

General Trends
in University
Revenues

University Revenues
by Source

Trends in University
Expenditures

Conclusion

University Finances, 2007-2008

According to the most recent financial statistics of universities and university colleges in Canada, total university revenues rose 2.8% in 2007-2008, as public operating grants rose by 3.8%.¹ Nevertheless, in several provinces public funding failed to keep pace with the rate of inflation and increases in enrolment during the past decade.

Other key findings include the following:

- The largest increases in total university revenues over the previous year were recorded in Alberta (8.9%), British Columbia (7.0%) and Manitoba (5.0%). By contrast, total revenues in New Brunswick decreased by 7.8%.
- Total provincial operating funding, when adjusted for inflation, continued to recover from the low levels experienced earlier this decade, and was 46.3% higher in 2008 than in 1992.
- The greatest sources of relative growth in university revenues in 2007-2008 were total provincial funding (11.2%) and capital revenues (61.7%).
- In 2008 provincial operating funding grew faster than tuition revenues in every province except Ontario and Quebec. Tuition revenues rose fastest in Quebec (8.9%), Ontario (6.1%) and British Columbia (3.8%).
- After years of decline, revenues for capital stock expenditures (\$1.8 billion) are now significantly higher than they were throughout the period from the late 1970s until the late 1990s.

- In 2008, spending on academic rank salaries as a share of total expenditures held steady at 19.5% of total university expenditures. This followed a slight increase in 2007, in which spending on academic rank salaries as a share of total expenditures had increased for the first time in almost a decade.

General Trends in University Revenues

In fiscal 2008, Canadian university revenues reached an all-time high of \$26.8 billion — an increase, unadjusted for inflation, of 2.8% over the previous year. As illustrated in Table 1, the greatest year-over-year increases were recorded in Alberta (8.9%), British Columbia (7.0%) and Manitoba (5.0%). By contrast, revenues decreased by 7.8% in New Brunswick and 3.5% in Nova Scotia.

Revenues for capital stock expenditures jumped by 61.7% in 2008 and are significantly higher than the low levels that characterized the period from the late 1970s to the late 1990s. In 2000, there was a major increase in capital revenues across Canada, primarily due to major increases from provincial funding sources.

Increases in total revenues continue to spill over into general operating budgets which finance the core teaching and non-sponsored research activities of universities. Operating revenues were up 3.0% nationally. All provinces experienced an increase, with the strongest gains recorded in Newfoundland (8.1%), Manitoba (5.3%) and Alberta (4.6%). The most modest increase in operating revenues was experienced in Ontario (2.3%).

In 2008, total provincial operating funding increased by an average of 4.0%. The highest increases were recorded in Alberta (11.6%)



Table 1 Percentage change in university revenues, 2006-2007 to 2007-2008

	Total Revenue	Operating Revenue (all sources)	Sponsored Research	Capital Revenues	Total Provincial Funding	Provincial Operating Funding	Tuition Revenues
Canada	2.8%	3.0%	6.1%	61.7%	11.2%	4.0%	4.6%
Newfoundland	3.2%	8.1%	-8.8%	-15.8%	10.8%	8.9%	0.1%
P.E.I.	3.8%	3.7%	24.9%	-19.2%	10.2%	8.8%	-6.8%
Nova Scotia	-3.5%	3.2%	11.3%	-38.9%	11.0%	10.7%	-3.9%
New Brunswick	-7.8%	2.9%	-0.4%	73.0%	5.6%	4.3%	1.3%
Québec	2.3%	2.4%	9.1%	-5.1%	2.8%	2.2%	8.9%
Ontario	1.3%	2.3%	1.3%	166.5%	6.5%	0.0%	6.1%
Manitoba	5.0%	5.3%	4.6%	103.3%	10.5%	8.7%	-1.3%
Saskatchewan	-0.7%	3.5%	30.3%	-47.5%	-2.9%	9.9%	-0.7%
Alberta	8.9%	4.6%	2.2%	154.7%	37.3%	11.6%	3.2%
British Columbia	7.0%	3.2%	17.2%	34.7%	20.0%	8.1%	3.8%

and Nova Scotia (10.7%). In Ontario, provincial operating revenues remained the same as in 2007.

In total, revenues from tuition fees rose 4.6%, reflecting both higher fees and an overall increase in enrolments. The sharpest rise in tuition revenues was recorded in Quebec (8.9%), Ontario (6.1%) and British Columbia (3.8%). Only in Quebec and Ontario did tuition revenues increase at a higher rate than provincial operating funding.

Revenues received for sponsored research increased by 6.1% from 2007. Federal funding for sponsored research increased by 8.3% in 2008, although it is unlikely this increase has been sustained as the 2009 federal budget reduced funding for sponsored research. Provincial research funding rose by 3.7% and revenues from other government sources — such as other provinces and foreign governments — decreased 21.1% from 2007. Overall, 48.1% of revenues for sponsored research in Canada came from federal government sources and 18.3% from provincial government sources.

Private sources of research funding increased in 2008. Donations from private individuals, non-profit organizations and foundations increased by 17.6% from 2007, while donations for research from the corporate sector increased by 84.0%.

Since 1992, total university revenues, when adjusted for inflation, have grown by 89.5% (see Table 2). Most of these gains can be attributed to increases in tuition revenues (+189.6%) and sponsored research revenues (+176.4%). Over the same period, by contrast, total provincial funding increased by 46.3%, while provincial operating funding rose by only 21.9%.

University Revenues by Source

As shown in Table 3, in 2008 government grants and contracts represented 56.8% of all university revenues, down from 67% as recently as 1992. By contrast, fees paid by students represented 20% of all revenues and 34.7% of operating revenues, compared to just 13% and 20% respectively in 1992. Private funding of universities through

Table 2 University revenues, 1992 and 2008 (2007 \$)

	1992 (\$000s)	2008 (\$000s)	% Change
Total revenues	\$13,841,938	\$26,237,299	89.5%
Operating revenues (all sources)	\$9,170,730	\$15,097,690	64.6%
Special purpose and trust	\$770,819	\$1,401,090	81.8%
Sponsored research	\$2,153,569	\$5,953,044	176.4%
Ancillary enterprises	\$1,125,545	\$1,638,886	45.6%
Capital revenues	\$621,274	\$1,863,039	199.9%
Total provincial funding	\$8,016,911	\$11,728,660	46.3%
Provincial operating funding	\$7,066,097	\$8,615,031	21.9%
Tuition fees	\$1,809,445	\$5,240,364	189.6%

donations, grants and bequests has grown sharply over the last three decades, from just over \$54 million in 1972 (3% of total revenues) to \$2.9 billion in 2008 (10.8% of all revenues). In fiscal 2008, 38.4% of this total came from corporate business enterprises.

Among the provinces, universities in Nova Scotia and Ontario are the most dependent

upon private financing. More than 50% of all university revenues in these provinces come from private sources, primarily in the form of fees, private grants and donations. New Brunswick is quickly approaching the same 50% threshold.

Student fees continued to constitute a significant share of university operating revenues in 2008 (34.5%), an increase from 33.9% in 2007. Furthermore, there are wide variations between provinces in terms of the share of total revenues represented by tuition fees (see Table 4). In fiscal 2008, the share of income derived from student fees ranged from a low of 17.0% of all operating revenues in Newfoundland to a high of 43.3% in Nova Scotia.

Trends in University Expenditures

Total university expenditures reached \$26.3 billion in 2008, an increase of 7.4% over the previous year (see Table 5). Expenditures increased in every province. Alberta (12.0%) and Manitoba (11.2%) recorded the largest increases, while Saskatchewan experienced

Table 3 Share of total university revenues by source, 2007-2008 (% of all revenues)

	Government Grants and Contracts	Fees	Bequests, Donations & Non-government Grants	Sales of Services and Products	Investment Income	Other
Canada	56.8%	20.0%	10.8%	8.3%	1.0%	3.1%
Newfoundland	68.5%	12.7%	2.8%	7.7%	0.7%	7.6%
P.E.I.	58.0%	19.4%	7.9%	13.1%	0.9%	0.7%
Nova Scotia	41.8%	29.5%	9.9%	14.3%	0.6%	3.8%
New Brunswick	51.8%	26.4%	8.4%	11.2%	0.8%	1.4%
Québec	65.7%	11.8%	10.1%	7.0%	2.2%	3.3%
Ontario	48.8%	25.4%	12.6%	7.4%	1.4%	4.3%
Manitoba	61.0%	17.2%	12.3%	4.8%	3.7%	0.9%
Saskatchewan	62.4%	15.2%	8.5%	11.6%	1.1%	1.1%
Alberta	69.5%	13.7%	9.4%	8.8%	-2.0%	0.7%
British Columbia	57.4%	20.9%	9.5%	10.8%	0.0%	1.4%

Table 4 Share of operating revenues by source, 2007-2008 (% of total operating revenues)

	Government Grants and Contracts	Fees	Bequests, Donations & Non-government Grants	Investment Income	Other
Canada	57.5%	34.5%	0.9%	1.3%	5.8%
Newfoundland	72.2%	17.0%	0.0%	1.1%	9.6%
P.E.I.	57.3%	27.4%	4.4%	0.7%	10.1%
Nova Scotia	45.9%	43.3%	0.4%	4.3%	6.2%
New Brunswick	54.0%	39.0%	0.1%	1.4%	5.5%
Québec	70.1%	20.7%	0.4%	0.9%	8.0%
Ontario	49.2%	42.3%	1.2%	2.1%	5.2%
Manitoba	64.8%	26.7%	0.2%	1.5%	6.8%
Saskatchewan	64.1%	26.6%	1.6%	2.5%	5.3%
Alberta	65.0%	29.1%	1.3%	-1.4%	6.0%
British Columbia	58.1%	38.5%	0.6%	-0.4%	3.2%

the slowest increase at 2.4%.

Total university expenditures on academic rank salaries increased by 7.7% in 2008.

Spending on academic rank salaries posted the biggest advances in British Columbia (10.8%), Alberta (10.2%) and Ontario (8.8%). By contrast, expenditures rose more modestly in Manitoba and Nova Scotia (2.7%) and Saskatchewan (3.0%).

As a share of total expenditures, spending

on salaries, wages and benefits rose by 6.9% in 2008 and represented 61.4% of total non-capital spending. In 1972, spending on salaries, wages and benefits accounted for 69.4% (see Figure 1).

In 2007, academic rank salaries as a proportion of total expenditures increased by 0.6%, the first increase since 1999. In 2008, expenditures on academic rank salaries remained unchanged at the 2007 level of

Table 5 Change in university expenditures, 2006-2007 to 2007-2008 (%)

	Total Expenditures	All Salaries, Wages & Benefits	Academic Rank Salaries	Supplies & Expenses	Buildings & Site Services	Scholarships & Bursaries	Debt Repayments (Interest only)	Other
Canada	7.4%	6.9%	7.7%	9.2%	17.6%	6.9%	5.6%	4.8%
Newfoundland	7.9%	7.9%	4.9%	17.8%	-30.4%	11.9%	-6.9%	4.3%
P.E.I.	3.1%	4.7%	3.3%	-9.5%	-6.4%	37.2%	75.3%	4.6%
Nova Scotia	3.7%	2.8%	2.7%	6.4%	42.3%	-1.7%	16.3%	-0.3%
New Brunswick	4.5%	3.2%	3.2%	1.6%	-13.0%	5.2%	25.5%	13.6%
Québec	5.7%	4.9%	6.6%	7.1%	32.4%	1.1%	1.0%	3.2%
Ontario	8.9%	8.2%	8.8%	12.2%	32.8%	8.1%	5.7%	3.5%
Manitoba	11.2%	3.7%	2.7%	6.5%	104.3%	41.6%	1.3%	8.7%
Saskatchewan	2.4%	3.2%	3.0%	12.6%	-18.3%	5.4%	43.9%	8.8%
Alberta	12.0%	11.1%	10.2%	10.0%	18.6%	8.9%	16.5%	12.9%
British Columbia	4.0%	6.7%	10.8%	4.3%	-8.2%	6.8%	20.3%	2.0%

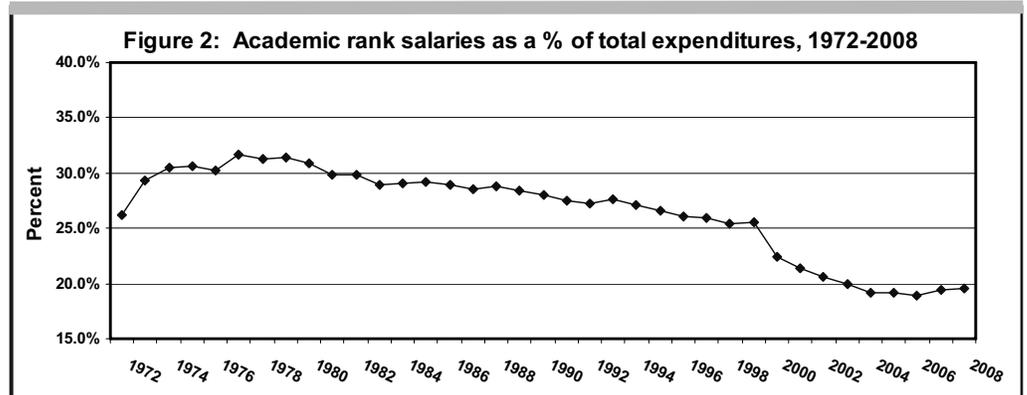
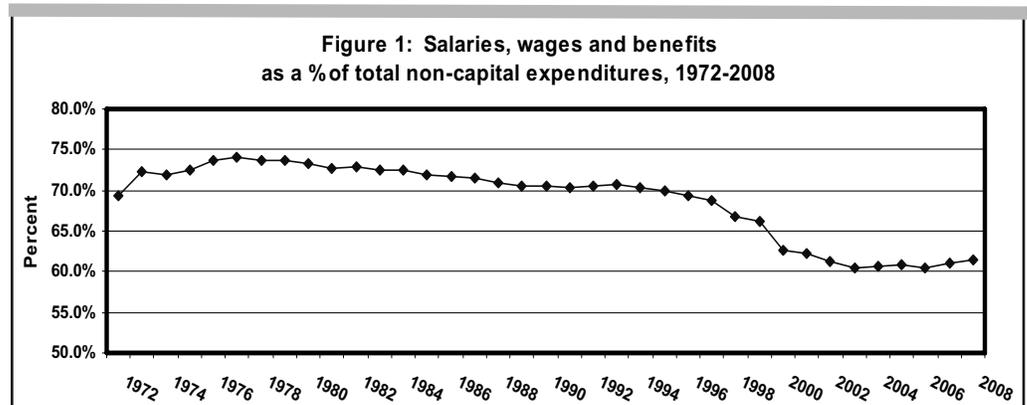
19.5% of total expenditures (see Figure 2).

Unlike previous years, spending for scholarships and bursaries rose slower than the overall increase in expenditures (6.9% versus 7.4%). Nevertheless, expenditures on scholarships and bursaries have risen by 221.0% since 1999, largely reflecting the high demand for tuition assistance in the wake of higher fees.

Since 1992, total university expenditures have risen by 85.4% when adjusted for inflation (see Table 6). Most of this increase can be attributed to rising expenditures in the sponsored research fund (166.0%), physical plant (137.8%) and the special purpose and trust fund (130.7%). Operating expenditures rose at a more modest rate of 63.6%. Between 1992 and 2008, expenditures on academic rank salaries increased by just 33.2%.

Table 6 University expenditures, 1992 and 2008 (2007 \$)

	1992 (\$000s)	2008 (\$000s)	% change
Total expenditures	\$13,860,862	\$25,704,847	85.4%
Operating expenditures	\$9,105,888	\$14,893,118	63.6%
Academic rank salaries	\$3,772,540	\$5,024,681	33.2%
Sponsored research	\$2,089,018	\$5,555,895	166.0%
Physical plant	\$978,535	\$2,326,931	137.8%
Special purpose and trust	\$584,965	\$1,349,491	130.7%
Ancillary enterprises	\$1,102,458	\$1,579,414	43.3%



Conclusion

After years of declining core government funding, public spending on universities and university colleges has posted a modest rebound as of 2008. Compared to previous decades, however, public operating funding has not fully recovered. As a consequence, universities today are far more reliant on private fees, contracts and donations.

The data presented here, however, do not take into account the impact of the recent economic recession. Some institutions are facing serious financial challenges, some of which stem from problems unrelated to the current slowdown. Nevertheless, the turmoil in stock markets has adversely affected many university and college pension plans and endowments. In response, some institutions have announced hiring freezes, lay-offs, and reductions in services that will have a serious impact on the quality of Canada's post-secondary education system.

The impact of the economic recession on Canada's universities and colleges is compounded by the chronic funding problem in Canada's post-secondary education system. Public funding of universities and colleges has dropped sharply over the past two decades. In 1990, government operating grants made up 80% of total university operating revenues. By 2008, that had fallen to less than 58%.

Clearly, the primary responsibility for fixing this imbalance lies with governments at both the federal and provincial level. Ottawa and the provinces must work more collaboratively to ensure that adequate funding for post-secondary education is provided in an accountable and transparent manner. Without this, Canada's universities and colleges are in serious jeopardy. Accessibility and quality will erode further, and our ability as a nation to reap the social, cultural and economic benefits of education will be increasingly compromised.■

Notes:

1. Most data in this report are collected annually by the Canadian Association of University Business Officers (CAUBO), as reported by the Chief Financial Officers of universities and university colleges in Canada. In Ontario, information is collected by the Council of Ontario Universities and subsequently compiled by CAUBO. The information is prepared and distributed annually in electronic format by the Centre for Education Statistics of Statistics Canada. Collection and compilation of the data takes more than one year; the most recent release covered fiscal year ending in 2008.

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