

The Story Behind the MPHEC Funding Recommendations

by Matt Adamson of Canadian University Press

For the first time in years the Maritime Provinces' Higher Education Commission's (MPHEC) funding recommendations have been approved by the three provincial governments.

The 8.1 per cent increase in operating grants for post-secondary institutions was approved by the Council of Maritime Premiers in late January. Although it may fit neatly into provincial treasury board projections the MPHEC's funding report for 1980-81 contains ominous overtones for every aspect of higher education.

In recent years government spending restraints have resulted in cost-cutting initiatives by almost every department, agency or body that spends public funds. Education, one of the most pervasive and obvious public services, has been coping with cutbacks through teachers' union contracts and local school board budgets.

Post-secondary education, fueled by an expanding economy and business desires for streams of highly skilled graduates, expanded through the sixties and early seventies. Now, as the real economic growth rate has slowed, business has narrowed its demands for skilled labour. This, coupled with the projected ending of the baby boom in the next few years and the consequent drop in higher education enrolment by young people, has forced universities and governments to reorganize spending priorities.

But the changes have meant rough times for the university and college community. In efforts to "trim the fat" governments have been severely cutting back on monetary assistance to post-secondary institutions before enrolment has started to drop. Extra charges to foreign students were introduced without adequate data on whether these students were actually costing the Canadian taxpayers anything or not.

In the Maritimes the three provincial governments realized post-secondary education priorities were too complex to be dealt with by the individual provinces so they decided to pool their resources and create a planning body.

Established in 1974, the Maritime Provinces Higher Education Commission is an agency of the council of Maritime Premiers, a political body set up by Nova Scotia, New Brunswick, and Prince Edward Island to co-ordinate certain policy areas the three have in common. The MPHEC was established as "a regional mechanism to assess existing

needs, to formulate independent and objective advice to institutions and governments, and to plan cooperatively for the future structure and development of higher education in the Maritime region."

The commission submits all the details of higher education to the three provinces and recommends a course of action. Any new academic program, expansion of facilities, and request for operating assistance is screened by the commission.

The commission's role is one of intermediate status between the institutions and the governments, lobbying on behalf of the former and dispensing policy on behalf of the latter.

The bulk of the MPHEC's duties are financial planning for the region's 17 colleges and universities. Every fall each institution submits two budget proposals. One immediately pertains to the institution's next budget year, the other more long term, outlining the institution's projected costs over the next three years.

FUNDING

For 1980-81 the commission recommended an 8.1 per cent increase in operating assistance plus a .75 per cent equalization grant for institutions such as St. Mary's, Acadia, and St. Francis Xavier that have previously received lower levels of assistance than other institutions in the region. A further .45 per cent was awarded to Dalhousie to pay for its expanded dental training facilities.

In actual dollars the total amount recommended for the three provinces is \$185.3 million, up from the \$169.6 million granted in 1979-80.

The commission noted in its financial report for 1980-81 that the growth in government expenditures for the past several years has been considerably below the increase in total government spending.

The report states, "from 1974-75 to 1979-80 operating assistance for higher education has increased 69.3 per cent whereas ordinary account spending has increased by nearly 90 per cent. This is reflected in higher education assistance expenditures dropping from 6.2 per cent of total government expenditures in 1974-75 to 5.5 per cent in 1979-80."

The report further noted that the "higher education increases have been lower than those of comparable social sector programs. This is despite the fact that during the period student numbers increased slightly and a significant diversification into a higher cost job-oriented programs did occur."

For three consecutive years the operating assistance granted to post-secondary education has been lower than the Consumer Price Index and the commission observed the detrimental effect it was having on faculty and staff salaries.

Faculty salaries in the Maritimes are the lowest in Canada and labour unrest has become a fact of campus life. Dalhousie cleaners waged a bitter 13 week strike last winter, the faculty union and administration at St. Mary's have agreed to binding arbitration concerning the union's salary demands, and the support staff at Acadia University voted during the last week of February in favour of strike action.

The commission's report said by "attempting to provide employees with reasonable salary increases comparable to increases provided by governments and competing institutions in other provinces and, without attempting to eliminate disparities in salary levels, pressures have been placed upon non-salary expenditure categories."

This pressure has resulted in smaller department budgets, cutbacks in staff, equipment, and library hours, and tuition increases.

NEXT YEAR'S FUNDING LEVELS

Mike McNeil, the Student's Union of Nova Scotia (SUNS) chairperson, says the commissions 1980-81 funding report "seems to show their acquiescing to the government policy of restraint."

"8.0 per cent doesn't allow for the cost of living or the changing technology in the programs," he said.

"Not much this year and the insignificant amount granted last year (the MPHEC recommended a 9.5 per cent increase in operating assistance but Nova Scotia chopped the amount to 5.5 per cent—unlike PEI and New Brunswick which went along with the recommended amount) will really hurt in the long run."

McNeil said the recommendation for 1980-81 in the MPHEC report from three years ago has been cut almost by half.

"The MPHEC is showing an inconsistency that is not very impressive."

Dr. John Keyston, director of the Association of Atlantic Universities (AAU), an organization of Atlantic University and college presidents, says the increase in Nova Scotia is bigger this year than last year because "the government had only recently come to power and decided to limit most areas of activity."



TUITION WILL INCREASE EVERY YEAR

"This year one would hope they have more time to look closely at the consequences."

Dr. Margaret Fulton, president of Mount Saint Vincent University in Halifax, says, "universities cannot continue to scale down operating expenses to these cut budgets. In another year government will realize this!"

"Universities are tied to industrial demands," she says, "and we don't have enough students now to meet the employment needs of a growing industrial-technological society. The acceleration of knowledge is formidable."

Terry Morrison, who studies second year law at the University of New Brunswick and is the only student on the commission, says, "the only defense, really, is that the levels are based on the same formulas as last year."

The basic criteria the commission uses in arriving at the funding levels are: an expenditure inflator, reflecting the rates of wages and salaries and non-salary expenditures over the last year, which accounts for 75 per cent of the total funding grant, and an enrolment grant.

The enrolment grant, which accounts for 25 per cent of the total institutional grant, gives, in the commission's words, primary emphasis to funding stability as enrolment changes only influence one quarter of the institution's total grant.

Dr. Fulton says she has sympathy with the students but says it is a fairer policy than before when fees could be raised without a concrete formula as justification.

DIFFERENTIAL FEES

Another fairly recent, and often debated policy, is last year's commission recommendation that governments cut their per student operating assistance grant by \$750 when the student is a foreign or visa student. The \$750 is then paid by the student along with the regular tuition fee.

The commission was concerned that because differential fees existed throughout most of Canada and the world there would be a large influx of foreign students if the fee was not implemented.

The commission also decided that in times of economic restraint foreign students should begin to contribute to the cost of their education along with the Canadian taxpayer.

In its evolving three year plan released in the summer of 1979 the commission said, "Since the region's institutions will have the space, faculty, and support facilities available, especially with the

decline in enrollment, it was judged more appropriate to maintain unrestricted access

to the region's institutions for foreign students (instead of quotas) and require these students to assume an increased portion of their education costs."

Morrison says the differential fee question was discussed at length by the commission members, and to his surprise, there was some opposition.

He says the main concern was students from developing countries and the result was students sponsored by the Canadian International Development Agency (CIDA) or similar government agencies are exempt from the fee.

"I didn't get the impression from the commission the money argument about an extra burden on the taxpayer was all that significant. The amount generated from differential fees is really nominal."

"I can see it if they index the awards (student bursaries and loans), that would be only common sense," she says.

Terry Morrison says he would have liked to have seen something included in the funding recommendation to compensate for the tuition increase.

The MPHEC report says in order for governments to provide the 8.1 per cent increase in institutional revenue without a tuition fee increase, operating assistance would have to be increased by 9.8 per cent.

Morrison said he made his point to the commission but the real decision on tuition increases is being made in the commission's student aid study committee.

The committee is examining the issue of student contributions to their education, looking specifically at student aid (bursaries and loans, employment, and parental contribution. It will be released in the next three to five weeks.

"I'm hedging my bet on the committee's report but it could really be beneficial to students," he says.

Dr. Ken Ozman, president of St. Mary's University in Halifax, says he is concerned about the rising tuition levels.

"Higher education is returning to the time when it was affordable to the middle class and up."

"The equalization function, when people can better their socio-economic standing, is not happening," he says. "We're getting closer to pricing ourselves larger than what students can afford, and the ones who would not go are the ones who would gain socio-economic status."

They were more concerned that everywhere else has done it," Morrison says, "it was a

decision based more on principle."

President Ozman says he can understand the argument about other countries having differential fees, "but there have been a lot of Canadians, especially graduate students, studying in other countries—for example the 13,000 in the United States this year."

"The original argument was everyone was doing it and if we don't they will all come to the Maritimes, but that was not valid to begin with," he says.

Considering the cost of their education and the taxpayer Ozman says, "I think they bring more money into the region, I really do."

"Someone would be really hard pressed to show they wouldn't spend \$5,000-\$6,000 a year," he says, "the economy probably has a net gain."

Dr. Fulton says she has "mixed feelings" about differential fees.

"So much depends on the applicant, many can afford to pay and it's so hard to assess needs. Very often they get assistance they don't really need."

She says she is not sure if they brought more money into the economy, "I haven't seen any thorough studies of it." "I was at the University of British Columbia when differential fees were introduced there

and I'm not really satisfied with the research that has been done before instituting the fee. I think we have a tendency to overact to such things."

Dr. Keyston said the AAU does not share the MPHEC's opinion on differential fees.

He said the Association knew the commission was monitoring foreign student levels but didn't expect it to be instituted as rapidly as it

was. "University should be considered as universal" he says, "and foreign students can only be seen as an enriching influence in education."

He says the Association is not actively participating in studies of the economic variety concerning differential fees.

Mike McNeil says, "it seems like government told them (the MPHEC) differential fees would be instituted. I received the MPHEC press release after the government announced the policy."

British Columbia, Alberta, Ontario, Quebec and the Maritimes all have differential fees. The only institution that has decided not to pass on the \$750 tuition surcharge in the Maritimes is Mount Allison University in Sackville, New Brunswick.

COMMISSION THINKING POLITICS

The MPHEC has been under fire for not criticizing government when it shreds its recommended funding levels and then doing an aboutface and recommending lower levels the next year.

Guy Maclean, vice-president academic at Dalhousie, quit the commission last year when the Nova Scotian government cut its funding recommendation from 9.5 per cent to 5.5 per cent.

"It makes me doubtful as to the use of the MPHEC if the government goes ahead and applies to universities the guidelines of any other department," Maclean said last year.

The Student's Union of Nova Scotia has berated the commission for not considering students financial situation and feels students are being asked to pay more

while the quality in education is in danger of decreasing.

SUNS passed a motion calling for two more students on the commission and commission meetings with students at least four weeks before any funding recommendation is made.

Morrison says the call for more students on the commission is a great idea.

However, he says, "I would rather see a student place institutionalized on the commission before I'm gone. Right now there is no guarantee."

Morrison was appointed to the commission as a private citizen by the three provincial governments after steady lobbying by the now defunct Atlantic Federation of Students.

Morrison says some commissioners probably are very concerned about the commission's political profile.

"The recommendations are formulated with all the inputs and factors," he says, "I don't think it's a political scam."

President Ozman says the commission "sincerely tries—their report made some very good points, the recommendations just didn't seem to follow."

Dr. Keyston said what weight the commission gave to government influences he didn't know.

"They are a new organization," he says, "trying to find the best possible way to fill their very difficult and thankless task."

McNeil says he is convinced the MPHEC just looks at the costs, not the student's side, merely the government's.

Dr. Fulton says, "I have a fair amount of confidence in the MPHEC. Of any group they really do their homework."

"But there is no question we would like more—the Mount is underfunded."

