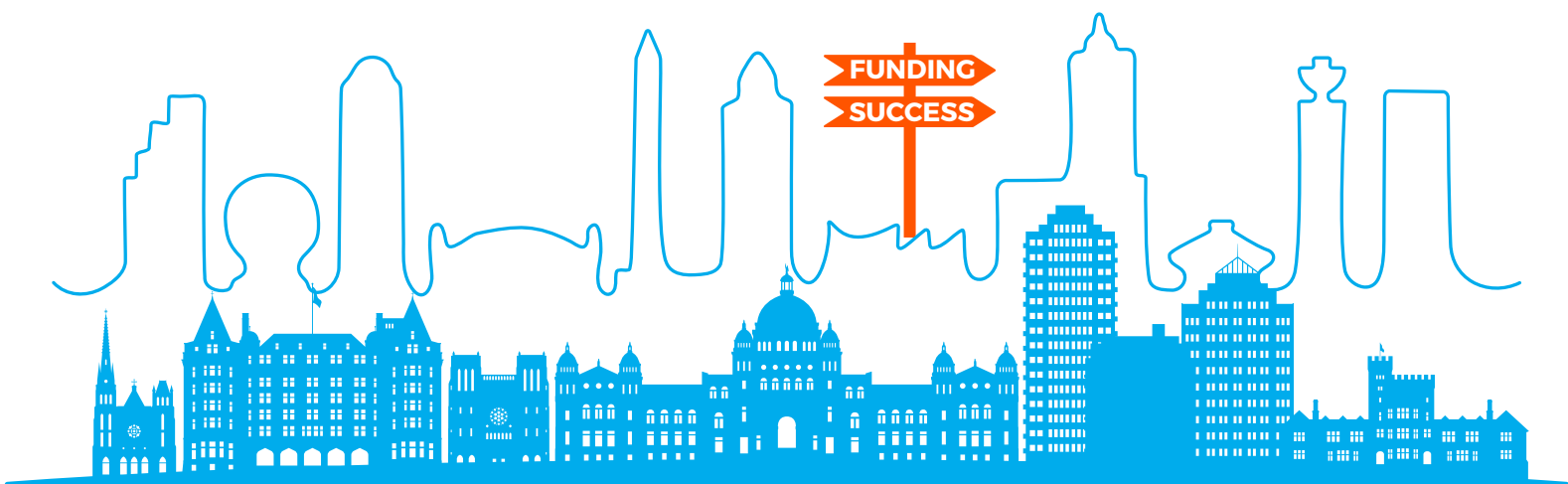




AN OVERVIEW OF BRITISH COLUMBIA'S POST-SECONDARY FUNDING



FUNDING FOR SUCCESS POST-SECONDARY EDUCATION IN BC

Brief 3 of 6 in a series by the
Confederation of University Faculty
Associations of British Columbia (CUFA BC)

On Performance Indicators in Post-Secondary Education

Part of the "Funding for Success: Post-Secondary Education in BC" Series 2022

Acknowledgements

CUFA BC would like to thank the following individuals who contributed to this publication:

Anabree Fairweather, Executive Director

Dr. Daniel Laitsch, Past President

Research Consultants: J. Hollingsworth and N. Mazur


We would also like to thank CUFA BC's Executive Committee, Council members, and subject experts who provided input and feedback.



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Funding BC's Advanced Education

INTRODUCTION

In Canada, post-secondary education is a provincial responsibility that has historically involved federal funding in the form of tax points and cash transfers to the provinces. Post-secondary institutions receive funding partly from provincial government grants (public funds) and partly from other revenue-generating or donation-based resources (e.g., tuition, private investment, university donors, etc.).

The balance between public and private funding sources, as well as how these funds are distributed to institutions, varies across Canada as provinces employ different funding mechanisms. Some provinces use funding formulas, which are stable mathematical calculations that guide how funding is distributed.

Most provinces, like BC, use a legacy block grant model whereby the Government, through the Ministry of Finance, provides each institution with the previous year's allocation, plus or minus a percentage based on public finances and political priorities for the year. BC's model relies on a historical block-grant funding scheme, which includes an **operating grant (base funding)**, **BC Knowledge Development Fund**

(research funding), and **capital funding**.

Government provides additional targeted funding tied to specific projects, such as targeted funds to support enrolments in medical and STEM programs as well as start-up funds to launch short-term skills-based micro-credential programs.

All public post-secondary institutions in BC are subject to an accountability framework conducted through the Ministry of Post-Secondary Education and Future Skills. Post-secondary institutions are expected to measure and report on their performance according to five objectives set by Government, using indicators set by the Ministry and the institutions themselves.

Research universities in BC produce **Institutional Accountability Plans and Reports (IAPRs)**, which are intended to be outcomes-based measurements of institutional quality but do not directly link to funding outcomes via official provincial policy. Among these outcomes are enrolment targets assigned by the Ministry, though the actual funding allocation is unaffected in the event an institution meets or exceeds the target.

LEGAL FRAMEWORK

In BC, post-secondary education falls under the jurisdiction of the Ministry of Post-Secondary Education and Future Skills. The province's research universities are primarily enacted through the *BC Universities Act*, with Royal Roads University under its own legislation. Through these *Acts*, research universities operate autonomously from government through a bicameral system of governance. Since 2003, universities fall under the **Government Reporting Entity** accounting framework, which asserts government control over financial and operating policies of organizations considered under the control of government. Under this framework, financial decision-making of the board of governors at the institutional level is limited. Furthermore, institutional expenditures are reported as government expenditures in the provincial budget despite the fact that the universities receive less than half of their revenue from government. This is an atypical accounting method used in only one other Canadian jurisdiction, Alberta. BC's research universities are legislatively prohibited from incurring debt and also face restrictions on domestic tuition fees tied to inflation.

The Ministry of Finance also oversees institutional financial decisions through the employ of the **Public Sector Employers' Council (PSEC) Secretariat**, which establishes and implements compensation mandates for public sector bargaining. PSEC Secretariat also oversees other financial matters for institutions between rounds of collective bargaining, such as their involvement in limiting institutional expenditures for Covid supports for faculty, staff, and students throughout the pandemic.

Funding BC's Advanced Education

FACTS & FIGURES

When reviewing the post-secondary funding model for BC, it's important to understand the broader fiscal context in which it occurs. In particular, it is important to understand the historical investment in post-secondary and the available capacity for change. A key feature of the current landscape is a long-term underinvestment while there is existing fiscal capacity for increased investment.



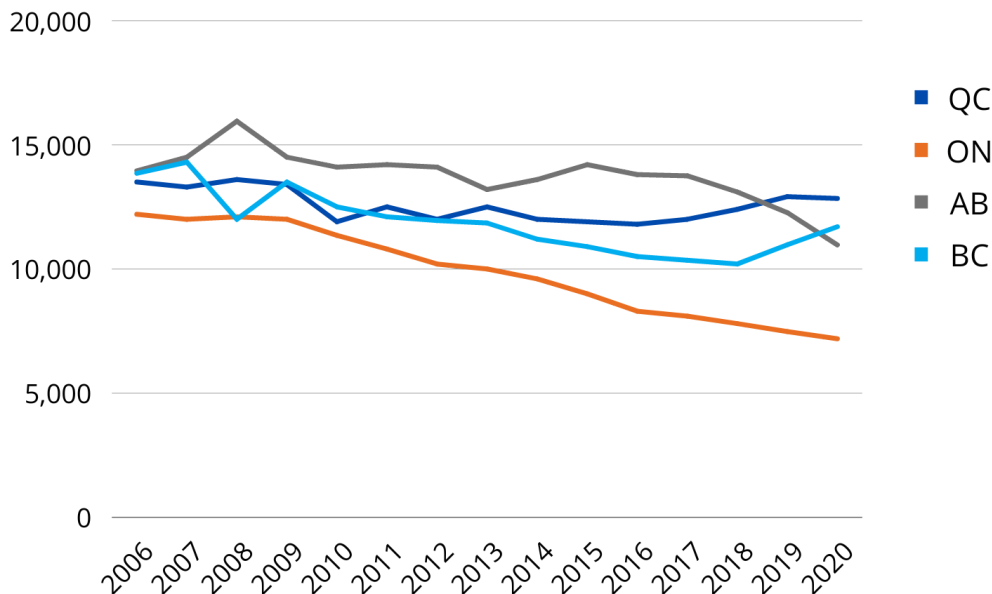
What is most notable in the timeline of BC's post-secondary funding is how interconnected political changes, economic shifts, and funding policies are to the success of post-secondary education. Decisions made about how and where allocations are made need to be made with a critical eye for how they will interact with already-existing post-secondary education elements.

Historic Funding Cuts Have Lasting Impact

Across Canada there has been a decline in real per FTE university operating grant expenditures over 2006/07 to 2020/21. After nine years of consecutive decline, per FTE operating expenditures rose by 4.6% over 2018/19 to 2019/20, and by 6.6% over 2019/20 to 2020/21. However, BC still has the second lowest per FTE operating expenditures from among QC, ON, AB and QC, declining by 17.3% in real terms over 2006/07 to 2020/21.

The mid- to late-2000s were marked with provincial funding cuts to post-secondary across the nation, particularly cuts to operating funding. These cuts have resulted in layoffs, fewer resources, and lower quality educational experiences at the institutional level. In BC, cuts were not evenly distributed across faculties or institutions with heavy cuts in education, nursing, and social work at UBC compared to other institutions. Today, these areas that require targeted funding to meet market demands.

Figure 1. University Operating Grants per Student FTE, Selected Provinces, 2006/07 - 2020/21



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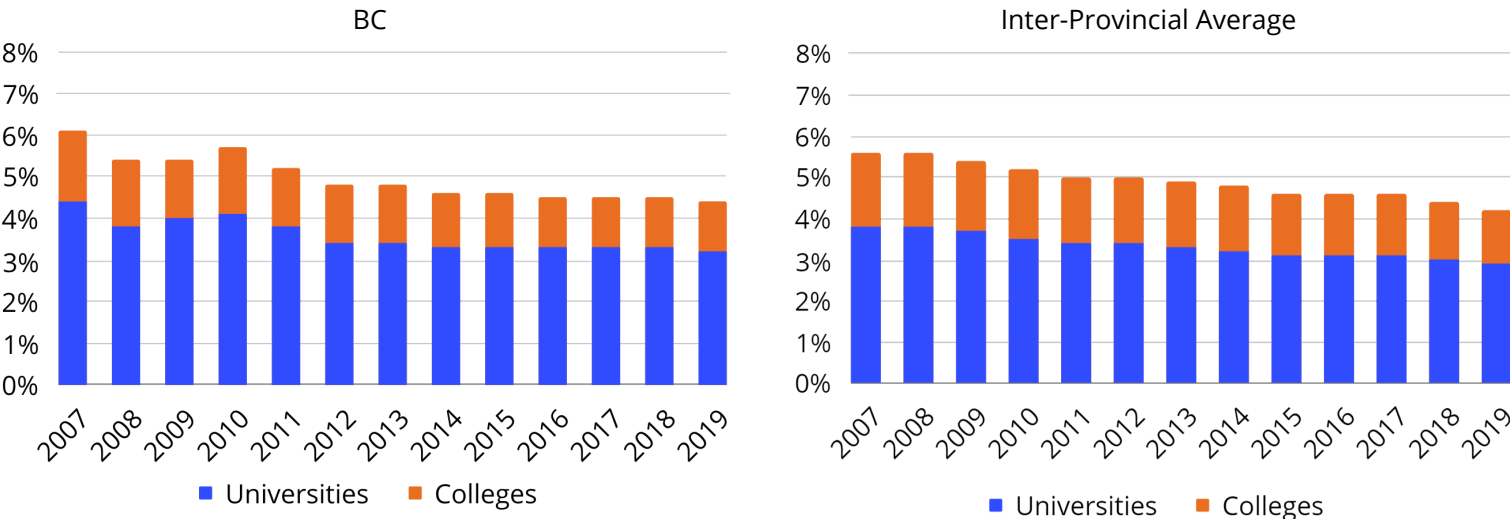
FACTS & FIGURES

Provincial spending on PSE is lower than average as a share of the economy



Overall spending on post-secondary education is lower in BC compared to most of the rest of Canada in terms of share of GDP. As a share of provincial government expenditures, however, BC spent a greater share of its revenues on universities in the earlier part of the period (2007-2011) compared to the inter-provincial average. Spending has not kept pace with inflation.

Figure 2. PSE as a Share of Provincial Government Expenditures, BC and Inter-Provincial Average, 2007/08 - 2018/2019



In 2007, 4.4% of BC provincial government expenditures were for universities (including degree-granting colleges), compared to the inter-provincial average of 3.8%. By the later part of the period, the PSE spending patterns in BC followed closer to the inter-provincial averages, ending the period at 3.3% for universities and 1.2% for colleges, compared to 3.0% and 1.4% respectively inter-provincially.

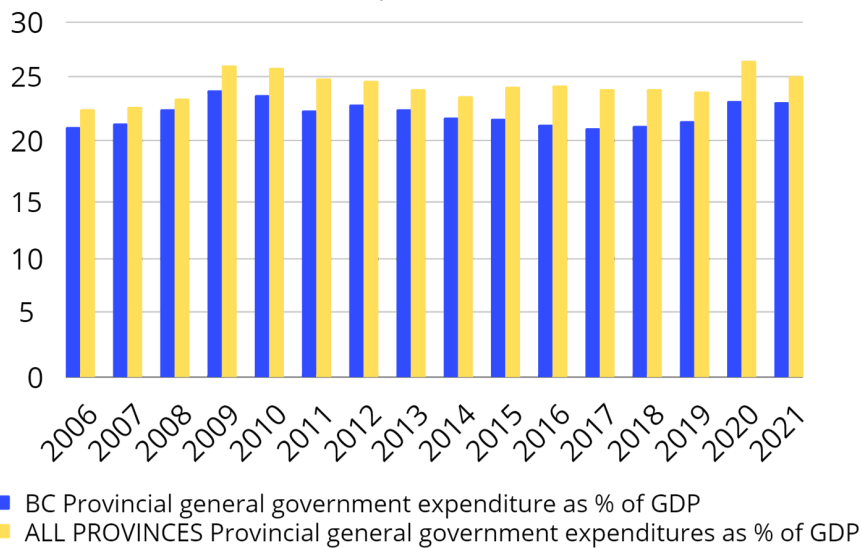
Funding BC's Advanced Education

FACTS & FIGURES

BC can afford to contribute more to advanced education

Public funding for the university sector in general in BC has been stagnant for over a decade, despite the province's relatively high economic growth and low unemployment rates compared to national and other provincial experiences. BC has consistently lower than average government expenditure to GDP and has managed its public debt better than most, even posting surpluses throughout the pandemic. There appears to be room in the BC budget to contribute more to public sectors including advanced education.

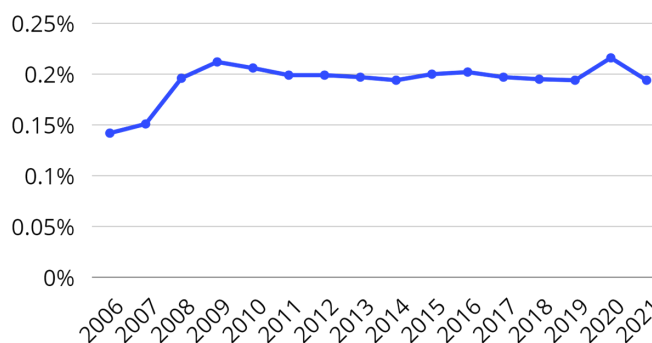
Figure 3. Provincial General Government Expenditures as a Share of GDP (&), BC and Canada, 2006-2021



Long-term underfunding of post-secondary education nationally and provincially

Federal cash transfers for PSE declined significantly over the 1980s and 1990s as a share of the economy. In 1983/1984, these transfers made up 0.45% of GDP, declining to 0.32% in 1993/94, and then down to 0.23 by 2003/2004. In 2006, federal cash transfers reached their lowest level (0.15% of GDP) since the long decline over the 1980s and especially the 1990s, before recovering somewhat by 2008. Since that time, they have remained fairly stable, averaging just over 0.2% of GDP. The first year of the pandemic saw an increase in cash transfers as a share of GDP.

Figure 4. Federal Cash Transfers for PSE as a Share of GDP, 2006/07 to 2020/21



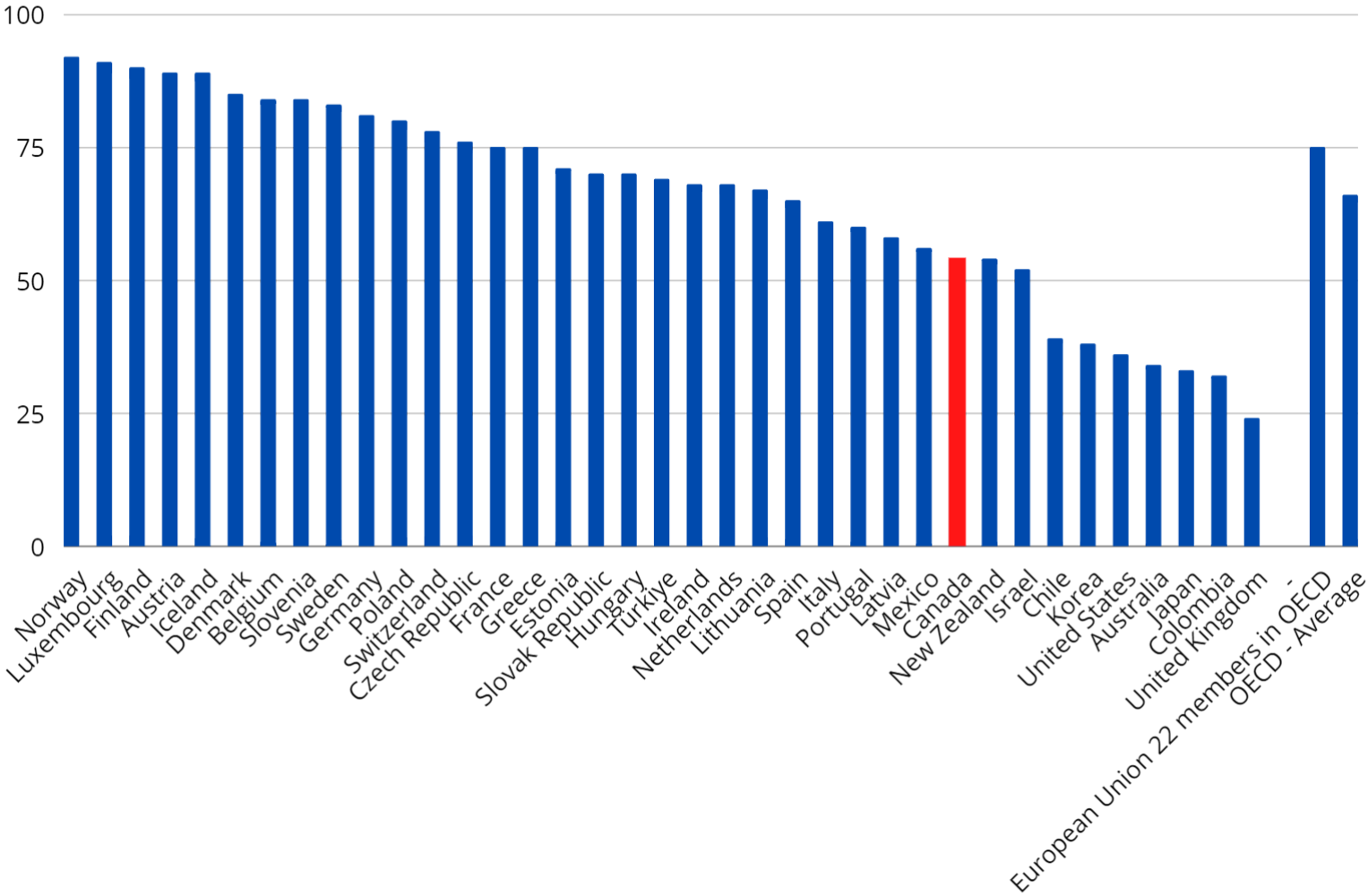
Funding BC's Advanced Education

FACTS & FIGURES

Long-term underfunding of post-secondary education nationally

Public funding of PSE systems in Canada is lower than most countries in the Organisation for Economic Co-operation and Development (OECD) and European Union. In 2019, Canada ranked 28th out of 37 OECD countries in terms of public funding of tertiary education. Approximately 54% of the higher education system in Canada was publicly-funded in 2019, compared to an OECD average of 66% and an EU average of 75%.

Figure 5. Share of Tertiary Education that is Publicly Funded, OECD Countries, 2019



Funding BC's Advanced Education

SIGNIFICANT FUNDING EVENTS

YEAR	KEY FUNDING EVENTS 2006-2022
2006	<p>Provincial budget</p> <ul style="list-style-type: none"> • \$161 million over three years for targeted funding that will fill skill shortages in health care, applied sciences, engineering, and technology • \$11 million to honour government commitment to fund a 1.5% compensation increase for unionized support staff • \$145 million over three years in additional operating funding to create 25,000 new student spaces by 2010 <p>Federal budget</p> <ul style="list-style-type: none"> • \$1 billion trust for capital projects related to post-secondary infrastructure, public transit, affordable housing, and off-reserve Aboriginal housing
2007	<p>Provincial budget</p> <ul style="list-style-type: none"> • \$343 million over three years for targeted funding that will fill skill shortages in health care, applied sciences, engineering, and trades • \$82 million addition over three years for the creation of 25,000 new student spaces by 2010 • \$20 million to provide scholarships / internships to support new & existing graduate spaces • \$15 million over two years to plan and implement Aboriginal post-secondary service plans for institutions in collaboration with Indigenous communities • Establishment of Children's Education Credit: \$1,000/child born to contribute toward cost of tuition and educational expenses • Student financial aid cut by \$23 million <p>Expansion of Tuition Limit Policy to include institutional and program mandatory fees Coalition for Student Loan Fairness launches petition to lower interest on student loans in Canadian Student Loan program Campus 2020 report is published, calling for renewed vision and unifying policy framework</p>
2008	<p>Context: Global recession</p> <p>Provincial budget</p> <ul style="list-style-type: none"> • \$60 million in new funding for research and innovation • Redirection of funds previously allocated for seat growth to areas of high labour market demand <ul style="list-style-type: none"> ◦ \$18 million to producing more trained doctors ◦ Additional \$3 million for increased nurse education and health care bursaries <p>Federal budget</p> <ul style="list-style-type: none"> • Canada Student Grant Program: introduction of Canada's first national system of grants for low- and middle-income students <p>Canada-BC Labour Market Development Agreement</p>

Funding BC's Advanced Education

SIGNIFICANT FUNDING EVENTS

YEAR	KEY FUNDING EVENTS 2006-2022
2009	<p>Provincial budget</p> <ul style="list-style-type: none">• \$228 million for new operating funding• Knowledge Infrastructure Program, \$260 million allocated from 2009/10 to 2012/13• Drop of \$16 million in capital funding from February to September• Drop of almost \$17 million in student financial assistance funding (February to September)• Cut to corporate tax rate <p>Federal budget</p> <ul style="list-style-type: none">• Reduced support to universities <p>UBC, UNBC, SFU, and RRU join Education Quality Assurance (EQA) program CFS-BC launch campaign to mobilize support for reducing student debt</p>
2010	<p>Provincial budget</p> <ul style="list-style-type: none">• Operational funding effectively frozen for next three years• Tuition fee revenues now exceed corporate tax revenues <p>Introduction of HST UVic joins Education Quality Assurance (EQA) program</p>
2011	<p>Provincial budget</p> <ul style="list-style-type: none">• Stagnant operational funding• U-Pass discount for Vancouver students introduced, saving students \$50-120/month• Investment of \$28 million through April 2013 to support implementation of U-Pass BC program in Metro Vancouver• Funding as required outside of Metro Vancouver ensure U-Pass rate remains < \$30/month <p>Bill 18 "Advanced Education Statutes Amendment Act" proposed</p>
2012	<p>Provincial budget</p> <ul style="list-style-type: none">• Challenging public post-secondary system to meet fiscal target of \$50 million in cost reductions to improve administrative efficiencies over the next three years• Capital spending cut by almost \$100 million• BC Jobs Plan• \$5 million in scholarships and research internships for students going abroad, to support globalization and international education• \$700,000 to Mitacs Globalink program to support international students participating in research internships at BC universities <p>Bill 18 "Advanced Education Statutes Amendment Act" amendment proposed (later repealed)</p>

Funding BC's Advanced Education

SIGNIFICANT FUNDING EVENTS

YEAR	KEY FUNDING EVENTS 2006-2022
2013	<p>Provincial budget</p> <ul style="list-style-type: none"> • BC Training and Education Savings Program: building upon Children’s Education Fund by providing payments sooner than later • Skills and Training Plan <p>Federal budget</p> <ul style="list-style-type: none"> • Building Canada Plan: \$5.2 billion investment in post-secondary institution infrastructure <p>BCNDP proposal to commit to establishing \$100 million needs-based non-repayable student grant program</p> <p><i>Central Deposit Program</i> launched: to reduce borrowing costs for BC government organizations by allowing them to invest cash back into government</p> <p><i>Assembly of First Nations’ Education, Jurisdiction, and Governance Report</i> comes out</p>
2014	<p>Provincial budget</p> <ul style="list-style-type: none"> • Elimination of \$6.9 million in funding for adult education programs <p>Federal budget</p> <ul style="list-style-type: none"> • Canada First Research Excellence Fund: \$50 million in 2015/16, then up to \$200 million/year in 2018/19 • Base budgets for three major granting councils raised by \$37 million • Reallocating \$40 million from Youth Employment Strategy Fund to create up to 3000 internships for post-secondary graduates in high-demand fields • \$8 million to Mitacs Elevate program for postdoctoral fellow to get research experience in industry <p>Taxpayer Accountability Principles adopted for BC public sector, promoting cost efficiency, accountability, corporate governance</p> <p><i>BC Skills for Jobs</i> blueprint to encourage participation in trades, nursing, and accounting</p> <p>Economic Stability Mandate (ESM) launched for unionized public sector employees</p> <p>Launch of BCFS’ <i>Squash the Squeeze</i> campaign</p>
2015	<p>Provincial budget</p> <ul style="list-style-type: none"> • Elimination of funding and tuition fee-free mandate for adult basic education (ABE) programming <p>Wage increases take effect, as per the Economic Stability Mandate (ESM)</p> <p>UNBC faculty strike over wage equity</p> <p>Compensation Employees Union (CEU) vs. Workers Compensation Board (WCB) over pay equity</p>

Funding BC's Advanced Education

SIGNIFICANT FUNDING EVENTS

YEAR	KEY FUNDING EVENTS 2006-2022
2016	<p>Provincial budget</p> <ul style="list-style-type: none"> • \$90 million targeted STEM funding <p>Federal budget</p> <ul style="list-style-type: none"> • \$95 million/year addition for funding research granting councils, raising total to \$141 million/year • \$2 billion over three years for Post-Secondary Strategic Investment Fund to support research and infrastructure renewal • 50% increase in Canada Student Grants <p>Loan repayment income threshold under BC Repayment Assistance Program raised from \$20,210 to \$25,000</p> <p>Orientation for BC Public Post-Secondary Institution Board Members includes institutional governance document</p> <p>#BCTECH strategy: BC allocates \$100 million to support growth in BC's technology sector</p>
2017	<p>Provincial budget</p> <ul style="list-style-type: none"> • Restoration of tuition fee-free adult basic education (ABE) and English language learner (ELL) courses • Reduction of BC Student Loans interest rates from prime + 2.5% to only prime rate • Former youth in care eligible to have tuition waived at 11 post-secondary institutions
2018	<p>Provincial budget</p> <ul style="list-style-type: none"> • New student housing program for public post-secondary valued at \$259 million over next three years • \$136 million allocated to enhance quality of child care, including funding addition capacity for education in Early Childhood Education programs • Increase of \$19 million annually to fund adult basic education (ABE) and English language learner (ELL) courses • \$102.6 million in new research funding under BC Knowledge Development Fund <p>Federal budget</p> <ul style="list-style-type: none"> • Planned 25% increase over three years for research funding and investment in research facilities • Small improvements to funding to support women in trades and Indigenous education <p>BC government creates merit-based Graduate Scholarship Program, valued at \$15 million (down from a campaign promise of \$50 million) emphasizing STEM, Indigenous programs, and regional programs</p> <p>BC government repeals Bill 18 "Advanced Education Statutes Amendment Act"</p> <p>BCFS relaunches <i>Squash the Squeeze</i> campaign as <i>Grants Not Loans</i></p>

Funding BC's Advanced Education

SIGNIFICANT FUNDING EVENTS

YEAR	KEY FUNDING EVENTS 2006-2022
2019	<p>Provincial budget</p> <ul style="list-style-type: none"> • Elimination of interest charged on BC portion of student loans through a \$318 million investment over four years • \$5 million targeted funding over three years to train and graduate healthcare providers • 5.8% increase to operating grants <p>Federal budget</p> <ul style="list-style-type: none"> • Additional \$327.5 million over five years to renew and expand Post-Secondary Student Support Program (PSSSP) • \$9 million allocated to Indspire for bursaries and scholarships for Indigenous students • \$15 million over five years to modernize the Canada Student Loans Program • Increased cap for equipment grants for students with disabilities from \$8,000 to \$20,000 • Expanded eligibility for students with severe disabilities to qualify for loan forgiveness • \$20 million over five years invested into improving loan accessibility. Students taking temporary leave from studies granted interest- and payment-free leave • \$631.2 million over five years to expand student work placement program • Increased paid parental leave from 6 to 12 months for student researchers and postdoctoral fellows • \$114 million over five years increased funding to federal granting councils, creating additional scholarship awards • \$147.9 million over five years to support student travel, study, and work abroad <p>UNBC Faculty Association vs. UNBC over compensation structure</p>
2020	<p>COVID-19</p> <p>Provincial budget</p> <ul style="list-style-type: none"> • Expansion of post-secondary technology programming, reaching \$42 million annually by 2022/23, as part of a six-year expansion plan for STEM programs in post-secondary • BC Access Grant created: needs-based non-repayable grant up to \$1,000/year per student • Developing new free mental health helpline at all post-secondary institutions in BC • Investing \$750,000 in sexual violence prevention programs • Capital investments into student housing totalling \$330 million <p>Provincial freeze on executive level compensation</p> <p>BCFS launches <i>Fairness for International Students</i> campaign</p>

Funding BC's Advanced Education

SIGNIFICANT FUNDING EVENTS

YEAR	KEY FUNDING EVENTS 2006-2022
2021	<p>Provincial budget</p> <ul style="list-style-type: none"> • \$96 million over three years to support expanded post-secondary education and training capacity for health professions, including nurses and health care workers • \$3.5 million to expand allied healthcare seats • \$10.5 million toward StrongerBC to support delivery of additional health care assistant, early childhood education, and community mental health worker seats • \$3 million Provincial Tuition Waiver Program for former youth in care, plus additional \$250,000 to Youth Futures Education Fund • \$4 million to 14 PSIs to develop and implement 23 micro-credentials in support of reskilling and upskilling programs • \$2.8 million to support 30 pilot projects to expand co-op and work-integrated learning programs to students • \$6.3 million emergency assistance to learners experiencing financial emergency • \$1.5 million to developing free mental health helpline at all post-secondary institutions
2022	<p>Provincial budget</p> <ul style="list-style-type: none"> • \$3.75 million merit-based scholarship for research-focused graduate students in STEM, business administration, and health programs; 250 awards of \$15,000 each over 3 years • \$3.5 million to expand seats in allied health programs • \$10 million in bursaries and professional development funding to help train, retain, and support allied health professionals • \$8.7 million to support health education programs, like sonography, occupational therapy and physical therapy, and anesthesia assistants • \$1.32 million to expand ECE seats as part of 10-year Childcare BC plan • \$5 million to Industry Training Authority (ITA) to support apprentices in mechanical, electrical, and automotive trades • Capital investments in student housing and on campus Indigenous gathering places • \$77.8 million for collaborative post-secondary campus in Langford, with Royal Roads University, University of Victoria Camosun College, and Justice Institute of BC • Province launches <i>BC Labour Market Outlook</i>, forecasting one million job openings over next decade, 80% of which will rely on post-secondary education

About CUFA BC



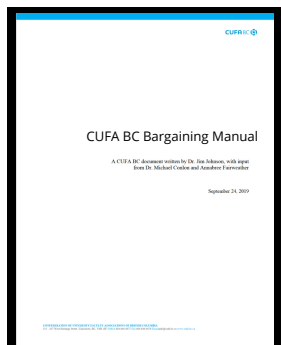
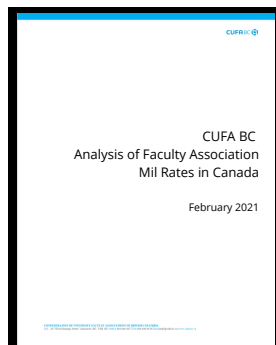
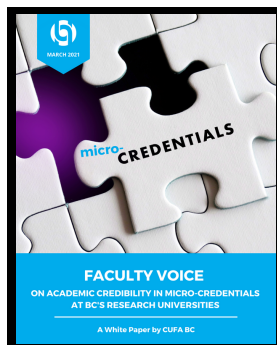
The Confederation of University Faculty Associations of British Columbia (CUFA BC) represents more than 5,500 faculty members (professors, lecturers, instructors, and academic librarians) through their unionized faculty associations at five research-intensive and doctoral universities in British Columbia: University of British Columbia, University of Northern British Columbia, University of Victoria, Royal Roads University, and Simon Fraser University.

For over fifty years, CUFA BC has promoted the value of post-secondary education and research in British Columbia. We advocate for the interests of members on a variety of issues affecting post-secondary education, including academic freedom, collegial governance, labour rights, and funding.

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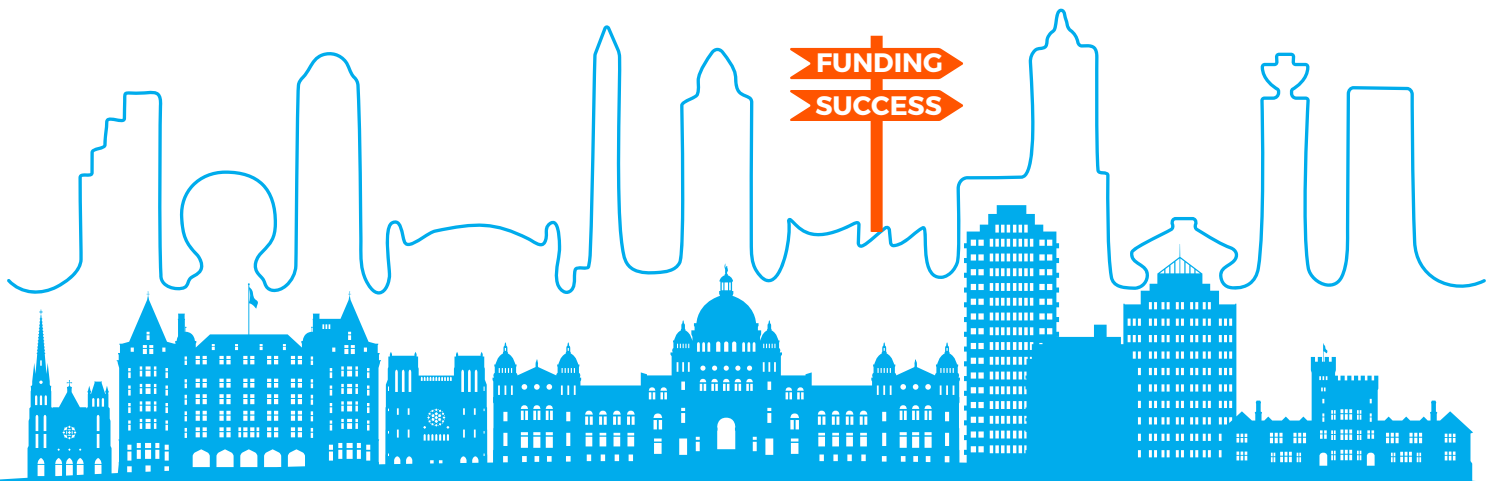
<p>1 INTRODUCTION TO THE SERIES</p> <p>FUNDING FOR SUCCESS POST-SECONDARY EDUCATION IN BC</p>	<p>2 MEET BRITISH COLUMBIA'S RESEARCH UNIVERSITIES</p> <p>FUNDING FOR SUCCESS POST-SECONDARY EDUCATION IN BC</p>	<p>3 AN OVERVIEW OF BRITISH COLUMBIA'S POST-SECONDARY FUNDING</p> <p>FUNDING FOR SUCCESS POST-SECONDARY EDUCATION IN BC</p>	<p>4 ON REVENUE & EXPENDITURES AT BC'S RESEARCH UNIVERSITIES</p> <p>FUNDING FOR SUCCESS POST-SECONDARY EDUCATION IN BC</p>	<p>5 ON PERFORMANCE INDICATORS IN POST-SECONDARY EDUCATION</p> <p>FUNDING FOR SUCCESS POST-SECONDARY EDUCATION IN BC</p>	<p>6 RECOMMENDATIONS FOR BC'S POST-SECONDARY FUNDING MODEL</p> <p>FUNDING FOR SUCCESS POST-SECONDARY EDUCATION IN BC</p>

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