

Chapter 2: Established Programs Financing

Introduction

In the first chapter we described how federal involvement in the funding of post-secondary education began. We showed how this direct involvement took on the shape of financial support for the general operations of universities after World War II. We also showed how this direct support for the infrastructure of universities developed in 1967 into a program of indirect support through fiscal transfers to the provinces, these transfers being composed of cash and tax points.

In 1972 this fiscal transfer was extended for a two-year period; all the features of the 1967 Act were retained, but a yearly maximum of 15 per cent on the rate of increase in the total contribution was imposed. In late 1973, the provisions of the 1972 legislation were extended to March 31, 1977. (The 1967 Act and its amendments were dealt with in Chapter 1).

Table 2.1 shows that federal contributions grew from \$422 million in 1967-68 to \$1778 million in 1976-77, a four-fold increase averaging out at 17.4 per cent per year. This was made up of an average increase of 21.5 per cent per year in the first five years of the program, and by 15.6 per cent over the last five years.

Over the ten-year life of the program, three provinces had average annual rates of increase in excess of the national rate of 18.2 per cent; these were Newfoundland at 23.8 per cent, Quebec at 20.3 per cent and British Columbia at 20.1 per cent.¹ Saskatchewan exhibited the lowest average rate at 14.0 per cent.² The rates of increase for the other six provinces were slightly lower than the national average.³ Given these

¹ Gerard Gagnon, *Federal-Provincial Fiscal Arrangements 1967, 1972 Post-Secondary Adjustment Payments: A Statistical Review*, (Ottawa: Education Support Programs Branch, Department of the Secretary of State, 1982), p. 6.

² *Ibid.*

³ *Ibid.*