the facts about post-secondary education

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Copyright for the Public Interest

Background

The purpose of the Copyright Act is to encourage the creation of artistic and literary works, as well as authorial works, such as books, music, and software, by providing limited rights to authors while at the same time ensuring public rights of access and use. The Act strives to do this by balancing the interests of owners and users of copyrighted material.

The federal government has been reviewing the Copyright Act to respond to digital technology. In anticipation of upcoming amendments, the content industry (movie, publishing, music, and software companies), with its main interest in profit, exerted significant pressure on the federal government. Their focus has been to modify any new amendments to significantly restrict Internet access mainly to crack down on music file sharing. The Canadian Recording Industry Association, in particular, has aggressively argued that the Act needs to be amended to impose major restrictions on file sharing to protect the artists' interests. However, this position is not supported by many Canadian musicians who are concerned that such restrictions would criminalise their fans and ignore the rights of the Canadian public. Restrictive amendments to the Copyright Act negatively affect education by imposing new fees on educational institutions, infringing on privacy as well as users' rights that are already legislated in the Act.

What is Copyright?

The Copyright Act provides owners of copyright in works (such as books, artwork, songs, software and scientific papers) certain rights over how these works are used. One of the most important rights is the right to control the copying of a work. Copyright also protects the "moral rights" of creators by prohibiting users from defacing their works. Copyright ownership usually attaches automatically to the creator of a work, but is often transferred to a separate owner, such as a record company or a publisher.

At the same time, the Act provides rights for users, including limited rights to make copies without permission through exceptions, including "fair dealing". As such, a core principle of copyright is that knowledge must be shared to encourage creativity. A recent Supreme Court of Canada ruling[1] confirmed that the purpose of the Copyright Act is to serve the public interest by encouraging both the creation and use of works.

Current Context: Responding to the Digital Revolution

The Internet increases democratic engagement on a global scale, providing many people access to information from governmental and non-governmental organisations, scholars, educational institutions, and individuals. Students, researchers, artists, and instructors increasingly use online media to access, create, store, and share information, audio and visual works.

The copyright debate has also shifted as publishing, movie, and music companies continue to amalgamate into more powerful corporations. These corporations have been heavily involved in framing the Internet as a commercial space, susceptible to piracy and other methods of interfering with their profits.

The aggressive campaign led by the publishing and entertainment industry has resulted in a strong focus in previous draft legislation on developing law to manage music file sharing. However, this is not the sole purpose of the Copyright Act. Copyright is intended to protect the rights of creators without stifling the use of works. Reasonable access to materials is imperative for students, scholars, researchers, artists, and the general public. The current Copyright Act does not clarify reasonable access for educational use of digital materials. Instead of taking measures to restrict access to public materials, amendments to the Act should focus on reasonable measures to expand access to digital materials.

The Main Issues

Fair Dealing

Through the "fair dealing" clause of the Copyright Act is the possibility for the expansion of users' rights for educational purposes. The Copyright Act's current fair dealing clause allows users to make single copies of portions of works for narrow categories of use, including for "research and private study". Although Canada's fair dealing provisions recognise the need to make copyrighted works available to encourage reasonable access for educational purposes, they trail behind other nations where there are more extensive provisions made for educational use. Unlike the American "fair use" clause, the Canadian provision does not even include the right to make multiple reproductions for classroom use. Extending fair dealing to come in line with the American interpretation would significantly improve access to documents for educational purposes.

"The fair dealing exception, like other exceptions in the Copyright Act, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively."

Supreme Court of Canada ruling from CCH v. LSUC (SCC 2004)

"Legislative proposals that would facilitate lawsuits against our fans or increase the labels' control over the enjoyment of music are made not in our names, but on behalf of the labels' foreign parent companies."

Canadian Music Creators Coalition

Technological Protection Measures (TPMs): Restricting access and users' rights

Technological protection measures (TPMs) are methods of encrypting digital media to restrict access to it, either by preventing it from being copied or otherwise limiting its availability. TPMs act as a digital lock and infringe on students' rights to practice fair dealing by restricting access to digital works. For example, even though fair dealing allows for the use of quotations of works, TPMs would restrict students from using digital quotes in a powerpoint presentation or other multi-media project. TPMs also threaten privacy rights by giving the copyright owner the ability to monitor all uses of their works by installing spyware on an individual's computer.

In the United States, the use of TPMs have led to many problems. Recently, electronics corporate giant, Sony, lost a court challenge for using a copy-protection TPM on its CDs which installed a "rootkit"-a software program on an individual's computer used to monitor usage. The rootkit posed several risks to one's computer by making it more susceptible to viruses and hacking, as well as infringing on privacy. It was ruled that Sony was liable for damages for the use of the rootkit and agreed to restricted use of TPMs in the future. This case illustrates the need for the federal government to place strict restrictions on the use of TPMs.

Internet Licensing

Although expanding rights for users through fair dealing would be the most straightforward way to protect the rights of users, new and complicated exceptions for educational institutions through internet licensing have been proposed as an alternative. Educational institutions are already charged millions of dollars in copyright licensing fees, but internet licensing would impose yet another fee on educational institutions. Internet licensing would likely also force internet service providers to monitor internet use. Since almost all content that is on the internet is there because it has been made "publicly available", imposing new fees would require universities and colleges to pay for materials intended to be freely shared.

Internet Service Provider Liability

New copyright amendments will likely clarify the role of Internet Service Providers (ISPs) in monitoring online activities. The American "notice and takedown" model would require ISPs to police internet users and allow them to take down any content or an entire web site when an ISP receives notice of alleged infringement. This model has posed several problems in the United States, where thousands of web sites have been taken down under the unproven assumption that content violates copyright. It has also been used as a tool in the United States to impinge on free speech and facilitate censorship. For example, the Church of Scientology has instigated the removal of web sites critical of its activities.

"Notice and notice" is a preferable regime since it would merely require ISPs to notify clients when they are suspected of participating in infringing activities. Individuals are then asked to voluntarily take down infringing material. This model is far superior with respect to protecting users' privacy and freedom of expression rights.

The Big Picture

An overly restrictive Copyright Act, as advocated by the recording and publishing industry, is bad public policy. Whereas all creators build on the past work of others, overly restrictive copyright strangles the development of new ideas, thereby discouraging social, cultural, and economic growth.

Copyright laws should serve the public interest, not the financial interests of large companies. The content industry has portrayed themselves as representatives of individual artists who are financially devastated by online music file sharing. However, many Canadian musicians argue that the Internet has improved exposure to their fans and has facilitated overall sales of both CDs and tickets to live events.[2]

New copyright law should expand access to the Internet, rather than clamp down on it, so that Canada can lead in innovative initiatives, such as a fully accessible National Digital Library, as proposed by copyright expert Michael Geist.[3]

Further Information

Canadian Internet Policy & Public Interest Clinic: www.cippic.ca

Digital Copyright Forum: www.digital-copyright.ca

Faircopyright.ca: www.faircopyright.ca

Endnotes

1. Law Society of Upper Canada v. CCH Limited, [2004] S.C.J. No.12, (2004) 236 D.L.R (4th) 395.
2. www.musiccreators.ca
3. www.michaelgeist.ca

How The GATS Threatens Post-Secondary Education

Background

The General Agreement on Trade in Services (GATS) is one of more than twenty trade agreements administered by the World Trade Organisation (WTO). The WTO oversees most trade negotiations between countries and groups of countries. Drafted in 1994, the GATS is the primary WTO guideline for the privatisation of services.[1]

The purpose of the GATS is to promote the privatisation of services through the reduction of domestic regulations governing public service provision. These services include all levels of education, health care, and the treatment and supply of water. Virtually no public service is protected from the scope of the GATS.

A Destructive Recipe

The driving force behind the GATS is the desire to profit from essential public services. Rhetoric such as "removing barriers" and "promoting competition" is used to mask what is little more than the desire to profit from people's basic needs. The GATS is a recipe to increase the scope of international trade in services, restricting countries' ability to pass and enforce laws protecting public services.

Under the GATS, like most trade liberalisation agreements, "barriers" can include tariffs (taxes on imports or exports that protect local economies and domestic producers), or any law or policy that a foreign corporation can argue restricts its ability to do business. These agreements put business profitabilty above all other considerations, including the public interest and the environment.

Like the North American Free Trade Agreement (NAFTA), the GATS forces countries to adopt the trade practices of "National Treatment" and "Most-Favoured-Nation" treatment. National Treatment forces a country to treat foreign corporations the same as domestic companies. Similarly, Most-Favoured-Nation treatment demands that a government's regulations not discriminate between foreign corporations. By preventing a government from determing what regulations are in the best interest of its own people, democracy and sovereignty are sacrificed.

The GATS is an evolving document, whose stated goal is "a progressively higher level of liberalisation through successive rounds of negotiations."[2] In other words, the aim of the agreement is the eventual elimination of the government's role in public service provision. Canadian trade officials have claimed that public education is not on the table for negotiation, but in the eyes of the WTO and the GATS, that is only a temporary position until the next round of negotiations.

Education is Not Excluded

Supporters of the GATS state that public education can be protected, arguing that the agreement allows for services "provided in the exercise of governmental authority" to be excluded. However, those services must be "supplied neither on a commercial basis nor in competition with one or more service suppliers."[3]

Canada's post-secondary education system does not meet those conditions for protection. First, the presence of user fees (tuition and ancillary fees) for university and college could deem it as a service that is offered "on a commercial basis." Second, the existence of for-profit career colleges in Canada means that the public post-secondary education system technically competes with private "service suppliers."

Introducing markets and profits into the post-secondary education system will make it more difficult for the government to exclude it from negotiations as a public service. Keeping education public helps protect it from GATS.

Privatisation Will Weaken Public Education

The ultimate goal of the GATS negotiations is to ensure that foreign-based universities and colleges (primarily for-profit companies selling degrees and diplomas) will be guaranteed access to the Canadian "education market." National Treatment policies will reduce the Canadian government's ability to protect against the expansion of private, sub-standard post-secondary education, even if it is in the best interests of students and society to do so. If applied to education, National Treatment will guarantee foreign institutions the same operating grants, financial assistance, and other subsidies that Canadian public universities and colleges receive. Already scarce public resources would have to be split between public

"Education is now an industry. Canada needs to approach the international marketplace for educational services with the same discipline and commitment that we bring to other sectors."

Sergio Marchi, former Canadian Trade Minister and former Canadian Ambassador to the WTO and Chair of the Council for Trade in Services.

"We believe that Canada's qualified position—that no GATS commitments will be made in 'public' education—leaves the door open to commitments in 'private' education, which would only serve to undermine public education in Canada."

Larry Brown, National Union of Public Employees, February 11, 2005

and private institutions, inevitably leading to reduced financial support for all institutions and higher tuition fees.

The Doha Round

The fourth WTO ministerial conference, held in 2001 and often referred to as the Doha Round, led to an accelerated agenda for the GATS. Negotiations were expanded in order to generate a sweeping deal that will cover many service sectors by early 2007. [4] The services included in the Doha round are financial, engineering, architectural, legal, construction, audio-visual, environmental, telecommunications, energy, and maritime and air transport services.

During the the negotiations , a request made by New Zealand on behalf of Australia, China, Malaysia, and the United States proposed the liberalisation of education markets by encouraging countries to commit to "private education." Countries that advocate for trade in education do so on the basis of the potential for corporations to profit. Private education services have grown between $40 and 50 billion ($USD) in recent decades. Since education plays such an important role in society, many countries are opposed to allowing corporate interests and market forces to dictate their education policies. New Zealand's request appears to be the first step toward putting education services on the negotiating block.

The document states "it is not necessary to define or even use the terms 'private' or 'public' in order for a member to avoid committing to what it considers to be public education." This language attempts to blur the lines between private and public, arguing that terminology is irrelevant to the negotiations.[6] Such a suggestion is deceptive, because once negotiations in education services are undertaken, it will be treated as a commodity like any other, without exceptions for protecting the public interest.

The increased privatisation of public services may influence students in dramatic ways under the GATS. For example, agreeing to the GATS terms for financial services could make it impossible for the Government of Canada to regain control over the current privatised student loan disbursement. Canada Student Loans are currently disbursed by Edulinx, the subsidiary of a U.S. corporation.

As of summer 2006, trade talks were derailed as a result of U.S. unwillingness to negotiate reductions to agricultural subsidies.[4] In November 2006, informal talks restarted among the trade negotiators. It is uncertain what will develop from the informal negotiations but there are concerns that the process is unaccountable at the informal level. [7]

The GATS is a Corporate Charter of Rights

The GATS gives foreign corporations a constitutional trump card that can challenge and overturn domestic laws and public interests. WTO disputes are adjudicated by anonymous, unelected judges, thus taking power out of democratic governments and vesting it outside of public control.

In a nutshell, the GATS is the largest global threat to publicly funded and administered education.

Notes

1. For an overview of the GATS and Canada's policies, see Scott Sinclair, "Sequel to Seattle: GATS, How the WTO's New 'Services' Negotiations Threaten Democracy" (CCPA, 2000); Steven Shrybman, "The World Trade Organization: A Citizen's Guide" (CCPA/Lorimer, 2000); Maude Barlow, "A GATS Primer" (2001, available at: http://www.canadians.org/campaigns/campaigns-tradepub.html).

2. General Agreement on Trade in Services, "Progressive Liberalisation," Part IV, Article XIX.

3. General Agreement on Trade in Services, "Scope and Definition," Part I, Article I, 3(b)-(c); "Government Procurement," Article XIII.

4. See the World Trade Organization website, http://www.wto.org

5. Associated Press, "WTO Talks Collapse over Disputes", July 24, 2006.

6. Leaked document outlining plurilateral request prepared by MInistry of Foreign Affairs and Trade, New Zealand.

7. Dave Robinson, "Update from Geneva", Canadian Association of University Teachers, informal letter Nov 16, 2006.

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Study Now, Pay Forever: Income Contingent Repayment Loan Schemes

Income contingent repayment (ICR) student loan schemes are funding models for post-secondary education that are based on the belief that the individual is the primary beneficiary of education and therefore should bear the full cost. ICR is neither a progressive nor fresh alternative to the Canada Student Loans Program, nor is it intended to improve access to post-secondary education.

An Old, Outdated Idea

In 1955, the late U.S. economist Milton Friedman devised ICR as a way to reduce the role of the state in financing education. Instead of public funding, Friedman proposed that there be full cost-recovery tuition fees. In order for students to pay these vastly higher tuition fees, he proposed that they have access to large loans. For repayment of the loans to be manageable, he proposed that the size of loan payments be based on each individual's level of income after graduation (i.e. income contingent).

For Friedman and those who advocate ICR, the larger political and economic principle guiding this funding model is stark: primary, secondary, and post-secondary education is seen as a commodity like any other and should be priced and produced subject to the dictates of "the market".

"Graduates with high balances and/or low incomes will take longer to (and may never) discharge their balances... Unpaid balances should last until death".

Ben Allaire and David Duff, *An Income-Contingent Financing Program for Ontario*, 2004.

"It is not a form of student assistance"

Starting in the mid-1990s, proponents of ICR have sought to gain support for it by exploiting the student debt crisis and by playing down the social benefits of an educated citizenry. Rather than being up-front about their true purpose—to shift the cost of education from the state to the individual—they have tried to "sell" ICR loan schemes as an improved student aid plan that allow student loan recipients to pay off their loans as their income allows.

But the purpose of ICR is not to improve student aid. Even policy analysts involved in designing and administering ICR models concede this point. The Government of Australia describes its ICR in these terms: "The purpose...is to raise revenue from the recipients of higher education for return to the system as part of...funding of higher education; it is not a form of student assistance."[1]

In Canada, documents obtained through a federal Access to Information request filed in July 2004 also reveal the purpose of these schemes: "ICR loans would solve the problem of university and college underfunding, by allowing institutions to increase tuition fees to cover a greater portion, or even all of its costs."

Lower Wage Earners Pay Far More in the Long Run

Under ICR, borrowers would repay their loans as a percentage of their incomes upon completion of study. Graduates with lower levels of income would repay their loans over a longer period of time, while those in high-paying jobs could repay their loans more quickly and pay less interest. Those who could afford to pay their tuition fees upfront would avoid high interest rate payments after graduation and end up paying less for post-secondary education. In Australia, students who can afford to pay their tuition fees in full at the beginning of every academic year receive a 25% discount.

A Lifelong Debt Sentence

ICR would disproportionately hurt women because it would take them, on average, considerably longer to pay back their interest-bearing loans. Repayment difficulties would be more pronounced because women still earn less than men on average and many leave the workforce due to pregnancy and child rearing. Under one model considered in Canada in the mid-1990s, 43% of women would not be able to pay off their debt after 25 years of repayment.

The International Evidence

In other countries, ICR schemes have been accompanied by higher tuition fees, higher debt loads, and extended repayment periods. In 1989, Australia introduced ICR as part of a package of new tuition fees that were more than 500% higher than the previous administrative fee of $263. The government promised that tuition fees would rise with the Consumer Price Index, but broke this commitment within three years. In the seventh year of Australia's ICR scheme, the government introduced a three-tiered differential fee structure that increased tuition fees by anywhere from 35% to 125% in one year alone.

New Zealand (1993) and the United Kingdom (1998) followed Australia's lead, introducing both tuition fees and an ICR scheme simultaneously. Accessibility and affordability have been undermined in both countries.

ICRs: A Canadian Chronology

1964
The birth of the Canada Student Loans Program.

1969
The Council of Ministers of Education approves, in principle, an ICR coupled with tuition fee increases.

1984
The Ontario government's Bovey Commission supports ICR along with increased tuition fees.

1991
The federal government's Smith Commission advocates increased tuition fees coupled with a self-financing ICR.

1993
The Council of Ontario Universities proposes an ICR along with a tuition fee increase of up to 50%.

1994-95
The federal government's Social Policy Review proposes a massive withdrawal of federal funding for post-secondary education accompanied by ICR.

January 25, 1995
The Canadian Federation of Students organises one of Canada's largest national student demonstrations against ICR and funding cuts to education.

May 2, 1995
The federal government takes ICR off the table.

1996
The Ontario Conservatives promise to implement ICR. They never follow through due to a lack of support from lending institutions.

1997
The federal government announces that ICR is being considered again, but the proposal dies due to a lack of support.

2005
A review of Ontario's system of post-secondary education led by former Premier Bob Rae calls for the implementation of ICR and the deregulation of tuition fees.

In the United Kingdom, university applications from lower income students have dropped by nearly 10% since the introduction of tuition fees and ICR loans.[2]

In New Zealand, total student debt had risen to over $5 billion by 2002 and only one in ten students is debt free.[3] The New Zealand University Students' Association estimates that by 2020 total student debt in New Zealand will rise to almost $20 billion, an amount the country's Auditor General believes could be "a major source of risk" to New Zealand's national government.[4]

Women, indigenous people, and students from minority groups in New Zealand have been hit particularly hard by the inequities inherent in ICR schemes. For example, a Maori woman can expect to spend an average of 24 years repaying the cost of her bachelor degree under ICR, as opposed to 13 years for a New Zealand male of European ancestry.[5] These figures are even worse for Pacific (non-Maori Polynesian) women in New Zealand, who face a staggering estimated average loan repayment time of 33 years. A woman with a bachelor degree in New Zealand can expect to take an average of 28 years to repay her loans under ICR—almost double the 15 year average repayment time for men.

A leading New Zealand demographer recently found that soaring student debt loads and lengthy repayment times may even be a factor in New Zealand's declining birth rate, increased emigration, and reduced rates of home ownership since the mid-1990s.[6]

In Canada

Despite various attempts to implement ICR in Canada over the last three decades, Canadians continue to reject them.

In 1995, the federal government shelved its ICR proposal after the Canadian Federation of Students mounted a massive campaign against it. According to two leading Canadian journalists, the government's proposed reform to post-secondary education "simply seemed like a bald-faced attempt by government to double tuition fees."[7] In 1997, the federal government tried again to revive ICR but lending institutions and most provinces rejected the scheme as either regressive or unworkable.

The Ontario government proposed ICR in 1996 to accompany a 20% funding cut to post-secondary education. It was ultimately unable to deliver on the promise to implement this scheme due to widespread opposition from lending institutions and students.

Income Contingent Repayment Today: Gone, But Not Forgotten

Canadian students consistently and unequivocally rejected ICR schemes during the 1990s, leading governments in Canada to temporarily retreat from *overt* attempts to introduce ICR. However, past experience and international precedent should dispel any sense of complacency. When the opportunity arises, governments have a history of repackaging ICR as a solution to the funding crises created by their own cuts to post-secondary education funding. Canadians will need to be wary of new attempts to introduce ICR in coming years. Moreover, ICR schemes must be challenged on the basis of what they actually are: a means of privatising and individualising the costs of post-secondary education. The lifelong debt and increased barriers to access that result from ICR will not contribute to a healthier, more prosperous, and better-educated society.

Endnotes

1. Robert Green, Assistant Secretary, Programs and Operations Branch, Department of Employment, Education and Training, Central Office, Government of Australia, Letter to the Canadian Federation of Students, November 5, 1991.
2. National Union of Students, United Kingdom press release: "NUS reacts angrily to minister dismissing student debt", Friday 15 November 2002. Available on-line at: <http://www.nusonline.co.uk>.
3. New Zealand University Students' Association, *The Student Loan Scheme: Inequities and emerging issues.* Wellington, 2002.
4. New Zealand University Students' Association, *The Student Loan Scheme: Inequities and emerging issues.* Wellington, 2002.
5. New Zealand University Students' Association, *Pacific Students and Debt.* Wellington, 2002.
6. Ian Pool, "The Demography of the Student Loan", transcript of presentation from the Student Debt Summit, Auckland, July 23, 2002.
7. Edward Greenspon and Anthony Wilson Smith, *Double Vision: The Inside Story of the Liberals in Power.* Toronto, 1996, page 193.

Millennium Scholarship Foundation

A Failed Experiment in Student Financial Aid

Background

Announced in the 1998 "education" budget, the Millennium Scholarship Foundation was a belated acknowledgement by the federal government of the student debt crisis in Canada. In the face of average debt levels of $25,000, the Millennium Scholarship Foundation (MSF) was to be the centrepiece of the federal government's student debt reduction strategy. At the time of its introduction, Finance Minister Paul Martin declared in the House of Commons that the Foundation would reduce the debt of those in the greatest need by $12,000 and increase access to post-secondary education. However, nearly eight years after its implementation, the Foundation has proven to be at best a public relations gimmick, or at worst, a champion of higher student debt.

The Record

In theory, the Foundation's mandate is to disburse $250 million annually in student financial assistance. The federal government chose to have the Foundation dispense the funds through an annual allotment to the provinces based on population size. Without any advanced agreement from the provinces about implementation, the hastily conceived structure of the Foundation made most provinces resentful participants. The result has been a provincial patchwork of programs that struggle to be classified as financial aid.

Provincial Misuse

Provinces were asked to sign a non-binding agreement not to reduce their contributions to student financial assistance. In places where Foundation dollars overlapped ("displaced") provincial dollars, the provincial savings were supposed to be re-directed into financial aid, but the record of re-investment has been minimal at best.

The Nova Scotia government simply ignored the agreement, consciously re-directing funds intended for students into other government revenues. Four years passed before the Foundation decided to enforce the agreement, and, in 2003, a new provincial program using Millennium Scholarship Foundation funds was announced. Unfortunately, the program is a complicated "back-end" debt remission scheme that will do nothing to improve access to post-secondary education in Nova Scotia.

In Ontario, where approximately 40% of the Foundation funds are allocated, the provincial government has directed less than 15% of displaced savings back into student financial assistance.

In Saskatchewan, the provincial government has re-invested none of the displaced money back into student financial assistance. Despite the signed agreement to invest in reducing student debt, the Saskatchewan government has informed the MSF that it used Foundation funds to keep tuition fee increases moderate. However, since the inception of the MSF, tuition fees have risen in Saskatchewan by 69%. MSF officials consider these hikes to be in line with what was agreed to with the province. So, the high-need student in Saskatchewan who Paul Martin promised in 1998 would see her debt reduced by $12,000, actually graduated in 2004 with her debt increased by over $1500. Senior MSF officials are adamant that the program is working perfectly well in Saskatchewan and that the MSF was never really designed to actually reduce student debt.

An external review of the Foundation conducted in 2003 also concluded that the Foundation's impact on access to post-secondary education has been "limited and indirect to non-existent". Sadly, the Foundation continues to deny that the misuse of the endowment has diminished its effectiveness.

The Public Relations Smokescreen

From the very beginning, the Foundation functioned as a partisan public relations vehicle for the federal government. In its first year of implementation, the Foundation sent students letters telling them they had won scholarships. In fact, students had "won" nothing; in most cases, the scholarships replaced provincial loan remission. Recipients were simply getting a portion of their student financial assistance from another source. To further the federal government's own partisan goals, the Foundation included sample news releases with letters that encouraged students to celebrate their "winnings" by sharing the news with the local community.

"Millennium Fund Gets Failing Grade"

Ottawa Citizen headline, August 31, 2001

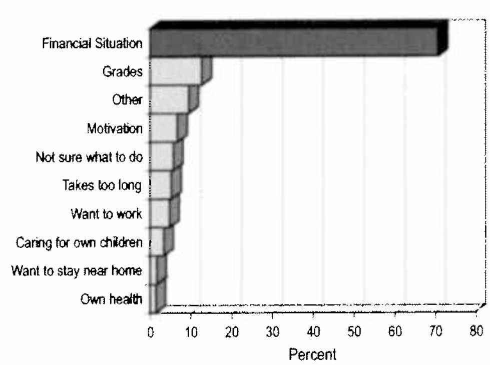
"The direct impact of the CMSF on access therefore likely ranges from limited and indirect to non-existent."

Evaluation of the Foundation's Performance, Institute of Intergovernmental Relations, May 30, 2003

The Research Smokescreen

Despite (or perhaps because of) the fact that it has been unable to address the issue of student debt, the Millennium Scholarship Foundation has embarked on a campaign to downplay the crisis of student debt. The Foundation has taken on a prominent role as a partisan think-tank in debates about post-secondary education policy. In briefings to government committees, federal bureaucrats, and university and college presidents, Foundation officials have argued that higher student debt and higher tuition fees will not affect accessibility. In other words, a supposedly arms-length, non-partisan, publicly funded foundation has evolved into an apologist for the federal government's record on post-secondary education. The Foundation's annual research budget would have paid for over 3,300 scholarships each year.

Figure 1: Indentified Barriers to Post-Secondary Education for Secondary School Graduates



Source: Youth In Transition Survey 2002 (Statistics Canada)

The Foundation's efforts to downplay the student debt crisis rely on a misreading of the data. For example, using research involving interviews with young Canadians who did not go to college or university, the Foundation wilfully ignored the fact that direct financial barriers were the most commonly reported reason for non-attendance. Instead, the Foundation chose to emphasise the *other* barriers cited by non-attendees to challenge the generally accepted importance of financial barriers. The MSF research department has claimed that finances were only the third most important barrier for students from low-income backgrounds behind lack of information and poor grades.

When the data is more closely examined, it is even more clear that the Foundation's presentation of the results is misleading. Many of the so-called "non-financial barriers" cited by non-attendees are often indirectly related to insufficient personal resources. Evidence points to finances as a primary barrier to participation in higher education. For example, Statistics Canada's Youth in Transition Survey found that financial obstacles were a barrier for over 70% of the 18 to 20 year old high school graduates who cited barriers to their participation in higher education (see Figure 1).

Public Accountability

In addition to its operational shortcomings, the Foundation has recently become the subject of ethical concerns resulting from lucrative research contracts awarded to former employees. In 2005, the Foundation awarded a $4 million contract to two of its former employees who left the Foundation to work at a U.S.-based think tank. The Canadian Federation of Students is not alone in its concern with the Foundation's accountability: in testimony before a Standing Committee, Auditor General Sheila Fraser criticized the fact that the finances and operations of the MSF are essentially the business of a private board despite its vast expenditures of tax dollars.

Conclusion

The Federal government's desire for visibility in the area of post-secondary education funding led to the creation of a new and unnecessary bureaucracy. The funds allocated to the Foundation could have easily and more efficiently been distributed through existing infrastructure at the federal government level.

The approach of the Foundation can be summed up in the words of their former research officer: student debt levels are irrelevant "because it doesn't matter how much debt a student has, what matters is their ability to pay it back".

In response to the failure of the Foundation at delivering grants and its more recent campaign to deny the effects of student debt and financial barriers, the Canadian Federation of Students has called for the Foundation to be dismantled. The money saved by dismantling the Foundation should be used to fund a national system of needs-based grants administered through the Canada Student Loans Program.

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Post-Residency Fees

Toward Accessible Graduate Studies

Introduction

High tuition fees are making it more difficult for many students to enter and complete graduate degrees. With average student debt after the completion of a four year undergraduate degree topping $25,000, many students are discouraged from applying to graduate school. For those who do enter graduate studies, financial difficulties are cited as the primary reason for taking longer to complete their programs or for withdrawing entirely.[1]

The elimination of post-residency fees at some institutions is further reducing the accessibility of graduate programs.

What are Post-Residency Fees?

"Post-residency fees" are reduced tuition fees paid by graduate students upon completion of course work, during the independent research and thesis writing stages of their degrees.

Post-residency fees are known by a number of names that vary from university to university. Terms such as "maintenance", "continuing", "continuance", "post-program", "re-registration", and "additional session" fees are synonymous with post-residency fees.

Why Post-Residency Fees?

Graduate students working on their theses, dissertations, or research papers utilise fewer university resources. At the same time, during this phase of their studies, graduate students make significant contributions to the core teaching and research functions of a university. Reduced fees are a recognition that senior graduate students are a net gain in resources for the institution.

Most importantly, post-residency fees reduce the inequality of access to graduate studies by making graduate education more financially accessible.

The Loss of Post-Residency Fees

During the 1990s, universities in Ontario began eliminating post-residency fee systems. Upper year graduate students at those universities were faced with fee hikes of between 40 and 60 percent when post-residency fees were eliminated at their institutions. Today, tuition fees for graduate students in Ontario are $8,389 per year on average. By comparison, the average annual tuition fees for graduate students in Québec, where post-residency fees still exist, are $1,927.

While students in Ontario are fighting for the restoration of post-residency fees, students in other provinces need to ensure this fee system is maintained at their own institutions. Across the country, university administrators and deans of graduate studies are discussing the restructuring of graduate tuition fee models. At some universities, changes are already occurring. In almost every case, the restructuring includes the elimination of post-residency fees, higher user fees, and the reduced accessibility of graduate studies.

Consequences of Higher Fees

Accessibility

Evidence demonstrates that financial barriers are the main reason for post-secondary graduates not continuing their studies.[2] Undergraduates who complete their program with excessive debt loads are less likely to consider entering graduate studies, particularly if it will result in more debt.

Quality of Research

Financial hardship also affects the quality of research performed by graduate students. Graduate students under financial stress often shorten their fieldwork, forego publishing and conference presentations, and rush the writing phase of dissertations in order to complete more quickly. Consequently, there is a negative effect on the overall quality of research at universities.

Time-to-Completion and Retention

Higher tuition fees force some graduate students to take on additional employment off-campus to finance their education, thereby reducing their time available to research and extending time-to-completion. Heavier financial burdens also increase the risk that graduate students will quit their programs before they finish. Higher fees have a greater impact on those with less ability to pay, such as international students, students with disabilities, single parents, women, and Aboriginal students.

International Students' Tuition Fees

The elimination of post-residency fees greatly increases the financial burden on international students. At many universities that have eliminated post-residency fees, the cost of a five-year PhD program has more than doubled. At Queen's University, for instance, a five-year PhD program in the arts cost $25,550 prior to the elimination of post-residency fees. Today, the same program costs $53,000. By comparison, those universities where post-residency fees have been

Canadian Universities With Post-Residency Fees

University of Alberta
University of British Columbia
Brock University
University of Calgary
Concordia University
Dalhousie University
Lakehead University
Laval University
University of Manitoba
McGill University
Memorial University of Newfoundland
Université de Montréal
University of New Brunswick
University of Northern British Columbia
University of Prince Edward Island
University of Regina
Simon Fraser University
University of Victoria

Canadian Universities With Full Tuition Fees For Upper-Year Graduate Students

Carleton University
University of Guelph
McMaster University
Mount Saint Vincent University
Nova Scotia College of Art & Design
University of Ottawa
Queen's University
Ryerson University
University of Saskatchewan
University of Toronto
Trent University
University of Waterloo
University of Western Ontario
Wilfrid Laurier University
University of Windsor
York University

maintained are far more accessible to international students. At the University of Manitoba, for example, a five-year PhD program in the arts costs $18,730.

On average, fees for international students are triple those of domestic Canadian students and are continuing to increase at a faster rate.[3] A post-residency fee system is one way to improve the accessibility of graduate studies for international students.

Towards Accessible Graduate Studies

Significant faculty member retirement is anticipated in the next decade.[4] To attend to a potential shortage, graduate studies will be key to generating qualified new faculty members. Between the labour market shift towards knowledge-based industries and predicted faculty shortages, there will be a need for more than 80,000 graduates from masters and PhD programs each year by 2011. However, the number of graduate degrees awarded annually in Canada has not increased since the mid 1990s, remaining steady at around 40,000 graduates.[5]

Time-to-completion, graduate student funding, and faculty member renewal have been identified as major priorities by organisations such as the Association of Universities and Colleges of Canada and the Canadian Association for Graduate Studies. The federal government has set goals to encourage and facilitate enrolment in graduate programs in order to foster university innovation and the dispersion of qualified researchers into the Canadian labour market. The Canadian Graduate Scholarships introduced in 2003 were a positive start to improving access to graduate studies. However, there are still large numbers of unfunded graduate students. Furthermore, as tuition fees continue to soar in most graduate programs, the value of scholarships depreciates.

Table 1: Sample of Universities with Post-Residency Fee Systems (PRF)

University	Tuition Fees	Post-Residency Fees	Cost of 5-year PhD program today	Reduction
Simon Fraser	$4,338	$2,169	$15,183	50%
Calgary	$4,765	$1,386	$13,728	71%
Manitoba	$4,177	$674	$10,376	84%

Table 2: Sample of Universities with No Post-Residency Fee System (PRF)

University	Cost of 5-year PhD program before PR Fees eliminated	Cost of 5-year PhD program today	Increase
Western Ontario	$11,205	$25,475	127%
Toronto	$7,104	$27,210	283%
Queen's	$8,400	$31,500	275%

The federal government must restore transfer payments to the provinces to enable provincial governments and universities to reduce all tuition fees.

Reducing fees for graduate students in the post-residency phase would improve access and reduce student debt. Furthermore, post-residency fees would play an important role in improving retention and time-to-completion in Canadian graduate programmes.

Endnotes

1. Canadian Association for Graduate Studies. October 2003. *The Completion of Graduate Studies in Canadian Universities: Report & recommendations*; Pyke, S.W. and P.M. Sheridan. 1993. "Logistic Regression of Graduate Student Retention", *The Canadian Journal of Higher Education, Vol.23, No.2.*
2. Bowlby, J.W. and K. McMullen. 2002. *At A Crossroads: First results for the 18 to 20 year old cohort of the Youth in Transition Survey.* Statistics Canada.
3. Statistics Canada. Sept. 1, 2005. "University tuition fees." *The Daily.*
4. Association of Universities and Colleges of Canada. 2002. *Canada's Universities: A strong foundation for innovation.*
5. Berkowitz, Peggy. 2003. "The Long Haul" *University Affairs.* 8-12.
6. Canada's Innovation Strategy: http://innovation.gc.ca

Registered Education Savings Plans

A National System of Grants for the Wealthy

Introduction

Federal funding cuts to post-secondary education during the 1990s resulted in massive tuition fee increases in every jurisdiction except Québec. Yet even in today's era of federal budget surpluses, the federal government has chosen to ignore its responsibility to restore funding to universities and colleges. Instead, the current government favours an approach whereby the individual pays an increasing portion of the cost of education by spreading it out over a lifetime:

Period	Individualised Cost-Bearing Mechanism
Pre-enrolment	Registered Education Savings Plans
Study	Access to debt (student loans)
Post-graduation	Income-contingent repayment[1]

From this perspective, RESPs are a core program in a funding model for post-secondary education that reduces the role of the federal and provincial government.

The Registered Education Savings Plan

The Registered Education Savings Plan is an investment vehicle that allows a contributor to save for a child's post-secondary education. Unlike Registered Retirement Savings Plans (RRSPs), the RESP contributions are not tax deductible. However, the savings grow tax-free until the beneficiary is ready to go full-time to college, university, or any other eligible post-secondary educational institution. Under the current rules, one can contribute a maximum of $4,000 per year for a lifetime limit of $42,000. Contributions can be made for 21 years and the plan must be collapsed after 25 years.

> "These plans came under heavy criticism in mid-July from the Ontario Securities Commission for their sometimes dodgy sales practices, early redemption penalities, and loose portrayal of investment returns".
>
> Jonathan Chevreau, *Financial Post*, August 28, 2004

The RESP is in fact a national system of indirect grants: the income generated by the RESP accumulates tax-free. The foregone tax revenue is tantamount to a grant payable only to RESP investors. Since 2000, the federal government has spent $567 million on the RESP program.

The Canada Education Savings Grant

RESPs became more attractive after the 1998 federal budget because in addition to an indirect grant in the form of foregone tax revenue, the federal government said it would offer a direct grant—the Canada Education Savings Grant (CESG)—to any parent who had sufficient income to purchase an RESP. The Government of Canada pays directly into a beneficiary's RESP 20% of the first $2,000 in contributions made on behalf of an eligible beneficiary each year.

This means the Grant can be as much as $400 each year per beneficiary up to a lifetime maximum grant of $7,200 per child. In other words, if you are wealthy enough to put aside $2000 per year from the time your child is born until the end of the year in which your child turns 17, the government of Canada will give you a tax-free grant of $7,200 towards your child's education.

Two Billion Dollars and Counting

Since the CESG is a "statutory" expenditure, there is no predetermined budget for the program: if every single eligible Canadian could afford an RESP, the federal government would have to pay out the corresponding CESG.

From 1998 to 2004 the Government of Canada spent $2.36 billion in Canada Education Savings Grants. In terms of what the Government of Canada is prepared to spend on CESGs, if every eligible parent participated in the CESG and invested the maximum $2,000 per year, it would cost $2,827,512,000 each year.[2]

Benefitting Those Who Need it the Least

Research on RESPs shows that high income Canadians benefit far more from this program than do low income households. In 2001, children from households in the lowest quintile (incomes under $25,000) made up only 9.7% of families who were saving for post-secondary education. Households with incomes exceeding $85,000 (the highest quintile) accounted for 31% of savers.[3] The average savings by high-income families was nearly $7,000 in 2001, whereas low-income households only saved one third that amount on average.

Taken together, the RESPs and CESGs represent a substantial system of indirect and direct grants to primarily high-income families.

"Want to really make a kid's eyes really light up on Christmas morning? An RESP could be just the thing. Imagine how grateful that special girl or boy will be to receive a little something toward what will undoubtedly be an attrociously expensive post-secondary education"

Rob Carrick, *The Globe and Mail, Money and Markets*, December 21 1999

"Enhanced" CESGs and the Learning Bond

In response to widespread criticism about the regressive nature of the RESP and CESG programs, the federal government attempted to make the programs more appealing for low-income Canadians by introducing changes to the CESG in the 2004 federal budget. The CESG payout was adjusted on a sliding scale to be more generous to low-income recipients, and in addition, children born into a low-income family beginning in 2005 will receive $500 towards an RESP account (the "Learning Bond") plus $100 for every subsequent year the child's family qualifies as low-income.

> "CESGs give scarce public funds to the wrong households...[t]he CESG program should be discontinued".
>
> UBC Economist Kevin Milligan

Rather than acknowledge the real forces putting higher education out of reach for low-income families, the Learning Bond's proponents cling to a naïve vision for solving social ills: "Through savings incentives and supports such as financial literacy, low-income earners are encouraged to save for their future goals. With the right incentives the poor can and do save!"[4]

Nevertheless, speaking in purely financial terms, the amount of money that low-income Canadians may accumulate under a Learning Bond will be wholly inadequate to cope with the rapidly increasing costs of college and universities in most jurisdictions. Dennis Howlett, Executive Director of the National Anti-Poverty Organisation has noted that "When people are struggling to feed their children and keep a roof over their heads, they have no extra money available to 'invest' in university education, even if they were better informed about the costs and benefits...starting salaries, even for those with a university education, have been falling for some time, at the same time as the costs of education have been rising, making it less and less of a good investment"[5].

Government-sponsored education savings vehicles also promote uneven spending across the country. In provinces where forward-looking governments have kept tuition fees low, such as Québec, parents will have less need to save. The federal government has openly conceded this point: "The lower RESP take-up rate in Québec is likely attributable to the province's publicly funded college system (CEGEP) and relatively low university tuition fees for Québec residents"[6]. Thus, Quebeckers and families in other lower tuition fee provinces have a diminished benefit from a multi-billion dollar federal grants program.

The biggest winners of the increased emphasis on savings schemes are undoubtedly the RESP providers. The federal government has created a profitable scheme for the banks at the expense of real access to college and university. Nevertheless, the education savings industry has repeatedly been the subject of criticism from both the Alberta and Ontario Securities Commissions for its sales tactics.

"When Ottawa will pay you $400 per year...simply for saving $2000 per year yourself, who can refuse? Especially when getting the money is so simple".

Geoff Kirbyson, *"Pro: Why open an RESP", IE: Money*, August 1999

Conclusion: Towards an Effective and Fair Grants Program

Savings-based access to education re-frames the question about affording high tuition fees as a question about the individual and their savings history, rather than about Canada's collective resources and the collective responsibility to make education affordable to all. Students with financial need would be better served if the RESP and CESG programs were converted into a national system of needs-based grants. The federal government expects to spend $615 million on the CESG in 2005—approximately what it would cost to give a $5,000 grant to one in three student loan recipients, thereby reducing the debt of current students by 22%.

Endnotes:

1. Students forced the federal government to reject income contingent repayment in 1995, but the schemes are still a serious policy threat to this day. For more information visit www.cfs-fcee.ca.
2. This amount includes the Learning Bond announced in the 2004 federal budget.
3. Planning and preparation: First results from the Survey of Approaches to Educational Planning (SAEP) 2002. Statistics Canada.
4. Peter Nares, Executive Director of Social and Enterprise Development Innovations.
5. Formative Evaluation of the Canada Education Savings Grant Program: Final Report.
6. National Anti-Poverty Organisation news release "Anti-poverty Organization Critical of New Education Report", July 7, 2005.

the facts about post-secondary education

Winter 2006
Canadian Federation of Students
www.cfs-fcee.ca

Student Loan Designation

Background

Designation is the process by which post-secondary education institutions are deemed eligible for certain government programs and funding. Currently, the provinces are responsible for the designation of post-secondary educational institutions. Applicable funding includes:

1. Federal and provincial student loans;
2. Canada Education Savings Grants and Registered Education Savings Plans;
3. Millennium Scholarships;
4. Canada Study Grants;
5. Education and tuition fee tax credits;
6. Loans and grants through the Employment Insurance program; and
7. Grants for Aboriginal students.

In March 2003 the federal Intergovernmental Consultative Committee on Student Financial Assistance introduced a designation policy framework. It is intended to "guide jurisdictions in the development of their designation policies". All of the provinces agreed to implement a designation policy that would "manage" the "financial risk" associated with student loans. Institutions that fail to meet guidelines within the framework run the risk of being de-designated, that is, students in that institution become ineligible for student loans. The framework was officially implemented in November 2004.

As the federal government negotiates new student loan agreements with each province in order to integrate federal and provincial loans ("harmonisation"), designation policies will be a part of all new agreements.

The Wrong Approach

Designation policies are rooted in the notion that low-quality programs or institutions produce unqualified graduates who in turn cannot find employment to pay back their student loans. By making student loans unavailable, and choking off access to supposedly low-quality programs, governments hope to pressure institutions to respond by increasing quality and post-graduate employment strategies. Yet, this logic ignores the fundamental causes of student loan default and the government's role in exacerbating the problem.

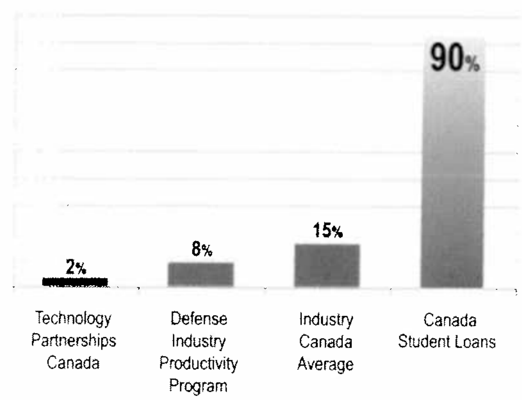
Between 1995 and 2005, the federal government cut billions from transfers to the provinces for post-secondary education and training. As a direct result, tuition fees have more than doubled, causing student debt to climb to unprecedented levels. Graduates of public universities and colleges who are unable to make monthly payments are more likely in this position because of a mortgage-sized debt and an unstable job market, not because their education was of low quality.

If the federal government was truly committed to equality and student success, it would restore funding to public post-secondary education in ways that lower tuition fees and reduce student debt.

A Short-Sighted Policy

In recent years, the federal government and most provinces have introduced several policies that ignore the role of post-secondary education in mitigating the effects of socio-economic inequality in Canada. Student loan designation—as with the ten-year bankruptcy prohibition and credit checks for Canada Student Loans—treats public investments in education like private investments in stock markets. The broader social value of public education cannot simply be measured by examining statistics about the most indebted graduates.

Figure 1: Rate of Recovery of Different Government Loans



In fact, much of the statistical information upon which banks and service providers rely is deeply flawed. The complexity of repayment, combined with the notorious service errors of lending institutions, results in default data that is unreliable. Furthermore, "default" rarely means that a loan does not get

$208 Million

Level of public subsidy to private career colleges each year in student loans

repaid, but simply that payments are missed. The vast majority of students eventually repay their loans: the rate of repayment for student loans exceeds 90% (see Figure 1). This financial reality is not considered in designation data.

The obsession with student loan default rates is even more unreasonable given the standards in other government departments: Industry Canada corporate loans have a 15% repayment rate.[1]

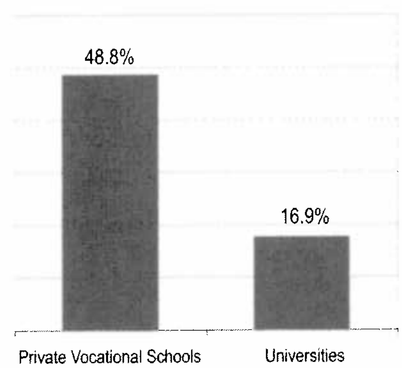
Holding Private, For-Profit Institutions Accountable

The student loan default rate[2] at private institutions is nearly three times higher than that of public universities (see Figure 2). As a result of the sky high default rates at private institutions, some jurisdictions were using de-designation as a policy tool to prevent millions of dollars of public funds from being used to support diploma mills that do more to generate profit than provide skills training.

"Sham College Run Without Teachers: Instructors at Toronto vocational school absent for weeks at a time, ex-student says"

Globe & Mail headline, September 6, 2003

Figure 2: 2002–2003 Student Loan Default Rates for Graduates of Private and Public Institutions (forecasted)



In Ontario, a designation policy is in place that details the type of information and support that private institutions must give to students using financial assistance and requires institutions to meet certain tests of financial stability. In 1997, a policy of institutional accountability for student loan defaults was introduced so that private educational institutions ensure that loan defaults among their graduates do not exceed specified targets. Schools at which defaults exceed these targets must pay a portion of the costs incurred from these defaults.

"Concerns were expressed about [...] the debt loads of students as a result of high tuition fees, [and] what was seen as low standards for admission to many programs"

The Warren Report, Government of Newfoundland and Labrador, 1999

It has become clear in discussions with federal government officials that the primary target of the designation policy framework is the fly-by night, for-profit education industry. The industry currently collects a $208-million[3] public subsidy in the form of Canada Student Loans every year. These "career colleges" frequently go bankrupt and leave their students in limbo with no qualifications and no compensation.

Given the poor record of private institutions in Canada, the massive public subsidy to this industry is in dire need of review. Yet, if the primary goal of a designation policy is to curb the flow of public student loans to private colleges, its net is cast too wide. The answer to preventing profit-driven education shops from needlessly squandering public funds is to not subsidise them in the first place.

Conclusion

Rather than recognising the social and economic benefits of an educated workforce, de-designation policies treat those in need of financial assistance with suspicion or even contempt. In the words of the Intergovernmental Consultative Committee on Student Financial Assistance's designation framework, designation will give provinces the assurance that "taxpayers will receive the appropriate return on their educati[on] investment".

Accountability in the public post-secondary education system is accomplished through legislation and discipline-wide reporting mechanisms. In-house structures like boards of governors and senates are other ways by which academic integrity can be assured. The federal government should restore funding to the provinces for post-secondary education in recognition of the fact that Canada's public community colleges are well positioned to offer high-quality education to those seeking a trade or skills development. In order to best promote the quality and integrity of post-secondary education in Canada, the federal government must act to restrict the for-profit private sale of education credentials.

Endnotes

1. Canadian Taxpayer Federation, "Lies My Government Continues to Tell Me", January 2002.
2. *Canada Student Loans Program Annual Report 2002-2003.*

Post-Secondary Education Tax Credits

Billions in Misdirected "Financial Aid"

Background

Since the mid-1990s, the federal government has increasingly looked to tax expenditures as a substitute for directly allocated student financial assistance. As defined by the Department of Finance, tax expenditures include "exemptions, deductions, rebates, deferrals and credits" that serve "to advance a wide range of economic, social, environmental, cultural and other public policy objectives". In total, federal tax expenditures for post-secondary students have grown from $566 million in 1996 to more than $1.46 billion in 2005. This represents a 213% increase (real dollars) and more than the total amount the federal government will spend on direct student financial aid this year.[1]

Despite their large price tag, federal tax expenditures are a very poor instrument to either improve access to post-secondary education or relieve student debt. Moreover, since everyone who participated in post-secondary education qualifies for tax credits regardless of financial need, the federal government is diverting vast sums of public funding where they are not necessarily required.

A Confusing Patchwork

Education Tax Credit

Students may claim a 16% tax credit for the accrued "education amount". The education amount is equal to the number of months enrolled in post-secondary education multiplied by $400 for full-time students and $120 for part-time students.

Tuition Fee Tax Credit

Students may claim a 16% tax credit for tuition fees and ancillary fees paid. In 1987, it became possible to transfer this credit to a spouse, parent, or grandparent. As of 1997, this credit may be carried forward for application in future tax returns.

Student Loan Interest Tax Credit

Students may claim a 16% tax credit for the interest paid in a year during repayment of a Canada Student Loan and provincial student loan.

Registered Education Savings Plans

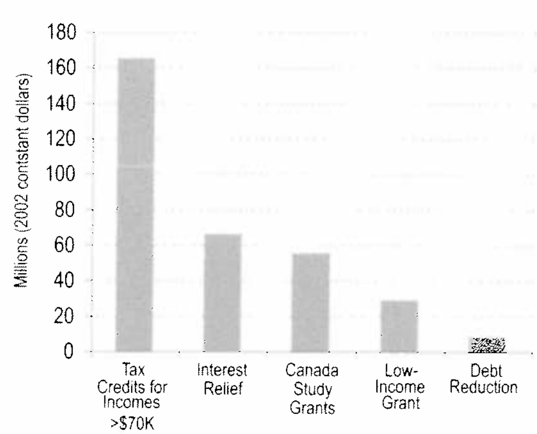
Contributions to Registered Education Savings Plans (RESPs) grow tax-free until the time that they are withdrawn, at which point the saved amount is taxable as income for the beneficiary. For more information, see the Canadian Federation of Students' factsheet on the RESP program at www.cfs-fcee.ca.

An Inferior Approach to Reducing Student Debt

The non-refundable education and tuition fees tax credits have been the most expensive and widely used federal tax measures for post-secondary education. In the 2002 tax year 2,235,870 students and their family members claimed the education and tuition fee credits, costing the federal government almost $1.15 billion in foregone tax revenue.[2]

This massive public expenditure, if offered as upfront grants, could deliver significant financial assistance to Canadian students. For example, a grants program under which every student receiving a Canada Student Loan received a $3000 grant, would cost approximately $1.13 billion per year.[3] In other words, if the amount of money the federal government spent on the tuition fee and education tax credit each year ($1.15B) was simply shifted to the "front-end" in the form of grants through the Canada Student Loans Program, student debt could be reduced by 41%.

Figure 1: Comparison of Federal Spending on Student Aid



Failing to Meet the Increased Costs of Education

Tax credits, in addition to diverting public funds to high income graduates, have not come close to offsetting soaring tuition fees.

41%

Student debt reduction that could be realised by converting tax credits into needs-based grants

$1,426

Gap between tuition fees and education related tax credits in 1988

$3,551

Gap between tuition fees and education related tax credits in 2003

Despite increased government spending on the education and tuition fees credit, the gap between tuition fees and education tax credits had soared to $3,551 by 2003—more than double the gap in 1988. Federal tax credits have clearly failed to compensate for the steep tuition fee increases that resulted from cuts to federal transfers for post-secondary education during the 1990s.

Helping Those Who Need Help the Least?

In total, individuals with incomes over $70,000 claimed more than $164 million in federal education and tuition fee tax credits for the 2002 tax year, and most of this total was likely claimed as amounts transferred from students to family members. This $164-million tax break to high-income parents is more than double the amount spent in 2002 on the federal Interest Relief program, and triple what the government spent on Canada Study Grants for high need students that year.[4]

With such a substantial portion of post-secondary education credits being claimed as amounts transferred to family members, there is no guarantee that the full value of these credits is even being applied to education-related expenses. The Department of Finance estimates that transferred amounts account for almost half the total value of education and tuition fee tax credits claimed.[5]

The Student Loan Interest Credit

The Student Loan Interest Credit was introduced in the 1998 federal budget with the professed aim of ensuring that, in the words of then Finance Minister Paul Martin, "Canadian students are not mired in a swamp of debt". Although the total cost of this credit was over $62.4 million in 2002, the average amount claimed works out to only $91.67 per year ($7.64 per month) per claimant. Low-income claimants fared even worse, averaging only $5.56 per month worth of debt and tax "relief".[6] Given that the monthly loan payment on the average student loan is at least $237, the Student Loan Interest Credit cannot be considered a serious attempt to address the student debt crisis.

Tax Credits Do Not Increase Access

In order to derive any benefit from the education tax credits, students and their families must first find the resources to pay for tuition fees and living expenses, and hope that a portion will be refunded sometime in the future. Tax credits do nothing to address the up-front financial barriers that prevent many students from low-income backgrounds from enrolling in the first place. As a result, education tax credits are most likely to benefit those who already have enough money to afford post-secondary education.

A 2002 study by Harvard University professor Dr. Bridget Long found that this was precisely the case with education tax credits introduced in the United States. According to Dr. Long, "[a]lthough one goal of the tax credits was to increase access to higher education, this study found no evidence of increased postsecondary enrolment among eligible students".[7] These findings are consistent with an earlier US study that found education tax credits introduced in the state of Georgia actually "widened the gap in college attendance between blacks and whites and between those from low- and high-income families".[8]

Conclusion

The evidence is clear: tinkering with the tax system is not an effective means of improving access to post-secondary education or reducing student debt. Federal tax measures have come nowhere near compensating for tuition fee increases brought on by long-term federal and provincial government under-funding of post-secondary education. Benefits derived from education tax credits disproportionately benefit higher income households and do little to help those most in need of financial assistance. Government funding currently directed at federal tax credits for post-secondary education would be better spent on up-front needs-based grants.

Endnotes:

1. Includes Education Tax Credit (present, carry-forward, and transferred), Tuition Fee Credit (present, carry-forward, and transferred), scholarship exemptions, Registered Education Savings Plans, and the Student Loan Interest Credit using the Department of Finance's Tax Expenditures and Evaluations 2004.
2. Canada Customs and Revenue Agency Income Statistics 2004 (2002 tax year).
3. Based on loan uptake calculations in the 2004 Actuarial Report of the Canada Student Loans Program.
4. Canada Student Loans Program Annual Report 2002-2003.
5. Department of Finance Canada Tax Expenditures and Evaluations 2004.
6. Canada Customs and Revenue Agency Income Statistics 2004 (2002 tax year).
7. Bridget Terry Long, "The Impact of Federal Tax Credits for Higher Education Expenses", Prepared for the National Bureau of Economic Research Volume and Conference: College Decisions: How Students Actually Make Them and How They Could, Harvard University, August 2002.
8. Susan Dynarski, "Hope for Whom? Financial Aid for the Middle Class and Its Impact on College Attendance", paper prepared for the Kennedy School of Government at Harvard University and the National Bureau of Economic Research, April 2000.

Tuition Fees for International Students

Introduction

While all students in Canada have faced dramatic fee increases over the last decade, tuition fees for international students have become particularly burdensome in recent years. In fall 2005, average tuition fees for international students reached $12,587—more than double the already high fees paid by Canadian citizens. At some universities, international students pay up to $20,000 per year in tuition fees, and this figure rises to over $30,000 for professional programs such as medicine and law, and a staggering $35,000 per year for some graduate programs. High differential fees are an unfair burden and a barrier to post-secondary education for international students. Ultimately, such fees will threaten Canada's ability to attract and retain the talented people needed to prosper in the future.

The Root Cause: Government Underfunding

International students were not charged differential tuition fees prior to the late 1970s. During the negotiations of federal transfer payments to the provinces in 1976, the federal government suggested that introducing differential tuition fees was an acceptable way for the provinces to generate additional revenue at institutions. Over the next several years, many provincial governments responded by cutting or eliminating grants that had previously been provided to post-secondary institutions for the purpose of funding international students. By 1982, all provinces except British Columbia, Saskatchewan, Manitoba and Newfoundland were charging differential tuition fees. In Ontario, fees charged were as high as $6,960 (about $12,550 in 2002 dollars).

Throughout the 1990s, tuition fees in Canada skyrocketed for both international students and Canadian citizens as federal and provincial governments further cut funding for post-secondary education. Taking into account population growth and inflation, federal cash transfers to the provinces are 50% below 1993 levels. Cash-strapped university administrators have increasingly turned to tuition fees to cover operating expenses. In 1990, tuition fees accounted for only 17% of university revenues. By 2004, that figure had risen to over 30% in most provinces.

Governments and post-secondary institutions know that high tuition fees are unpopular with students and their families. However, because international students have little direct political influence in Canada, many provincial governments and institutional decision-makers see them as an easy target. In some provinces, governments have completely deregulated fees charged to international students so that universities are free to exploit them as a replacement for government funding. Differential tuition fees have thus become an important and politically convenient way of generating revenue for many post-secondary institutions in Canada.

Differential Tuition Fees Across Canada

As shown in Table 1, tuition fees for international graduate students in 2005-2006 vary dramatically between provinces and institutions. Overall, tuition fees for international graduate students tend to be highest at some institutions in Ontario and the Maritimes, where most programs at the University of Western Ontario, Cape Breton University, and Ryerson University charged user fees greater than $13,000 for the 2005-2006 academic year. Newfoundland currently has the lowest tuition fees in Canada for international graduate students at less than $2,000. Surprisingly, the institutions in British Columbia who gouge their undergraduate international students have *relatively* low tuition fees for international graduate students.

A similar phenomenon occurs at the University of Saskatchewan. In fall 2005, international undergraduate students at the University of Saskatchewan were saddled with a 38.4% fee increase, a not-so-subtle tactic used to circumvent the tuition fee freeze for domestic students in Saskatchewan. However, international graduate students were spared the hefty increase. Given the premium placed on importing great researchers, shielding international graduate students from the massive fee increase is an acknowledgement of the deterrent effects of high tuition fees.

Differential Fees: Short-sighted and Unfair

Access

High tuition fees have already put post-secondary education in Canada beyond the reach of many international students. Low- and middle-income

Tuition fees for international graduate students, 2005-2006

University	Tuition Fees
University of W. Ontario	$16,500
Cape Breton University	$15,440
Ryerson University	$13,421
Université d'Ottawa	$12,786
Dalhousie University	$12,388
Mount Saint Vincent U.	$12,255
McMaster University	$12,045
University of Toronto	$12,000
NSCAD University	$11,669
St. Francis Xavier U.	$10,925
University of Alberta	$10,803
Queen's University	$10,600
Brock University	$10,319
University of Calgary	$10,082
Université Laval	$10,068
Concordia University	$10,068
Lakehead University	$10,000
École Polytechnique	$9,956
Université Ste. Anne	$9,250
University of Waterloo	$9,180
U. of New Brunswick	$9,144
McGill University	$9,078
Université de Montréal	$9,078
Université de Sherbrooke	$9,078
Université de Québec	$8,808
Carleton University	$8,553
Wilfrid Laurier University	$8,038
University of Manitoba	$7,937
University of Winnipeg	$7,937
York University	$7,515
Université de Moncton	$7,080
University of Windsor	$5,952
University of Lethbridge	$5,880
University of Victoria	$5,720
University of Guelph	$5,650
Laurentian University	$5,500
University of PEI	$4,562
Simon Fraser University	$4,339
Brandon University	$4,170
University of BC	$3,786
University of Regina	$2,648
Memorial University of Newfoundland	$1,896

students—and particularly students from developing countries—face tremendous obstacles in accessing post-secondary education, and in particular, graduate school in Canada. For example, average annual income in India is only about $713, less than 7% of the average cost of tuition fees charged to international students in Canada. Continued increases could ultimately see access to Canadian universities and colleges choked off to all but the wealthiest international students and a limited number of poorer students lucky enough to receive full scholarships.

Until recently, the detrimental effects of excessive tuition fees were compounded by regulations that prevented international students from earning money while studying in Canada. However, the Canadian Federation of Students has successfully lobbied to have these restrictions eased. In fall 2005, international students were granted the right to work outside campus in provinces that have reached an agreement with the federal government.

Some of the support for relaxing the off-campus work regulations came from university and college presidents, some of whom may see the increased income for international students as an excuse to increase tuition fees.

Diversity

International students enrich Canadian academic and social life in innumerable ways. Differential tuition fees are a threat to the intellectual, cultural, and social benefits that a diverse international student population adds to Canadian campuses. The presence of international students in this country also provides a foundation for strengthening relationships between Canada and other societies around the world.

Canada's Immigration Needs

Charging differential tuition fees to international students is drastically out of step with the long-term needs of Canadian society. The federal government's 2002 innovation strategy papers, *Knowledge Matters* and *Achieving Excellence*, repeatedly emphasise Canada's need to attract skilled immigrants. In fact, by 2011 immigration will account for all new labour force growth in this country. According to the federal government's own research, immigrants who have previously worked or studied in Canada have the easiest time integrating into the Canadian work force and prospering in Canadian society. Differential tuition fees are a barrier that will discourage such talented people from studying, and eventually settling, in Canada. High tuition fees work directly against the Canadian government's professed goal of building an educated, prosperous, and innovative society.

Canada's International Obligations

As a wealthy country, Canada has both a duty and the material resources to provide assistance to countries and individuals in developing countries. Providing access to affordable education should be an important part of Canada's contribution to international development.

Towards Full and Equal Access for International Students

The federal government needs to restore funding for post-secondary education to the provinces and reduce the incentive for universities to rely on tuition fees as a means of generating revenue. In the meantime, provincial governments must re-regulate all fees charged to students and end the practice of charging differential fees to international students.

In the long term, federal agencies such as Human Resources and Skills Development, Industry Canada, and Citizenship and Immigration must co-ordinate with provincial governments and university administrators to develop strategies that improve access and financial support for international students wishing to study in Canada. Particular attention needs to be focused on ensuring access for international students from lower income backgrounds. Removing barriers faced by international students should be an important component of Canada's international and foreign policy objectives. Improved access for international students would also be an important step towards ensuring Canada's own future as a destination of choice for skilled immigrants.

Whistleblowers: Defending Academic Freedom

The Threat to Public Research

Public-private partnerships in university research are on the rise. Private corporations, recognising the opportunity for quality research at a fraction of the real cost, have taken advantage of public-private funding models to generate proprietary research outcomes.

As research institutions have become more reliant on private sector money, private corporations have come to influence both the direction and the reported results of research. Researchers who have been unwilling to tailor their work to the needs of private sponsors have become the targets of academic censorship and, in some cases, reprisals and public smear campaigns. Students are particularly vulnerable when trying to uphold research integrity because they lack the protection of mechanisms like collective agreements.

The federal government has contributed to the rise of private influence in Canadian universities by introducing programs intended to maximise the commercialisation of research. Programs such as the Canadian Foundation for Innovation have increased the number of corporate-university research partnerships by stipulating that research projects with a private sponsor will receive matching public funds.

Sounding the Alarm on Corporate Influence

Over the last decade, the negative effects of corporate sponsored research have become apparent. A recent survey of researchers in the United States of America revealed that scientific misconduct had become commonplace in that country.[1] Of the researchers surveyed, 33% had engaged in some kind of significant misconduct including data falsification, plagiarism, and violation of ethical requirements. 15.5% of respondents had changed the research design, methodology, or results because of pressure from a funding source.

The research community has become more vocal over its concerns with the private sponsorship of university research. In a recent letter to *Science*, 40 prominent scientists wrote that matched funding requirements were "eschewing scientific excellence"[2] by funding those projects deemed commercialisable rather than funding projects in the public interest. The Canadian Society of Biochemistry, Molecular, and Cellular Biology is petitioning the federal government to address these concerns.[3]

Corporate Interference: The Olivieri Case

Scientific inquiry requires the free flow of information. But industry-sponsored contracts often include non-disclosure clauses to prevent the dissemination of research. In some cases, this non-disclosure poses a serious threat to the health of Canadians.

While working at the University of Toronto affiliated Hospital for Sick Children (HSC), Dr. Nancy Olivieri signed a contract to test a new drug for the pharmaceutical company Apotex. Upon discovering that some of her child subjects were experiencing high levels of iron toxicity that could lead to life-threatening liver cirrhosis, Olivieri immediately stopped the tests and insisted that the health risks be communicated to her patients' parents. Citing the contract's non-disclosure clause, Apotex not only refused to communicate the risks, but also halted all further drug trials at the HSC, confiscated the trial medicine, fired Olivieri from the study, and threatened her with litigation if she divulged any information to her patients.

Acting on her ethical obligations and confident that the University and the Hospital would support her, Olivieri informed her patients of the risks. A bizarre series of events ensued that the *Globe & Mail* would later refer to as "Canada's worst academic and research scandal in decades"[4].

Olivieri began receiving anonymous threatening letters that were later proven to have been sent by a co-worker who was a recipient of Apotex funding. Anonymous letters containing unfounded allegations against Olivieri were also sent to the media and the HSC disciplinary committee. Apotex, as well as some hospital and University administrators, later used these allegations as a basis to level charges against Olivieri. Apotex also used these allegations in attempts to discredit Olivieri.

Six years after the first signs of problems with the drug were detected, the Independent Committee of Inquiry[5] exonerated Olivieri of all allegations of misconduct. The Committee's report recommended that universities be prohibited from entering into research contracts that restrict the communication of results. The report was explicitly critical of the University and the HSC for failing to protect Olivieri's academic freedom. At the time Olivieri came under attack, the University was in negotiations with Apotex over a $20 million building investment.

As a result of her experiences, Olivieri helped found the organisation Doctors for Research Integrity and works to oppose the adverse influence of corporate interests on public research.

A Threat to Public Health: Misconduct in Research on Drinking Water

In another example of corporate interference in the dissemination of critical research results, a drinking water experiment that took place in Wiarton, Ontario has led to questionable results that could have significant public health risks.

In summer 2000, a large chemical company collaborated with the Ontario Ministry of the Environment, the Ontario Clean Water Agency, a Canadian university's drinking water research group, and the Wiarton municipal government to test chlorine dioxide as an alternative to traditional chlorination in the town's drinking water. Wiarton residents were not informed of the experiment in advance, even though the chlorine dioxide disinfectant byproduct levels were above the United States Environmental Protection Agency's "maximum contaminant level goal" for about one month.[6]

As the study was being conducted, Wiarton residents filed dozens of complaints about bleach stains on laundered clothing, taste and odour problems, and even the death of pets. In fact, complaints by residents prompted the early termination of the study following headlines in the *Globe & Mail*, *National Post*, and *Toronto Star*.

However, academic publications following the experiment lauded it as a success, claiming that "no customer taste and odor complaints were reported during the study period"[7]. Even the university publicised the "novel and successful trials to improve Wiarton, Ontario's drinking water"[8]. In May 2005, Health Canada has proposed new Canadian drinking water quality guidelines, citing the report as evidence that chlorine dioxide can "maintain water quality"[9].

Efforts to expose the discrepancies in reports on the Wiarton experiment by a former graduate student, Chris Radziminski, have been ignored by the university. Although the Natural Sciences and Engineering Research Council partly funded the project, it insists that the complaint is "purely a private matter" and that NSERC has no mandate to protect whistleblowers.

"The whistleblower is an essential element in the effort to protect the integrity of [government] supported research because researchers do not call attention to their own misconduct."

U.S. Dept of Health and Human Services, Office of Research Integrity

Building Walls Around Research: The McLachlan/Mauro Case

Given the decline of post-secondary education funding, it is no coincidence that growing corporate presence on campus has occurred rapidly, sometimes creating a chilling effect on research activities. Underfunding can make universities more unwilling to offend corporate donors, which can lead to efforts to suppress the dissemination of controversial research.

"It is [the university's] duty to act strongly in support of their researchers if the researchers' independence or academic freedom is threatened."

Report of the Committee of Inquiry on the Case Involving Dr. Nancy Olivieri, the Hospital for Sick Children, the University of Toronto, and Apotex Inc.

This has been the case for two researchers from the University of Manitoba: Ian Mauro, a PhD student, and Dr. Stephane McLachlan, a faculty member. In 2001, Mauro and McLachlan received funds from the Social Sciences and Humanities Research Council to undertake a research project that included a documentary on Canadian farmers' experiences with genetically modified crops. The film was completed in 2003.

After viewing the film, the University refused to allow it to be screened, using a clause in McLachlan's collective agreement that grants 50% of the film's copyright to the University. The University cited fear of litigation from Monsanto, a large biotechnology corporation. The University entered into a series of negotiations with McLachlan, proposing conditions on use of the film thereby preventing its screening for over two years.

While the University was supressing the film, it was planning with the the relocation of Monsanto's Canadian headquarters to a new $6.5 million building in the University's research park. The University's vice-president was negotiating with both Monsanto and the researchers.

In fall 2005, media across the country picked up on the story. Due to public pressure, the University administration conceded to allow the researchers to screen the film on the condition that a disclaimer that the film did not reflect the viewpoints of the University of Manitoba was added.

Despite this victory, Mauro is still fighting for the right to use the documentary as part of his dissertation.

Towards Whistleblower Protection in Canada

Whilst whistleblowers play a critical role in ensuring integrity in university research, they have no formal protection in Canada. With increased corporate influence on universities, university administrators seem disinclined to support researchers standing up for academic integrity.

The federal granting councils are responsible for overseeing the ethical frameworks of universities to ensure that research "meets the highest international standards of excellence". However, the councils' *Integrity in Research and Scholarship* policy statement does not include a provision for protection of whistleblowers from retaliation.

In contrast, national regulations in the United States of America recognise the role of the whistleblower as essential for upholding research integrity. The Whistleblower's Bill of Rights states: "Institutions have a duty not to tolerate or engage in retaliation against good-faith whistleblowers"[11]. The exclusion of whistleblower protection in Canadian guidelines undermines efforts to ensure research integrity in Canada.

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MYTH OR FACT?

A guide to common myths about tuition fees

REDUCE TUITION FEES.CA

CANADIAN FEDERATION OF STUDENTS
NOVEMBER 2006

"Canada cannot afford to reduce tuition fees. If we reduce tuition fees, we will have to raise taxes."

MYTH

FACT

All budget expenditures are choices about priorities.

For example, nearly 100 years ago, Canada made primary school attendance mandatory and free, at great expense to the national and provincial treasuries. However, mass public education was understood as the instrument by which individual Canadians could fulfill their potential, and Canada could reduce social and economic divisions.

In the 21st century, post-secondary education plays a similar role in the development of Canada and Canadians. More than 70% of all new jobs in Canada require some post-secondary education. Given the unprecedented wealth created in the world today, public post-secondary education should be viewed as a right of global citizenship.

In Canada, the past five years have seen over $56-billion in federal budget surpluses. That would have been enough funding to eliminate tuition fees 10 times over and still have enough money for one of the world's most generous grants program. The future economic forecast is similar. Furthermore, the Association of Universities and Colleges of Canada estimate that post-secondary graduates are 15% of the population, but contribute more than 33% of the income tax base, and only require 8% of social program expenditures such as health care and social assistance.

Despite the modest portion of public expenditure required by higher education, there is no doubt that the continuing culture of tax cuts has damaged the accessibility and quality of public, post-secondary education. In 2000, for example, Paul Martin's government cut taxes by $100 billion over 5 years. Most of those tax cuts went to Canada's wealthiest individuals and corporations. For example the elimination of the 3% surtax on those earning over $250,000 cost $650 million. By simply leaving that tax level where it was prior to the 2000 budget, the federal government would have enough money to reduce tuition fees by 10% for all students.

Any discussion of the cost of a social program must be put in the context of other government decisions. In the case of the current federal government, tax cuts for the wealthiest Canadians has taken priority over funding access to post-secondary education.

MYTH

"Tuition fee freezes unnecessarily subsidise the cost of post-secondary education for those who can afford it."

FACT

Disgraced former Ontario Premier Bob Rae and conservative researcher Alex Usher promote this fallacy in order to popularise the notion that a "one-size-fits-all" tuition fee (also known as regulation) is obsolete.
Instead, Rae and Usher champion fully deregulated tuition fees cushioned by a tuition fee waiver for a tiny sliver of the population.
The argument is this:

- every student (poor, rich, or in-between) pays roughly the same tuition fee and receives equal benefit from freezes and reductions;
- low-income Canadians are under-represented in universities;
- low-income Canadians pay taxes that support public universities and colleges; therefore
- low-income families are subsidizing the participation of higher-income families.

The facts do not support Rae's and Usher's tuition fee campaign. First, economist Hugh MacKenzie recently examined the issue and found no evidence that low tuition fees result in a net transfer of resources from low-income households to high-income households.
Second, Rae's model of higher tuition fees for all but a small portion of the poorest students will actually exacerbate the dramatic gaps between the participation rates of different socio-economic classes. Rae's plan will only expand the extent of the "ghetto" of those shut out of higher education to include more middle-income Canadians who barely afford tuition fees today.

"Lower tuition fees don't improve access. Québec has the lowest tuition fees in the country and the lowest participation rates."

MYTH

FACT

This is a popular refrain among those arguing for higher fees. However, like most arguments for higher fees it has more to do with politics than facts. College fees in Quebec are free and Quebec has, by far, the highest levels of participation at the college level. In addition, the freeze in Quebec has ensured that Quebec has the lowest average debt in the country. It seems lost on those who argue for higher fees that low-income students in Quebec do not have to take out mortgage-sized loans to finance an education. A student from a working class family in Ontario forced to borrow the maximum will graduate from a four-year program with a debt of $26,000. That same high need, low-income student in Quebec would graduate with a debt of approximately $10,000.

In addition to the Quebec experience, other provinces have improved access by freezing or lowering tuition fees. The tuition fee freeze in Manitoba, has resulted in an increase in enrolment of close to 20%. In Newfoundland and Labrador the effect has also been pronounced. Prior to the introduction of the tuition freeze and reduction in Newfoundland and Labrador, enrolment was decreasing. Since the reduction was implemented in Newfoundland and Labrador university enrolment has increased by close to 5% at a time when high school graduation rates were declining.

In addition to claiming that lower fees don't improve access, advocates of higher fees also argue that higher fees don't harm access. The impact of fee hikes in British Columbia tells a different story. Enrolment at many British Columbia colleges is down. BC colleges have a proud record of serving low-income, rural communities. However, in the face of tuition fee increases of more than 100%, enrolment is down at almost all colleges and applications are also down at BC universities. Student debt for low-income students has soared since tuition fees were deregulated in BC. Based on researcher Claire Callender's groundbreaking study on debt aversion, BC can expect that rising debt will further exclude qualified students from low-income families.

MYTH

"As a result of their education, university and college graduates earn \$1 million more over their lifetimes, therefore they can afford to pay higher tuition fees."

FACT

This refrain, popular among university presidents, fails to mention that university and college graduates who earn more also pay higher income taxes. In fact, the whole purpose of the income tax system is to recover the costs of administering core social programs, such as health care and education. The income tax system in Canada is "progressive"—the more you earn, the higher tax rate you pay. Recovering the cost of public education from post-secondary graduates through income tax instead of higher tuition fees, ensures that everybody pays their fair share without being burdened by the up-front cost of an education.

Nevertheless, one should be skeptical of the \$1 million figure. It is an average, and is inflated by a calculation that adds compound interest. In other words, when inflation is factored out, the "net present value" (or "additional potential earnings") of a university education is only \$148,000. However, as stated, it is an average of the increased earnings for university degree holders. The vast majority of post-secondary graduates are average income earners.

An analysis undertaken by economist Hugh MacKenzie demonstrates how unreliable the personal "investment" in post-secondary education can be. MacKenzie found that for one-quarter of all university graduates, the net value of a degree is negative. That is, for 25% of all university graduates, annual earnings are less than that of the average earnings of those with only a high-school diploma. The myth of the wealthy graduate who can pay more tuition fees is clearly not supported by the facts.

"Tuition fee freezes eventually cause dramatic increases in tuition fees when the government changes hands."

MYTH

FACT

The only thing that causes tuition fees to increase is an irresponsible government.

Tuition fee policy is a reflection of the priorities of a given provincial government. To suggest that one policy (freezing tuition fees) automatically produces its opposite (massive tuition fee increases) is a gross simplification of the legislative process and the policy-making involved.

In reality, public opinion, lobbying, economic impacts, social benefits, party policy, and other government policy are all factors that maintain or produce changes in government policy. Successfully working the system yields results. For example, ongoing work by united students' movements in Québec and Newfoundland & Labrador ensured that when their governments changed stripes (Parti Québecois to Liberal and Liberal to Conservative, respectively), the tuition fee freeze was maintained.

The often-cited case of British Columbia, where a six-year tuition fee freeze was lifted in 2001 after a change in government, is an example of irresponsible government policy-making, not a pre-determined consequence of the original policy. The tuition fee freeze in British Columbia dramatically increased post-secondary participation and was one of the most popular provincial policies at the time. When the Gordon Campbell government was elected in 2002, it lifted the freeze as part of a policy to avoid providing adequate post-secondary education funding increases. In addition, the government cut its relatively generous grants program at the same time as it deregulated fees. Although university presidents campaigned for higher fees on the basis of a good system of student financial assistance, not a single college or university president had the integrity to speak out against the elimination of the grants program.

MYTH "Non-financial barriers are more important than tuition fees."

FACT

For the most part, when this argument surfaces, it is a cynical strategy to distract media/government/public attention from the urgent concerns of high tuition fees and student debt. It is a popular campaign tactic of the Millennium Scholarship Foundation.

Very often this Foundation tactic involves watering down the results of survey responses that demonstrate a high corelation between financial constraints and access to post-secondary education. For example, a survey response such as "I need to work before going to college/ university" is categorized as a "non-financial barrier" as opposed to a financial barrier, thus "reducing" the respondents citing financial barriers as a reason for not continuing in college or university.

Access to post-secondary education is obviously a complex issue. Deep socioeconomic divisions within Canadian society ensure that thousands of students will not thrive in today's school system. High tuition fees and the prospect of crushing student debt depress educational expectations further still and most evidence shows unequivocally that finances are the most important barrier.

Yet, the policy response to non-financial barriers from government and the Millennium Scholarship Foundation is an insult to the working poor and cynically manipulates the struggles of disadvantaged Canadian families. The federal Learning Bond and most "early intervention" programs are a blithe attempt to gloss over deep and fundamental inequities without any sincere vision for social change. At best, these programs help a handful of students without providing widespread relief. At worst, these programs are a cynical public relations stunt to foster the illusion that government cares for the less privileged while distracting Canadians from the urgent need to reduce tuition fees and other financial barriers to higher eudcation.

"Higher tuition fees means higher quality."

MYTH

FACT

This popular misconception has been peddled by college and university administrators who suggest that hiking tuition fees is the only "realistic" solution to the funding crisis facing colleges and universities.

Yet all historic and international evidence demonstrates that increasing tuition fees will neither improve the quality of higher education nor provide financial stability for public colleges and universities. In fact, the evidence demonstrates that while rising tuition fees contribute to burgeoning student debt and a host of new socio-economic problems associated with debt, there is no measurable improvement in the quality of education provided.

Perhaps the starkest example can be taken from the United Kingdom where tuition fees were only introduced in 1998. Within three years , it became clear that despite new user fees, the operating budgets of universities remained stagnant. In 2002-03 total per student funding from both government and tuition fees was lower than it was in 1996-97—the year before tuition fees were imposed.

In Ontario, the mid-1990's was characterised by double-digit tuition fee increases yet the Progressive Conservative government withdrew $400 million in funding for Ontario's colleges and universities, exacerbating the crisis in quality and affordability at Ontario's public institutions.

Rising tuition fees are symptomatic of government underfunding—not a cure. Wherever tuition fees are allowed to increase government simply withdraws a commensurate portion of public funding. In practice, the only factor that ever has or ever will determine the quality of higher education is the level of public funding government is prepared to invest.