



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES - MANITOBA

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Freeze to Squeeze: Higher tuition puts pressure on Manitoba Families

Governments have often turned to investments in higher education to generate hope and opportunity for young people and others seeking better jobs and social mobility. They may have a more receptive audience now more than ever, with younger generations facing increasingly precarious work prospects. Fulltime jobs are being displaced by the 'gig economy' and average real wage growth remains low. Young men in Canada aged 25-34, for example, effectively saw zero wage growth from 1981 to 2011, and since the 2007/08 financial crisis youth unemployment – which is consistently greater than the average – has climbed even higher, while more youth, discouraged by their prospects, abandon the labour force.

Manitoba has been no different when it comes to promoting university, college and formal apprenticeship as a means to create opportunity. Between 2000 and 2015, university enrollment increased by 42% and college participation increased by 52%. Expansion of the post-secondary sector, with over 400 new programs introduced - paired initially with a tuition fee freeze and later a policy of limiting tuition increases to the rate of inflation - promoted access to advanced education in the province.

With a new mandate and a priority on deficit reduction, the provincial government, now led by Premier Brian Pallister, is implementing changes to the post-secondary

education system, and students are being asked to bear more of the burden. Bill 31 introduced in March and debated this week at the Manitoba legislature will permit university tuition fees to increase up to five percent, plus the rate of inflation, on an annual basis. This means that tuition could potentially double in the next 10 years. The Bill also removes restrictions on course-related fees.

The government also is eliminating the Manitoba Tuition Fee Income Tax Rebate, which allowed students to claim up to 60 percent of eligible tuition fees. The rebate returned over \$54 million annually to approximately 48,000 claimants who continued to be residents of Manitoba, offsetting a portion of the cost of their education. Current students may see some increased relief as Budget 2017 did increase grants for PSE institutions bursaries by \$1.875 million, however this is small fraction of the benefits being lost and the additional costs being imposed.

With grants to Universities and Colleges seeing a 0.3% increase in the budget, direct funding to PSE institutions is falling in inflation-adjusted terms and faculty are also being told to accept real wage reductions to reduce costs. Shortly after taking office, provincial government representatives allegedly

there is an alternative.

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threatened University of Manitoba administrators with funding cuts unless they froze faculty wages. In the end, the University of Manitoba managed to negotiate a faculty wage freeze before learning that its operating grant was effectively frozen in Budget 2017. Subsequently a four-year agreement was reached maintaining the wage freeze, however the faculty was advised by their union that the agreement was “bargained under duress” due to government interference thorough a recent Act of the Legislature mandating wage freezes, which is being legally challenged as unconstitutional by a number of Manitoba unions.

The Manitoba Organization of Faculty Associations recently commissioned us to examine the impact of tuition fees on post-secondary enrollment. We found that while there is some debate in the literature regarding the magnitude of the impact, most agree that increases in tuition fees reduce post-secondary enrollment rates for low-income students. Tuition fee hikes increase enrollment inequality, with students from well-off families taking the place of those from more modest backgrounds.

Downloading the cost of education to students currently studying, as opposed to paying for it through progressive taxes on higher incomes, is not a new phenomenon. In Canada, post-secondary institutions in nearly all provinces began raising tuition fees considerably in the 1990s. That policy shift resulted in greater enrollment inequality in provinces that witnessed increases in real tuition fees, and less enrollment inequality in provinces in which real tuition fees fell. It is likely that enrollment inequality will rise in response to Manitoba’s proposed changes without some dramatic change in grants to make education more accessible. Even then, the ‘sticker shock’ may be too much to convince those struggling to make ends meet that they can risk the expense.

The financial consequences of higher tuition fees on students have shown to have negative consequences. It comes as no surprise that students living in countries with higher average tuition typically have more loans and higher debt loads. While access to student loans does not appear to meaningfully increase university participation among low-income students, it does produce additional financial burden and stress, creating additional challenges for these students. Student debt also appears to impact career choice, with students less likely to pursue public interest jobs and more likely to pursue more lucrative jobs.

In an era of high inequality and emboldened intolerance, saving money by reducing access to education for our most vulnerable citizens has the potential to compromise Manitoba’s long-term social and economic interests. Nelson Mandela once said that “education is the most powerful weapon which you can use to change the world” but Barack Obama may have put it best:

“If you think education is expensive, wait until you see how much ignorance costs in the 21st century”.

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References available upon request.