

Universities under fire

The myth and the reality about university tuition fees

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Last November, the Ontario government announced a tuition fee hike of \$1.00 for university students. During the summer a fee hike of 150 per cent was announced for foreign students planning to study in this province.

At the same time provincial governments across Canada have implemented or are planning tuition fee hikes for students attending post-secondary institutions in their provinces.

Why is this happening? When tuition fees have generally been stable in the last few years, why are students now faced with increases?

The basic problem is lack of money. Governments have declared these years a "period of restraint" and are cutting back their commitments to social services (education, health and welfare). Post-secondary institutions, faced with inadequate funding from the governments, are turning to their second largest source of revenue — tuition fees — to make up their deficits.

The Economic Council of Canada predicted this trend as early as 1970: Some curtailment of the growth of public expenditure on higher education might be accomplished without any significant adverse effects on the quantity and quality of higher education by reversing the trend towards a declining proportion of expenditure covered by student fees.

BALANCE

It is true that tuition as a proportion of total operating costs has declined in the past decade. Nationally, for instance, fees in 1975 accounted for only 9.8 per cent of the total expenditures on post-secondary education. In 1966, they had accounted for 12.1 per cent.

The justification that the government and college administrators use for the increases, then, is that the historical balance between the public and private share of the costs must be restored. Yet many question why this must be so. They argue that the "historical balance" may have been wrong in the first place and that governments should not only freeze increases but abolish tuition fees entirely and introduce a living stipend for students (a grant covering all school related and living costs).

Most of the arguments in favour of increasing fees coincide with the points in

favour of any fee in the first place. The fundamental question, then, is whether or not there should be tuition fees.

The take-off point in the debate on the existence of (or the increase in) tuition fees is the question of who benefits from higher education.

The financial benefits of post-secondary training to the individual are usually identified in terms of "improved access to employment opportunities, greater likelihood of achieving positions of prestige and importance, and increased income over one's working life." (Oliver Report, Manitoba, 1973) In other words, a student should pay some money as a form of individual investment (cost) for financial benefit expected after graduation.

This argument tends to overemphasize the individual benefits from higher education. While it may have been true in the past that college graduates received a higher life-long income, it is clear that, given the current state of the economy, the individual benefits of a higher education are by no means guaranteed. A 1971 Manpower survey reported a 28 per cent drop in demand for graduates with bachelor degrees.

COST-BENEFITS

There are other costs and benefits that are not considered if we only look at post-graduation income. When the student is in school, he/she is not working and not receiving a wage. This loss in potential income is called "foregone earnings".

Marian Porter, John Porter and Bernard Blishen, three sociologists, argue that "foregone earnings are an educational cost". In a detailed study, *Does Money Matter?*, published in 1973 the three calculated that when both tuition and foregone earnings are considered COSTS, the student's actual share of total education costs is 55 per cent.

Moving away from a purely monetary perspective, the cost-benefit debate considers the "spiritual" or "moral" benefits of higher education. The educated individual enjoys the private pleasure of intellectual development and appreciates "the better things in life". He/she should pay for such assets that are privately enjoyed. Or so the argument goes.

Such an approach is a little narrow. It does not consider how much an educated citizenry contributes to the general cultural and political life of the country.



While considerable time has been spent debating the individual vs. "social" benefits derived from post-secondary education with a view to ascribing that appropriate proportion of the cost, little or no consideration is given to the "corporate" benefits and their appropriate level of cost sharing. In fact, rarely if ever does one see the corporate sector appear on the scale.

There can be no doubt that post-secondary education makes a massive impact on corporate income levels (many would argue that it is the determining factor). Without a highly educated work force — without people capable of making complex decisions, operating complex machinery, designing, researching, teaching, healing, communicating, etc. — this relatively advanced industrial society would grind to a halt. With it would go all corporate income. Less dramatically, the corporate sector depends on a constantly increasing level of education in society as a whole to maintain its relative position in the world economy, to meet domestic demand and to meet its own future needs. Quite simply, higher education is probably the most vital independent variable on the corporate ledger.

The question that must now be asked is whether or not the corporate sector has paid its share of the "burden of financing post-secondary education"? **PROFIT BOOM** During the seven year period, 1967-74, when expenditures on post-secondary education in Canada were "booming", corporate profits were booming as well, increasing by 250 per cent from 5.6 billion to 19.5 billion. Personal income, meanwhile, increased at a more modest 125 per cent from 33 billion to 74 billion. Despite this relatively fast growth in corporate income, the corporate share of public revenues during that period fell from 11.3 per cent to 10.7 per cent. Personal income tax, on the other hand, increased as a source of revenue from 16.2 per cent of all revenue sources to 18.3 per cent.

The inference is quite clear: during the period when spending in post-secondary education "took off" the relative proportion of corporate tax as a source of government revenue fell. On this basis alone it is not difficult to argue that corporations failed to pay their fair share of the cost of expanding post-secondary education.

Some people argue that since post-secondary education is primarily the preserve of the well off, and is supported by the taxes of working people, tuition fees must rise. In Alberta, the Worth Commission on Educational Planning (1972) argued against increasing the public share of the cost of higher education in this way:

Shifting a major portion of the financial burden for higher education from students and their families to taxpayers in general provides a greater opportunity for equity. But, at the same time, taxpayers include many low-income earners who are less able to pay taxes than higher education students and their parents. The result is that the poor end up subsidizing the schooling of the rich. To compensate for this inequity, student fees in higher education should be raised.

All research confirms that students from middle and upper income groups are over-represented in post-secondary institutions. For example, the Peitchinis Report (Council of Ministers of Education of Canada, 1971) found that "whereas one

half of taxpayers had incomes of under \$5,000, only one quarter of the families of university students were at that income level"

It is also true that working people do pay a disproportionate amount of the taxes collected in the country. In Ontario in 1976-77, working people, through personal income taxes and retail sales tax will provide four times the amount corporations contributed to total provincial revenue. And from an earlier discussion, we saw how this corporate portion has been shrinking.

Working people are largely frozen out of higher education, yet they pay a relatively higher portion of their income in taxes to finance it. One might then expect the labour movement to support an increase in tuition to lighten the tax burden on its members. Yet the Canadian Labour Congress supports the National Union of Students in demanding free tuition and a living stipend.

TAX REFORM

The two groups are united on this point because they do not see the present class make-up of universities and colleges as inevitable. By removing the financial barriers, i.e., by abolishing tuition and providing for a living stipend, more working people will become involved in higher education. Equally important, both groups argue for a radical reform of the taxation system to lighten the tax burden on the working people and ensure the corporate sector pays its fair share. **This link between the abolition [or freeze] of tuition fees and tax reform is critical.**

Almost everyone is concerned with the under-representation of working people in post-secondary institutions, but many argue that this is the result of social environment, the family situation and the high school system, not high tuition fees. The Commission on Post-secondary Education in Ontario (1972) dismisses the proposal for abolishing fees on just these grounds: "free" post-secondary education would not in itself solve the problem of accessibility; students from lower-income families would continue to be under-represented in post-secondary institutions."

Studies in Canada and the United States have documented the importance of the family and social environment in the decision on whether or not to attend college. It is also becoming increasingly clear that the high school system (through streaming and guidance counsellors' attitudes) prevents many students from ever completing a programme that qualifies them to attend a post-secondary institution.

Those who argue in favour of the abolition of tuition fees do not deny the importance of the family and school environment as it affects accessibility. They argue, however, that tuition and foregone earnings are a significant financial barrier that must be eliminated:

Whether the cost of a university education is seen directly as a barrier, or whether its influence is felt early in a child's school career by determining the subjects and programmes he takes, the fact that university education is expensive must be part of the explanation for the fact that children from lower class levels do not have as high aspirations as students from higher class levels. (Porter, Porter, Blishen study)

Abolition of tuition fees is also the most practical area where the government can act quickly, and fairly painlessly, to encourage accessibility. Reform of the high school system and an effort to change family attitudes is a much more long-term and complex matter.

ABOLISH FEES?

As foregone earnings are also a large component in the educational costs that a student faces, abolition of fees alone is not enough. A living stipend must also be provided to allow high school graduates to give up the immediate income from a job to attend college. All calls for higher tuition are accompanied by a plea for a revised student aid programme to protect students in low income families from the increased financial barrier to higher education. Strangely enough, in the nine

provinces where fees have increased this year, there has been no significant change in student aid schemes. Nevertheless, this does not mean the need to discuss this particular argument.

Corresponding increases in grants would enable those students from low income families to make this larger expenditure (higher fees), whereas those from high income families would have to rely more heavily on parental support. This arrangement could yield additional revenues from high income families while allowing some reduction in taxes for the poor. (Worth Report, Alberta, 1972).

In other words, tuition would be a progressive form of taxation — the poor will pay little and the rich will pay a fairer amount for their education.

The proposals for a revised aid programme are many and varied, but here are the three basic alternatives (other than free tuition and a living stipend):

- an improved version of the present loan-grant scheme, perhaps raising the grants to an amount equal to that of the fee increase
- a Contingency Repayment Student Assistance Programme (CORSAP). First proposed in Canada in 1969, this scheme involves an all loan aid programme, with the students repaying the loan by a surtax of a certain per cent on their income after graduation.
- an all grant assistance programme: This proposal would turn the present loan-grant schemes into all grant schemes. Still requiring a means test, it would fund full costs (tuition and living expenses) for students of low income fa-

milies and partial costs for students of middle income families.

This is not the place to go into a detailed discussion of these alternatives, but a brief comment on the inadequacies of each is required.

Tinkering with the present loan-grant scheme will have little long-term impact on accessibility. It is true that raising the grant portion to cover the increased fees will ensure that things do not get worse. However, the many problems with the loan-grant programme (high loans, high parental contribution, arbitrary summer earnings) will continue to be a deterrent for the children of working people. In a historical note, the Ontario government, when it last raised tuition fees, in 1972, "tinkered" with the aid programme — and made it much worse, by raising the loan amount of any grant award by \$200.

The second proposal, an all-loan programme, flies in the face of numerous studies which show that people from low income families are very reluctant to assume large debts for post-secondary education. The all-loan proposal is also inequitable — students from workers' families will be burdened by debts, while students from higher-income families will avoid the programme and graduate from school with no loans to repay.

Given the regressive nature of loans, an all-grant aid scheme is certainly an improvement on the present assistance plans. But such a scheme is still based on a means test, that is, awards will only be given those assessed as "in need". Receiving aid implies an "admission of being poor". Such a test also discriminates against middle income families, who are usually assessed as

being able to contribute an unrealistically high sum to their child's education. And how are children from higher income families to be dealt with, if in fact, their parents are unwilling to provide them with funds?

A progressive tax system is a much more equitable method of distributing the cost. In fact, tuition fees can be considered a form of regressive taxation, since all students, regardless of differing future income, pay the same amount. In a sense, then, all students are taxed at the same rate, despite the fact that their future incomes will not be the same. The MA graduate who becomes a teacher will have paid the same amount in "tax" (tuition) as the engineering graduate who is earning much more.

Of all the proposals for encouraging accessibility, free tuition with a living stipend makes the most sense. When tied to a reform of the tax system, it ensures that the corporate sector of the economy picks up its fair share of the funding for higher education. It also ensures that those who do benefit financially from their education will assume their share. By removing the financial barriers to universities and colleges, the number of students from workers' families will increase, and the government can begin work on the more difficult social and cultural barriers to a post-secondary education.

Free tuition already exists at the community college level in the Province of Quebec. Further study is needed on the Quebec experiment, but it is clear that the socio-economic mix of students is much more balanced than at other, fee-charging, institutions.



Just over a year ago on January 21, 1976, more than 2,500 students rallied and marched on Queen's Park to protest against cutbacks in Ontario's post-secondary education. Next Thursday, February 10, students across the province will meet at their campuses to consider the future of education in this province and to plan further actions.

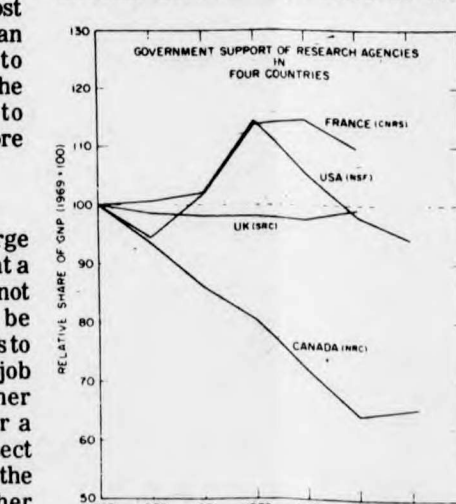
Research left prey to inflation as govt. grants cutback

By CHRIS JULL

The major source of funding for research in Canadian universities is the federal government. The value of that support has dropped to the point where many Canadian scientists fear that, despite our resource wealth, the government's policies will leave this country forever a colony in the technological world.

The original rationale for freezing funds to the university research effort was that research by industry could be increased. The universities accepted this need for more research in industry; Canada cannot continue to import technology and export raw material. In fact however, research in industry has not increased significantly while inflation has been allowed to erode the value of funds flowing to the universities by more than one third since 1969. During this period the government's in-house research effort has continued to grow steadily despite the recommendation of the Lamontagne Senate Special Committee on science policy that the expansion of that research be stopped.

Unlike many university ailments this one seems to be peculiar to Canada. Budgets for university research have risen in West Germany by 156 per cent since 1969. They have risen in France, Japan, the United Kingdom and the United States. The US with a 48 per cent increase is low in comparison to the other



countries listed. The Americans hope to raise that to 80 per cent by this year. Canada, with a correction for inflation of 6 per cent between 1969 and 1974, isn't even in the running.

One of the results of the tight money situation has been that universities have increasingly looked for contracts from industry and government to keep their research components active. The largest contracts at the University of Guelph come from the provincial government and the federal government. Last year the provincial government contract awarded to the University of Guelph through the Ministry of Agriculture and Food amounted to just over \$10 million out of a total research budget of \$16 million. The Office of Research reported in December that there was over \$1.5 million in contract business done here in 1975-76, excluding the OMAF contract. That figure has grown sharply since 70-71 when it amounted to \$6,975. Dean of Research, W. E. Tossell, is confident that because of a growing credibility in the contract field, Guelph will be able to hold its research effort at the present level for the next year. Beyond that he is not so confident.

Contract research differs from pure research in several ways. Basically it is oriented towards a specific goal assigned by the sponsor, rather than by the researcher. These goals may range from testing the effects of new chemical products for manufacturers through studying the reproductive biology of the ruffed grouse to examining the drug habits of Canadians. The bulk of research conducted at Guelph is, of course, agriculture related. The Ontario government uses Guelph facilities and expertise to study many agricultural and environmentally-related problems. The government supplies the direction and the money and Guelph supplies the information. This is increasingly the research role of Canadian universities; to supply answers to the questions of business and government. It may be socially beneficial but undoubtedly we lose the value at times of allowing the researcher to exercise his imagination in the choice of research topics. Guelph protects itself to some extent by insisting that contracts accepted have some educational value but that value can be



interpreted often as purely vocational in that it gives the graduate student a taste of what it's like to work for industry or some government departments. Often the short time-period which restricts contract completion detracts as well from the academic value of such research.

In addition to academic considerations, contract research requires a great deal of extra time from the university in the preparation of proposals and budgets, financial statements, and detailed final reports.

Although the level of research activity may be maintained through contracts it appears that the trade-off in methods of funding may not be entirely satisfactory to the universities. "Tough luck" say the feds. It is largely a matter of role and image. The government seems intent on making the universities the reference librarians of society while the universities see themselves as the architects of the future.

With the restrictions in funding from the federal government through its granting councils, The National Research Council and the Canada Council in particular, there are some members of academia for whom research funds are all but impossible to find. The social sciences, the humanities, and some

departments within the colleges of physical and biological sciences which do primarily basic research as opposed to applied research, are finding themselves curtailed by the government's policy. There is little or no potential for contract research in these areas.

Until such time as the federal government changes its science policy, or a least compensates for increasing costs, research in some sciences will continue to die a slow death at the hands of inflation.

The Arts and Social Sciences may be in a better position to receive research funds if the government ever acts on its stated intention to reorganize the granting councils. Whether or not this will mean more funding for those areas is a matter of speculation however.

Under present policies some programs, particularly in the arts, theoretic sciences find themselves with little or no possibility of research funding. They do not attract contract sponsors. Other funds for education are so limited that there is not much money to spare to finance research in these or any areas out of the university budget. It appears that the situation with research is that if someone doesn't see an opportunity to make money or political hay out of it, it doesn't get done.

There are two ways for Canadian universities to respond to the government's current policies. They can work to establish a good reputation for contract research work. This involves establishing liaison between the university's faculty and contract sponsors; providing assistance to the faculty in the preparation of proposals, budgets and reports; and maintaining a group of faculty and graduate students willing and able to do quality contract research. Unfortunately this approach alone requires a certain compromise in terms of quality of education, and leaves some parts of the academic community out in the cold since the fruit of their research is not immediately marketable.

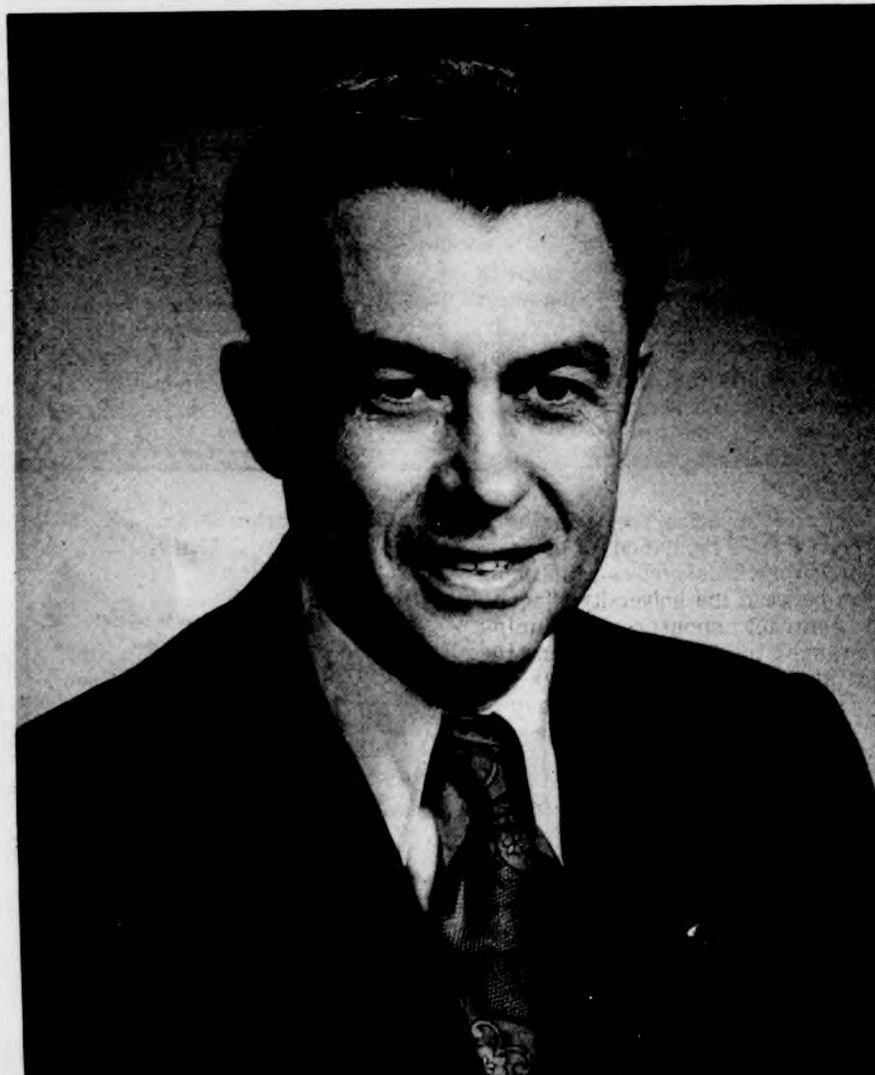
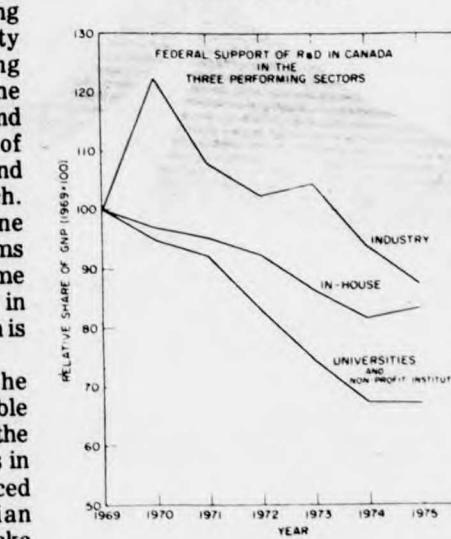
In addition to the above steps the universities must seek every possible opportunity to educate the public and the government in the role of universities in society. The government must be induced to develop and intelligent Canadian science policy. Such policy must take

cognizance of the peculiar needs of Canadian industry as well as those of the academic community. Government must be continually reminded of its responsibility for education and planning for the future. Such policy might include a more significant role for the Ministry of State for Science and Technology, a reorganization of the federal granting councils, and increased communication among universities and government. Such policy must include a greater involvement for the universities in basic research and finding money to increase applied research without cutting into the basic research component.

Neither the universities or the Canadian science community have been silent on these issues in recent years. The Royal Society of Canada in a brief from the Council of the Academy of Science warned the Prime Minister in March 1976 that:

Present government policies, if allowed to continue, will do damage to Canada's Research and Development capabilities that can only be reversed over a period of years. An enfeebled R&D will cause us to become even more dependent on our powerful neighbours. We shall have to contend with the erosion of our markets, our standard of living and ultimately our sovereignty.

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Harry Parrott, minister of colleges and universities.