

Human resources: our best investment

Alberta's crisis in higher education

An essay on post-secondary education as it relates to the question of tuition fees

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The present tuition fee structure of the University of Alberta ranges from \$300 for Arts to \$400 for Engineering to \$550 for Medicine.

In 1962, the fees were raised by approximately \$75 to reach their present level.

Last year a fee increase was contemplated but it was not carried through because the Board of Governors felt they should wait for the Bladen Commission Report on the Financing of Higher Education and the Canadian Union of Students survey on the financial means of students across Canada.

While the Bladen Report has been published, we are still waiting for the results of the Canadian Union of Students Means Survey which is being analysed by a sociologist named John Porter (who wrote *The Vertical Mosaic*).

Of course, students are anxiously awaiting the results of this survey as it can present their strongest case against tuition fee raises.

However, preliminary surveys have shown that financial and social barriers tend to discourage students from lower socio-economic groups from continuing their education.

At present, tuition fees make up 16 per cent of U of A's operating budget. The Hon. Randolph McKinnon, Minister of Education, has suggested that we should have a level of fees equal to 20 per cent of the operating budget.

It is a useful exercise to take a 20 per cent fee formula and see what implications it will have for this and future generations.

The Bladen Report makes projections on the basis of their research on the rising operating expenditures. According to the report, the reasons for rising operating costs are the following; general rise in prices, increase in academic salaries, changing mix of services offered by the Universities, very nature of university operations which do not lend themselves to cost-saving innovations.

The report says in 1964-65 the enrollment is 179,000 with the operating cost per student being \$1,910 and the total operating budget at \$342 million.

By 1970-71, the total enrollment is expected to rise to 340,000 students. With the expected cost per student rising to an estimated

\$2,713, total operating costs are expected to be \$924 million.

In 1975-76, 461,000 students will be enrolled in post-secondary institutions at a cost of \$3,633 each making the total operating costs \$1,675 million.

The implications of the formula system would be for continually rising tuition fees, even if the present 16 per cent base is accepted.

While in 1964-65, the average student pays \$305.60 in tuition fees, five year later the cost will be \$434.08 and in 1974-75, the average tuition fee will be \$581.28 per student.

If the percentage of the total operating costs paid by the student is increased to 20 per cent, in 1964-65, the student will pay \$382, in 1970-71, this will increase to \$542, and by 1974-75, each student will pay \$726.40.

Since the cost per student ratio at U of A is higher than the national average, these tuition fees are probably underestimated.

The effects of these projections on tuition fees are somewhat alarming as they will place severe financial burden on the vast numbers of students who are about to enter our universities.

It is also obvious that we must re-think our entire approach to the financing of higher education.

The financial barrier to university, which is symbolized by the tuition fee, will thus become more overwhelming for the lower socio-economic groups in our society. Unless some change is made in our system of student aid, students will be forced to go further into debt by thousands of dollars.

Thus when our country so desperately needs trained people in all walks of life—the costs of acquiring this training are fast becoming a deterrent. Obviously something must be done to alleviate this financial crisis.

The question is, which groups must bear the increased portion of these costs?

Economists tell us that the returns on investment for the overall economy by investing in higher education are 12 to 15 per cent. Obviously governments, with vast amounts of funds at their disposal must play an increased role in the financing of higher education.

But what about industry and business? They also stand to benefit by the overall boost in the economy and the number of trained university students who will contribute to their firms' development.

Indeed industry has progressed rapidly in recent years and a great deal of credit for their success must go to the university training of some of their employees.

If everyone is to share in the increased prosperity of the years ahead, every group in society must be prepared to share the cost.

This means the private section of our economy, namely the many business firms of our country, must take a greatly expanded role in financing higher education. Per-

haps a special "education tax" for business firms would be the answer!

What about the individuals who will benefit from university education?

Students must continue to pay their "fair" share of the costs.

However a different basis for judging what is their fair share of the costs must be worked out.

Further economic research must be done to determine the relative private and public benefits by investment in higher education.

It will also be necessary if all individual students are to be treated on an equal basis, that we judge them on their own summer earnings and not on their earnings plus

mands for funds off the provincial government. In the recommendations to the provinces there are several important suggestions which should be kept in mind.

Perhaps most significant for a discussion on tuition fees is the recommendation that provincial governments "make their grants to universities on the assumption that fees at about their present level will continue to be charged."

Also that there should be "no general increase in fees without assurance of a simultaneous increase in student aid."

Perhaps a more important question at this stage is what about the whole question of student aid as it relates to the Province of Alberta.



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the income of their parents (which is the present basis used when applying for student aid).

We must take this means test aspect from the present system and have students determine their financial requirements solely on the basis of their projected costs less their summer earnings. If we can proceed to this basis of judgment, then our country will become more of a democracy where "everyone is treated equally under the law."

Perhaps we can now turn to some of the recommendations of the Bladen Commission for further guidance.

The first recommendation to the federal government was that the per capita grants to the provinces for universities be increased from \$2 to \$5 per capita.

This is an excellent proposal as it would take some of the present de-

I would contend that the provincial government should contribute more to student aid.

If we examine the financial statements of the Province of Alberta, we will find that taxes make up only 30 per cent of the total revenue of the province with the remainder of the revenue mostly from oil lease sales.

This has resulted in a huge surplus of some \$550 million, which has been invested in bonds, shares and other relatively liquid reserves.

The tragedy of the situation is that the value of money for the provincial government is declining by 5½ per cent per year—so even if the bonds pay 5½ per cent there is no resulting gain.

Why not invest in assets which will provide a return for the provincial government. By investing these surpluses from oil in higher

education, the overall return to the economy is 12 to 15 per cent.

Thus by "investing in human resources" the province can't go wrong—so why not do it!

The best forms of investment are by the following measures:

- Greatly expanding the junior colleges in the province by allowing them to expand from academic programs to other vocational training possibilities. A recent study by T. R. McConnell, Chairman of the Higher Education Committee for the University of California, points out that junior college systems are one of the best ways of "widening educational opportunities for the lower socio-economic groups."

- Young people should be given more incentive to continue their education, so we should make it easier for them to continue. This can be done in some of the following ways (in order of preference);

- (1) Eliminate the inequalities in the present fee structure by charging every student the same tuition fee; i.e. \$300 for Arts or Medicine or Education.

- (2) Develop a long range plan and begin to reduce the tuition fees each year until they are eliminated.

- (3) Expand the present system of non-repayable grants to university and technical students.

- Invest in an "education corps" of senior university and technical students who would go back to the high schools and sell students on the importance of continuing their education. This could be a summer work project for the students presently enrolled at the post-secondary institutions.

- Undertake a vigorous campaign to advertise the student aid which is available; e.g. similar to the program undertaken for the Canada Student Loan Plan.

By undertaking these measures, we can go a long way in making sure that every student in Alberta will have an equal chance to develop his full capabilities as a useful citizen in society.