

Proposed Solutions Do Little To Ease Financial Pain of Students

What parent has not held up their newborn child wondering what tomorrow holds, knowing that their future depends on the best possible education?

This question is posed in the official reply of our new Prime Minister, the Hon. Paul Martin, to the recent Speech from the Throne.

One also may ask, however, how many parents have had to face the grim reality in the last decade that, absent a meaningful win on the lottery, thanks to the very same Mr. Martin their child was destined either to be unable to afford, or to be saddled with crippling long-term debt obtaining, an education which would even be adequate in today's world, let alone "the best possible".

Many, we suspect.

Mr. Martin became Canada's Finance Minister in 1993, and continued in that role until he left the federal Cabinet in 2002.

Between those years, federal cash transfers to the provinces which were nominally earmarked for post-secondary education fell, after adjusting for inflation, by more than 50 per cent.

After a slow decline, the real crunch came in 1996, when the Established Programs Financing Act and the Canada Assistance Plan, then the means through which federal funding transfers were made to the provinces for health care and post-secondary education, and for social assistance, respectively, were abolished in favour of Mr. Martin's all-encompassing Canada Health and Social Transfer.

Unfortunately, though, the CHST transferred \$7 Billion less to the provinces annually than the old legislation would have done. As a result, provincial post-secondary education Budgets immediately lost about \$1 Billion, and they have continued to lose approximately that amount every year since.

Consequently, since 1996 most provinces have had little choice but to permit post-secondary tuition fees to rise to offset the local budgetary shortfalls this created, and the subsequent cost to half a generation of post-secondary students, and particularly university students, has been enormous.

Therefore, any strengthening of the student loan and grant program should be met only with cautious enthusiasm.

The promise in the Throne Speech itself to broaden the scope in the student loan criteria of eligible expenses, such as computers, and other items considered to be essential in the modern learning environment, is somewhat encouraging; as are those of a first-year tuition grant for low-income students, the relaxation of loan terms for part-time students, and overall increases in loan limits.

Noteworthy too is the promise to implement the eminently sensible recommendation of New Brunswick independent MP John Herron (whom we applaud for his unflagging persistence, and who has recently announced that he will seek nomination as a Liberal candidate in the next federal election) to raise family income eligibility thresholds – progressively made meaningless by inflation – to improve access to loan funds for students from middle-income families.

The throne speech, and in turn the prime minister's reply, recognize the absolute need for post-secondary education in the modern economy, and promise concrete measures to improve access to it.

Nevertheless, praise for these measures must be tempered by the recognition that they apparently involve little in the way of outright grants to students but, mainly, more opportunities for them to take on even larger debt loads.

Ironically, the rising cost of education - to which frequent reference is made in both the Throne Speech and the prime minister's reply - has been caused largely by the "Martinomics" of the last decade; but the proposed solutions do nothing to slow its rise.

At the end of the day, rising cost deferred by bigger loans to cover it is still rising cost.

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