



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

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Missing the mark: How the current financial assistance system is failing to improve the accessibility of post-secondary education

It's no surprise that students today are feeling the pinch. The cost of tuition and ancillary fees, costs of living, and textbooks all increase year after year but we aren't really seeing any substantial increases in the quality of higher education. We also aren't seeing increased wages, leaving a growing gap in how we can pay for school.

Across the country, including in Manitoba, student debt levels are rising to unprecedented amounts. Public student debt now sits at over \$15 billion owed to the federal government and an additional \$73 million owed to the provincial government; the average total loan for students in Manitoba is over \$25,000.

It's worth repeating: our generation will be the first to be worse off than those before us. We're taking longer to complete our degrees, working more to cover higher costs, relying more heavily on loans to pay for school, and putting off major life decisions like starting a business or having children.

The simplest solution to this would be to have fully funded public education with no tuition fees. Until that happens, however, we rely on student financial aid to make sure that those who don't have the money to pay tuition fees upfront can still go to school. The idea here is that those without enough money to pay tuition fees upfront can still pursue post-secondary education, which in turn will likely lead to better employment down the road and more paid in taxes.

Manitoba Student Aid (MSA), with a mandate to even the playing field for all potential students regardless of their financial background, is the main program of help for Manitoba students. It's been around since 2001 and gives out millions of dollars a year, but the funding directions and strategic priorities are set by the government of the day. Thirteen years on, has the NDP used the program effectively to increase access to the post-secondary system?

To answer that question, we need to see how MSA works with the Canada Student Loans Program (CSLP) to administer all public student loans in the province. Of any given loan received in a year, approximately 40 per cent comes from the provincial government and 60 per cent comes from the federal government.

Every year, MSA is required to produce a report that provides a summary of all programs funded and/or administered by MSA, a cost-breakdown for each program, and statistical information on particular marginalized populations that have traditionally demonstrated greater need for financial assistance. The most recent report covers the 2011-12 year and raises many red flags about the effectiveness of the current financial aid program and funding priorities.

The report states that, over the last

there is an alternative.

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decade, the number of Manitoba students taking on loans increased by 15 per cent. A much more dramatic jump happened in 2011-12, with the number of students relying on provincial loans increasing by over 18 per cent. This means that there were almost 20 per cent more students who met the financial need assessment criteria and, essentially, were unable afford their education without financial assistance. That's a clear indication that our education system is increasingly inaccessible.

If we look at the Manitoba Bursary, the largest provincial bursary program administered by the MSA, the number of students granted funding over the last decade only increased by 12.5 per cent despite an increase in the number of students in the program (up 20 per cent in 2012 alone). Despite the total increase in the number of students receiving bursaries between 2010-11 and 2011-12, there was actually less money spent overall on the program.

The decrease in overall program spending occurred because the amount that each student received decreased by about seven per cent from previous years. Even though total demand for student financial assistance had increased, there was less money overall within the bursary program, fewer non-repayable financial assistance and more loans distributed. A closer look at the 2011-12 operating budget for MSA reveals that total provincial spending on bursaries hovered just under \$26.5 million whereas total spending on loans was almost \$33 million.

While more and more students deal with higher levels of debt, we're spending considerably less on providing non-repayable forms of assistance. Each loan has to be paid back with interest, making it more expensive for students in the long run. In order to get a loan, you must be willing to take on debt and pay back more than you borrowed. Marginalized communities, including children of immigrants and First Nations, are debt averse, causing them to

self-select out of post-secondary education and go directly into the workforce. The real choice for those who need financial assistance isn't whether or not to go to school, but whether to take a huge financial risk to do so. After all, there's no guarantee that a college or university education will get you a higher paying job in the end.

We need a fundamental shift in the way we think about and administer student financial assistance, a shift where we recognize student loans as the leading cause of student debt and commit to re-investing and expanding a comprehensive system of non-repayable forms of financial assistance, like bursaries and grants. At the very least, we must eliminate interest rates on provincial loans. Perhaps most importantly, students today are looking for solid leadership from our provincial government to make this shift a reality.

A similar change in priorities has been tried and proven to be successful in Newfoundland and Labrador. Since instituting a tuition fee freeze, eliminating interest rates on provincial student loans, and providing more upfront grants, accessibility has greatly increased, and students are better supported to pursue an education, and gain the skills necessary to contribute to the economy and their communities without going into massive amounts of debt.

By refocusing on non-repayable forms of financial assistance in Manitoba, we can work towards a truly accessible system of post-secondary education that will benefit our province today and for generations to come.

Bilan Arte is Chairperson for the Manitoba chapter of the Canadian Federation of Students.

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