

**New funding policies**

# Federal policy change will hurt universities

By **DAN KEETON** across the country, which have  
 OTTAWA (CUP) — Tuition fees been or will be increased in every

province this year, are not likely to level off in the following years, thanks to an agreement reached between the federal and provincial governments in December.

The provincial premiers accepted a new formula for the financing of post-secondary education which allow their governments to cut back on expenditures without a resulting decrease in federal matching grants, at the first ministers' conference December 13 and 14.

"Established Programs Financing" is the name for the new formula that will replace the 50-50 cost sharing between Ottawa and the provinces on provincial health and post-secondary education programs, according to a federal ministry of finance document for a meeting of federal and provincial finance ministers the preceding week.

In opening the first ministers' conference, Prime Minister Trudeau said the new formula

would mean "provinces will have greater incentive to implement what are admittedly difficult measures designed to restrain spending in these fields."

Provincial cutbacks in education spending have come into increasing focus in the last few years. Yearly increases in Ontario's post-secondary education budget have been on a downward spiral since 1974, while British Columbia's education minister recently promised almost no additional funding for the province's colleges and universities next year.

**LIMITED INCREASES**

This has been complemented by the provisions governing fiscal transfers under the FAA, (Fiscal Arrangements Act) which limited increases in the federal government's share to 15 per cent yearly.

Under the terms of the FAA, the federal government matched dollar for dollar what the provinces spend on their health and education programs. Provinces which cut back on their health and education budgets could expect a corresponding decrease in federal assistance.

The new financing programs allow the provinces to cut back without sacrificing federal contribution from actual spending by the provinces and provides "more incentive to save and less to spend", according to the finance ministry document.

The new arrangement increased the provinces' tax revenues by transferring 13.5 points of personal and 1 point corporate tax from federal jurisdiction to the provinces, providing about 50 per cent of the fiscal transfer. The remainder will be an "unconditional" cash grant, based on the rate of Canada's economic growth.

According to recent economic forecasts, growth of the Gross National Product will be about 3.5 per cent in 1977, down from last year's rate of 5 per cent.

While the new financing arrangement will give the provinces \$680 million more for all the shared cost programs next year, according to Trudeau's calculations, they will lose \$900 million from the federal government's cancellation of the revenue guarantee program, originally designed to compensate the provinces for lost revenue due to changes in the federal taxation system.

The premiers came to the conference demanding this be replaced by a transfer of four tax points to the provinces, amounting to about \$800 million. Ottawa compromised and granted the equivalent of two tax points, or \$400 million.

But the "common front" the provinces presented under the leadership of Ontario premier William Davis, came to the conference ready to accept the other federal proposals.

The freeze on post-secondary education growth will be contrasted by increasing enrolment, estimated to go up by 4 per cent or more next year.

An article in *The Student Advocate*, the National Union of Students' newspaper, says tuition fees will be the only source of revenue for post-secondary institutions once the effects of the latest freeze are felt.

NUS has called for a full inquiry into the financing and long-term goals of Canada's post-secondary education, which finance minister Donald Macdonald and secretary of state John Roberts agreed to, conditional upon provincial acceptance, on National Student Day Nov. 9. B.C.'s education minister Pat McGeer told student representatives recently he agreed to the idea.

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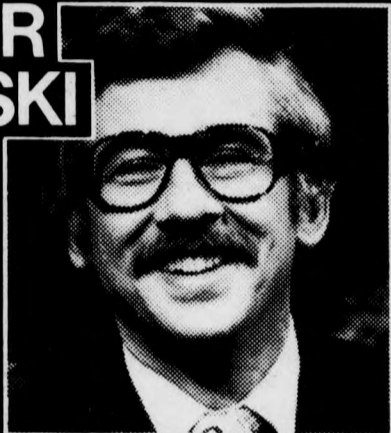
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