Earning While Learning: The growing financial pressure and its impact on B.C.'s post-secondary students

September 2017

Highlights

- In 1976, 27% of Canadian post-secondary students worked part-time while attending school (Statistics Canada); while in 2015, 59% worked part-time while attending school (Canadian University Survey Consortium).
- In 1985, Canadian post-secondary students worked an average of 14.1 hours per week (Statistics Canada); in 2015, they worked an average of 18 hours per week (Canadian University Survey Consortium).
- In 2007, B.C. surpassed the national averages on both measures (percentage of students working and average hours worked) and continues to outpace the Canadian averages, which have leveled off.
  - From 2003 to 2015, the percentage of B.C. post-secondary students working part-time while at school increased to 64% from 54%.
  - From 2003 to 2015, the average number of hours worked by B.C. post-secondary students increased to 19.3 hours per week from 16.4 hours per week.
- Over the 15-year period from 2000 to 2015, the average debt of student borrowers upon graduation increased 52% to $30,586 in B.C.; it increased only 32% to $26,819 for Canadian students overall during the same period.
- From 1996 to 2016, tuition rates in B.C. increased an average of 4.1% annually – more than twice the average annual provincial inflation rate of 1.9% during the same period.
- Currently minimum wage in B.C. is $11.35 per hour, while the actual costs of living in Metro Vancouver is calculated to be $20.62 per hour, almost twice the minimum wage.
- From 1996 to 2016, the Consumer Price Index in British Columbia has increased 32.5%; Vancouver is ranked as the most expensive city for rental housing in Canada.
- In B.C., 42% of young adults (aged 20 to 29) live at home, while centres such as Vancouver have 48% of this demographic living at home.
- From 2009 to 2015, the number of B.C. students reporting a negative impact from working while attending university rose to 44% from 29%, while those reporting it having a positive affect declined to 22% from 30%.
- Full-time students who worked 31 hours or more had a lower GPA and lower satisfaction with their education compared to those working up to 10 hours per week, who had slightly higher GPAs and a greater reported satisfaction than non-working students.
- The percentage of Canadian graduating students reporting they had employment lined up upon graduation decreased to 31% in 2015 from 45.8% in 1997; the August 2017 unemployment rate for Canadian youth aged 15 to 24 was 11.5%, which is more than double the 5.4% rate for those 25 and older.
- B.C. enjoys a lower overall unemployment rate compared to the national average, but still has an unemployment rate of 9.8% for 15- to 24-year-olds, which is more than double the 4.2% unemployment rate of those 25 and older.
- If current participation and contribution rates continue, B.C. families could miss out on $4.6 billion in education grants in their children's lifetime, an average of $5,561 per eligible child.
- Recommendations include students and families starting to plan early, school and businesses offering meaningful work opportunities and government restructuring the RESP program to tie it into the Canada Child Benefit.
The growing cost of post-secondary education and its impacts

Canada has for many years placed a high priority on accessibility to post-secondary education for its population. In 2015, 55% of Canadian adults aged 24 to 65 had a post-secondary qualification – the highest percentage amongst OECD countries. Programs such as federal and provincial loan programs, grant and scholarship programs, tax credits and enhanced tax shelters such as Registered Education Savings Plans (RESPs) have helped facilitate the growth of a post-secondary educated society.

Although many Canadians are participating in the post-secondary education system, they’re doing so at a growing cost. Graduates are facing higher debt levels – that, combined with the proliferation of individuals who receive degrees and the new economic reality and job market that graduates face, have caused some to question the true value of a post-secondary education.

While much attention has been focused on the rising cost of a post-secondary education during the past couple of decades, there are additional impacts far beyond the financial realm. The student experience has also changed significantly during that time. More students than ever are working while attending school and working more hours, which can impact their academic performance, student satisfaction and connection to their school.

This report examines current and projected costs of post-secondary education in British Columbia, student debt levels, how students and families are financing that education, the changing student experience, and the new economic reality that students graduate into amidst a dramatically changing economy and an employment market being rapidly transformed by technology.

These factors all have a significant impact on the well-being of students and graduates; however, they also impact our broader economy and society. A generation of underemployed and/or indebted individuals may pose challenges in driving economic growth if their buying power becomes absent from the housing and durable goods markets. It may also pose planning challenges, should their economics curtail such life markers as marrying and raising a family.

At the same time, it will also have an important impact on social, housing and economic policies by various levels of government. In addition, it will affect how colleges and universities plan to meet the changing needs of students, as they seek to equip themselves for the new economy.

Tuition rates and projections

Over the past 20 years, tuition rates in B.C. have risen dramatically compared to the historical inflation rate. From 1996 to 2016, tuition rates in B.C. increased an average of 4.1% annually – more than twice the average annual provincial inflation rate of 1.9% during the same period.

This tuition rate increase occurred despite tuition being frozen from 1996 to 2002 and then capped at 2% since 2005. The fact that tuition still rose an average of 4.1% annually despite only three years without some form of freeze or cap suggests that tuition may rise significantly should the current cap be lifted. Therefore, it would be more prudent for students and families to use the historic 4.1% average annual tuition increase figure to project future tuition costs.

Current tuition costs

Tuition costs associated with various types of schools and degrees based on current tuition costs and the current 2% cap on annual tuition increases are shown in Figure 1. Tuition ranges from $5,888 for two years at college to $21,544 for four years at a research university.

Projected tuition costs in 15 years

To project tuition costs in 15 years, the more conservative historical 20-year average annual tuition rate increase of 4.1% was used to give a more accurate representation of how much tuition rates could potentially increase. Projected tuition costs in 15 years range from $10,780 for two years at college to $40,615 for four years at a research university as shown in Figure 2.

The cost of living continues to rise, which means students are also dealing with increased costs for expenses such as shelter, food and transportation. From 1996 to 2016, the Consumer Price Index in British Columbia has increased 32.5%. Figure 3 shows the increase in the Consumer Price Index for food, shelter and transportation in British Columbia over the last 20 years.

Rapidly increasing real estate prices and a tight rental market are contributing to rent increases close to double the rate of inflation in B.C. The rent for a two-bedroom B.C. apartment increased 5.1% between 2015 and 2016, compared to 3.7% from 2014 to 2015. The largest average rent increase across the country from 2015 to 2016 occurred in Vancouver, with rent for two-bedroom apartment units in Vancouver increasing by 5.7%, on average. Apartment-hunting website PadMapper reports that Vancouver is the most expensive city in Canada to rent in, with a median rent of $1,990 for a one-bedroom rental and $3,200 for a two-bedroom.
Figure 1 – Current tuition costs with 2% annual increase

Source: Projections calculated based on weighted averages from the Government of British Columbia table of 2016/17 annual tuition fees

Figure 2 – Projected tuition costs in 15 years with 4.1% annual increase

Source: Projections calculated based on weighted averages from the Government of British Columbia table of 2016/17 annual tuition fees


**Student debt in British Columbia**

Given the larger than inflation tuition increases from 1996 to 2016, it is not surprising that student debt has also increased during that time. Total public student loan debt (federal and provincial) has increased 44% to $28.3 billion in 2012 from $19.6 billion in 1999.⁹

A 2015 survey found that the average debt, including both federal and provincial loan portions, for a graduating B.C. student borrower was $30,586.¹⁰ Although student debt has been increasing, 2003 showed a decrease followed by a sharp spike in the three years following as seen in Figure 4. This can be attributed to changing government tuition policy and reductions in the grant program in 2004.

In 2000, the average debt of B.C. student borrowers upon graduation was almost identical to the national average. Over the 15-year period from 2000 to 2015, the average debt of student borrowers upon graduation in B.C. increased 52% to $30,586 from $20,113. In comparison, average debt upon graduation for Canadian students increased only 32% to $26,819 from $20,286 during the same period. The increase in total graduating debt was 60% higher in B.C. than the increase nationally.
Employment while studying

Part-time and summer employment has for many years been a major source of funding for Canadian students. In a 2006 study, 26% of students ranked employment as their most important source of funding for post-secondary studies, with 63% reporting it as their second most important source (followed by personal savings).11 Not surprisingly as tuition fees rise faster than minimum wage rates, many students are forced to work more hours to make up the shortfall. As previously noted, in B.C. tuition rose at an average annual rate of 4.1% from 1996 to 2016. Meanwhile, the minimum wage in B.C. has risen at a relatively mild 2.0% during the same period.12 Minimum wage in B.C. was previously the ninth highest among the Canadian provinces and territories and only recently became the fifth highest when a new increase took effect on September 15, 2017.13 As students are often employed in entry level or temporary positions (sometimes multiple jobs) where minimum wage would be most common, they represent a demographic largely affected by minimum wage policy. Currently minimum wage in B.C. is $11.35 per hour, while the actual costs of living in Metro Vancouver is calculated to be $20.62 per hour, almost twice the minimum wage.14

The implications of the need to make up the financial shortfall is evident in the changing role that part-time employment has played during post-secondary studies.

In 1976, a minority of Canadian students worked while completing their degree, with just over one quarter of students (26.6%) holding down a job during studies.15 Today, students combining studies with employment now make up the majority. In 2015, 59% of Canadian students reported working while attending college or university.16 In 1985, the average weekly number of hours worked by Canadian students was 14.1 hours per week.17 In 2015, this has increased to 18 hours per week, with the largest average increases occurring in the last 20 years.18

Although both the percentage of Canadian post-secondary students working and the number of hours they work have been increasing, the situation is more pronounced in B.C.

In 2007, B.C. surpassed the national levels of both measures and continues to outpace them, while the Canadian figures have leveled off. The percentage of B.C. students working part-time while at school rose 19% between 2003 and 2015, with 64% of B.C. students now working part-time while attending university compared to 54% in 2003.19 The average weekly number of hours worked has also steadily risen. B.C. students reported working on average 19.3 hours per week, up from 16.4 hours in 2003, representing an 18% increase.

Figure 5 – Percentage of post-secondary students working part-time

![Figure 5](chart.png)

The question then arises: how does this increase in working during post-secondary studies affect students? In many ways, this new reality may be both beneficial and detrimental.

Some studies have shown that a limited amount of part-time work may be beneficial to a student. Working in a job 8 to 15 hours weekly may in fact contribute to a student being more organized and efficient in their life and developing greater work-life balance. It may also provide valuable skills and training, which may aid in increasing employability upon graduation.\textsuperscript{20}

One study by Tessema et al. (2014) found that students who worked one to 10 hours per week actually had a slightly higher grade point average (GPA) than those students who did not work at all during their studies.\textsuperscript{21} A recent Canadian research study’s findings also suggest that for most students, there was little or no impact on their academic grades.\textsuperscript{22}

However, when examined based on the number of hours worked, the impact of concurrent employment becomes less innocuous.

The Tessema study found a negative impact on grades became more apparent as students worked longer hours during their studies. Students who worked 31 or more hours per week were found to have the lowest GPA of all groups. Other studies have also found that long working hours while studying full time had a negative impact, with the effect on low or moderate levels of employment less conclusive.\textsuperscript{23,24}

There is in fact an indication that students themselves are increasingly viewing working while studying as having a negative effect on their studies. A Canada-wide study of graduating students in 2015 found that 42\% of students that worked while attending school reported that it had a negative impact on their academics, up from 36\% in 2011 – an increase of 17\%.\textsuperscript{25,26}

Recent data suggests that in B.C., the number of students reporting that working while attending university was having a negative impact on their academic performance was even more pronounced. From 2009 to 2015, the number of B.C. students reporting a negative impact from working while attending university rose to 44\% from 29\%, while those reporting it having a positive affect declined to 22\% from 30\%.\textsuperscript{27}
The post-secondary experience

The impact that working while studying has on academics is arguably the primary consideration in assessing whether it is a positive or negative. However, the actual post-secondary experience itself becomes an important area for examination with respect to the impact of concurrent employment. Generally, this becomes more difficult to measure in a quantifiable manner compared to a GPA. However, qualitatively it becomes somewhat more measurable. Instruments measuring the post-secondary experience rely more on a students’ self-assessment of their satisfaction of that experience. Questions examining a students’ interaction with faculty and staff, involvement in student activities, and overall connectedness to the school broken down by various levels of employment while attending school give a picture of work’s impact.

Studies have pointed to connection to the university as being negatively affected by students working long hours, residing off campus, or having long commutes. This suggests that students who must live at home due to financial reasons are at a disadvantage in terms of their connectedness to the institution they attend. They may be less likely to interact with faculty and staff and less likely to feel a sense of connectedness to their school. This mirrors earlier studies that found students who lived on campus were more engaged overall compared with students who commute.

The Tessema study found that students who worked long hours (31 hours or more) had lower reported satisfaction along with the lower GPAs. This contrasts to those working one to 10 hours per week, who actually had slightly higher GPA and a greater reported satisfaction, than non-working students.

The increasing percentage of students who work while pursuing post-secondary studies, along with the increase in hours that they work, poses questions as to the quality of their experience. While studies suggest that work may not affect academic performance or reported satisfaction in manageable amounts, it does suggest that those students working longer hours may miss out on some of the less tangible aspects of the university or college experience. This may range from involvement in campus clubs and teams to participation in student government and volunteer opportunities on campus, many of which can help build life skills and develop the foundation for civic engagement.

An uncertain labour market

As students graduate, they most often turn their attention to either pursuing post-graduate studies or entering the work force. If they have acquired debt during their studies, the expectation is that their employment will generate income to service this debt. However, market factors have changed for recent graduates creating a much more tenuous labour market.

In 2015, only 31% of Canadian graduating students reported that they had some form of employment lined up, down 32% from 45.8% in 1997.

Although the Canadian labour market has shown recent signs of growth, the youth demographic has continued to suffer the highest rates of unemployment. The August 2017 unemployment rate for Canadian youth aged 15 to 24 was 11.5%, which is more than double the 5.4% rate for those 25 and older. B.C., while enjoying a lower overall unemployment rate compared to the national average, still has an unemployment rate for 15- to 24-year-olds of 9.8%, which is more than double the 4.2% unemployment rate of those 25 and older.

Further adding to the uncertain youth job market is the changing composition of employment among different age demographics. Between 1996 and 2016 the number of full-time employed workers in B.C. age 25 and up rose 30.4%, while full-time employment for those age 20 to 24 rose 19.1%. During that same period, however, part-time employment for workers age 25 and older rose 44.7%, while for those age 20 to 24 it rose 61%. The trend in part-time employment is consistent with the growth of the “gig” or “freelance” economy.

While the number of part-time jobs is increasing at a rapid rate for all age groups, clearly those most impacted by the trend to part-time employment are those in the 20 to 24 age group – an age at which most post-secondary students would complete their undergraduate degree. For this group,

Figure 7 – Percentage increase in employment numbers in B.C. (1996-2016)

![Percentage increase in employment numbers in B.C. (1996-2016)](image)

Source: Statistics Canada
the number employed full-time is slowly increasing while the number employed part-time is increasing at more than three times the full-time rate. For this group, part-time employment may bring with it not only financial challenges, but also a lack of job stability and employee benefits that accompany many full-time positions. The implications could be felt on a more macro level as this group’s weakened buying power may impact our economy on a broader level as young workers may delay life events such as marriage, raising a family, purchasing and furnishing a home.

A further contributor to the financial instability of the job market is the magnitude of unpaid internships. Unfortunately there is not a lot of data on interns, but student organizations and lobbyists estimate there are between 100,000 to 300,000 Canadians working in internships without pay in Canada. The proliferation of these unpaid internships provides further challenges to students seeking a financial footing after graduation. The internship trend also raises the question as to how much of a disadvantage those in lower-income or high-debt situations have, in not being able to participate in these experiential internships. Those with better financial means may enjoy the luxury of participating without concern for the lack of pay through the duration of the internship.

Implications of the uncertain labour market and significant student debt is also evident in the shift to students returning home to live with their parents, the so-called “boomerang generation.” Currently 44% of Canadians aged 20 to 29 are living in a parental home, compared to 27% in 1981. In B.C., 42% of young adults (age 20 to 29) live at home, while centres such as Vancouver where the cost of living is higher have 48% of this demographic living at home. The percentage of young adults living at home is now higher than those in their 20s living as a couple. In 2016, a quarter (25.1%) of Canadian young adults in their twenties were living as a couple, a dramatic change from 1981 when over half (51.8%) of the population in their 20s lived as couples.

The importance of pre-planning

Given the challenges that students face both from increasing academic costs and the cost of living, the importance of strategic planning by students and where possible, their parents, becomes increasingly important. Government programs set up to facilitate pre-saving for university include the Registered Education Savings Plan (RESP).

While government savings programs are a partial solution for students and their families, they are not enough to meet the ongoing, systemic needs in the community. British Columbians would be best served by systemic solutions to the issues of income inequality, including access to affordable post-secondary education and training, the provision of universal access to robust social programs, and plans to build inclusive and affordable housing in our communities.

One example of a systemic change is the recent expansion of the tuition-fee waiver program for young adults leaving foster care.

While we work towards long-term solutions, there remains a persistent need for the assistance that government savings programs and grants provide. First introduced in the 1960s, these education savings plans became formally registered as a tax-advantaged savings vehicle in 1972. RESPs were further enhanced under the 1998 federal budget with the introduction of the Canada Education Savings Grant. Under this program, the federal government began providing a grant based on contributions made by parents and other family contributors.

Additionally, further enhancements to the RESP program were introduced in 2005 with addition of the Additional Canada Education Savings Grant and Canada Learning Bond. In B.C., the introduction of the British Columbia Training and Education Savings Grant in 2015 further enhanced the amount that students and their parents could access to assist with pre-saving for college or university. Both additions were intended to assist families, particularly low-income families, in saving for their child’s education by providing additional government funding.

Prior to 1998, the RESP program carried with it many restrictions, particularly when the beneficiary of the plan decided not to pursue a post-secondary education. The 1998 RESP reforms allowed greater flexibility in transferring funds among family members. Funds could now also be transferred to a siblings’ RESP or, alternatively, the principal contributions could be transferred to an RRSP held by the person who set up the plan (subscriber).

Participation in the RESP program has grown rapidly since the 1998 program reforms. Participation however has not necessarily been spread equally among all income brackets, rather its use has been found to be significantly greater among families with higher incomes. One of the major concerns of the RESP program is that those most in need of funding for their son or daughter’s post-secondary education are not utilizing the RESP program to its fullest.

If current participation and contribution rates continue, B.C. families could miss out on $4.6 billion in education grants in their children’s lifetime, an average of $5,561 per eligible child (Figure 8). This is due to low participation rates in the two main grant programs: the Canada Education Savings Grant and the Canada Learning Bond.
Savings Grant has 53.9% participation and the Canada Learning Bond has 38.3% participation. The Canada Learning Bond offers a $500 RESP contribution to children from low-income families, plus an additional $100 every year until age 15, up to a maximum of $2,000. With a 2015 participation rate of 38%, that means 179,019 eligible children in B.C. are not currently benefitting from the program.

B.C. families have the opportunity to access a total of $8,400 in RESP grants per child, while low-income families can access $10,400 per child, including $3,200 that requires no contribution in order to claim it.

In the first two projection scenarios in Figure 9, starting early and contributing $2,500 annually in order to receive the maximum Canada Education Savings Grant will yield close to $60,000 after a 15-year period. However, those in the low-income category who contribute $2,500 annually stand to have the most after this 15-year period because they are eligible for the Canada Learning Bond. Even without making any contributions, a person in the low-income category stands to receive $4,325 (including interest) for their child’s education, simply by opening an RESP early.

**Figure 8 – Unclaimed RESP grants in B.C. based on 2015 eligibility and participation rates**

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<th>2015</th>
<th>Lifetime</th>
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<tr>
<td>Canada Education Savings Grant (CESG)</td>
<td>$298,650,500</td>
<td>$4,303,502,014</td>
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<tr>
<td>Canada Learning Bond (CLB)</td>
<td>$89,509,500</td>
<td>$358,038,000</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$388,160,000</strong></td>
<td><strong>$4,661,540,014</strong></td>
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Source: Calculations based on data from 2015 Canada Education Savings Program Statistical Review

**Figure 9 – RESP savings projections**

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<th>Contributor type</th>
<th>RESP</th>
<th>Annual personal contribution</th>
<th>Total personal contributions over 15 years</th>
<th>Total government contributions (grants) over 15 years</th>
<th>Total contributions over 15 years (personal and government)</th>
<th>Projected savings in 15 years (with interest)</th>
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<tr>
<td>Middle-income contributor*</td>
<td>Yes</td>
<td>$2,500</td>
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<td>$0</td>
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<td>$1,566***</td>
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<td>$0</td>
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<td>No</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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* Middle income = between $44,701 - $89,401
** Low income = below $44,701
*** Assuming contributor receives the British Columbia Training and Education Savings Grant when the child is 6 years old and then earns interest within the RESP for 9 years.

Calculations for each income level are based on the following assumptions:
- Projected savings are based on a 3% return and a 15-year time horizon.
- Those in the middle-income group receive the $1,200 British Columbia Training and Education Savings Grant, basic Canada Education Savings Grant and enhanced 10% Additional Canada Education Savings Grant on personal contributions.
- Those in the low-income groups receive the maximum $2,000 Canada Learning Bond, the $1,200 British Columbia Training and Education Savings Grant, basic Canada Education Savings Grant and enhanced 20% Additional Canada Education Savings Grant on personal contributions.
Recommendations

Students today face not only education costs that continue to outpace inflation, but also a precarious employment environment both pre- and post-college and university. This changing milieu for working students underscores the increasing importance of early financial planning and saving by families for post-secondary education. It also highlights the importance of policy planning to meet the financial challenges that students and graduates face in the new economy.

Students

- **Work where you study.** While it may be impossible for many students to avoid working while attending college or university, some types of jobs may be more likely to create a connectedness to the institution. Working on campus, including accessing work/study programs may not only provide more flexible work and academic balance, but also work more related to a students’ field of study.

- **Consider the transfer route.** B.C. affords students the opportunity to transfer from public colleges to university after two years of study. As universities on average can cost between 55% and 82% more than college, attending college for the first one to two years may represent a cost-cutting strategy. A student will, however, need to assess whether this strategy will provide the academics they are seeking.

- **Access available scholarships and awards** as an alternative to working part-time while in school. While some scholarships may not be a viable option for all students, if you have competitive grades it may be better to pursue scholarships, which are tax free and, in some cases, renewable each year.

- **Explore co-op programs** that provide both wages and career related experience. In addition, co-op programs often offer an inroad to the company your co-op placement is with and an opportunity to network in your desired field.

Parents

- **Take advantage of RESP** and the related Canada Learning Bond and British Columbia Training and Education Savings Grant. By a parent or guardian simply opening a plan for each child, they may be eligible for up to $3,200 per child, without ever having to contribute any of their own money.

- **Examine all fees, penalties and conditions** of any RESP that is opened. These can have a significant impact on the amount of money that will be accumulated when a child heads off to university.

- **Eliminate the set up and annual fees** by setting up an RESP through the www.smartsaver.org website, as partner institutions charge no account set-up, enrolment or annual fee and require no minimum contribution.

- **Discuss funding strategies with children early.** Include them in the post-secondary funding equation, including setting up a pre-authorized saving plan to capitalize on earnings from summer and part-time employment. Have conversations early regarding how much you as a parent can contribute to your kids’ education and how much you expect them to fund.

- **Assist in the scholarship search** by inquiring as to scholarships offered through employers, trade unions, services clubs, religious affiliations, cultural organizations and other family connections.

Post-secondary institutions

- **Equip students for the gig economy.** Educational institutions need to better prepare students for the new reality of work. As jobs shift to part-time and contract work, an emphasis on such areas as managing money through periods of unstable employment and successfully managing as a sole proprietor or private contractor become essential skills for students to learn.

- **Engage the commuter student.** Commuter students may not always share the same engagement with and connectedness to the university or college that on-campus students do. Institutions must find ways to keep the post-secondary experience engaging and relevant to those who may not have the opportunity to live on-campus, whether it be for financial or other reasons.

- **Meet the needs of the lifelong learner.** As the world of work changes rapidly and the need for lifelong learning and upgrading of skills becomes more essential, colleges and universities must adapt their programs to meet the needs of this changing workforce, who may be faced with time constraints and financial barriers to mid-life learning.

- **Program delivery while maintaining the experience.** As post-secondary costs continue to increase and the return on investment becomes more closely scrutinized by prospective students, educational institutions must continue to explore alternative, cost effective forms of program delivery. In addition to using new forms of technology, schools must also examine ways of maintaining the education experience and the learning taking place outside the classroom that may be impacted by programs such as online learning.
Government

Acknowledging the steps outlined in the Minister of Advanced Education, Skills and Training’s mandate letter (July 2017), the following actions are recommended:

- **Restructure the RESP program to tie it into the Canada Child Benefit.** By rolling RESPs into the Child Benefit program it would help eliminate the sizeable number of families that fail to take advantage of the Canada Education Savings Grant, Canada Learning Bond and in the case of B.C., British Columbia Training and Education Savings Grant. Families would automatically have an RESP account for each child at the financial institution of their choice. Although opt-out options often have a negative connotation when a person must pay money, an opt-out option makes more sense when the default option is a parent or guardian receiving money for their child’s education.

- **Adapt registered savings programs to the changing workforce.** Offering pensions and benefits to self-employed and “gig economy” participants that parallel workplace plans becomes essential in ensuring that all workers have sufficient retirement savings.

- **Provide benefits for the “gig economy” workforce.** Government must also look at whether employers should be required to pay some form of benefits to contract and temporary workers, such as extended health or pensions, as it is the employers that profit from the flexibility and cost savings of having these non-staff workers. Government should also look at regulations to protect workers in the gig economy.

- **Discourage unpaid internships.** Government should have clear policy statements that it does not support unpaid internships, either within government or externally. Government can provide tax incentives or partial subsidization for businesses to create meaningful paid internships.

- **Look at public policy tools** that will increase access to and affordability of post-secondary education and training, such as low or no-interest loans, funding increases and work program support (co-op, apprenticeships, etc.).

Business

- **Design programs which provide meaningful career-related work experience and appropriate compensation to students.** Unpaid internship programs should be replaced with programs that not only offer practical experience, but also a decent salary.

- **Explore offering education benefits to employees.** Employee scholarships for education upgrades and/or student loan repayment assistance would help lessen the burden of student debt (i.e., a contribution by employers to an employee’s student loan repayment, based on length of service).

- **Examine ways to encourage and assist employees in saving for their children’s education.** This may include matching employee contributions that they make to their child’s RESP, in a manner similar to those of some corporate pension plans.

Authorship

This report was commissioned by Vancity and written by Murray Baker, author of the best-selling book, *The Debt-Free Graduate*. Murray has previously coordinated first-year programs at the University of Western Ontario, focusing on transition and financial issues and has collaborated on numerous student life research studies and large scale events. He has also worked in the area of student career and employment counseling. In addition to speaking nationally on student financial issues and conducting research on student financing, he is a Financial Facilitator and Coach – Financial Empowerment with Family Services of Greater Vancouver. Murray also writes for various financial and educational publications.

The report was prepared July 2016 to September 2017. Communication with the following people was highly useful in preparing the report: Janine Grouette, Kim Guèvremont, Clear House, Tricia Johnson, Linda Krupp, Desiree Ng and Wayne Sun.

Disclaimer: While Vancity commissioned this report, neither it nor the contracted researcher who, at Vancity’s request, conducted the research of secondary sources referred to in the report is responsible for the accuracy of that secondary data or information.
References


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