



**The New Brunswick**  
STUDENT ALLIANCE

L'ALLIANCE ÉTUDIANTE  
**du Nouveau-Brunswick**

## **Educated Solutions for New Brunswick's Future: 2011 Budget Submission from the New Brunswick Student Alliance**

February 11, 2011

### **About the NBSA:**

The New Brunswick Student Alliance (NBSA) is an education advocacy organization which represents approximately 16,000 students from six university campuses across the province. It has been advocating for and promoting issues that impact the students of New Brunswick for over 25 years.

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New Brunswick faces significant challenges to its traditional resource industries in a modern economy, major demographic changes, and a skills and literacy gap. According to the Executive Council Office, New Brunswick must develop a realistic and focused economic growth strategy and eliminate the structural budget deficit by 2015. It can safely be asserted that the province must adjust in order to be competitive; New Brunswick's economy can no longer rely on exchange rates and inexpensive labour. The government must focus on investing in training, technology, and innovation. New Brunswick's public universities are the primary contributor to a skilled and productive workforce and subsequently a capable tax base. According to the Maritime Provinces Higher Education Commission (MPHEC), the average earnings of a first-degree holder within the Maritimes are \$37,669 just two years after graduation. Increases to tuition are not a tenable answer but will compound the fiscal problems of New Brunswick. Because of high tuition costs, many students are unable to access and persist in the post-secondary education system and their families are burdened with the costs and debt associated.

The nearly 20,000 New Brunswick university students and their families are the most directly affected by any reduced investment to the post-secondary system. Conversely, investments to the system not only benefit students and their families but provide direct, tangible benefits to all New Brunswickers. Post-secondary education is the solution to the financial and demographic stresses the province presently finds itself in. The Maritimes boast an employment rate of 97 per cent amongst first-degree holders, five years post graduation. In addition, New Brunswick graduates have indicated their willingness to remain in the province if quality employment is available. New Brunswick has a net retention rate of 83 per cent of graduates, an increase of 10 per cent from 2004. Conversely, the knowledge economy in the province is expanding faster than universities can train the workforce. According to the New Brunswick Information Technology Council, the province can become a destination for industry but lacks an adequately skilled workforce.

Your government has indicated a willingness to cut funding for student financial aid, as evidenced by the funding reduction to the Repayment Assistance Plan for the current fiscal year. This tactic is unnerving to students in New Brunswick who graduate with an average total debt load of \$37,013. While it is necessary to reduce spending in order to balance the provincial budget, said cuts must not hinder students' and graduates' ability to contribute to a more innovative New Brunswick; a balanced budget must also be a sustainable budget. Investments to post-secondary education ensure a productive workforce, stable tax base, and secure the province as a viable career destination. Students and their families will not accept increases to tuition or reductions to university funding. New Brunswickers cannot afford to be left behind; our province's future depends on post-secondary education.

This document makes three very direct recommendations for implementation in the 2011-12 provincial budget:

1. Extend the funded tuition and ancillary fee freeze
2. Increase the operating grant transfer to public universities by 4%
3. Transfer the budgeted \$3.5 million for the Tuition Tax Credit to up front grants for underrepresented groups.



## Tuition Fees

Decades of government underfunding have shifted the burden of financing post-secondary education onto students, tuition fees are making up a growing proportion of universities' budgets. The tuition fee freeze of the past three years has been beneficial to many students struggling to finance their education. Despite this, New Brunswick universities still have the second highest tuition fees in the country.

Therefore, we are asking the government to extend the freeze on tuition and ancillary fee freeze. A continued freeze on tuition and ancillary fees would bring us closer to the national average, and allow New Brunswick universities to continue to compete on a national scale. A tuition fee freeze is an important step towards making post-secondary education accessible for all New Brunswick youth. This year, the tuition fee freeze was funded by government at 5%. Because an un-funded tuition fee freeze can contribute to the underfunding of universities and can have a negative effect on the quality of our universities, the NBSA is calling for a tuition and ancillary fee freeze funded at 4%.

Tuition fees in New Brunswick have risen by over 185% since 1990, resulting in students relying increasingly on student loans and private borrowing to finance their education. According to Statistics Canada, "As tuition fees have risen, more students have relied on student loans to help finance their post-secondary education and debt loads have gone up." An increase in the number of students graduating with large amounts of student debt is harmful to our economy. Students graduating with high levels of student debt take longer to begin contributing to the provincial economy by buying a house or car. Students with high levels of student debt are also more likely to leave New Brunswick to find work, resulting in a smaller tax-base for the province.

## Operating Grants

None of the fiscal challenges New Brunswick is confronted with can be solved by hollowing out our public universities, these institutions require consistent and predictable investment. The Presidents' Advisory Forum estimates that universities will require a 4 per cent increase in their overall operating budgets to maintain the status quo. These institutions are primarily concerned with their own financial sustainability and as a result have not offered strict guidelines or recommendations for what proportion of said increase would originate from operating grant transfers from the province as opposed to tuition revenue.

Universities have experienced a steady decline in operating grant support from governments. In 1988, 76% of New Brunswick universities' operating budgets were funded through government transfer, that proportion has been substantially decreasing, reaching 52.9% in 2005. If this problem is not



addressed through increases to university funding, institutions must make unsustainable decisions in regards to faculty quotients, facility maintenance, and innovative programming. The inevitable result is a reduction to the quality of education New Brunswick is able to deliver, increased part-time and contract faculty members, and increasing deferred maintenance that must be shouldered by future generations.

Balancing the provincial budget requires critical thought and participation from all sectors, yet cuts must be balanced by investments in sectors guaranteed to enhance the productivity and capacity of our province. The students of New Brunswick and their families are not able to assume the increased cost burden of reductions to operating grant transfers from the province. Approximately 30 per cent of New Brunswick high school students will not pursue post-secondary education because of the financial barrier associated with tuition. Increases to tuition serve to exacerbate the problem by creating a provincial culture in which higher education is deemed a personal investment above a public commitment to our economy and society.

Based on the need to ensure students from New Brunswick, across the country, and abroad can access the system and persist within it and the necessity for educated investments in the post-secondary system, **the NBSA strongly recommends a 4 per cent increase to the operating grant transfers to public universities.**

### Tuition Tax Credits

As we look to balance the budget it is important that we do not just focus on where to cut but that we also look for efficiencies within the system. Money and resources that, reallocated, can provide us a greater return for our investment; this is the case for the Tuition Tax Credit program.

Of great concern in New Brunswick is making sure that more of our talented youth are entering and graduating from university and more specifically from New Brunswick universities. Currently we have the 3rd lowest proportion of the population attaining a university education at 15%, well below the Canadian average of 20% and the leader, Ontario, at 22%. It is clear from this statistic that we need to make universities in our province more accessible to our youth. We need to make sure that traditionally under represented groups, such as aboriginals, low income, first generation learners, students with dependants and rural students, are provided the support they need to be able to enter into a and complete their university education. This will allow us to have the skilled workforce that industry and business need to grow and invest in New Brunswick.

We also want our youth to attend New Brunswick universities so that as they develop their professional careers they are making connections at home and planning to start their professional life in this province. We want our best and brightest to be able to see the opportunities available here, at



home, to become entrepreneurs or to work for many of the great companies that call our province home.

The Tuition Tax Credit is a program that does not help students enter and complete their university education. It only benefits graduates who are already working and earning an income level that allows them to take advantage of tax credits. In reality they are a group of people that for the most part do not need the financial assistance provided by this program. As it stands we have two programs in this province to address debt once a student has graduated, the Timely Completion Benefit and the Repayment Assistance Program.

**We believe that the approximately \$3.5 million budgeted to be lost in tax revenue this coming year as a result of the Tuition Tax Credit can be better allocated by providing up front grants that can help those willing and qualified students in the under-represented groups who for financial reasons are unable to enter university or are at risk of not completing their studies.**



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