

Low post-secondary tuitions in Canada are not a wealth transfer from the poor to the rich

Sierra Rayne^{a,*}, Kaya Forest^a

^a*Chemologica Research, 318 Rose Street, PO Box 74, Mortlach, Saskatchewan, Canada, S0H 3E0*

Abstract

Between 2007/2008 and 2012/2013, inflation adjusted undergraduate tuition fees for full-time Canadian students increased significantly in all disciplines. All disciplines except dentistry also exhibited substantial increases in inflation adjusted graduate tuition fees for full-time Canadian students over this period. In contrast to prior claims in the literature, we show that low tuition rates in the Canadian post-secondary system do not redistribute wealth from the poor to the rich. For each dollar of taxpayer derived financial support going into the Canadian college and university system, the wealthiest families paid almost the entire amount. Consequently, it appears that regardless of current or proposed tuition rates, the Canadian post-secondary system is a wealth transfer from the rich to the poor.

Keywords:

Tuition fees, Post-secondary education, Socio-economic policy, Wealth redistribution

Introduction

Between 2007/2008 and 2012/2013, inflation adjusted undergraduate tuition fees for full-time Canadian students [1] increased significantly in all disciplines (Table 1). All disciplines except dentistry also exhibited substantial increases in inflation adjusted graduate tuition fees for full-time Canadian students [2] over this period (Table 2). Some have attempted to argue “[w]hy higher tuitions are not ‘unjust’” [5], claiming that “[k]eeping tuitions low simply distributes to those who are already among the best-off. The Occupy protests last fall - which likely see a significant overlap with student protests - were a wake-up call that we need to reconsider the policies and structures that benefit the richest in our society at the expense of those most in need. If as a society we truly care about inequality and the message of the Occupy movement, then there is simply no way to justify educational policies which redistribute to the richest families.”

It is difficult to understand how low tuition rates in the Canadian post-secondary system can redistribute wealth from the poor to the rich. The costs of educating a student in the college or university system are paid - in general - by two sources: (1) tuition, and (2) the taxpayers. Whatever is not paid in tuition comes from government general revenues allocated to a particular institution. Since rich students do not pay less tuition than poor students, there is no wealth transfer at this level. What about the non-tuition component? Wealthier families contribute a much larger portion of the tax base than do low-income families.

For example, in 2002, the half of Canadian tax filers with lowest incomes (i.e., the lower half of the 50th percentile among all incomes) paid only 4.4% of the total federal tax [6]. In contrast, the 10% of tax filers with the highest incomes (i.e., the wealthiest 10%) paid 52.6% of the total federal tax. The so-called intermediate income tax filers with incomes between the 50th and 90th percentiles paid 43.0% of the total federal tax. In other words, the top 50th percentile of income earners in Canada during 2002 paid 95.6% of the total federal tax in that year.

Since general revenues are truly “general” revenues, we cannot track which individuals paid what amounts out of their tax bills into the post-secondary system. What we can say is that for each dollar of taxpayer derived financial support going into the college and university system, the wealthiest families paid almost the entire amount (there are provincial differences, of course, but for the purposes of this generalized discussion, the upper 50th percentile of income earners paid a 21.7 fold higher share of the tax base than the lower 50th percentile of income earners). Consequently, it appears that regardless of current or proposed tuition rates, the Canadian post-secondary system is a wealth transfer from the rich to the poor, or the opposite of what has been argued elsewhere.

References

- [1] CANSIM Table 477-0021: Weighted average tuition fee for full-time Canadian undergraduate students, by field of study, Statistics Canada: Ottawa, ON, Canada, 2012.
- [2] CANSIM Table 477-0022: Weighted average tuition fee for full-time Canadian graduate students, by field of study, Statistics Canada: Ottawa, ON, Canada, 2012.

*Corresponding author. Tel.: +1 306 690 0573. E-mail address: sierra.rayne@live.co.uk (S. Rayne).

Table 2: Inflation adjusted weighted average tuition fees in constant 2011 dollars [3, 4] for full-time Canadian graduate students, by field of study, in Canada between 2007/2008 and 2012/2013 [2]. n/a=not available.

Field of study grouping	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2007/8-2012/13 increase
Education	4,681	4,936	4,622	5,126	5,089	5,205	11.2%
Visual and performing arts, and communications technologies	4,042	4,471	4,781	4,975	4,409	4,557	12.7%
Humanities	3,721	3,958	4,170	4,363	4,336	4,487	20.6%
Social and behavioural sciences	3,988	4,193	4,307	4,739	4,556	4,719	18.3%
Law, legal professions and studies	4,100	3,965	4,692	4,618	5,302	5,531	34.9%
Business management and public administration	5,619	6,053	6,472	8,369	7,932	7,985	42.1%
Executive MBA	23,810	31,413	29,307	38,113	36,971	37,938	59.3%
Regular MBA	15,641	20,361	20,675	20,929	22,823	23,406	49.6%
Physical and life sciences and technologies	4,373	4,663	5,491	5,637	5,632	5,811	32.9%
Mathematics, computer and information sciences	4,347	4,494	5,752	5,902	5,716	5,876	35.2%
Engineering	4,610	4,826	5,567	5,683	5,175	5,363	16.3%
Architecture and related technologies	4,374	4,511	4,897	4,975	4,950	5,122	17.1%
Agriculture, natural resources and conservation	4,165	4,120	4,859	4,962	4,769	4,908	17.9%
Dentistry	7,728	3,332	3,373	4,464	4,365	4,492	-41.9%
Medicine	6,249	n/a	n/a	n/a	n/a	n/a	n/a
Nursing	4,609	5,141	5,162	5,239	5,117	5,281	14.6%
Pharmacy	2,053	6,510	5,499	5,569	5,466	5,626	174.0%
Veterinary medicine	2,983	3,472	3,852	3,535	3,173	3,272	9.7%

Table 1: Inflation adjusted weighted average tuition fees in constant 2011 dollars [3, 4] for full-time Canadian undergraduate students, by field of study, in Canada between 2007/2008 and 2012/2013 [1].

Field of study grouping	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2007/8-2012/13 increase
Education	3,812	3,838	3,919	3,962	3,804	3,947	3.5%
Visual and performing arts, and communications technologies	4,558	4,599	4,813	4,887	4,591	4,722	3.6%
Humanities	4,669	4,586	4,743	4,773	4,769	4,869	4.3%
Social and behavioural sciences	4,479	4,467	4,644	4,720	4,656	4,790	7.0%
Law, legal professions and studies	7,938	8,438	8,625	8,910	9,335	9,802	23.5%
Business management and public administration	4,986	5,231	5,441	5,543	5,673	5,970	19.7%
Physical and life sciences and technologies	4,876	4,917	5,120	5,196	5,247	5,397	10.7%
Mathematics, computer and information sciences	5,104	5,241	5,554	5,687	5,781	6,021	18.0%
Engineering	5,483	5,589	5,845	6,167	6,155	6,455	17.7%
Architecture and related technologies	4,300	4,732	5,058	5,330	4,788	5,002	16.3%
Agriculture, natural resources and conservation	4,370	4,588	4,923	4,943	4,961	5,020	14.9%
Dentistry	13,459	13,966	14,586	15,502	16,037	16,660	23.8%
Medicine	10,785	10,320	10,287	11,184	11,313	11,715	8.6%
Nursing	4,588	4,647	4,777	4,798	4,731	4,836	5.4%
Pharmacy	4,533	8,791	9,205	9,277	9,719	10,145	123.8%
Veterinary medicine	4,620	5,211	5,879	5,776	5,889	6,132	32.7%

- [3] CANSIM Table 326-0020: Consumer Price Index (CPI), 2009 basket [monthly (2002=100)], Statistics Canada: Ottawa, ON, Canada, 2012.
- [4] CANSIM Table 326-0021: Consumer Price Index (CPI), 2009 basket [annual (2002=100)], Statistics Canada: Ottawa, ON, Canada, 2012.
- [5] M. Moffatt, Why higher tuitions are not 'unjust', Ottawa Citizen, 20 April 2012.
- [6] Federal Personal Income Tax: Slicing the Pie, Statistics Canada: Ottawa, ON, Canada, 2005.