

Confederation of Alberta Faculty Associations

Submission to the Provincial Budget 2016-17 Consultation

(March 2, 2016)

1. Who we are

The Confederation of Alberta Faculty Associations (CAFA), an established 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 2016-17 provincial budget.

2. Outlook for the Alberta economy and provincial finances

The collapse of world oil prices continues to play havoc with the province's finances. The Third Quarter results for 2015-16 show a further \$660 million decrease in revenue from the Budget 2015 estimates, due primarily to reductions in personal income tax revenue and resource revenue. While total expenses are \$463 million lower than budgeted, the forecast deficit for 2015-16 has risen to \$6.3 billion. The outlook for the Alberta economy remains weak, with real GDP now expected to decrease by 1.1% in 2016, following a decline of 1.5% in 2015, and unemployment for 2016 forecast at 7.4%. With no significant increase in its revenues in prospect, at least in the short-term, the GoA will once again face difficult spending choices in Budget 2016.

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 represents an essential 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 future economic prosperity depend.

Directly or indirectly, the post-secondary education sector contributes billions of dollars to the economy, as recent studies have shown.¹ In particular, the cutting-edge teaching and research provided

¹ See 'The Economic Impact of Post-Secondary Education in Canada' (Conference Board of Canada, November 2014). According to the Conference Board, the post-secondary education sector in Canada produces over \$55 billion annually in economic activity and supports close to 680,000 jobs, while every dollar spent on post-secondary education creates \$1.36 for the Canadian economy. The impact of the University of Alberta on the Alberta economy has been calculated at \$12.3 billion a year, while the economic impact of University of Calgary is about \$8 billion annually. (U of A economic impact study, September 2012; U of C economic impact study, March 2013.)

by Alberta's research universities also offer solutions to many of the pressing challenges our province faces – diversifying the economy, improving our healthcare system, protecting the environment, building sustainable communities, and educating the next generation of thinkers and doers.

4. Continuing effects of 2013 budget cut

Whatever the rationale for the \$147 million cut in post-secondary education funding in the 2013-14 provincial budget, the immediate consequences for Alberta's post-secondary institutions could have been predicted - job losses, program closures, restrictions on enrolment, and larger class sizes, to say nothing of lasting damage to the reputation of our institutions. The unexpected 7.3% cut to post-secondary operating grants, at the start of the second year of a three-year commitment by the Alberta government to increase these grants by 2% per year, played havoc with institutional planning and resulted in hasty downsizing throughout the PSE system, creating new pressures on academic staff members. In our universities, this is undermining capacity, productivity, and the student experience. The long-term effects of the deep cuts of the mid-1990s, and the government's subsequent failure to make a major reinvestment in the post-secondary education system until 2005, underline the need to restore without delay the total amount cut from operating grants in 2013, and to follow through on a longstanding commitment to provide post-secondary institutions with predictable, stable, multi-year funding adequate to meet rising costs and increasing enrolment.

5. Why re-invest 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, and Alberta 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, if we are going to meet the projected demand for PSE in the coming decades. The current funding squeeze, however, has resulted in new restrictions on access to post-secondary opportunities across the province, especially where demand is highest, in Edmonton and Calgary. Enrolment pressures are expected to increase during the current economic downturn, as unemployment rises.

Despite the best efforts of Alberta's research universities to find efficiencies elsewhere, the loss of valuable academic and non-academic staff through layoffs and buyouts is having a direct impact on the scope and quality of the education that our institutions are able to offer learners, as programs are closed and class sizes continue to grow. Job losses, hiring constraints, and the difficulty of attracting and retaining top scholars in the current fiscal environment, also have resulted in diminished research capacity, depth, and productivity. Moreover, the increasing reliance on poorly-paid, short-term contract or sessional workers without job security to provide teaching in core programs raises serious questions, not only about the long-term viability of those programs, but about fair employment practices within our institutions.

Graduate-level programs are fundamental to the research and innovation mandate of all four of Alberta's research-intensive universities, which have to compete nationally and globally for top graduate students. Alberta already lags behind leading jurisdictions in North America on key indicators such as the ratio of graduate students to undergraduate students, and the ratio of graduate students to the province's population. New resources will be required if Alberta's universities are going to address this deficit, in the first instance by hiring more full-time, permanent academic staff to

supervise increased numbers of graduate students.

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, which puts 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 research universities, beyond what is required to cover growth in enrolment, in order to nurture leading-edge research and innovation, and to equip Albertans with the tools to meet the challenges of the rapidly developing global 'knowledge economy'.

Beginning with the 2005 budget, major capital investment by the provincial government, together with an extraordinary succession of 6% annual increases in operating grants to Alberta's public post-secondary education institutions, helped to transform the research universities. Since 2010, however, operating funding has not kept up with cost inflation in our sector, and this has led to cuts to programs, staff, and services which have reduced capacity and productivity and now threaten the quality of both teaching and research we can offer. Meanwhile, the failure of successive governments to address the problem of the unfunded liability on the Universities Academic Pension Plan for service prior to 1992 (which was incurred when UAPP was administered by the government), has resulted in further pressure on university budgets and academic staff salaries. Our institutions, and the academic staff members who work in them, remain committed to excellence, and have had some success in reducing costs through collaboration and innovation, but the lack of stable, predictable, *adequate* long-term funding constitutes a continuing challenge.

6. Recommendations

In CAFA's view, the pledge by successive governments to 'put Alberta's PSE system on a 3-year funding cycle with room for modest growth' remains a good place to start. Despite the decline in energy revenues, the Alberta government must reinvest now in the vision of an affordable, accessible, high-quality post-secondary system, by immediately restoring the full amount of the 2013 funding cut, and by following through on a multi-year funding commitment, with annual increases above the 2% per annum already announced, sufficient to address cost inflation and necessary expansion, including new hiring of full-time, continuing academic staff members. The need for new resources is particularly urgent at the research universities, which are expected to provide world-class teaching and research, as well as leadership in innovation, for the benefit of all Albertans.

Alberta literally cannot afford *not* to make this investment. Ensuring that more Albertans have improved access to high-quality post-secondary education opportunities, and that our post-secondary system is able to support the full range of basic and applied research, must be a priority for the provincial government, however difficult the state of its finances. Every dollar of public funds invested now in post-secondary education represents potential savings in other areas of public expenditure, and a gilt-edged investment in Alberta's future.

Above all, CAFA is concerned that Alberta's research universities should not slip backwards in the current economic downturn, but should continue to build on the advances that have been made and the momentum that has been generated as a result of sustained investment in our sector over the period 2005-2010.