



Background

Federal Support for Universities

In Canada, as in most other well-established federal systems, including the United States, Australia, Switzerland and Germany, constitutional jurisdiction for education rests with the regional, provincial or state governments. However, in all of these federations, the central governments have come to play major roles in support of higher education. They have done so in large part because of the strategic importance of these institutions in educating people for the knowledge economy and in performing research. In Australia, for example, the federal government is now the

primary source of funds, not only for university research but also for the operating budgets of the universities. In the United States, by contrast, the state governments remain the primary source of operating funding for public universities and four-year colleges, but the federal government is the most important source of university research funding and effectively reduces some of the pressure on university operating budgets by paying for faculty time devoted to federally-funded research.

Some of the major federal programs and initiatives in relation to higher education include:

- Creation of the Royal Military College in the 1870s and provision of land as a permanent endowment for the University of Manitoba in the 1880s;
- Creation of the National Research Council in 1916 to coordinate wartime research and later, to fund scientific scholarships, provide grants to universities for research equipment and otherwise support graduate study and research;
- Creation in 1939 of Canada's first student aid program in conjunction with the provinces;
- Provision of grants directly to universities (except in Quebec) from 1945 to 1967 to help fund the growth of institutional capacity, initially to educate returning veterans and later to meet a growing need for highly educated people in the extended period of economic growth in the 1950s and 1960s;
- Replacement of direct grants to universities in 1967 with a federal-provincial shared-cost program to support postsecondary education, combining cash and tax point transfers;
- Replacement of the shared-cost program with Established Programs Financing (or EPF) in 1977, a portion of which was designated for postsecondary education but with no conditions attached. In 1995, EPF and the Canada Assistance Plan for social assistance were rolled together in the Canada Health and Social Transfer which was split in 2004 into the Canada Health Transfer and Canada Social Transfer. While the CST, like the CHST before it, nominally includes support for postsecondary education, it is completely unconditional and no postsecondary portion is designated;
- Creation of a variety of student assistance measures, including the Canada Student Loans Program in 1964, the Canada Millennium Scholarship Foundation in 1998, Canada Education Savings Grants in 1998, and the Canada Learning Bond in 2004, as well as various tax measures for students and families;
- Funding of Aboriginal postsecondary education including support to students and institutions through Indian and Northern Affairs Canada;
- Funding of research projects, scholarships and fellowships by a range of federal departments and agencies;
- Creation of the federal research granting agencies to fund university research and provide support to graduate students: the Natural Sciences and Engineering Research Council (1978), the Social Sciences and Humanities Research Council (1977) and the Medical Research Council (1969), which was replaced by the Canadian Institutes of Health Research (2000);
- Creation of the Networks of Centres of Excellence program in 1989 (made permanent in 1997);
- Implementation of a series of major initiatives beginning in 1997 to strengthen Canada's university research effort:
 - Canada Foundation for Innovation (1997) to fund research infrastructure;
 - Canada Research Chairs (2000) and Canada Graduate Scholarships (2003) to help attract, retain and develop top-flight researchers;
 - Increases to granting agency funding and creation of Genome Canada (2000) to fund direct costs of research;
 - Creation of the Indirect Costs program (a one-time investment in 2001 and a permanent program in 2003) to fund a portion of the indirect costs of federally-sponsored research incurred by universities.
- Creation of a number of largely small-scale initiatives over the years to facilitate international academic exchanges and to encourage Canadian students to study abroad and to bring international students to Canada

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The evolution of federal support for universities in Canada

Despite the Constitution's exclusive grant of powers to the provincial legislatures to "make Laws in relation to Education" and "in and for each Province", the federal government in Canada has shown an interest in higher education since the early years of Confederation and especially, since the First World War.

The overriding goal of federal investments in higher education, particularly since the Second World War, has been to maximize universities' contributions to economic growth, competitiveness and social development in Canada as a whole. To this end, the investments have sought:

- to support growth in institutional capacity to provide access to growing numbers of students;
- to promote accessibility for students through student assistance measures;
- to develop university research and graduate education and, especially in recent years, to build internationally competitive research capacity in the universities; and
- to promote Canada's interests internationally in relation to, and through, higher education.

With regard to the last of these objectives, the federal government has made a number of investments over the years, including the Canada Corps University Partnership Program and Human Resources and Social Development Canada's International Academic Mobility Programs. In general, however, these have lacked overall policy coherence and sustained commitment.

On the student assistance, research and graduate education objectives, the federal government has made major investments over the period since the Second World War, and especially since 1997, in recognition of the strategic importance of university education and research in a knowledge economy. In particular, the large research investments since 1997 have had a very positive impact on the health of Canada's university research environment. At the same time, international competitors have also been investing in university research and major challenges remain in this country.

The first of the objectives, increasing universities' institutional capacity to take on more students, was at the heart of federal investments in the period from 1945 to 1967, first through direct grants to universities and then through the cost-shared program. With the creation of the EPF transfers from 1977 to 1995 and even more so, the creation of the unconditional and undifferentiated CHST transfers in 1995, the federal government has paid little overt attention to this objective. No portion of the CHST or the subsequent CST is designated specifically for postsecondary education.