

**Brief of the Federation of New Brunswick  
Faculty Associations**

**Presented to**

**The House of Commons Standing Committee on Finance**

**September 18, 2000**

## 1. INTRODUCTION

The Federation of New Brunswick Faculty Associations (FNBFA) is again pleased to accept the invitation of the House of Commons Standing Committee on Finance ("the Committee") to participate in its annual pre-budget consultation process for the 2000-2001 fiscal year.

The stated goal of the Committee in this round of consultations is to form a plan for presentation to the Minister of Finance which will:

1. Ensure that Canada remains a major player in the new economy;
2. Provide Canadians with equal opportunity to succeed; and
3. Create an economic and social environment where Canadians can enjoy the best quality of life and standard of living.

The purpose of this brief is to identify some of the obstacles to these objectives being accomplished, and to offer some general recommendations on how they might be overcome.

## 2. OBSTACLES

### The Brain Drain

In its first report to the House under Standing Order 83.1, entitled "**Budget 2000: New Era... New Plan**" published in December, 1999 the Committee stated: <sup>1</sup>

"In our Report entitled **Productivity With A Purpose** we examined the issue of the brain drain. At that time there was no clear consensus as to whether it is indeed a serious problem. That is still the case today...

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<sup>1</sup> Op.cit., page 105 et seq.

"... Our conclusion last spring was that the brain drain might not be a major problem in aggregate.... [but it] ... does, however, pose a serious problem for certain sectors of the economy."

The Committee then goes on to give the example of Nortel, Canada's largest company, only 7% of whose executives work in Canada and whose engineers' entry-level earnings are CAN \$49,000.00 in Canada compared with CAN \$80,000.00 (US \$ 53,000.00 at a 51% exchange rate) in the United States.<sup>2</sup>

There also are wide disparities between the average (mean) salaries of university faculty in Canada and the U.S. In Canada, the average full professor makes 14% less than someone of the same rank in a U.S. university; an associate professor makes 7.4% less; and an assistant professor makes 12.7% less.<sup>3</sup> In certain disciplines, these disparities are considerably more pronounced than the averages would indicate. This problem is magnified by the comparative abundance of funding for research infrastructure in the United States. In such an environment, the potential for migration south of the border of our best and brightest academics is a constant threat to the quality of teaching and research in this country's universities.

### **Research Chairs**

The introduction of Research Chairs funded by the federal government represents a laudable attempt towards discouraging top-performing Canadian faculty members who might otherwise have done so from succumbing to the lure of the United States. The government of Canada, as a result, is to be warmly applauded for having taken this initiative.

To embrace the corollary of a popular expression, however, in front of every silver lining there is a dark cloud. The Research Chairs program has the high minded precept of

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<sup>2</sup> Ibid., page 106

<sup>3</sup> Source: Canadian Association of University Teachers

fostering excellence in research in this country. Probably it also has acted as a disincentive to faculty migration to other countries. Regrettably, however, it has caused and will cause significant – no doubt unforeseen – internal problems as well.

The introduction of the Research Chairs program has resulted in what has been characterized by university faculty in New Brunswick as the "subsidized raiding" from their ranks of their most highly productive colleagues by larger institutions elsewhere in Canada; specifically, in central Canada, where salaries are higher and research facilities are more readily available owing to the economies of scale those institutions enjoy. Even in New Brunswick's largest university, this phenomenon can have devastating effects.<sup>4</sup> The average median salary of a New Brunswick faculty member now being 10% lower than the comparable national average salary (\$69,596 compared with \$77,700), replacing faculty members who accept Research Chair appointments in other provinces with similarly-qualified individuals is difficult, if not impossible.

### **Development of Human Capital**

In its **Budget 2000: New Era --- New Plan** report the Committee states<sup>5</sup>

"Post-secondary institutions are about more than research - they are primarily teaching establishments. They are the institutions that help to create the human capital that makes Canada productive.

"In last year's report on productivity, we noted that higher education reduces Canadians [sic] probability of being unemployed and increases their lifetime incomes. That is why human capital formation and access to education are high

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<sup>4</sup> The U.N.B. physics department recently lost two of its most promising researchers in Fibre Optics to the University of Ottawa. The University of Ottawa was able to muster nearly twice the salaries and provide in excess of a million dollars in start-up funding. The departure of these researchers represents a major loss to the region as well as to the department that lost with them 25% of its staff and all but two of its graduate students.

<sup>5</sup> Op.cit., page 103

priorities of the government and why **past budget measures have attempted to advance that cause.**" [Emphasis added.]

In New Brunswick in 1999 there were 5,000 more individuals with university degrees than there were in 1998; yet, even so, the unemployment rate for this group fell from 5.1% in 1998 to 4.4% in 1999. (The corresponding 1999 figures for Community College and High School graduates were, respectively, 8.2% and 10.5%).<sup>6</sup> In other words, in 1999 university graduates in New Brunswick enjoyed virtually full employment - a 3% transitional unemployment rate at any given time generally being accepted by economists as "full employment".

Since the Committee obviously has unequivocally recognized that higher education brings greater employability, the foregoing reinforcement of this proposition may seem to be superfluous. It is not. Earlier herein, emphasis was placed on the Committee's words "... past budget measures have attempted to advance that cause"; i.e. the cause of the formation of human capital through access to education - especially higher education. With the utmost respect, the FNBFA must observe that past budget measures have fallen far short of the Committee's perception of them.

In the words of the Canadian Association of University Teachers (CAUT)

"... if we assume that federal cash transfers are allocated in their pre-CHST proportions... the federal cash contribution to post-secondary education in the current year has fallen by 34% since 1992 - from \$2.9 Billion to \$1.9 Billion. As a share of the economy, *this is the lowest level of cash investment in post-secondary education by Ottawa in more than 30 years.* [Italics in original.]<sup>7</sup>

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<sup>6</sup> Source: HRDC-Pan Canadian Operations: Labour Market Annual Averages publications.

<sup>7</sup> CAUT Statement To The House of Commons Standing Committee On Finance Regarding the 2001-02 Federal Budget (at page 4).

This may explain, in part, why the average undergraduate arts tuition fees increased by more than 75% in New Brunswick between 1990-1991 and 1999-2000. Surely this outcome cannot be viewed as advancing the cause of the formation of human capital.

### **Reduced Faculty Complement**

Another barrier to the attainment of the Committee's objectives is the dilution of the quality of education resulting from the reduction in the overall number of faculty members, while overall enrolments continue to rise. According to StatsCan figures published by the CAUT, between 1990-1991 and 1998-1999 the student-faculty full-time equivalent ratio has increased from approximately 17:1 to approximately 19.5:1.<sup>8</sup> Measured by industrial standards, this could be viewed as a 14.7% increase in faculty productivity. In reality, though, in the post-secondary educational context it amounts to a loss of more than 5 hours of faculty-student contact and/or research opportunity in every 40 hour work week. This is hardly likely to ensure that Canada's university students and researchers are kept at the cutting edge of competitiveness in the new (for "new" read "global") economy.

### **Social Imperatives**

According to the Committee<sup>9</sup>

"If we think of GDP [Gross Domestic Product] per capita as the pie, our standard of living is measured by the size of that pie **but not necessarily by its ingredients**. Our standard of living, i.e. the size of the pie, is determined by the quantity and quality of the inputs we use in the production process and the efficiency with which we use those inputs." [Emphasis added.]

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<sup>8</sup> Ibid., page 10

<sup>9</sup> Op.cit., page 80

The FNBFA begs to differ and is, in fact, greatly disquieted by the Committee's apparent perception that the "standard of living" of Canadians is dictated solely by economic factors. The foregoing passage is, furthermore, contradictory in any case: if only the size of the pie (to adopt the Committee's own metaphor), and not its ingredients, determines our standard of living, what role does "... the *quality* of the inputs we use in the production process" (i.e. the ingredients) have to play? The size of any pie, real or metaphorical, is determined solely by the *quantity* of its ingredients, not by their quality. The FNBFA prefers to believe that the standard of living of Canadians is determined both by its economic success **and** by its cultural accomplishments. If not, we are judging ourselves by the most shallow of bacchanal values.

In New Brunswick, there is no opera. There is no ballet. As well as providing education and performing the most advanced research which is within their means, New Brunswick's universities are, generally speaking, the cultural hub of their local communities and of the province as a whole. Therefore, it is essential that "soft" disciplines such as Music, Fine Arts and Classics - to name only a few - be nurtured and encouraged to flourish.

### **Libraries**

It is also essential that the universities' library acquisitions remain current. In 1849, John Ruskin asked

"What do we as a nation care about books? How much do you think we spend altogether on our libraries, public and private, as compared with what we spend on our horses?"

Ruskin was reportedly being quoted by James H. Billington, Librarian of Congress, at an annual meeting of the Information Industry Association.<sup>10</sup> According to Mr. Billington,

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<sup>10</sup> Date unknown

in 1988 - the most recent year in which figures were then available to him - American consumers had spent \$15.1 Billion on horse racing, horse purchases, and veterinary care. In contrast, they had spent only \$6.4 Billion on libraries.

Owing to the discouraging situation of the libraries in New Brunswick's universities (reported to the Committee in last year's brief<sup>11</sup>) which has, at best, remained unchanged, the FNBFA has every reason to believe that this cavalier attitude towards libraries remains prevalent.

### **3. RECOMMENDATIONS**

#### **Levelling the Research Playing Field**

Countervailing measures must be taken to offset the impact on Canada's outlying regions of the Research Chairs initiative; which, as described above, has resulted to an unacceptable extent in an internal brain drain to central Canada.

The FNBFA recommends that researchers in universities located in provinces such as New Brunswick, which have a negligible pool of potential commercial/industrial sponsors, be exempted from the "matching funds" condition for eligibility for grants from the Canada Foundation for Innovation and from the National Science and Engineering Research Council. It also recommends the establishment of a major new fund to provide start-up money for new faculty to establish themselves, particularly in the industrially deprived regions.

This would give researchers in this province and elsewhere the opportunity to substantially increase the quality of their research without having to move to another part of the country. The excellent quality and availability of the communications technology

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<sup>11</sup> Brief of the Federation of New Brunswick Faculty Associations to the House of Commons Standing Committee on Finance, September 10, 1999 (at page 9).

already in place means that the consolidation in one geographical location of research expertise in any particular field is neither desirable nor necessary.

### **Improving Access**

The FNBFA respectfully refers the Committee to "**Ensuring Access: Assistance for Post-Secondary Students**",<sup>12</sup> one of the recommendations of which resulted in the introduction of the Millennium Scholarship program. The opening passage therein is noteworthy:

"As Canada moves into the next century, Canadians need the tools to take advantage of the opportunities presented by a technological society. **Perhaps the most important of these tools is embodied in human capital and in knowledge**". [Emphasis added.]<sup>13</sup>

The enlightened premises of this report stand in stark contradiction to undergraduate arts tuition fees having increased over the last decade by more than 75% here in New Brunswick, and the national average debt load at graduation of an individual with a bachelor's degree having increased by 129% between 1982 and 1995. These trends unquestionably must be reversed.<sup>14</sup>

Among the many striking recommendations of the report is this one:

"14. The Government of Canada should put in place a system of grants which would support post-secondary students in their first and second year of education at recognized institutions. These grants should be awarded according to a formula

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<sup>12</sup> Report of the Standing Committee on Human Resources Development and the Status of Persons with Disabilities, December 1997.

<sup>13</sup> Op.cit., page 1

<sup>14</sup> Source: CAUT

that takes into account both the need and the academic merit of eligible candidates." <sup>15</sup>

The spectre of an unmanageable debt load upon graduation probably is the greatest deterrent to participation in post-secondary education of the majority of those qualified individuals who choose, nevertheless, not to attend university. This is thought to be particularly true in the case of those with the lowest income levels. In 1992, this group - one fifth of the population - spent 11.2% of their after-tax income on tuition fees; by 1998 this had risen to 19.1%. <sup>16</sup>

The report "**Ensuring Access: Assistance for Post-Secondary Students**" which examines alternatives for the amelioration of student debt, contains many sensible recommendations, most of which have not yet been implemented. The FNBFA recommends that this report be re-examined by the Department of Finance, and that those of its recommendations which have not yet been implemented be acted upon without further delay.

### **Preserving Social Assets**

It has already been mentioned that the universities are the lynch-pins of the cultural infrastructure of such provinces as New Brunswick. This is especially true in this province, where the dynamism of the discrete cultures of its two dominant linguistic groups finds its greatest protection and support in the university community.

In 1996, the introduction of the **Canada Health and Social Transfer** (CHST) to replace **Established Programs Financing** (EPF) carried with it a one-third reduction in federal funding to the provinces - from \$18.5 Billion to \$12.5 Billion. <sup>17</sup>

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<sup>15</sup> Op.cit., page 16

<sup>16</sup> Source: CAUT

<sup>17</sup> CAUT NOW! September 13, 2000; Volume 2, No. 8

Such reductions invariably mean cutbacks at the local level in funding for university programs that do not have an immediately apparent relationship with the vitality of the economy. The FNBFA recommends, therefore, that the federal government show leadership in promoting the value of cultural programs and the arts in our universities by providing financial incentives for their retention and improvement.

### **Ensuring Equality of Opportunity**

The FNBFA has welcomed the recent announcement that a significant restoration of funds will soon be allocated to the CHST. However, it seems clear that the bulk, if not all, of the money to be restored will be used to help to solve the apparent national crisis in health care. Unlike health care, for the delivery of which the **Canada Health Act** sets out national principles, the financial treatment of Canada's institutions of higher learning is entirely in the discretion of the provinces. In fact, there is no way of knowing how federal funds are being spent or even if they are being spent.

The FNBFA joins CAUT, therefore, in calling on the federal government and the provinces to

"... develop a similar set of principles as in the **Canada Health Act** to apply to post-secondary education as a way of ensuring that federal transfers help meet national goals".<sup>18</sup>

Among the most important "national goals" at this time are, without doubt, those declared in the Committee's June 27, 2000 call for submissions. Legislative guidelines for the equitable distribution of CHST funds would undoubtedly help to ensure that they will indeed be met.

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<sup>18</sup> Ibid.

## CONCLUSION

As in the past, the FNBFA feels privileged to have been invited to make a presentation to the Committee. As the years go by, we hope that each round of consultations will become more and more meaningful; and that the Committee will, in its recommendations to the Finance Minister, give the ongoing viability of the universities and the allocation of the funding necessary to nourish them its strongest support.

Respectfully submitted September 18, 2000 by

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