

Statement Regarding the 2015 Federal Budget

Presented by:

The Canadian Association of University Teachers

2705 Queensview Drive, Ottawa ON K2B 8K2

Tel: 1.613.820.2270 Fax: 1.613.820.7244



2705, promenade Queensview Drive
Ottawa (Ontario) K2B 8K2
www.caut.ca

I. Introduction and Summary

The Canadian Association of University Teachers (CAUT) represents over 68,000 university and college teachers, academic librarians, researchers, professionals and general staff at more than 120 postsecondary institutions in every province. We are committed to improving the accessibility and quality of postsecondary education and defending academic freedom.

Following several years of austerity budgets, Budget 2015 is expected to post a surplus. Drastic cuts in recent years to government programs and institutions are in large part responsible for the elimination of the deficit. With a return to balanced books, it is time to give back to the communities, including the postsecondary and research sectors, which sacrificed in order to attain this national goal.

With continuing economic uncertainty, high levels of unemployment and growing inequality, the federal government must build a sustainable path for growth by focusing investments on boosting employment through programs like education and research. The federal government has the fiscal room to do so and such action would help offset some of the austerity measures being imposed at the provincial level.

CAUT recommends that the federal government develop a Pan-Canadian strategy to boost scientific research and improve accessibility and quality of postsecondary education. The key elements of this strategy should include:

- an increase of \$500 million in funding for non-targeted basic research provided through SSHRC, NSERC and CIHR;
- the establishment of a *Canada Postsecondary Education Act*, modelled on the *Canada Health Act*, outlining responsibilities and expectations for the federal and provincial governments, establishing Pan-Canadian guidelines and principles, and determining 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 Postsecondary Education and Research

A. Investing in Scientific Research

In the 2009 Budget, funding for the 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. Adjusting for inflation shows the granting councils have seen steady erosion of their base budgets over the past eight years. Every single budget since 2007 (with one small exception in 2009) has chipped away funding: SSHRC funding declined by over 10% in real

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terms; NSERC's funding is down 4.4%; while core support for CIHR dropped by 7.5%.

Granting Council Base Funding, 2007-2015 (constant 2010 dollars, millions)									
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2007-15
SSHRC	383.7	358.1	368.1	359.4	355.6	351.5	348.9	343.5	-10.5%
NSERC	1057.9	1051.5	1042.3	1050.2	1030.8	1018.9	1015.2	1011.4	-4.4%
CIHR	1017.8	989.8	1020.1	1026.9	953.0	969.4	947.7	941.6	-7.5%
Indirect costs	327.9	335.7	330.9	324.9	322.6	318.9	315.0	320.4	-2.3%
Total	2787.2	2735.0	2761.5	2761.4	2662.1	2658.7	2626.8	2616.8	-6.1%

While providing inadequate support for basic research, the government has targeted new investments at research appearing to hold the promise of near immediate commercial value. This, however, is a shortsighted and narrow view of scientific progress that ignores the value of basic investigator-driven research. 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 disturbed by the government's increasing tendency 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 increasingly requires granting agencies to direct funding toward specific disciplines and topics. Even more serious, the government has used budgets to preemptively direct funding to specific facilities.

Budget 2014 announced the creation of the Canada First Research Excellence Fund (CFREF). Though CAUT welcomes the announcement of an additional \$1.5 billion in research grants, we note that: 1) most of this money is promised over a period of time; and 2) the program is set up in such a way that it concentrates funding in a small group of select universities to the detriment of researchers at all other institutions. We therefore recommend that measures be taken in Budget 2015 to release more of this money sooner and in such a way as to include more researchers at more institutions.

We are concerned about the lack of commitment to independent and reliable data provided by government scientists. Cuts at the Department of Fisheries and Oceans and the National Research Council and the reductions at Statistics Canada, including the elimination of the long-form Census, continue to impede researchers striving to improve the lives of Canadians. The federal government must reinvest in its own research programs and free its scientists to provide the public with reliable and independent scientific knowledge and advice.

To ensure Canadians can reap the benefits of scientific research, CAUT recommends the government:

- Increase basic research funding by \$500 million for Canada's three funding agencies.
- Ensure research funding is provided through Canada's funding agencies and decisions about priorities, projects, programs and scholarships are made by the scientific community on the basis of merit.
- Cease muzzling government scientists, reinvest in government science, and reinstate the mandatory long-form census.

B. Improving Federal Support of Postsecondary Education

Canada's postsecondary institutions are facing uncertain financial times. Many are imposing hiring freezes, lay-offs, and service reductions that will seriously impact the quality of Canada's universities and colleges. Meanwhile, many provincial governments are warning of limited future funding increases.

Public funding of Canada's universities and colleges is inadequate. For instance, in 1990 government operating grants made up 80% of total university operating revenues. By 2012, that had fallen to just less than 55%.

A major factor behind this decline has been the reduction in cash transfers from the federal government to the provinces that began in the 1990s. While the current government restored some of the funding, federal cash transfers for postsecondary education remain well below previous levels when inflation and population growth are considered. Current cash transfers provided within the Canada Social Transfer for postsecondary education – approximately \$3.8 billion in 2014-15 – are more than \$500 million short of matching 1992-93 funding levels (adjusting for inflation and population growth). Moreover, CST funding is set to increase by just 3% per year, a rate of increase that does not adequately reflect rising costs and increased demand for postsecondary education. This escalator falls short of provincial needs.

The federal government must remedy this funding imbalance. At a minimum, the government must maintain the current CST escalator. In future years, the federal government must consider an increase in the escalator to more accurately reflect growth in the postsecondary education sector. CAUT recommends that the federal and provincial governments in cooperation establish a Pan-Canadian strategy to improve the quality and accessibility of postsecondary education. As a first step, the federal government must be willing to provide more adequate funding for universities and colleges. CAUT recommends that federal cash transfers for postsecondary education be increased in the fiscal year 2015-16 by \$500

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.

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 postsecondary education. The current CST is an unconditional block fund. Where, how or even if the money is spent, let alone spent on postsecondary education, is left entirely to provinces. This contrasts with the funding of health care, provided through a separate funding envelope – the Canada Health Transfer – and governed by national standards in the *Canada Health Act*. CAUT recommends that the CST be replaced by separate stand-alone funds for social services and postsecondary education. A newly established Postsecondary Education Transfer should be governed by a *Postsecondary Education Act*, modelled on the *Canada Health Act*. The *Postsecondary Education Act* should outline responsibilities and expectations for the federal and provincial/territorial governments, establish pan-Canadian guidelines, enact enforcement mechanisms, determine long-term stable funding formulae, and provide for a postsecondary education advisory council on which provinces would be represented.

C. Improving Accessibility

The reduction in public postsecondary funding has led to unprecedented increases in tuition fees. Average fees for undergraduate students across Canada have ballooned by more than 500% since 1990-91 – from approximately \$1,200 to more than \$6,000. Students entering professional programs have witnessed even worse tuition hikes.

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

Budget 2014 provided almost no relief for students struggling with heavy debt loads, rising tuition fees and other costs. The government should make it a priority in Budget 2015 to improve student assistance through the Canada Student Grant Program. The level of assistance provided to low-income students is just \$2,000 per year—not even enough to cover half the cost of tuition in most provinces. CAUT recommends raising the maximum grant to \$6,000, a level closer to average Canadian undergraduate tuition fees.

In addition, the government should do more to ease the rapid escalation in student debt. A coordinated strategy by federal and provincial governments is urgently needed to more adequately fund universities and colleges so tuition fees can be lowered and sufficient grants

be offered to more students. Meanwhile, students experiencing difficulties repaying loans must be offered better assistance. The federal government should: substantially increase income thresholds for determining student loan interest relief eligibility; reduce Canada Student Loan Program repayment interest rates; and increase the maximum amount of debt reduction for borrowers who are experiencing difficulty meeting loan payments.

Rising fees place a disproportionate burden on Canada's Aboriginal students. Funding provided to band councils to support First Nations students has plateaued while tuition fees skyrocket. Consequently, thousands of qualified students remain on waiting lists for funding to pursue postsecondary education. It is time for the federal government to honour its historical commitments to Canada's First Nations, recognize education is a treaty right, and provide appropriate funding. As the Assembly of First Nations has noted, investing in education is not only a benefit to First Nations communities; it is a long-term and sustainable plan for Canada's economy.

III. Conclusion

Budget 2015 must address the urgent needs of postsecondary education and research. For the first time in several years, the federal government has ample fiscal room to make needed investments in this sector. The continuing underfunding of the granting councils and the shifting of resources away from basic scientific research continues to alarm us. 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
Canadian Association of University Teachers:



Robin Vose
President



David Robinson
Executive Director