

Alberta is coming out of the global economic downturn with tremendous opportunities in front of us: a favourable economic climate, substantial natural resources, and xxx. With so many pieces of the puzzle in place for continuing our prosperity there are some challenges we face as well, including the looming skilled labour shortage as new jobs are created and without the trained individuals present to fill those positions. Looking ahead to the projections of the Government of Alberta sees a shortfall of 77,000 workers in our provincial economy by 2019 - and with 80% of new jobs requiring a post-education we see that our province is going to need more university and college graduates to meet the promise of our future.

Sadly our province has fallen behind the rest of Canada in terms of our post-secondary participation rate. Albertans are less likely to attend a post-secondary program than in any other province - a fact that makes the future labour shortage into a future crisis, a crisis which can be averted in part through action today.

Through our conversations over the past year, the Council of Alberta University Students (CAUS) has developed a bold goal for our province: to have the highest post-secondary participation rate in Canada.

The steps needed to meet that goal include ensuring that there are adequate spaces for every Albertan who wants to pursue a post-secondary education; that those spaces are of world-class quality; that Albertans are inspired to attend post-secondary education; and that the cost of education is not a barrier to attending. Looking specifically at ensuring that the cost of education is not a barrier to enrolment and completion is the goal of Alberta's student aid system and despite significant improvements made to our student aid system recently we know financial barriers still exist and we need to find additional supports to encourage students to reach for their dreams and passions.

*Alberta should set the goal of having the best post-secondary participation rate in Canada.*

### **STUDENTS WELCOME NEW CHANGES**

The Government of Alberta recently announced several changes to Alberta's student aid program starting August 1, 2012 which will change how student aid awards are determined and how many students could potentially qualify for a student loan.

The announced changes include:

- A flat student contribution of \$1,500 per year, replacing assumed parental contributions, RRSPs, and in-study income as resources;
- Making the six-month grace period interest free;
- Allowing students who drop to part-time to avoid starting to repay their debt as long as they are in school;
- Allowing Albertans studying abroad easier access to student financial aid; and
- A completion grant following graduation for borrowers of up to \$2,000, depending on the program.

These substantial changes are welcomed by students. CAUS has long advocated for the removal of parental income in student loan considerations and for increasing grants available to students. Financial barriers are a big reason behind our discouraging performance in participation rates and the planned changes are a step in the right direction towards improving participation and our student financial aid system.

There is a flip side to suddenly offering a wider range of students greater access to student loans, and that is student debt. Certainly CAUS is excited at the prospect of thousands of students getting needed financial aid when their situation may have been looked over in the past but growing student debt has been an ongoing concern for students and the changes will likely contribute to more borrowers and larger loans.

Debt aversion is a real problem among Albertans when considering going to post-secondary education, which alongside the cost of education is the most frequently cited reason for not enrolling in a program following high school. This is especially true among populations that are under-represented within our post-secondary education system, such as rural Albertans who have to not only come with tuition, but moving and living costs from studying outside of their community.

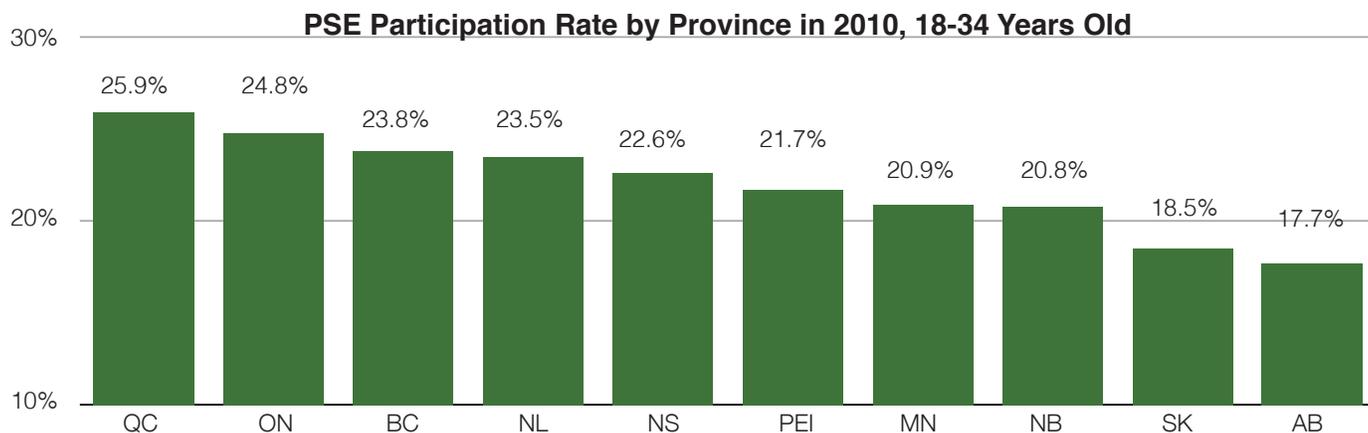
Student debt also has a negative impact on completion, with the most indebted students being the least likely to complete their degree. Debt aversion helps explain this behavior as well, as we see students who reach their personal threshold of debt and decide to abandon their studies rather than add another year of debt in order to finish their program. The new completion grant will hopefully influence some of those students, with the promise of a \$2,000 grant for those borrowers enrolled in a degree program and are able to successfully complete their degree.

### Cut Grant and Scholarship Programs

Program	Students	Average award	Program cost
Loan Relief Benefit	7,900	\$4,300	\$34.5M
Remission limited to grads	900	\$36,667	\$33.0M
Alberta Opportunities Bursary	15,500	\$1,300	\$19.4M
Northern Student Supplement	500	\$1,300	\$0.7M
Premier's Centennial Scholarships	275	\$2,005	\$0.6M
Ralph Steinauer Awards	15	\$17,666	\$0.3M
Arts Career Development Awards	10	\$2,500	\$25,000
Alberta Motion Picture Industry Awards	25	\$3,000	\$75,000
Michael Luchkovich Scholarships	25	\$2,000	\$50,000

Alberta Advanced Education and Technology, 2008-12

Students are also concerned that the announced changes come following three years of substantial cuts to Alberta's student aid system, cuts that came largely within the non-repayable portion of our student aid package in the form of grants, bursaries, and debt relief.



Source: Campus Alberta Planning Resource, September 2011

### INCREASING GRANTS

All of these changes - more than \$89 million of cuts to direct or indirect non-repayable student financial aid - have come with little increases in student aid or positive change in policy, the exceptions being the new harmonization of the repayment assistance program and an increase in student loans offered, growing from \$164 million in 2009 to \$266 million in the 2011 provincial budget. The new changes to resource calculation are only going to increase the number of loans going out both in terms of the number of borrowers and the average amount that they borrow. The average debt of a borrower in a four-year program is already \$23,188 upon graduation. We expect these recent policy changes to only exacerbate this growing problem.

We need to establish a new, substantial non-repayable assistance program to complement our loan system. We believe it would be best implemented with a few overarching guidelines and following discussion among the post-secondary community.

What would those guidelines be? In line with the recommendations made by the Affordability Framework, a new student grants program should be a part of a strategy to eliminate financial barriers to obtaining a post-secondary education. CAUS recommends the following basic principles for a new grants program:

**UPFRONT:** For a program designed to encourage and inspire new students to enter the system and for current students to complete their degrees, the program needs to be known and easily understood. Students receiving their award from Alberta Advanced Education and Technology should be notified of the amount of aid received and what amount is made up by available grants.

**NEEDS-BASED:** The program should be focused on the students who need financial aid the most - those whose educational expenses most exceed their available resources. Alberta's low participation rate is in large part due to a lack of participation among individuals this grant could help most: rural Albertans, those students with children and potential students who have already left home.

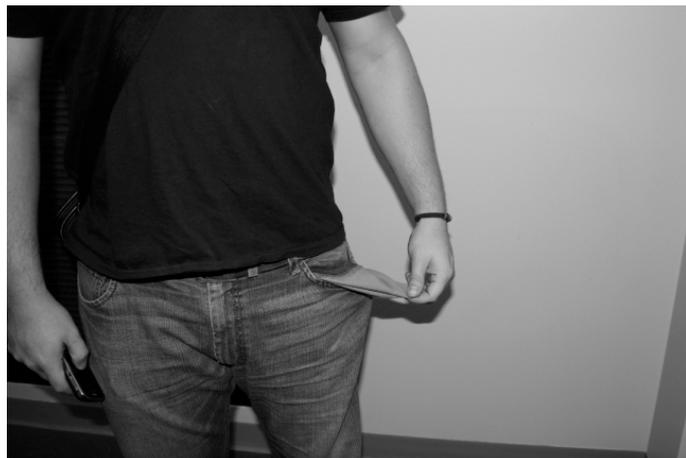
**SUBSTANTIAL:** Education costs in Alberta are high. When you also factor in our province's high cost of living in major educational centres, it is essential that these grants not merely be a token effort, but instead make a substantial difference in helping the recipient pay for the total costs of their education.

**UNIVERSAL:** All post-secondary students in Alberta who are eligible to apply for student financial aid should be considered for a grant based on their need. We would oppose limiting grant programs to a specific discipline or program.

Alberta's student financial aid system has seen drastic cuts to the amount of available grants to students - first the Canada Millennium Scholarship Foundation's Millennium Bursaries ended and was replaced with the lower-value Canada Student Grants. Then the Government of Alberta cancelled Alberta Opportunities Bursary and the Northern Student Supplement. Only the Maintenance Grant remains as a major provincial grant.

For the past five years Alberta has decreased the ratio of non-repayable student aid given out compared to loans. This detriment was exacerbated by the 2010 budget which cut our non-repayable, non-scholarship aid to the bone. We believe that this ratio needs to be improved.

Upfront grants are a proven strategy of improving participation and completion rates - both of which Alberta needs in order to address the looming skilled labour shortage as our economy recovers



and blossoms. Past programs of grants, bursaries and loan relief have been cut or curtailed because those programs were not meeting their policy goals, and as proper stewards of taxpayer dollars we recognize the value of those limited funds. That is why we are advocating for upfront needs-based grants - because they work.

CAUS has also been active in advocating for two other important areas of improvement when it comes to the student aid system: communication and data.

Changes to the student aid system designed to increase access and reduce financial barriers do little of students and more importantly prospective students are unaware of the aid that is out there. Communicating improvements to the system in a way that inspires and makes an education seem possible can be just as important as the improvements themselves. Reaching Albertans when they are making the choices in regards to post-secondary education rather than after can also make all the difference. Research by the Canadian Millennium Scholarship Foundation suggests many have decided whether to pursue a university education by grade seven - meaning we have to start communicating earlier.

CAUS has also calling on the Government of Alberta to be more open and transparent in regards to data on the student financial aid system and tracking our progress in relation to goals like increasing our participation rate. An arms-length agency, like the Higher Education Quality Council of Ontario, would provide a useful and important tool. Aggressive targets mean we need to measure our performance.

### WHO IS CAUS?

CAUS represents the interests of over 70,000 university students across Alberta. We represent undergraduate students from the University of Alberta, the University of Calgary and the University of Lethbridge to the public, government and other post-secondary education stakeholders.

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