



Post-Secondary Education in Manitoba: A Blueprint for Opportunity and Growth

Alex Usher
President, Higher Education Strategy Associates

January 31, 2017

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HESA gratefully acknowledges the support of Assiniboine College in preparing this paper

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Executive Summary

In a time of both fiscal restraint and slow economic growth, the proper focus of government is not to reduce spending indiscriminately, but rather to make public spending more effective. The purpose of this paper is to outline how – at no extra cost to the public purse – the Manitoba post-secondary sector can offer greater opportunity to Manitobans and support faster economic growth.

Specifically, Manitoba has two tax credits (the Education Amount Tax Credit and the Tuition Fee Income Tax Rebate) which appear to be extremely ineffective and have few if any defenders within the higher education sector. The elimination of these two tax measures could yield approximately \$67 million per year in savings which could be spent more productively elsewhere within the higher education sector.

Among the productivity-enhancing proposals that could be funded for \$67 million are:

1. Adding \$14 million/year to provincial student assistance fund, enough to fund an Ontario-like “free tuition” guarantee to low- and middle-class Manitobans, even if tuition fees were allowed to rise by a third.
2. Investing \$12 million/year to increasing supports to Indigenous students and expanding community delivery of programming in or near First Nations.
3. Supporting the expansion of work-integrated learning at Manitoba universities and colleges with the creation of a dedicated \$15 million/year fund.
4. Redressing a long-standing imbalance in post-secondary spending by increasing the number of seats outside Metro Manitoba with a \$15 million/year investment.
5. Creating an \$11 million/year employer-driven “quick response training fund” to make it easier for employers with expanding businesses to access bespoke training.



Introduction



Photo Credit: Tom Arban Photography Inc.

In 2016, the province of Manitoba elected a new government with a mandate to bring public finances into balance. As the government prepares to deliver its second budget for spring 2017, it seems certain that the entire public service and all public sector partners – higher education included – will be asked to participate in an exercise of fiscal restraint.

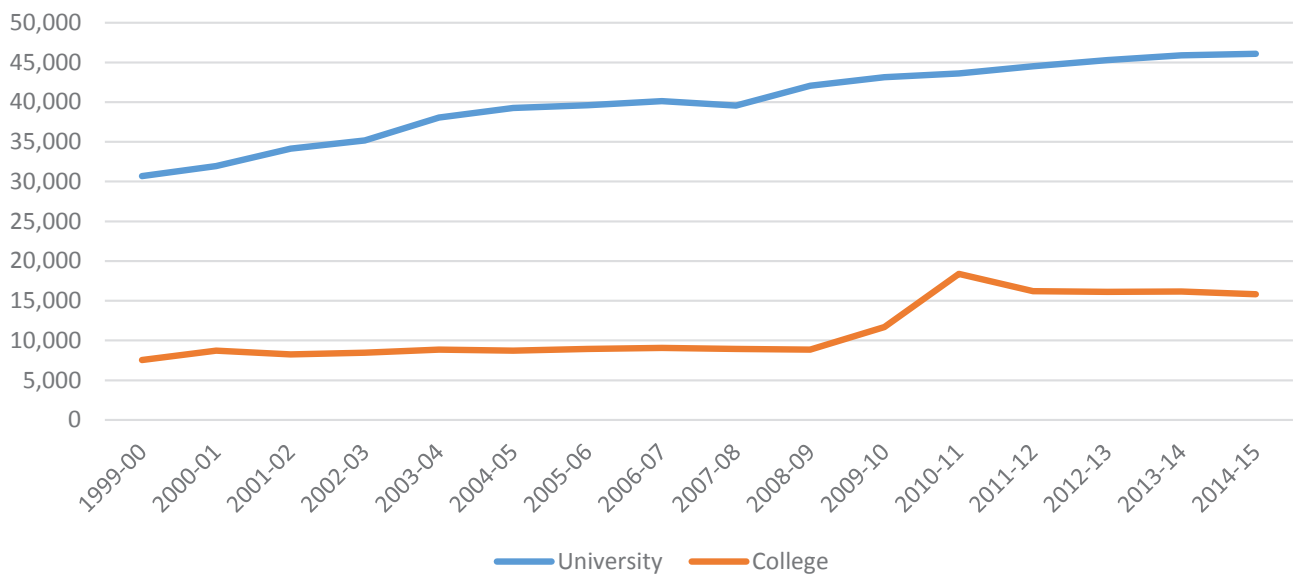
The challenge for both the government and the higher education sector is not merely to spend less. It is to spend more wisely, and to spend in ways that focus on growth. Restraint that makes it more difficult for higher education institutions to support the economy is ultimately self-defeating and should be avoided.

The purpose of this paper is to outline how – at no extra cost to the public purse – the Manitoba post-secondary sector can offer greater opportunity to Manitobans and support faster economic growth. This is not magic. It is simply a matter of identifying spending which is going to waste, and re-profiling it to greater productive purpose.

The Status of Post-Secondary Education in Manitoba

Over the past fifteen years, the higher education system in Manitoba has seen great success. Enrollment as measured by Statistics Canada has increased by 62%, from 38,000 to roughly 62,000 students, as shown in Figure 1 (although part of this increase is due to a methodological change).

Figure 1: Student Enrolments, College and University Headcounts, Manitoba 1999-2015

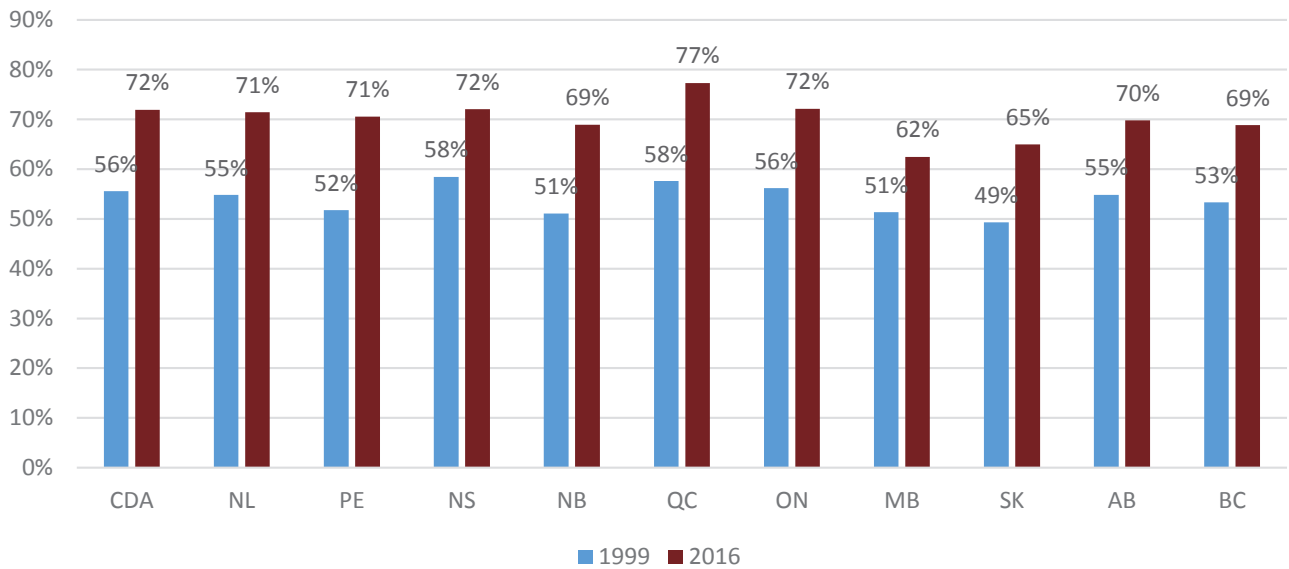


Note: Statistics Canada changed its method of counting college students in 2009-10 in order to better include students in vocational education students, resulting in an apparent increase in student enrolment. Taken from CANSIM 477-0033

Manitoba's record in enrolment growth over this period is well above the Canadian average, but it is not the highest among other Canadian provinces. In fact, Ontario led the way in PSE student growth in the period 1999-2000 to 2014-15, and both British Columbia and Saskatchewan outpaced Manitoba for PSE student growth in this period as well.



Figure 3: Post-Secondary Attainment Rates by Province, 1999 and 2016



Source: Statistics Canada, Cansim 282-0004

While student numbers have been rising, educational attainment has been falling. Figure 3 shows the percentage of 25-44 year olds with a post-secondary credential, by province. Manitoba has always been among the weakest performing provinces on this measure: in 1999, Manitoba trailed the national average by five percentage points. But by 2016, Manitoba trailed the national average by ten percentage points and was the worst performer in the country.

How can Manitoba simultaneously have among the most improved improvement enrolment numbers while simultaneously having the slowest growth in attainment numbers? Two reasons. The first is out-migration of post-secondary graduates. The second is that Manitoba's 25-44 population has grown faster than most other provinces over the past fifteen years, a function of a high birth rates in the 1980s and 1990s, particularly among the

province's Indigenous population. Over this period, post-secondary attainment rates have remained substantially lower among Indigenous peoples than other Manitobans

Figure 4 shows rate of educational attainment by province for Indigenous and non-Indigenous Canadians aged 25-54 (the figure for Indigenous Canadians is for the off-reserve population only; if the on-reserve population were included, these averages would likely be even lower). In all provinces, attainment rates for Indigenous peoples are lower than for non-Indigenous, but the gap is highest in BC (16 percentage points), Ontario and Manitoba (15 percentage points). Manitoba's Indigenous post-secondary attainment rate is just 43%, the lowest in the country.

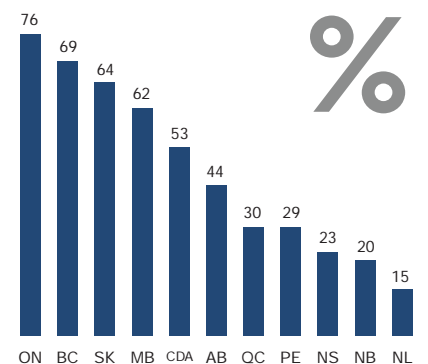
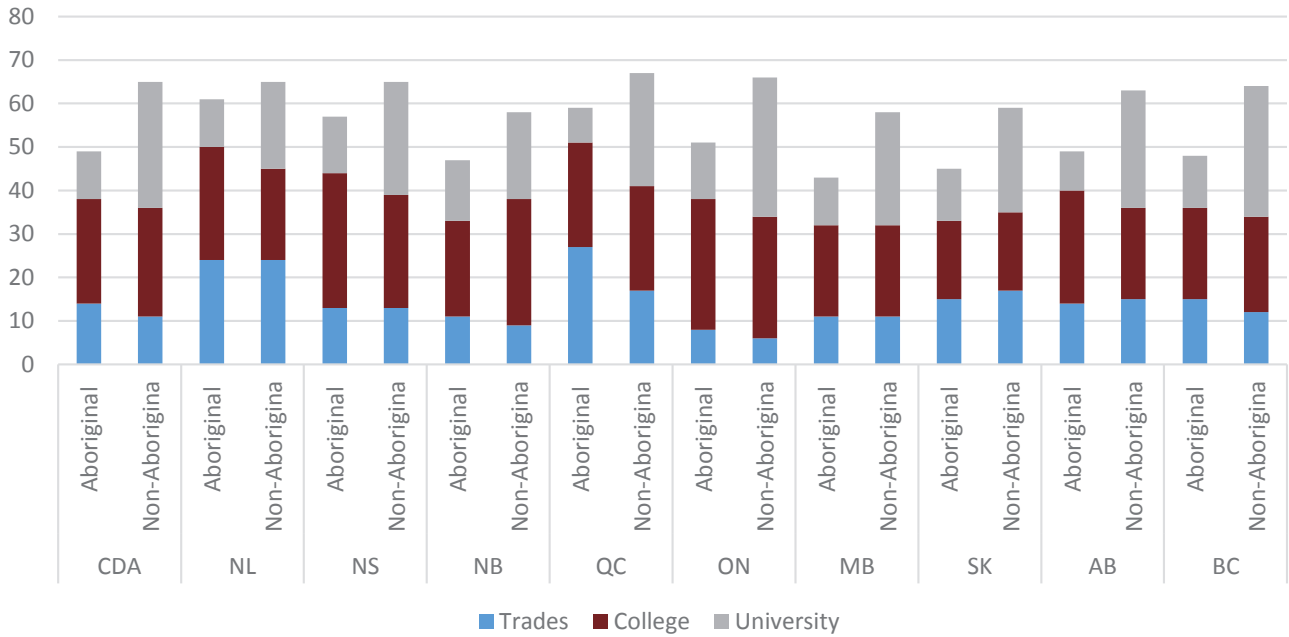


Figure 2: PSE Enrolment (Headcount) Growth, by Province, 1999-2000 to 2014-15

Source: Statistics Canada CANSIM 477-0033

Figure 4: Post-Secondary Attainment Rates, by Province and Aboriginal Identity, 2013

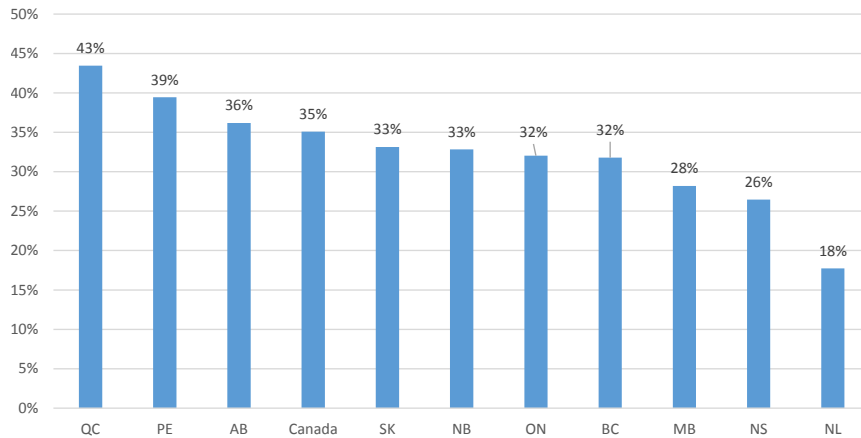


Source: Statistics Canada, CANSIM 477-0116. Prince Edward Island is omitted because sample size is too small to provide data for Aboriginal Canadians at all levels of education.

Only 15% of the province's PSE funding goes to the three institutions located outside Winnipeg

A final way to look at attainment rates is to examine them along the rural/urban divide. Unfortunately, the most recent statistics on this are roughly a decade old, but they still adequately illustrate the nature of the problem. Statistics Canada has published post-secondary attainment rates by health region using data from the 2006 census, which are shown below in Figure 5. The results for Manitoba are shown below: the gap between the attainment rate in Winnipeg and that in the rest of Manitoba is to the order of 10 to 15 percentage points. This is presumably not unrelated to the fact that while 40% of the province's population and 34% of the province's workforce is based in non-Metro Manitoba, only 15% of the province's PSE funding goes to the three institutions located outside Winnipeg (UCN, Brandon University, and Assiniboine College).

Figure 6: College Enrolments as a Percentage of all Post-Secondary Enrolments, by province, 2014-15



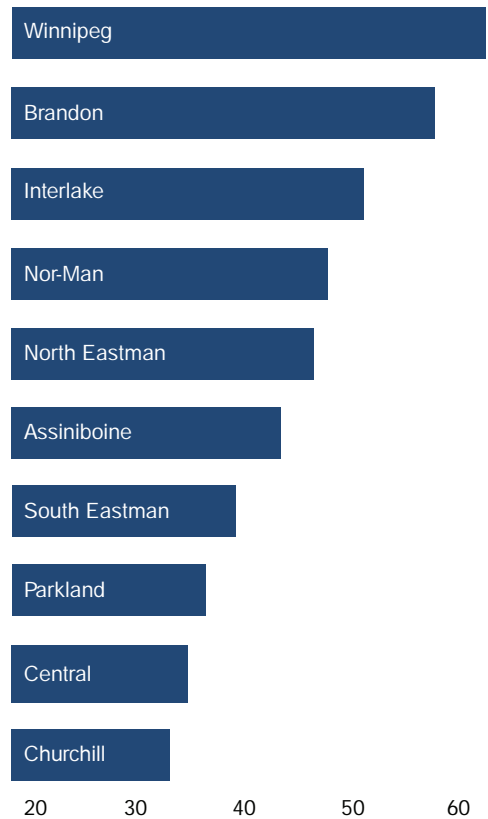
Source: Statscan CANSIM 477-033

A final point to note is that compared to the Canadian average, Manitoba's post-secondary system has a higher proportion of university enrolments than other provinces. Nationally, 35% of all post-secondary enrolments are in colleges. This national average is pulled upwards somewhat by Quebec, which has an anomalous post-secondary education structure, wherein students must spend two years at a college (or "CEGEP") before attending university. Taking Quebec out of the equation, the national average is 32%. Manitoba is somewhat short of this at 28%, compared to other Western provinces where the percentage of students in colleges ranges from 32 to 36%.

In short, while the post-secondary sector has made significant strides over the past decade and a half, there is still a great deal of work to be done in terms of ensuring that Manitoba has the highly-trained workforce it needs in order to attract and retain jobs. Much of that work needs to be concentrated among the province's rural and Indigenous populations.

While the post-secondary sector has made significant strides over the past decade and a half, there is still a great deal of work to be done in terms of ensuring that Manitoba has the highly-trained workforce it needs.

Figure 5: Manitoba Post-Secondary Attainment Rates, 25-54, by Health Region, 2006



Source: Statscan Cansim 109-0300

The Economic Challenges

It is a commonplace to state that the province of Manitoba has a diversified but not particularly high-wage economy. The healthy mix of manufacturing, service, agriculture and natural resource industries means that the economy is well-insulated against economic setbacks, but this mix has also kept Manitoban industry away from the forefront of growth. Manitoba's distance from North America's major markets is a disadvantage, which also constrains exports to foreign markets.

What is clear is that Manitobans will not be able to preserve their standard of living if the province does not adapt to a higher-tech, higher-productivity world. Technological innovation requires ever-greater investments in human capital. That is because while rising productivity means rising real wages, it also means that fewer people are needed to produce existing products. To maintain employment levels therefore requires diversifying product lines which in turn requires knowledge of new sets of skills.

Take agriculture as an example. Employment levels in agriculture have fallen sharply over the last fifteen years, mainly due to improvements in agricultural technology. As a consequence, rural communities have needed to find new goods or services to produce, or face high levels of unemployment and/or outmigration. By and large they have done this over the past two decades; the importance of small manufacturing, particularly in the food sector, has risen in non-metro Manitoba (the announcement in January 2017 of a massive new pea processing plant in Portage La Prairie is but the latest example of this trend). The end of the Canada Wheat Board's single-desk system will permit the creation of many new such opportunities in the future. But these kinds of modern manufacturing opportunities often require very particular sets of skills.

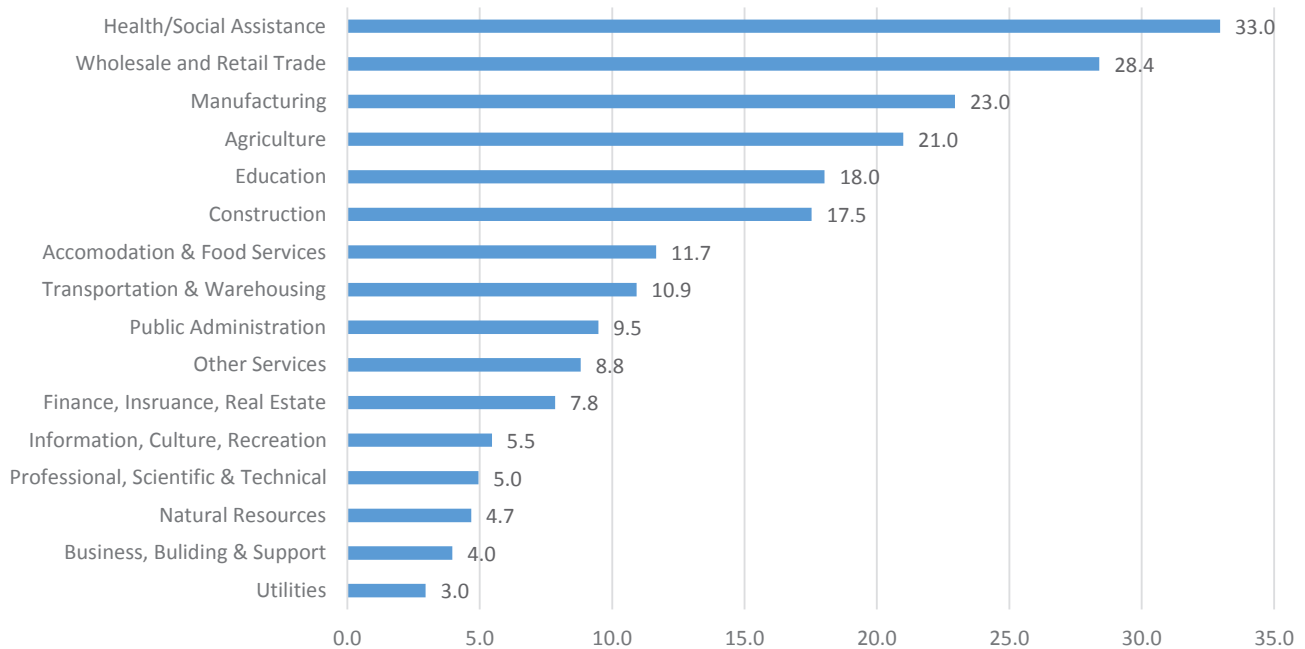
In the north, the closure of the Port of Churchill and the decline in commodity prices make the picture much more challenging. Increased out-migration (mainly to Winnipeg) is the likeliest outcome here, though area residents who migrate without the skills needed to compete in the metro marketplace may

be at a significant disadvantage. And finally, in Winnipeg, the major growth sectors are aerospace, transportation, and pharmaceuticals/life sciences, all of which have a major STEM component.

There are also changing demographics to consider, with differing patterns in different parts of the province. In the north, there is a demographic boom, primarily because of high birth rates in the Indigenous population. This is especially true in places like Berens River, Thompson and Churchill. The challenge here is how to find employment for this group in a difficult economic environment. In the non-metro South, demographics are moving in the other direction. The population is aging, and young people are moving to the cities or to other provinces. In some towns, such as Lac Du Bonnet, Killarney, Minnedosa, and Gimli, population is already starting to decrease. As a result the labour markets in these areas are tight – which paradoxically makes it difficult to start new businesses as there is little spare labour. In demographic terms, Winnipeg lies somewhere between the non-metro south and north.

As a consequence of these factors, the province has a continuing need for skill development, and this need is perhaps most acute in the non-metro south. This area is poised for growth in many respects, but suffering from very thin labour markets due to population dispersion and population out-migration.

Employment in non-metro Manitoba is often thought of as being primarily geared towards agriculture and natural resources. And while those are certainly crucial industries



Source: University of Brandon **Figure 7: Employment by Sector, in thousands, Rural Manitoba 2015**

as far as production goes, they account for slightly just one in eight jobs in the region. If we look at the top six industries in rural Manitoba, which together account for 2/3 of all jobs in the region, the major areas of employment are Health and Social Assistance (15.6%), Wholesale and Retail Trade (13.4%), Manufacturing (10.8%), Agriculture (9.9%), Education (8.5%) and Construction (8.3%).

With the exception of Wholesale and Retail Trade, where the jobs by and large do not require post-secondary education, all of these areas depend on accessible high-quality post-secondary in order to thrive. The education sector is for the most part well taken-care of by universities in Winnipeg and Brandon and in any case is not likely to be a growth area for jobs because demographic trends means fewer new teachers are needed. Agriculture – at least in the area of direct cultivation – is unlikely to see much job growth because of technological trends. That leaves two broad areas that could benefit from greater PSE investments. First, in the Health and Social Services category, rural Manitoba consistently suffers from shortages of doctors and nurses, and an improvement in the training of health care aides

is also desperately needed. An expansion of nursing education outside the metro area would help enormously in this respect. Second, in manufacturing and construction there is always a need for a strong base of general technical skills within the population. But when new business opportunities arise, there is also a need for a small number of employees or potential employees to obtain very specific skills. In a large urban centre, it might be easy enough to find people with these skills, but in a rural or small-town setting some kind of bespoke training program is usually required.

Another area where expanded services could have a positive impact, particularly at the college level, is in recognizing and upgrading foreign credentials. Many smaller towns in Manitoba are now dependent on skilled immigrants for continued economic growth. In particular, skilled immigrants have been helpful in growing agri-food manufacturing in places such as Brandon, Neepawa and Winkler, as well as in the health care industry in Portage La Prairie. Increased recognition and upgrading programs might hasten the process of integrating populations carrying foreign credentials into the labour market.

Re-allocating Funds: Time to review education tax credits

This paper has presented the argument that the Manitoba post-secondary system would benefit from a significant expansion of services in particular targeted areas. But it has also made the argument that with a new government committed to slimming public expenditure, the post-secondary sector should not expect large amounts of new public investment any time soon.

While increases in the overall post-secondary budget may be restricted, there remains the possibility of restructuring the PSE budget in ways that can create margins for new investment. Specifically, this can be done by redistributing some money in the existing post-secondary education envelope from poorly-performing programs to better-performing alternatives. And the two key programs here are the Education Tax Credit and the Manitoba Tuition Fee Income Tax Rebate.

Education Tax Credit: This credit dates back to the days when provincial governments could only raise taxes as a proportion of federal taxes (the so-called tax-on-tax regime). At the time when the new tax-on-income system was introduced in 1999, the federal credit was \$200 per month per full-time student and \$60 per month for part-time students. In October 2000, the federal government increased the amount to \$400/month and \$120/month for full- and part-time students, respectively. Manitoba took advantage of its new freedom under the tax-on-income system, declined to follow suit, and left the value of the provincial credits at the old amounts.

This credit has been criticized in many quarters as being inefficient. On aggregate, it provides more relief to wealthier families because they are likelier to attend post-secondary education. At an individual level, it provides valuable cost



Photo Credit: Ben Rogers

With a new government committed to slimming public expenditure, the post-secondary sector should not expect large amounts of new public investment any time soon.

relief, but in many cases this occurs only months after assistance is needed (students pay tuition in September but tax relief does not necessarily flow until taxes are filed 8 months later). That is partly why in Budget 2016, the Government of Canada responded to long-standing criticism of the education tax credit by abolishing it and using the proceeds to fund the more targeted income-based grant system (it retained the tuition fee tax credit, which delivers users a credit equal to tuition plus mandatory fees paid in a given calendar year). Ontario and New Brunswick also abolished their Education Tax Credits last year. If the Government of Manitoba followed suit, the likely savings would be in the range of **\$12-3 million per year**¹.

Tuition Fee Income Tax Rebate. Under this program, instituted in 2006, graduates of post-secondary institutions are entitled to receive up to \$2,500 in tax relief every year, up to a lifetime maximum of \$25,000 or 60% of total tuition paid, whichever is lower. This tax credit has been marketed both as a way to reduce the cost of tuition and as a measure to retain students in the provinces (and, less often, to attract students from outside the province) since it is not necessary that the tuition in question has been paid to a Manitoba PSE institution. Some, however,

have criticized it because it was only available to students after finishing their studies. For that reason, in 2010, the Manitoba Government introduced a Tuition Fee Income Tax Rebate Advance for students who both resided in-province and attended a Manitoba institution. This was a refundable 5% tax credit on tuition and ancillary fees paid. The tax credit is claimable by a student even if the federal and provincial tuition and education amounts are transferred to a parent or spouse; however, amounts claimed as an advance will reduce the amount of Tuition Fee Income Tax Rebate that can be claimed after graduation. There is an annual credit cap of \$500 and a lifetime cap of \$5,000 under the Advance.

The best argument in favour of this tax credit is that it gives a break to younger tax payers who need tax relief because they are at the beginning of their working lives. These earners have proportionately higher expenses than older taxpayers because they are just starting the process of having families, buying houses, etc. But even this justification is fairly thin. If “youth” is the target group, why exclude those who did not benefit from post-secondary education from tax relief? And why give more tax relief to those who went into expensive programs than those who went to cheaper ones?

Although it was originally created as a measure to help retain Manitoba graduates in the province and possibly attract graduates

1. <https://www.gov.mb.ca/finance/budget15/papers/advantage.pdf>. The figure is based on tax expenditure figures from the 2015 Manitoba Budget; Budget 16 did not include an update of tax expenditures but it is unlikely that the figure would have changed much in a single year.





from other provinces, there is no evidence whatsoever that it has succeeded in this task. A large majority of graduates stay in the province, and a small minority leave, just as they always have. A recent survey performed by Higher Education Strategy Associates² determined that over half of Manitoba students would not leave the province, even if offered a salary of \$5000 more for a job similar to the one they expected to get in Manitoba. As for attracting students from elsewhere, 31% of students from elsewhere in Canada said no amount of money would bring them to Manitoba, while another 48% said it would take a salary bump of at least \$10,000 to get them to consider to move. So while it would not be true to say that “money doesn’t matter” to graduates, incentives on the scale of those provided by the rebate are far too small to credibly change students minds about inter-provincial migration. In the absence of evidence that this tax rebate alters recipients’ behaviour, the alternative is that it is providing “windfall gain” to

its recipients (that is, paying them to do things that they would have done in any case). Moreover, because the eventual size of the credit is geared to the amount of tuition paid which is in turn positively correlated to graduate income, the best-off graduates tend to receive the most assistance. It is precisely because these awards were providing so little public benefit that both Nova Scotia and New Brunswick have eliminated similar credits in recent years. If the Government of Manitoba followed suit and eliminated this rebate (and its associated Advance), it would free up **\$54.5 million per year** for other purposes within the higher education system.

In total, the elimination of these two tax measures could yield approximately \$67 million per year which could be spent more productively elsewhere. The following section provides some suggestions as to how this money could be re-allocated.

² Usher, Lambert & Mirzazadeh (2014), Moving on? How Students Think About Choosing a Place to Live After Graduation. Toronto: Higher Education Strategy Associates. Available at: <http://higherstrategy.com/wp-content/uploads/2014/09/Intelligence-Brief-10-Where-to-live.pdf>

Re-allocating Funds for Efficiency and Growth



To recall our earlier points about post-secondary education and the economy:

- There is a strong need to expand post-secondary participation in Manitoba, particularly among the rural and Indigenous population;
- These labour market needs are likely greatest in health, manufacturing/construction, aerospace and pharmaceuticals; and,
- The province of Manitoba is somewhat underweight in the proportion of students at community colleges.

With these points in mind, several options exist to reallocate funding to the PSE sector in ways that will boost opportunity and growth.

Student Assistance: Adopting the Ontario Model

One of the most interesting experiments in student assistance in Canada in the last few years has been Ontario's decision to guarantee "free tuition" for students for low and middle-income families. This was in fact something of a misnomer: in fact, what the program guarantees is that families with income of \$60,000 or less will receive grants equal to or larger than average university tuition, with students continuing to receive grants on a declining sliding scale out past \$100,000 in family income. The program certainly got an excellent reception and has been widely lauded across the country – despite the fact that Ontario did not spend a single extra cent to create this program. Instead, it was paid for partly by an increase in federal grants (that is, an increase in the Canada Student Grants) and partly by re-distribution of money from provincial tax credits and a provincial debt-forgiveness program (which operates in a similar fashion to the Manitoba Bursary program).

In Manitoba, there exists the possibility for a very similar type of re-allocation of funds. At current rates of tuition and aid take-up (Manitoba has the lowest rate of loan take-up in the country

with barely more than 20% of full-time students borrowing in any given year, which is about half the national average), Manitoba could achieve “net-zero” tuition for all students from families under \$70,000 simply by re-profiling the existing Manitoba Bursary program. However, such a program would probably be under-funded in three ways. First, it would suffer from the same defect that plagued New Brunswick’s attempt to implement something similar: namely, a steep difference between eligible and ineligible individuals, rather than a gradual change in benefits, providing less funding for high-income families and more for low-income families (as is the case in Ontario). Second, it would not account for any increased take-up of assistance due to public perceptions that the program is becoming more generous. And third, it would not account for any potential increase in tuition fees.

However, even assuming an increase in tuition of 33%, and then increasing total costs again by 75% to take account of increased take-up and a more graduated income phase-out, the total cost of such a system would only be about \$23 million. Assuming the \$9.7 million already spent on Manitoba Bursaries is re-profiled, it would only take \$14 million per year to create a “free tuition” guarantee for low-and-middle income Manitobans, even if fees were allowed to rise substantially. An added benefit here is that extra fees could be used by institutions to expand their course offerings and provide more spaces for students.

Increasing Supports for Indigenous Students

For several decades now, the proportion of the province’s youth from indigenous backgrounds has been increasing. It is not an exaggeration to say that the future prosperity of the province depends on the ability of the province to increase the success of Indigenous students. Already, Manitoba institutions have among the highest proportions of Indigenous students in the country, but these students continue to have lower-than-average completion rates, and tend to graduate in lower-paying fields of study.

The Government of Manitoba could help to change this by creating a \$12 million annual fund to help institutions support

Indigenous students. The primary target should be increased academic support (particularly when related to programs where Indigenous students are under-represented) and social support. Other important investments, particularly in housing for indigenous students - and sometimes their families as well - who need to move in order to attend school could be considered as well. If desired, some of this money could be reserved for projects which involved delivering programs on or near reserves.

One of the failings of many programs for Indigenous students is the fragile nature of their funding; too often, programs are done on a one- or two-year basis with contingent funding, which means the programs are not perceived to be secure and staffing them with top-quality people becomes difficult. While there is a place for short-term project funding, particularly when experimenting with new approaches to a problem, for the most part support for indigenous students should not be run this way. Over 80% of the funds in this kind of arrangement should be given to institutions on a block basis in rough proportion to each’s share of the province’s Indigenous student population. The remaining funding could be disbursed on a shorter-term basis by a committee convened by the Ministry of Education in which the Manitoba Metis Federation (MMF) and the Assembly of Manitoba Chiefs (AMC) would have substantial if not majority representation.

Governance arrangements for long-term funding are important. At the outset of the program, institutions should provide an accounting of their current investments in indigenous supports, and should report back annually thereafter, in part to ensure that the new money does not simply displace existing investments. Institutions should provide evidence that they are involving indigenous groups in the design and oversight of these projects. Most importantly, the institutions need to set meaningful goals in terms of improved outcomes for Indigenous Students, collect data on these goals, and report on these annually. The specific metrics may legitimately vary between institutions depending on their current range of programs and levels of student success, but over the medium term, all institutions need to show improvement in key areas or risk losing at least part of their funding.

Increasing Work-Integrated Learning Opportunities

If there is one area where there is broad consensus across educational and business leaders, it is that there is a need for more and better experiential education. Whether students are enrolled in college or university, engineering or the Arts, their number one reason for attending post-secondary education is to improve their career prospects. Generally speaking, the school-to-work transition is eased somewhat if students have had the chance to integrate theory and practice in a meaningful way before graduating. Hence, there is need for more work-integrated learning (WIL).

The meaning of WIL can be somewhat fluid. In some cases, it can mean co-op programs or internship experiences or structure placements or practicums; but beneficial experiential learning need not take place in a workplace; they can also take place as field experience or field work. Another alternative – much used by innovative institutions such as the Northern Alberta Institute of Technology – sees local businesses ask groups of students to solve particular business or engineering problems for a capstone project; this kind of experience gives students the opportunity to understand how to work for a client despite never leaving the classroom/laboratory.

Other provinces are moving quickly to push their educational systems in this direction. Ontario has vowed that all students should have an opportunity, both in high-school and in post-secondary, to have one work-integrated learning experience. That may not be possible in Manitoba, at least not in the short-term, but anything that can lead to an increase in work-integrated learning would be beneficial both to students and employers.

That said, increasing the presence of WIL in post-secondary is not cost-free. On the institutional side, curricula have to be adopted, and staff are required to manage contacts with industry. On the employer's side, considerable effort (and staff time) is required to ensure that the students who do pass through for things like placements and internships are

given enough useful training and feedback that their time at a firm is worthwhile. With experience, the quality of internships should improve, and it seems likely that firms providing WIL opportunities will benefit or at least break even. In the near term, however, some wage subsidies may be required to bring employers into the fold.

A fund of \$15 million per year devoted to the task of improving WIL in Manitoba would likely have a significant impact on the delivery of post-secondary education.





Increasing seats in non-Metro Manitoba.

As noted earlier, though 40% of the province's population and 34% of the province's workforce are based in non-Metro Manitoba, only 15% of the province's PSE funding goes to the three institutions (UCN, Brandon University, and Assiniboine College) located outside Winnipeg. Even if one adds to that Red River College's satellite campuses and work done by the University of Winnipeg and University of Manitoba outside the perimeter, it is clear that there is a significant imbalance in current spending patterns.

To some degree, this is natural. For many high-expense and professional programs, it makes sense in a province of Manitoba's size to centralize some of the provision. However, in key areas of social services, health (particularly nursing) and business, there are a number of areas where a more distributed approach would make more sense.

Even a small rebalancing, perhaps consisting of \$15 million per year – not taken from Winnipeg institutions, but taken from funds generated from the abolition of various wasteful tax credits – would make an enormous difference to the capacity of the province's three non-Metro institutions. On a macro-level the impact would be small: funding would move from being 85-15 to 83-17 in favour of Winnipeg institutions, but it would represent a 15% increase in funding for those institutions and a major jump in educational capacity for non-Metro Manitoba.

Creating a quick-response training fund

One of the most common complaints about post-secondary education from small- and medium-sized businesses in Manitoba is the inability to access training in a relatively short space of time. Particularly in non-Metro Manitoba, this is often cited as a serious bottleneck to creating businesses in small-scale manufacturing, and one whose removal would significantly increase improve the ability to attract inward investment.

There are some good reasons why designing and delivering this kind of training is difficult. First of all, many of the kinds

of enterprises that are being launched are quite small – or at least have bespoke training requirements which are quite small. This makes programs expensive to deliver, and colleges cannot really cross-subsidize from their operating budget. Second, labour markets in Manitoba – particularly in southern non-Metro Manitoba – are stretched quite thin. Employment rates are high, unemployment is low and so the opportunity costs of training to the trainees is quite high. Programs have to be short, sharp and timely, or trainees will be losing money which they could easily reclaim by moving to another employer.

This is not a problem that can easily be solved by increasing institutional base budgets. Rather, the problem calls for a solution which provides money on an as-needed basis for short (under four months), specific, employer-driven educational partnerships. If a new agri-food manufacturer, for instance, wished to set up in Winkler but needed a month of intensive training for 10 people, they could partner with an eligible educational institution and apply to the fund's oversight body (presumably, something convened by the Ministry of Education but with substantial representation from various chambers of commerce) to cover a substantial - perhaps 75% - of the cost of the training.

One consistent challenge facing these kinds of programs is how to simultaneously encourage flexibility in programming from training providers while at the same time ensuring that the training is of high quality and preventing scammers from entering the program. In part, this can be dealt with by ensuring that employers – the ultimate beneficiaries of these programs – have some skin in the game and pay part of the cost. It can also be dealt with by conducting post-training satisfaction surveys of employers and trainees, and posting the results publicly, so that future users of the program can compare providers' quality.

An investment of \$11 million per year in this kind of training could go quite some distance to making Manitoba a more attractive site for inward investment.



Conclusion

This short paper provides a blueprint for substantial new investments in post-secondary education which will significantly improve opportunity and economic growth in Manitoba. Furthermore, the paper has demonstrated that the costs for these new investments can be entirely covered by re-directing funding from low-impact, inefficient tax credits that few stakeholders would mourn should they disappear.

Revenue Source	Amount
Eliminate Education Tax Credit	\$12 M
Eliminate Tuition Fee Rebate	\$55 M
Total	\$67 M

New Expenditure	Amount
Free Tuition Guarantee for Low- and middle-income students	\$14 M (additional)
Increasing Supports for Indigenous Students	\$12 M
Increasing Work-integrated Learning	\$15 M
Increasing seats in non-Metro Manitoba	\$15 M
Quick-Response Training Fund	\$11 M
Total	\$67 M

Without spending a single cent of new tax revenue, Manitoba can guarantee free tuition to low and middle-income students, expand opportunity for rural and Indigenous students, improve the quality of higher education in the province through improved Work-integrated learning opportunities, and create a new quick-response training fund to improve employer-driven training.

Given the scale of the challenges facing the province Manitoba as it strives to make the province more competitive with restricted fiscal resources, this is a deal the province cannot afford to pass up.