

Canadian Association of University Teachers  
Association canadienne des professeures et professeurs d'université

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# Statement Regarding the 2012 Federal Budget

Presented by:

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## **I. Introduction and Summary**

The Canadian Association of University Teachers (CAUT) represents over 66,000 university and college teachers, academic librarians, researchers and professional and general staff at more than 120 universities and colleges from every province. We are committed to improving the accessibility and quality of post-secondary education and to defending academic freedom.

In recent months, it has become evident that the global economy continues to struggle. Economic stimulus from increased government spending in combination with low interest rates initially helped stabilize the economy. However, with governments now embracing austerity measures the outlook for a sustained recovery remains uncertain.

The Canadian government's current obsession with deficit reduction through program cuts is hard to justify. There remain a number of serious global and domestic risks to the short-term economic outlook, and expenditure reductions could stall what is already a fragile recovery. In fact, the federal debt as a share of GDP remains lower than that recorded in 2005-06 and is, as the government itself boasts, lower than any other G-7 country.

Against this backdrop, the Canadian government must refocus on building economic recovery by investing in programs and initiatives that create quality jobs and lay the foundations for sustainable growth, and the long-term social and cultural development of Canada. In this respect, one of the most important investments the federal government can make in the next budget is in post-secondary education and research. **CAUT recommends that the federal government develop a pan-Canadian strategy to boost scientific research and improve the accessibility and quality of post-secondary education.** The key elements of this strategy should include:

- an increase of \$500 million in funding for basic research provided through SSHRC, NSERC and CIHR;
- the establishment of a *Canada Post-Secondary Education Act*, modelled on the *Canada Health Act*, that outlines responsibilities and expectations for the federal and provincial governments, establishes pan-Canadian guidelines and principles, and determines long-term and stable funding formulae; and
- the expansion of the Canada Student Grant Program to provide more assistance for students from low- and middle-income families and the provision of full financial assistance for all qualified Aboriginal students.

## **II. A Pan-Canadian Strategy for Post-Secondary Education and Research**

### **A. Investing in Scientific Research**

In the 2009 Budget, funding for three granting councils was reduced by \$147.9 million over 3 years, leading to the elimination of a number of programs in support of basic research.

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Budget 2010 increased funding by just \$32 million per year. Budget 2011 added an equally modest boost of \$37 million, with an additional \$10 million allocated to the Indirect Costs Program administered by SSHRC. Excluding the latter, the new core funding for the granting councils in 2011 represents an increase of just 1.7%.

Adjusted for inflation, the granting councils have seen steady erosion in their base budgets over the past five years. Since 2007-08, funding for SSHRC has declined by over 10% in real terms. NSERC's funding is down a more modest 1.2%, while core support for CIHR has dropped by 4.1%.

<b>Granting Council Base Funding, 2007-2012 (constant 2010 dollars, millions)</b>						
	2007-08	2008-09	2009-10	2010-11	2011-12	% change (2007-12)
SSHRC	383.7	358.1	350.4	342.5	342.6	-11%
NSERC	1057.9	1051.8	1070.6	1050.7	1044.8	-1.2%
CIHR	1017.8	989.8	1001.8	980.8	976.3	-4.1%
Indirect Costs	327.8	335.7	330.9	322.4	325.9	-0.5%
<b>Total</b>	<b>2787.2</b>	<b>2735.4</b>	<b>2753.6</b>	<b>2696.4</b>	<b>2689.6</b>	<b>-3.5%</b>

While providing inadequate support for basic research in recent budgets, the government has targeted new investments in directed research that appear to hold the promise of immediate commercial value. This, however, is a shortsighted and narrow view of scientific progress. The discovery of X-rays, nylon, Teflon, GPS technology, informatics, superconductivity and medical imaging are just some of the innovations that emerged as the unanticipated results of basic research.

This explains why Canada's university-based researchers remain deeply troubled by the increasing tendency of the government to place undue restrictions on research funding and bypass the peer review process. Rather than allow the scientific community to determine what research is most worth funding, the government has increasingly required the granting agencies to direct funding toward specific disciplines and topics determined by the government. Even more serious, the government used the budget to preemptively direct specific funding to specific facilities.

CAUT is also concerned about the government's lack of commitment to independent and reliable data provided by government science. Recently announced job cuts at Environment Canada and the National Research Council, for example, raise serious concerns. Similarly, funding cuts at Statistics Canada affect a significant portion of Canada's research community which relies upon the data produced by Statistics Canada to conduct research across all scientific fields. Already, following a \$6 million reduction as part of the government's strategic review, a number of important surveys conducted by Statistics Canada have been eliminated, and the future of others is uncertain. The misguided decision to end the mandatory long-form

Census has been condemned by virtually every statistician and social scientist in the country. Statistics Canada officials now concede that the change has compromised data integrity that will have a knock-on effect on other surveys that are essential for economic and social planning.

The government's policies on research have to date been short-sighted and dangerous. To ensure that Canadians can reap the benefits of scientific research, CAUT recommends that the government:

- Increase basic research funding for Canada's three funding agencies by \$500 million.
- Ensure that research funding is provided through Canada's funding agencies and that decisions about priorities, projects, programs and scholarships be made by the peer-review process through the funding agencies in order to assure that decisions are made on the basis of merit by the scientific community.
- Increase the base budget of Statistics Canada by 10%.

#### **B. Improving Federal Support of Post-Secondary Education**

Canada's universities and colleges are facing uncertain financial times. Many institutions are imposing hiring freezes, lay-offs, and reductions in services that will have a serious impact on the quality of Canada's post-secondary education system. Meanwhile, provincial governments are warning of limited funding increases in the future.

The finances of Canada's universities and colleges are inadequate. While the recession has had some impact, long-term public under-funding is the primary source of the problem. Public funding of universities and colleges has dropped sharply over the past two decades. In 1990, government operating grants made up 80% of total university operating revenues. By 2009, that had fallen to 58%.

A major factor behind this decline has been the reduction in cash transfers from the federal government to the provinces that began in the mid-1990s. While the current government has restored some of the funding that had been cut, federal cash transfers for post-secondary education still remain well below previous levels when inflation and population growth are considered. Current cash transfers provided within the Canada Social Transfer for post-secondary education – approximately \$3.5 billion in 2011-12 – are still more than \$400 million short of what would be needed just to restore funding to 1992-93 levels, adjusting for inflation and population growth. Moreover, CST funding is set to increase by just 3% per year, a rate of increase that doesn't adequately reflect rising costs and the increased demand for post-secondary education. This escalator falls well short of the needs as identified by the provinces.

The federal government must do more to fix this funding imbalance. At a minimum, the government must maintain the current CST escalator. As negotiations with the provinces to renew these fiscal arrangements begin, the federal government must be prepared to consider an increase in the escalator to more accurately reflect growth in the post-secondary education sector. CAUT recommends that the government, in cooperation with the provinces, use these

negotiations to establish a pan-Canadian strategy to improve the quality and accessibility of post-secondary education. As a first step, the federal government must be willing to assist the provinces in providing more adequate funding for universities and colleges. CAUT recommends that federal cash transfers for post-secondary education be increased in the fiscal year 2012-13 by \$400 million to restore funding to 1992-93 levels. Over the following three years, the total cash transfer should be raised to 0.5% of GDP, a level of federal funding consistent with that in the late 1970s and early 1980s. If the government can afford \$6 billion in foregone revenue as a result of its corporate tax cuts, then surely given the economic, social and cultural benefits generated by Canada's colleges and universities, a significant new investment is both reasonable and necessary.

CAUT recognizes that the ability of the federal government to address the under-funding of Canada's universities and colleges is hampered by fundamental flaws in how it provides cash transfers to the provinces in support of post-secondary education. The current CST is an unconditional block fund. Where, how or even if the money is spent, let alone spent on post-secondary education, is left entirely to the provinces. This contrasts with the funding of health care, provided through a separate funding envelope – the Canada Health Transfer – and governed by national standards as provided in the *Canada Health Act*. CAUT recommends that the CST be replaced by separate stand-alone funds for social services and post-secondary education. A newly established Post-Secondary Education Transfer should be governed by a *Post-Secondary Education Act*, modelled on the *Canada Health Act*. The *Post-Secondary Education Act* should outline clear responsibilities and expectations for the federal and provincial/territorial governments, establish pan-Canadian guidelines and principles, enact enforcement mechanisms and determine long-term, stable funding formulae, and provide for a post-secondary education advisory council on which provinces would be represented.

### **C. Improving Accessibility**

The reduction in public funding of universities and colleges has led to unprecedented increases in tuition fees. Average fees for undergraduate students across Canada have ballooned by more than 287% since 1990/91 – from approximately \$1,200 to nearly \$5,000. Students entering professional programs have witnessed even steeper fee increases.

Increasingly, a university or college education is now a basic requirement in order to participate in the labour market. More and more Canadians are looking to upgrade their skills and pursue further studies at universities and college. However, many of them are unable to afford rising fees and living expenses.

Budget 2011 provides only modest relief for students struggling with heavy debt loads and rising tuition fees and other costs. The government should make it a priority in its next budget to improve the level of assistance provided to students through the Canada Student Grant Program. The level of assistance provided to low-income students is just \$2,000 per year, which is not even enough to cover half the cost of tuition in most provinces. CAUT recommends raising the maximum grant to \$5,000, a level that more accurately reflects the average undergraduate

tuition fee in the country.

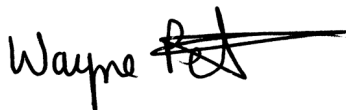
In addition, the government should do more to ease the rapid escalation in student debt. A coordinated strategy by the federal and provincial governments to more adequately fund universities and colleges so that tuition fees can be lowered and sufficient grants be offered to more students is urgently needed. In the meantime, students experiencing difficulties repaying their loans must be offered better assistance. The federal government should substantially increase the income threshold for determining eligibility for student loan interest relief, reduce the Canada Student Loan Program repayment interest rate, and increase the maximum amount of debt reduction for borrowers who are experiencing difficulty meeting their loan payments.

Rising fees have placed a disproportionate burden on Canada's Aboriginal students. Funding provided to band councils to support Aboriginal students has remained static while tuition fees have skyrocketed. As a result, thousands of qualified Aboriginal students remain on long waiting lists to get the funding they need to pursue a post-secondary education. It is time for the federal government to honour its historical commitments to Canada's First Nations by recognizing that education is a treaty right and by providing appropriate funding. As the Assembly of First Nations has noted, investing education is not only a benefit to First Nations communities; it's a long-term and sustainable plan for Canada's economy.

### **III. Conclusion**

Budget 2012 should do more to address the urgent needs in post-secondary education and research. With many provinces experiencing comparatively higher deficits and debts, the federal government has ample fiscal room to make the needed investments in the core operations of universities and colleges. The continuing underfunding of the granting councils and the shifting of resources away from basic scientific research remains a serious concern and a weakness. Failing to invest in independent peer-review research will continue to make it more difficult for the research community to serve the public interest by advancing knowledge and promoting the economic, social and cultural development of Canada.

This document is respectfully submitted on behalf of the  
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