, it would allow students to make a more informed choice regarding the aid available to them, and guarantee equality in aid disbursement. This practice would be similar to the current tuition fee reduction, where the maximum disbursement is based on total tuition paid, rather than a set amount divided amongst all students.

The Canadian Federation of Students recommends that bursaries be transitioned to an up-front implementation, and that applicants be assessed a bursary amount at the time of application, based upon their overall need.

This report also identifies a number of distance-based challenges facing rural and northern students pursuing a college or university education.

The Canadian Federation of Students recommends the creation of an up-front bursary for rural and northern students, to cover the additional costs of moving or commuting.

5.5 Repayment

As discussed, student loan repayment begins six months after program completion, and can be a challenging process for many system users. High interest rates, coupled with long repayment periods, little assistance during the repayment period, and up to four or more different lenders to repay, can make repayment a trying process for graduates.

The Canadian Federation of Students recommends that all Manitoba Student Aid staff be trained to help borrowers access Interest Relief and Debt Reduction in Repayment programs, and that information about these programs be made available to every student in repayment each year. The Federation also recommends increasing the eligibility threshold for both programs.

The Canadian Federation of Students recommends setting interest on Manitoba student loans to the borrowing rate for the Manitoba government.

5.6 Tuition Fee Tax Rebate Program

In November 2006, the Manitoba government introduced a tuition fee tax rebate program as a tool to help retain college and university graduates in the province. The program, which officially began on January 1, 2008, allows students who have graduated from college or university after January 1, 2007 to claim 10% of their gross tuition fees as a tax rebate each year they live and work in Manitoba, up to 60% of the tuition fees paid. The program is administered through graduates' annual tax returns, and allows them to claim the lesser of 10% of tuition fees paid, $2,500, or provincial taxes payable, each year.

This new tax rebate is expected to cost $11.5 million in 2007[44], but will grow significantly as more graduates become eligible for the program. In New Brunswick, where a similar program provides a rebate to a maximum of $10,000 per graduate, the provincial government estimates the program will cost $63 million annually once fully implemented[45]. Although no definite figures are available for the total cost in Manitoba, a conservative estimate might put the annual cost of the program, once fully implemented, at over $110-million. This staggering amount is enough to double total grants in Manitoba, convert all provincial and half of federal loans in the province to non-repayable grants, reduce tuition fees by a further 10%, and increase college and university funding by an additional 9.5%.

Also, the elimination of the tuition fee freeze in Manitoba would result in a dramatic increase on the cost of the program. Were the tuition fee freeze ever lifted, the cost of the tax rebate program would rise by $0.60 for every new dollar in tuition fees charged to students. This means that rather than allowing a 5% tuition fee increase in the province, the government could keep tuition fees frozen and provide a grant increase to colleges and universities equal to a 3% tuition fee increase—all for the same cost.

The Tuition Fee Tax Rebate Program could be made much more valuable if the funds allocated towards it were redirected to other measures.

The Canadian Federation of Students recommends that the funds allocated to the tuition fee tax credit program be reallocated to increase baseline operating funding for colleges and universities, increase grants for students, and further reduce tuition fees.

44 2007 Manitoba Provincial Budget.

45 Government Announces $10,000 New Brunswick Tuition Tax Cash Back, 2005, Government of New Brunswick, Available: http://www.gnb.ca/cnb/news/fin/2005e0418fn.htm.

Chapter 6: Survey Findings

6.1 About the Survey

In November and December 2007 and January 2008, students' unions in Manitoba conducted a survey of their members on behalf of the Canadian Federation of Students. Survey questions focused on the student aid system in Manitoba. A total of 1024 responses were received, with 103 responses via the online survey, and 921 responses solicited by volunteer canvassers on campuses. The survey results have a margin of error of approximately 3%, 19 times out of 20.

See Appendix I for a full list of survey questions.

6.2 Debt Levels

This survey sought to identify both sources of debt and levels of debt held by students. Although there is extensive data publicly available for the Manitoba Student Aid and Canada Student Loans Program, there is almost no data available on private debt levels, such as bank loans, or loans from family members. This survey attempted to determine some of those levels.

Approximately 53% of respondents had at least one type of debt, with a mean total debt level of $13,438 among respondents with debt. 21% of respondents reported having a Manitoba or Canada Student Loan, with a mean debt level of $7,268, which is consistent with usage reported by Manitoba Student Aid for university students. 23% of respondents reported having private debt, and 27% reported having debt to family members.

Among survey respondents with CSLP and MSA debt, the survey found that 49% of those students also had debt from a family member or financial institution.

The quartile distribution of debt levels shows that among students carrying debt, the amounts are significant. For example, the first-quartile of total debt is $3,800, and the third-quartile of total debt is over $17,500.

The following table shows family debt, private debt, CSLP/MSL debt, and total debt (combination of the three types for each respondent), by quartile of debt. The chart clearly shows that for any debt type, the upper two quartiles are quite high.

6.3 Issues with Delivery of Student Aid

The survey sought to identify student issues with government student aid services, specifically the reasons students recall for being rejected from student aid, and reasons for borrowing from other sources.

The survey asked respondents why they chose to borrow privately. Although no answer was conclusive, it's clear that a variety of factors, including the ability to qualify for CSLP/MSL weight on students who borrowed from financial institutions. Because respondents could select more than one reason for private borrowing, each percentage only reflects the number of respondents that selected that particular answer.

The survey also asked respondents that failed to qualify for CSLP/MSL why they did not qualify. The

Student Debt Type by Income Quartile

Quartile	Family Debt	Private Debt	Public Debt	Combined Debt
1st	$1,500	$3,000	$4,000	$3,800
Median	$3,000	$7,000	$9,000	$9,000
3rd	$8,375	$10,000	$15,000	$17,592

Note: "Combined Debt" refers to the total Family, Private, and Public debt of a survey respondent. This table reflects quartiles by category only. The values are not intended to be combined directly.

income of respondents' parents was the most frequent cause, but many respondents were rejected for more than one reason. Because respondents could select more than one reason for rejection, each percentage only reflects the number of respondents that selected that particular answer.

6.4 The Impact of Debt

The survey sought to determine the impact of debt and fee increases on students. The survey found that 75% of respondents knew someone who had decided not to attend college or university because of a lack of financial aid. 50% of respondents said that they were forced to borrow more as a result of ancillary fee increases over the past three years.

6.5 Future Research

While the student survey conducted by the Canadian Federation of Students has certain limitations, it clearly shows that students are struggling to finance their education, and are turning to private forms of debt in significant part because the public student aid system does not meet their needs.

The survey leaves some unanswered questions about student aid and student debt in Manitoba. In particular, the area of private debt, in the forms of bank and family loans, is poorly documented.

Although Manitoba has some of the lowest student debt levels in the country, these figures do not take into account private borrowing. Much more information is needed in this area to determine students' true financial needs. Whatever the solution developed to ensure students have enough financing for post-secondary studies, it is important that reducing, not increasing, repayable debt become the overriding objective.

Further research should be undertaken jointly by Manitoba Student Aid and the Canadian Federation of Students to rectify the problems of restricted access to public student aid, and high student debt levels from both private and public sources. This survey has shown that there is more reliance on private debt than public, and further steps should be taken to provide more grants that reduce all forms of debt.

Reasons for Private Borrowing

(respondents could choose multiple responses)

Didn't qualify for public loans	17.9%
Simpler application process	7.0%
Needed more money than CSLP/MSA would provide	6.4%
Could get access to funds faster another way	10.7%

Reasons for Not Qualifying

(respondents could choose multiple responses)

My parents' income	22.7%
I have too many assets	3.8%
I live at home	12.9%
I haven't lived away from home long enough	2.6%
I own a vehicle	8.4%
I earned too much during the summer	7.5%

Appendix I: Survey Questions

Tell us about yourself

Your students' union is gathering information on student borrowers in Manitoba. Take a moment to tell us about your situation, and help improve federal and provincial student aid. Your personal information will not be shared with any government or third party. It will only be used as part of this survey.

How much student debt do you have?

Manitoba / Canada Student Loans: $ ________

Bank / Credit Union Loans: $ ________

Loans from family members: $ ________

If you have private student loans (bank, credit union; excluding family loans), why did you choose private loans over Manitoba/Canada student loans? (Check all that apply)

- ❑ Didn't qualify for public loans
- ❑ Needed more money than CSLP/MSA would provide
- ❑ Simpler application process
- ❑ Could get access to funds faster another way
- ❑ Other ________

If you did not qualify for Manitoba/Canada student loans, why not?
(Check all that apply)

- ❑ My parents' income
- ❑ I own a vehicle
- ❑ I have too many assets
- ❑ I earned too much during summer
- ❑ I live at home
- ❑ Other ________
- ❑ I haven't lived away from home long enough

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Have you received a scholarship, bursary, or fellowship for the 2007-2008 academic year? (Graduate students: please indicate any fellowships/research grants/scholarships you received)

Scholarship amount: $ ____________________

Grant/bursary amount: $ ____________________

Fellowship/research grant/ scholarship amount: $ ____________________

Tuition and ancillary fees in Manitoba have risen by 15% over the past 3 years. Has this forced you to borrow more to finance your education?

❑ Yes ❑ No

Do you know anyone who has decided not to attend college or university because of a lack of financial aid?

❑ Yes ❑ No

What is your level of studies?

❑ Undergraduate ❑ Master's ❑ Ph. D. ❑ Post-graduate

Do you identify with any of the following groups? (Check all that apply)

❑ Part-time ❑ Aboriginal with treaty funding ❑ Student with dependents

❑ Rural/Northern ❑ Aboriginal without treaty funding ❑ Student with disabilities

What is your current year of studies?

❑ 1st ❑ 2nd ❑ 3rd ❑ 4th ❑ 5th or higher

Appendix II: Provincial Student Loan Interest Rates

Province	Loan Rate	Rate as of Feb. 13/08
British Columbia	Prime + 2.5%	8.25%
Alberta	Prime + 2.5%	8.25%
Saskatchewan	Prime + 2.5%	8.25%
Manitoba	**Prime + 2.5%**	**8.25%**
Ontario	Prime + 1%	6.75%
Québec	Prime + .5%	6.25%
New Brunswick	Prime + 2.5%	8.25%
Nova Sotia	Prime + .5%	6.25%
Prince Edward Island	Prime + 2%	7.75%
Newfoundland and Labrador	Prime	5.75%
National Mean	Prime + 1.73%	7.48%
Canada Student Loans Program	Prime + 2.5%	8.25%

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