

Provincial

Government policy - regional disparity

The underfunding of universities and colleges in Nova Scotia is not a new phenomenon nor is it restricted to this province. Post-secondary education throughout the country is coming under a protracted assault, but as with most features in the nature of the Canadian economic system, regional disparity adds an element that presents the problem is an especially acute and pressing light.

In the midst of the highest tuition in the country, the lowest faculty salaries and particularly low levels of funding, the role that is played by the federal government in determining the direction of higher education becomes a crucial question. Given the provincial government's recent announcement that post-secondary funding will increase by only 5.5% next year, it is necessary to examine the financing in terms of where the money actually comes from to get a clear picture of the situation.

The provincial government does not pay for the costs of operating universities and colleges by itself. Under a financing agreement with the federal government negotiated in 1967, the province receives massive amounts of

these "established" programmes in one package with specific amounts of money targeted for each programme. The EPF replaced a cost-sharing arrangement for post-secondary education (the Fiscal Arrangements Act) that saw the federal government match dollar for dollar the amount spent by the provinces. The EPF is different in that the transfer of federal funds is no longer conditional on provincial expenditures, but is tied to the rate of growth in the Gross National Product. Consequently, the provincial government is able to reduce its own expenditure from year to year without affecting the transfers from Ottawa.

If we look at post-secondary spending over a recent two-year period (see chart), the first years the EPF took effect, we can identify both a diversion of the federal funds and a reduction in the provincial contribution from the first year to the next. The amount of federal money increased by nearly 15 million dollars while the increase in the total expenditure was less than 10 million.

Though exact figures are not available for this past year, the federal Department



capital projects, student aid, teachers and nursing schools, but its actual expenditure on operating grants is minimal and decreasing. It is the money from the EPF that will be paying for the five million dollar increase and there will no doubt be lots of the federal money left over that will not find its way into education.

The federal government has historically acted as a primary resource for funding of post-secondary education. Though it is restricted from determining education policy because of the BNA Act, it has indirectly shaped the development of the post-secondary system by way of its financial contributions. The provinces have never had the necessary resources to provide a quality education system, particularly with the widespread expansion in the sixties. As a result, Ottawa consistently has had to assume a prominent financing role, evidently based on the premise that education represents a national interest.

It is this common recognition of the need for a federal presence by both levels of government that led to a built-in accommodation for regional disparity within the EPF itself. The Atlantic provinces are receiving "catch-up" allowances through the cash grants each year to help

bring standards in the region on a level with those in the rest of the country; Thus, the large increases each year to Nova Scotia, regardless of the growth rate in the G.N.P.

In its recommendations for 78-79, the Maritime Provinces Higher Education Commission called on the Maritime Premiers to recognize these special payments from the federal government to offset regional disparity. The Commission suggested an equalization funding component in light of its expressed concern over high tuition, low faculty salaries and the relative position in general of the Maritime institutions. The Premiers rejected the recommendation and in this year's report, the MPHEC dropped any reference to the EPF or regional disparity, along with reducing its funding recommendation from 14% to 9.5%.

Following Prime Minister Trudeau's announcement last August of a restraint programme to cut spending by 2 billion dollars, Jean Chretien, his Finance Minister, announced in September a plan to cut back a number of transfer payments to the provinces, including the EPF. But in a federal-provincial negotiating session, Chretien met with a hard line from the provinces and had to back

down on the proposal to cut a key social services arrangement.

Newly elected Nova Scotia Premier John Buchanan was on the radio within days proclaiming a victory for the provinces and announcing that his government would now not have to make any cutbacks to social services and education. Since then, the provincial government has embarked on its own restraint programme and not surprisingly, social services and education are the first to "tighten up".

The overwhelming presence of the federal government in post-secondary financing begs the question of who is to assume responsibility for the state of chaos the system is presently in throughout the country. If education is seen as a national interest, then it makes little sense to facilitate the undermining of the entire system through a funding mechanism that encourages restraint and deterioration.

But more importantly for the present, there is the position of the Nova Scotia government. It is difficult to appreciate the justification for continued underfunding with the catch-all, "the money just isn't there." There is more than enough money. It is a matter of commitment.

Post-secondary spending (Millions)

	76-77	77-78
Federal contribution (EPF)	57.5	72.4
Total amount spent	76.4	85.7
Net Difference (Nova Scotia cont.)	18.9	13.3

Source: Maritime Provinces Higher Education Commission, Financial Plan 1978-79

federal money each year for the funding of post-secondary education. But there is no stipulation that the federal funds actually be spent on education so the province is given the "flexibility" to divert the money into other areas.

The funding arrangement is called Established Programmes Financing (EPF) and covers three areas: hospital insurance, medicare and post-secondary education. The federal government transfers tax points and cash grants for

of Finance estimated the EPF transfers for post-secondary education to Nova Scotia would increase by 13 million dollars. And it is probably safe to say that for 79-80 the federal contribution will continue to increase at a substantial rate. Yet the provincial government has promised that total spending will increase by only 5 million dollars. It becomes clear that the provincial government is left with very little of the "burden" of financing operating assistance levels. It spends money on

Concerned about education?

Want to help?

Meeting Saturday 4:30

Cutbacks Committee headquarters
Room 220
Council offices, SUB.