

THE FUTURE AIN'T WHAT IT USED TO BE ...

INTRODUCTION

The observation “**The future ain’t what it used to be**” is attributed to baseball icon Yogi Berra. If, in his unique and legendary way, Mr. Berra intended by this timeless statement to declare that the future is not unfolding in accordance with the expectations of the past, he was absolutely right.

This presentation, therefore, has two major objectives:

- To document some of the known and quantifiable trends which the Federation believes to be reliable indicators upon which rational decisions concerning the future of post-secondary education - and, in particular, the future of our universities - can be based.

- To encourage a critical re-evaluation of federal funding priorities for post-secondary education which will result in the recognition and accommodation (or correction) of those trends.

DEMOGRAPHIC TRENDS

Traditionally, the universities have played a leading rôle in this nation’s social development and, consequently, the levels of funding for them have been determined largely by the social policies of successive federal and provincial governments. With growing clarity, however, the numbers show that - while continuing to discharge their social mandate - the universities also have become critical components in the engine of economic growth.

Their exponentially-increasing importance in the economic evolution of New Brunswick alone, for example, is amply demonstrated in the series of graphic illustrations included in this presentation (see Appendices attached). *

* [The Federation is indebted to the Strategic Planning and Analysis Branch, Human Resources Development Canada - New Brunswick Region (HRDC) for the provision of these materials. It also acknowledges, with thanks, the contribution of the Maritime Provinces Higher Education Commission (MPHEC); which, unless otherwise stated, was the source of all other statistical data contained in this document.]

The following is a brief textual summary of the contents of the attached Appendices; and, where appropriate, of the Federation's interpretation of what they imply.

Appendix I

As recently as 1992, only 19% of all available jobs in New Brunswick required more than 17 or more years of education, while fully 48% of them required less than 12 years. Current trends have led HRDC to predict, however, that by the year 2000 a quantum reversal will have taken place; and will have caused these percentages, respectively, to have increased to 38% and decreased to 29%.

Appendix II

In the twenty-year period 1976-1995 (inclusive), the overall number of employed individuals with more than 8 years of education had remained essentially unchanged. However, during that time the percentage of employed individuals with less than 8 years of education had decreased from 34% to only 20.4%. This suggests, therefore, that "bumping" had taken place: higher educational credentials than were necessary to secure the same job in 1976 were now required at all levels of the workplace. That this, at least in the last few years,

unquestionably has been the case is clearly demonstrated in the next illustration. (See Appendix III).

Appendix III

With only minor contradictory demographic shifts (in 1991 in relation to non-university post-secondary graduates, and in 1995 in relation to secondary - i.e. "Grade 12" - graduates), during the period 1990 to 1995 the numbers of employed individuals in New Brunswick with Grade 12 or lower educational credentials gradually declined; while the corresponding numbers for post-secondary graduates in general increased overall, and the number of employed university graduates continued to rise steadily - even through the recession of the early 1990's.

Appendix IV

In every age-bracket, the average income of an individual possessing post-secondary graduation credentials is considerably higher than that of one who does not. Overall, the salary of an average university graduate is 42% higher than that of the next-best educated average individual; in the peak earning years (ages 45-64) it is 67% higher. The significance of the consumer spending, of the savings which provide a pool of capital for investment in economic growth, and of the high levels of personal taxation of these individuals cannot be ignored. The greater their number, the greater their beneficial economic impact on the whole of society.

There is abundant evidence of the growing insistence of "the economy", "the marketplace", or whatever other appropriate term might be used to describe the dynamics which govern the deployment of the labour force, upon post-secondary graduation; not

merely for advancement within the workplace but, more and more, as a condition precedent even for entry into it.

An excellent analysis of the recent manifestations, on a national scale, of this alarmingly progressive trend [based on published Statistics Canada data subsequently verified by the Federation] appeared in the March 13, 1995 issue of the **Globe and Mail**. The essence of the phenomenon, the Federation believes, is captured in the following excerpts from that article:

“... A new iron law is taking over the workplace. If you have completed some form of postsecondary education - a university degree, a community-college diploma, a training certificate - you’re going to get a job. If you have anything less, you won’t... Last year, the economy added 277,000 jobs... [but] for those with a high school education or less, 145,000 jobs disappeared. For those with a post-secondary education, 422,000 jobs opened up. This means that 99.3% of people entering the labour force with a degree or diploma found work... **University graduates never missed a beat [from 1990 to 1994]. For them, employment increased by 483,000, a gain of 25%... Look at it this way. From 1990 to 1994, the economy created about 957,000 jobs for people with that essential piece of paper attesting to their postsecondary-school achievements. At the same time, it destroyed 830,000 jobs for people with anything less”.** [Emphases added].

Human Resources Development Canada has confirmed to the Federation that the percentage increase in jobs occupied by university graduates in New Brunswick during the period identified in the above-cited article matched almost identically the 25% national average increase. The phenomenon, therefore, is truly national in scope and its effects appear to be evenly distributed.

Correspondingly, furthermore, the increasing demands of the population-at-large for post-secondary credentials seem to reflect an ever-widening recognition of the new demands of the marketplace. According to figures appearing in the Maritime Provinces Higher Education Commission's April, 1996 publication "**Responding to Financial Challenges 1996-97**" (at page 17) the universities of the three Maritime provinces collectively experienced a massive 15% increase in full-time-equivalent (FTE) enrollments **over a period of only three years** (1991-1993, inclusive, the most recent for which accurate data were then available). To translate (in round numbers) this increase into flesh-and-blood terms: the overall FTE enrollment in Maritime universities of 51,000 students in 1990 had swelled to 58,400 in 1993 - an increase of 7,400 students.

Moreover, the phenomenon is by no means new. Some eight (8) years ago, in its 1989 Annual Brief to the Finance Committee of the Maritime Provinces Higher Education Commission, the Federation reported, on the basis of statistical data supplied by the MPHEC itself, that in the decade 1979-80 to 1989-90, university undergraduate FTE enrollments had increased by almost 50% in New Brunswick alone. This had occurred even though the birth-rate had been inexorably declining, and high-school populations - then, as now, the major source of university entrants - had diminished proportionately. The explanation for this apparent inconsistency is to be found in the increase of more than 65% in the **participation rate** (i.e. the percentage of the - albeit shrinking - group of potential candidates who actually became enrolled in universities) during the same period.

The Federation respectfully suggests, therefore, that the New Brunswick enrollment trends of the last decade described above, coupled with those in the early 1990's for the Maritime Provinces documented in the preceding paragraph, clearly confirm both growing awareness among the population-at-large of the increasing educational requirements of the marketplace, and a widespread willingness to meet those requirements.

FISCAL TRENDS

The Federation is confident that, in the foregoing, it has demonstrated - succinctly, owing to necessary restrictions of time and space, but adequately, nonetheless - that there are new, closely linked, and compelling economic and demographic reasons, in addition to the traditional imperatives of undiminished philosophical and social importance, for nurturing our university system and for ensuring that it flourishes.

It seems obvious, then, that our post-secondary institutions must henceforth be maintained at peak performance: not only as a matter of enlightened social policy, but also as key elements in a sensible economic strategy directed both at the creation of jobs and, at least equally, at equipping the workforce of the 21st Century

- (a) with the increasingly necessary analytical and logical skills required to perform those jobs which already exist; and
- (b) with the flexibility and adaptability to transfer, as smoothly as possible, between jobs with the unpredictable yet escalating frequency which is likely to remain the norm.

Immediate attention must, therefore, be given to the correction of the countervailing trends which, instead, are sapping the vitality of the post-secondary system.

The fiscal priorities of successive federal governments - Conservative and Liberal alike, it must be said - have disclosed their failure to come to grips with the exigencies of the burgeoning relationship between post-secondary education and meaningful employment. According to preliminary estimates prepared by the MPHEC, the cash portion of federal Established Programmes Financing transfers which was allocated to the support of the universities in New Brunswick alone, for example, shrank by more than \$5 Million in 1995-96 from its 1993-1994 level.

The MPHEC also has predicted (op. cit., page 2) that, under the Canada Health and Social Transfer (CHST) which replaced the EPF system, the province of New Brunswick will lose \$64 Million in federal transfer payment revenue in 1996-97, and a further \$116 Million in 1997-98. Assuming that the CHST funds were to be distributed by the province in accordance with the same allocation formula which it applied to EPF transfers, the post-secondary sector in New Brunswick would sustain losses of the order, respectively, of \$18 Million and \$32.5 Million in 1996-1997 and 1997-1998.

The outcome of this countervailing - and grossly counterproductive - trend is that the institutions of higher learning, already financially strapped, have been and will continue to be forced to do more with less. In the case of New Brunswick's universities, between 1989-90 and 1995-96 "less" meant a **1.7% decrease** in operating funding from government sources [in constant 1989 dollars, calculated on the basis of the Consumer Price Index - All Items for those years]; while FTE enrollments, during the same period, rose by 17%. Over the longer term, they probably fared no better: between 1979-80 and 1995-96, they received cumulative real increases in government operating funding [i.e. in constant 1979 dollars] amounting to only 9.5%; while, over that period, they were obliged to absorb a staggering increase of almost 70% in FTE enrollments.

CONCLUSION

"Doing more with less" has been hyped, in recent years - again, by successive governments of all political stripes at both the federal and provincial levels - into something close to an act of patriotism; for which the heroes' reward has been even less with which to do even more. The Federation does not have the slightest doubt that this will continue to be the case unless reason soon prevails.

Reason soon **must** prevail. A province such as New Brunswick - or indeed such as any of the other Maritime Provinces - simply does not have the tax-base to make up the

shortfall, caused by federal belt-tightening, in transfer-payment revenues nominally earmarked for post-secondary education.

One result of this shortfall has been higher tuition fees, which have created an artificial barrier to access to a university education for those in the lower income groups who probably will need it most in the labour market of the future.

The Federation acknowledges that it has sung the immediately-foregoing lament, to any authoritative audience which might listen, for at least a decade. Tragically, though, there seems to be little general awareness - especially among the holders of the purse strings who profess the hope that our nation's economy will grow, both domestically and internationally - that this pro-forma refrain recently has become merely one side of a now-balanced equation. **The need of the average individual for access to adequate educational credentials has been, of late, equally matched by the need of the marketplace of the 1990's, and beyond, that she or he should possess them.**

Another result has been the inability of the universities to replace full-time faculty - whose numbers, during the same three-year period in which there was an increase of 7,400 in FTE enrollments, actually **fell** slightly [from 3,488 to 3,455 - MPHEC; op.cit. Page 17]. Class-sizes in the most sought-after disciplines, which by the end of the 1980's had already reached almost unmanageable proportions, have been augmented, in the first half of the 1990's, to breaking point. As a result, the availability of faculty for individual consultation with students in these courses has become, in many cases, virtually non-existent.

RECOMMENDATIONS

It will be evident from this presentation that the Federation perceives the problems in post-secondary education - particularly at the university level - in New Brunswick and the other Maritime Provinces to be directly related to their lack of adequate resources; not

only to fulfill their traditional mandate but also to keep abreast of the growing relationship between the increasing demands of “the marketplace” for educational credentials and the increasing demands of the general population to be provided with the opportunity of obtaining them. In the light of the sheer numbers involved in accommodating the latter’s demands, the Federation can only see the adequacy of the required resources being attained through additional funding. All the shortcuts already have been taken; all the corners already have been cut.

The Federation cannot presume to make specific funding recommendations concerning the issues discussed herein. It has no knowledge of the particular financial needs of the universities; and it is not, in any event, privileged to speak for them. Neither is it unmindful of the fact that governments across this nation, including the federal government, are struggling to maintain their debt-loads at reasonable levels and, at the same time, to meet the diverse needs of the whole of society; and that, as a result, priorities must be set.

That having been said, though, the Federation - having frequently referred to “the marketplace” throughout this brief - respectfully offers to the Sub-Committee, for reflection, the words of one of the marketplace’s most respected financial institutions, Trimark Investment Management Inc., on subject of “debt”. In the Winter, 1997 issue of **The Trimark Investor**, in an article entitled “To Invest or Not to Invest?” appeared the following:

“... ‘Good’ debt generally describes debt that’s incurred to acquire an appreciating asset. The asset can be either tangible ... or intangible, such as a child’s post-secondary education. It often makes sense to carry a certain amount of ‘good’ debt...”

It may make good economic sense, therefore, for the federal government to consider the option of increased borrowing to finance its investment in the education of the labour

force of the future. The Federation has no doubt that such a debt will be handsomely repaid by low unemployment and high productivity.

In closing, the Federation makes the following recommendations:

1. **that the federal government immediately, and thoroughly, examine the relationship between post-secondary education and participation in the labour force as it now exists;**
2. **that it determine, from presently-known trends, what course that relationship is likely to follow into the next century; and**
3. **that it give an appropriate weighting to that relationship when establishing its priorities for the transfer of funding for social programmes to the provinces.**

The Federation is most grateful for having invited by this Senate Sub-Committee to appear before it today. We wish the members well in their hearings, and in the subsequent deliberation of their findings.

Respectfully submitted on behalf of the Federation of New Brunswick Faculty Associations

by:

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Halifax, February 19, 1997

