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# Under-Funding of Post-Secondary Educational Institutions

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by Harvey Hodder, MLA

*Funding of Canada's post-secondary educational institutions will be one of the central public policy debates of this decade. This article looks at how well prepared we are to meet the challenge of a global knowledge economy.*



A recent study by the Canadian Association of University Teachers (CAUT) charts an alarming decline in federal-provincial funding for post-secondary education over the past decade. The main highlights of the study include:

- Public funding for post-secondary education, measured on a per capita and constant dollar basis, is 14% below the levels of 1991/92 nation-wide. The decline was greatest in Nova Scotia and Newfoundland. Newfoundland's per capita expenditure shows up better than Nova Scotia's primarily because Newfoundland's population declined by about 20,000 during the decade, while Nova Scotia's population grew, as did the populations in all other provinces.
- Disparities among provinces are increasing. Although Newfoundland, the poorest province in Canada, had the largest decline in per-capita spending for post-secondary education, it still spends 60% more per

capita on university operating grants than Ontario, Canada's richest province.

- Cuts in federal transfers is a major factor in diminishing provincial support for post-secondary education. Even after the recently announced increases in the CHST, federal cash transfers remain far lower than in previous years. It is difficult to determine how much of the CHST goes to post-secondary education. However, if we assume the transfers are allocated in their pre-CHST proportions, the federal contribution to post-secondary education nation-wide has fallen by 34% since 1992 – from \$2.9 billion to \$1.9 billion. As a share of the economy, federal cash transfers in support of post-secondary education are now at their lowest levels in more than 30 years.
- To bring spending back in constant dollars to where it was in 1991/92 would require an immediate investment of nearly \$2 billion nation-wide, about \$40 million in Newfoundland.

A joint study by the Association of Atlantic Universities and the Atlantic Provinces' Economic Council (January 2000) points out that growth in private sector contributions to Atlantic universities do not make up for the shortfall in public funding. Private endowments to universities in Atlantic Canada are increasing at just half the rate of increase in other Canadian universities, adding further to the disparities among provinces in funding post-secondary education. Memorial University of Newfoundland gets less than 3% of its revenue from bequests, donations, and non-government grants, compared to nearly 12% in Ontario, and less than 5% for other Atlantic Canada universities.

Declining public spending and a relatively low level of private sector endowments have forced universities in Atlantic Canada to increase tuition and other fees to

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*Harvey Hodder represents Waterford Valley in the Newfoundland and Labrador House of Assembly. This is a revised version of a paper presented to the 23rd Canadian Regional Seminar held in Halifax in October 2000.*

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make up for revenue shortfalls. Tuition fees in Newfoundland have gone up 300% since the start of the 1990s, the steepest rate of increase in all of Canada, while tuition fees in Nova Scotia doubled and are now the highest in the country.

***Renewed public investment in post-secondary education is an economic and social imperative. We ignore it at our peril.***

Increasing reliance on tuition fees is eroding quality and accessibility of post-secondary education. We stand in danger of reverting to a post-secondary system that only the economic elite can afford. Reliance by post-secondary educational institutions on tuition fees is making it more difficult for young people from lower income families to get a post-secondary education. The CAUT study found that the post-secondary participation rate of young people from low income families is rising far slower than the rates for middle and upper income groups. There are more low-income families in Atlantic Canada than anywhere else in the country.

Even youth from middle income families are burdened with years of debt after graduation to pay for their education. Student debt loads have ballooned along with tuition fees. Memorial University's Student Union estimates that baccalaureate graduates carry debt loads above \$30,000. The debt is much higher for those in professional and graduate programs that charge higher tuition and require longer periods of study. There are serious consequences for any economy that burdens new graduates and job entrants with heavy debt. One consequence is a significant increase in the brain-drain as more and more graduates seek higher paying jobs outside the region to pay off their student debt. Another consequence is that graduates who remain in the region postpone key personal and economic decisions such as marriage, children, home-ownership, and other big ticket consumer decisions, which impacts negatively on the region's economy.

As government funding falls, universities are finding it increasingly difficult to recruit and retain good teachers and researchers. Faculty at Memorial University are paid 20% below the national average. You cannot recruit and retain competent faculty in a highly competitive market with a salary gap like that. A recent study by the

Atlantic Association of Universities (AAU) cited the availability of faculty as the most significant factor impeding growth in program choice and enrollment levels in Atlantic universities. In addition, universities are increasingly hard pressed to maintain their existing facilities and meet the demand for new equipment and technology-based services.

Economic growth is increasingly tied to education levels in the population. The new economy offers enormous opportunities for economic growth and prosperity, but it penalizes heavily those who are unprepared to compete. A post-secondary education is no longer a privilege, but a necessity if individuals, provinces and nations are to compete successfully in the new economy. Even current job statistics tell the story.

- Post-secondary education stimulated job creation in the economy. In the past decade, 115,000 new jobs were created in Atlantic Canada for workers with some post-secondary education, while jobs for workers without post-secondary education declined by more than 80,000.
- Post-secondary education reduces unemployment. While the overall unemployment rate in Newfoundland is more than double the national average, the unemployment rate for university graduates compares favourably with the unemployment rates for graduates in Ontario and Alberta.
- Post-secondary education increases full-time employment rather than part-time jobs. Since 1990, full-time jobs requiring a university degree increased by 30% in Atlantic Canada, while other full-time job opportunities declined.
- Post-secondary graduates earn higher incomes. The median income for university graduates in Atlantic Canada is more than double the income of high school graduates or workers with some post-secondary education, and nearly four times the median income of high school dropouts.
- Post-secondary education is a good investment for the individual and for the state. Throughout their lifetimes, the higher earnings and employment levels of post-secondary graduates means that very few of them are likely to require government-provided income support and most will contribute significantly to government revenues and economic growth.

Affordable access to quality post-secondary education is the cornerstone for prosperity in the new knowledge economy. Higher levels of education generate higher levels of employment and income, and greater accessibility to post-secondary education generates a more equal and open society.