



## Policy Principle

This policy principle was updated and approved by the Board of Directors at their January 20th, 2020 meeting.

### Policy F06: Student Financial Aid

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**Updated:** January 20th, 2020

**Expires:** January 20th, 2022

**Whereas** in 2015, the average graduating postsecondary student's debt in New Brunswick was \$40,000, 1% higher than it was in 2010 at \$39,600<sup>1</sup>;

**Whereas** in 2015 the average graduating postsecondary student's debt in Canada was \$28,000, 7% lower than it was in 2010 at \$26,300<sup>2</sup>;

**Whereas** a 2015 study conducted by the Canadian Alliance of Student Associations states that nearly one-third of families are forced to remortgage their homes, take on additional employment late in life, or postpone retirement to help support their children's education;

**Whereas** students are being forced to delay making major investments in homes and cars; investments often taken for granted by older generations<sup>3</sup>;

**Whereas** it is estimated that roughly half of all students in Canada graduate with debt, and that nearly 40 percent have some type of government loan<sup>4</sup>;

**Whereas** nearly 77 percent of Canadians under 40 reported that they regretted taking on debt in order to pay for their education<sup>5</sup>;

**Whereas** it takes the average student roughly seven years to pay off their student debt;

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<sup>1</sup> Statistics Canada. Table 37-10-0036-01 National Graduates Survey (NGS), student debt from all sources, by province of study and level of study

<sup>2</sup> Ibid.

<sup>3</sup> Patrick Snider, "Pathways To Universal Access Towards A More Equitable Post- Secondary Financial Aid System In Canada." Canadian Alliance of Student Associations. (2015).

<sup>4</sup> Sean Simpson, "Three in Four Canadian Graduates Under Forty Regret Taking on Student Debt." Ipsos. (2017).

<sup>5</sup> Ibid.



**Whereas** the New Brunswick Family Plan Framework Document and New Brunswick Economic Growth Plan made a clear commitment to eliminating the barriers inhibiting young people and recent graduates from participating economically and culturally in their communities;

**Whereas** as of December 31st, 2019, there will be no student debt relief program in New Brunswick;

**Be it resolved** that the New Brunswick Student Alliance advocate for the creation of a new debt relief program entitled the New Brunswick Debt Relief Program (NB DRP) which will forgive the outstanding N.B. portion of the Canada-N.B. integrated student loan debt at a rate of up to a maximum of 20% per year for up to five years; and

**Be it further resolved** that this new NB DRP include the following criteria of eligibility:

- Student is or will be employed (full-time, part-time, and/or casual/ on-call) in New Brunswick
- Student is in repayment of an outstanding N.B. student loan
- Student has graduated from an accredited post-secondary educational institution in the allotted time frame plus one year, matching the actual time-to-completion for undergraduate degrees

**Whereas** the New Brunswick Student Alliance strongly advocates for increased accessibility to postsecondary education—it is considered a fundamental organizational value;

**Whereas** tax credits do not increase the accessibility for students attempting to enter postsecondary education in New Brunswick<sup>6</sup>;

**Whereas** only students or parents earning a sufficient level of income are able to collect on the tax credits themselves, due to their non-refundable status which results in only those coming from higher income families getting the benefit from tax credits<sup>7</sup>;

**Whereas** according to research from the Canada Millennium Scholarship Foundation, there is no evidence that tax credits increase enrolments in post-secondary education<sup>8</sup>;

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<sup>6</sup> Patrick Snider, "Pathways To Universal Access Towards A More Equitable Post- Secondary Financial Aid System In Canada." Canadian Alliance of Student Associations. (2015).

<sup>7</sup> Ibid.

<sup>8</sup> Canada Millennium Scholarship Foundation. "Canada's Tuition and Education Tax Credits." (May 2007)



**Whereas** tuition tax credits is that they do not offer funding when it is most needed, as it only gives the tax return at the end of the academic school year after tuition fees have already been paid<sup>9</sup>;

**Whereas** Canadian Alliance of Student Associations did an analysis of the tuition tax credits and their conclusions found that tax credits are a large expenditure on student aid but it is also one of the least effective expenditures in supporting equitable access to students who would not otherwise attend post-secondary<sup>10</sup>;

**Whereas** Abacus Data found that 65% of Canadian students are worried about student debt<sup>11</sup>;

**Whereas** upfront, needs based grants offer immediate tuition payment assistance while leaving students worry free about acquiring more debt.

Be it resolved that the Government of New Brunswick repurposes the Tuition Tax Credit into upfront, non-repayable needs-based grants.

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<sup>9</sup> Christine Neill. "What You Dont Know Cant Help You: Lessons of Behavioural Economics for Tax-Based Student Aid." SSRN Electronic Journal, (2013).

<sup>10</sup> Patrick Snider. "Pathways to Universal Access Towards a More Equitable Post-Secondary Financial Aid System in Canada."

<sup>11</sup> Canadian Alliance of Student Associations. "What motivates 18-25 year olds leading up to the federal election." Abacus Data. (2019)