



ALBERTA  
ADVANCED EDUCATION

*Office of the Minister  
MLA, Calgary-Bow*

November 5, 2019

Dear Students,

Budget 2019 impacts post-secondary education in a number of ways. I know that you may not be happy with some of the changes that are being made and I recognize you may be feeling frustrated.

It is a challenging time in our province and we must take action now to improve the situation before it gets worse. In the boom years, governments found it easy to keep spending. They shied away from making difficult decisions and the deep systemic problems in our post-secondary system were never addressed. That is why Budget 2019 is a balanced plan to create jobs, grow the economy and protect vital services. Alberta's future depends on having one of the most highly skilled and well-educated workforces in the world.

Our post-secondary outcomes continue to decline. The number of graduates who reported being employed two years after graduation dropped from 96% in 2012, to 93% in 2018. The number of apprentices employed 18 months after graduation also dropped from 96% in 2013 to 87% in 2018. The percentage of post-secondary students who reported that the program they took was worth the cost dropped from 86% in 2012 to 80% in 2018.

To get a better understanding, our government commissioned a Blue Ribbon Panel to investigate the state of our provinces finances. In their report, the panel found that despite us spending more on post-secondary education than other provinces, our outcomes are no better. Nine of our 26 post-secondary institutions have completion rates below 60%, and there is far too much duplication within the system. The panel also found that funding to post-secondary institutions has increased by 106% over the last 15 years, while enrollment has only increased by 21%.

More alarming is the panel's finding around administrative costs. Alberta spends over \$8,000 per student on administrative costs, while BC spends \$4,200 and Ontario, \$4,900. Surely university administration can look at its own expenses to find savings.

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As you can see, our system needs a reset.

I know the next few years will be challenging for some of you, but I want to provide you with more information about the changes we are making.

### *Student Loans*

We have decided to increase the Alberta student loan interest rate from prime, to prime +1. The six-month grace period on interest payments when students leave post-secondary remains in place and borrowers will still benefit from the Repayment Assistance Plan. At the same time, the Federal government will be reducing interest rates on Canada student loans from prime + 2.5 to prime. I know that most of you who have Alberta student loans also have Federal student loans and with these two factors, you should see very little to no increase in your total student loan interest payments.

### *Tuition*

There are some inaccuracies circulating that I would like to clear-up. The first is the claim that our government has ended the tuition freeze. This is wrong. In the Fall of 2018, the former government introduced legislation that would bring five years of tuition freezes to an end, starting at the 2020/21 academic year. The legislation from the former government also introduced a cap on maximum tuition increases. We have maintained the cap on tuition, to ensure predictability and affordability. For the next three years, tuition can increase by a maximum of 7% and in year four, tuition can only increase by the same rate as inflation. Should institutions hit the cap every year and the national average continues to increase at the rate of inflation, Alberta tuition will be in-line with the national average. This will ensure tuition remains affordable and accessible.

### *Scholarships and Student Aid*

Budget 2019 maintains all current scholarships and expands them to help ensure that Alberta continues to have the most generous student assistance programs. Alberta will now provide \$51M more than last year for student loans, and we invested \$2M in new scholarships, \$1M in new funding for the Advancing Futures program to allow young adults transitioning out of care to access post-secondary education and a further \$2M to support students with development disabilities. Funding for mental health supports has been maintained as well.

It also includes an ambitious plan to quadruple the number of high school students that participate in the dual credit Registered Apprenticeship Program from 1,500 to 6,000 by investing over \$11 million over four years.

We have also invested \$10 million over four years to Women Building Futures, a roughly 50% increase of this organization's budget, to support women who wish to pursue opportunities in the skilled trades.

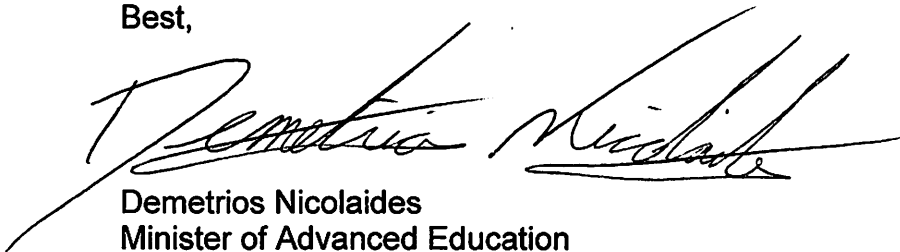
Our plan also includes \$463 million over four years for the construction and development of post-secondary infrastructure, including for ongoing projects such as the U of C MacKimmie Complex, the U of A Dentistry Pharmacy Renewal and for campus upgrades at Keyano College.

Budget 2019 will also see the implementation of a new funding formula for post-secondary institutions and a new strategic direction for the system. We all need to row in the same direction and institutions should be rewarded for being good stewards of taxpayer dollars, delivering high quality education and for preparing students for a successful career.

We've had to make some difficult decisions in Budget 2019. After years of out-of-control spending, the NDP set our province on a path to over \$100 billion in debt in just a few years time. Billions will be spent on debt interest payments to bankers and bondholders – money that should be going to services for Albertans. Ignoring this problem only kicks the can down the road, leaving future generations to carry the burden. Indeed, unless we get our spending and debt under control, students today will pay the price of a fiscal crisis through future tax hikes.

I encourage you to continue to express your concerns to myself and your student advocacy groups. I meet with them often and they have been incredible stewards of the student voice. They do and will always have a seat at the table.

Best,



Demetrios Nicolaides  
Minister of Advanced Education