



Student Society
of UBC Vancouver

Budget 2018 Consultation

Submission to the Select Standing Committee
on Finance and Government Services

October 2017



The AMS of UBC

The Alma Mater Society of the University of British Columbia-Vancouver (AMS) is the student union for over 54,000 constituents at UBC's Point Grey Campus in Vancouver, including both undergraduate and graduate students.

The AMS is a non-profit society incorporated under the BC Societies Act with the mission "to improve the quality of the educational, social, and personal lives of the students of UBC." In support of this mission, the AMS advocates to the university and all levels of government for issues that are in the interest of students. The AMS also administers a health and dental plan for its students, owns and operates businesses that fund its seven services, runs a Sexual Assault Support Centre and organizes high-quality social events.

Summary of AMS Recommendations

Post-secondary education is a primary path to unlocking higher economic mobility, contributing to research and innovation, attracting talent to BC, and aligning knowledge to industry mobilization. For this reason, accessibility and affordability of post-secondary remains a key concern for students across the province. These recommendations are submitted to the committee with the aim of moving towards the elimination of barriers to accessing post-secondary education, as well as ensuring that this education remains as affordable as possible.

1. End the accumulation of interest on student loans during the six-month grace period immediately.
2. Eliminate the remaining interest charged on BC student loans.
3. Redirect the proposed \$1000 post-secondary completion grants towards instituting a comprehensive system of up-front needs-based grants targeting low- and middle-income students.
4. Create a graduate student scholarship for students in non-professional graduate programs awarded to 1,000 students each year at a cost of \$15 million.
5. Provide dedicated funding to support the successful implementation of sexual misconduct policies at BC's public post-secondary institutions.

Student Loans

The recent reduction of the student loan interest rate from prime plus 2.5% to the prime rate has brought the interest rate in BC to a more reasonable level, which falls closer in line with the national average. However, after years with one of the highest student loan interest rates in the country, students are still graduating with immense debt loads. In 2015, the average BC student's debt load was \$30,586 compared to the national average of \$26,819.¹ This burden of debt is preventing them from getting ahead once they enter the job market by making it more difficult for them to save and invest, as well as making it more difficult to enter the housing market.

A 2010 study by Statistics Canada displays the stark difference in net-worth and assets between borrowers and non-borrowers.² This analysis shows that graduate borrowers are less likely to have savings and investments compared to non-borrowers (39% vs 47%), less likely to own a home (71% vs 74%) and have lower average assets (\$60,700 vs. \$106,300). These measures demonstrate some of the ways in which student debt is impacting the finances of post-secondary graduates well after they complete their degrees.

	Borrowers	Non-borrowers
Savings/ Investments	39%	47%
Home owners	71%	74%
Average assets	\$60,700	\$106,300

Students and families with the least financial resources are forced to borrow the most to pay for a post-secondary education. Consequently, these students with less financial means end up paying more for their education than those who can afford the up-front cost. It has been repeatedly demonstrated that university education results in higher lifetime earnings; however, as income inequality continues to rise, university education is easily accessible to only some Canadians.

“One in five students reported that they might need to abandon their studies due to financial reasons.”

With a substantial portion of students relying on student loans (as well as other sources of debt) to finance their education, increasing numbers of students report that financial stress is impacting their studies. Across Canada, surveys show that approximately half of all students graduate with debt incurred in order to pay for their education, with anywhere from 30- 40% relying on government student loans.³ At UBC, 12% of students reported that the reason they will not complete their program in 4 years is due to a reduced course load for financial reasons.⁴ Strikingly, one-in-five students reported that they might need to abandon their studies due to financial reasons and 42% report worrying regularly about how to pay their tuition and other expenses.

¹ Vancity, "Earning While Learning: The growing financial pressure and its impact on B.C.'s post-secondary students," September 2017.

² Luong, May, "The financial impact of student loans," Perspectives on Labour and Income 11, no. 1 (2010).

³ See:

- Canadian University Survey Consortium, [2015 Graduating University Student Survey](#), July 2015.
- BC Stats, *2015 Baccalaureate Graduates Survey Report of Findings: The Class of 2013 Two Years After Graduation*, March 2017.
- AMS Student Society of UBC Vancouver, *2017 Academic Experience Survey*, Vancouver, August 2017.

⁴ AMS Student Society of UBC Vancouver, *2017 Academic Experience Survey*, Vancouver, August 2017.

In 2016/17, a student with no loans in BC paid an average of \$17,696 in tuition for a four-year undergraduate degree.⁵ A student paying for average tuition with a student loan, completing repayment in ten years, would pay \$1,882 in interest on the provincial portion of their loans⁶ and an additional \$3,590 on their federal student loan.⁷ Students who can afford to pay for their tuition up front end up paying considerably less than their peers who have to take out loans to pay for the same education, creating a fundamentally inequitable situation.

After accounting for interest, a student with a government student loan would be paying \$23,168 for tuition that would have only cost \$17,696 if they could afford the up-front cost. This means that those who rely on student loans will pay 35% more for their education. The provincial government could reduce this disparity even more dramatically by eliminating the interest on provincial student loans altogether.⁸

Furthermore, a recent survey of BC post-secondary students commissioned by the AMS showed that 42% of students are not sure whether interest is charged during the grace period following graduation and a further 29% believe it is not.⁹ Grace period interest costs \$254 for the average student; an amount that only 30% of students are aware is accumulating. The grace period is intended to reflect the fact that it takes some time for recent graduates to establish themselves in the labour market and begin earning steady income in order to afford regular loan payments. In BC, the average length of unemployment in 2016 was 18 weeks, or 4.5 months.¹⁰ Implementing a true

grace period with a continuation of the in-school interest subsidy will offset a portion of the costs that students face as they transition from studying to working and allow them to seek employment without worrying about the additional debt that they are accumulating.

Recommendation 1: End the accumulation of interest on student loans during the six-month grace period immediately.

Recommendation 2: Eliminate the remaining interest charged on BC student loans.

⁵ Using provincial weighted average tuition taken from [The Ministry of Advanced Education](#).

⁶ According to StudentAid BC's [loan repayment calculator](#).

⁷ According to the Government of Canada's loan repayment estimator.

⁸ Note that this compares only the cost of tuition, whereas the median amount of government student loans borrowed by BC students is \$23,000 (according to the BC Stats report *2015 Baccalaureate Graduates Survey Report of Findings: The Class of 2013 Two Years After Graduation*).

⁹ AMS Student Society of UBC Vancouver, *Student Issues Survey*, November 2016.

¹⁰ Statistics Canada, *Table 282-0048 - Labour force survey estimates (LFS), duration of unemployment by sex and age group, annual (persons unless otherwise noted)*, CANSIM (database).

Needs-Based Grants

The up-front cost of education poses a barrier for lower-income students hoping to access a post-secondary institution. The elimination of BC's student grant program in 2004 left a significant gap in BC's post-secondary financial aid programs. With almost every other province offering grants or a free tuition guarantee for low-income students, BC's students are being left behind in this regard.

While student loans and grants are both important forms of financial aid, they are not analogous and each is critical for different reasons. Delaying the burden of paying for a post-secondary education will not in and of itself increase access to these programs. Reducing barriers for lower-income students to access post-secondary education provides the key to upward economic mobility and greater lifetime earnings. An assessment by BC Statistics shows that obtaining an undergraduate degree leads to additional lifetime earnings of at least \$577,000 over a high school diploma.¹¹ As noted earlier, the financial impact of student loans extends long past graduation and affects saving, investment, home buying and the overall net worth of individuals who borrow as compared to those who do not need to.

“**With almost every other province offering grants or a free tuition guarantee for low-income students, BC's students are being left behind in this regard.**”

Students from lower-income families are likely to have fewer financial resources, as it is likely that their parents have not saved for their children's education, started saving later or ultimately saved less than families with higher-incomes. This in turn means that a larger burden of financing post-secondary education falls on these students who are less likely to have a financial contribution from their parents.¹² Studies also show that students from lower-income neighbourhoods are less likely to attend post-secondary institutions and those that do are significantly less likely to enrol in university compared to students from higher-income neighbourhoods.¹³ While financial considerations are not the only barrier for lower-income students to access post-secondary education, the provision of up-front needs-based grants will help to reduce the impact of this particular road block.

Alongside the expanded Canada Student Grant program offered by the federal government, a provincial grants program would aid in providing post-secondary access and reducing the debt load that many students are forced to shoulder in order to complete their education. BC should follow the lead of the other jurisdictions across the country by providing up-front financial assistance to those students who need it most.

Recommendation 3: Redirect the proposed \$1000 post-secondary completion grants towards instituting a comprehensive system of up-front needs-based grants targeting low- and middle-income students.

¹¹ BC Statistics, *Summary of Lifetime Earnings: Analysis by BC Stats*.

¹² J. Berger, A. Motte & A. Parkin, *The Price of Knowledge: Access and Student Finance in Canada – Third Edition*, Montreal: Canada Millennium Scholarship Foundation, 2007.

¹³ Dooley, M.D., Payne, A.A., Robb, L, "Understanding the Gaps in Postsecondary Education Participation Based on Income and Place of Birth: The role of high school course selection and performance," Toronto: Higher Education Quality Council of Ontario, 2016.

Graduate Student Scholarships

During their studies, graduate students fulfill a number of vital roles within their post-secondary institutions by acting not only as students but also as teachers and researchers. Creating a world-class innovation ecosystem relies upon both fundamental research and the ability to transform new discoveries into commercial and social innovation; functions that graduate students are well-positioned to carry out. Graduate students are drivers of innovation and have higher earning potential than graduates of other degrees. Attracting these students to our province, and subsequently retaining them in our workforce, is critical for the growth of BC's economy.

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Jurisdictions across Canada are prioritizing attracting the best and brightest graduate students to study in their province by offering targeted graduate student scholarships. With more generous funding opportunities and lower costs of living in other provinces, BC institutions require an investment in attracting graduate students if they are to contend in an increasingly competitive advanced education environment. Increased funding for prospective graduate students will aid in attracting highly qualified researchers and skilled workers to live, work and research in our province which is quickly becoming internationally notorious for our high cost of living.

Alberta, Manitoba, Nova Scotia, Ontario and Quebec have also recognized the importance of attracting graduate talent by offering specific scholarships for these students. Their provincially funded scholarships offer graduate students, on average, \$5,000 per semester or \$15,000 for a full academic year. Ontario also offers the Trillium Scholarship to attract highly qualified international students to pursue doctoral studies in the province. This scholarship awards \$40,000 annually to its recipient, renewable for up to four years.

At a cost of \$15 million annually, the government could support 1,000 BC graduate students with awards of up to \$15,000. This investment would significantly increase the attractiveness of the province as a destination for graduate studies and bring graduate funding more in line with what is being offered across the country. This level of funding would be competitive with Ontario after taking into account the proportion of graduate students currently studying in each province and could subsequently be expanded in partnership with the post-secondary institutions if it proves to be successful.¹⁴

Recommendation 4: Create a graduate student scholarship for students in non-professional graduate programs awarded to 1,000 students each year at a cost of \$15 million.

¹⁴The Ontario Graduate Scholarship is funded two-thirds in part by the province and one-third by the awarding institution.

Funding for Sexual Violence Prevention, Education and Response on Campus

Student associations across the province were proud to support legislation introduced in 2016 mandating that public post-secondary institutions in BC establish and implement stand-alone sexual misconduct policies. Bill 23 was a historic step forward in addressing the endemic problem of sexual violence on post-secondary campuses and one that demonstrated leadership on the part of the Province.

“**Developing comprehensive and effective sexual violence education and prevention tactics requires a significant investment of time and expertise at each campus.**”

With Bill 23 coming into force on May 19, 2017, all post-secondary institutions in BC have now adopted stand-alone sexual violence policies. As institutions work to implement the provisions of these policies, it is important to recognize the consequent financial implications. Many institutions are expanding education and prevention programming across their campuses, as well as setting up dedicated offices to deal specifically with issues of sexual violence. Developing comprehensive and effective sexual violence education and prevention tactics requires a significant investment of time and expertise at each campus. Similarly, providing support services to survivors, including provisions for reporting and investigations, in a trauma-informed manner is a complex undertaking; one which many institutions have completely reimagined in light of their new sexual misconduct policies.

At UBC, for example, the creation of a new investigations process for reports of sexual misconduct under the institution's new stand-alone policy has necessitated the hiring of a Director of Investigations. Similarly, the need for a centralized support office for survivors of sexual violence was identified through the policy creation process and the university is now in the process of opening a Sexual Violence Prevention and Response Office. Not only are there additional costs involved in staffing the office, there are also capital costs required to create a suitable location for this important office.

The AMS has been operating its Sexual Assault Support Centre (SASC) on the UBC Vancouver campus since 2002. Funded through student fees, this office has an annual budget of nearly \$277,000 and provided 428 support interactions for 166 unique clients in 2016/17.¹⁵ Support interactions through the SASC have been steadily increasing on an annual basis, which indicates that costs will be even greater for a university-run office.

SASC 2016/17

- \$277,000 annual budget**
- 428 support interactions**
- 166 unique clients**

Quebec's government recently committed \$23 million over 5 years to counter sexual violence in post-secondary institutions, as part of a broader strategy to combat sexual violence in the province. While BC is ahead of Quebec in institutional responses to sexual violence, there has been no

¹⁵ Note that this number does not include interactions through the Healthier Masculinities outreach program or educational workshops.

funding committed to support post-secondaries in implementing their sexual misconduct policies. Financial support from the provincial government to aid in the implementation of sexual misconduct response and prevention will not only help to alleviate some of the funding pressures that post-secondary institutions are already facing but will also ensure that student survivors across the province are receiving comparable levels of support, regardless of where they choose to undertake their education.

Recommendation 5: Provide dedicated funding to support the successful implementation of sexual misconduct policies at BC's public post-secondary institutions. This funding should take into account the population size that each institution will be serving (including faculty and staff), as well as access to community organizations that may be able to provide similar support, to ensure that PSIs across the province are able to offer comparable support and education to their populations.