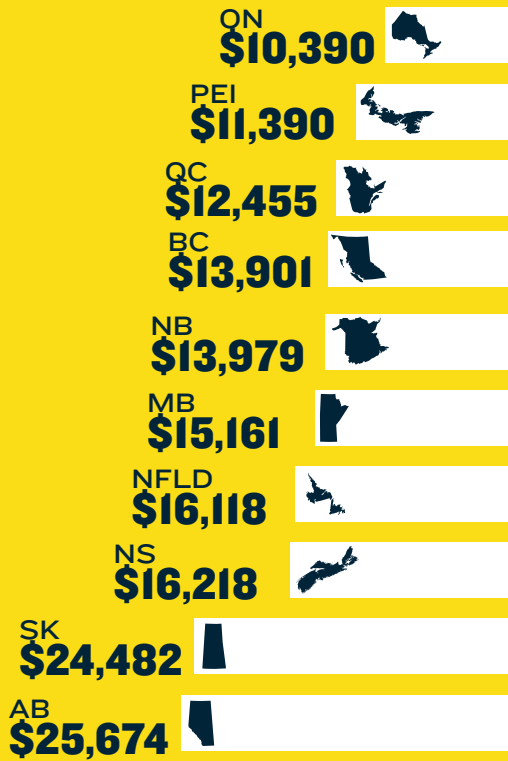


PROVINCIAL SPENDING ON POST-SECONDARY EDUCATION PER FULL-TIME EQUIVALENT STUDENT

Canadian Association of University Teachers, 2011



IN THE LAST 20 YEARS, TUITION FEES HAVE FAR OUTPACED INFLATION

COLLEGE TUITION FEES OUTPACED INFLATION BY **435%**

UNIVERSITY UNDERGRADUATE TUITION FEES OUTPACED INFLATION BY **601%**

THE IMPACT OF GOVERNMENT UNDERFUNDING ON STUDENTS

GOVERNMENT FUNDING

The substantial public investments that led to the expansion of universities and the creation of colleges in the 1960s were based on the belief that access to post-secondary education should be dictated by ability and desire, not financial means. Canada’s public post-secondary education system, however, has become remarkably less public over the last two decades.

In the 1980s, the federal government limited increases in transfers to the provinces for post-secondary education. As a result of funding not keeping pace with increased enrolment, per student funding was diminished. In 1992-93, federal cash transfers to post secondary education amounted to 0.41 per cent of the country’s gross domestic product (GDP). By 2011-12, federal cash transfers dropped to 0.21 per cent.¹

In 1995, the federal government slashed transfers to the provinces by \$7 billion for social programs, including health and education. Despite the federal government posting multi-billion dollar surpluses for over a decade, funding for post-secondary education was not restored. The 2007 federal budget increased core transfer payments for post-secondary education by the largest amount in fifteen years, but cash transfers for post-secondary education remain roughly \$1 billion short of 1992 levels.²

While the federal government transfers money to the provinces for post-secondary education, there is actually no mechanism to ensure that the funds are actually spent on post-secondary education. As a result, tuition fees and quality of education vary greatly from province to province, depending on the spending priorities of provincial governments.

In Ontario, funding for colleges and universities declined at the same time as federal funding cuts. Ontario has consistently had the lowest per-student funding during the last two decades, with funding currently 23 per cent below the national average. The Government of Ontario transfers just over \$10,000 per student to institutions while the Government of Alberta transfers more than \$25,000 per student.³

Underfunding has led post-secondary institutions to make risky investments, such as using public money to gamble in the stock market for additional funds. This unsustainable practice has led to greater financial uncertainty in the sector. In 2008, the University of Toronto reported that it lost \$1.3 billion, a reduction of 30 per cent in the school’s pension and endowment funds, while York University lost 19 per cent of its \$300 million endowment fund.⁴ The losses from the two institutions’ pension and endowment funds in the one year would have covered the entire operating budgets for Algoma University, Brock University, Lakehead University, Nipissing University, OCAD University, UOIT, Trent University, Wilfrid Laurier University, Cambrian College, Canadore College, Confederation College, Durham College, Lambton College, Loyalist College, Northern College and Sault College – combined.

1 Canadian Association of University Teachers, 2012
 2 Government of Canada, 2007; Canadian Federation of Students, 2012.
 3 Canadian Association of University Teachers, 2011.
 4 University of Toronto, 2009; York University, 2009.

TUITION FEES

Students in Ontario pay the highest tuition fees compared to the other provinces in Canada. Undergraduate students pay 29 per cent more compared to the Canadian average while graduate students pay 41 per cent more.⁵ In the last 20 years, college tuition fees in Ontario outpaced inflation by 435 per cent, while undergraduate tuition fees outpaced inflation by 601 per cent.⁶ These increases in tuition fees have been proportional to the decrease in government funding for post-secondary education.

The only time in recent Ontario history where tuition fee increases did not outpace inflation during an academic year was from 2004 to 2006, when students won a fully funded tuition fee freeze. The provincial government lifted the tuition fee freeze after the two years and implemented the *Reaching Higher* framework, allowing undergraduate tuition fees to increase by five per cent annually, on average, from 2006 to 2013. This is a

cumulative average increase of 41 per cent and up to 71 per cent for some programs. At the same time, student debt for a four-year degree has risen to \$37,000 in combined government and private student loans – a 460 per cent increase over the past 15 years.⁷

THE IMPACT ON MARGINALIZED STUDENTS

The underfunding of post-secondary education has had a disproportionate impact on marginalized communities. The participation of students from families with incomes over \$100,000 is 81 per cent, while participation drops to 58 per cent for those from families below \$25,000.⁸ Between 1980 and 2000, while the poverty rate for the non-racialized population fell by 28 per cent, it rose for racialized families by 361 per cent.⁹ According to Census data, both Canadian and foreign-born racialized people earn a median after-tax income that is 13 per cent less than the comparable income for non-racialized people.¹⁰ In Ontario, the disparity is even larger at 22 per cent.

Students from marginalized backgrounds who attend college or university are more likely to need loans and work longer hours while employed to finance the cost of their education. Upon graduation, people from marginalized backgrounds will take longer to pay back their loans since they have lower average incomes – regardless of their educational attainment. When students take longer to repay their loans, they must also pay more in interest, resulting in paying more for their education. Ontario's high fee and debt-based post-secondary system perpetuates existing inequalities and leaves marginalized students without proper access to a college or university education.

5 Statistics Canada, 2012.

6 Colleges Ontario, 2012; Statistics Canada, 2012; Bank of Canada, 2012.

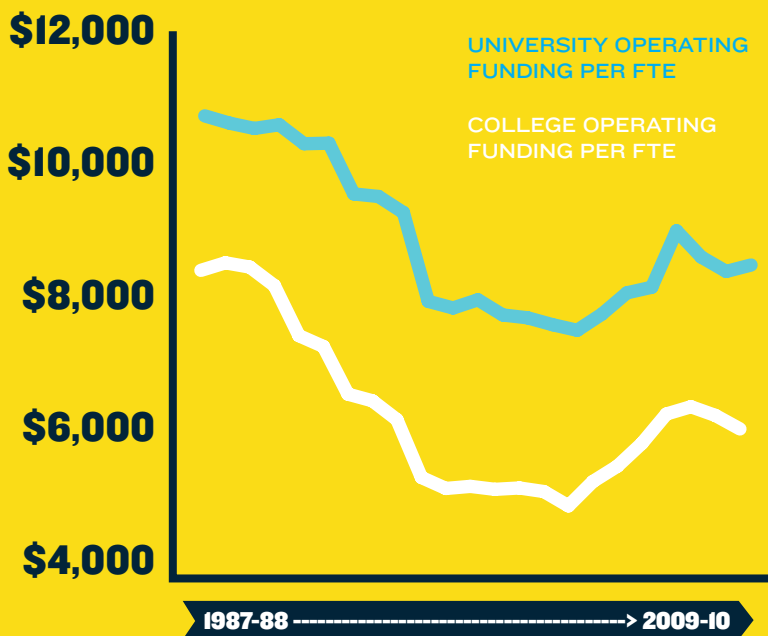
7 Statistics Canada, 2010.

8 Colour of Poverty Campaign, 2006.

9 Colour of Poverty Campaign, 2006.

10 Statistics Canada, 2006.

OPERATING GRANTS PER FULL-TIME EQUIVALENT STUDENT IN ONTARIO – 2009 CONSTANT DOLLARS



ONTARIO'S COLLEGES AND UNIVERSITIES HAVE BECOME PRIVATELY-FUNDED INSTITUTIONS

COLLEGES IN 1993



75% OF OPERATING FUNDING CAME FROM THE PROVINCIAL GOVERNMENT

COLLEGES TODAY



LESS THAN 50% OF OPERATING FUNDING COMES FROM THE PROVINCIAL GOVERNMENT

UNIVERSITIES IN 1993



71% OF OPERATING FUNDING CAME FROM THE PROVINCIAL GOVERNMENT

UNIVERSITIES TODAY



LESS THAN 50% OF OPERATING FUNDING COMES FROM THE PROVINCIAL GOVERNMENT