

The Importance of “Building Local” to Keep the Economic Footprint of Post-Secondary Education Strong

Issue

The economic footprint of post-secondary education has taken a dramatic hit through the pandemic along with the reductions of government funding. Access to education is essential in the economic recovery of Alberta and its future access to human capital and intellectual development. Post-secondary education serves as a catalyst for innovation, entrepreneurship, and strategic organization for both the management and advancement of social and economic progress.

Background

The economic impact that post-secondary institutions have on the effect of our provincial economy is a topic that needs to be brought forward during the time of the pandemic, particularly as we adjust to new economic and social realities. Unfortunately, this is a topic that seems to be put on the back burner of the recovery process.

Budget 2021 included a 5.4 per cent cut for post-secondary operations, which translated to the amount of \$135 million this year for Alberta's universities and colleges. The Alberta government has indicated in budget documents that it intends to further reduce operating support for Alberta's post-secondary institutions in 2022-23.

To put some of the dollars and cuts into prospective University Affairs published in April 2021 that “The University of Alberta’s provincial grant was decreased by 11 percent, meaning the university will lose more than \$60 million in funding from the province. Combined with cuts from 2020-2021, the U of A has lost \$170 million in provincial funding over the last two and a half years. The budget outlined an 8 percent (\$5.7 million) reduction in the University of Lethbridge’s operating and program base grant following the already \$16.2 million reduction in previous cuts. There was a six percent reduction (\$25 million) to the University of Calgary’s operating budget.

Since 2019, the university’s operating budget has been cut by 18 percent.² Keep in mind that this is only outlining 3 of the 26 post-secondary schools.

The pressure of these cuts has put our province’s human skill development sector in a position that is creating tensions on all 26 post-secondary institutes in the province who “bring value to our province by contributing to Alberta’s economic and social prosperity.

Our universities, colleges, and polytechnics produce highly skilled graduates, from doctors to dentists, engineers to electricians, chefs to videographers”.³ This list of skilled professionals is a small

² (<https://www.universityaffairs.ca/news/news-article/provincial-budget-round-up-2021-university-sector-highlights/> April 28, 2021)

³ Post-Secondary Education Position Paper. Council of Post-Secondary Presidents of Alberta pg. 10 (<https://coppoa.ca/wp-content/uploads/2019/01/PSE-Position-Paper.pdf>)

example of the diverse local educational background that our province will require moving towards a robust economic resurgence.

The benefits of a strong post-secondary system are reflected in community economic health. As an example, the University of Lethbridge contributes \$1.7 billion every year to the provincial economy with about half of that staying in Lethbridge. Approximately 70 per cent of the students that attend the U of L arrive from outside of Lethbridge, with 35 per cent coming from Calgary. This in turn has a significant impact on the local economy with house rentals, groceries, business at community restaurants and other entertainment centres.

In 2014 the Conference Board of Canada reported that “over \$40 billion in spending flows through Canada’s colleges and universities each year, which generates over \$55 billion in economic activity—after multiplier effects. Almost 700,000 direct and indirect jobs are attributable to spending by PSE institutions”.⁴ The pandemic has hit the post-secondary economy with as much aggression, as it has in all industries, in the way the students attending the institutions have had limited access to schooling, and at the same time the workforce.

The Board states in a February 2022 that “pandemic employment losses have hit youth hard. With less seniority than more experienced workers, youth aged 15–29 have faced higher employment losses than the overall population during the pandemic.”⁵ Employers throughout our provincial communities have felt the effects of limited access to student employment and now continue to feel the strain as the province attempts to reopen for the fourth time since March 2020. Our post-secondary institutions have lost, and our businesses who employ the students have lost.

Post-secondary education is much more than access to a social program. It is access to future workforce who will build local. Our province is at a pivotal point where we need our future human capital, which brings with it innovation and entrepreneurial power, to remain in our province. We appreciate that reductions are not just something of our current government. Reductions have seen many faces throughout the past three decades.

While each decade has had its stressors none of them have faced the pandemic, nor the 30-year high inflation rate. Canada’s inflation has now hit 5.1 per cent, the highest rate since 1991, largely driven by supply chain problems, labour shortages, and a skyrocketing real-estate market as reported by Statistics Canada on February 16, 2022.

Labour shortages can be solved through a robust post-secondary system that help individuals through skill development, into the employment channels, which then benefits supply chain and access to funds creating a positive flow into economic diversity and prosperity.

The Alberta 2030 initiative outlines the key goals of: improve access and student experience, develop skills for jobs, support innovation and commercialization, strengthen internationalization, improve sustainability and affordability, and strengthen system governance.⁶ These are lofty key

⁴ The Economic Impact of Post-Secondary Education in Canada. The Conference Board of Canada. November 2014. <https://www.conferenceboard.ca/temp/130bc17f-9696-43e8-a0f2-0e15c47ce566/6607-SPSE%20Economic%20Impact-RPT.pdf> (Page iii)

⁵ Recovery for All Finding Equities in Education and Employment. The Conference Board of Canada. February 17, 2022. https://www.conferenceboard.ca/temp/b1bc64cf-efc1-4b6b-a907-17a594a15b45/11436_impact-paper_equities-and-employment.pdf (Pg 5)

⁶ <https://www.alberta.ca/alberta-2030-building-skills-for-jobs.aspx>

goals while asking those who create access to education to operate at a peak performance while having one hand tied behind their backs.

Now is the time to re-invest in our future and support our 26 post-secondary institutes, our youth and workforce of the future who will be instrumental in building local in our province in both our business community and our social community.

It must also be recognized that Universities and Colleges are large employers in our community and participate in our local and provincial economy. Now it is more important than ever to signal to students, faculty, staff and the many industries who require a strong workforce that Province, that our government supports post-secondary education. Recovery and diversification of the Alberta economy can be accomplished through once the post-secondary institutes can return to a model of sustainability in the post-COVID world we find ourselves.

The Alberta Chambers of Commerce recommends that the Government of Alberta:

1. Fund the increased enrollment spaces at post-secondary institutions required to support economic growth and prepare for the growing number of Alberta students; and,
2. Continue to partner with industry and post-secondary to expand work integrated learning opportunities and apprentice programs.