

Beyond the Sticker Price:

A Closer Look at Canadian
University Tuition Fees

Alex Usher

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EDUCATIONAL POLICY INSTITUTE

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INTRODUCTION

At some point every August, Statistics Canada releases its annual tuition fee report. This data, based on a summer survey of the country's universities, always manages to reference triple-digit inflation in education costs since the early 1990s, and the story never fails to make a media splash. Most of the country's main media outlets carry a brief note on the story, often followed in the following days by various hand-wringing pieces decrying the rising cost of post-secondary education. Yet these stories are fundamentally flawed, and the picture they paint about the effect of changing educational finance policies on family finances is substantially misleading.

Statistics Canada's numbers are accurate, so far as they go. The weighted provincial and national fee totals accurately reflect the amount of tuition charged by institution. And yet, the tuition report is at the same time a completely inadequate tool for measuring what students and families actually pay in order to attend post-secondary education. The fact of the matter is that while students and their families pay tuition, they also receive transfers from governments – education tax credits and, in some cases, grants - which are specifically designed to offset tuition. As a result, Statistics Canada's tuition figures bear only the most passing resemblance to what students and their families actually pay in “net” tuition. What is needed is a “re-count” of educational charges, one which accurately reflects what students and their families actually pay in tuition fees once all various subsidies are taken into account.

The purpose of this paper is to do precisely that. In order to do so, it will present available data from a ten-year period, from 1995-96 to 2005-06 and look at real changes in tuition fees, per-student educational tax credits and per-student grants. This data will permit us to generate some alternative calculations of net tuition which are substantially more accurate as measures of cost than the simple tuition fee data from Statistics Canada. These measures, in turn, will permit us to see precisely how changing government policies on education tax credits and grants are affecting the people who receive them.

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REAL TUITION FEES

The basic payment for educational services is tuition. As is well known, tuition fees rose substantially in Canada during the 1990s. Since 2000, however, tuition fee growth has slowed substantially, with fees rising by just 9% in real terms over the past six years. A growing number of provinces have either instituted tuition fee freezes or – in two cases – actually legislated reductions in tuition fees over the past few years (see Appendix A for a review of current provincial policies on tuition fees).

As a result, after inflation, tuition fees *per se* have barely risen in the past five years, as shown below in table 1. This may come as a surprise to those whose familiarity with tuition fee data does not extend much beyond the annual tuition fee pronouncements from Statistics Canada, which without fail speaks of rising tuition. The reason for the discrepancy is simple: when comparing tuition on a year-over-year basis, Statistics Canada never adjusts for inflation and describes changes in tuition fees over time purely in nominal dollars.

Table 1. Tuition Charges in Canada, 1995-96 to 2005-06 (in September 2005 \$)

	AB	BC	MB	NB	NL	NS	ON	PE	QC	SK	CA
1995-1996	\$3,390	\$3,167	\$3,113	\$3,131	\$2,856	\$4,014	\$3,111	\$3,516	\$2,104	\$3,311	\$2,945
1996-1997	\$3,620	\$3,136	\$3,272	\$3,401	\$3,287	\$4,376	\$3,640	\$3,588	\$2,075	\$3,317	\$3,221
1997-1998	\$3,882	\$3,016	\$3,498	\$3,624	\$3,846	\$4,662	\$3,943	\$3,787	\$2,160	\$3,681	\$3,435
1998-1999	\$4,183	\$3,001	\$3,744	\$3,834	\$3,823	\$4,843	\$4,327	\$3,954	\$2,145	\$3,898	\$3,642
1999-2000	\$4,315	\$2,976	\$4,042	\$3,882	\$3,909	\$4,939	\$4,733	\$4,055	\$2,101	\$3,902	\$3,856
2000-2001	\$4,409	\$2,925	\$3,632	\$4,046	\$3,806	\$5,226	\$4,802	\$3,949	\$2,053	\$4,139	\$3,890
2001-2002	\$4,432	\$2,778	\$3,567	\$4,248	\$3,338	\$5,339	\$4,939	\$4,080	\$2,026	\$4,265	\$3,934
2002-2003	\$4,477	\$3,414	\$3,380	\$4,500	\$2,933	\$5,604	\$4,915	\$4,183	\$1,990	\$4,607	\$3,989
2003-2004	\$4,747	\$4,297	\$3,320	\$4,690	\$2,742	\$5,846	\$5,058	\$4,348	\$1,962	\$4,886	\$4,183
2004-2005	\$5,106	\$4,894	\$3,344	\$4,878	\$2,694	\$6,205	\$4,993	\$4,521	\$1,952	\$5,233	\$4,279
2005-2006	\$5,125	\$4,874	\$3,272	\$5,037	\$2,606	\$6,281	\$4,881	\$4,645	\$1,900	\$5,062	\$4,214

Source: Statistics Canada's University Fee Survey; adjusted to \$2005 levels by the author using Statistics Canada's "Total" CPI measure, obtained from www.bankofcanada.ca/en/cpi.html

Statistics Canada's habit of not adjusting historical tuition levels for inflation substantially overstates the real change in tuition, especially over a long period of time. For instance, the data in table 1 show that nationally, tuition has risen by 43 percent over the period 1995-96 to 2005-06. Unadjusted for inflation, as Statistics Canada portrays the data, the increase is shown as nearly twice that - 77 percent.

Tuition fees are not, of course, the only fees payable by students. They also need to pay increasing amounts of ancillary fees as well. Over the past ten years, these have risen at roughly the same rate as tuition. Statistics Canada tends to portray ancillary fees in a highly disaggregated manner, which befits the fact that these fees tend to vary more within an institution than tuition fees. Indeed, for many years, Statistics Canada would not even aggregate average ancillary fees at a provincial level. As a result, it never shows *combined*

tuition and ancillary fees, which are of course the real education charges levied on students. Table 2, however, does precisely this, using a consistent method across time to calculate average ancillary fees at the provincial level.¹

Table 2 – Combined Tuition and Ancillary Fee Charges in Canada, 1995-96 to 2005-06 (in September 2005 \$)

	AB	BC	MB	NB	NL	NS	ON	PE	QC	SK	CA
1995-1996	\$3,819	\$3,433	\$3,479	\$3,369	\$3,101	\$4,279	\$3,684	\$3,940	\$2,407	\$3,471	\$3,361
1996-1997	\$4,072	\$3,419	\$3,665	\$3,652	\$3,530	\$4,633	\$4,151	\$4,011	\$2,361	\$3,564	\$3,613
1997-1998	\$4,345	\$3,312	\$3,903	\$3,833	\$4,085	\$4,949	\$4,466	\$4,214	\$2,601	\$3,860	\$3,876
1998-1999	\$4,666	\$3,273	\$4,133	\$4,046	\$4,215	\$5,133	\$4,873	\$4,393	\$2,531	\$4,258	\$4,080
1999-2000	\$4,804	\$3,242	\$4,510	\$4,092	\$4,324	\$5,282	\$5,386	\$4,510	\$2,553	\$4,386	\$4,362
2000-2001	\$4,875	\$3,315	\$4,003	\$4,231	\$4,623	\$5,584	\$5,384	\$4,396	\$2,514	\$4,606	\$4,384
2001-2002	\$4,874	\$3,136	\$3,965	\$4,442	\$4,134	\$5,824	\$5,552	\$4,536	\$2,492	\$4,808	\$4,443
2002-2003	\$4,963	\$3,870	\$3,918	\$4,735	\$3,413	\$6,084	\$5,602	\$4,664	\$2,670	\$5,167	\$4,601
2003-2004	\$5,234	\$4,909	\$3,874	\$4,935	\$3,216	\$6,357	\$5,794	\$4,840	\$2,686	\$5,484	\$4,845
2004-2005	\$5,606	\$5,458	\$3,982	\$5,124	\$3,164	\$6,777	\$5,690	\$5,057	\$2,550	\$5,690	\$4,897
2005-2006	\$5,638	\$5,349	\$4,031	\$5,323	\$3,070	\$6,820	\$5,586	\$5,225	\$2,506	\$5,517	\$4,835

Source: Statistics Canada's University Fee Survey; adjusted to \$2005 levels by the author using Statistics Canada's "Total" CPI measure, obtained from www.bankofcanada.ca/en/cpi.html

Table 2 shows that combined tuition and fees have risen at a pace very similar to tuition alone. Over a ten-year period, the increase is approximately 44 percent in real terms. However, increases have slowed substantially in recent years; since 1999-2000 the total increase was just 10% and in 2005-2006, were actually *lower* than they were two years earlier.

None of this, however, takes into account the real and very large changes in the pattern of universal subsidies for education over the past ten years and the effect these changes have had on the "net" tuition paid to individuals. It is to this subject that we now turn.

TAX CREDITS AND "EVERYBODY'S NET TUITION"

Both the federal and provincial governments provide a variety of tax benefits for education (see Junor and Usher 2004, Usher 2006a). Of these, two in particular benefit students during their studies: *the tuition tax credit* and *the education amount tax credit*.

In 1995, the tuition tax credit simply covered tuition and the education credit was worth \$80/month for a full-time student. Over the next five years, the Government of Canada significantly expanded these credits. In 1997, the tuition tax credit was expanded to include ancillary fees. In 1996, the education amount was raised to \$100/month, then to \$150/month (1997), \$200/month (1998) and finally, \$400/month (2000). Part-time students were also given education amount credits for the first time, worth \$60/month (1998) and then \$120/month (2000).

¹ In order to properly calculate ancillary fees, one would need to know the amount of ancillary fees paid by each individual student. Statistics Canada, unfortunately, does not have this; instead, it has a "high" and "low" ancillary fee and, when reporting "average" fees, tends to use a midpoint. Here, I have done the same, and calculated ancillary fee midpoints for every institution in every year. To derive provincial averages, I have multiplied each institution's fee by its proportion of provincial enrolment and summed the results. The results for each year have been added to the figures in Table 1 to obtain Table 2.

These tax credits were always transferable to another individual, such as a parent or spouse, but in 1997 they were also made transferable in time, with students given the option to carry-forward the credits for up to seven years. The most recent tax data suggests that 45 percent of all tax credits are used by students themselves in the year in which they are granted, 35 percent are transferred to parents or spouses, and 20 percent are carried forward to a future year.²

In addition to federal tax credits, provinces also have their own tax expenditures related to education.³ Prior to 2000, when provinces collected taxes based on federal tax payable, these expenditures were effectively *implicit* – whenever the Government of Canada decided to reduce tax payable on students, their provincial taxes were simultaneously reduced as well⁴. After 2000, provinces switched to a system of collecting taxes based on individual income. In this scheme, federal tax credit changes no longer automatically changed provincial tax policy. All provinces which had been on the federal system maintained the education tax credits which had been in place until 2000 (i.e. \$200/month); however, only four provinces (Alberta, Ontario, Manitoba and Saskatchewan) matched the federal move to \$400/month that same year. Alberta and Ontario actually went a step further and indexed the credits to inflation, so that their value now sits at roughly \$445/month. Quebec does not have a monthly education amount tax credit.

The massive expansion of tax credits has been commented upon – usually in a negative light – on many occasions, most notably Finnie, Schwartz and Lascelles (2003), Finnie, Usher and Vossensteyn (2004), and Junor and Usher (2006). But these critiques have focused on the aggregate amount of money spent on tax credits rather than the amount received by individuals, and indeed the whole topic of tax credits as they apply to the individual has been overlooked in the existing literature. The value of tax credit to individuals has never even been calculated on a combined federal-provincial basis before, let alone tracked over time.

And yet, it is not particularly difficult to make these calculations. Given the structure of Canadian education tax systems, the value of available tax credits to individuals in each province depends on three things:

- **Tuition (and ancillary fees).** All other things being equal, provinces with higher fees will have a higher value of tax credits.
- **Education Amounts.** The federal education amount is standard across all provinces; however, the provincial education amount varies somewhat from province to province. All other things being equal, provinces with higher education amount credits will have a higher value of tax credits.

² Department of Finance annual tax expenditure report, 2005.

³ A “tax expenditure” is the notional net revenue lost to government as a result of not reducing tax payable through a particular tax credit.

⁴ This was not true of Quebec, which has its own separate tax system.

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- **Tax rates.** Again, the federal tax rate is standard across all provinces, while the provincial tax rate varies substantially across provinces. Ontario and BC have the lowest marginal tax rate at 6.05 percent. The three Maritime provinces and Alberta have set their lowest rates at between 9 and 10 per cent. Manitoba, Newfoundland & Labrador and Saskatchewan have set their lowest rates between 10 and 11 percent while in Quebec the rate is 20 percent. All other things being equal, tax credits will have a higher value in provinces with high tax rates than in provinces with low tax rates.

Table 3 applies these lessons, calculates the total amount of tax credits in each province in each year and then multiplies the amounts by the prevailing federal and provincial tax rates to derive the value of tax credits to an individual.

Table 3 – Value of Available Tax Credits per Full-Time University Student, 1995-96 to 2005-06 (in September 2005 \$)

	AB	BC	MB	NB	NL	NS	ON	PE	QC	SK	CA
1995-96	\$1,103	\$1,053	\$1,064	\$1,118	\$1,075	\$1,334	\$1,147	\$1,242	\$1,072	\$1,048	\$1,107
1996-97	\$1,166	\$1,049	\$1,112	\$1,197	\$1,244	\$1,430	\$1,271	\$1,261	\$1,053	\$1,072	\$1,174
1997-98	\$1,233	\$1,014	\$1,174	\$1,239	\$1,518	\$1,506	\$1,293	\$1,316	\$1,149	\$1,147	\$1,255
1998-99	\$1,338	\$1,042	\$1,266	\$1,326	\$1,671	\$1,589	\$1,398	\$1,408	\$1,148	\$1,290	\$1,354
1999-00	\$1,470	\$1,129	\$1,456	\$1,439	\$1,702	\$1,736	\$1,573	\$1,548	\$1,200	\$1,405	\$1,501
2000-01	\$1,843	\$1,081	\$1,682	\$1,652	\$1,910	\$1,851	\$1,637	\$1,547	\$1,180	\$1,852	\$1,728
2001-02	\$1,843	\$1,051	\$1,671	\$1,706	\$1,780	\$1,913	\$1,681	\$1,583	\$1,153	\$1,906	\$1,720
2002-03	\$2,134	\$1,429	\$1,915	\$2,038	\$1,588	\$2,236	\$1,951	\$1,872	\$1,473	\$2,259	\$1,946
2003-04	\$2,208	\$1,584	\$1,903	\$2,089	\$1,536	\$2,307	\$1,999	\$1,918	\$1,479	\$2,345	\$1,965
2004-05	\$2,326	\$1,716	\$1,932	\$2,138	\$1,522	\$2,415	\$1,976	\$1,974	\$1,430	\$2,400	\$2,014
2005-06	\$2,334	\$1,762	\$1,945	\$2,189	\$1,497	\$2,426	\$1,953	\$2,017	\$1,414	\$2,354	\$2,024

Source: Author's calculations

Table 3 shows that tuition credits have grown at different rates in different provinces over the past decade. In Alberta and Saskatchewan, provinces where tuition has risen significantly, the federal education amount rise in 2000 was matched and the lowest marginal tax rates are relatively high (10 and 11 percent, respectively), the value of the credit has more than doubled. In Quebec and Newfoundland & Labrador, where tuition has been reduced and the federal education amount rise was not matched, the rise in the value of credits has been much more muted. Nationally, the value in tax credits per full-time student has risen by 83 percent over the decade.

It is important to understand that these tax credits act as a kind of “tuition rebate.” When a student in Alberta pays \$5,638 in university tuition and fees, he or she also receives a total of \$2,334 in tax credits to offset this amount. This is not quite the same as reducing tuition by \$2,334, but it is awfully close. True, the payment is delayed until tax time in April (and presumably it is of less value than if it were reduced at source the previous September). Even then, in about 20 percent of cases students either cannot use or choose not to use the credit in that calendar year but instead carry it forward to a subsequent year. But in a strict accounting sense, the timing of the payment is irrelevant. Tax credits reduce the “net cost” of tuition dollar for dollar.

“Net Cost is a key concept in the (primarily American) studies which look at relationships between cost and accessibility (see for example St John 2003, McPherson and Shapiro 1991 and Leslie and Brinkman 1987). Put briefly, the term refers to the cost of tuition minus the cost of any non-repayable assistance that has been given to students. Typically, the term “non-repayable assistance” has meant grants, although newer studies are beginning to apply this logic to tax credits as well (Berkner 2006).

Table 4 – “Everybody’s Net Tuition” – Average Tuition & Fees Minus Available Tax Credits, Full-Time University Students, 1995-96 to 2005-06 (in September 2005\$)

	AB	BC	MB	NB	NL	NS	ON	PE	QC	SK	CA
1995-96	\$2,716	\$2,381	\$2,414	\$2,251	\$2,026	\$2,945	\$2,537	\$2,698	\$1,335	\$2,423	\$2,254
1996-97	\$2,907	\$2,370	\$2,552	\$2,455	\$2,286	\$3,203	\$2,881	\$2,750	\$1,308	\$2,492	\$2,439
1997-98	\$3,112	\$2,297	\$2,729	\$2,593	\$2,567	\$3,443	\$3,172	\$2,898	\$1,452	\$2,712	\$2,621
1998-99	\$3,328	\$2,231	\$2,867	\$2,719	\$2,544	\$3,545	\$3,475	\$2,985	\$1,383	\$2,968	\$2,726
1999-00	\$3,334	\$2,113	\$3,054	\$2,653	\$2,622	\$3,547	\$3,813	\$2,962	\$1,354	\$2,981	\$2,861
2000-01	\$3,031	\$2,234	\$2,322	\$2,579	\$2,714	\$3,732	\$3,747	\$2,849	\$1,334	\$2,754	\$2,656
2001-02	\$3,031	\$2,085	\$2,293	\$2,735	\$2,355	\$3,911	\$3,871	\$2,953	\$1,339	\$2,902	\$2,723
2002-03	\$2,829	\$2,442	\$2,004	\$2,697	\$1,825	\$3,848	\$3,651	\$2,792	\$1,197	\$2,908	\$2,655
2003-04	\$3,026	\$3,325	\$1,971	\$2,846	\$1,680	\$4,051	\$3,795	\$2,923	\$1,207	\$3,139	\$2,880
2004-05	\$3,281	\$3,742	\$2,050	\$2,986	\$1,642	\$4,363	\$3,714	\$3,084	\$1,120	\$3,290	\$2,883
2005-06	\$3,304	\$3,587	\$2,086	\$3,134	\$1,573	\$4,394	\$3,633	\$3,208	\$1,092	\$3,164	\$2,811

Source: Author’s calculations

Table 4, which shows the actual tuition paid minus actual tax credit subsidies, reveals a starkly different picture than the one shown by unadjusted Statistics Canada figures. Nationally, ENT has only risen by 25% over the decade and in three provinces - Newfoundland, Quebec and Manitoba - it has declined by 22%, 18% and 14%, respectively. Only in British Columbia has ENT risen by as much as 50% over the decade.

An even more startling picture emerges when one uses 1999-2000 – the last year before the major increase in tax credits at the federal level – as the baseline instead of 1995-96. Changes in ENT using the two different baselines are shown below in table 5.

Table 5 – Absolute and Percentage Changes in Everybody’s Net Tuition since 1995-96 (in September 2005\$)

	AB	BC	MB	NB	NL	NS	ON	PE	QC	SK	CA
\$ change since 95-96	\$588	\$1,206	-\$329	\$883	-\$453	\$1,449	\$1,096	\$511	-\$243	\$741	\$557
% change since 95-96	22%	51%	-14%	39%	-22%	49%	43%	19%	-18%	31%	25%
\$ change since 99-00	-\$30	\$1,474	-\$968	\$482	-\$1,048	\$848	-\$180	\$246	-\$261	\$183	-\$51
% change since 99-00	-1%	70%	-32%	18%	-40%	24%	-5%	8%	-19%	6%	-2%

Table 5 shows that in the six years since 1999-2000, British Columbia has had by far the largest increase in ENT (70 percent), though noticeable increases have also occurred in both Nova Scotia and New Brunswick. More importantly, however, ENT has dropped in five out of the ten provinces, including both Ontario (a decrease of five percent) and Quebec (a decrease of nineteen percent). The largest decrease in cost has come in Manitoba, where ENT is down by a third since 1999-2000.

The most significant figure in table 5 is at the one which shows that nationally, ENT has actually *decreased* by 2 percent. In other words, far from skyrocketing out of sight and becoming unaffordable for the middle classes, the “net” tuition paid by all students has risen only modestly in the last decade and has actually decreased since the turn of the Millennium. Far from being an out-of-control threat to access that many commentators rail against, the actual cost of education to all students has been rising by less than inflation for the past six years. To the extent that “affordability” matters in terms of access to education – and the evidence in favour of this is mixed at best – the problem seems to be well under control across most of the country.

However, this is not quite the end of the story. Tax credits are not the only set of subsidies available to students which affect “net cost.” Grants, too, have been undergoing significant change over time as well. It is to this topic which we now turn.

GRANTS AND GRANT RECIPIENTS’ NET TUITION

Before analyzing the data on grants, it is worth outlining the limitations on our knowledge of grants. The best data we have comes from provincial governments through surveys conducted on behalf of the Canada Millennium Scholarship Foundation (Junor and Usher, 2004; Usher 2006b). These surveys are able to accurately count the number of awards given out each year as well as the total amount of assistance provided by governments. However, simply counting the number of awards does not help us know how many students receive grants, because some students receive more than one type of award. So we can know the average award given out, but we cannot know the average amount of grant received by a grant recipient, though presumably the number of awards and number of recipients are at least tangentially related.

Another problem with the data on grants is that with the exception of grants given out by the Canada Millennium Scholarship Foundation (which are significantly weighted towards university students), we have no way of knowing to which education sector grants are going – thus we cannot tell for sure what proportion of university students are receiving aid. A final weakness of the grant data is that the availability comes with a considerable time lag – the latest available data is still only from 2003-04.

The early 1990s were a time when grant spending was being slashed (Junor and Usher 2004), and so in 1995-96, grant and remission programs were very small. In the late 1990s, as government finances improved, provinces began expanding their programs. In 1998, the Government of Canada vastly

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increased the size of its grant spending first by creating the Canada Study Grants for students with dependants, and then, early in 2000, quadrupled its spending again with the creation of the Canada Millennium Scholarship Foundation. The evolution of the number of grant awards in Canada is shown below in table 6.

Table 6 – Number of Grant and Remission Awards, 1995-96 to 2003-04

	AB	BC	MB	NB	NL	NS	ON	PE	QC	SK	CA
1995-96	13,779	14,878	612	12,658	12	4,032	47,622	72	73,563	4,337	171,565
1996-97	15,474	18,532	772	15,047	19	3,380	66,304	668	73,855	4,012	198,063
1997-98	16,351	20,472	530	18,100	49	1,726	80,207	842	69,911	4,992	213,180
1998-99	13,807	30,261	1,303	13,537	2,796	2,879	91,914	700	59,050	8,332	224,579
1999-00	34,954	49,029	4,900	16,397	8,927	7,161	181,822	1,422	74,239	19,391	398,242
2000-01	38,011	51,699	6,443	10,268	8,290	4,271	147,506	1,302	78,437	20,012	366,239
2001-02	36,431	54,919	6,251	10,596	8,170	4,297	111,605	1,165	86,924	18,528	338,886
2002-03	40,535	53,949	7,176	10,335	7,827	5,208	141,940	1,300	96,665	18,427	383,362
2003-04	54,564	49,147	8,002	12,052	7,834	4,777	116,959	1,057	102,067	17,165	373,624
Change since 1995-96	40,785	34,269	7,390	-606	7,822	745	69,337	985	28,504	12,828	202,059
Change since 1999-2000	19,610	118	3,102	-4,345	-1,093	-2,384	-64,863	-365	27,828	-2,226	-24,618

Source: Usher (2006)

Table 6 clearly shows that there has been a vast increase in the number of awards since 1995, with the national total more than doubling in the eight years to 2003-04. The majority of those gains come from federal funds, not provincial ones: the creation of the Canada Millennium Scholarship Foundation and the Canada Study Grants for student with dependents, were responsible for approximately 130,000 awards each year. These gains were relatively widely distributed across the country, with only New Brunswick experiencing a net loss over this period.

But while the picture looks very positive with an eight-year lens, things look less positive if a five-year lens is used. Between 1999-00 and 2003-04, the number of grant awards fell by 24,618 nationally. This decline was to some extent an illusion created by the fact that 1999-2000 was a year of unnaturally high awards in Ontario.⁵ The significant loss of awards in Ontario – and to a lesser extent in the four Atlantic provinces and Saskatchewan – was partially offset by a significant growth in grants in Quebec and Alberta.

Now that we have examined award numbers, we can look at average award sizes. These are shown on the next page in table 7.

Table 7 – Average Grant/Remission Awards, 1995-96 to 2003-04, in September 2005\$

	AB	BC	MB	NB	NL	NS	ON	PE	QC	SK	CA
1995-96	\$3,397	\$3,286	\$2,956	\$734	\$1,410	\$643	\$3,773	\$1,065	\$4,416	\$3,409	\$3,665
1996-97	\$3,388	\$3,797	\$2,991	\$904	\$2,918	\$1,612	\$3,527	\$1,628	\$4,338	\$3,772	\$3,608
1997-98	\$3,163	\$3,626	\$4,145	\$882	\$2,531	\$3,078	\$4,861	\$1,677	\$4,120	\$3,888	\$3,979
1998-99	\$3,479	\$3,246	\$2,372	\$958	\$2,032	\$4,447	\$5,973	\$1,766	\$3,930	\$3,330	\$4,412
1999-00	\$2,888	\$3,086	\$2,967	\$1,267	\$2,372	\$2,324	\$4,681	\$2,522	\$2,724	\$2,547	\$3,595
2000-01	\$2,652	\$3,317	\$3,126	\$1,823	\$2,827	\$2,422	\$3,698	\$2,712	\$3,149	\$2,159	\$3,233
2001-02	\$2,424	\$3,399	\$3,146	\$1,655	\$2,891	\$2,397	\$2,283	\$2,676	\$3,328	\$2,367	\$2,765
2002-03	\$2,874	\$2,890	\$3,217	\$1,631	\$3,027	\$2,795	\$1,823	\$2,580	\$3,265	\$2,300	\$2,532
2003-04	\$2,733	\$2,807	\$2,710	\$2,108	\$2,571	\$3,622	\$2,599	\$2,729	\$4,043	\$2,162	\$3,020
change since 95-96	-\$664	-\$479	-\$246	\$1,374	\$1,161	\$2,979	-\$1,175	\$1,664	-\$373	-\$1,247	-\$645
change since 99-00	-\$155	-\$279	-\$258	\$841	\$199	\$1,298	-\$2,083	\$207	\$1,319	-\$384	-\$576

Source: Author's calculations

Table 7 shows that award sizes have increased in the four Atlantic provinces but have decreased in the rest of the country, in some cases quite substantially.

What does this mean? Well, return again to the notion of “net tuition”. Students who do not receive grants are paying net tuition equal to tuition minus tax credits, otherwise known as ENT. Students who *do* receive grants pay net tuition equal to ENT minus grants. We can therefore approximate grant recipients’ net tuition by subtracting the figures in table 7 from the figures in table 4. The result is shown below in table 8, which shows an approximation of net tuition paid by grant recipients. It is important to note that to the extent that grant recipients receive more than one grant, this table overstates the cost of education to the individual student.

Table 8 – Grant Recipients’ Net Tuition (GRNT), 1995-96 to 2003-04, in September 2005\$

	AB	BC	MB	NB	NL	NS	ON	PE	QC	SK	CA
1995-96	-\$681	-\$905	-\$541	\$1,517	\$616	\$2,303	-\$1,236	\$1,633	-\$3,080	-\$986	-\$1,411
1996-97	-\$481	-\$1,427	-\$438	\$1,551	-\$632	\$1,591	-\$647	\$1,122	-\$3,030	-\$1,280	-\$1,170
1997-98	-\$51	-\$1,329	-\$1,416	\$1,711	\$36	\$365	-\$1,689	\$1,221	-\$2,668	-\$1,176	-\$1,358
1998-99	-\$152	-\$1,015	\$495	\$1,761	\$513	-\$903	-\$2,499	\$1,219	-\$2,548	-\$361	-\$1,687
1999-00	\$447	-\$973	\$87	\$1,386	\$249	\$1,223	-\$868	\$440	-\$1,371	\$434	-\$734
2000-01	\$379	-\$1,083	-\$804	\$755	-\$114	\$1,310	\$49	\$137	-\$1,815	\$595	-\$577
2001-02	\$607	-\$1,314	-\$853	\$1,080	-\$536	\$1,514	\$1,588	\$277	-\$1,990	\$535	-\$43
2002-03	-\$44	-\$448	-\$1,214	\$1,067	-\$1,202	\$1,052	\$1,828	\$212	-\$2,068	\$608	\$123
2003-04	\$293	\$519	-\$738	\$738	-\$891	\$429	\$1,196	\$194	-\$2,836	\$977	-\$139

Source: Author's calculations

The good news on table 8 is that in Canada, on average, people who receive grants pay negative amounts of tuition. That is to say, people who are in sufficiently reduced circumstances that qualify for grants, qualify, on average, for more assistance in tax credits and grants combined than they pay in tuition and fees. Primarily, this is due to the incredibly low net tuition among Quebec grant assistance; in most of the rest of the country, net tuition for grant recipients is positive (Newfoundland & Labrador and Manitoba excepted). In

⁵ In brief, prior to 1999, the Government of Ontario calculated remission on an annual basis but only paid it out at the end of a student’s program of studies. From 1999 onwards, remission was payable in the year in which it was awarded. In 99-00 and 00-01, the number of individual awards rose substantially because the government was paying out on multiple cohorts at the same time. The rise and subsequent fall in the number of awards was therefore not due to underlying program changes, but rather to a change in accounting practices. Junor and Usher 2004

the rest of the country, GRNT ranges from about \$200 in PEI to about \$1200 in Ontario.

Table 8 shows tremendous variation in the GRNT across the country. While the average, Canadian grant recipient in 2003-04 received slightly more in credits and grants than he/she paid in tuition, the reality for most students is somewhat different. Ontarians receiving paid \$1,196 in tuition, while students in Alberta, BC, New Brunswick, Nova Scotia, PEI and Saskatchewan also paid positive amounts of fees. What pushes down the national average are the situations in Newfoundland, Manitoba and Quebec, where tuition for grant recipients is negative (and in Quebec's case, strongly so). In addition to variations across provinces, we see variations across time, especially in Ontario.

To an extent, this result highlights the similarities between trends in ENT, which we examined earlier, and GRNT. But the resemblance is only superficial, especially when comparisons across time are made. Table 4 shows that ENT rose 25% between 1995-96 and 2005-06, with all of the growth occurring prior to 1999-2000. Table 8 shows the opposite; GRNT was falling in the late 1990s and has been rising ever since. Table 9 shows the key trends.

Table 9 – Changes in Everybody's Net Tuition (ENT) and Grant Recipients' Net Tuition (GRNT) 1995-96 to 2003-04, in September 2005 \$.

	AB	BC	MB	NB	NL	NS	ON	PE	QC	SK	CA
ENT change since 95-96	\$310	\$944	-\$443	\$595	-\$346	\$1,106	\$1,258	\$225	-\$128	\$716	\$627
GRNT change since 95-96	\$974	\$1,423	-\$197	-\$779	-\$1,507	-\$1,874	\$2,432	-\$1,439	\$244	\$1,963	\$1,272
ENT change since 99-00	-\$309	\$1,213	-\$1,083	\$193	-\$941	\$504	-\$18	-\$39	-\$146	\$159	\$19
GRNT change since 99-00	-\$154	\$1,492	-\$825	-\$648	-\$1,140	-\$794	\$2,065	-\$246	-\$1,465	\$543	\$594

Source: Author's calculations

In five provinces (Alberta, British Columbia, Manitoba, Ontario and Saskatchewan), GRNT was rising faster than ENT, which is to say, that students who received grants were becoming less well off compared to those who did not receive grants. In the other five provinces, the opposite was true. Nationally, GRNT rose by \$594, due mostly to changes Ontario. Given that Canada's need-based student aid system is supposed to concentrate its grant assistance on the neediest students, this is tantamount to saying that high-need students are seeing faster increases in net costs than low-need or zero-need students.

Of course, table 9 does not take into account changes in the proportion of people who receive grants. As we saw in table 6, the number of students receiving grants increased substantially from 95-96 to 99-00. Now, while table 9 shows that net tuition may be *increasing* faster for grant recipients than non-recipients, it is also undeniably true that grant recipients pay *less* than non-grant recipients. It could be argued that the negative implication of increased tuition for grant recipients in those years was to a significant degree

offset by the fact that more and more students were receiving grants and therefore paying less on aggregate because they were switching from one net tuition category (ENT) to another, lower one (GRNT).

But this argument does not hold in the post 99-00 period. As table 6 shows, grant recipient numbers are stagnant in most of the country, which suggests that very few students are moving from the ENT category to the GRNT category. And, as table 9 makes clear, tuition has been increasing much more quickly for the poorer GRNT group than it has for the ENT group. Indeed, on average, grant recipients were paying nearly \$600/year more in net tuition in 2003-04 than they had been five years earlier. As well, average net tuition for non-grant recipients increased by less than \$20 in the same period.

Though the conclusion must be considered at least somewhat tentative because of the weakness of the data behind it, the direction in which the data is pointing is nevertheless clear. Wealthier students are having their tuition increases covered through various forms of universal subsidies. Poorer students are also receiving these subsidies, but are also receiving cuts to their grant programs. As Junor and Usher (2006) argued, governments do indeed appear to be sinking money into universal aid at the expense of important, targeted need-based grant programs. To the extent that finances make a difference in terms of accessibility, this points to the possibility that current patterns of funding may be creating real barriers to post-secondary education. To the extent that simple fairness matters, the perverse practice of putting the needs of the needless ahead of the needs of the needy is offensive, and must stop.

Grant recipients were paying nearly \$600/year more in net tuition in 2003-04 than they had been five years earlier. Net tuition for non-grant recipients increased by less than \$20 in the same period

SUMMARY AND CONCLUSION

This re-count of educational charges began by noting that Statistics Canada's data has two significant problems. As a time-series measure it significantly overstates tuition growth in real terms because it does not take account of inflation. As a measure of real student costs it fails to take account of various non-repayable subsidies such as tax credits and grants. The annual Statistics Canada tuition announcement is a valuable and accurate piece of data – but it clearly needs to be complemented with other data before it can be usefully utilized either in historical terms or as a present-day measure of affordability.

Our brief excursion into calculating real costs for students revealed the following:

- Education tax credits, which act as a kind of tuition rebate, have expanded by over 80 percent nationally over the past decade on a per-student basis.
- Taking both inflation and tax credits into account, real “net tuition” is up by just 25 percent since 1995-96.
- Since 1999-2000, the growth in tax credits has more than offset the growth in real tuition. Nationally, once tax credits are taken into account, “net tuition” has actually declined by two percent over the past six years.
- Average grant sizes have decreased over the past ten years; total grant recipients increased in the late 1990s but have held more or less stable over the past decade.
- As a result of the decrease in grant size, “net tuition” for grant recipients (i.e. poorer students) has increased much faster than it has for non-grant recipients (i.e. wealthier students).

Perhaps the single key finding in this paper is that there is more than one way to measure “net tuition.” Students with grants and students without grants may find their net tuition changing at wildly different speeds, or even heading in different directions altogether. Governments wishing to pay attention to affordability and accessibility need to pay more attention to these differences. It is likely in part because of such lack of attention to detail that we now have the absurd spectacle of net charges increasing faster for poor students than for rich ones.

We now have the absurd spectacle of net charges increasing faster for poor students than for rich ones

**APPENDIX A – PROVINCIAL TUITION FEE POLICIES
AS OF MAY 2006**

Province	Tuition and Student Aid Changes
British Columbia	Tuition increases capped at inflation for 2006
Alberta	Tuition frozen for 2006-2007
Saskatchewan	Tuition frozen for 2006-2007 and 2007-2008
Manitoba	Tuition frozen for 2006-2007
Ontario	Allowed to increase up to 5% for undergraduate and up to 8% for professional and graduate programs
Quebec	Tuition frozen for 2006-2007
New Brunswick	No stated tuition policy
Nova Scotia	Regulated in 2005 in a 3-year funding agreement. No more than a 3.9% increase overall
Prince Edward Island	No stated tuition policy
Newfoundland & Labrador	Tuition frozen for 2006-2007

Source: EPI, May 2006.

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