

## **The Fight for Funding:**

### **Canadian Universities Face a Rise Tuition and Decline in Quality Education**

**By: Shelby Pedersen**

University tuition costs are at an all-time high and continue to rise yearly. According to Statistics Canada, it is estimated that the average full-time student will be roughly \$28,000 in debt once they have completed a bachelor's degree (Statistics Canada, 2019). After World War II, the federal government began its role in funding for post-secondary institutions across Canada. This was done in support of Canadian veterans (Nicholson, 1973). In 1966, the federal government cancelled all of its general payments to universities across the provinces and "the dependency of the universities upon provincial government became so predominant as to be absolute" (p. 23). Since then, there has been a struggle between the federal and provincial governments as to whose responsibility it is to help fund post-secondary institutions across Canada: "Funding and regulatory developments at the provincial and federal levels combined to create a period of unprecedented change (and uncertainty) in the post-secondary landscape" (Snowdon, 2005).

As a result, post-secondary institutions are facing a decrease in financial support from both the federal and provincial levels. Those affected have since had to face a spike in tuition costs, program losses, lower quality of education and job cuts. In response, student employment has increased, collaborative curriculums have been implemented and an increase in part-time faculty has been utilized. I argue that the results of the federal and provincial funding cuts for Canadian universities are among the biggest issues facing Canadians because the continued

financial, institutional and emotional stress it has created for students will deter many from pursuing a higher education.

### **Literature Review**

This review of the literature is organized chronologically focuses on an historical review of post-secondary education funding in Canada.

The first article, by N.L. Nicholson (1973), provides a thorough background information in regards to the complications between the federal and provincial university funding. Nicholson begins by taking us back to WWI, explaining the reasons the federal government initially began their involvement in funding universities. Throughout the article, he explains how the responsibility of the federal government to fund universities slowly transferred to those of the provinces. Nicholson explains that the Quebec government felt as though the federal governments' involvement was a violation of the constitutional rights of the province. From then, the federal government extended the responsibility of university funding for each province individually (p. 22).

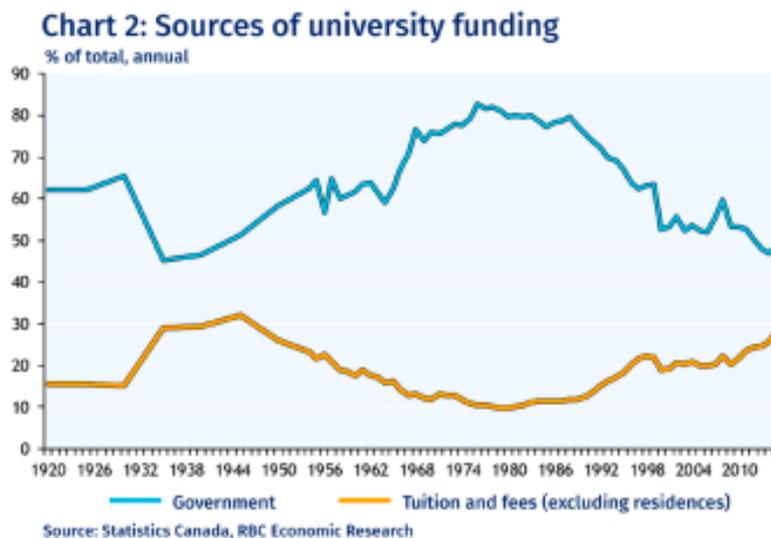
Ken Snowdon's book, *Without a roadmap: Government Funding and Regulation of Canadas Universities and Colleges* (2005), thoroughly breaks down the university crisis in much detail. He gives insightful background information on the topic and ends the book by offering many promising solutions moving forward, including the federal and provincial governments being required to provide consistent, transparent, and long-term funding for institutions. Snowdon provides an understanding of the concepts such as funding trends from the early 1990s to now, funding comparisons, funding mechanisms, access, quality and a lot of important key considerations.

Last, an article from the RBC (2019) report provides extensive research on the topic of university funding and student debt. The report discusses topics such as higher education and the economy, the growing cost of university education, why university tuition has increased and how students are paying for their education. The report explains that most students are using Registered Education Saving Plans (RESPs), scholarships and bursaries, part-time jobs and loans to make their tuition payments. The article ends on a description of how much debt students are enduring.

### **Federal versus Provincial University Funding: Who Fills the Gap?**

The Canadian Government has increasingly cut funding for post-secondary institutions. Since 1990, government funding has fallen nearly half of what it used to be and tuition costs have increased 2.7 times (RBC, 2019, p. 1). As the government continues to lower their contributions to post-secondary institutions, universities are then forced to respond by increasing student tuition costs and slashing program spending to fill the gap (see Table One below).

**Table One: Sources of University Funding (RBC, 2019, p. 2)**



The question then remains, how are students personally funding the gap the government has created to pay for tuition costs? Many students are now working part-time jobs, investing in RESPs, applying for scholarships and bursaries or relying on student loans. In a study by Christine Neil (2015), we see a positive correlation between the number of hours students work a part-time job and an increase in tuition costs:

Estimates from models using log tuition fees suggest that a rise in tuition fees from \$2000 to \$3000 would increase the overall proportion of students working by around 3.6 percentage points, while the next \$1000 increase would raise it by 2.6 percentage points. (Neill, 2015, pp. 118-119)

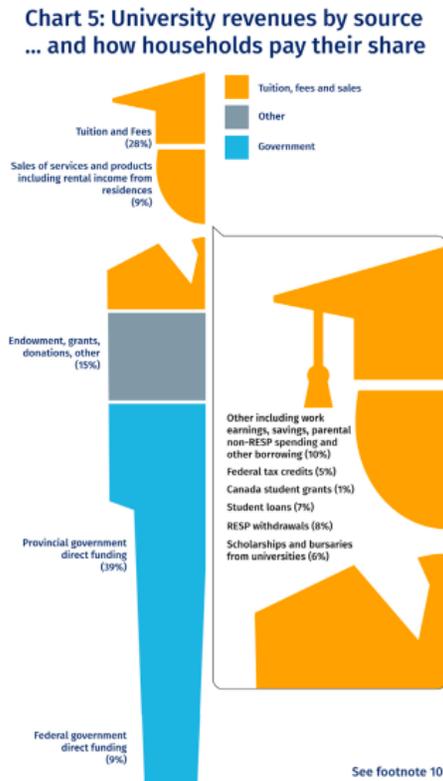
For students who are working while attending school, it would take roughly 505 hours of minimum-wage work to pay the average university tuition fee (RBC, 2019). Registered Education Saving Plans have now also become a popular solution for funding and has continued to grow each year: "In 1999, only 16% of Canadian households with children had an RESP; by 2012, that share had jumped to 47%. In 2016, 420,000 post-secondary students received an average of \$8,487 from an RESP to help fund their education, up from \$4,638 in 2003" (RBC, 2019, p.3).

Another solution for students in financial need would be utilizing scholarships and bursaries, which makes up 20 per cent of tuition payments (RBC, 2019). Lastly, the majority of students enrolled in post-secondary education rely on student loans to be able to make their tuition payments. Twenty-seven per cent of the debt the average Canadian under the age of 35 has consists of student loans, increasing 46 per cent from 1999 (p. 4). It should also be noted that a significant number of university students are still living at home with their parents to be able to afford their tuition. Seventy-four per cent of first-year students at one of Canada's largest universities still live at home (Pyke, 2004). As we can see, students are forced to use several

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different sources to be able to fund their education as the average student does not rely on just one of these resources (see Figure One below).

**Figure One: University Revenues by Source and how Households Pay Their Share (RBC, 2019, p. 2)**



Students can expect not only a rise in tuition cost, they will also start to see changes in their quality of education. Institutions have now been forced to increase class sizes, use sessional teachers and hire part-time lecturers, which can often lower the quality of education for the students (Snowdon, 2005, p. 1). For example, the University of Calgary will see 150 job cuts starting January 2020, which is directly impacted by the provincial funding cuts (Rieger, 2019). Increase in class sizes has also become a huge problem for universities: “at one Canadian university, the introductory psychology course has an enrolment of 2,000 students who meet

once a week for their two-hour lecture” (Pyke, 2004). With class sizes this big, it may deter many students from pursuing a higher education. One of the biggest issues is the quality of teaching the students are receiving. Institutions are increasingly unable to hire full-time staff with extensive teaching experience:

Efforts to reduce costs have forced universities to rely heavily on contract or part-time faculty and graduate student teaching assistants to deliver the curriculum. It is now possible for an undergraduate student to complete four years of study without ever encountering a full-time, tenured faculty member. (Pyke, 2004)

Alberta is one province that is taking the largest hit against funding cuts and is a great example of how detrimental these affects can be. The budget will cut \$274M from the operating budget and cut at least 300 university staff jobs in the next year. Lastly, the budget has announced that interest rates for Alberta student loans will be going up (Wyton, 2019).

### **Response to the Pressure**

Post-secondary institutions across Canada have all taken different approaches to the pressure the government has imposed. Many have utilized the responses mentioned above that have added to the increasing negative pressure facing students; however, there are many universities who have taken a more proactive approach. In their article, Deering and Sa (2014) examined three Canadian universities, the University of Toronto, Queen's University and the University of Lethbridge, that have all taken the same alternative approach to the budget cuts. Deering and Sa explain that most universities' response to the cut in government funding is to raise tuition or cut programs; however, these universities decided to use an “responsibility centre budgeting and responsibility care management” (RCB/M) structure to create a decentralized management structure (Deering & Sa, 2014).

Responsibility centre budgeting and responsibility care management aims to offer the university alternative options in response to the funding decrease. In their research, the authors

analyzed the three universities through document analysis and interviews of 31 individuals with extensive knowledge of the university administration. The results found that “RCB/M offers these institutions the ability to increase efficiencies through the attribution of unit costs and revenues to each of their various subunits” (p. 219).

Another possible solution is collaborative curriculums, Mercer (2018) suggests the medical schools might be able to cut these costs by creating collaborative curriculums, “a possibility the CFMS has been discussing for years. For example, a university with special expertise could produce a podcast or video to share with other schools across the country” (p. 1177). Alternatively, many universities have purposed the idea of tuition freezes, implemented by each provincial government individually.

However, many institutions have been let down by these expectations, especially Alberta universities when the governments five-year freeze on tuition was cancelled for 2020-2021 in the 2019 provincial budget announcement (Alberta Budget, 2019). The cancellation will then allow universities to raise tuition by seven per cent institution-wide and an additional 10 per cent for each individual program (Wyton, 2019). We have also seen a number of universities respond by seeking out more “promotional strategies” due to the higher levels of competition for new sources of funding (Pizarro Milian, 2017). It has been stated the universities are now becoming more “entrepreneurial” (Pizarro Milian, 2017).

A promising solution proposed by Ken Snowdon (2005) would be to adopt a more thorough plan moving forward. He suggests to:

Adopt a multi-year perspective. For much of the past fifteen years colleges and universities have been operating on a year-to-year basis in an environment where funding announcements are late, where changes in funding mechanisms have been made with little consultation, and where the lack of predictability has negatively affected institutional planning; an environment that is far from optimal to address access and quality concerns. (Snowdon, 2005)

Snowdon offers the most forward-thinking approach which involves the federal and provincial governments to reintegrate their responsibilities to post-secondary institutions across Canada. He states that the government has an obligation to be transparent about how much of an investment they will be providing to the universities so they can be aware if their needs will not be met (2005).

### **Conclusion**

From the analysis, it is evident that the disagreements from a federal and provincial level on who should be carrying the financial support for post-secondary institutions are an ongoing issue. This issue has caused a number of limitations and obstacles for post-secondary students. Now more than ever, we are seeing higher stress on university students in terms of how they will make their payments for the next semester of school. Not only are they juggling the pressures of being a full-time student, but they are also now carrying the weight of their futures on a significant number of financial supports.

I argue that the funding cuts from the provincial and federal governments have been one of the most detrimental stresses to the well-being of students. Not only are students being affected financially, they are also experiencing a change in education through class sizes, lecture quality and changes in program assets. Although many universities have been coping with these changes in a number of beneficial ways, there is one very obvious solution. The Government of Canada, along with the provincial governments, need to take steps to move forward to help support universities, rather than extend the burden.

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