



Federation of
Post-Secondary Educators
of BC

Submission to the Select Standing Committee
on Finance and Government Services
Budget 2005 Consultation

October, 2004

Reinvesting in Post-Secondary Education

Expanding Access & Ensuring Affordability

Federation of Post-Secondary Educators of BC

BC Provincial Budget Consultation 2005

The Federation of Post-Secondary Educators of BC is pleased to submit issues and recommendations for consideration in the 2005 provincial budget. The FPSE represents more than 8,000 faculty and staff in local associations at British Columbia's public colleges, university colleges and institutes as well as in private education institutions. In communities throughout the province FPSE members deliver programs and services for students across all program areas: academic, vocational, apprenticeship, technical, career, Adult Basic Education and English language training programs.

In this submission, FPSE outlines the trends in BC's college, university college and institute system – a number of which should be of concern to the committee given the demonstrable link between a vibrant economy and an effective post-secondary education system.

POST-SECONDARY EDUCATION IN BC

The BC college, university college and institute system consists of 22 institutions, with campuses and learning centres in communities throughout the province. The system is extensive – in 2004-05 it is expected to provide about 88,600 student spaces in addition to more than 6,000 trades training spaces. BC universities are expected to provide 69,300 spaces funded in 2004-05.

BC post-secondary institutions also face a good deal of growth and change. All two-year colleges may now offer degree programs. University colleges and institutes now have the capacity to offer graduate degree programs. University College of the Cariboo is in the process of merging with the Open University and Open College to become Thompson Rivers University. Okanagan University College is being restructured and as a result will be divided into UBC Okanagan and a new Okanagan College. There is much change on the horizon.

We know that British Columbians will need more education in the future. Close to 75 per cent of new jobs will require some post-secondary education. British Columbia continues to experience a high rate of population growth from natural increases and immigration. The Ministry of Advanced Education's 2003-04 Annual Report notes that BC's student age population (18 to 29) is projected to grow by 3.7 per cent between 2002 and 2005 (from 664,740 to 689,231). The demographic structure of our labour market – whereby an increasing proportion of workers are approaching retirement age – means that government must adopt policies that respond to the need for retraining and upgrading, and for retaining workers who would otherwise retire.

In addition to demographic trends, our provincial economy continues to undergo much transition. This has increased the need for accessible and affordable post-secondary education in communities throughout BC.

BUDGET 2004 COMMITTEE RECOMMENDATIONS

In the 2004 BC Budget consultation, the Committee heard from many in the post-secondary sector. As a result, while the committee's report did not address issues of affordability for students and families, it did identify a need to reinvest in post-secondary education and to address the skills shortage issue.

"The Committee was struck by the consensus among witnesses representing different sectors of the economy that any additional funding in future years should go first to improve access to public post-secondary education. College and university administrators, faculty and students, the business community, labour unions and concerned citizens all agreed that investment in knowledge and innovation is the key to future economic growth, and also that the access issue was a significant and widespread concern.

In terms of spending priorities, the major message was the need for more operational and capital funding to meet the increasing demand for access to colleges and universities. While the capital construction program was cited as a good start, the Committee heard that even more student spaces are required."

Report on the 2004 Budget Consultation Process, Select Standing Committee on Finance and Government Services, Fourth Session, Thirty-Seventh Parliament, 2003, p. 12

Given the Committee's interest and its recommendations, we have offered our assessment of the past year and government's three-year advanced education plan that is currently in place as a starting point for our analysis and recommendations.

THE 2003-04 YEAR

Below is a brief summary of revenue and spending in the college, university college and institute system for past fiscal year.

- Total revenue for institutions increased by seven per cent between 2002-03 and 2003-04, with revenue exceeding \$1.3 billion dollars. Institutions raised \$82 million more in 2003-04 than the previous year.
- Institutions raised \$66 million more in tuition fees in 2003-04.
- 80 per cent of all new revenue for institutions in 2003-04 came from increases in student fees.
- The proportion of institutional revenues from the provincial government declined from 58 per cent in 2002 to 56 per cent in 2003, and finally to 53 per cent in 2004.
- Tuition fees made up a much larger proportion of revenue in 2003-04 than in the previous year, growing from 20 per cent of institutional revenue in 2002-03 to 24 per cent of revenue in 2003-04.
- Institutions took in significantly more revenue than they spent – with combined surpluses after all fund transfers of close to \$60 million.

(Source: Institutions' Audited Financial Statements)

THREE YEAR PLAN SEES DECLINING FUNDING

Despite the Committee's recommendation that funding be increased, the current three-year plan will see reduced funding per-student in each year. In the colleges, university colleges and institutes, funding pressures have been significant, particularly given the diverse range of communities and populations served by these institutions. As the table on the following pages indicates, over the term of the current government, funding will have declined by about \$250 per student when the current three-year plan ends in 2006-07. The college system alone requires close to \$25 million more annually just to return to 2001 levels. For quality and access to be maintained, government funding would also have to recognize inflationary pressures and a more rapidly growing student age population than the overall population in BC.

**Funding and Student Spaces
BC Colleges, University Colleges and Institutes
2001 - 02 to 2006 - 07**

Institution	2001-02 \$	2002-03 \$	2003-04 \$	2004-05 \$	2005-06 \$	2006-07 \$
BCIT	\$79,367,854	\$84,172,409	\$84,172,409	\$85,106,368	\$85,851,968	\$86,118,768
Camosun	\$37,068,993	\$38,645,010	\$38,684,190	\$39,352,808	\$39,774,408	\$39,918,408
Capilano	\$29,764,132	\$30,397,643	\$30,455,705	\$31,280,505	\$31,424,505	\$31,522,005
CNC	\$22,252,121	\$22,768,842	\$22,768,842	\$22,872,062	\$22,996,062	\$23,126,562
Rockies	\$12,359,820	\$12,566,651	\$12,630,123	\$12,749,123	\$12,889,123	\$13,037,623
Douglas	\$41,541,917	\$42,795,358	\$42,846,558	\$43,473,358	\$44,037,358	\$44,533,858
ECIAD	\$9,699,722	\$10,102,585	\$10,102,585	\$10,122,585	\$10,162,585	\$10,213,585
IIG	\$1,889,425	\$1,963,387	\$1,963,387	\$1,963,387	\$1,963,387	\$1,963,387
Justice	\$6,375,219	\$6,344,541	\$6,344,541	\$6,362,369	\$6,374,369	\$6,374,369
Kwantlen	\$47,493,285	\$50,254,727	\$50,354,727	\$51,003,421	\$52,229,935	\$53,096,435
Langara	\$32,668,125	\$33,716,063	\$33,806,814	\$34,411,294	\$34,599,294	\$34,708,794
Malaspina	\$36,356,104	\$38,049,925	\$38,427,439	\$39,020,384	\$39,634,944	\$39,966,444
NVIT	\$3,618,506	\$3,646,330	\$3,646,330	\$3,689,072	\$3,721,072	\$3,733,072
North Island	\$17,429,414	\$17,835,511	\$17,950,381	\$18,280,381	\$18,376,381	\$18,454,381
Northern Lights	\$14,577,800	\$14,623,157	\$14,657,009	\$14,720,784	\$14,784,784	\$14,867,284
Northwest	\$14,019,715	\$14,424,265	\$14,442,138	\$14,498,186	\$14,546,186	\$14,630,186
Okanagan	\$43,027,255	\$45,395,851	\$45,434,098	\$47,064,098	\$55,750,098	\$66,276,098
Selkirk	\$20,260,874	\$20,592,812	\$20,749,479	\$20,963,161	\$21,206,161	\$21,266,161
Cariboo	\$38,246,535	\$39,946,089	\$40,138,880	\$41,013,880	\$41,630,067	\$42,575,067
Fraser Valley	\$33,486,502	\$34,698,747	\$34,936,458	\$35,404,889	\$36,072,684	\$36,665,184
VCC	\$42,681,435	\$43,521,550	\$44,374,700	\$44,809,837	\$45,267,837	\$45,417,837
Totals	\$584,184,753	\$606,461,453	\$608,886,793	\$618,161,952	\$633,293,208	\$648,465,508
\$/FTE	\$7,292	\$7,291	\$7,171	\$7,159	\$7,143	\$7,041

Sources:

- MAVED allocation letters to institutions 2002, 2003 and 2004 and MAVED additional information regarding grants in 2001-02 and 2002-03
- FTE information from MAVED publication "History of FTEs" and from allocation letters to institutions
- Funding and FTE allocations for the OLA and from the Industry Training Authority are not included
- 2004-05 funding does not include annual capital allowance
- MAVED – Ministry of Advanced Education

**Funding and Student Spaces (contd.)
BC Colleges, University Colleges and Institutes
2001 - 02 to 2006 - 07**

Institution	2001-02 FTE	2002-03 FTE	2003-04 FTE	2004-05 FTE	2005-06 FTE	2006-07 FTE
BCIT	8,684	9,090	9,269	9,463	9,629	9,777
Camosun	5,541	5,824	5,856	5,938	5,973	6,069
Capilano	5,157	5,335	5,424	5,501	5,537	5,602
CNC	2,773	2,903	2,905	2,928	2,959	3,046
Rockies	1,386	1,465	1,430	1,451	1,486	1,585
Douglas	6,576	6,787	6,889	6,988	7,129	7,460
ECIAD	1,020	1,061	1,061	1,066	1,076	1,100
IIG	125	129	129	129	129	129
Justice	199	206	206	210	213	213
Kwantlen	7,657	7,854	8,274	8,436	8,730	9,079
Langara	5,386	5,611	5,649	5,729	5,776	5,849
Malaspina	5,274	5,553	5,696	5,828	5,961	6,182
NVIT	213	220	228	238	246	254
North Island	2,171	2,273	2,266	2,286	2,310	2,362
Northern Lights	1,535	1,588	1,569	1,584	1,600	1,655
Northwest	1,614	1,711	1,649	1,663	1,675	1,731
Okanagan	6,209	6,093	6,604	6,780	7,698	8,800
Selkirk	2,115	2,222	2,222	2,260	2,312	2,352
Cariboo	5,030	5,288	5,409	5,534	5,621	5,756
Fraser Valley	4,809	5,016	5,185	5,272	5,438	5,833
VCC	6,640	6,948	6,990	7,060	7,161	7,261
Totals	80,114	83,177	84,910	86,344	88,659	92,095
\$/FTE	\$7,292	\$7,291	\$7,171	\$7,159	\$7,143	\$7,041

By 2006 - 07:

- Funding per student will have declined by \$250 per student
- Institutions would require an additional \$25 million annually just to return to 2001 funding levels

REGIONAL AND PROGRAM DISPARITIES ARE GROWING

In our submission to the Committee last year, we flagged concerns over the loss of comprehensive programs and services. We continue to have these concerns. Preliminary enrolment information for the college system indicates that in 2003-04, student enrolment declined in ten of 22 institutions. While overall enrolment numbers across the post-secondary system are increasing, it should be a serious concern to government that in many regional institutions, there is a decline.

We are concerned that low enrolment levels are the result of a combination of government underfunding, rapidly rising tuition fees and the loss of student grants. We know that students are more likely to participate in post-secondary education if they can study closer to home. This is particularly true of students from middle and lower income families. The Statistics Canada study *Access to College and University: Does Distance Matter?* found that where there is no college within commuting distance, only 13 per cent of high school graduates from middle income families and 9 per cent of graduates from lower income families attend. The current funding regime is clearly limiting choices and opportunities for many students.

Important program and service areas may also be in jeopardy if improved funding is not forthcoming. Our post-secondary institutions have a proud history of offering a wide range of developmental programming – allowing adults to return and gain high school completion, working with special needs students, and assisting new immigrants who are learning English and preparing to join the labour market. We have seen a serious erosion of programs and services in these areas. Once lost, these programs and services can be very difficult to rebuild and we are concerned that time may be running out in some institutions.

The government has identified some key areas in which special funding and initiatives are in place. We are very supportive of initiatives to increase the participation of aboriginal learners and we continue to work with our members at the Nicola Valley Institute of Technology and in institutions throughout the province to ensure adequate funding and support levels.

We are also supportive of plans to expand on-line learning. We believe that the Ministry of Advanced Education must take a much more collaborative and consultative approach if the initiative is to be successful. We therefore recommend that government include faculty on the BCcampus steering committee. To date, we have seen little from BCcampus – save a new logo design in the spring of 2004. We will continue to work with members to monitor the initiative.

While some regional campuses and programs are struggling to survive, the situation in urban areas is one of continuing unmet demand. It is not clear how government plans to accommodate this growing need for new spaces in urban areas. We strongly recommend that government fund a renewed capital and infrastructure program to support the necessary expansion.

We know that there is much public support for our public colleges and university colleges maintaining a strong regional presence. Likewise, the public expects these institutions to be able to offer enough programming in urban areas to meet the demand. The funding system is failing on both counts.

The current strategic plan for post-secondary education has resulted in higher costs for students, declining funding for institutions and declining enrolment in many regions of the province. The BC government must commit to a strategic plan for post-secondary education that will identify participation targets, support real enrolment growth and expanded capacity in all public institutions, and ensure vibrant regional colleges and university colleges throughout the province.

Government must provide substantially more funding to post-secondary institutions. At a minimum, funding levels should be brought back to 2001 per-student funding levels, with increases to recognize inflation and population growth.

ENSURING AFFORDABILITY FOR STUDENTS

Since the BC government deregulated tuition fees in the 2002-03 fiscal year, tuition fees have doubled at many colleges, university colleges and institutes. We were not surprised, therefore, to review the results of Ipsos Reid's April 2004 Poll: *Grading BC's Post-Secondary Industry: The Public's Perspective*.

Here is what British Columbians said

- 84% of British Columbians believe that the quality of post-secondary education is good or very good
- More British Columbians believe that the quality of education is declining than think it's improving (37% declining in past five years versus 26% improving)
- The most pressing issues are: high cost of education and the lack of access/spaces.
- 79% of British Columbians believe that post-secondary education is increasingly becoming the domain of the upper and middle classes
- 81% believe that it is important for every major community to have a university or college as they play a major role in the local community

Most British Columbians have a good deal of faith in the post-secondary system that we have built in the province. We are very concerned, however, that the current approach of government – to continue to shift the cost of post-secondary education onto students and families – is undermining confidence in the system and confidence in the future. The 2004 budget saw the elimination of the BC Student Grant and a reallocation of these funds into new student spaces. In essence, new student spaces

are being financed by increased debt on the part of needy students. We see this policy as one that will increase inequality.

We know that participation in post-secondary education rises with family income. A Statistics Canada study, *Paying for higher Education*, found that 83 per cent of 18 to 24 year olds with family incomes of \$80,000 participated in post-secondary education. About two-thirds of youth with family incomes of \$55,000 to \$80,000 participated and just over half when family earnings were less than \$55,000.

The combination of higher tuition and reduced access to grants will likely push more students into working while studying. This again may have a negative impact on student participation and success. While not enough is known about the impact of work while studying, research indicates that it may have a negative impact on academic achievement and on the time needed to complete a program. Research published by the BC Outcomes Working Group in 2004 found that BC college students who had worked while studying were more likely to have taken part-time courses or ceased studying altogether for financial reasons. Most concerning was the fact that students who had worked while studying had lower grades than those who did not work. (*Meeting the cost: Post-secondary student funding and debt, July 2004, BC Stats*)

The experience of the 1990s clearly demonstrates that in a time of higher tuition and decreasing affordability for students and families, the traditionally disadvantaged lose ground. A recent Statistics Canada study, *Family Background and Access to Post-Secondary Education: What Happened over the 1990s?*, confirmed some disturbing facts. First, participation rates are growing much faster for students from higher education families than those from lower education families. Second, the study found that students from single parent families continue to be at a significant disadvantage in post-secondary participation. This fact should concern policy makers as the number of such families continues to grow.

Government has ambitious plans to create new spaces but the track record indicates that those spaces will not be properly funded and the research tells us that students from lower income families will be less likely to benefit than students from higher income families. Government must take steps to reduce student debt and tuition costs and to fully fund student spaces if there is to be equitable access for all British Columbians.

The BC government should implement a policy of freezing and reducing tuition fees at BC post-secondary institutions and ensuring that BC students have a needs-based grant portion of student assistance in all years of study.

A BURGEONING PRIVATE SECTOR

While the government continues to promote private post-secondary education, our concerns about the lack of accountability and the potentially negative impact on students remain. According to the Private Post-Secondary Education Commission Annual Report, 210 out of 1110 registered institutions closed their doors in the 2003-04 fiscal year. This represents 20 per cent of private institutions and a good deal of instability for students and consumers. We also note that there has been a stall in the accreditation initiative – with the number of accredited institutions remaining static at 267 for the past two years.

The Canada Student Loans Program Annual Report gives an indication of how significantly private institutions rely on the student assistance system to fund operations.

Full-Time Student Loans by Institution Type 2001-02

Province	University	College	Private	Total
Ontario	81,737	52,584	11,024	145,287
Alberta	21,397	16,472	4,484	42,323
BC	25,439	26,322	12,834	64,467
All Provinces	176,528	112,240	40,238	328,674

(Source: Canada Student Program, Annual Report 2001-02)

As can be seen, private institutions in British Columbia comprise a much more significant number of borrowers than is the case in other provinces. While the proportion of private borrowers is 12 per cent across the country, it is 20 per cent in BC. Students in private institutions in BC borrowed on average more than those in either universities or colleges. Students in private institutions borrowed on average \$5,360; those in colleges borrowed \$4,560; and those in university borrowed \$4,740.

It is also important to note that there is a significant public subsidy of private institutions through interest relief programs. In 2001-02, 27 per cent of the borrowers receiving an interest relief subsidy were from private institutions, even though the proportion of overall borrowers is 12 per cent. The CSL report also indicates that students in private institutions have very high default rates on their loans. Three year default rates in private institutions for the last year for which data is available – 1999-2000 – were 39 per cent, as compared to 28 per cent for colleges and 14 per cent for universities.

The numbers tell us that full-time students in private institutions borrow more money on average than students in public colleges or universities in order to finance their education, but that they do not have anywhere near the same outcomes in terms of ability to repay their loans. Government must address this issue – both in terms of quality and cost for students in private institutions.

We do not believe that students are well served by the initiative to substantially deregulate the private post-secondary sector through the implementation of the Private Career Training Institutions Act. Likewise, we question what benefits British Columbians will see from the implementation of legislation to allow BC-sanctioned private universities and university degrees.

INDUSTRY TRAINING

We have identified our concern with the process and content of government's new industry training model in previous submissions and we have communicated to the Minister of Advanced Education on this issue.

The negative impact of government's current strategy is nowhere more clear than in the declining enrolment and continued low utilization of Entry Level Trades Training spaces in public institutions. The Ministry of Advanced Education's 2003-04 Annual Report indicates that enrolment in these programs declined from 5,889 to 5,715 between 2002-03 and 2003-04. The target number of student spaces was 6,150. At a time when the province faces serious skills shortages, as acknowledged by the Standing Committee on Finance and Government Services in its last report, we should see these programs overflowing.

The dismantling of the BC apprenticeship system is particularly concerning, given the stall across the country in completed apprenticeships. Statistics Canada reports that in 2001, the number of women completing their training was down 4 per cent from 2000. Completions for men were up by only 1 per cent between 2001 and 2000.

Our belief that skills training in BC will suffer as a result of serious problems with the new industry training model, and with it the employer-dominated governing board, is heightened by the data we see. We strongly urge government to take a more balanced approach to both the governing structure and the industry training model.

RECRUITING AND RETAINING FACULTY AND STAFF

Government's plans for expanding the BC post-secondary system will require more faculty and staff than we currently have, and given the current age structure of the post-secondary workforce, steps must be taken to ensure adequate staffing levels. BC Stats has estimated that the addition of 25,000 new student spaces will mean a 15 per cent increase in the number of students attending colleges, university colleges and institutes. (BC Stats Infoline, August 6, 2004)

Set against what will be growing demand, the post-secondary system is facing a pattern of faculty retirements that is creating significant pressures.

Using data from the College Pension Plan (2003 Annual Report), in which most faculty and senior administrative staff in the system participate, the following information can be gleaned about the college workforce in BC:

- 45 per cent are 50 years of age or older
- 37 per cent are between age 40 and 49
- Only 18 per cent are less than 40 years of age

In developing funding and policy frameworks, it is important for government to consider the national and international nature of the post-secondary education workforce. Government must assist in both the funding and development of a human resources strategy that will ensure attractive working conditions. In particular, this is an opportunity to address the growing numbers of part-time and temporary faculty and staff who may well be drawn to other jurisdictions and sectors if conditions do not improve.

Institutions throughout the province must be provided with government funding to ensure they are able to attract and retain high quality faculty, staff and administrators in order to ensure that high quality programs are available. Government must also be prepared to work with unions and others to ensure that adequate salary, benefits and working conditions are in place.

CONCLUSION

Government has an opportunity to reinvest in the public post-secondary system over the coming year. In our submission we have argued that this reinvestment must include substantially increased per-student funding and steps to enhance affordability for students and families. We have also pointed to regional disparities that must be dealt with as part of a reinvestment initiative. We have noted particular program areas that require special attention, including developmental programs, industry training and aboriginal education.

Government must provide substantially more funding to post-secondary institutions. We have recommended that at a minimum, funding levels should be brought back to 2001 per-student funding levels, with increases to recognize inflation and population growth. We also believe that government needs to be prepared to work more closely with educators and students and the organizations that represent them. We believe that the BC post-secondary education system, which is held in very high regard by our population, will be well served if these recommendations are given serious consideration in the Committee's final report.

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