

Confederation of Alberta Faculty Associations

Submission to the Government of Alberta's 2014 Budget Consultation (October, 2013)

1. Who we are

The Confederation of Alberta Faculty Associations (CAFA), a longstanding provincial stakeholder group within Alberta's post-secondary education system, is comprised of the academic staff associations at the four research-intensive universities - the University of Alberta, the University of Calgary, the University of Lethbridge, and Athabasca University. One of CAFA's aims is to promote quality post-secondary education in Alberta. We are grateful for the opportunity to provide input to the government's budget consultation to assist in preparation of the 2014-15 provincial budget.

2. Economic and fiscal outlook

Despite the damage caused by the June 2013 floods, Alberta's economic outlook for next year remains strong. While the upturn in resource and tax revenue may be expected to continue over the coming year, the fiscal position of the Alberta government nevertheless will remain uncertain due to its reliance on unstable and unpredictable global energy prices and markets. The keynote of Budget 2013 was 'fiscal prudence', with 0% growth in overall operating expense (despite projected growth in population plus inflation of over 4%), but balancing next year's provincial budget without further spending cuts is going to be a challenge, particularly if the government is not prepared to consider increases in taxes and/or resource royalties. Once again, the province will be faced with tough spending choices.

3. Benefits of investment in post-secondary education (PSE)

Albertans recognize that post-secondary education is a public as well as individual good, and that it is an investment in the province's future. The rate of return on that investment is unmatched, not simply because post-secondary graduates over time will contribute more in income tax and incur lower costs in the healthcare, social welfare and criminal justice systems, but because our universities, colleges and technical institutes are educating the medical practitioners and the teachers, the engineers and the social workers, the skilled tradespeople and the research scientists, on whom Alberta's continuing social development and economic prosperity depend.

The direct and indirect contributions of Alberta's post-secondary graduates to the province's economy run into the billions of dollars, as recent studies have shown.¹ Moreover, the cutting-edge teaching and research provided by our post-secondary institutions offer solutions to so many of the key challenges our province faces – diversifying the Alberta economy, improving our healthcare system, protecting the environment, building sustainable communities, and educating the next generation of thinkers and doers.

4. PSE funding cut in the 2013-14 Budget

Whatever the rationale for the \$147 million cut in post-secondary education funding in this year's provincial budget, the consequences could have been predicted - job losses, program closures, restrictions on enrolment, and larger class sizes, to say nothing of damage to the reputation of the system. The unexpected 7.2% cut to

¹ See, for example, Anthony Briggs and Jennifer Jennings, "The Economic Impact of the University of Alberta: A Comparative Approach," September 2012; and "Uplifting the Whole People: The Impact of University of Alberta Alumni through Innovation and Entrepreneurship," September 2013.

post-secondary operating grants, at the start of the second year of a three-year commitment by the government to increase these grants by 2% annually, has played havoc with institutional planning and resulted in hasty downsizing throughout the system, with a loss of capacity, productivity, and quality.

It remains to be seen what the long-term effects of this year's cut in post-secondary education funding will be, but the experience of the cuts of the mid-1990s, and the subsequent delay in making a major reinvestment in the system until 2005, underlines the need to restore the lost funding to our post-secondary institutions without delay, and to follow through on a commitment to provide them with predictable, stable, multi-year funding.

5. Why reinvest in PSE now

Alberta's greatest resource is her people, and the future of the province depends on the development of this resource. Post-secondary qualifications are already required for most new jobs in Canada, and we must address perennially low PSE participation rates in the 18-34 age band, and among traditionally under-represented groups, including the First Nations and Metis population and Albertans living in rural areas, for example, if we are going to meet the projected demand for skilled workers in Alberta in the coming decades. This year's funding cut, however, has resulted in new restrictions on access to post-secondary opportunities across the province, especially where demand is highest, in Edmonton and Calgary.

Meanwhile, despite the best efforts of the post-secondary institutions to find efficiencies elsewhere, the loss of valuable academic and non-academic staff through layoffs and buyouts will have a direct impact on the quality and scope of the education our system is able to offer learners, as class sizes grow and programs are closed. As well, the reductions in the academic staff complement at Alberta's four research-intensive universities, and the difficulty of attracting and retaining top scholars in the current fiscal environment, inevitably will result in diminished research capacity, depth, and productivity.

Graduate-level programs are fundamental to the research and innovation mandate of the research-intensive universities, and all four Alberta institutions recognize the need to compete globally for top graduate students. Alberta lags behind leading jurisdictions in North America in the ratio of graduate students to population, and in the ratio of graduate students to undergraduate students. New resources will be required if our universities are going to address this deficit, in the first instance by hiring more full-time professors, rather than attempting to reduce their numbers.

Research and innovation activities continue to be a priority for Alberta's research-intensive universities, absorbing a significant percentage of institutional resources. Funding from the provincial and federal governments does not cover the full cost of these activities, and this is putting added pressure on already-stretched institutional budgets, as global competition for top scholars and researchers increases. Meanwhile, Albertans' expectations of the research and innovation system continue to rise. The province needs to increase investment in the universities, to foster leading-edge research and innovation, as well as to train the Highly Qualified Personnel required by the global 'knowledge economy'.

Beginning with the 2005 budget, major capital investment by the Alberta government, together with an extraordinary succession of 6% annual increases in provincial operating funding to public post-secondary institutions, helped to transform our PSE system. Since 2010, however, operating funding has not kept up with increasing costs in the post-secondary sector, and this has resulted in cuts to programs, staff, and services, which have reduced the capacity of the system and now threaten the quality of both teaching and research. Our institutions, and the academic staff who work in them, remain committed to excellence, and have had some success in finding efficiencies through collaboration and innovation, but this year's shock funding cut has thrown up new challenges, with increasing workloads and stress levels, and a sharp decline in morale.

6. Recommendations

The Premier continues to maintain that post-secondary education is a priority for her government, and her earlier proposal to 'put Alberta's PSE system on a 3-year funding cycle with room for modest growth' remains a good place to start. The \$147 million cut in funding in the March 2013 budget may have been a 'regrettable necessity' attributable to the so-called 'bitumen bubble', but in next year's budget the government must reinvest in the vision of an affordable, accessible, high-quality post-secondary system, by restoring the funding cut and following through on its commitment to multi-year operating grants to PSE institutions, with annual increases above the 2% per annum previously announced.

It is literally the case that Alberta cannot afford NOT to make this investment. Ensuring that more Albertans have better access to high-quality post-secondary education opportunities, and that the basic and applied research carried out in our post-secondary institutions is well-supported, must be priorities for the provincial government, whatever its current fiscal difficulties. Every dollar of public funds spent on post-secondary education is a gilt-edged investment in Alberta's future.

Above all, CAFA is concerned that the PSE system should not slip backwards now, but should continue to build on the advances that have been made, and the momentum that has been generated, as a result of the government's sustained reinvestment in our sector between 2005-2010. We simply cannot afford to throw away the gains we have made in building a world-class post-secondary education system in this province.

Finally, CAFA once again recommends that the Access to the Future Fund (AFF), from which no allocations have been made for the past three years, should be unfrozen in the 2014 budget, and again offer funds to match private donations to public PSE institutions. The AFF, which remains under-capitalized, cannot meet every demand for matching funds, but this is a valuable resource for stimulating much-needed donations and legacies from individuals and corporations, and it should be restored immediately, albeit with clearer working guidelines.