



Federation of  
Post-Secondary Educators  
of BC

Submission to the Select Standing Committee  
on Finance and Government Services  
Budget 2006 Consultation

October 21, 2005

## Sounding the Alarm BC's Skills Shortage Can't Be Ignored

*Investing in our public post-secondary education system  
To help solve a growing skills shortage*

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## **INTRODUCTION**

The Federation of Post-Secondary Educators of British Columbia represents approximately 10,000 faculty and staff in BC's post-secondary institutions. These facilities are located in communities across the province and provide a critical link in post-secondary education and training for every citizen in BC. With these facilities we are able to deliver programs and services to students across all program areas: academic, vocational, apprenticeship, technical training, career, developmental education programs as well as English language training.

Most of our post-secondary network has a mandate to provide education and training based on needs in the local community. Our experience in adapting to the needs of local communities has helped reduce the barriers that often confront those trying to advance their education.

As the provincial government assesses its budget options for February 2006, our Federation believes that the provincial government should use this next budget and its new mandate to address one of the most serious problems facing our province today: a looming skills shortage.

In our submission to this Committee, we will stress both the seriousness of this problem and the opportunity that our public post-secondary system of colleges, institutes and university colleges can provide by delivering the education and training that our province will be needed in the future. As well, we will recommend a number of changes—both fiscal and policy—that are necessary to address the problems that BC will face in the years ahead.

## **BC'S PUBLIC POST-SECONDARY SYSTEM**

As part of the budget development process it is important to remember the integral role that colleges, institutes and university colleges play in providing post-secondary education in BC. This network of 22 public facilities as well as satellite campuses provides the majority of degrees, diplomas and post-secondary certificates in BC. It is a common misperception that BC's five major universities are the major source of post-secondary graduates. While those universities certainly play an important role, especially in areas of advanced research, it is through the other 22 post-secondary facilities that BC has been able to ensure higher levels of training and education beyond high school.

Our post-secondary network has become highly integrated over the last decade. All two-year colleges now offer degree programs. University colleges and institutes now have the capacity to offer graduate degree programs. And all of our 18 facilities have university transfer options to ensure that students are credited for the courses they have completed within the post-secondary education system.

Our concern, as we prepare for the 2006 provincial budget, is that because of policy changes and inadequate fiscal support, BC's post-secondary system, especially the 18 post-secondary facilities in which are members work, will not be able to respond effectively to what we know will be a major challenge in the years ahead. That challenge is the growing skills shortage and the need to not simply increase the number of graduates from our post-secondary system, but also increase the opportunity and access for those already in the labour force to either change careers or upgrade their skills. Deploying all of these strategies will be necessary if BC is going to avoid the impacts of a skills shortage, but it must start with the right fiscal and policy commitments from the provincial government.

### **SKILLS SHORTAGE: MAJOR RISK TO BC'S ECONOMIC FUTURE**

In our province it is not often that business and labour advocacy organizations agree on things, but in recent years there has been a strong consensus emerge from both sides of the labour-management community that BC faces a very serious problem. Whether it is the BC Business Council, the BC Federation of Labour, the BC Chamber of Commerce or the Canadian Labour Congress, all sides agree that the looming skills shortage is real and will have a serious and negative impact on the BC economy unless government takes steps now to address this problem.

In a recent report by the BC Chamber of Commerce, **Closing the Skills Gap**, the authors noted that:

*British Columbia is at a skills crossroads. The quality and creativity of the workforce has become the single most competitive factor in the industrialized nations. The degree to which skill shortages are averted by stakeholders will be a large determinant of B.C.'s economic prosperity and social health.*

The shortage that the report refers is the result of demographic, economic and technological forces that will transform both our provincial economy and our labour force during this decade and beyond. The demographic forces are by far the most significant. An aging "baby-boom" generation will begin to retire from the labour force in this decade. That shift will create one of the most significant changes ever seen in BC's labour market. By 2010, for example, more people will leave the labour force as a result of retirement than will enter the labour force. The gap between entrants and retirees is expected to be very significant: various estimates place the gap between 100,000 and 300,000 workers at the peak of this change.

Adding to this situation is the fact that BC's economic profile is also shifting away from a resource intensive economy to one in which the service sector plays a more significant role. With that shift will come demands for new skills as well as a growing need to replace those skills lost through retirements. The shifts will also be affected by the on-going pace of technological change which will constantly transform existing jobs in the economy. Against this backdrop of change within the labour market the

need to both replace existing skills and adapt to the demands of a changing economy and changing technology, the role of post-secondary education and training will become even more critical.

The Chamber's report also acknowledges that the skill shortage threatens every sector and region of the province. As well, the shortage is expected to affect every occupational group, whether they are white collar or blue collar. More importantly the looming shortage is expected to have serious economic consequences on the BC economy. In fact the government's own Economic Forecast Council has identified the pending skills shortage as the one risk to BC's future economic growth over which the provincial government has direct control.

The Council's statement is yet another indication that we can not afford to ignore the impact of this problem. Given the nature of our economy, its dependence on trade and exports for growth and its vulnerability to cyclical swings in growth, it is critical that we take every step available to guard against economic problems over which we have a significant amount of control. BC has the fiscal capacity to increase its education and training effort in the public post-secondary system and we need to use the 2006 provincial budget to outline the government's commitment to address this problem.

There are some who believe that net-in-migration to BC will provide the answer to any looming skills shortage. There's no question that net-in-migration has always played a significant role in the development of BC's labour market. However, many of the demographic problems that BC will experience in the years ahead are being played out in other regions, both nationally and internationally. As well, BC's net-in-migration patterns have always been subject to economic conditions in other regions: net-in-migration tends to slow when economic conditions are more favourable elsewhere. Moreover, it's at least unreliable public policy—if not unconscionable—to rely on stealing skills from less developed regions because we never took the time or made the effort to develop those skills ourselves.

## **HOW PROVINCIAL POLICIES HAVE CONTRIBUTED TO THE PROBLEM**

A skills shortage is a tough problem for any jurisdiction to handle but BC has done a particularly poor job over the last four years of addressing this issue in any effective way. I say that because one of the few certainties we can work with in terms of planning is demographic trends. We knew five years ago that an aging baby-boom would lead to a skills crunch. We knew five years ago that every occupation group will feel the impact and we knew five years ago that a skills shortfall has a negative impact on the economy.

Despite that base of information the provincial government made a number of significant policy changes, starting in 2002, all of which—in hindsight—have contributed to the “perfect storm” conditions we are seeing today when it comes to

training and post-secondary education. Here are some of the important details of that “perfect storm” scenario.

Start with this basic fact—73% of all new jobs require some form of post-secondary education, whether a degree, diploma or certificate. Add to it a second basic fact—only 59% of the labour force currently has some form of post-secondary education. In short, we have a gap to close if we want our economy to run on all cylinders.

That’s just the context for this discussion. Now consider how provincial policy changes have made the problem worse.

- In 2002, the province de-regulated tuition fees. The result? Tuitions skyrocketed and affordable access to post-secondary got a lot tougher for students and their families.
- By late 2004, we began to see the impact of rising tuitions: falling enrolments in BC’s post-secondary institutions.
- At exactly the time we should be ramping up our post-secondary training effort, provincial policies have made that increase more difficult to achieve.
- Our public post-secondary system is also the place where 95% of trades training is delivered.
- There as well, we have seen provincial policy changes running at odds with the need to graduate more apprentices.
- The most accurate information we have shows that completion rates amongst apprentices in various programs has dropped by over 44% since 2001. Why? Programs are more expensive. The system of counseling, registration and support for apprentices has been dismantled. And the shift to narrowly-defined, task-specific credentialing means students leave the system before they achieve their full Red Seal standard.
- The province’s fiscal support for community colleges, institutes and university colleges has also fallen behind over the last four years. In the July 2001 Budget total spending in post-secondary was \$1.894 billion. The 2004/05 service plan shows that total will be \$1.908 billion, an increase of about 0.7%. Inflation alone over that same period was 8%.

More critically, per student funding shows no sign of improving according to the Ministry’s own service plan. By 2007/08 per student funding will be 1.1% lower than it will be in fiscal year 05/06. That decline makes no adjustment for inflation which means that the public post-secondary system will not only see nominal declines in funding support, but very real declines on top of that.

## POST-SECONDARY ENROLMENT AND ACCESS PROBLEMS

We are seeing a disturbing trend in enrolment in our province's post-secondary institutions. While universities and institutes are doing well, an increasing number of colleges and university colleges are experiencing declining enrolment. In 2004/05, for the first time we saw a significant decline in enrolment for the college/university college system as a whole.

Here is some information about access and enrolment in BC colleges, university colleges and institutes:

- In 2002/03, eight of the 22 institutions in the college and institute sector saw actual enrolment decline. The trend worsened in 2003/04 with 10 institutions seeing their enrolment decline: College of New Caledonia, College of the Rockies, Nicola Valley Institute of Technology, North Island College, Northern Lights College, Northwest Community College, Open Learning Agency, Selkirk College, University College of the Fraser Valley, and Vancouver Community College.
- Preliminary numbers for 2004/05 show enrolment reductions in these institutions: Camosun, Capilano, College of New Caledonia, College of the Rockies, Douglas College, Langara College, Malaspina College, North Island College, Northern Lights College, Open Learning Agency, and Vancouver Community College.
- Last year – for the first time in 10 years – there was a significant decline in enrolment for the college, university college and institute system as a whole. Enrolment for this sector declined from 81,688 to 81,089 between 2003/04 and 2004/05.
- One University College and all five Institutes are running beyond capacity.
- Hundreds of students have been lost from the post-secondary education system. This, at a time when 75 per cent of new jobs will require some post-secondary education.
- Increasing the mandated number of student spaces in the post-secondary system does not increase access unless the institutions can afford to create the spaces and students can afford to fill them. Real (inflation-adjusted) government funding per student is about 8 per cent lower than in 2001.
- Adult Basic Education and other Developmental Education programs have suffered the most severe drops in student enrolment. The system has lost about 1800 Developmental Education spaces in the past two years. Figures for 2002/03 show 14,518 Actual FTEs. In 2003/04 this had declined to 13,197 FTEs. Preliminary figures show that the numbers have continued to drop to 12,711 FTEs for 2004/05. Removal of tuition-free status and loss of services and

- support programs have contributed to the drop in student enrolment in Developmental Education.
- There were 30,853 trainees in the industry training system in 2004/05. The target for 2005/06 is 29,300 trainees, increasing to 33,123 in 2006/07. There will be no increase in funding during that period.
  - Drastic increases in tuition and other costs for students and their families and the loss of a comprehensive student grant program are limiting access to post-secondary education for many British Columbians.
  - The absence of system planning and mechanisms to support inter-institutional cooperation and an emphasis on competition between public institutions hinders rather than promotes access to post-secondary education.

### **WORKABLE SOLUTIONS TO DECLINING ENROLMENTS**

There are a number of policy and funding solutions that the provincial government can implement to reverse these declines. Your Committee should consider the following:

- Increase per student funding so institutions can meet enrolment targets and provide quality programs and services.
- Address the decline in enrolment in Developmental Education by funding institutions for student support programs and the ability to offer an adequate range of courses and services.
- Where demand exceeds capacity, fast-track new facilities and provide additional funds for new programming.
- Remove the freeze on funding for trades and apprenticeship training.
- Provide government leadership in bringing all the stakeholders to the table, including faculty and students. Post-secondary institutions should work together in the public interest, not compete with one another.
- Bring all stakeholders together to explore reasons and solutions around issues of declining enrolment in colleges and university colleges.

**ACTUAL ENROLMENTS, BY POST-SECONDARY FACILITIES 2003 – 2005**

	2003 – 2004			2004 - 2005			Actual Enrolments		
	Funded	Actual	Utilization	Funded	Actual	Utilization	03-04	04-05	Change
BCIT	9,269	9,664	104.3%	9,463	9,987.7	105.6%	9,664	9,987.7	326
Camosun	5,856	5,491	93.8%	5,938	5,352.3	90.1%	5,491	5,352.3	-139
Capilano	5,424	4,982	91.9%	5,501	4,932.0	89.7%	4,982	4,932.0	-50
CNC	2,905	2,432	83.7%	2,928	2,252.2	76.9%	2,432	2,252.2	-180
Rockies	1,430	1,423	99.5%	1,451	1,311.9	90.4%	1,423	1,311.9	-112
Douglas	6,889	6,869	99.7%	6,988	6,399.7	91.6%	6,869	6,399.7	-470
Emily Carr	1,061	1,079	101.7%	1,066	1,141.0	107.0%	1,079	1,141.0	62
IIG	129	128	98.9%	129	129.0	100.0%	128	129.0	1
Just Inst	206	202	97.8%	210	224.3	106.8%	202	224.3	23
Kwantlen	8,274	8,480	102.5%	8,436	8,163.3	96.8%	8,480	8,163.3	-317
Langara	5,649	5,924	104.9%	5,729	5,642.7	98.5%	5,924	5,642.7	-282
Malaspina	5,696	5,356	94.0%	5,828	5,419.1	93.0%	5,356	5,419.1	63
NVIT	228	183	80.1%	238	242.0	101.7%	183	242.0	59
North Isl	2,266	1,890	83.4%	2,286	1,815.2	79.4%	1,890	1,815.2	-75
N Lights	1,569	1,278	81.5%	1,584	1,209.5	76.4%	1,278	1,209.5	-69
Northwest	1,649	1,273	77.2%	1,663	1,144.9	68.8%	1,273	1,144.9	-128
Okanagan	6,604	6,386	96.7%	6,780	6,626.3	97.7%	6,386	6,626.3	241
Selkirk	2,222	1,813	81.6%	2,260	2,000	88.5%	1,813	2,000	188
Cariboo	5,409	5,052	93.4%	5,534	5,122.3	92.6%	5,052	5,122.3	70
Fr Vall	5,185	5,267	101.6%	5,272	5,477.2	103.9%	5,267	5,477.2	210
VCC	6,990	6,516	93.2%	7,060	6,494.5	92.0%	6,516	6,494.5	-21
	84,910	81,688		86,344	81,089.1		81,688	81,089.1	-599

Sources: Ministry of Advanced Education, PSE Finance Branch publications various years

Industry Training Authority funded FTEs are not included

OLA enrolment information is not included in this table

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## AFFORDABLE TUITIONS AND SUSTAINABLE FUNDING

The move towards increasing access to post-secondary education by increasing the number of student spaces in the province can not be successful unless institutions receive adequate funding to develop and provide programs and services. Very moderate increases in funding coupled with continued student growth will result in serious funding shortfalls. Much of the burden for this shortfall has fallen on students in the form of massive tuition increases. The removal of the tuition-free status of Adult Basic Education programs and the supporting programs and services has made enrolment impossible for a large portion of these vulnerable students.

### Advanced Education Budget

Activity	2004/05 Estimates	2005/06 Plan	2006/07 Plan	2007/08 Plan
<b>Educational Institutions &amp; Organizations</b>	<b>\$1,420,697</b>	<b>\$1,467,767</b>	<b>\$1,486,722</b>	<b>\$1,527,802</b>
<b>Industry Training &amp; Apprenticeships</b>	<b>\$77,281</b>	<b>\$77,281</b>	<b>\$77,281</b>	<b>\$77,281</b>
<b>Student Financial Assistance Programs</b>	<b>\$136,291</b>	<b>\$135,492</b>	<b>\$157,535</b>	<b>\$163,536</b>
<b>Debt Service Costs &amp; Amortization of Prepaid Capital Advances</b>	<b>\$246,750</b>	<b>\$255,859</b>	<b>\$279,661</b>	<b>\$308,080</b>
<b>Executive &amp; Support Services</b>	<b>\$18,916</b>	<b>\$19,036</b>	<b>\$19,036</b>	<b>\$19,036</b>
<b>Total Funding Ministry Funding</b>	<b>\$1,899,935</b>	<b>\$1,955,435</b>	<b>\$2,020,235</b>	<b>\$2,095,735</b>
<b>Funded Student Spaces (FTEs)</b>	<b>164,065</b>	<b>168,265</b>	<b>172,659</b>	<b>177,053</b>
<b>Per Student Funding</b>	<b>\$8,659</b>	<b>\$8,723</b>	<b>\$8,611</b>	<b>\$8,629</b>

Source: Ministry of Advanced Education, Service Plans

Here is some information about funding and tuition in BC's post-secondary education institutions:

- Funding in the BC colleges, university colleges and institutes has declined by \$250 per student since 2001.
- The 2005 budget shows a slight increase in per student funding for the current year: from \$8659 to \$8723 – or about \$65 per student, less than one per cent.
- However, there will be a drop in overall system funding per FTE between now and 2007/08 – from \$8659 to \$8629.

- Dramatic increases in tuition have seen these fees doubling at some institutions.
- Removal of tuition-free status from Adult Basic Education is a major barrier for students who need to upgrade their education.
- Although BC faces a skills shortage, there will be no increase in funding for Industry Training and Apprenticeships between 2004/05 and 2007/08.
- Student financial assistance funding will remain well below its pre-2004 level of over \$180 million.

### **WORKABLE SOLUTIONS TO AFFORDABLE TUITIONS AND SUSTAINABLE FUNDING**

Your Committee needs to consider the following actions to improve funding and affordability:

- The freeze on funding for trades and apprenticeship training should be removed.
- Increases in student spaces at institutions should be accompanied by adequate funding for programs and services.
- Per student funding should be increased.
- Tuition fees should be frozen to relieve some of the pressure on students.
- A comprehensive grant program should be set up so that a post-secondary education is not placed out of the reach of ordinary BC families.
- Basic education upgrading should be made accessible by removing tuition fees from Adult Basic Education and funding supporting programs and services.

## SUMMARY RECOMMENDATIONS

The challenges that lie ahead for our province and our public post-secondary system are all not insurmountable, but they will require a significant shift in both policy and fiscal priority for this government. We believe your Committee's report to the Minister of Finance provides an important first step in making those changes.

In framing your recommendations to the Minister we also believe that you need to with some recommendations, but before I do I want to point out why the public post-secondary system is well-positioned to address the skills shortage problem. First, we're transparent and accountable to the communities we serve. Whether it's the College of the Rockies in the Kootenays, Northwest Community College in Terrace, Thompson Rivers University in Kamloops or the Lower Mainland campuses of Douglas College or Kwantlen University-College, our post-secondary facilities are part of every community and accountable to them. Second, that network of colleges, institutes and university colleges graduates the largest share of students receiving diplomas, degrees and post-secondary certificates. The skills that are needed for tomorrow are the ones that our post-secondary institutes are graduating today. If we want to address the skills shortage, our public network is the most effective way to do just that.

Your Committee needs to recommend solutions and priorities for the February 2006 budget. We ask that you incorporate the following into your budget recommendations to the Minister of Finance.

1. **Make the skills shortage a fiscal and policy priority** of the government and use the February budget to outline the specifics of that new commitment.
2. **Recognize the important and cost-effective role** that the public post-secondary education system can play in addressing that skills shortage by increasing the Ministry' funding commitment to these institutions. Over the next four years, the government needs to increase funding by close to \$200 million to ensure that real per student spending in the public post-secondary system is able to respond to the needs of our province.
3. **Ensure that the federal money** earmarked for post-secondary education in the current federal budget is spent in the public system where it has the greatest impact.
4. **Do not waste valuable public dollars** on an inefficient tax credit scheme for employers to do training. The province's business community has already received more than enough fiscal benefit with the tax rate cut it received in September. To add to it with a training tax credit would be nothing short of subsidizing business at the expense of every citizen in the province.

5. **Acknowledge the importance of labour mobility** by ensuring that trades training in BC is tied to Red Seal national standards, not the current task-specific credentialing that is being promoted today.
6. **Use targeted funding** to ensure that the public post-secondary system is providing the broadest possible range of education and training support for students. Developmental education programs, for example, have seen serious declines in enrolment as a result of the current block funding approach and the reduction in support services. By neglecting these kinds of education initiatives we are missing a valuable opportunity to allow every citizen to upgrade their skills and contribute to reducing the skills shortage.
7. **Look beyond the post-secondary system** for ways in which the provincial government can help make post-secondary education more accessible and affordable. For example, the \$6 per hour training wage only guarantees that students are working longer hours just to make ends meet. We see the results in our classrooms with overworked students trying to “burn the candle at both ends”. Scrap the \$6; it has been a terrible mistake. Consider the benefit that better quality, properly funded public child care could have on mature students trying to upgrade or complete their post-secondary education. If we are serious about tackling the skills shortage, the answer is going to be found in a broadly based set of public policy initiatives.
8. **Upgrade the physical infrastructure** of our post-secondary institutions. Many facilities suffer from old equipment or limited office and classroom space. We can't expect to meet the demands of a modern economy if the infrastructure we have to rely on doesn't keep pace with those demands.

**APPENDIX 1: FEDERATION OF POST-SECONDARY EDUCATORS  
EXECUTIVE AND MEMBER ORGANIZATIONS**

PRESIDENT:

**Cindy Oliver**

FPSE

SECRETARY-TREASURER:

**Dileep Athaide**

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FIRST VICE-PRESIDENT:

**George Davison**

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SECOND VICE-PRESIDENT

**Dominique Roelants**

LOCAL 1: CAPILANO COLLEGE FACULTY ASSOCIATION

President: **Leslie Baker**

LOCAL 2: THOMPSON RIVERS UNIVERSITY FACULTY ASSOCIATION

President: **Tom Friedman**

LOCAL 3: FACULTY ASSOCIATION OF THE COLLEGE OF NEW CALEDONIA

President: **Jan Mastromatteo**

LOCAL 4: DOUGLAS COLLEGE FACULTY ASSOCIATION

President: **Susan Briggs**

LOCAL 5: KWANTLEN FACULTY ASSOCIATION

President: **Terri Van Steinburg**

LOCAL 6: COLLEGE OF THE ROCKIES FACULTY ASSOCIATION

President: **Darrell Bethune**

LOCAL 7: UNIVERSITY COLLEGE OF THE FRASER VALLEY FACULTY & STAFF  
ASSOCIATION

President: **Scott Fast**

LOCAL 8: MALASPINA FACULTY ASSOCIATION

President: **Jamie Brennan**

- LOCAL 10: SELKIRK COLLEGE FACULTY ASSOCIATION  
President: **Tracy Punchard**
- LOCAL 11: ACADEMIC WORKERS' UNION (Northwest Community College)  
President: **Rocque Berthiaume**
- LOCAL 12: CAMOSUN COLLEGE FACULTY ASSOCIATION  
President: **Dianne Belliveau**
- LOCAL 14: LANGARA FACULTY ASSOCIATION  
President: **Alan Cooper**
- LOCAL 15: VANCOUVER COMMUNITY COLLEGE FACULTY ASSOCIATION  
President: **Lizz Lindsay**
- LOCAL 16: NORTH ISLAND COLLEGE FACULTY ASSOCIATION  
President: **Bill McConnell**
- LOCAL 17: BC OPEN UNIVERSITY FACULTY ASSOCIATION  
**Peter Fuhrman**
- LOCAL 19: NICOLA VALLEY INSTITUTE OF TECHNOLOGY EMPLOYEES'  
ASSOCIATION  
President: **Sharon McIvor**
- LOCAL 21: PRIVATE SECTOR FACULTY & STAFF ASSOCIATION OF BC  
President: **Michael Wicks**
- LOCAL 21-2: EDUCATION & TRAINING EMPLOYEES' ASSOCIATION  
President: **Bruce Mastin**
- LOCAL 21-3: KOOTENAY SCHOOL OF THE ARTS FACULTY & STAFF ASSN  
President: **David Lawson**
- LOCAL 22: EMILY CARR INSTITUTE OF ART & DESIGN FACULTY ASSOCIATION  
President: **Rory Wallace**

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