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Reflection document

Tuition Fees in Quebec ***Current Situation and Future Perspectives***

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Tuition fees in Quebec have been increasing steadily since they were unfrozen in 2007, initially due to the policies of the Liberal Party of Quebec (PLQ) and subsequently via a policy of indexation put in place by the Parti Québécois (PQ). More recently, Philippe Couillard's government has opened the door for universities to increase the fees they are charging to international students.

This paper will take the time to examine the current state of tuition fees in Quebec a little more closely: how have they evolved over the past few years and how will they grow in the future? What are the impacts of tax credits on the net cost to students? It will also examine alternative scenarios for tuition fees, had different proposals concerning them been retained.

This exercise will permit a clear and critical consideration of the current state of student fees in Quebec.

TUITION FEES FOR THE 2015-2016 ACADEMIC YEAR

Table 1 shows the tuition fees charged in Quebec for the 2015-2016 academic year¹, both by credit and for a full year (30 credits). This information is provided both for both students residing in Quebec and for international students². Quebec students pay a tuition rate that is based exclusively on the base amount (currently \$76.45) for the courses they are taking in a semester. Individuals who arrive from a different country to study in Quebec, however, must pay for each credit and then add an additional fixed fee based on a classification of the sector in which they are studying. The per-credit cost for international students is therefore the base amount plus a fixed fee.

The per-credit cost is based on the student's origin and the sector in which they're studying. The total amount owed in a year can therefore be calculated based on the student's situation and the number of courses they're taking. Table 1 shows this calculation for a full-time student, which represents 30 credits a year.

A few remarks before continuing. Firstly, the information presented in Table 1 only shows tuition fees; it doesn't include the obligatory fees charged by each university, which vary from one institution to another. Second, it excludes those sectors that have been de-regulated since 2008 (pure sciences, mathematics, business, engineering, law, and computer science), for which each university has

Table 1

Tuition Fees for the 2015-16 Academic Year, by type of student

Type of Student	Cost per Credit	Cost for a year of full-time studies (30 credits)
Quebec Students, all levels of study	\$76.45	\$2,293.50
Undergraduate International Students (light sectors)*	\$482.92 ***	\$14,487.60
Undergraduate International Students (heavy sectors)**	\$538.92 ***	\$16,167.60
Graduate International Students (Master's level)	\$482.92 ***	\$14,487.60
Graduate International Students (Doctoral level)	\$434.18 ***	\$13,025.40

SOURCE Quebec Ministry of Education and Higher Education

* Light sectors: humanities, social sciences, education, and arts.

** Heavy Sectors: medicine, perimedical, paramedics, and fine-arts.

*** This amount includes both the base cost and the fixed fee.

1 MINISTÈRE DE L'ÉDUCATION, DE L'ENSEIGNEMENT SUPÉRIEUR ET DE LA RECHERCHE, Règles budgétaires et calcul des subventions de fonctionnement aux universités du Québec, Année universitaire 2015-2016, July 2015, 172 p., www.education.gouv.qc.ca/fileadmin/contenu/documents_soutien/Ens_Sup/Universite/Calculs_subventions/Regles_budgétaires_universités_2015-2016.pdf, p. 42.

2 *Ibid.*, p. 45-46.

the right to set a fixed fee for international students of their choosing, entirely at their discretion.

We should also underline that universities have the discretion to increase the fixed fee that must be paid by international students by up to 10%. Having said that, this could be increased to as much as 25% in the fall semester of 2016³.

EVOLUTION OF TUITION FEES OVER THE LAST TEN YEARS FOR QUEBEC STUDENTS

Now that we've looked at the current state of tuition fees, let's examine how they've progressed since the 2007-2008 academic year.

Table 2 presents the cost per credit and the annual cost of tuition fees for a full-time Quebec student for each year between 2007 and 2016. Again, a year of full-time study is equivalent to 30 credits.

As can be seen, there has been a 30% increase in the tuition fees paid by Quebec students between 2007-2008 and 2015-2016.

Table 2

Evolution of Tuition Fees since 2007-2008

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Base amount	\$58.94	\$62.27	\$65.60	\$68.93	\$72.26	\$72.26	\$74.14	\$75.77	\$76.45
Full time	\$1,768.20	\$1,868.10	\$1,968.00	\$2,067.90	\$2,167.80	\$2,167.80	\$2,224.20	\$2,273.10	\$2,293.50

SOURCE Quebec Ministry of Education and Higher Education.

EVOLUTION OF TUITION FEES OVER THE LAST TEN YEARS FOR INTERNATIONAL STUDENTS

In discussions of tuition fees, it is often said that international students are living a very different financial situation than Quebec students. Table 3 shows the evolution of tuition fees per credit for international students between 2007 and 2016.

There has been a 32% increase in tuition fees for international students, across levels of study and sectors.

Table 4 shows the amount paid by international students for a year of full-time studies, that is 30 credits, according to the field of studies and their sector. Keep in mind that universities can increase the fixed fee by up to 10%. For example, an international student studying full-time in an undergraduate light sector program could be paying between \$14,487.60 and \$15,707.16 in tuition fees, depending on the institution.

In short, international students can pay as much as 7 times more than Quebec students for their tuition fees, without taking into consideration the additional 10% that is left to each university's discretion.

³ Tommy CHOUINARD, « Universités: Québec impose des nouvelles coupes », *La Presse*, February 2, 2016, www.lapresse.ca/actualites/education/201602/01/01-4946225-universites-quebec-impose-de-nouvelles-coupes.php (consulted March 20, 2016).

Table 3

Evolution of Per-Credit Tuition Fees Since 2007-2008, international students, by level of study

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Undergraduate International Students (light sectors)	\$365.54	\$387.27	\$413.35	\$444.50	\$447.83	\$447.83	\$460.64	\$471.67	\$482.92
Undergraduate International Students (heavy sectors)	\$407.54	\$431.79	\$460.99	\$495.95	\$499.28	\$499.28	\$512.56	\$525.90	\$538.92
Graduate International Students (Master's level)	\$365.54	\$387.27	\$413.35	\$444.50	\$447.83	\$447.83	\$460.64	\$471.67	\$482.92
Graduate International Students (Doctoral level)	\$328.79	\$348.31	\$371.66	\$399.47	\$402.80	\$402.80	\$413.51	\$424.20	\$434.18

SOURCE Quebec Ministry of Education and Higher Education.

Table 4

Evolution of Tuition Fees for a Year of Full-Time Studies (30 credits) Since 2007-2008, international students, by sector and level of studies

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Undergraduate International Students (light sectors)	\$10,966.20	\$11,618.10	\$12,400.50	\$13,335.00	\$13,434.90	\$13,434.90	\$13,819.20	\$14,150.10	\$14,487.60
Undergraduate International Students (heavy sectors)	\$12,226.20	\$12,953.70	\$13,829.70	\$14,878.50	\$14,978.40	\$14,978.40	\$15,376.80	\$15,777.00	\$16,167.60
Graduate International Students (Master's level)	\$10,966.20	\$11,618.10	\$12,400.50	\$13,335.00	\$13,434.90	\$13,434.90	\$13,819.20	\$14,150.10	\$14,487.60
Graduate International Students (Doctoral level)	\$9,863.70	\$10,449.30	\$11,149.80	\$11,984.10	\$12,084.00	\$12,084.00	\$12,405.30	\$12,726.00	\$13,025.40

SOURCE Quebec Ministry of Education and Higher Education

TAX CREDITS

Having looked at the evolution of tuition fees, a rapid analysis of the tax credits provided for tuition fees and examination fees will help complete our overview of the current situation. Under Quebec's fiscal system, an individual may request a tax credit for the tuition fees or examination fees that they paid in a given tax year.

In 2013, this credit was reduced from 20% to 8%⁴. It is important to note that this is a non-refundable tax credit. Revenu Québec distinguishes between refundable and non-refundable tax

⁴ Stéphanie GRAMMOND, « Une hausse des droits de scolarité déguisée? », *La Presse*, 12 avril 2013, <http://affaires.lapresse.ca/opinions/chroniques/stephanie-grammond/201304/12/01-4640158-une-hausse-des-droits-de-scolarite-deguisee.php> (consulted March 20, 2016).

credits as follows: “A **refundable tax credit** can be granted to you even if you do not have any income tax payable. A **non-refundable tax credit** reduces or eliminates your income tax payable.”⁵ This means that, if a student has paid \$4,581 in total university fees⁶ (representing both tuition fees and ancillary fees), they would have the right to a \$366 reduction in their taxes owed. Evidently, to save that \$366 in taxes, a student must have been assessed at least \$366 of taxes to be paid in the first place.

In 2011, 42.3% of full-time students in Quebec, between the ages of 15 and 24, were employed⁷. Based on the data collected between 2001 and 2010, it is estimated that they work an average of 14.7 hours a week. One student in 10 works more than 25 hours per week⁸.

The average salary for individuals between the ages of 15 and 24 (students and non-students combined) is \$14.02 an hour⁹. If a student were to work at that wage for 14.7 hours a week, they would have a gross revenue below \$11,000, which ensures that they would not have to pay any taxes. If they were to work 26 hours a week at the minimum wage (\$10.55 an hour), they would have a gross revenue of about \$14,000, at which point it is not particularly useful to make use of the tax credits. Table 5 illustrates these brackets.

From these brackets, the only case where it would be useful for an individual to use their tax credits is for someone working 26 hours a week at \$14.03 an hour (as we will see in

Table 6). However, this represents less than one student in 10 who is working more than 26 hours a week. It was not possible to access the top quintiles as regards salaries for individuals between the ages of 15 and 24. However, since the quintile includes less than 10% of the student population, and that that population could make use of the tax credits, we limited ourselves to two brackets of wages in Table 6, which depict the situation well.

Having said that, the tax credit doesn't apply until an individual's gross revenue is at least \$14,000 in 2015. Fiscally, it isn't fully to their advantage to apply the tax credits until they're paying at least \$366 in taxes. They can start approaching that amount with an annual revenue of \$16,000. Below that, applying the tax credits would be equivalent to a loss of capital.

In short, individuals who study full-time don't generally have revenues on the order of \$16,000, the point at which the use of these tax credits truly becomes useful. However, it is possible to accumulate these tax credits year over year in order to apply them to taxes owed once a student begins earning more revenue, generally after their studies. It is also possible for these credits to be transferred to parents or grandparents. In reality, these tax credits are of little help to students who come from families that can't afford to pay for their education or who have to work to study.

As such, tax credits do not have a significant impact on increasing the buying power of students at a time in their lives when they need it most. Rather, this measure is more advantageous

Table 5

Gross Annual Revenue Brackets for Individuals Studying Full-Time and Working Part-Time

Hourly Wage	Gross Annual Revenue at 14.7 hours per week	Gross Annual Revenue at 26 hours per week
\$10.55	\$8,064.42	\$14,263.60
\$14.03	\$10,724.53	\$18,968.56

SOURCE ISQ, FEUQ, calculations by IRIS.

5 REVENU QUÉBEC, Tax Credits, Revenu Québec Web Site for *Citizens*, <http://www.revenuquebec.ca/en/citoyen/credits/default.aspx> (consulted March 20, 2016).

6 This represents the average cost paid by students in education for the 2015-2016 academic year (source : CANSIM 477-0021).

7 « Les étudiants québécois travaillent plus que la moyenne canadienne », *Radio-Canada*, 5 février 2013, www.radio-canada.ca/nouvelles/societe/2013/02/05/002-quebec-etudes-travail.shtml (consulted March 20, 2016).

8 *Ibid.*

9 Institut de la statistique du Québec (ISQ), « Rémunération horaire moyenne des employés, résultats selon le sexe pour diverses caractéristiques de la main-d'œuvre de l'emploi et du milieu de travail, Québec, Ontario et Canada », Government of Quebec, www.stat.gouv.qc.ca/statistiques/travail-remuneration/remuneration-horaire-hebdomadaire/remuneration_horaire.html (consulted March 10, 2016).

Table 6

Impôt à payer, crédit d'impôt et facture étudiante nette en fonction du revenu annuel brut, frais de scolarité de 4 581 \$ (2015)

Gross Annual Revenue	Taxes Owed	8% Tax Credit for Tuition Fees	Taxes owed after applying the tax credit	Annual Cost of Education of \$4,581 after applying the tax credit
\$13,250.00	\$0.00	n.a.	\$0.00	\$4,581.00
\$14,000.00	\$85.00	\$85.00	\$0.00	\$4,496.00
\$15,000.00	\$201.00	\$201.00	\$0.00	\$4,380.00
\$16,000.00	\$317.00	\$317.00	\$0.00	\$4,264.00

SOURCE Revenue Québec, calculations by IRIS.

for parents who pay for their children's education or for students who accumulate their tax credits until after their studies, for use once they are receiving a higher salary.

PROJECTION OF TUITION FEES OVER THE NEXT TEN YEARS

Following the analysis of current tuition fees and of their history, as well as the minimal impact of non-refundable tax credits, their projected evolution must be considered. Table 7 shows the projected evolution of tuition fees per credit between 2015-2016 and 2025-2026, based on an indexation rate of 2.5%¹⁰.

Table 7

Projected Evolution of Tuition Fees until 2025-2026, base amount

2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
\$76.45	\$78.44	\$80.48	\$82.57	\$84.72	\$86.92	\$89.18	\$91.50	\$93.88	\$96.32	\$98.82

SOURCE Quebec Ministry of Education and Higher Education, Government of Quebec, calculations by IRIS.

The same rate of inflation applies to the additional fees paid by international students. Table 8 presents the fixed fee per sector and level of study. These amounts represent the minimum amount that international students must pay in addition to the base amount; universities may be able to charge up 25% more than these amounts as of the fall of 2016.

This brings us to Table 9: a projection of tuition fees until 2025-2026 for a year of full-time study by type of student and, in the case of international students, by sector.

Once again, the amounts in this table are the minimum that international students must pay, since universities can increase the fixed amounts required by up to 25%.

We should note that the indexation rate used by the government tends to be higher than the annual increases to the Consumer Price Index (CPI) of Quebec, as can be seen in Table 10.

¹⁰ We have applied the annual indexation rate used by the government for our projections. They are valid only if the trend remains steady.

Table 8

Projected Evolution of the Fixed Fees for International Students until 2025-2026, by sector and level of study

	2015- 2016	2016- 2017	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	2023- 2024	2024- 2025	2025- 2026
Undergraduate International Students (light sectors)	\$406.47	\$417.04	\$427.88	\$439.01	\$450.42	\$462.13	\$474.15	\$486.47	\$499.12	\$512.10	\$525.41
Undergraduate International Students (heavy sectors)	\$462.47	\$474.49	\$486.83	\$499.49	\$512.48	\$525.80	\$539.47	\$553.50	\$567.89	\$582.65	\$597.80
Graduate International Students (Master's level)	\$406.47	\$417.04	\$427.88	\$439.01	\$450.42	\$462.13	\$474.15	\$486.47	\$499.12	\$512.10	\$525.41
Graduate International Students (Doctoral level)	\$357.73	\$367.03	\$376.57	\$386.36	\$396.41	\$406.72	\$417.29	\$428.14	\$439.27	\$450.69	\$462.41

SOURCE Quebec Ministry of Education and Higher Education, Government of Quebec, calculations by IRIS..

Table 9

Projected Evolution of Tuition Fees until 2025-2026, by type of student, full-time year of study (30 credits)

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Quebec Students, all levels of study	\$2,293.50	\$2,353.13	\$2,414.31	\$2,477.08	\$2,541.49	\$2,607.57	\$2,675.36	\$2,744.92	\$2,816.29	\$2,889.52	\$2,964.64
Undergraduate International Students (light sectors)	\$14,487.60	\$14,864.28	\$15,250.75	\$15,647.27	\$16,054.10	\$16,471.50	\$16,899.76	\$17,339.16	\$17,789.97	\$18,252.51	\$18,727.08
Undergraduate International Students (heavy sectors)	\$16,167.60	\$16,587.96	\$17,019.24	\$17,461.74	\$17,915.75	\$18,381.56	\$18,859.48	\$19,349.83	\$19,852.92	\$20,369.10	\$20,898.69
Graduate International Students (Master's level)	\$14,487.60	\$14,864.28	\$15,250.75	\$15,647.27	\$16,054.10	\$16,471.50	\$16,899.76	\$17,339.16	\$17,789.97	\$18,252.51	\$18,727.08
Graduate International Students (Doctoral level)	\$13,025.40	\$13,364.06	\$13,711.53	\$14,068.03	\$14,433.79	\$14,809.07	\$15,194.11	\$15,589.16	\$15,994.47	\$16,410.33	\$16,837.00

SOURCE Quebec Ministry of Education and Higher Education, calculations by IRIS.

Between 2006 and 2015, the average annual increase in the CPI of Quebec was 1.53% while the average increase in tuition fees was 3.61% over the same period. The cost of an education has therefore increased faster than the cost of living up until now.

Table 10

Augmentation annuelle de l'indice des prix à la consommation (IPC) et des droits de scolarité au Québec depuis 2006 (%)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average 2006-2015
CPI	-	1,6	2,1	0,6	1,2	3	2,1	0,7	1,4	1,1	1,53
Tuition Fees (Base amount)	-	6,0	5,6	5,3	5,1	4,8	0	2,6	2,2	0,9	3,6

SOURCE CANSIM 326-0020, Quebec Ministry of Education and Higher Education, calculations by IRIS.

ALTERNATIVE SCENARIOS

The indexation of tuition fees was merely one option among several possible scenarios. The historic student strike of 2012 permitted a number of proposals to be put forward, as much by student associations as by the government. Table 11 explores three such proposals: free education, defended by the ASSÉ¹¹; a tuition freeze, called for by the FEUQ¹²; and the proposal of the Charest government to increase tuition fees by \$1,625 over five years, followed by increases tied to inflation¹³. Table 11 presents the effect these scenarios would

Table 11

Project Evolution of Tuition Fees according to Different Scenarios until 2025-2026, full-time year of study (30 credits), Quebec Students

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026
Indexation (Current situation)	\$2,293.50	\$2,353.13	\$2,414.31	\$2,477.08	\$2,541.49	\$2,607.57	\$2,675.36	\$2,744.92	\$2,816.29	\$2,889.52	\$2,964.64
Free education (demanded by the ASSÉ)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Increase of 2012 (proposal by the Charest government)	\$3,467.40	\$3,792.30	\$3,850.32*	\$3,909.23*	\$3,969.04*	\$4,029.77*	\$4,091.43*	\$4,154.02*	\$4,217.58*	\$4,282.11*	\$4,347.63*
Freeze of 2012 (proposal by the FEUQ)	\$2,167.80	\$2,167.80	\$2,167.80	\$2,167.80	\$2,167.80	\$2,167.80	\$2,167.80	\$2,167.80	\$2,167.80	\$2,167.80	\$2,167.80

SOURCE Quebec Ministry of Education and Higher Education, ASSÉ, FEUQ, calculations by IRIS.

* Given the impossibility of knowing the future inflation rate, we used the average inflation rate between 2006 and 2015: 1.53%.

11 ASSOCIATION POUR UNE SOLIDARITÉ SYNDICALE ÉTUDIANTE (ASSÉ), *Mémoire sur la gratuité scolaire*, January 2007, 85 p., www.asse-solidarite.qc.ca/wp-content/uploads/2013/02/memoire-sur-la-gratuite-scolaire-2007.pdf, p. 16.

12 FÉDÉRATION ÉTUDIANTE UNIVERSITAIRE DU QUÉBEC (FEUQ), *L'endettement étudiant*, August 2011, 196 p., <http://feuq.qc.ca/wp-content/uploads/2013/01/L%E2%80%99endettement-%C3%A9tudiant.pdf>, p. 146.

13 MINISTÈRE DES FINANCES (QUÉBEC), *Un plan de financement des universités équitable et équilibré Pour donner au Québec les moyens de ses ambitions*, March 2011, 58 p., www.budget.finances.gouv.qc.ca/Budget/2011-2012/fr/documents/Education.pdf, p. 20.

have had on tuition fees, as well as how they would have evolved over the coming years, as compared to the reality of our current situation.

These tables show how disastrous the proposed increase of the Charest government would have been for the accessibility of post-secondary education in Quebec. However, the current indexation of tuition fees tends to increase more rapidly than the cost of living. The difference between students' revenues and the cost of their education therefore continues to increase every year.

CONCLUSION

The purpose of this document was to examine the current state of tuition fees. It also presented the recent increases that have led to the current amount being paid by students and offered a projection for the next ten years, as well as considering the effect of tax credits on the net costs paid by students.

What is important to understand from all of this is that the trends presented by these numbers are not an immutable fate. Behind these numbers lies a single fact: that the tuition fees charged to students are the result of a political choice. Students can choose to accept them or not, and consequently to contest the increase of tuition fees year after year.

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