BRIEFING NOTE

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DATE: July 24, 2014

SUBJECT: Post-secondary tuition and mandatory fees in British Columbia

Introduction
The British Columbia government’s determination to control public spending, combined with a desire not to raise taxes and uncertain economic growth, makes it highly unlikely that the ministry of Advanced Education (MAE) will increase funding to post-secondary institutions. The Ministry of Advanced Education 2014/15 – 2016/17 Service Plan provides a breakdown of the global budgetary reality of the province’s postsecondary institutions and the freezing of student support programs. The ministry’s resource summary between April 1st, 2014 and March 31, 2017 signals that in 2014-2015, higher education institutions should receive $17.6 million less than in 2013-2014. Although this news is not good, the cuts projected for 2015-2016 are worse, at $25 million. Both years add up to a 2.3% drop. However, it should be noted that for the first time in many years, the ministry projects that institutional budgets will be frozen (but not cut) in 2016-2017. Budgets for student support programs (loans and bursaries) and institutional executive support services are set to be frozen in the same period.

Unless the B.C. government abruptly and unexpectedly changes its decision to merely hold the line on higher education budgets, university administrations throughout the province, including UBC’s, will have to contemplate cutting student services or creating new revenue streams, which may include general or targeted tuition increases beyond the current 2% cap. In order to prepare the AMS and UBC students for the latter prospect, this briefing note provides a brief analysis of the overall tuition situation as it currently stands and costs of specific programs at UBC. In the conclusion, certain strategic considerations will also be raised.

Degrees of Uncertainty
Degrees of Uncertainty: Navigating the Changing Terrain of University Finance is the most recent and comprehensive look at the cost of post-secondary education in Canada. The publication’s authors examine this question nationally, but also provide detailed statistics and analysis at the provincial level, including in British Columbia. Unfortunately, they do not look at the overall financial burden borne by students, focusing exclusively on tuition and fees. This leaves aside the substantial costs associated with books and educational materials, lodging, food and other expenses.

1 Erika Shaker and David Macdonald (with Nigel Wodrich), Degrees of Uncertainty: Navigating the Changing Terrain of University Finance, Ottawa, Canadian Centre for Policy Alternatives, September 2013.
The document nevertheless provides useful information on the comparative cost of post-secondary tuition and fees between different provinces and over time. Among other things, we learn that between 1990-91 and 2012-13, the proportion of university funding derived from student tuition and fees rose from 22 to 34% at the national level and from 24 to 36% in British Columbia, with a comparable drop in government funding, which fell from 71 to 55% nationally and from 69 to 55% in BC. These figures clearly indicate that universities currently depend a great deal on tuition and compulsory fees for their operating and even research budgets, increasing the likelihood that they will want to raise them to remain in good financial health.

The report also shows that in current dollars, the average tuition and compulsory fees in Canada have gone from $1,464 in 1990-91 to $6,610 in 2013-14, a 352% increase (compared to a national inflation rate of 54% over the same period). By 2016-17, the authors project that tuition and fees will reach $7,437 or 408% more.

The authors have also developed a Cost of Learning Index (CLI), which compares the rate of increase of post-secondary tuition and fees to that of household incomes. 1990-91 was chosen as the base year to calculate the CLI, which was set at 100. The following tables summarize the CLI for Canada as a whole and in British Columbia:

<table>
<thead>
<tr>
<th>Cost of Learning Index for Low Income Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
</tr>
<tr>
<td>Canada</td>
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<tr>
<td>British Columbia</td>
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</tbody>
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<table>
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<tr>
<th>Cost of Learning Index for Median Households</th>
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<tbody>
<tr>
<td>1990-91</td>
</tr>
<tr>
<td>Canada</td>
</tr>
<tr>
<td>British Columbia</td>
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The index’s base year number does not evaluate if an education was affordable at that time, so the numbers cannot be compared over time or between different jurisdictions. However, rates of change of the CLI are comparable and have been calculated for the table above. These numbers clearly indicate that in Canada and BC, the CLI has increased far more for low income households than for median households. In both cases, however, the rate of increase in B.C. is much lower than the national average.

It should be noted, however, that the report’s authors make an important assumption: By using household income to calculate the CLI, they seem to imply that parents pay for tuition. This is

\(^2\) Ibid., p. 15.
\(^3\) Ibid., p. 21.
\(^4\) Ibid., p. 22.
clearly not always the case and so it might be useful to find out if this bias affects the results and, if so, how it might be corrected to better reflect reality.

Cost of a post-secondary education in B.C., by discipline
If you are a Canadian citizen or resident, British Columbia’s undergraduate tuition and fees are among the lowest in the country in almost all disciplines. The province ranks 7th overall and for most academic disciplines, with the following exceptions:

• 6th in “agriculture, natural resources and conservation” and in “other health, parks, recreation and fitness;”
• 5th in “law, legal professions and studies” and pharmacy;
• 3rd in “architecture and related services” (out of five provinces with programs in this sector);
• 2nd in medicine, second only to Ontario.

On average, undergraduate tuition increases in British Columbia between 2009 and 2013 remained below inflation. This is also the case for ten academic sectors considered by Statistics Canada (in the case of fine arts, tuition actually fell by over 2.5%). Five other disciplines exceeded inflation somewhat, with increases ranging between 8.2% and 12.1%. But in two sectors, medicine and dentistry, tuition increases exceeded 44%, substantially higher than the rate of inflation.

Between 2009 and 2013, the rate of increase in Canada’s undergraduate tuition fees far exceeded British Columbia’s. The average cost of all academic disciplines in Canada reached 16.8% in this period, compared to 6.9% in British Columbia. Only three disciplines matched or exceeded the national rate of increase: Tuition for “Agriculture, natural resources and conservation” programs increased by 12.1% in both B.C. and the country as a whole, while the 44.4% increase in tuition for medicine and dentistry in B.C. universities far exceeded the national average of 26.7 and 24.6%, respectively.

The rate of increase of UBC’s yearly tuition between 2009-10 and 2013-14 is as follows:

<table>
<thead>
<tr>
<th>Program description:</th>
<th>2009-10</th>
<th>2013-14</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 units/30 credits</td>
<td>$4,430</td>
<td>$4,794</td>
<td>8.2%</td>
</tr>
<tr>
<td>18 units/36 credits</td>
<td>$5,315</td>
<td>$5,753</td>
<td>8.2%</td>
</tr>
<tr>
<td>Law (full-time)</td>
<td>$9,937</td>
<td>$11,224</td>
<td>13%</td>
</tr>
<tr>
<td>Dentistry (full-time)</td>
<td>$15,154</td>
<td>$16,403</td>
<td>8.2%</td>
</tr>
<tr>
<td>Medicine (full-time)</td>
<td>$15,154</td>
<td>$16,403</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

UBC’s four-year increases with respect to 30 and 36 credit courses broadly parallel figures provided by Statistics Canada for British Columbia. For law, dentistry and medicine, however,

5 Sources: Undergraduate tuition fees for full time Canadian students, by discipline, by province (Canada) and Undergraduate tuition fees for full time Canadian students, by discipline, by province (British Columbia), Statistics Canada (all webpages accessed December 20, 2013).
the numbers do not match up. In the case of law, UBC’s increase was 13%, compared to an overall provincial average of only 5.8%. In this case, the university did not maintain the province’s 2% cap. Inexplicably, in the case of dentistry and medicine, UBC’s stated 8.2% increase respects the cap, but is nowhere near the overall B.C. increase of 44.4% reported by Statistics Canada.

In 2013-14, the least expensive full-time undergraduate program available at UBC for domestic students is in fine arts, which costs about $6770 in the first year (30 credits), when taking into account tuition, student fees and the approximate cost of books and supplies. The most expensive program is medicine, which should cost slightly over $20,500 in the first year.

Excluding law, medicine and dentistry, which have traditionally had the most expensive tuition in a majority of North American universities, domestic students pay the most in fees and supplies ($14,064) for the twelve-month option in education, a 60 credit program, followed by $12,883 for the first year of the bachelor of science in nursing (which is 48 credits).

For international students, the costs range from $25,276 in fine arts (30 credits) to a whopping $48,585 for the twelve-month option in education (60 credits); the latter program is also quite expensive for domestic students, who must pay $14,064.

Comparing UBC with top American universities

How do these rates for international students compare to the costs associated to the top private and public universities in the United States (as chosen in September 2013 by World and News Report)? The table below lists the basic costs in U.S. dollars for students at the top three private colleges and the top five public institutions (these amounts include an additional $1,500 for books and other academic supplies, but do not include health fees, which are normally mandatory if a student is not otherwise covered). For the state funded schools, we have included the fees paid by out-of-state students. When the cost of different programs varies, we have used arts and sciences fees. In these institutions, state residents typically pay $10,000 to $26,000 less on tuition.

<table>
<thead>
<tr>
<th>Rank</th>
<th>University</th>
<th>Tuition/Fees/Supplies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Princeton University</td>
<td>$42,400</td>
</tr>
<tr>
<td>2</td>
<td>Harvard University</td>
<td>$42,850</td>
</tr>
<tr>
<td>3</td>
<td>Yale University</td>
<td>$45,500</td>
</tr>
</tbody>
</table>

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7 Including fees for the Alma Mater Society, athletics and recreation, undergraduate society and UBC publications.


9 Ibid.

10 Ibid.

Paying tuition and fees (and living) on a minimum salary

Discussions about the affordability of education frequently assume that parents can and are willing to support at least part of a student’s education. For many students, including lower income students, this assumption is often incorrect. Instead, many students must obtain employment to be able to pay most or all of their expenses.

At minimum wage ($10.25/hour or, for alcohol servers, $9 + tips), a domestic student would have to work 660 hours to pay off the least expensive program (fine arts). If a student chooses to work to support their studies, they would have $5325 left to cover all costs including food, lodging and other living expenses (such as benefits not covered by their employer).

The most recent statistics linked to lodging demonstrate that it is virtually impossible for a student to live on the amount indicated above:

- The average monthly rent for a studio apartment in Metro Vancouver in October 2013 was $878. For students willing to live with one roommate, the average two bedroom apartment cost $644 per person. For larger apartments (three bedrooms or more), the average cost would be about $500 per person, assuming three occupants.13
- Recent trends in Metro Vancouver with respect to availability and occupancy rates tend to indicate that the situation could become even tighter for renters: Between October 2012 and 2013, the availability of apartments in Metro Vancouver dropped from 2.7 to 2.5%, while vacancy fell from 1.8 to 1.7%.14
- For students who manage to obtain housing at UBC, the least expensive options are offered at the residences in Place Vanier and Totem Park, which both feature monthly rents of $517.15

All of these numbers indicate fairly clearly that living on $5600 for a year in Metro Vancouver is essentially impossible, since it probably would not even cover rent, let alone other necessary living expenses like food.

Conclusion

In light of the foregoing analysis, a few closing comments and suggestions are in order:

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12 In this case, we can assume they are working for 15 hours per week for 36 weeks in the fall/winter semesters and 40 hours per week for 16 weeks in the summer, for a total of 1180 hours in a year.
13 CMHC, Rental Market Statistics, Fall 2013, table 7.
14 CMHC, Rental Market Statistics, Fall 2013, table 5.
15 Residence Fees Overview, UBC, website.
• If the Canadian Centre for Policy Alternative’s Cost of Learning Index is accurate, post-secondary education seems to be becoming less affordable over time for lower income households than for households with median incomes – no matter what decision is made on tuition, this fact must be taken into account or education will become even less affordable for the very people who would benefit the most from it;

• Given the high cost of living in many parts of British Columbia, including most of Metro Vancouver, this province would lose one of its major competitive advantages if it were to also allow its tuition to rise above the national average;

• On specific programs: The fact that UBC’s Law program did not respect the 2% cap and that medicine already is the second most expensive in the country should (at least in theory) restrict the additional amounts that the university could reasonably expect to extract from students in either program;

• Although tuition in B.C. is mostly much lower than in private universities in the U.S., certain programs are at par or even above the cost of the best American public universities – it would be inadvisable to lose this advantage;

• Given the very high cost of living in the Lower Mainland, the AMS should gather as much credible data as possible – this could be done in the form of a rigorous and statistically significant survey or opinion poll among our student population. Such a survey probably should include questions on how students fund their education and the specific breakdown of their costs. It should probably also determine if students have any tolerance for an increase in tuition and, if so, the level of the increase;

• A final, more quantitative, comment is in order: Increasing tuition, especially by a significant amount, would restrict access to post-secondary education and would have a strong negative impact on the regional, socio-economic and ethnic diversity of university applicants. This, in turn, would slow or even decrease the diversity of the workers throughout the province, including in the legal and medical professions. Such an outcome might very well be in contradiction with the stated policies of the B.C. government.