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The Price of Knowledge
Behind the Headlines

On November 8, EPI Vice-President Alex Usher and co-author Sean Junor unveiled their new book at a press conference hosted by the Canada Millennium Scholarship Foundation. The Price of Knowledge 2004, a follow-up to the original 2002 publication is the most comprehensive document ever published in Canada on the subjects of access to post-secondary education and student finances.

Each of the book’s sections, of which there are over seventy, takes a look at a different slice of data concerning post-secondary access or student finance. The Foundation’s release concentrated attention on a few of the key stories addressed by the book, but inevitably, dozens of points of interest were missed. EPICentre gives its readers a first peek at some of the more interesting data points that didn’t make the initial news stories:

The East-West Gap in Access to University:

Although not yet the focus of serious controversy or analysis, the Price of Knowledge reveals some real geographic inequities in access to university education. Data from the OECD’s Programme for International Student Assessment (PISA) suggest that secondary school students from Alberta and British Columbia have much higher literacy scores than their counterparts in Atlantic Canada. For instance, the gap in literacy scores between 15-year olds from BC and from New Brunswick is so wide that it is effectively equivalent to BC students having had an entire extra year of schooling!

And yet, far more students attend university in the Atlantic provinces than in Alberta and BC. The main reason? Smaller university capacity in the west and lower academic standards in the east. Proportionately, three times as many young people go to university in Nova Scotia than do in BC. The competition for places in BC is so fierce that it has driven up academic standards to an astonishing degree: between 20-25% of the entering university class in the Atlantic provinces have average secondary school marks below 75% while the corresponding figure in BC is only 2%. This suggests...
that there are a large number of talented, high-achieving secondary students in Alberta and BC who could enter university if only they lived further east (and, conversely, that there are a number of university students in the east who would not get a look-in had they grown up out west). The policy lesson is clear: while family income is a key determinant of educational attainment, location is also major factor that deserves further exploration.

Students from Rural Areas:
Much has been made of Marc Frenette’s 2001 study on the relationship between access to education and distance lived from an educational institution. Some have wrongly interpreted this to mean that students from rural areas as a whole are under-represented in Canadian post-secondary institutions and in universities in particular. New data show that in fact students from rural areas (defined as communities of 10,000 people or less) are in fact roughly evenly represented in the Canadian university population. The real problem – and it is a very serious one – lies in Canada’s “remote” rural areas which are primarily occupied by people in resource-extraction industries and aboriginals.

Retention: The new Price of Knowledge provides the first ever estimates of institutional completion rates at Canadian universities. Most institutions appear to have completion rates of around 70% but they range from 87.5% at Queen’s University to just 41.3% at the University College of Cape Breton. Generally speaking, Ontario universities are much better at retaining their students than universities in other provinces.

Time-to-completion: Newly-available data provide an unparalleled national look at times-to-completion. An interesting fact: the longer the program of studies, the likelier students are to complete it on time. Only 49% of graduates of three-year programs completed their program in three years, compared to 60% of graduates of four-year programs and 64% of graduates of five-year programs.

Textbook Costs: For the first time in Canadian history, a survey of textbook costs was undertaken. The survey, which included twenty universities across the country, looked at the costs of books in five classes in five departments in each of four faculties at each institution (i.e. 100 classes in 25 departments per institution). The results, aggregated across institutions, suggest that students in Arts and Social Sciences, on average, are expected to pay $84.16 per course for their textbooks. The equivalent figures in other faculties are: Sciences $92.99, Engineering $103.06 and Commerce/Business $89.09. This implies expected textbooks costs per academic year of between $840 and $1,030 per year; little wonder, then, about the success of campus used bookstores...

Students and Work: The original Price of Knowledge reported that the proportion of students working and the average number of hours worked changed very little over the 1980s and 1990s. The Price of Knowledge 2004 shows that while this is still true for university students, there has been a noticeable increase in the proportion of college students who mix work and study. Also included in the book is a survey of students’ motives for working. In a survey of over 1,000 students, respondents were asked to rate their reason for working. On a scale from 1 to 10, where 1 meant “need to work to pay bills” and 10 meant “want the money but don’t need it”, 71% of students gave an answer from 1-5 (indicating they “need” money more than they “want” it) and 29% answered from 6 to 10 (indicating they “want” the money more than they “need” it).

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Debt Aversion: Though debt aversion is widely held to be a barrier to education, it does not register as a major concern on surveys of youth not attending post-secondary education. An analysis of Statistics Canada’s Post-Secondary Education and Participation Survey shows that only six percent of all youth not in post-secondary education cited debt as the main barrier to attending (another twelve percent cited another, unspecified “financial barrier”). While it would appear that roughly 6,000 high school graduates each year avoid post-secondary because of their aversion to debt, it is a fact that close to 80% of all youth who self-identify as debt-averse are actually enrolled in PSE and financing their education without borrowing. Thus, while debt aversion is a real phenomenon that poses a barrier to education for some youth, the mere fact of being debt averse does not appear to make one less likely to attend post-secondary education.

Barriers to Education: Despite rising tuition and educational entrance requirements over the past decade, the proportions of non-attendees citing either financial or academic barriers to education has remained more or less constant. Factors related to lack of interest and lack of motivation – which are cited disproportionately highly by youth from low socio-economic backgrounds – remain the number one reason cited by non-attendees for not pursuing post-secondary studies.

The report, A New Measuring Stick: Is Access to Higher Education in Canada Equitable?, is the first to attempt to quantify how well different jurisdictions fare in terms of ensuring equitable access to university to students from different socio-economic backgrounds, through use of the Educational Equity Index (EEI). The EEI measures the relative degree of social stratification of the university student population by looking at the proportion of students whose fathers have university credentials and comparing it to the proportion of the overall male population aged 45-64 with university credentials. The higher the EEI score, the more equitable access to university is in a given jurisdiction.

The study’s main findings are:
- Within Canada, Manitoba and Ontario have the highest EEI scores while Prince Edward Island and Newfoundland have the lowest.
- Internationally, the Netherlands has the highest EEI score, followed by Ireland and Canada. Germany, Austria and Belgium had the lowest EEI scores.
- A jurisdiction’s EEI score does not appear to be affected by tuition fees, affordability levels, or overall participation rates. The causes of variation between jurisdictions remain unknown.

The report author concludes: “While Canada’s record in providing access to university education is reasonably good, there are no grounds for complacency. The fact is, we have no idea why our country’s record is as good as it is. That means we need to examine the phenomenon of inequality more seriously and to avoid inaccurately reducing the problem to one of tuition fees or participation rates.”

The full report is available online at: http://www.educationalpolicy.org/pdf/measuringstick.pdf

EPI Receives Large Grant from Lumina Foundation

The Lumina Foundation for Education recently awarded a grant of $312,500 to the Educational Policy Institute to develop a web-based retention audit system for public and private post-secondary institutions. The audit system will support the benchmarking of data and identification of practices that help or hinder student retention on campus. The system will be operational by spring 2006.

Canadian institutions interested in being involved in further EPI research on student retention can contact Amy Cervenan at: acervenan@educationalpolicy.org.
A New Architecture Proposed

24 AUGUST 2004 - The Educational Policy Institute today announces the release of “Meeting the Need: A New Architecture for Canada’s Student Financial Aid System” co-authored by EPI Vice-President Alex Usher, with Dr. Ross Finnie of Queen’s University in Kingston and Hans Vossensteyn of the Centre for Higher Education Policy Studies in the Netherlands. The monograph, published by the Institute for Research on Public Policy in Montreal, builds on an earlier work by Dr. Finnie that was published in Policy Options last September.

The “New Architecture” described by Finnie, Usher and Vossensteyn analyzes the weaknesses of the present system of student aid in Canada and suggests ways to simplify and improve the existing system of student aid while limiting student indebtedness for college and first-degree students. Among the main points:

- Over $2 billion in subsidies that are currently distributed on a non-need basis, including education savings programs and tax credits, should be abolished and converted into a much more generous system of need-based assistance.
- Need assessment systems should be made more generous to include more middle-income families
- Assistance limits should be raised so as to cover all reasonable costs, if necessary
- After need has been assessed, the first five thousand dollars should be provided to students as a loan, the balance as a grant.
- In order to ensure that no student is denied access for financial reasons, a supplemental loan program should be established to provide loans for students whose parents cannot or will not meet their expected contribution. In order to discourage unnecessary use of this fund, these loans would not carry an interest subsidy.

The benefits of this architecture are many. It ensures that all students are eligible for some kind of assistance, should they need it, it eliminates the problem of “unmet need”, and it limits debt to $5,000 per year. Perhaps most importantly, the system eliminates pointless untargeted subsidies and ensures that the student aid system is much more progressive than is currently the case.

The publication is available at www.irpp.org/indexe.htm

Coming Soon...

The Affordability of University Education: An Analysis of Higher Education in Canada and the United States

The Canada Millennium Scholarship Foundation commissioned this research report to the Educational Policy Institute to look at the relative affordability of university education in the 10 Canadian provinces and 50 US States.

The report uses Purchasing Power Parity (PPP) index to account for differences in purchasing power between the two countries, and calculates net cost of university education using a variety of indicators.

The report is scheduled for release on December 6, 2004.

EPICenter: The US Edition

The US and International Headquarters of the Educational Policy Institute releases its own version of EPICenter on a quarterly schedule. The most recent version was released on November 3, the day following the US Election. The lead story looks at the next four years with a Bush presidency. EPICenter also takes a closer look at rising tuition prices in the US, and the potential problems that lay ahead for policymakers, parents, and students.

EPICenter is available in pdf format on the publications page of our website.

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The Impact of Tuition Policies on Access & Affordability

The Canada Millennium Scholarship Foundation released a report this August produced by the Educational Policy Institute entitled *Changes in Tuition Policy: Natural Policy Experiments in Five Countries*. The report studies tuition policy changes in 10 jurisdictions, including three US states and four Canadian provinces, plus Ireland, Britain, and Australia. The study concludes that although tuition reduction policies can reduce the financial burden on students and families, they have limited ability to influence access due to a number of competing factors.

According to Dr. Watson Scott Swail, President of EPI and lead author of the report, this is an important point that politicians often miss. “If tuition fees alone were responsible for access and affordability issues, we would know what to do and how to do it. Reality stipulates that tuition typically accounts for only one quarter to one half of the costs of going to postsecondary education. Thus, financial aid responding to students’ living costs that is packaged with the tuition policies is important.”

But the report also notes that tuition policies aimed at increasing access to postsecondary education are often misappropriated. “Many governments that reduce or freeze tuition fees expect to increase access to postsecondary education,” says Swail. “But this can only happen when the number of seats or spaces for students is expanded.” Swail adds that tuition policies which reduce, freeze, or eliminate tuition fees, as in the case of Ireland, often become a subsidy for affluent university students.

The report was coauthored by Dr. Donald Heller, a professor at Pennsylvania State University.

EPI President Testifies Before U.S. Senate Finance Committee


During the hearing, Dr. Swail emphasized the importance of investing in the education system in order to remain competitive in the global economy.

Dr. Swail noted that the federal government, in concert with the states, must ensure that higher education is affordable to all through a recommitment to need-based aid, institutional quality, and early intervention programs to ensure that all students have the opportunity to attend and excel in postsecondary education.

The full testimony is available at: [www.educationalpolicy.org/pdf/senate_testimony.pdf](http://www.educationalpolicy.org/pdf/senate_testimony.pdf).
ACCESSIBILITY OF HIGHER EDUCATION SYMPOSIUM
Moscow, Russia
On June 29-30, 2004, at the kind invitation of the Independent Institute for Social Policy (Moscow) and the International Comparative Higher Education Finance and Accessibility Project (SUNY-Buffalo), EPI Vice-President Alex Usher participated in the international conference “Accessibility of Higher Education: Challenges for Transition Countries” in Moscow. With support from the Ford Foundation, the project has explored dimensions of access to higher education in the Russian Federation, and the conference was called in order to exchange information about cost-sharing and the development of student loan programs. Mr. Usher chaired a session on access to higher education in Russian and shared his own work on the role of parents in providing educational funding for students. Papers from the conference may be found at: www.socpol.ru/eng/news/conf_ed.shtml

IMHE GENERAL CONFERENCE 2004
Paris, France

This year’s conference was titled, “Choices and Responsibilities: Higher Education in the Knowledge Society,” and focused on the challenges faced by higher education in today’s “knowledge society”. Dr. Swail served as one of three rapporteurs for the conference, providing a summary of the three-day event.

CENTRE FOR HIGHER EDUCATION POLICY STUDIES (CHEPS) 20th ANNIVERSARY CONFERENCE
University of Twente, Enschede, Netherlands
Dr. Swail attended the 20th anniversary conference of CHEPS on September 16, 2004 in Enschede, Netherlands. The conference was attended by 160 participants from 25 countries to discuss European higher education and research in 2020. Introductory speeches were delivered by Jürgen Enders (CHEPS’ director), Frans van Vught (rector University of Twente) and Renk Roborgh (Ministry of Education, Culture and Science). The focus of the day revolved around three scenarios of future higher education, as designed by CHEPS staff using a large Delphi study. Conference participants were asked to vote on the scenarios. Four keynote speakers, including Kurt Larsen of OECD, Guy Haug of the European Commission, Jamil Salmi of World Bank, and David Dill of the University of North Carolina at Chapel Hill provided their own thoughts and insights into the scenarios.

CONSORTIUM OF HIGHER EDUCATION RESEARCHERS (CHER) ANNUAL CONFERENCE
Enschede, Netherlands
Immediately following the CHEPS Anniversary Conference, Dr. Swail also attended the Consortium of Higher Education Researchers (CHER) conference at the University of Twente from 17-19 September. The conference was attended by more than 100 participants from over 20 countries and about 50 presentations around the theme of “Public-Private Dynamics in Higher Education.” Keynote speakers included Theo Toonen (Leiden University, The Netherlands), Roger Geiger (Penn State University, United States), Hebe Vessuri (Venezuelan Institute of Scientific Research, Venezuela) and Simon Marginson (Monash University, Australia). Next year’s (18th) CHER conference will take place in Jyväskylä, Finland at 1-3 September 2005.

DOURO, Portugal
On October 2-5, EPI vice-president Alex Usher attended the fourth annual Douro Seminar in Pinhão, Portugal. Organized by the Centre for Research in Higher Education Policies in Porto, the meeting brought together top researchers in higher education financing from Canada, the United States, Australia, Norway, France, the Netherlands, Germany, the United Kingdom and Portugal. The conference papers will be published by Kluwer Press in 2005; Alex Usher was co-author (with Ross Finnie of Queen’s University) of a paper entitled: The Canadian Experiment in Cost-Sharing and its Effects on Access to Higher Education, 1990-2002.