



The Simon Fraser Student Society (SFSS)

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Submission to the Select Standing Committee on Finance and Government Services

2021 BC Budget Consultation

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Preface

The Simon Fraser Student Society (SFSS) is a student union representing 25,000+ undergraduate students attending Simon Fraser University (SFU) across three main campuses in Burnaby, Surrey, and Vancouver. We would like to begin by thanking the Government of British Columbia for the following investments:

- Allocating \$2.366 billion for advanced education, skills and training for fiscal year 2020/2021 in *Budget 2020*;
- Re-introducing a needs-based grant, the BC Access Grant, to provide over 40,000 post-secondary students up to \$4,000 per year; and
- Distributing \$73 million of the \$450 million from the B.C. Student Housing Loan Program to affordable, on-campus rental housing at SFU.

The *British Columbia Labour Market Outlook: 2018 Edition* predicts there will be 903,000 job openings between 2018 and 2028¹. Nearly 80% of these projected job openings will require some post-secondary education, with 36% requiring at least a bachelor's degree (**Figure 1**).

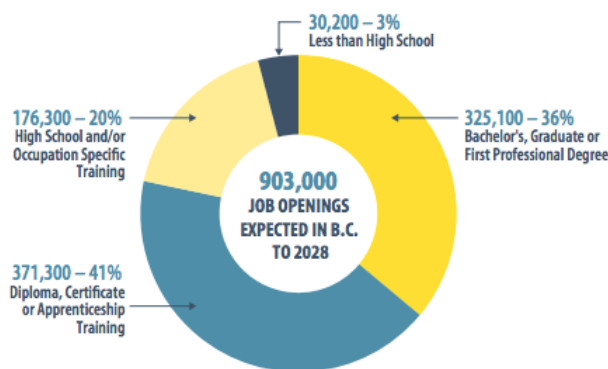
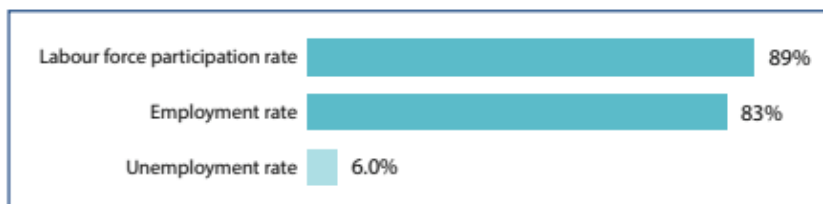


Figure 1: Predicted job openings from 2018 to 2028 by educational requirements

Additionally, the *BC Student Outcomes: The 2017 Highlights* report found that the majority of post-secondary graduates were successful in obtaining employment upon graduation, with 83% of baccalaureate graduates employed² (**Figure 2**). It is evident that investment in post-secondary education produces graduates that are equipped with the knowledge and skills to succeed in and contribute to B.C.'s growing workforce.



Baccalaureate graduates had very good employment outcomes.

Notes: The *labour force participation rate* is the number of respondents employed or looking for work as a percentage of all respondents. The *employment rate* is the number employed as a percentage of all respondents. The *unemployment rate* is the number of unemployed as a percentage of respondents in the labour force.

Figure 2: Number of baccalaureate graduates surveyed in 2017 in the labour force

¹ WorkBC, "British Columbia Labour Market Outlook: 2018 Edition," 2017, <https://www.workbc.ca/getmedia/00de3b15-0551-4f70-9e6b-23ffb6c9cb86/LabourMarketOutlook.pdf.aspx>

² BC Student Outcomes, *BC Student Outcomes: The 2017 highlights*, Victoria, BC: The Queen's Printer, 2018.

Introduction

In the *Report on the Budget 2020 Consultation (the Report)*, the Select Standing Committee on Finance and Government Services (the Committee) included recommendations related to those put forward by the SFSS and other student unions. These recommendations were to:

2. Examine providing greater flexibility in the ability to access retained earnings for student housing and other capital priorities.
5. Review the funding formula for post-secondary institutions to address funding challenges, and barriers and inequities to access.
8. Review and evaluate grant models to ensure funding is responsive and provides the most impactful support for reducing barriers and inequities to access.

The SFSS recommendations for *Budget 2021* are as follows:

1. Evaluate and revise the operational funding model for post-secondary institutions and increase post-secondary operating grants.
2. Reduce or eliminate MSP premiums for international post-secondary students.
3. Revise the Tuition Limit Policy to limit international student tuition increases to 2% annually, bringing it in line with domestic student tuition.

Recommendation 1

Evaluate and revise the operational funding model for post-secondary institutions and increase post-secondary operating grants

Background:

The SFSS appreciates the commitment of the Province to increase the annual operating grant contribution to post-secondary institutions, including SFU, particularly the large increase from fiscal year 2018/2019 to fiscal year 2020/2021³. However, these increases do not reverse the effects of the stagnant and even decreasing annual operating grants over the last few decades. In 1979, nearly 90% of operating revenue for B.C. post-secondary institutions came from federal or provincial sources⁴, compared to just 47.4% from both levels of government in 2018⁵. In 2015, tuition revenue surpassed provincial funding as the main source of operating revenue for SFU, with 36% of operating revenue coming from tuition, and 31% from the Province in 2019⁶. Per course unit, tuition at SFU has risen 20% since 2010 for domestic undergraduate students, 57% for international undergraduate students beginning their studies prior to September 2017, and 66% for international students who began their studies in Fall 2017 or later^{7,8}. Comparatively, inflation has risen 17% since 2010⁹.

Rationale:

According to Statistics Canada, in 2016¹⁰ more than half of undergraduate students completed their studies with about \$26,000 debt at graduation. In 2005, 54% of undergraduate students graduated with an average debt amount of \$13,600¹¹, which would only amount to \$16,368 in 2016 dollars¹². Therefore, the average debt of post-secondary graduates has nearly doubled over the past decade. Increasing student debts are one of many factors that can affect students' education and quality of life, and more importantly, act as a barrier for them to continue their studies¹³. Evaluating and revising the current operational funding model for post-secondary institutions in B.C., and ultimately increasing operating grants, will decrease the reliance on students, particularly international students, to pay for the operating costs of universities and colleges across the province.

Cost:

Although the cost of evaluating and revising the operating funding model is unknown, the recommended cost of this program is \$4.732 billion, doubling the current total operating grant amount for all schools in B.C., ensuring over 60% of institutes' revenue is funded by the Province.

³ Ministry of Advanced Education, Skills and Training, "Operating Grants by Institution: Fiscal Years 2009/10 to 2019/20 [op2-operating-grants-at-bc-public-post-secondary-institutions-fy-2009-10-2019-20]," 2019, available from: <https://catalogue.data.gov.bc.ca/dataset/operating-grants-at-b-c-public-post-secondary-institutions/resource/cb78fea2-48b9-4e2e-8120-8e2d87b6150b>

⁴ Igliska Ivanova, *Paid in Full Update: Who Pays for University Education in BC?* Vancouver, B.C.: Canadian Centre for Policy Alternatives, 2012.

⁵ Canadian Association of University Business Officers, *Financial Information for Universities and Colleges: 2017/2018*, Ottawa, ON: CAUBO, 2019.

⁶ Simon Fraser University, *Budget and Financial Plan 2020/21*, Burnaby, B.C.: Simon Fraser University, 2020.

⁷ Simon Fraser University Student Services, Undergraduate Fees 2010-2011, Summer 2020 Calendar, 2020, <https://www.sfu.ca/students/calendar/2020/summer/fees-and-regulations/tuition-fees/undergraduate.html#tuition>

⁸ Simon Fraser University Student Services, Undergraduate Fees 2010-2011, Calendar 2010/2011, 2010, http://www.sfu.ca/students/calendar_archive/10.11%20calendar/calendar/for_students/undergrad_tuition_fees.html

⁹ Bank of Canada, *Inflation Calculator*, Statistics, n.d., <https://www.bankofcanada.ca/rates/related/inflation-calculator/>

¹⁰ Statistics Canada, *Tuition and accommodation costs (2006/2007) to (2016/2017)*, Ottawa, ON: Statistics Canada, 2018.

¹¹ Statistics Canada, *Graduating in Canada: Labour Market Outcomes and Student Debt of the Class of 2005*, Ottawa, ON: Statistics Canada, 2009.

¹² Bank of Canada, *Inflation Calculator*.

¹³ Standing Senate Committee on Social Affairs, Science, and Technology, *Reducing barriers to post-secondary education in Canada*, Victoria, B.C.: The Queen's Printer, 2011.

Recommendation 2

Reduce or eliminate MSP premiums for international post-secondary students

Background:

As of January 1, 2020, international students studying in British Columbia are required to pay MSP premiums of \$75 per month, up nearly double the former reduced premium payment of \$37.50 which was established in September 2019¹⁴. MSP premiums cover primary medical costs whereas secondary medical insurance, which is mandatory for international students as per post-secondary institution requirements, covers secondary costs such as vision or dental care. International undergraduate students at SFU will be required to enroll in MSP after three months of living in the province and are still automatically enrolled in the guard.me insurance plan to cover primary medical premiums in lieu of MSP premiums, with a cost of \$281 per term, or \$70.25 per month¹⁵. Thus, although the introduction of an MSP premium of \$75 a month results in a very small monthly increase from the existing guard.me premium of \$70.25 per month, it creates a burden on students who will now have to opt-out of both the guard.me program and enroll in MSP.

Rationale:

While the SFSS applauds the Province for extending public healthcare coverage to international students, we are concerned that increasing the monthly cost of this coverage puts an unfair burden on international post-secondary students. International students already face barriers such the lack of a support system in Canada, challenges accessing the labour market, and learning how to navigate banking and finances as a young adult in a new country¹⁶. Having to opt-out and enroll in two separate programs can be a large challenge for students already facing these barriers. Though the fee increase may be modest, this increase highlights the dependence on international students to contribute a disproportionate amount to the funding of programs and services, from post-secondary institution operating costs to provincial healthcare.

Cost:

In 2017, there were a little over 130,000 international post-secondary students in British Columbia¹⁷. Assuming the fee reduction per student per month would be \$37.50, it is estimated that the cost of implementing this recommendation would be \$58.5 million per year.

¹⁴ Ministry of Health, "International students continue to contribute to B.C. health care as MSP premiums eliminated," 2019, <https://news.gov.bc.ca/releases/2019HLTH0114-001555>

¹⁵ Simon Fraser University, "International and U.S. Students," Medical Insurance, 2020, <https://www.sfu.ca/medical-insurance/g-international-us-students.html>

¹⁶ Ivy Chiu, "Top 4 Challenges International Students Face in Canada," HuffPost Canada, 2017, https://www.huffingtonpost.ca/ivy-chiu/top-4-challenges-international-students-face-in-canada_a_23077435/?guccounter=1.

¹⁷ Roslyn Kunin & Associates, Inc., "An Assessment of the Economic Impact of International Education in British Columbia: An Update in 2017," 2019, <https://bccie.bc.ca/wp-content/uploads/2019/07/Kunin-report-2019.pdf>

Recommendation 3

Revise the Tuition Limit Policy to limit international student tuition increases to 2% annually, bringing it in line with domestic student tuition

Background:

International undergraduate tuition in B.C. rose by an average of 34% from 2014/2015 to 2018/2019¹⁸. Comparatively, domestic undergraduate tuition rose 11% in that same period. Domestic student tuition increases are capped at 2% per year as per the provincial Tuition Limit Policy, whereas international student fees are not covered by provincial funding or regulations. Thus, international student fees are set by individual post-secondary institutions “in the context of the competitive global market”¹⁹. Tuition fees provide over a third of B.C. universities’ operating revenue, up from just 10% in 1979²⁰. As previously mentioned, in 2015, tuition surpassed provincial government funding as the number one source of revenue for SFU, and in 2018, international student tuition outpaced domestic tuition as SFU’s greatest source of tuition revenue²¹. These funding decreases coupled with a lack of government policy to keep international tuition in line with inflation is making post-secondary education in British Columbia increasingly unattainable for foreign students.

Rationale:

In 2016, international student spending contributed over \$3.7 billion to the B.C. economy, 21.6% of B.C.’s GDP for that year²². Across Canada, they contributed \$2.3 billion in tax revenue in 2015. International student enrolment even benefits domestic students – for example, at North Island College on Vancouver Island, revenue from international students allowed them to enroll an additional 688 domestic students in 2017²³. However, both the province and post-secondary institutions are currently economically vulnerable, as institutions would lose a major portion of their operating revenue if international student enrollment dropped, and the government would lose their large contributions to the economy. For example, when international student enrolment dropped in 2009 due to the global financial crisis, SFU ran an operating deficit. Post-secondary institutions are facing a similar crisis today as a result of the COVID-19 pandemic. A comprehensive policy that creates both cost stability and predictability for international students and ensures international student enrollment can benefit institutions, local communities and the B.C. economy is necessary. The Tuition Limit Policy should be adapted to include international students, providing them the stability and predictability they need to pursue education in Canada.

Cost:

The cost of policy evaluation and implementation is unknown.

¹⁸ Statistics Canada, “Canadian and International Tuition Fees by Level of Study,” 2019, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501>

¹⁹ Simon Fraser University, *Budget and Financial Plan 2019-20*, Burnaby, B.C.: Simon Fraser University, 2019.

²⁰ Ivanova, *Paid in Full Update*.

²¹ Simon Fraser University, *Budget and Financial Plan 2019-20*.

²² Statistics Canada, “Economic Impact of International Education in Canada – 2017 Update,” 2017, <https://www.international.gc.ca/education/report-rapport/impact-2017/index.aspx?lang=eng>

²³ Select Standing Committee on Finance and Government Services, *Report on the Budget 2019 consultation*, Victoria, B.C.: The Legislative Assembly of British Columbia, 2019.

Conclusion

We thank the Committee for taking the time to consider these recommendations. If there is anything the SFSS can do to be of service to the committee throughout this budget consultation process, please do not hesitate to contact us. We are willing to provide further details and assistance if required to fulfill any or all of our three recommendations.

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