What can be Done About the “Under-Funding” of Canadian Universities?

Reward universities for students completing degrees rather than enrolling in courses

Executive Summary

• Despite complaints from the academic community about “under funding” of Canadian universities, Canada continues to outspend the 29 OECD countries as a percent of GDP.
• In fact, Canadian universities are producing more graduates than ever before.
• Nevertheless, there are still very high attrition rates in many universities.
• To improve the performances of universities, three policy changes are recommended.
  • First, universities must use standardized literacy and numeracy tests as part of their admission requirements.
  • Second, students should not pay high tuition fees for learning remedial skills. Thus, fees for many first year courses should be lower than fees for second and third year courses.
  • Finally, provincial governments should use incentive-based grants so that more money goes to universities that graduate higher percentages of the students they enrol in first year.

This spring I participated in a 7-day stint at the Canadian Congress of the Humanities and Social Sciences this time in Halifax. Next year, this august conference of thousands of academics and graduate students, both Canadian and foreign, will be held at my university, The University of Manitoba (U of M). The annual gabfest is known informally as “The Learneds,” but some tenured professors still say some rather silly things.

For example, Eleanor Duckworth (2003), a Canadian teaching at Harvard, told a large audience that the right-wing premiers in Ontario and Alberta are under-funding university education. Kathy Sanford (Sanford, Hopper, & Yeo, 2003), an education professor from the University of Victoria, told us that universities are accountability-driven and we should resist this trend by dispensing with giving grades, As, Bs, and Cs. By the way, she also said that universities are under-funded, arguing, in a sense, for more money for fewer grades. In support, our registration packages included post-cards that we were asked to send to MPs and MLAs protesting the under-funding of Canadian universities.

Similar concerns were expressed at a recent Canadian Association of University Teachers forum where students, professors, and MPs argued that student fees were increasing largely because universities were under-funded (e.g. Starnes, 2002). At this forum, Libby Davies, a New Democratic MP stated that immediate steps must be taken to roll back tuition fees and provide long-term and stable funding for universities (Politicians look for solutions, 2003).

University Expansion and Student Attrition

Not surprisingly, the facts do not fully support the ideological claims of my colleagues. Statistics Canada recently reported that in 2000-01 the total expenditure for universities from all levels of government was around $15 billion, and as a portion of the gross domestic product, Canada out-ranked all of the 29 other OECD countries (Kedrosky, 2003, p. FP13; Lines, 2003, p. 12).
Moreover, data from Statistics Canada (Figure 1) illustrates that in the last 40 years university graduates with bachelor’s degrees increased 630 percent from 20 thousand to almost 125 thousand. There have, in addition, been even greater increases in the number of graduate degrees awarded: for masters degrees, the increase was 996 percent, from 2 thousand degrees awarded in 1960 to 22 thousand degrees in 1998, and for Ph.D.s, the increase was almost 1,300 percent, from 306 degrees awarded in 1960 to 3,976 degrees in 1998 (e.g. Goodall, 1994; Lynd, 1994; Statistics Canada, 1997).

![Figure 1](image)

**University Graduates by Year, 1960 to 1998**

<table>
<thead>
<tr>
<th>Year</th>
<th>Bachelor’s</th>
<th>Master’s</th>
<th>Ph.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>19,704</td>
<td>2,212</td>
<td>306</td>
</tr>
<tr>
<td>1965</td>
<td>37,694</td>
<td>4,472</td>
<td>697</td>
</tr>
<tr>
<td>1970</td>
<td>67,200</td>
<td>9,638</td>
<td>1,625</td>
</tr>
<tr>
<td>1975</td>
<td>80,754</td>
<td>11,068</td>
<td>1,840</td>
</tr>
<tr>
<td>1980</td>
<td>86,410</td>
<td>12,432</td>
<td>1,738</td>
</tr>
<tr>
<td>1985</td>
<td>97,551</td>
<td>15,208</td>
<td>2,004</td>
</tr>
<tr>
<td>1990</td>
<td>109,777</td>
<td>17,653</td>
<td>2,673</td>
</tr>
<tr>
<td>1995</td>
<td>127,331</td>
<td>21,356</td>
<td>3,716</td>
</tr>
<tr>
<td>1998</td>
<td>124,861</td>
<td>22,026</td>
<td>3,976</td>
</tr>
</tbody>
</table>


Of course, over that period there was also an increase in the number of Canadian university professors. In 1960, there were 7,760 professors, in 1993 there were almost 37 thousand professors, a 480 percent increase, and in 2001 the number had dropped by about 8 percent to more than 34 thousand (Association of Universities and Colleges of Canada, 2002, p. 22). In total, these trends compare favourably with the 170 percent increase in the population of Canada, from almost 18 million in 1960 to more than 31 million in 2001 (Canadian Association of University Teachers, 2003, p. 3).

Even though the participation of students in universities has expanded substantially over the last 40 years, attrition is still a problem. In the Report of the Commission of Inquiry on Canadian University Education, the Commissioner, Stuart Smith (1991, p. 105) noted: “universities (and provincial governments) have no real idea of their [universities] attrition rates.” Nevertheless, he reported that about 42 percent of full-time undergraduate students who began working towards degrees in 1985 failed to graduate by 1990. Over the last decade, Maclean’s has also examined attrition at Canadian universities and reported that the percentage of full-time second-year undergraduates who complete degrees within one year of the expected graduation dates ranged from about 54 to 93 percent (e.g. Maclean’s, 2002, p. 47).

Unfortunately, these percentages do not account for the attrition of first year and part-time students, information which is understandably difficult to obtain. At the University of Manitoba, for example, Maclean’s (2002, p. 47) reports that 89 percent of full-time second-year students graduate within one year of their expected graduation dates. The Office of Institutional Analysis (2002, p. 60), however, reports that 25 percent of first year full-time students received degrees in 4 years and 51 percent received degrees in 6 years. In other words, about half of the entering full-time students fail to receive degrees in 6 years.
Similarly, a study conducted by the author (Clifton, 2000) at the U of M showed that for full-time students enrolled in first year programs, approximately 17 percent did not register for the next academic year and about 28 percent did not register for the third year. For part-time students, the differences were even greater: approximately 53 percent failed to register for the second academic year and about 66 percent failed to register for the third year.

Obviously, it is time to rethink some fundamental policies for Canadian universities. University administrators and professors have been accustomed to receiving more and more money for simply enrolling students. No wonder they cry “under-funding” when they receive less. Three overlapping policies could easily mute the protests by providing universities with sufficient money to administer good programs while making them more accountable to both their students and the tax-paying public.

**Three Key Policies**

No doubt universities create human capital by educating students (Laidler, 2002). Young people with more education have, on average, lower unemployment rates and higher incomes than young people with less education. A recent report from Statistics Canada and the Council of Ministers of Education (2000) suggests that as the Canadian economy becomes increasingly knowledge-based, the relationship between education and income will become even more important. Consequently, universities should be rewarded for having students complete degrees rather than being rewarded for having students enroll in courses. As Stuart Smith (1991, p. 105) suggests, universities must become more serious about keeping track of, as well as improving, their students’ graduation rates. In short, universities should become more concerned about selecting students who can successfully complete university studies and they should become more serious about teaching, particularly teaching first year courses, so that fewer students drop out.

We already know that some students drop out of universities, or take extended periods to graduate, because they have not been adequately prepared with the required literacy and numeracy skills. As a consequence, many universities are implementing remedial programs (called University 1 at the U of M) to help students acquire the necessary skills before they begin intellectually demanding programs in Arts and Science. But, re-teaching basic literacy and numeracy is expensive for both universities and students. Thus, my first policy suggestion is that universities must use basic literacy and numeracy tests with minimum standards specified in advance (similar to the SATs used in the United States) as one part of their admission requirements. Such admission tests, which are already used in many professional faculties (Dentistry, Law, and Medicine, for example), would force secondary schools to do a better job of preparing students for higher education and for jobs in the knowledge-based economy.

All universities levy tuition fees from students. Surprisingly, over the last 40 years tuition fees have fallen as a percentage of operating funds in universities. In the early 1960s, fees represented between 30 and 45 percent of total operating costs and by the late 1980s fees represented between 8 and 20 percent (West, 1993, p. 34). Between 1987 and 2001, however, tuition fees have doubled and they now represent, on average, about 32 percent of operating costs of universities (Association of Universities and Colleges of Canada, 1999, p. 7; Finnie and Schwartz, 1996, p. 3). My second policy suggestion is that students should not pay higher fees for learning remedial skills. Thus, fees for first year courses, particularly remedial-courses, should be substantially lower than fees for the second and third years courses. In fact, if governments want to roll back tuition fees, they should focus on limiting the fees students pay for first year courses.

At the same time, governments should use a sliding scale to provide grants to universities on per student, per year, and per program basis so that there are incentives for universities to graduate students, which is my final policy suggestion. Lets say that each full-time student’s grant is worth $10,000 per year, then each student registering in first year would cause 80 percent of the grant ($8,000) to be transferred to the university. In turn, the percentage of the grant would increase to 100 percent ($10,000) for students progressing to both second and third years. The remaining 20 percent of the grant ($2,000) plus a 10 percent bonus ($1,000) would be transferred to the university on the student’s graduation day.
In other words, for students who dropped out of university during or after first year, the university would receive $8,000 and that is all; if they dropped out after second year, the university would receive $18,000 ($8,000 [year 1] + $10,000 [year 2]); and if they graduated, the university would receive $31,000 ($8,000 [year 1] + $10,000 [year 2] + $10,000 [year 3] + $2,000 [reimbursement] + $1,000 [bonus]). The incentives built into this funding formula would encourage, if not force, universities to improve their retention and graduation rates. As a consequence, graduation days would become an honouring of students and a reimbursing and rewarding of universities for their respective successes.

Conclusion

Together, these three policies would at least encourage universities to be more careful in selecting students on relatively objective measures (SATs) and then ensuring that the selected students progress, quickly and smoothly, from first year to graduation. Under these policies, universities would not be funded, by either government grants or by students’ fees, for simply providing seats in lecture halls. Instead, the funding would be provided because the universities had well-structured programs that graduated a large percentage of the students who registered in first year. If these incentive-based policies were used, university administrators would attempt to have their best lecturers teach first year courses and they would organize their programs to ensure that few students dropped out before graduating.

Obviously these policies are only sketched out and they need to be developed in much greater detail before they could be implemented. Specifically, the procedures would need to be adapted for part-time students and those registered in longer programs. Moreover, procedures for ensuring that students are properly educated at the university level (such as standardized graduation examinations) would need to be developed and implemented.

Nevertheless, once universities have shown that they can improve their graduation rates, then professors could go to “The Learned” and talk seriously about the under-funding of universities. At that time, they would have legitimate ways of increasing their funding by enrolling more students while insuring that more graduate with degrees. And, more importantly, professors would not need to listen to silly arguments from their greedy colleagues who want more money with less accountability and they would not be asked to degrade themselves by signing silly protest cards to send to MPs and MLAs.

References


Sanford, Katherine, Hopper, Tim, & Yeo, Michelle (May, 2003). Alternative to grading: Assessment spaces that create trusting pedagogical relations. Paper presented at the meeting of the Canadian Society for the Study of Education, Halifax, NS.


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