

# Backgrounder: University Funding and Student Assistance

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## ***Snapshot—University System***

Universities: 11

Full-time students (2010–11): 36,458

Ratio of Nova Scotian to Other Canadian to International full-time students: 58:31:11

Part-time students (2010–11): 7,394

Degrees issued annually: 9,570

Graduates who remain in Nova Scotia: 61%

R&D spending, annually: \$259 million

Economic impact: \$2.15 billion

## ***Participation Rate, varies by definition***

Number of home province students enrolled in university in their home province, relative to the 18–24 year-old age group of that province.

1. Newfoundland and Labrador 30.9%
2. Ontario 29.5%
3. Nova Scotia 29.0%

Number of each province's students enrolled in university anywhere in Canada, relative to the 18–24 year-old age group of that province.

1. Prince Edward Island 36.9%
2. Nova Scotia 35.9%

Number of university students studying in a province, regardless of origin, relative to the 18–24 year-old age group of that province.

1. New Brunswick 52.6%
2. Nova Scotia 47.8%

## ***University Funding***

**Government grants: 56% Tuition: 31% Other: 13%**

Data on funding levels indicate that, in the mid-1990s, the government of Nova Scotia reduced the absolute funding to universities as part of a broader exercise in fiscal restraint. This pattern was evident in most other provinces during that period.

The pattern was reversed in the late 1990s as funding levels increased modestly. The substantial increases began only in the middle of the previous decade with the first Memorandum of Understanding (MOU) with the universities. The pace of increase is dramatic from that point on, averaging an 8.7 per cent increase per year since 2004–05.

Under the most recent MOU, government grants were distributed among universities based on a formula that combined a) the three-year weighted average of enrolments from 2003–04 to 2005–06, and b) the universities' projected costs for the three years of the MOU (2008–09, 2009–10, 2010–11).

## University Expenditures

University Chart of Accounts Line Items (\$000), 2010-11 Budget

<b>Revenues</b>		
Base Operating Grant	\$348,309	47.5%
Other Provincial Funding	\$32,450	4.4%
Bursary	\$26,724	3.6%
Total Tuition Revenue	\$230,217	31.4%
Other	\$95,847	13.1%
Total Revenues	\$733,548	
<b>Budget Drivers</b>		
Faculty Salaries	\$256,592	34.9%
Other Salaries	\$176,805	24.1%
Benefits	\$76,696	10.4%
Utilities	\$30,238	4.1%
Insurance	\$2,867	0.4%
Library Collections	\$13,412	1.8%
Debt Servicing Costs	\$15,734	2.1%
Financial Aid to Students	\$38,119	5.2%
Externally Contracted Services	\$25,860	3.5%
Facilities Renewal	\$21,364	2.9%
Technology	\$11,194	1.5%
Other	\$65,936	9.0%
Total	\$734,817	
Yearly Cost Increase	\$57,634	

### Tuition

#### Average Undergraduate Tuition in Nova Scotia 2010--2011

National Average	Nova Scotia Student in NS	Out of Province Students	Blended Tuition (StatsCan)
\$5138	\$5130	\$6152	\$5495

#### Average Undergraduate Tuition Increase in 2011-2012

Nova Scotia Student in NS	Out of Province Student
\$154	\$185

In the six years of the last two MOUs, Nova Scotia went from having the highest average student tuition to being \$8 below the national average for Nova Scotian students in Nova Scotian universities.

2006–07: Federal Infrastructure Trust Fund money was directed to a one-time reduction in tuition for Nova Scotia students studying in Nova Scotia (\$440 for full-time students; \$220 for part-time students).

2007–08: One-time \$500 tuition reduction for Nova Scotia students; an amendment in the MOU froze tuition in the third year.

2008–09: Second MOU continued the tuition freeze and introduced a \$761 bursary for Nova Scotia students in Nova Scotia (Nova Scotia University Student Bursary Trust).

2009–10: Tuition frozen and the bursary for Nova Scotia students at Nova Scotia universities rose to \$1,022.

2010–11: Tuition frozen and the bursary for Nova Scotia students at Nova Scotia universities rose to \$1,283. For the first time, out of province Canadian students at Nova Scotia universities received a \$261 bursary.

The Nova Scotia University Student Bursary Trust cost the province \$29,057,966.

### ***Student Assistance and Debt***

Between 1990 and 2008, the average student debt in Nova Scotia, at the time of repayment, increased from \$7,660 to \$24,387 (+218%). In constant dollars there was an increase of 119 per cent (from \$7,660 to \$16,749).

A spike in debt after 1992 followed the elimination of the Nova Scotia Bursary Program, which provided the full Nova Scotia student loan portion as a non-repayable bursary. From 1992 on, all student assistance was repayable loans. Eliminating the bursary program and rising tuition left students in Nova Scotia with the highest debt levels in the country.

In 2008, there was a slight decrease in debt as a result of Nova Scotia's tuition reduction measures.

In 2008, Nova Scotia began lending directly to students, reducing the interest rate by two percentage points. A 20 per cent non-repayable grant was introduced, along with a grant for students with dependents. A repayment assistance program and a payment deferral program were introduced.

Nova Scotia's current student assistance program still leaves students with significant unmet need and the second-highest level of repayable loans in the country.

### ***Consultation on Student Assistance***

Yesterday, Labour and Advanced Education received the results of its recent consultation on student assistance. While the results are just starting to be interpreted, six key themes emerged. These are a need to:

- cap debt for all borrowers
- provide more financial assistance by increasing the loan limit
- give more up-front, non-repayable grants
- have simpler process and better communication with student loan applicants and holders
- exclude parental and spousal income in needs assessments, and
- improve the graduate retention rebate program.

### ***What is the Province doing?***

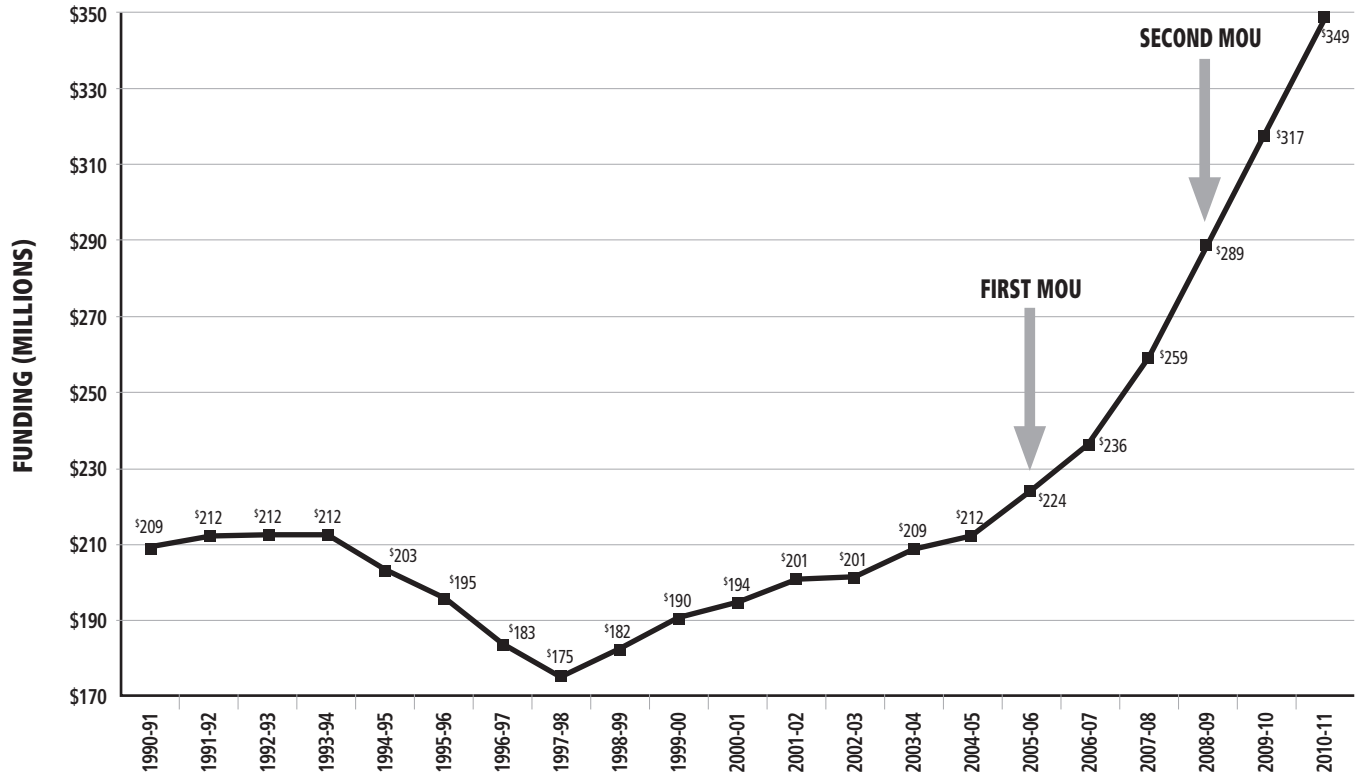
*University Funding:* Grants to universities will decrease four per cent in 2011-12. We will negotiate future years' decreases with the institutions.

*Tuition:* We will protect students by limiting tuition increases to three per cent. This is comparable to historic tuition increases across Canada, and will keep our tuition levels around the national average.

*Rationale:* These initiatives recognize the contribution that universities make to our economy and to our society. They are consistent with the Expenditure Management Initiative across government. As well, they are consistent with the O'Neill recommendations.

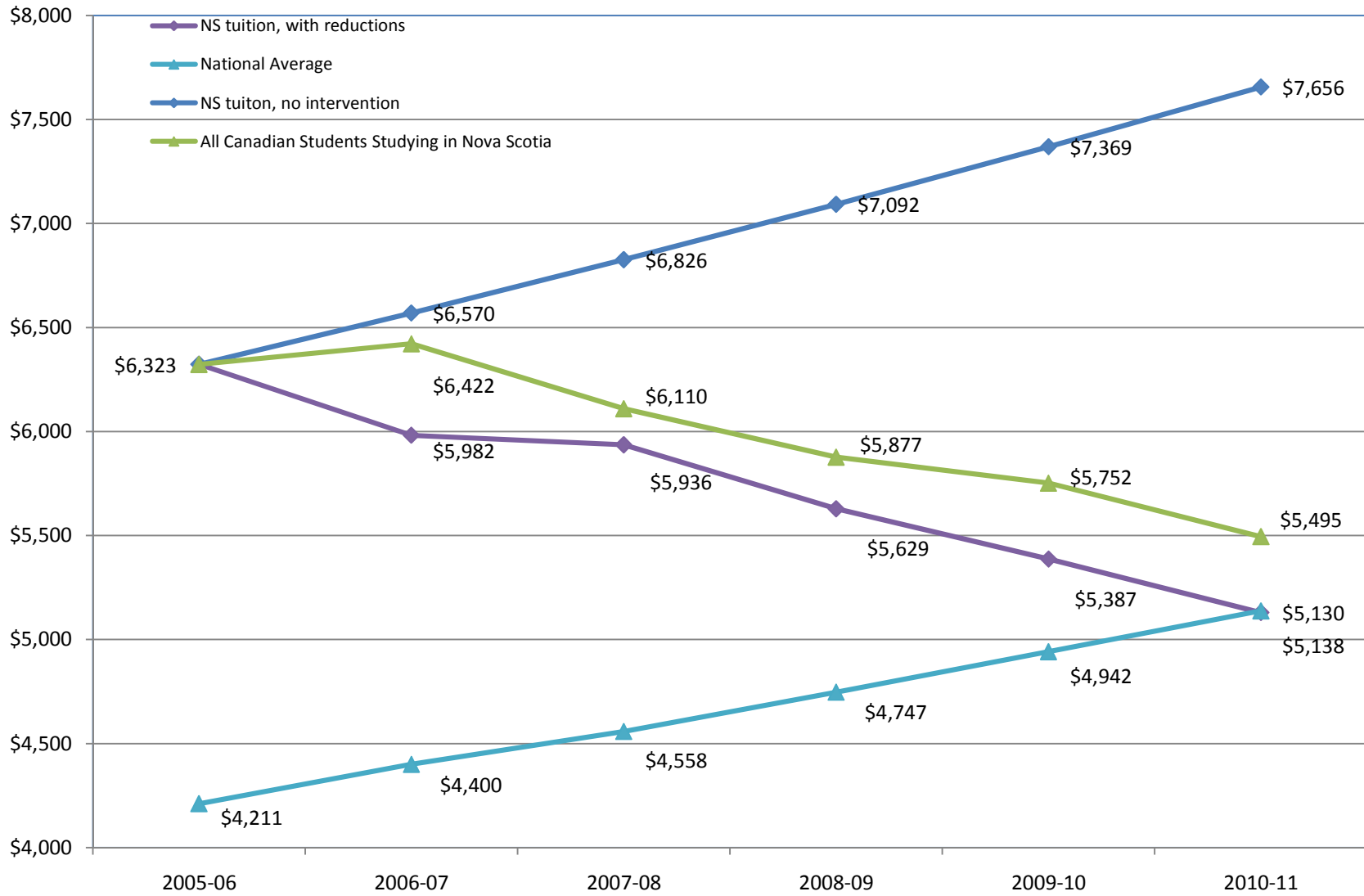
*Student Debt:* We will cap student debt at a level comparable to other provinces.

FIGURE 2.4 University Funding, Current Dollars, 1990-91 to 2010-11



Source: Higher Education Branch, NS Department of Education

### Nova Scotia Tuition Reduction to National Average: 2005-06 to 2010-11



Note: The 2009-10 tuition amounts differ from those in the O'Neill report as a result of a revision of the data by Statistics Canada. The 2010-11 numbers differ as the result of replacing the projections used in the O'Neil report with actual data from Statistics Canada.