



<b>Category:</b>	<b>Long-Term System Planning</b>
<b>Topic:</b>	<b>Memorandum of Understanding</b>
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### **Whereas:**

ANSSA believes that anyone who is academically qualified with the desire to pursue post-secondary education should not be prevented from pursuing post-secondary education due to a financial barrier – real or perceived. Further, ANSSA believes that unreasonable debt at graduation limits individual economic mobility as well as provincial economic development and that minimizing total debt at graduation should be a governmental priority.

A well funded post-secondary education system in Nova Scotia contributes to both the individual development of the province's citizens and to the economic, social and cultural prosperity of the province. There are considerable economic returns to an investment in post-secondary education. Statistics have shown that university graduates comprise only 15 percent of the population over 18, but contribute almost 35 percent of all income taxes, or, more than twice its population share. University graduates also draw less than 8 percent of Government transfers – such as employment insurance or welfare payments, or, half their population share.<sup>1</sup>

In order to remain competitive in an increasingly knowledge-based economy, the Government of Nova Scotia must make serious reinvestments in post-secondary education. Human Resources and Skills Development (HRSD) has noted that by 2004, more than 70 percent of all new jobs created in Canada will require post-secondary education, and 25 percent of new jobs will specifically require a university degree. It becomes evident that the need to make substantial and consistent investments in Nova Scotia's post-secondary system is immediate. Yet, to date, Government has desisted from adequately funding post-secondary education – providing the lowest per-student funding of any Canadian province.<sup>2</sup>

Over the past decade there has been an unprecedented reduction in Government funding for post-secondary education. Reduction in government spending has led to a downloading of costs for post-secondary education onto students. In all of Canada's 10 provinces, this shift has been the most drastic in Nova Scotia where undergraduate students pay the largest portion of their total education costs. In the 1992-93 academic year, provincial Government funding for post-secondary education<sup>3</sup> in Nova Scotia stood at \$473 million (2002 constant dollars), falling to \$352 million in 2002-03 representing a decline of 25.5 percent.<sup>4</sup> In terms of per full-time student funding these numbers translate into \$10,073 per student in 1992-93 which dropped to \$5,698 per student in 2002-03 or 41.9 percent.<sup>5</sup>

<sup>1</sup> Robert J. Giroux, "Enrollment Demand versus Accessibility at Canada's Universities," *The Canadian Journal of Higher Education* 34(1) (2004): 87.

<sup>2</sup> Statistics Canada. "Provincial Government Transfers to Colleges and Universities Per FTE Student Enrollments, 1992-93 to 2002-03."

<sup>3</sup> This number includes funding for colleges as well as universities.

<sup>4</sup> Canadian Association of University Teachers Almanac, 2004.

<sup>5</sup> CAUT Almanac, 2004.

This shift in funding forced university administrators to look for alternative sources of funding. Unfortunately for students, this has led to tremendous increases in tuition fee levels. In 1992-93 tuition fees represented 14.6 percent of Nova Scotian universities' operating revenues; by 2002-03 this number had climbed to 37.0 percent.<sup>6</sup> Between 1990-91 and 2004-05 undergraduate university tuition fee levels in Nova Scotia increased by 208.3 percent, with an increase of 40.4 percent in the past 6 years alone.<sup>7</sup> By contrast, nationally, the average undergraduate tuition fee levels between 1990-91 and 2004-05 increased by 185.0 percent and 25.4 percent over the last 6 years.<sup>8</sup> Students in Nova Scotia consistently face the highest undergraduate university tuition fee levels in Canada, standing at an average of \$5,984 in 2004-05 compared to the national average of \$4,172 – a difference of \$1,812.<sup>9</sup>

Access to Nova Scotian universities is compromised particularly for those from low and middle income backgrounds. Statistics have shown that nationally students with estimated family earnings greater than \$80,000 are 83 percent more likely to attend some form of post-secondary education than their counterparts; those with estimated earnings of \$55,000 to \$80,000 are about two-thirds as likely to attend post-secondary education; and students with estimated family earnings of \$55,000 or less are only 55 per cent likely to attend post-secondary programs.<sup>10</sup> This is particularly worrisome in Nova Scotia where the average after-tax family income stood at \$51,000 in 2002.<sup>11</sup> In addition, in Nova Scotia, the median amount saved for a child's education is \$3,880 (2001) compared to the province's average university tuition fee levels for that year of \$4,732 (2001-02) a difference of 121.95% - ranking second last nationally.<sup>12</sup> Nova Scotia ranks last out of all Canadian provinces for having tuition fee levels which reflect the median income or the saving potential of its population.

#### *The Memorandum of Understanding*

In the Progressive Conservative's 2003 Election platform – the Blueprint – the government of Nova Scotia formally committed to dealing with tuition increases as they relate to access of post-secondary education. Their vision for approaching the issue of tuition fee levels and funding for post-secondary education was through the creation of a multi-year funding agreement between the province and Nova Scotia's universities which would be overseen by a Memorandum of Understanding (MOU). According to the Blueprint the MOU was to be structured to “control tuition increases; reduce duplication; identify and support program offerings in areas that address Nova Scotia's skill needs; and make it easier to transfer credits among universities and community colleges.”<sup>13</sup>

The current MOU achieved some of these objectives but failed in other areas. While tuition was controlled and increased at the rate of university inflation, it failed to rebalance the disproportionate burden of university operating costs that is on students, by not increasing provincial funding for institutions by a greater percentage than tuition increases. It also failed to have protections for accessibility through increases to student financial aid budgets, provide a

<sup>6</sup> Statistics Canada and CAUBO, 2003.

<sup>7</sup> Statistics Canada. “University Tuition Fees.” *The Daily*. September 7, 2004.

<sup>8</sup> *Ibid.*

<sup>9</sup> *Ibid.*

<sup>10</sup> Statistics Canada, Center for Education Statistics, 2003.

<sup>11</sup> Statistics Canada, “Labour Income Profile,” 2002.

<sup>12</sup> Statistics Canada, “Planning and Preparation,” 2002.

<sup>13</sup> Nova Scotia Progressive Conservative Party, Election Platform. “John Hamm's Blueprint for Building a Better Nova Scotia,” 2003.

plan for credit transfers, or do anything about program duplication. Participants in the previous negotiation process were limited to employees of the Nova Scotia Department of Education and university administrators. As such, negotiations around tuition levels did not receive sufficient input from student leaders with a mandate to represent their fellow students and was poorly received as a result.

#### *ANSSA's Vision for a New MOU*

A multi-year funding agreement managed by a Memorandum of Understanding is a preferable approach to funding post-secondary education in Nova Scotia. Legislation that institutes either a tuition freeze or a tuition ceiling, with a predetermined operating grant, philosophically shifts the onus of controlling expenditures and finding efficiency onto post-secondary institutions. Given that tuition fee levels in Nova Scotia and in Canada have escalated drastically due to a decline in government funding, legislating tuition fee levels risks creating a situation in which the Government dictates parameters for tuition fee levels without providing adequate funding. This could negatively affect the quality of education through reduced course offerings and increased class sizes as has been the case in British Columbia, Quebec, Manitoba as well as Newfoundland and Labrador. Conversely, a mere infusion into provincial operating grants by the Government does nothing to ensure that tuition fee levels will be stabilized. The MOU approach, then, is preferable as it is balanced and requires negotiation and mutual understanding. Clearly, however, these three approaches are not the only way that the total cost of attending school and institutional funding can be dealt with. Therefore, the MOU process may only serve as an intermediary measure.

For the MOU, to be considered successful by ANSSA, it must:

1. Provide stable, predictable and *significantly* increased funding from the provincial Government;
2. Establish a series of ambitious targets aimed at reducing the share of system costs funded through tuition;
3. In pursuit of the second stated aim, ensure that the quality of post-secondary education is not adversely affected – requiring both major reinvestments in Government funding for post-secondary education and having universities address issues of efficiencies;
4. See provincial funding increase progressively over the period of the agreement as opposed to flat increase for each year of the agreement (i.e. funding should increase by x% of FY2007-08 in the first year, x% of total FY2008-09 funding in the second year, and so forth);
5. In order for Nova Scotian tuition fee levels to make significant movement towards the national average, the MOU must see the augmentations in the percentage of Government funding increase significantly when compared to the maximum allowable tuition fee increase. An MOU which allows, for example, a percentage increase in Government funding levels of x% and places a cap on tuition fee levels at the same rate of x% is not acceptable. The agreement must provide for considerably higher increases in Government funding through operating grants when compared to the percentage increase in tuition fee levels. This must be done to successfully shift the burden of funding post-secondary education from students back to the Government;
6. Include increases to the Province's student financial aid budgets in an amount that is at least proportional to allowable tuition increases, said budgets including grants for low income students, debt reduction, and funds used to service student loans while a student is enrolled in school;

7. Ensure that institutions do not raise or implement additional ancillary or auxiliary fees over the term of the agreement.

*The Need for Student Consultation*

Post-secondary education differs significantly from other public service. There needs to be a balance of stakeholder interests, overriding issues of institutional autonomy, decreased proportional financial support by Government, and increased proportional financial support by students. Facilitating effective change to improve accessibility and quality requires the cooperation and combined knowledge of all stakeholders in a decision-making capacity. Stakeholders have the capability to affect these changes to at a local level, and are personally, financially and administratively involved, employed and invested in the sector. Stakeholders, including students, must be involved in a process of 'horizontal decision-making'. That is in the case of students, recommendations must not flow through an intermediary (such as University officials) that will filter their thoughts, ideas and concerns. ANSSA believes that, to date, students have not been formally – or otherwise – consulted in the MOU process and this compromises the legitimacy of the process and potentially the entire MOU. Recognizing that discussions surrounding the MOU have currently revolved almost exclusively around the issues of Government funding and tuition fee levels and that more vigorous discussions regarding issues such as duplication of programs or re-examining the current funding formula are still necessary, ANSSA stresses that the need for the immediate inclusion of student consultation in the MOU process is of the utmost importance.

**Therefore, ANSSA:**

2. *Recommends* the MOU provide funding in a manner that is progressive over the period of the agreement, increasing considerably over the three years;
3. *Supports* the continuance of Clause 14 of the current MOU, whereby universities would be in breach of the agreement should they introduce new ancillary and auxiliary fees as a substitute for alternative sources of revenue;
4. *Requests* the Province of Nova Scotia consult student leaders on the MOU process as it progresses, providing student leaders with a legitimate seat at the table;
5. *Calls on* the Province of Nova Scotia to include provisions in the Memorandum of Understanding to guarantee increases to the Province's student financial aid budgets that are proportional to the allowable tuition increase in any year covered by the Memorandum of Understanding..