

generally high rates of growth, it became clear by the mid-1970s that this program was in jeopardy for a number of reasons.

First, the program tended to distort provincial spending priorities by encouraging the expenditure of "fifty-cent dollars" on post-secondary education; provinces such as British Columbia, Quebec, and to some extent Ontario led the way by taking advantage of fifty-cent dollars.<sup>4</sup>

Second, while the federal government had undertaken to meet half of the operating expenditures, it had no control over the growth of these expenditures; these decisions were made by organizations outside of federal jurisdiction, such as colleges, universities, and provincial governments. Table 2.1 illustrates the extent of this growth, both before and after the 15 per cent ceiling was imposed in 1972.

Third, over the ten years of the program, more than \$10 billion were spent by the federal government with little or no awareness by the federal taxpayer of where this money was going.

Fourth, the program required continuous auditing to ensure that only eligible expenditures were included. In some cases, these audits were almost comical. For example, in provinces where the last year of high school was considered eligible, busing was considered an eligible cost. Since the buses carried children from all grades, it was necessary to prorate the cost of the bus service attributable to the last year of high school. One provincial government insisted that a straight prorating based on student numbers was not acceptable because students in their last year of high school generally were physically larger. This illustrates the difficulty of determining eligible costs. When Quebec changed its secondary system and introduced the *Colleges d'enseignement général et professionnel* (CEGEP) system, a great deal of time was spent in defining which costs were eligible. In general, regardless of the province, reaching a final agreement on eligible operating expenditures often did not take place until three years after the year in question.

Difficulties such as these finally brought the 1967 program to an end and led to the introduction of EPF in 1977.

### **Negotiations of the Established Programs Financing Arrangements**

The EPF proposal was put forward at the June 1976 Conference of First Ministers, where Prime Minister Trudeau set out five principles

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<sup>4</sup> *Ibid.*, p. 7.