



Chambre de commerce  
du Montréal métropolitain  
Board of Trade of Metropolitan Montreal

# UNIVERSITY FUNDING:

THE BOARD OF TRADE OF METROPOLITAN MONTREAL ANSWERS YOUR QUESTIONS

## **WHY IS THE BOARD OF TRADE OF METROPOLITAN MONTREAL WEIGHING IN ON THE DEBATE ON UNIVERSITY FUNDING?**

Universities are the engines of a knowledge economy and an incubator for skilled labour. They are crucial to industrial research and development strategies. They are shaping the future of Quebec.

## **DO OUR UNIVERSITIES LACK FUNDING?**

Absolutely. Our universities have been suffering from chronic underfunding for many years. This has an undeniable impact on their current and future performance. The shortfall is enormous: around \$620 million.

## **CAN THE GOVERNMENT MAKE UP FOR THIS SHORTFALL?**

The Government of Quebec is already doing its part by making massive investments in our universities, more so than any other Canadian province. It funds 68% of the operating costs of universities, compared with 53% in the rest of Canada. With health and education accounting for 70% of the government's budget, it is unrealistic to ask for more.

## **WHY NOT RAISE TAXES TO FUND UNIVERSITIES?**

A competitive tax environment is essential for our economy. Beyond a certain threshold, tax increases have a negative impact on prosperity. Quebecers already have one of the heaviest tax burdens in North America. We have to unfreeze tuition to strengthen our universities.

## **HOW MUCH OF A TUITION INCREASE IS NEEDED?**

The Board of Trade proposes increasing tuition fees by \$1000 a year for three years, from 2012 to 2015, while maintaining the current level of public funding. This will allow our universities to catch up to the Canadian level of funding before the gap widens. This increase should be adjusted by field of study and accompanied by a substantial new contribution to the loans and bursaries system, in the order of 25% of additional revenue.

## **WHY NOT SETTLE FOR A LESSER INCREASE?**

The proposed increase is intended merely to catch up to the Canadian average. A lesser increase would leave our universities in a precarious situation. Half measures are dangerous because they make it seem like the problem is solved when it isn't.

## **DOESN'T RAISING TUITION FEES MEAN LOWERING UNIVERSITY ATTENDANCE?**

No. Contrary to the widely-held belief, there is no correlation between university attendance and tuition fees. Even though tuition fees are substantially lower in Quebec than in the rest of Canada, our rate of university attendance is lower. The true obstacle to university attendance is the high dropout rate among high school students.

## **SO HOW CAN WE GUARANTEE ACCESS TO UNIVERSITY FOR STUDENTS FROM LOWER INCOME BACKGROUNDS?**

Tuition fees can be increased without compromising access. The most appropriate way to do so is through an improved, targeted and intelligent loans and bursaries program.

## **WOULDN'T IT BE BETTER TO KEEP TUITION FEES LOW FOR EVERYONE?**

Quebec has gotten itself into this situation of underfunding by wanting to offer "discount" education. The most effective tool for social unity and mobility is a well-funded loans and bursaries program.

## **WHAT ARE THE ADVANTAGES OF ADJUSTING TUITION FEES BASED ON FIELD OF STUDY?**

This is primarily a matter of efficiency. The most expensive programs are by definition those that need more funding. Medical students currently pay for 14% of their education, compared with 40% for social sciences students. It's also a question of equity. Medical students will earn on average \$2 million more. Basically, students should make a contribution proportional to the cost of their own education. Quebec is the only Canadian province that does not adjust tuition fees.

## **HOW DO WE ENSURE THAT STUDENTS GET WHAT THEY PAY FOR?**

This is not about writing universities a blank cheque. Universities have to take advantage of this budgetary breathing room to become more effective. In return for the additional effort required of students, we need to better track university performance indicators, based on measurable, progressive data.

## **WHAT ABOUT EFFORTS BY BUSINESSES?**

Businesses offer graduate students quality jobs and competitive salaries. An additional tax on investments or on payroll would be counter-productive. It would reduce the competitiveness of our economy and result in lower salaries. That said, the government should put in place new tax incentives to increase donations and partnerships; everyone wins if philanthropy becomes more ingrained in Quebec.

## **TUITION FEES: DEBT OR INVESTMENT?**

A person with a bachelor's degree will earn \$600,000 more than someone with a high school diploma during his or her working life. For students, university is a very profitable investment with a return that more than justifies wanting to preserve its quality through proper funding.

**IN A KNOWLEDGE ECONOMY, HIGH-QUALITY AND WELL-FUNDED  
UNIVERSITIES ARE A PREREQUISITE TO OUR SUCCESS. WE HAVE TO GIVE  
THEM THE TOOLS THEY NEED TO SUCCEED.  
THE TIME TO ACT IS NOW.**

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