

Backgrounder N° 4: Building the PSE System We Want

POST-SECONDARY EDUCATION: OUR TIME TO ACT

Over the past twenty-five years, public funding for post-secondary education has dropped. Federal transfers for PSE are almost 40 per cent less per student than they were in 1992. Tuition fees have increased by three times the rate of inflation since 1990. Average student debt has grown 40 per cent, while average wages have stagnated.

This chronic government underfunding is creating a crisis. It is transforming post-secondary education from a public good to a private benefit enjoyed by the wealthy. It's making work more precarious, putting the quality of education at risk. It's opening the door to corporate control over higher education and research, threatening academic freedom.

But it doesn't need to be this way. There are other options. This backgrounder looks at how we can build a high-quality post-secondary education system that is accessible, affordable, and equitable. A system that fosters civic engagement, social mobility, socially and environmentally responsible economic development, and research in the public interest. A system that no longer burdens students with unmanageable debt and makes its workers precarious.

Federal Funding

Internationally, Canada lags behind many of its peers in providing public support for post-secondary education. Of the developed countries represented by the Organization for Economic Cooperation and Development, 26 countries rank ahead of Canada in terms of the proportion of funding for post-secondary education coming from public, rather than private, sources.

Proportion of Funding for Post-Secondary Education from Public and Private Sources¹

COUNTRY	PUBLIC	PRIVATE
Norway	96	4
Austria	94	6
Sweden	85	11
Germany	83	17
France	78	22
Ireland	74	26
Canada	49	51

Canada has not always been such a laggard. Thirty years ago, more than 80 per cent of the operating revenues of universities came from governments.

The drop in government funding for post-secondary education has been the result of government choices. In one year (1997), federal funding for post-secondary education was cut by 60 per cent. And no government since has fully restored that funding.

If the federal government had simply maintained its funding level from 1992-93, the federal transfer for post-secondary education would be nearly \$2 billion greater each year. And that's not even accounting for the fact that enrollment has increased since 1992.

In order to be a real partner in post-secondary education again, the federal government should increase funding for post-secondary education by a minimum of \$2 billion a year. This funding should be part of the federal government's post-secondary transfer, which

covers operating expenses. Student assistance, while important to address non-tuition costs, doesn't help post-secondary institutions to deliver a high-quality education without high tuition fees.

However, rather than continuing to provide this funding through the Canada Social Transfer, the federal government should create a dedicated, stand-alone transfer for post-secondary education. This would provide greater clarity and accountability for post-secondary education funding, making it easier to identify how much federal funding is directed towards PSE and whether the provinces are actually spending it on post-secondary education.

A Post-Secondary Education Act

We can't achieve change without providing greater accountability for post-secondary education funding. Currently, the federal government hands money over to the provinces with no strings attached. The provinces don't even need to spend that money on post-secondary education – and sometimes they don't. There have been occasions in the past where certain provinces have responded to an increase in the federal transfer by actually *decreasing* their funding to post-secondary institutions.

Instead of giving the provinces free money, the federal government should treat post-secondary education funding the way it governs healthcare funding. The *Canada Health Act* lays out very clear principles for healthcare in Canada and sets certain conditions which provinces must meet in order to receive funding.

In the same way, the federal government should adopt a Post-Secondary Education Act which sets out a clear vision for post-secondary education in Canada. Principles should include universality, accessibility, public administration, and portability.

Of note, Canada is the only developed country that does not have a national vision or strategy for PSE. There is also no federal oversight for post-secondary education. This lack of a national role is often blamed on federalism, but federalism has not stopped the United States, Australia, or Germany from having a national system for post-secondary education.

Nor has federalism stopped Canada from having a national vision for healthcare, even though health is under provincial jurisdiction.

In addition to the principles guiding a national vision for post-secondary education, the Act should set out clear conditions for receiving federal funding, including respect for academic freedom, restrictions on corporate funding and other private donations and contracts, and limits on precarious work.

For instance, the Act should specify that in order to receive the post-secondary education cash transfer, provinces must ensure that fair employment standards are put into place limiting the use of short-term contracts, casual labour, and contracting out.

The Act should also set out requirements for measuring and reporting adherence to the principles laid out in the Act. For instance, provinces should be required to report regularly on the ratios of full-time faculty to students, the ratios of senior administrators to students, the use of contract faculty, and course loads among faculty, spaces available for traditionally underserved populations, tuition and student debt. Routine disclosure of research and service contracts should also be the norm.

Finally, the Act should specify clear penalties for not adhering to the principles laid out in the Act.

Free Tuition

Simply providing the provinces with enough funding to provide a high quality post-secondary education does not do enough to make that education accessible to all students and to reduce the high debt burden graduates currently face. The federal government should also work with the provinces to reduce and eventually eliminate tuition.

Our current system of high upfront fees that are reduced through poorly targeted and inefficient rebates, reductions, scholarships, grants, loans, and tax credits is unwieldy and inefficient. Huge amounts of money are being spent on student aid while individuals continue to struggle with huge debt loads. Why not spend the money upfront to reduce the costs of attending higher education?

Many countries around the world provide post-secondary education at no cost to students or with minimal fees. Over 80 countries provide at least some level of free post-secondary education. More than twenty of them, including Brazil, Germany, and Sweden, offer free post-secondary education to all their citizens. Some countries, including Norway and Finland, also offer a grant to cover living expenses.

Making higher education free would have many benefits for Canadians and for our country:

- It would remove barriers for attending and make post-secondary education more accessible, at a time when some level of post-secondary education is required for the vast majority of jobs.
- It would make re-skilling and changing career fields mid-career easier, especially for adults who may not have decades to earn back the money spent on going back to school.
- It would reduce the risk inherent in post-secondary education at a time when precarious work is growing. Right now, students are paying high fees to attend but only some graduates are earning higher wages thanks to their diploma or degree. Estimates are that 1 in 3 precarious positions require a university degree. These workers are trying to repay enormous student loans on low wages and uncertain hours of work.
- Our economy would benefit by enabling young people to make big financial purchases such as buying a house or car. It would also allow young people to start saving for retirement instead of putting all of their money into debt repayment for student loans.
- If young people don't have to worry about repaying student loans, it can enable them to take risks, encouraging innovation and entrepreneurship.
- It is a fairer distribution of the costs of post-secondary education, since the costs would be borne through progressive taxation, which is based on ability to pay, rather than tuition and user fees, which are regressive, combined with a poorly targeted and inefficient student aid system.

Why targeted free tuition is not the answer

There are some who acknowledge the benefits of free education and who recognize the burden that high tuition fees is placing on low-income students, but who argue that the fairest, most effective, and most affordable response is to provide free tuition only for those at the low end of the income spectrum.

But targeted free tuition programs are not the answer. For one thing, such programs depend on the idea that there is just one, easily defined group for whom the expense of post-secondary education is a challenge and that everyone else is getting by just fine. But that is not the case. Even middle-class families are struggling with the expense of post-secondary education. And any attempt to define who is most in need always ends up leaving out others whose circumstances might seem fine on paper but yet who struggle with financial barriers to accessing higher education.

Furthermore, setting up rules based on income level, family structure, and academic achievement ends up creating systems that are very challenging to understand. As one expert noted in a review of targeted “free” tuition programs in the United States, “I get paid to do this...and it was very challenging for me to understand the nuances in a lot of these programs. ... And if it's hard for me to understand, I can't imagine how challenging it is for low-income students and first-generation students to wrap their heads around this.”²

Finally, as the old saying goes, programs targeted to poor people are usually poor programs. They lack the broad political buy-in that programs targeting a larger proportion of the population have. They lack the political solidarity of programs like healthcare which assist Canadians of all social classes. They are often chronically underfunded and easy to chop. Or, as with income security programs, they are constantly being revised to target an ever-narrower segment of the population. Once you start deciding who is deserving of assistance, it can become very easy to decide that almost no one is worthy.

An alternative future is possible

Once upon a time, education was only free in Canada up to age 12. Our system of education adapted as our labour market and our society changed, to include free secondary school education. We can change again. And there are many examples abroad that we can borrow from in doing so.

Whether we change or not is up to us. We need to demand action from our federal and provincial governments. It's Our Time to Act. To learn more about what you can do, visit cupe.ca/ourtimetoact

¹ OECD, *Education At a Glance 2018*, Table C3.2.

² Cory Turner, "If 'Free College' Sounds Too Good to be True, That's Because It Often Is," NPR, September 12, 2018.