

## MINISTRY OF POST SECONDARY EDUCATION AND FUTURE SKILLS

### ADDRESS THE SKILLS GAP BY ALIGNING FUNDING FOR POST-SECONDARY STUDENT SEATS WITH REGIONAL POPULATION GROWTH

#### Issue

According to the province of BC, it will need to fill more than one million job openings over the next ten years. 80% of these jobs will require workers to have some post-secondary education and training.<sup>99</sup>

To date, post-secondary seats have not kept up with population growth in several communities across BC, including the Fraser Valley. This leaves regions ill-equipped to produce the skilled personnel needed to meet local labour market demands.

#### Background

Businesses continue to Face Labour Market Challenges across the province. Data from the Canadian Chamber of Commerce’s Business Data Lab revealed that the majority (68%) of businesses identify some form of skill gap among their employees, signalling the need for ongoing investments in training and development.<sup>100</sup> When considering the shortage of workers with specific in-demand skills, alongside the lack of available post-secondary seats in many BC communities, we know that these labour market challenges are ultimately costing businesses.

Labour market mismatches pose numerous challenges to businesses on everything from staffing to costs and sales. In a *Conference Board of Canada* report, the organization estimated that skills deficits have already cost BC up to \$4.7 billion in foregone GDP and \$616 million in tax revenues as a result of many British Columbians not having the right skills to contribute to the economy.<sup>101</sup>

The time is now to consider how our province will meet these labour market needs in the years ahead. Furthermore, economic inclusion is critical, and newcomers to BC need opportunities to integrate into the labour force and access post-secondary opportunities, as do Indigenous Peoples. When broader inclusion is a priority across communities, addressing a shortage of seats is a necessary starting place.

In March 2022, the BC government announced a sector-wide review of how it funds operations at British Columbia’s 25 public post-secondary institutions to ensure they have the resources they need to support economic recovery and student success.<sup>102</sup> The results of this review have not yet been made public.

The current funding model has not been updated in more than 20 years, creating constraints and inequities for some public post-secondary institutions. The review was aimed at:

1. Establishing a funding model that fairly and impartially distributes provincial financial resources across the public post-secondary sector.
2. Aligning provincial funding with the education and skills training needs of British Columbians and the communities served by the 25 public post-secondary institutions.
3. Supporting student success by ensuring access to affordable, high-quality post-secondary education and expanding key student supports.

<sup>99</sup> BC’s Labour Market Outlook 2023 Edition. <https://www.workbc.ca/research-labour-market/bcs-labour-market-outlook-2023-edition>

<sup>100</sup> Canadian Chamber Data Lan. Canadian Survey on Business Conditions Report, Q4 2023. [https://bdl-lde.ca/wp-content/uploads/2023/12/2023\\_Q4\\_CSBC\\_EN\\_Report\\_Final.pdf](https://bdl-lde.ca/wp-content/uploads/2023/12/2023_Q4_CSBC_EN_Report_Final.pdf)

<sup>101</sup> The Conference Board of Canada. (February 2015). Skills for Success: Developing Skills for a Prosperous BC <https://adm.viu.ca/sites/default/files/skills-for-success-developingskills-for-a-prosperous-bc-conference-board-of-canada.pdf>

<sup>102</sup> BC Government Post Secondary Funding Review. October 2023. <https://www2.gov.bc.ca/gov/content/education-training/post-secondary-education/post-secondary-funding-formula-review>

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To date, many communities see demand outpacing provincial funding for full-time equivalent domestic (FTE) students. For example, the University of the Fraser Valley is expected to deliver education for 6,755 FTE student spaces with the provincial operating grant from the Ministry of Post-Secondary Education and Future Skills (PSEFS).<sup>103</sup>

Notably, population projections in the Fraser Valley college region show the typical university age groups are projected to increase in population from their levels in 2021 to 2041, with the largest change projected in the 25- to 29-year-old group (34%), followed by those aged 20-24 (19%) and 15-19 (13%)<sup>104</sup>. Even with this growth, 'operating grant funding is not expected to increase for general student seat growth or general inflationary costs.'<sup>105</sup>

When university programs fill up quickly due to high student demand, it limits the potential for broader inclusion of students from underrepresented groups and severely impacts local economies and the ability to ensure there is a sufficient skilled workforce to meet labour needs. There is also enormous pressure on students who cannot complete their degree in 4 years because there are not enough seats, creating unnecessary financial strain on future workers.

To keep pace with the province's economic growth and meet future projected job openings, BC needs to take a comprehensive look at ways to ensure British Columbians have the post-secondary training opportunities that align with labour market needs.

The province's work must focus on the local context of communities experiencing population growth and look to increasing funding for post-secondary institutions struggling to keep up with student demand.

### **THE CHAMBER RECOMMENDS**

That the Provincial Government:

1. After receiving the funding review report, commit to funding post-secondary institutions with increased operating funding for domestic seats across British Columbia in alignment with the population and industry growth of the region, as well as the identified and projected skills gaps.

*Note: This is a new 2024 policy resolution.*

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<sup>103</sup> Province of BC. Budget Letter UFV <https://www2.gov.bc.ca/assets/gov/education/post-secondary-education/institution-resources-administration/budget-letters/budget-letter-university-of-the-fraser-valley.pdf>

<sup>104</sup> University of the Fraser Valley. 2023-24 Consolidated Budget Plan <https://www.ufv.ca/media/assets/budgets--planning/2023-24-UFV-Budget-Recommendation---Web.pdf>

<sup>105</sup> *Ibid.*