

THE RACIALISED IMPACT OF TUITION FEES

ASSESSING THE SOCIAL COST OF POST-SECONDARY EDUCATION

EXECUTIVE SUMMARY

The Canadian Federation of Students–Ontario released on the “The Racialised Impact of Tuition Fees” on Wednesday, March 10, 2010. The report is available at www.cfsontario.ca and this summary highlights some of the report’s key findings.

Key findings of the *Racialised Impact of Tuition Fees*:

Overall

Racialised people have lower average incomes, higher rates of poverty and are over-represented in lower-paying, precarious occupations. As a result, racialised people are, on average, less able to afford the cost of rising tuition fees. In particular, racialised students are more likely to need loans to finance the cost of post-secondary education and incur more debt.

Racialised people make lower than average incomes regardless of educational attainment. This results in racialised graduates taking longer to repay their loans and paying more for their education as a result of compound interest. As a result of these factors, a high fee and high debt model for financing post-secondary education can be understood as a form of systemic discrimination.

Tuition Fee Trends in Ontario

In just under 20 years, average undergraduate tuition fees have more than tripled—from \$1,818 in 1991-1992 to \$5,951 in 2009-2010. This rate of increase in tuition fees is four times faster than the rate of inflation. As a result, graduate debt loads accrued through public loans can now reach as high as \$28,000 for a four-year programme.

Tuition Fees as a Barrier for Racialised Students

Tuition fees are about 11 percent of the average incomes of male non-visible minorities, and 17 percent for female non-visible minorities. They are higher for male and female visible minorities, at about 15 percent and 21 percent, respectively.

Disparity in the Labour Market

Both Canadian-born and foreign-born racialised people earn a median after-tax income that is 13.3 percent less than the comparable income for non-racialised people in Canada. In Ontario, average incomes for visible minority people are 22 percent lower than those who are a non-visible minority.

The Increased Reliance on Loans for Racialised Students

In Canada, 45 percent of immigrants take out loans for post-secondary education compared to 31 percent of non-immigrants. 58 percent of immigrant students have parental income below \$40,000, compared to 29 percent of other students.

Debt Repayment – Racialised Students Pay More for their Education

A \$28,000 loan through the Ontario Student Assistance Program (OSAP) can take up to 14.5 years to pay off for students who can only afford to pay the minimum of \$241 per month. For these students, the actual repayment amounts to \$41,934, of which \$13,934 is interest.

Racialised people pay more for their education overall. The average White male would dedicate 5.75 percent of their monthly income to loan repayment, compared to nine percent for Black males and 13.35 percent for West Asian women. Loan policy analysts place the maximum manageable threshold of educational debt payment as a percentage of monthly income is eight percent.

Canadian Federation of Students–Ontario

180 Bloor Street West, Suite 900, Toronto, Ontario M5S 2V6 • 416.925.3825 • Fax: 416.925.6774 • www.cfsontario.ca