

# CANADA: GOING WHERE DEMAND TAKES US

ALEX USHER

HIGHER EDUCATION STRATEGY ASSOCIATES



Some Context

# A little history

- British Colonies prior to 1867
- The Double Majority problem
- Representation by Population
- The Federal Solution

# Ten Systems

- Parallel systems until upper secondary
- Apprenticeship systems mostly block-release alternance systems
- College Systems vary enormously
  - Most smaller provinces highly vocationally-oriented
  - Alberta, BC more professionally-oriented, w/advanced transfer credit systems to unis
  - Ontario also professionally oriented, but weaker credit transfer
  - Quebec's system has one wing which is vocationally-oriented and one which is a way-station between SS and university
- University systems nearly identical

# Who Pays for What?

- Nearly all operational government funding is provincial
- There is a federal cash transfer which is notionally earmarked for post-secondary education; it comes to about 15% of aggregate provincial spending
- Student assistance is an area of shared jurisdiction
- Research funding is predominantly federal

# Core Operating Grants

- Ontario, Quebec, Nova Scotia have formula funding models. Almost entirely input-based.
- Most other provinces use historical funding systems
- Nearly all funding is “block” (ie no strings); mission compacts are becoming more common.
- No notion of “places”. Enrolments are elastic.

# Student Assistance

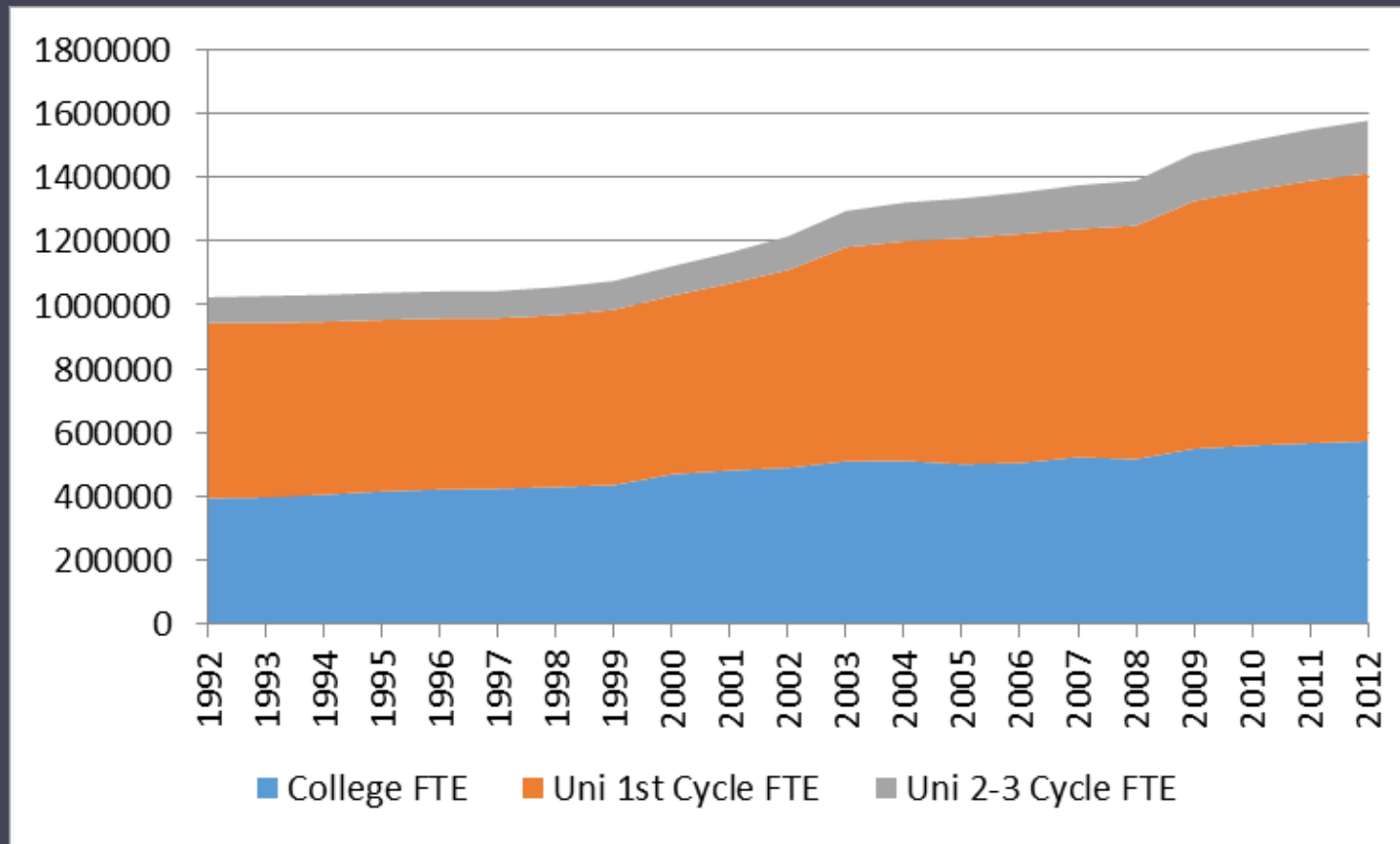
- ❑ Multiple measures: tax credits, grants, loans, loan remission, scholarships, savings incentives
- ❑ Tax credits provided independently by provinces and feds
- ❑ Loans, grants are from jointly by provinces and feds
- ❑ Remission is provincial only. Savings incentives are federal only.



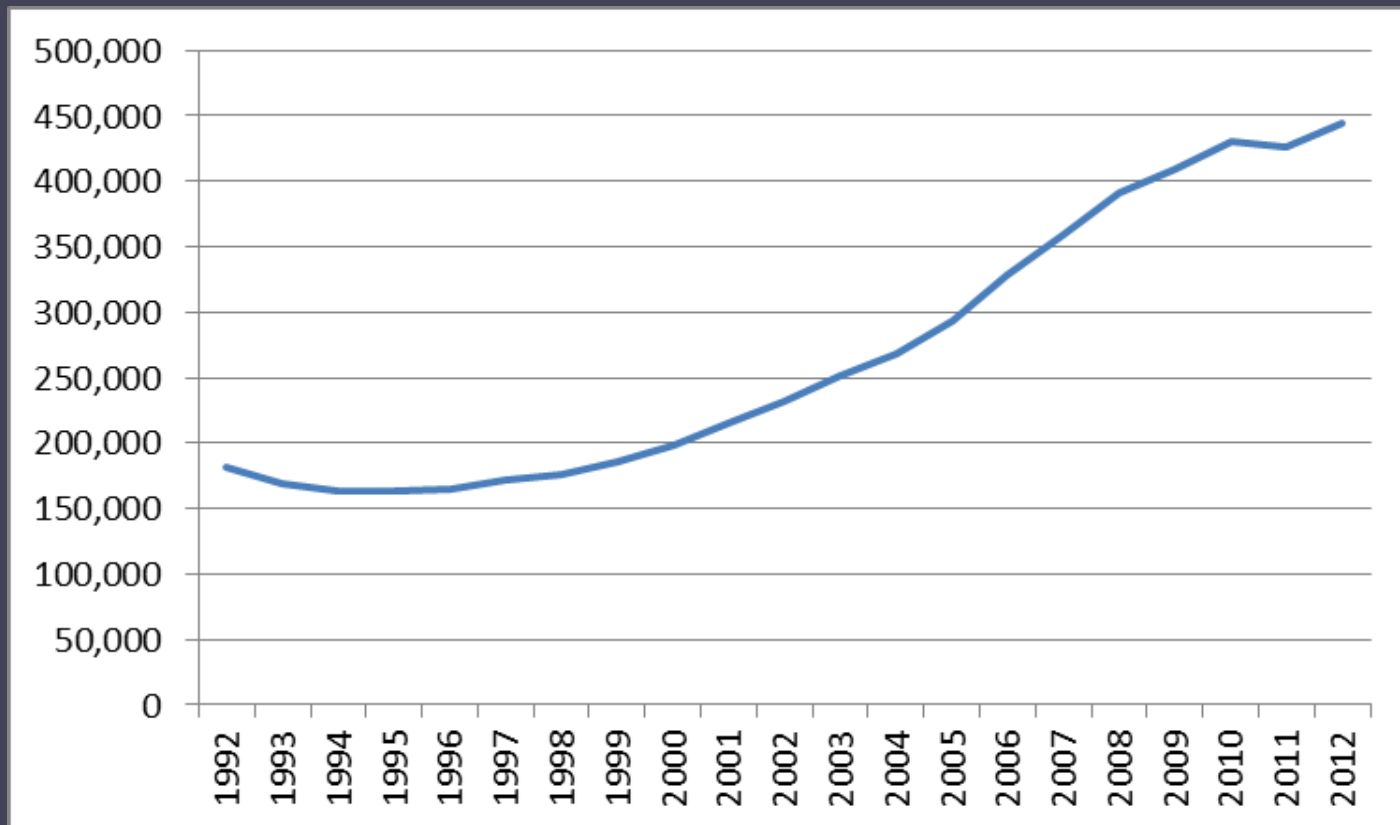
So What Happened?



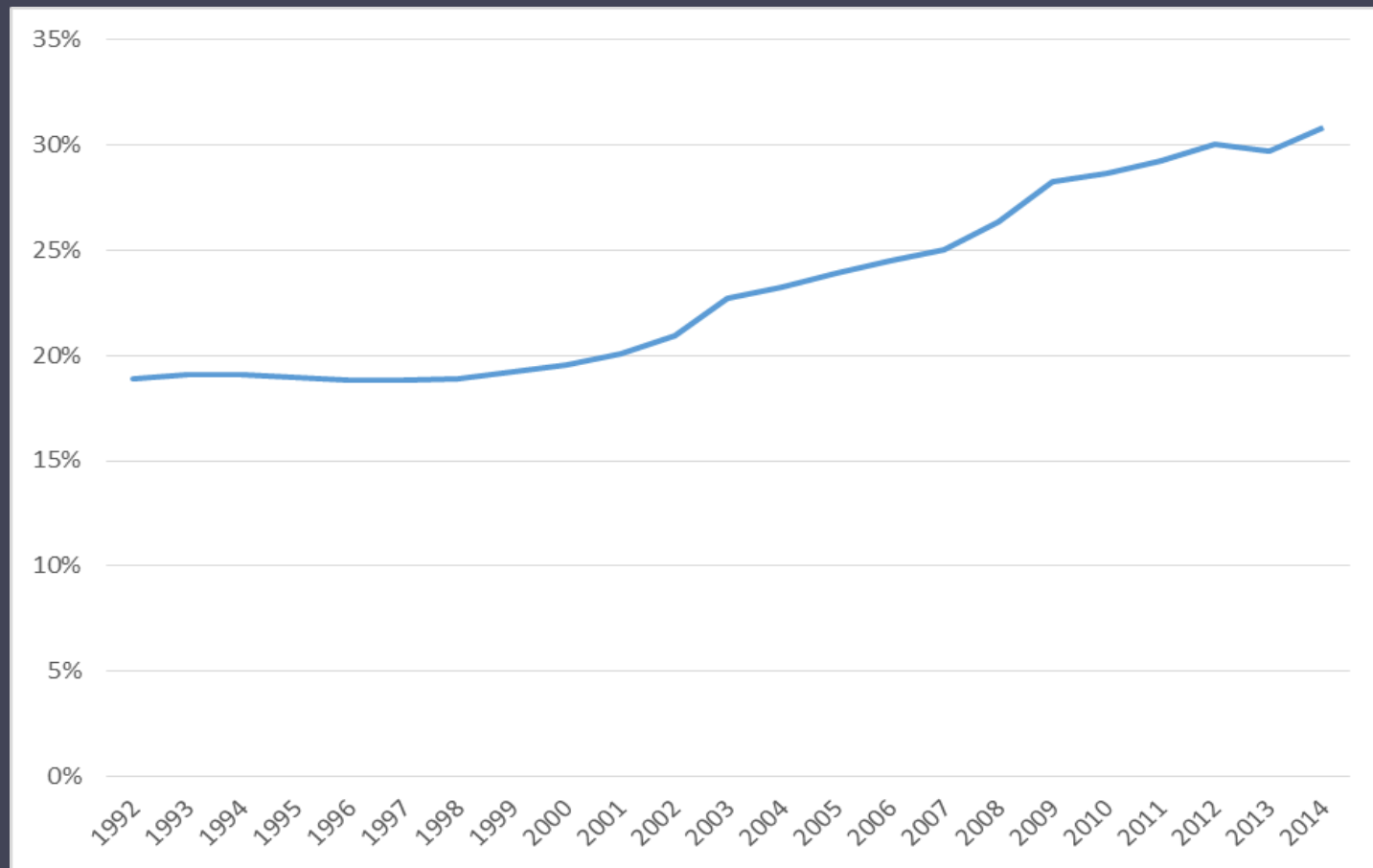
# Enrolment Growth



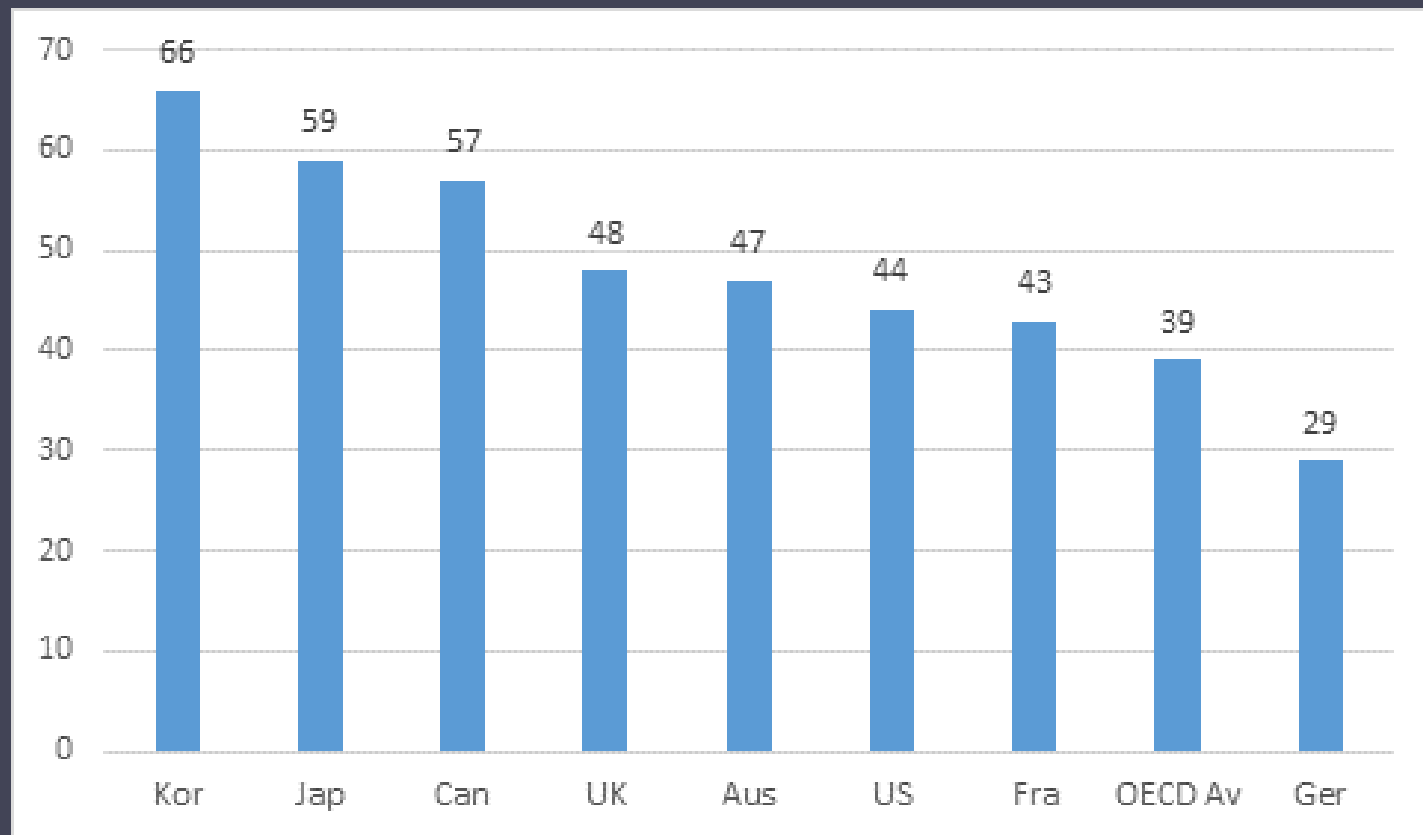
# Apprenticeship Registrations



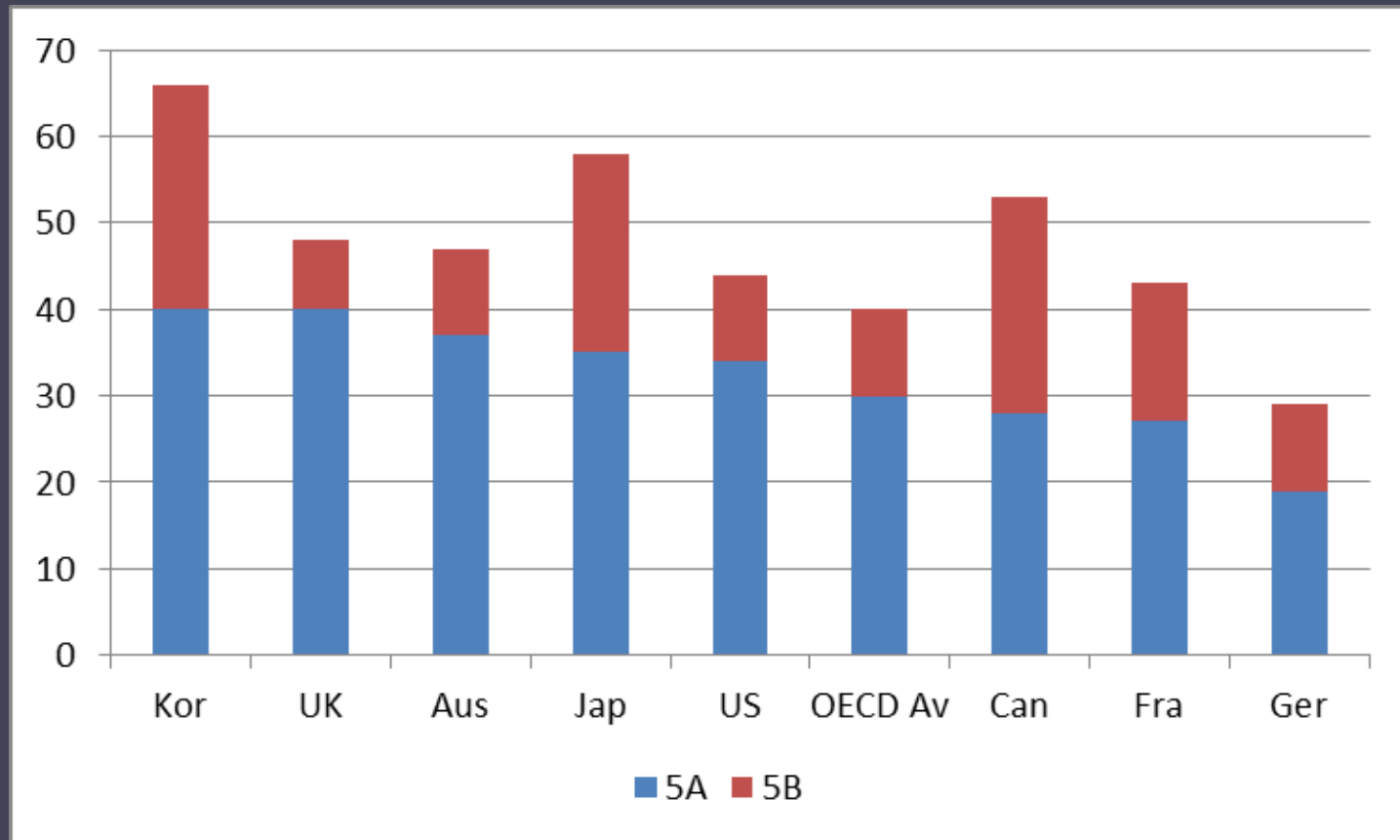
# 18-21 University Participation rates



# Tertiary Attainment rates 25-34



# 25-34 Attainment rates, 5A vs. 5B



# What happened to student body?

---

Gender: Females increased

Socio-economic: Stayed roughly the same

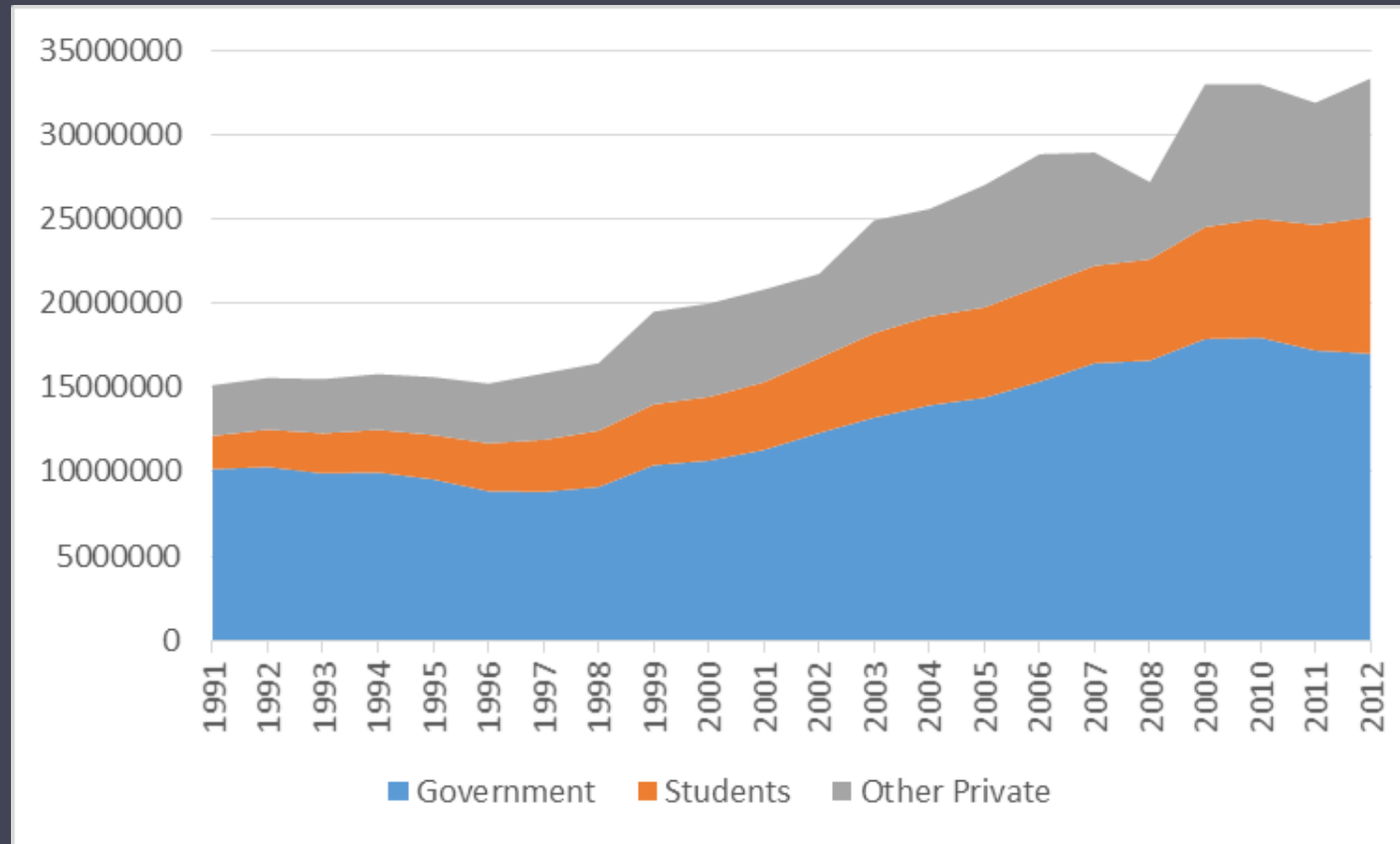
Aboriginal: Increased

Visible Minorities: Increased



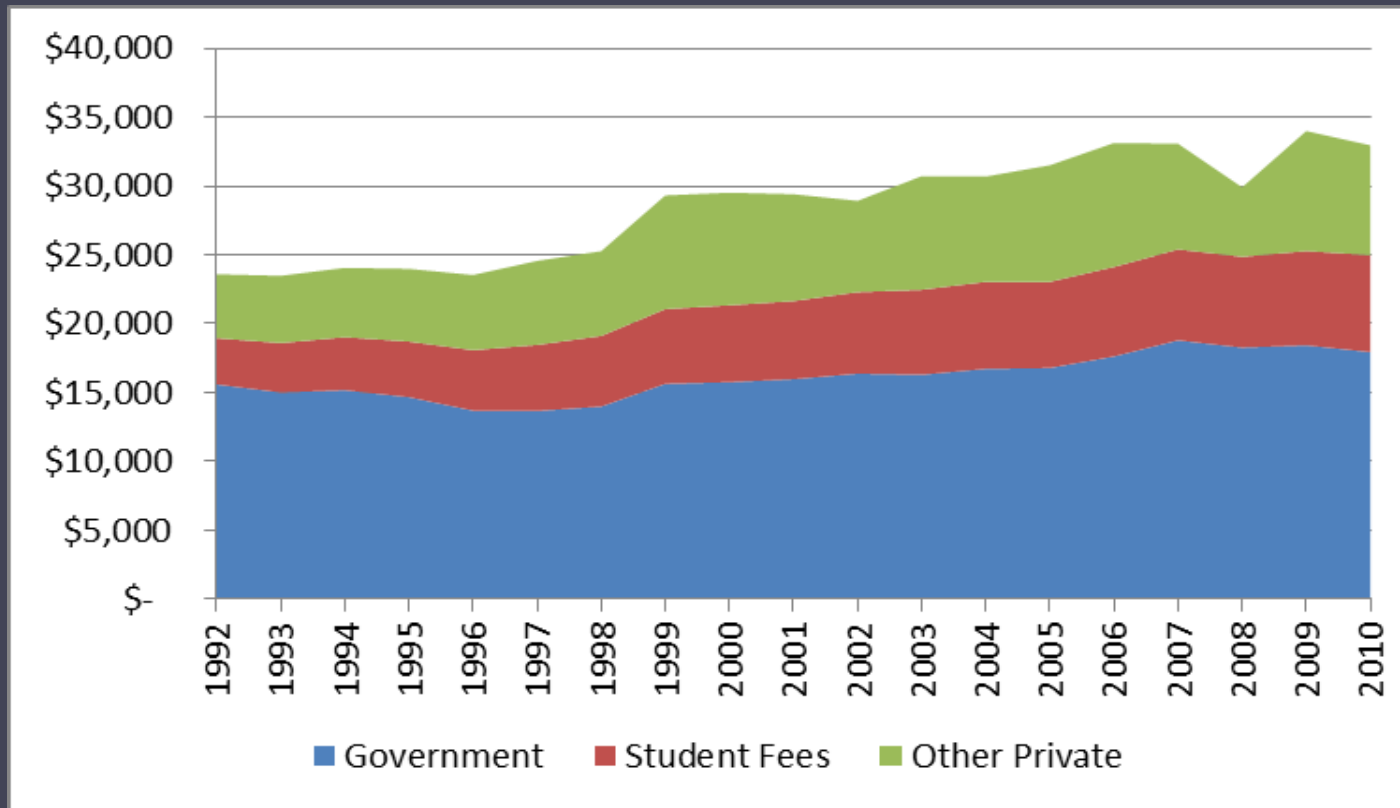
Where Did the Money Come From?

# Total University Income by Source

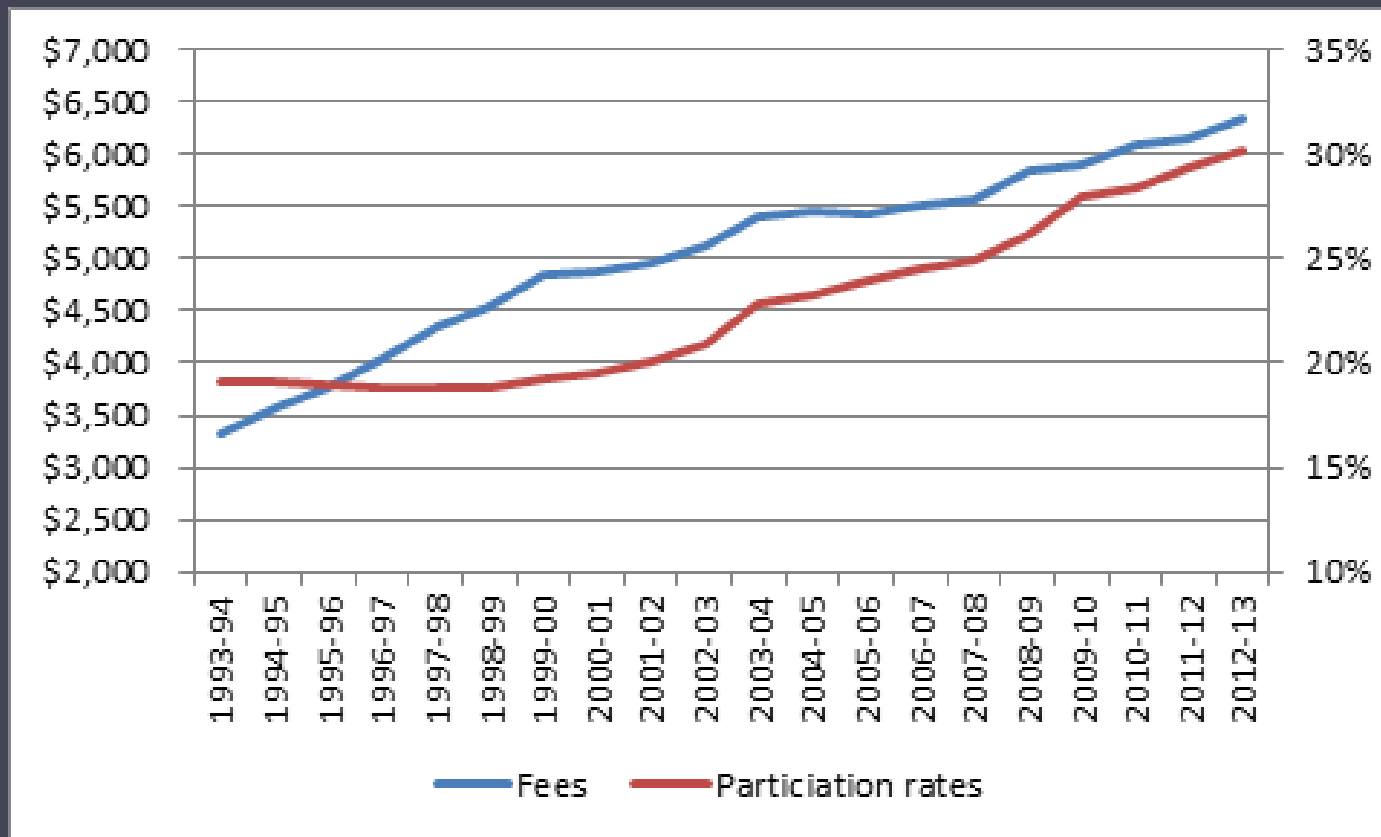




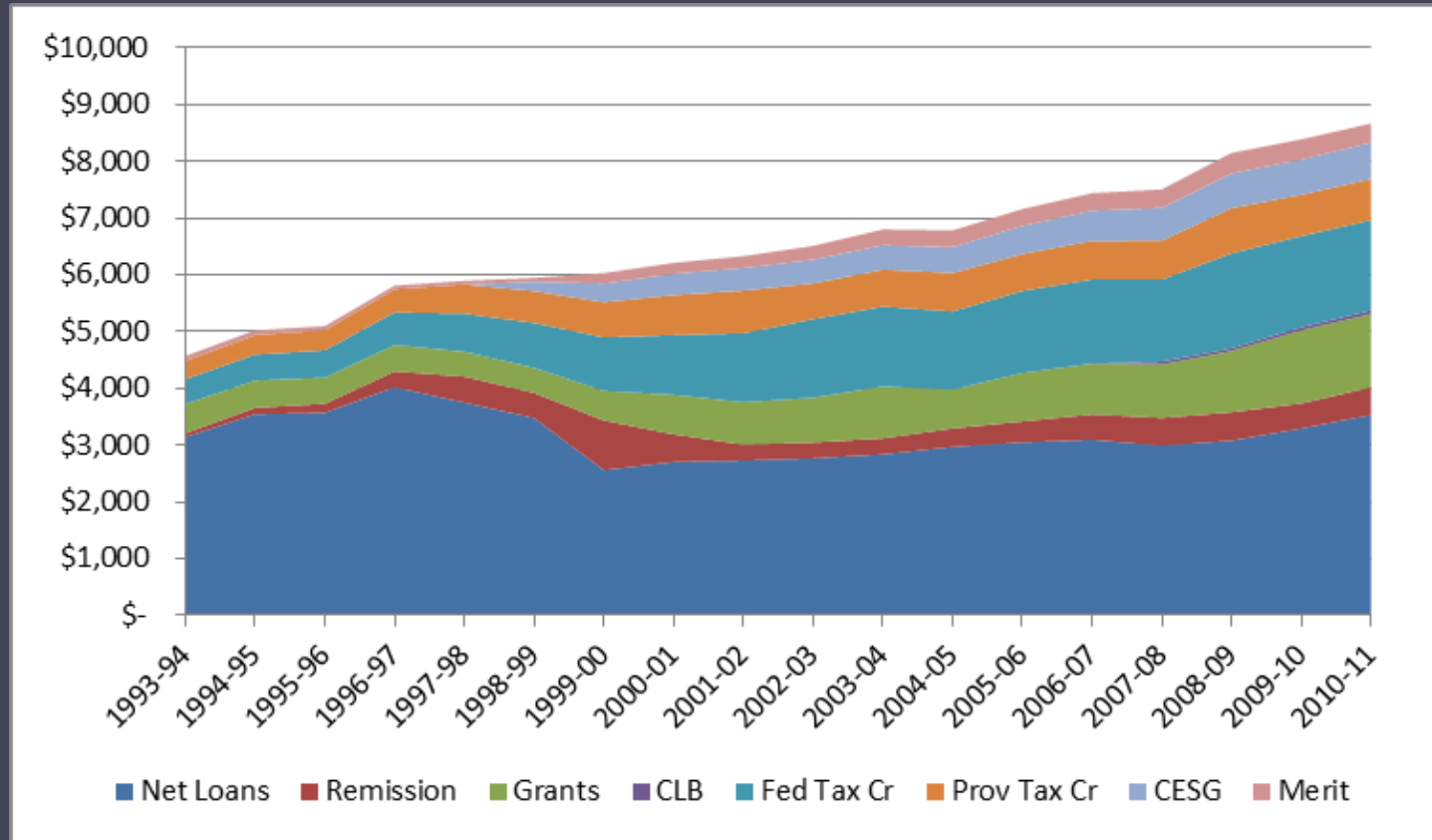
# Real Income per Student



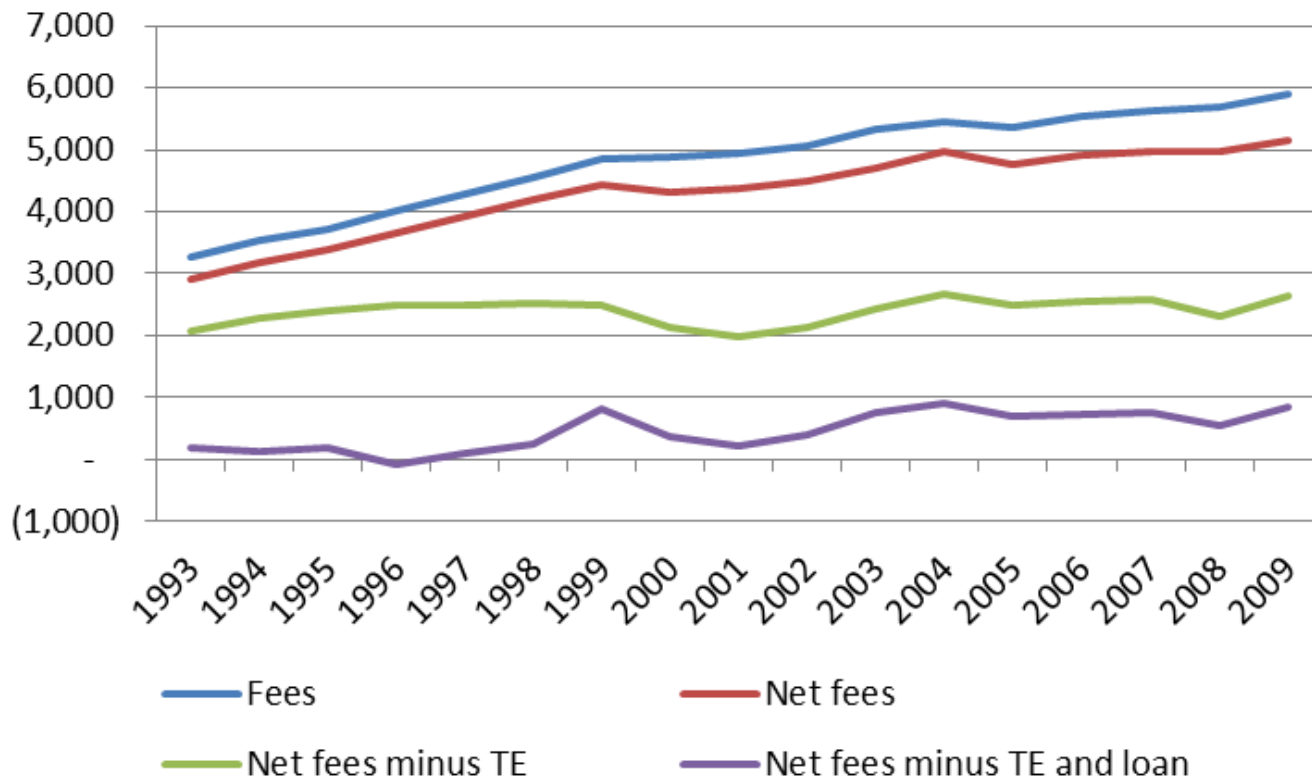
# The Effects of Fees?



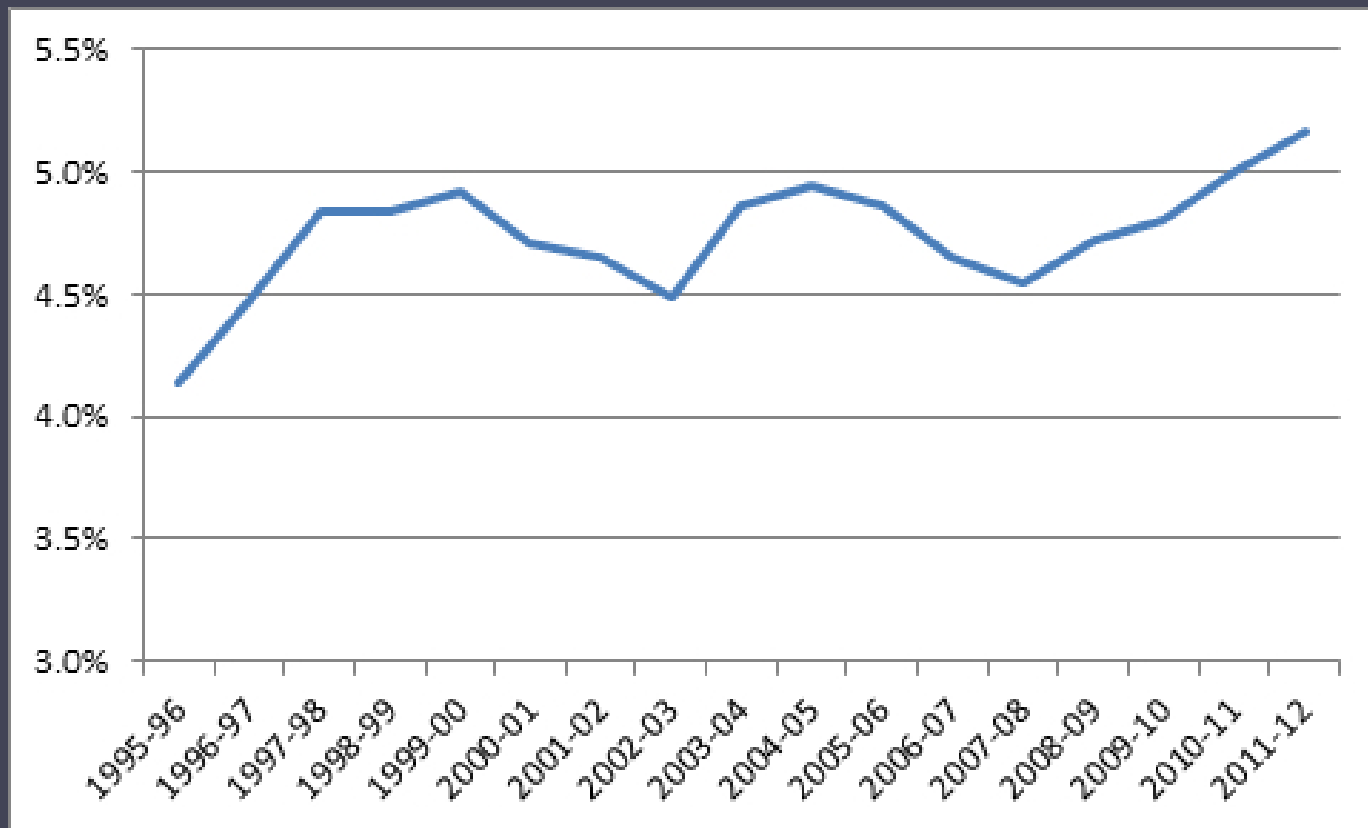
# Student Assistance



# Fees or Net Fees?



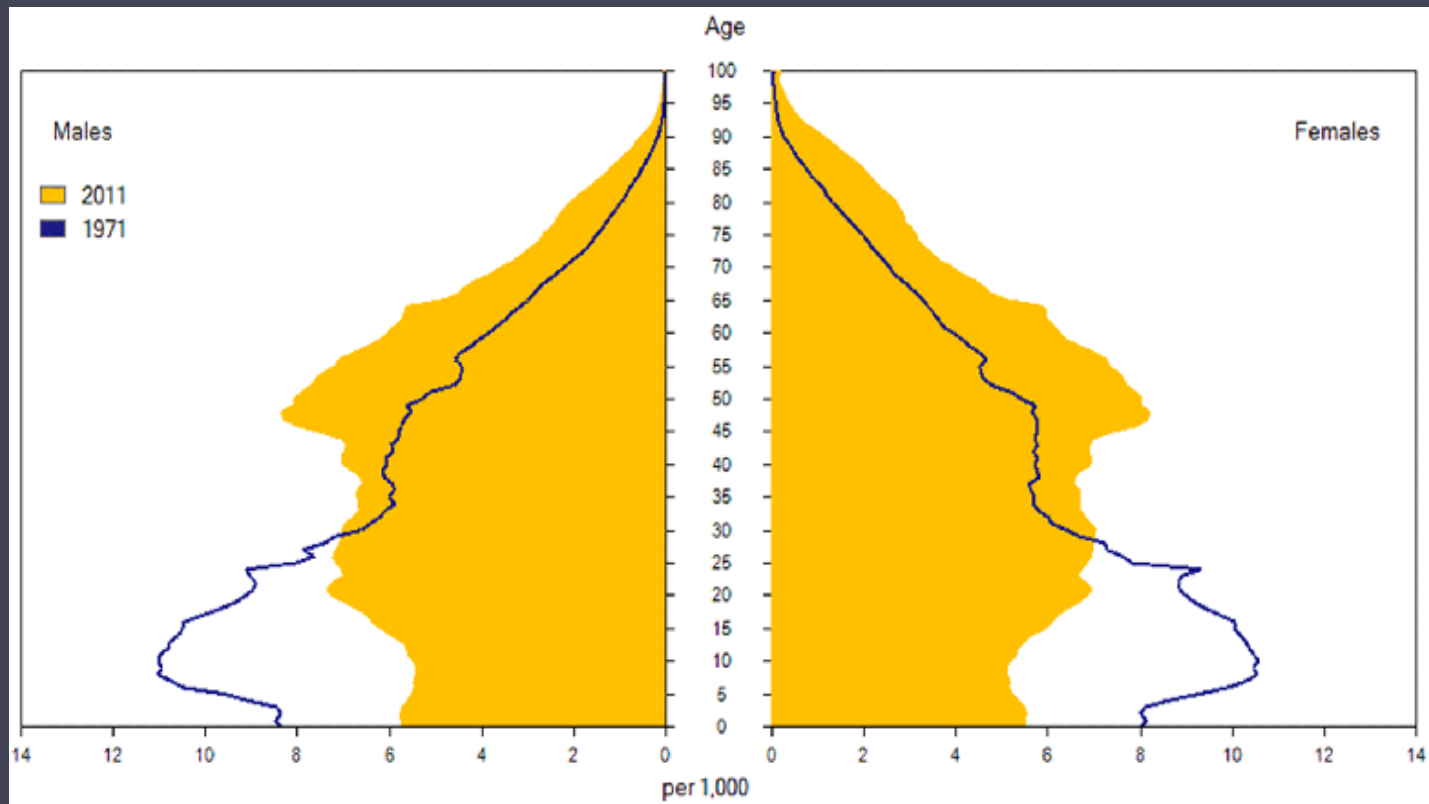
# Net fees as a % of median family income



# Where the money came from

- “Private” fee income was in fact public to a large extent
- Govt. funding sensitive to demand; partly through tuition, partly through govt. funding incentives even *where funding was not formula-driven*
- Governments were willing to shoulder a large burden to grow system. Why?

# The Boomer Effect

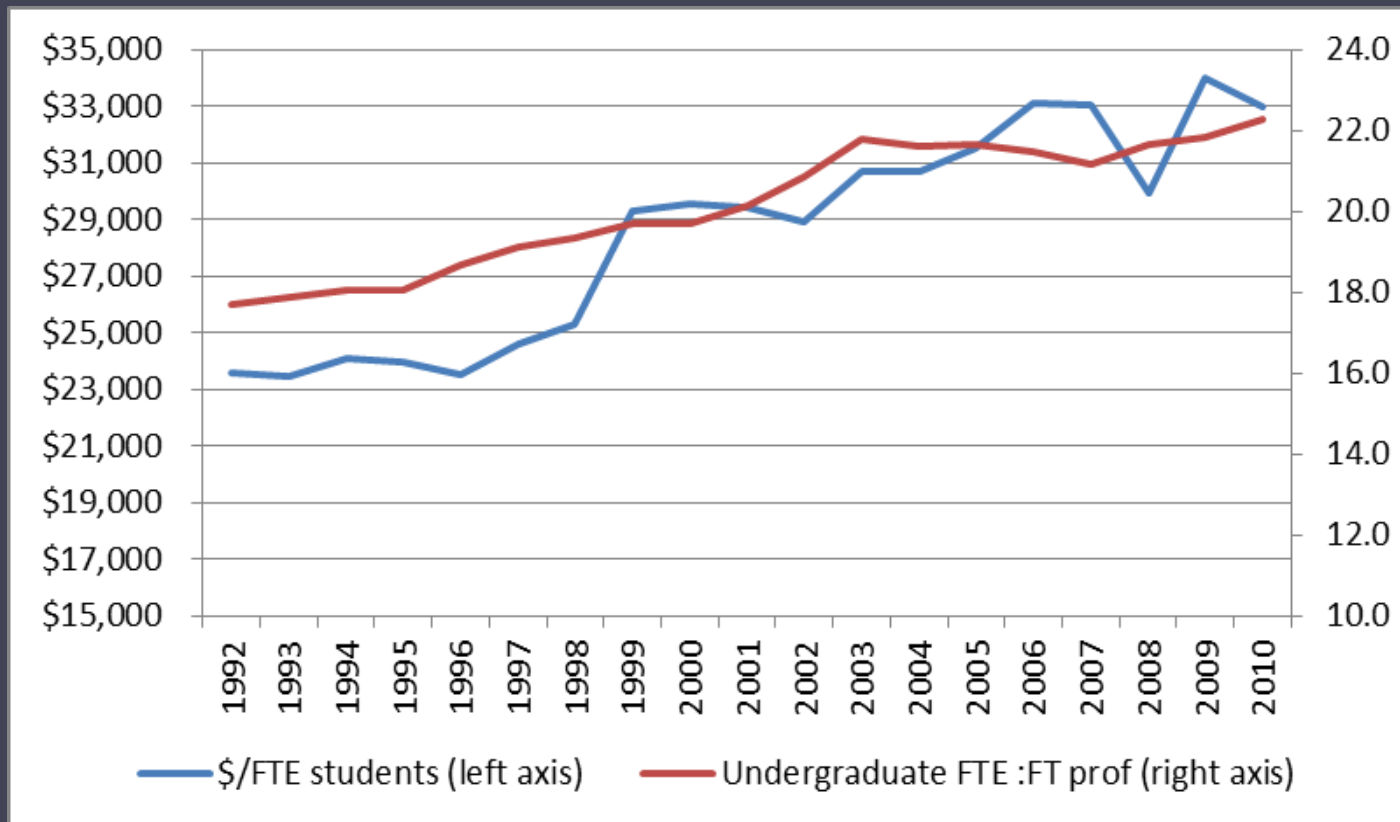


# Meeting Revenue Needs in the '10s

- Governments –income likely increasing below inflation
- Domestic undergraduate student growth levelled off – not much
- Graduate students – in research based programs, these lose considerable sums of money
- Two remaining sources of income: expansion of professional masters' programs and international students



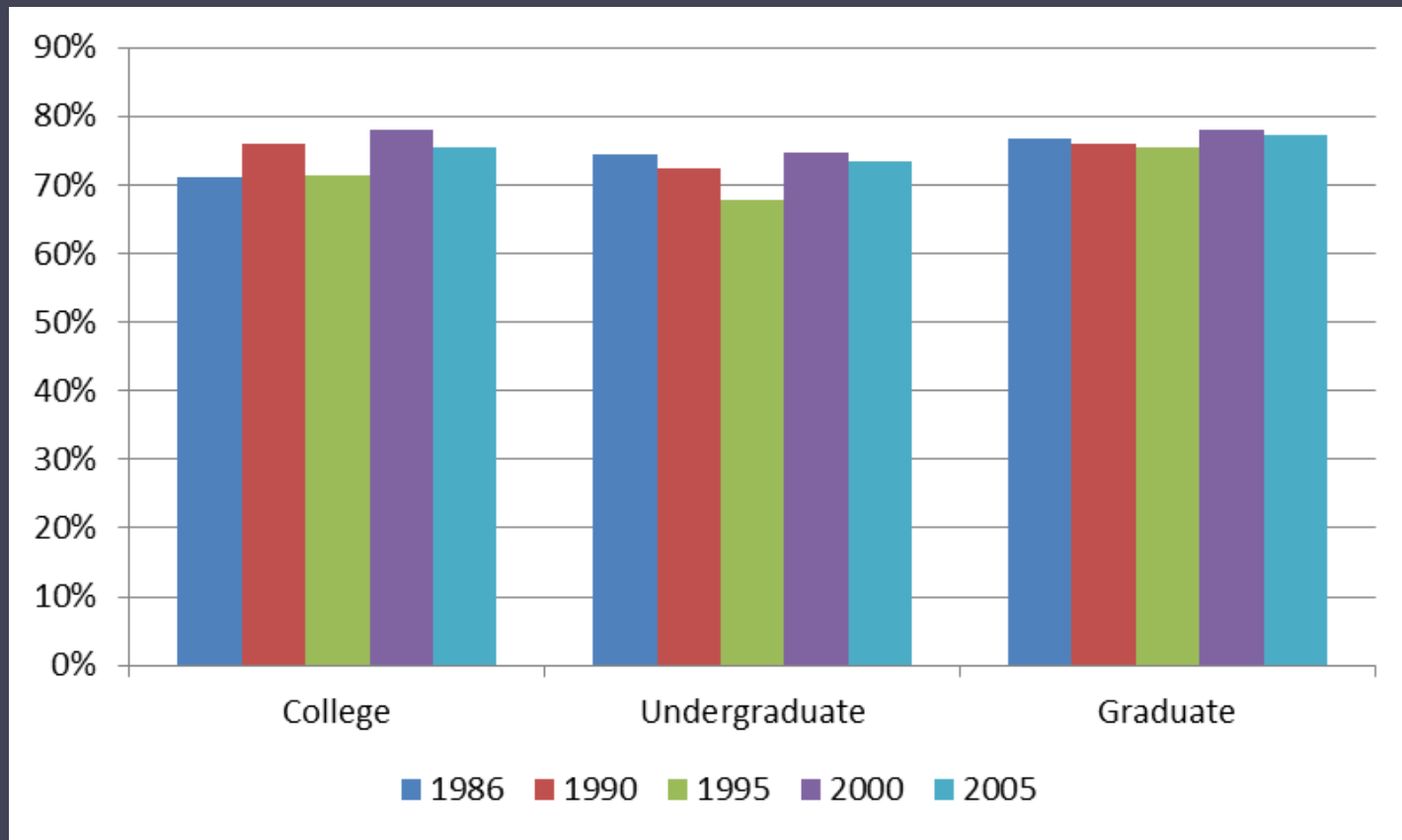
# More Money, Higher Student –Faculty Ratios



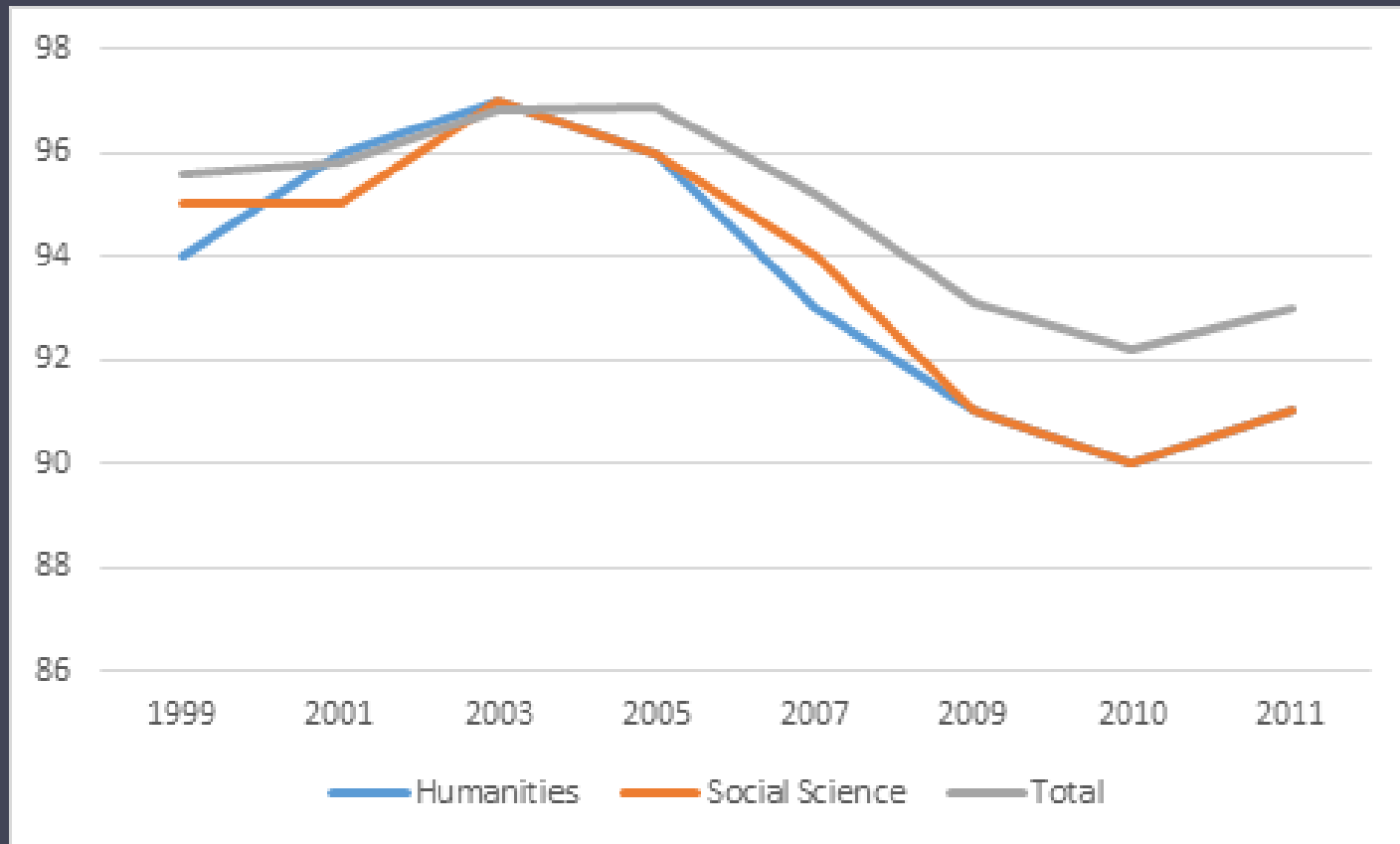


# Graduate Outcomes

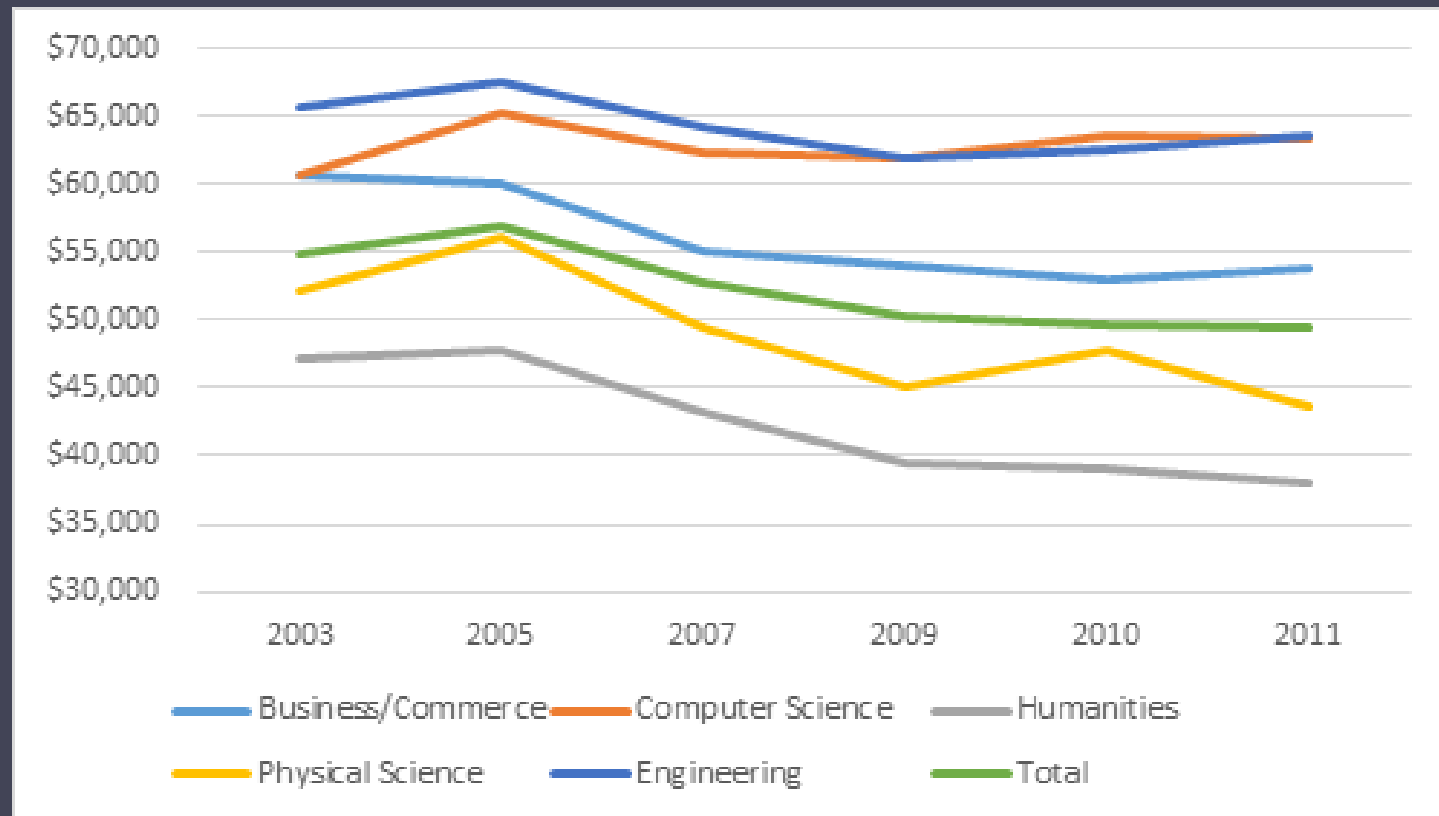
# Employment Rates 2 yrs after grad



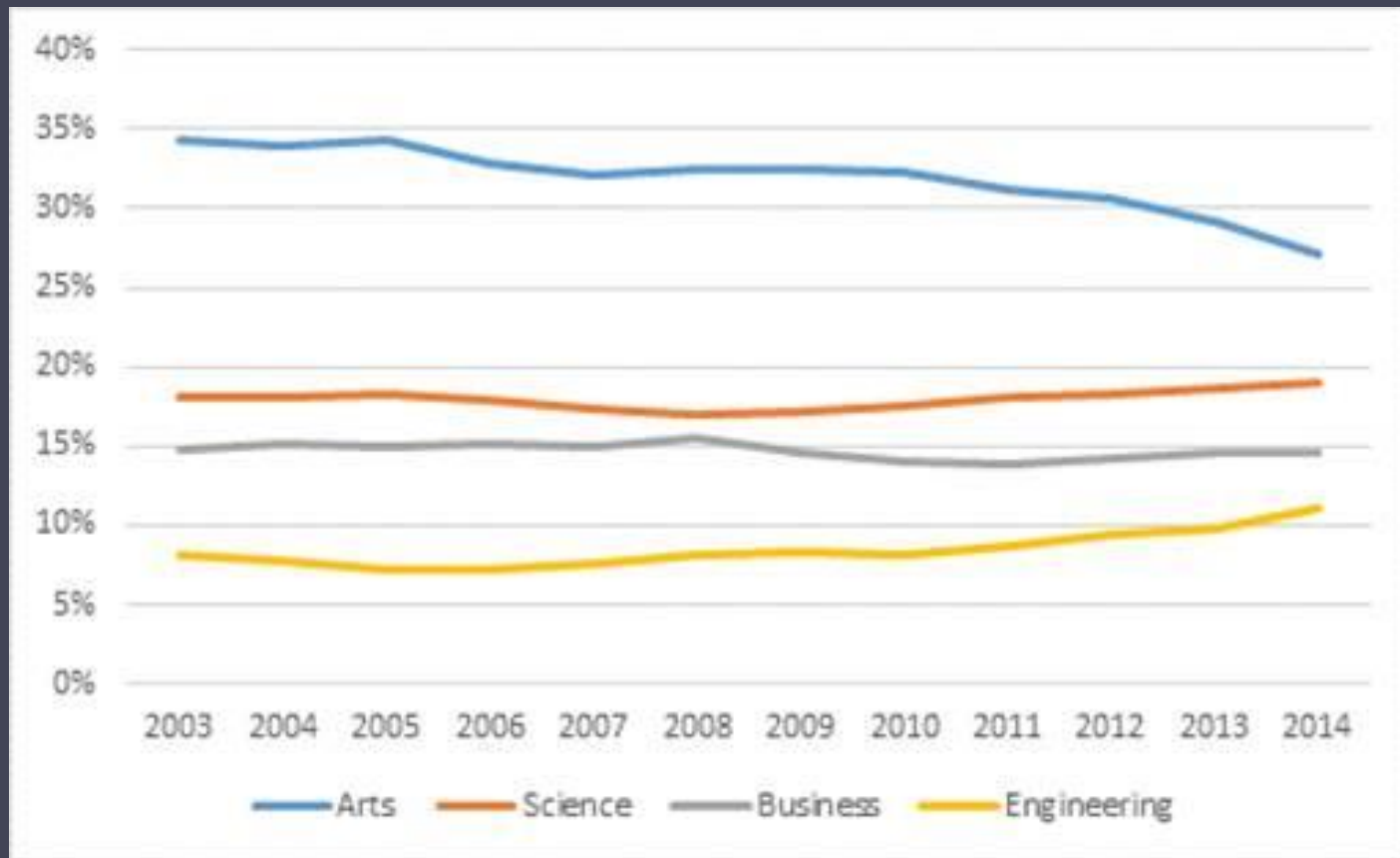
# Unemployment rates 2 years out



# Income 2 years out



# Shifts in Demand





# Key Take-Aways

# Canada's Lessons

- A mix of government funding incentives (both explicit and implicit) and fees makes universities growth-oriented
- Labour market is capable of absorbing large numbers of new graduates
- If you give institutions money without strings, the risk is they will blow it on research and salaries – which could be dangerous if demand shifts.



# Thank You

- [www.higheredstrategy.com](http://www.higheredstrategy.com)
- Daily email/blog “One Thought to Start Your Day”; sign up at [www.higheredstrategy.com/blog](http://www.higheredstrategy.com/blog)
- I also annoy people in real time on twitter: @AlexUsherHESA
- Questions? [ausher@higheredstrategy.com](mailto:ausher@higheredstrategy.com)

