

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 frozen government funding. Access to education is essential in the economic prosperity 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 largely underappreciated. The University of Alberta contributes \$19.4 billion per year to the Alberta economy¹, while The University of Lethbridge has an annual \$2 billion contribution².

Despite these contributions, provincial operating grants have been frozen for three consecutive budget years. With rates of inflation trending above Bank of Canada preferred levels, peaking for 2024 in Alberta at 4.2 per cent in during the month of February³ and trending above the national average the majority of the past two years, these funding freezes have the same actual effect as funding cuts.

Post-secondary operating grants have seen reductions or freezes for much of the last decade. In addition, schools are limited to increasing tuition for domestic students to 2 per cent. Finally, caps placed by the Government of Canada on international student permits are limiting the number of students which post-secondaries are able to attract who pay higher tuitions. This has left many institutions in a difficult financial position.

This 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.

The benefits of a strong post-secondary system are reflected in community economic health. Approximately 70 per cent of the students that attend the University of Lethbridge 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.

¹ University of Alberta. 'Economic engine': U of A contributes \$19.4 billion a year to Alberta's economy (<https://www.ualberta.ca/en/folio/2023/04/economic-engine-u-of-a-contributes-19b-a-year-to-alberta-economy.html>)

² University of Lethbridge (<https://www.ualberta.ca/en/folio/2023/04/economic-engine-u-of-a-contributes-19b-a-year-to-alberta-economy.html>)

³ Government of Alberta. Consumer Price Index (<https://economicdashboard.alberta.ca/dashboard/consumer-price-index/>)

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.

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.

Research is another area where post-secondaries are feeling a hit. In 2024, Lethbridge Polytechnic was ranked as 10th among Canada's top research colleges⁴. Five of the top 20 were located in Alberta. In addition, world leading research is being done at the University of Lethbridge, University of Calgary, and other universities throughout the province.

However, access to research funding has been damaged directly by the Government of Alberta. With the passage of the *Provincial Priorities Act*, Federal post-secondary research funding agreements will have to be approved by the Government of Alberta to ensure that they "support provincial priorities and investments⁵" – priorities which may be determined by the government of the day based on their targets.

This added layer of red tape, from a government which boasts a focus on red tape reduction⁶, presents a risk that Alberta's world class research institutions may lose out on valuable Federal research funding. Neither money, nor intellectual capital, are trapped in Alberta, and both may go to jurisdictions where less red tape exists.

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.

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

1. At a minimum index the Base Operating Grant for post-secondary institutions 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.
3. Amend the *Provincial Priorities Act* to explicitly exempt post-secondary institutions from requiring provincial approval for research funding from federal entities.

⁴ Canada's Top 50 Research Colleges (<https://researchinfosource.com/cil/2024/top-50-research-colleges/list>)

⁵ Provincial Priorities Act
(https://docs.assembly.ab.ca/LADDAR_files/docs/bills/bill/legislature_31/session_1/20230530_bill-018.pdf)

⁶ Government of Alberta. Cutting Red Tape (<https://www.alberta.ca/cut-red-tape>)