

Investing in Students, Investing in Nova Scotia

2013 Pre-Budget Submission



February 11, 2013

Introduction

StudentsNS has prepared the following submission in advance of the 2013 Nova Scotia Budget. Our Board of Directors, comprised of student union executives from our six member student associations, have identified three key priorities for Nova Scotia students: increasing the grant-loan ratio in Nova Scotia student assistance, increasing the maximum assistance amount by \$10/week, and providing MSI coverage to international students immediately upon arrival.

Students recognize that the Province has committed to eliminating its deficit in the upcoming budget and is faced with declining revenues due to persistent economic challenges. The priorities we have identified would attain a total estimated cost of just under \$5 million. This modest investment would generate very important returns, improving access and affordability of post-secondary education (PSE) and supporting the long-term social and economic advancement of our province.

Priority 1: Increase the grant-loan ratio for Nova Scotia Student Assistance from 35-65 to 40-60, at a cost of \$1.9 million.

StudentsNS is calling on the Province to continue improving the Nova Scotia Student Assistance Program (NSSAP), formerly labeled the worst in the country, by converting more student loans to non-repayable grants. Increasing the grant-loan ratio would reduce 10,300 students' total debt by providing an extra \$225 per year in grant form, for only \$1.9 million per year.¹

In Canada, the Federal and Provincial governments share jurisdiction over student assistance. Funding is distributed to students based on a needs assessment that considers personal income, parental and spousal income, and their costs including tuition and fees, lodging, travel, food, clothing, etc. In Nova Scotia, the Federal government's Canada Student Loans Program (CSLP) provides up to \$7,140 in student loans per year, with some additional grant components. The NSSAP kicks in once students max-out their Federal assistance. NSSAP recipients are therefore students with elevated financial need.

In 2006, Nova Scotia was considered the least affordable jurisdiction for post-secondary studies in North America.² In 2010, Nova Scotia still had among the worst student assistance program in the country, as acknowledged by government officials,³ the Minister,⁴ and Premier Dexter himself.⁵ At the time, Nova Scotia students had the highest debt level in the country. Evidence shows that elevated debt increases the likelihood that students will leave the province after graduation

1 Personal correspondence with the NSSAP, January 31, 2013.

2 Usher, A. & Steele, K. (2006). Beyond the 49th Parallel II: The Affordability of University Education. Education Policy Institute. Retrieved from <http://vega.cvm.qc.ca/agecvm/gamma/documents/Presse/H06/49thParallel.pdf>

3 The Aquinian. (Nov. 12, 2010). Nova Scotia government seeks student advice. Retrieved from: <http://www.theaq.net/2010/nova-scotia-government-seeks-student-advice/-4499>

4 Nova Scotia Department of Education. (Nov. 5, 2010). Retrieved from: <http://novascotia.ca/news/release/?id=20101105001>

5 The Kings County Register. (Sep. 23, 2010). Premier Darrell Dexter: "be bolder". Retrieved from: <http://www.kingscountynews.ca/News/Politics/2010-09-23/article-1787773/Premier-Darrell-Dexter%3A-%26ldquo%3Bbe-bolder%26rdquo%3B-1>

in search of work.⁶ It can also lead graduates to delay marriage, purchasing a home, and starting a family.⁷

Recent data continues to show that student debt remains relatively elevated in Nova Scotia.

In 2012, Nova Scotia is in a virtual tie with Newfoundland and Labrador as the provinces with the highest average student loan debt, \$35,642 and \$35,703 respectively.⁸ The youth

unemployment rate in Nova Scotia has been near

20% in the past year,⁹ and while the government's continued commitment to tie our minimum wage to the low-income cut-off is commendable and impactful,¹⁰ young people still earn comparatively less in Nova Scotia relative to elsewhere in Canada.¹¹ Also, tuition for most programs is increasing at 3% per year, faster than inflation and the minimum wage, with even greater tuition increases confronting professional students.

INCREASING THE GRANT-LOAN RATIO IS MOST BENEFICIAL TO THE STUDENTS WHO NEED THE MOST HELP AND ENSURES THEIR DEBT UPON GRADUATION IS MORE

Considering that Nova Scotia students rely on the student assistance program comparatively more than students in other provinces,¹² student assistance represents a particularly effective tool to support our students in the face of the challenges discussed above.

6 (2010). Canadian Student Survey – Next Steps: Upper-Year Canadian PSE Students' Future Plans and Debt. Ottawa: Canadian Alliance of Student Associations. P. 42.

7 Consumer Reports. (May 2012). Student debt grows to alarming levels: The hundreds of billions owed have potentially crippling ramifications for the U.S. economy. Retrieved from: <http://www.consumerreports.org/cro/magazine/2012/04/student-debt-grows-to-alarming-levels/index.htm>

8 Globe and Mail, James Bradshaw. (May 11, 2012). Debt-ridden and unemployed: We are the class of 2012. Retrieved from: <http://www.theglobeandmail.com/news/national/debt-ridden-and-unemployed-we-are-the-class-of-2012/article4178388/>

9 Globe and Mail Economy Lab. (May 22, 2012). Youth unemployment to stay at 'crisis peak' for years: ILO. Retrieved from: <http://www.theglobeandmail.com/report-on-business/economy/economy-lab/youth-unemployment-to-stay-at-crisis-peak-for-years-ilo/article4198185/>

10 Students Nova Scotia. (January 31, 2013). Students Very Pleased As Minimum Wage Rises. Retrieved from: <http://studentsns.ca/2013/02/students-very-pleased-as-nova-scotia-minimum-wage-rises/>

11 Statistics Canada. Median family income, by province OR see median personal income, table 111-008. Retrieved February 5, 2013, from: <http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil108a-eng.htm>

12 (2010). Canadian Student Survey – Next Steps: Upper-Year Canadian PSE Students' Future Plans and Debt. Ibid. P. 30.

Since 2008, the Province has made important strides in improving student assistance, notably by converting student loans to grants. In the past two budgets, the province has increased the grant-loan ratio from 20-80 to 35-65, and also introduced a debt cap that converts loans in excess of \$28,560 for a four-year bachelors degree (the maximum Federal assistance amount) to grants. The Province's \$18 million total investment in the student assistance program has significantly improved access and affordability in Nova Scotia post-secondary education. StudentsNS has been hearing good feedback from students about the benefits of the current expanded grants, and calls for improvement to continue.

Further increasing the grant-loan ratio would maintain the Province's present momentum in enhancing our provincial student assistance program. Considering the province's debt cap, the greater grants will be particularly beneficial to community college, private career college, graduate and professional students. Many undergraduates will also benefit despite the four-year debt cap, as evidence suggests approximately 61% of these students do not complete their studies in four years.¹³

Expanding the grant component of student assistance is a very effective strategy for supporting the students who need the help the most in making an investment that has lifelong implications for their social and financial wellbeing..

13 Maritimes Provinces Higher Education Commission (MPHEC). (2010). Trends in Maritime Higher Education – Student Progression within University of First Entry: Persistence and Graduation. P. 4.

Priority 2: Increase the maximum Nova Scotia Student Assistance amount from \$170 to \$180 per week, at a cost of \$1.9 million.

StudentsNS is calling on the Province of Nova Scotia to continue improving the NSSAP by increasing the maximum assistance amount to ensure students' financial need – as assessed by the Province itself – is met. Increasing the maximum assistance amount from \$170 to \$180 per week would deliver a \$340 per year maximum benefit to approximately 2,583 students with unmet need,¹⁴ and cost only \$1.9 million.¹⁵

IF THE MAXIMUM ASSISTANCE AMOUNT DOES NOT INCREASE, IN THE COMING YEAR STUDENTS WITH UNMET NEED WILL HAVE LESS MONEY TO PAY FOR THEIR EDUCATION AND WILL FACE VERY TOUGH FINANCIAL CHOICES.

The needs assessment used by the Federal and Provincial governments to determine each applicant's student financial assistance allocation may generate a number above the maximum disburseable amount. Beyond the Federal maximum, students begin to receive provincial assistance; but for students whose need then exceeds the maximum provincial amount, no more funding is provided. These students must rely on employment income or expensive private loans to finance their education, and in extreme cases may be forced to extend their study period or even discontinue their studies for financial reasons. In 2009, 2,275 students had unmet need averaging \$3054.94, including 1,550 attending universities, 275 at the NSCC and 450 at private career colleges.¹⁶

The maximum assistance amount was fixed at \$150 per week in 2005-06.¹⁷ Within its 2011 and 2012 budgets, the Province allowed increases of \$10 per week so that students with the greatest financial need can access an additional \$680 per year.

14 Personal correspondence with the NSSAP, April 25, 2012.

15 Personal correspondence with the NSSAP, January 31, 2013.

16 Personal correspondence with the NSSAP, 2010.

17 Personal correspondence with the NSSAP, 2011.

These investments have been very important.

In the coming year, however, students with unmet need will face tuition increases beyond the rate of inflation, while their remaining costs will naturally increase with inflation. If the maximum assistance amount is applied as presently designed, these students will have less money to pay for their education and will face very tough financial choices.

The proposed change to the maximum assistance amount would maintain the Province's present momentum in enhancing our provincial student assistance program. It would amount to a 2.6% increase,¹⁸ surpassing inflation on total federal and provincial assistance but not quite matching tuition growth. This change would benefit students in all different types of programs at the institutions supported by student assistance in Nova Scotia, including many lower-income students and notably students with dependents, as well as students in professional university studies.¹⁹

In the long run, it is clear that even stronger action needs to be taken to address unmet need, at least for students at public institutions in Nova Scotia. Considering the province's fiscal position and inflation this year, the proposed \$10 per week increase would help compensate for inflation in the meantime to keep students from falling behind.

18 $2.63\% = 340 \text{ (total benefit)} / 12920 \text{ (maximum federal and provincial assistance)} * 100$

19 Ontario Undergraduate Student Alliance. (2012). Policy Paper: Reforming Ontario's Student Financial Assistance System. P. 43. Retrieved from: <http://www.ousa.ca/wordpress/wp-content/uploads/2012/11/Student-Financial-Assistance11.pdf>

Priority 3: Provide international students with MSI coverage immediately upon their arrival in Nova Scotia, at a cost of approximately \$460,000

StudentsNS, in partnership with the Council of Nova Scotia University Presidents, is calling on the Province of Nova Scotia to provide international students with MSI coverage immediately upon their arrival for study. At the university level, this policy would benefit approximately 4218 international students and 427 of their dependents, and would support the province's higher education and immigration objectives at an estimated annual cost to government of only \$452,440.20.

AT \$97.40 PER PERSON, IT IS MANY TIMES LESS EXPENSIVE TO INSURE INTERNATIONAL STUDENTS AND THEIR DEPENDENTS THROUGH MSI THAN THROUGH PRIVATE PROVIDERS.

At \$97.40 per person, it is many times less expensive to insure international students and their dependents through MSI than through private providers. Much of these savings are generated through administrative efficiencies and the elimination of profit margins.²⁰ By providing MSI coverage, the Nova Scotia government can therefore impact Nova Scotia's affordability as an international PSE destination in

a way that is hardly commensurate to the size of its investment. The savings will accrue most significantly to international students with families.

Currently, international students may receive Nova Scotia health card coverage under MSI once they have been studying in Nova Scotia for 13 consecutive months without spending 31 consecutive days outside the province.²¹ While not covered by MSI, these students must purchase mandatory health coverage through their institution or student union. International students may either purchase a single package to cover the equivalent to MSI, basic health coverage and dentistry, as at CBU and Acadia; or a plan to replace MSI coverage and all students' basic plan (health and dental), as is the case at Dal, SFXU, SMU and AST.

²⁰ Ibid.

²¹ Nova Scotia, Department of Health and Wellness (September 24, 2012); http://www.gov.ns.ca/health/msi/moving_travel.asp#2

Private insurance costs vary across institutions and for individuals and students with dependents. Saint Mary's and the Atlantic School of Theology have the highest international health insurance costs (\$973.50 per year for individuals, \$2728.50 per year for students with families),²² while CBU is comparatively less expensive at \$973.50 for individuals and \$1800 for families.²³ The 13-month residency requirement for MSI coverage also means students need to buy insurance at least into the second school year, while at some institutions students may pay for insurance by the day and others require a full semester's payment. While covered, students may also have to pay the cost of medical services up front and be reimbursed later, which can limit healthcare access for lower-income students, or not understand what is covered and what is not.²⁴ Overall, these costs may be prohibitive when added to differential tuition, especially for students with dependents.

The 31-day limit on leaving the province during the first 13-months punishes international students for visiting their homes while on break, senselessly. Going home may help students save money and be emotionally well, which may help them to complete their programs. It can also reinforce Nova Scotia's connections with students' home countries, where the students are ambassadors for our province and universities.

International students are mostly young and healthy, so their combined impact on healthcare resources is minimal.²⁵ Siddiq et al.²⁶ provide the best available estimate of the cost for Nova Scotia to provide MSI coverage to international students immediately upon arrival. Using 2007 data provided by the Department of Education, they found that the Province spent \$126,215 on MSI coverage for 1275 international students and 129 dependents, at an average per-user cost of \$89.90 (2007 dollars). It is by projecting this cost to the present, assuming the proportion of international students already covered by MSI (32.5%) remains constant and that the ratio of

22 Research conducted by StudentsNS Researcher Alexis Zederayko, May-August 2012.

23 Ibid.

24 Russell, J; Thomson, G.; and D. Rosenthal. International student use of university health and counseling services. *Higher Education* 56(1): 59-75. P. 69.

25 Picard, A. (Apr. 10, 2008). "Extending medicare to foreign students is a no-brainer". *The Globe and Mail*. Obtained from: <http://www.theglobeandmail.com/life/health-and-fitness/extending-medicare-to-foreign-students-is-a-no-brainer/article719065/>

26 Siddiq, F; Holterman, B; Nethercote, W; Sinclair, A. and A. White. (August 2009). Ibid.

international students to dependents among students receiving coverage (1275:129) applies in present day and to students not receiving coverage, that we can estimate the 2012 cost to provide international students with MSI coverage immediately upon their arrival for study.²⁷

This proposal would make Nova Scotia institutions more competitive in attracting international students, who are often prospective migrants. Providing health coverage would also allow international students to experience a major concrete benefit to being a Nova Scotian: our world-class public healthcare system. Students with families will benefit the most, obviously have a greater immigration impact and may be more likely to stay permanently as their families get settled.

Even if they do not settle here, however, international students still bring significant economic benefits to Nova Scotia. The total economic impact of international students in the province has been estimated at \$231 million per year, or “three dollars for every one spent [on these students] by government”.²⁸ While here, these students pay income, property (through their rent) and sales taxes,²⁹ while their economic spinoffs also generate tax revenues. Lastly, these students inject new money into the post-secondary system, even when they only strictly pay the cost of education (i.e. domestic students’ fees combined with their share of the government grant), as most costs are pooled among students and many are fixed and not enrolment-dependent (economies of scale).

Manitoba, Saskatchewan, Newfoundland and Labrador, and British Columbia provide health full health coverage to international students at the beginning of their studies.³⁰ Ontario, Nova Scotia’s key domestic competitor for international

27 Factors that complicate this estimate include recent significant increases in the international student population leading to a larger first-year population, and the likelihood that relatively more students with dependents already have coverage since the cost of insurance and other factors may make it less likely that these students would leave the province for more than 31 consecutive days during their studies.

28 Siddiq, F; Holterman, B; Nethercote, W; Sinclair, A. and A. White. (August 2009). Ibid.

29 Ontario Undergraduate Student Alliance. (November, 2010). Policy Paper: International Students. Ibid.

30 Ontario Undergraduate Student Alliance. (October 27, 2011). Manitoba extends health insurance to international students; Ontario should be next. Obtained from: <http://www.ousa.ca/2011/10/27/manitoba-extends-health-insurance-to-international-students-ontario-should-be-next-%E2%80%93-by-laura-pin-october-27-2011/>

students, provides no health coverage to international students,³¹ instead requiring that international students at all but one institution enroll in the University Health

31 Ontario Ministry of Health and Long-Term Care (September 26, 2012): <http://www.health.gov.on.ca/en/public/programs/ohip/>

Insurance Plan (UHIP) with Sun Life Assurance.³² The cost of UHIP insurance is comparable to current pricing in Nova Scotia.³³

Students Nova Scotia is currently conducting consultations with international students across the province, in preparing a report on international students for release in April-May. We have also met with university international centre staff and other individuals involved in international student recruitment. Health insurance was consistently identified as a challenge for international students, increasing costs and complicating access to health services. The clear message from these discussions is that providing MSI coverage should be our first step in helping these students be successful in Nova Scotia.

32 Ontario Undergraduate Student Alliance. (November, 2010). Policy Paper: International Students. Obtained from: <http://www.ousa.ca/dev/wp-content/uploads/2010/12/International-Students.pdf>.

33 University Health Insurance Plan (September 26, 2012): http://www.uhip.ca/_uploads/en_PremiumTable.htm