

## **THE CORE REVIEW**

### **WHAT IS IT AND WHAT DOES IT MEAN FOR BRITISH COLUMBIA'S UNIVERSITIES?**

In the period of time since Premier Gordon Campbell and his government took office in June of 2001 there has been an extraordinary amount of action to deliver upon commitments set out in "A New Era For British Columbia: A Vision For Hope And Prosperity For The Next Decade And Beyond." Government's ambitious 90-Day Plan was substantially completed in less than 90 days and, within that same period of time, action was taken to initiate a comprehensive Core Review of public spending. Premier Campbell has been clear that the review "is not about budget cuts" but, rather, that it will provide the foundation "to ensure that taxpayers' dollars are directed to their highest priorities."

For British Columbia's public universities the Core Review provides an excellent opportunity to make clear the fundamental linkage between the educational and research mandate of our universities and government's core objective to provide British Columbians with hope and prosperity for the next decade and beyond.

Three areas that are particularly relevant to understanding our universities and, more importantly, where we hope to achieve significant progress through the Core Review process:

1. British Columbia's universities have a well-deserved reputation for excellence but we believe we can be even better. We are not content with the status quo.
2. Universities in British Columbia have been unreasonably constrained by government policy on several fronts and have been subject to excess regulation resulting in intrusion upon the roles and responsibilities of our governance structures. We want to work with the provincial government to change, eliminate or reduce these barriers.
3. Universities strongly believe that expanding educational opportunities for our citizens and building the research and development capacity necessary to drive our modern economy will be essential elements of any meaningful plan to build a strong future for our Province. British Columbia's universities are committed to working together with the provincial government and with others to explore substantially different approaches to achieving these goals.

## **1. The Objectives Of British Columbia's Universities**

The universities are guided by the five objectives set out below:

1. To establish British Columbia, by 2007, as a national leader in the awarding of both undergraduate and graduate degrees;
2. To take action, together with the Province of British Columbia and with the private sector, to bring a full BC share of national research and development funding back to British Columbia;
3. To resolve the outstanding "investment gap" between BC universities and the sixteen most comparable universities located elsewhere in Canada by 2003/04;
4. To recruit and retain the world-class faculty necessary to drive a vibrant knowledge creation culture within our universities;
5. To establish and maintain both the capital and the technological infrastructure necessary to increase opportunities for British Columbians and to facilitate other innovations in teaching and research.

We believe the Core Review process can, and should, result in the provincial government and the universities establishing shared objectives for the next decade and beyond. We will take this opportunity to provide a brief explanation of these objectives and look forward to reviewing and refining them with the provincial government.

### **National Leader in Degrees**

The need to improve access and establish additional student spaces continues to be an issue of pressing and substantial concern for the University Presidents' Council. BC has made significant gains in access to degree granting capacity improving from 65% in 1989 to 80% by 1998. But the demand continues to grow for spaces at BC universities, grade point averages for admission continue to be higher than any province in Canada and we fall further behind our major competitors in Alberta, Ontario, Washington, Oregon and California. As the New Era plan states so well, "**we must do better.**"

How do we jointly define what "doing better" means to students, British Columbia's universities, and to the provincial government? The provincial government has already made clear commitments to expand degree access in particularly important areas such as computer science, electrical engineering, medicine and nursing and we will welcome these investments. Yet, "doing better" must mean more than expanding access in a few targeted areas or British Columbia will fall further behind.

There is consistent and compelling evidence that students with grade point averages below our current admission levels perform well in university and are able to capitalize on the social and economic benefits of a university education. Students from British Columbia with this record of achievement should be able to gain admission to our universities and at present many of them cannot gain access. If we establish a clear objective that British Columbia should be a leader in

Canada in degrees granted per capita by 2007, these British Columbians will be able study at a BC university.

The Business Council of British Columbia recognizes the important role that investing in post-secondary education will play in economic renewal. We believe that the New Era plan demonstrates that the Government of British Columbia also understands the essential link between our economy and investments in the universities.

*“Ensure adequate investments in education and “human capital” particularly at the post-secondary level.”*

A Ten Point Plan For Economic Renewal, Business Council of British Columbia

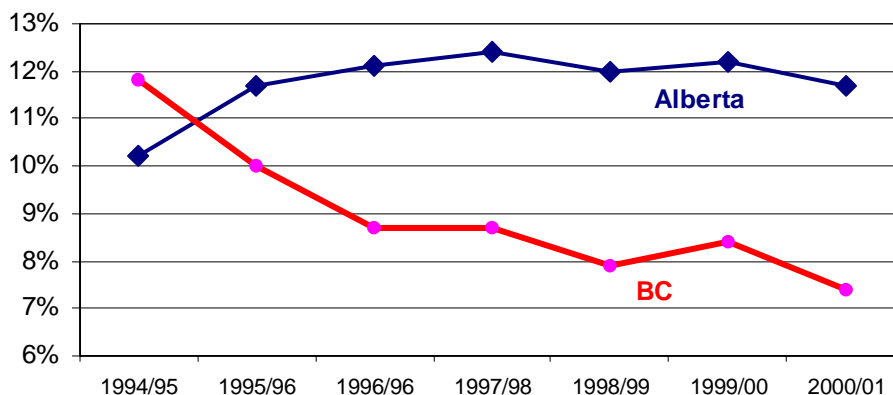
### **British Columbia’s Share of National Research Funding**

The New Era plan and the Premier’s letters to the Minister of Advanced Education and the Minister of Competition, Science and Enterprise demonstrate that this government has a good understanding of the importance of research. We applaud the commitments to increase research funding for the universities and to establish 20 permanent BC Leadership Chairs.

BC’s universities are committed to working in partnership with government and with the private sector to bring an end to the unacceptable situation that has consistently seen British Columbia “leaving money on the table” to be taken up by other provincial jurisdictions. For example, Alberta’s initiatives to invest in the research capacity of its universities has led to that smaller province taking a much larger share of the federal funding available for health research than does British Columbia.

The following chart shows dramatically how Alberta is well above its proportional share in national research funding in health while British Columbia is significantly below the 13.2% share that would be consistent with our proportion of Canada’s population.

**Share of Medical Research Council/Canadian Institute of Health Research Funding**



**Source:** Canadian Institute of Health Research

British Columbia received \$27 million in health research funding from the Canadian Institute of Health Research in 2000/01, but would have received \$48 million if it had made the investments at the provincial level to secure the 13.2% of funding that would be consistent with its share of Canada's population. In other words, British Columbia left \$21 million of national health research funding on the table in 2000/01 and much of it was picked up by Alberta.

The Federal Government's Speech from the Throne states that an innovative economy is driven by research and development and is essential to creating opportunity for Canadians. With a growing national commitment to research, increased funding by British Columbia will generate a significant return on investment.

*“Our universities don't just incubate new academic theories; they fuel research that leads to the development of industrial clusters around the campus. Those clusters in turn feed new knowledge, new questions and new experience back into the universities. It is no coincidence that the United States is the world leader in patents.”*

Charles Baillie, Chairman and CEO  
TD Bank Financial Group

A continuation of the \$23 million of provincial funding for the indirect costs of research will be a strong signal that British Columbia is dedicated to gaining a fair share of national research funding. We are equally committed to this objective. This investment is vital in combination with the anticipated federal support of indirect costs to ensure that we come closer to meeting the immediate need to cover the real total costs of research and thereby underwrites the building of research capacity for the economic and social benefit of our Province and country.

## Investment Gap

We believe the provincial government, students and universities share the goal of providing highest quality university programs and services. However, given the fiscal challenges faced by governments, students and universities, how should we use provincial grants, tuition fees and other funding sources to provide a sustainable funding environment in which we can achieve the goals set out in the New Era plan for the next decade and beyond.

Canadian Association of University Business Officers data shows that the revenue from provincial grants, tuition and other income declined from \$12,379 per FTE space in 1995/96 to \$11,639 per FTE space in 1999/00. BC universities now have an annual revenue shortfall of \$40 million based on the analysis of grant and tuition revenue per student when measured against the 16 most comparable institutions elsewhere in Canada. The gap is dramatically higher in comparisons with state funded universities in Washington, Oregon and California. Both the state funding for these universities and tuition charged to students far exceed the levels from either of the two major university revenue sources in British Columbia.

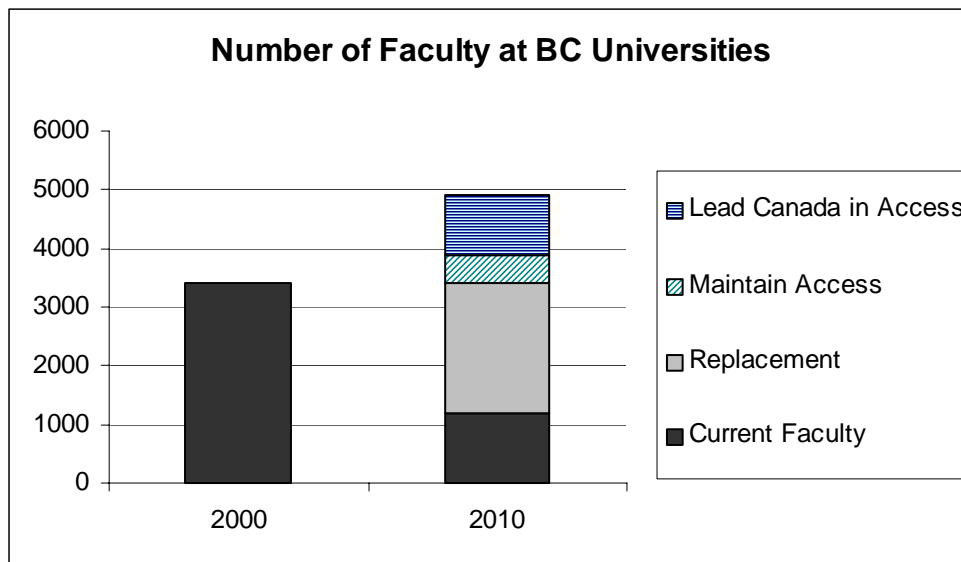
This \$40 million investment gap resulted from inadequate funding to absorb inflationary pressures, from student growth that was mandated but not funded by the provincial government and from the provincial tuition policy. We will comment further on the impacts of the tuition policy and suggest principles to refine this policy in the next section of this document.

## World Class Faculty

The quality of university programs and research depends on recruiting and retaining world-class faculty. As Baillie notes, “they are our intellectual pioneers: they make discoveries, develop theories, create new companies and strengthen existing companies. Those initiatives generate jobs and taxable income for a broad array of people and in turn, strengthen the safety net for all Canadians.”

The need to address recruitment and retention issues is especially important in light of the intense national and international competition for faculty that has resulted from the extraordinary retirement levels of faculty members. In British Columbia, an estimated 2,200 of the existing faculty members will need to be replaced during the next decade because of increased competition and retirements. In addition, since population will increase by about 14% during the next decade, BC will have to hire 500 faculty members to maintain its current level of university access and, perhaps, a further 1,000 faculty members to meet the goal of leading Canada in degrees granted per capita.

The following chart provides a clear picture of the next decade of faculty recruitment.



Source: TUPC Data

Recruiting up to 3,700 world-class faculty members in the next decade will be a significant challenge. Universities will require the flexibility necessary to implement effective market sensitive recruitment strategies in respect of both faculty and staff. The PSEC model has been an impediment to adapting flexible approaches to address these pressures and should, therefore, either be eliminated or restructured.

## **Capital and Technological Infrastructure**

British Columbia universities will require additional space to accommodate both expanded access for students and expansion of research activities. During the last decade when universities should have been encouraged to build more facilities to respond to the needs of the future student population, capital construction was constrained. The previous administration continued to pressure the universities to find further space “efficiencies” long past the point where classes and laboratories were demonstrably overcrowded.

Question nine of the Ministry’s Core Review letter asks if there may be options to provide more utilization of existing facilities for twelve months of the year and universities are certainly prepared to review these options. However, there are clearly additional operating and maintenance costs with respect to full year utilization that must be addressed. In addition, universities often make use of facilities during the summer in activities that generate revenue to help support the core missions of teaching and research. It would be counter-productive to both university and provincial interests to reduce revenue for marginal gains in space utilization. Still, the universities and government may wish to consider developing new guidelines for the funding of summer programs that would take into account the higher operating costs and lost revenue opportunities. We are fully prepared to explore the available options. What we need from government is a clear commitment to acceptable levels of enrollment growth for the next decade.

## **2. Changes to Policies and Regulations**

The constraints and regulations imposed by the provincial government in the past decade added greatly to the financial burden faced by the universities. We believe that many of these constraints and regulations can be modified or eliminated. Furthermore, these changes will improve the quality and efficiency of universities.

### **Tuition Policy**

The inadequate funding of the tuition fee policy resulted in a significant change to the revenue of BC universities. The New Era document states that government will “consult with educators, students and administrators on the hidden costs to students and institutes of previous tuition freezes that were not properly funded by government and that have reduced student access and reduced course offerings.” The Core Review also asks questions about the funding of universities and about options for greater cost-recovery for university programs. An opportunity has, therefore, been provided to prepare a sustainable tuition policy that works for the provincial government, students and the post-secondary institutions.

The inadequately funded tuition fee policy has had the following direct impacts on students at BC universities:

1. **Availability of courses** – In the *2000 Survey of 1998 Baccalaureate Graduates*, 55% of graduates reported that they encountered difficulty with respect to the availability of courses. Among the difficulties reported were that the desired courses were: not

available, not offered, always full or had restrictive enrolment policies. By contrast in a comparable survey of 1996 graduates only 28 % reported concerns about the availability of courses. Within two years, the inadequate compensation for the tuition policy had doubled student concerns about course availability.

2. **Admission to University** – A freeze on tuition does not benefit students who are not admitted to university and it has become increasingly difficult for students to gain admittance to university. Since 1996, the cut-off points for admission to the universities have increased for both high school and college transfer students. For example, a high school applicant would have gained admission to Arts at UBC with a 72% average in 1996, but required a 78% average by the fall of 2000. Applications to university and the cut-off points for admission have increased again for the fall of 2001.
3. **Length of Study** – Many students are taking longer to complete degrees because they are unable to obtain the courses they need or are unable to gain admission to university. Consequently, students are incurring additional living costs and are foregoing income opportunities.
4. **Student/Faculty Ratio** - The number of FTE student spaces at BC universities has increased by 15% since the introduction of the tuition fee freeze, but the number of FTE Faculty has increased by only 2% during the same period. Consequently, classroom overcrowding has increased proportionally and students have less access to professors outside of the classroom.
5. **Support for students** - The revenue shortfall has meant that universities have been unable to keep pace with financial assistance requirements of economically disadvantaged students or sustain programs that were designed to enhance access for under represented groups. In addition, all students have been affected by reductions in access to appropriate technology, libraries and other educational resources, counseling and other core support services.

While it is essential that there is a change to a sustainable provincial tuition policy, the change cannot simply transfer the responsibility for funding from the province to students. The provincial government must continue to increase its investment in high quality post-secondary education in order to revitalize the economy and reach the goals set out in the New Era document.

The provincial tuition fee policy should be based on the following principles:

1. **Shared Responsibility** - Funding for post-secondary education will be based on the concept of shared responsibility. Increases in tuition should be accompanied by comparable increases in government funding, with the goal being funding (revenue per student) comparable to that of our North American counterparts.
2. **Student Assistance** – Students from economically disadvantaged backgrounds should maintain or increase their ability to access post-secondary education under a new tuition policy. Therefore, any increases in tuition fees will be accompanied by action from the

universities to provide comparable increases in student scholarships, bursaries or other forms of financial assistance.

3. **Quality** – Since tuition revenue is a major component of institutional revenue and relates directly to the provision of a high quality education, increases in tuition fees should correspond to quality enhancements where possible.
4. **Flexibility** – University programs vary widely in terms of cost of delivery, salary expectations for graduates, availability of scholarships or other financial assistance and financial resources of the applicants. A provincial tuition policy must retain sufficient flexibility within established parameters to allow for differential fees for programs based on the market conditions that exist for those programs.
5. **Transition** - In order to provide a smooth transition from a six-year tuition fee freeze, the implementation of a new policy will be phased in over the next 2-3 years.

By adopting these principles, the provincial government, students and the universities can develop a sustainable approach to tuition.

Through the tuition fee freeze policy, the provincial government established a more direct link between tuition and government grants than had previously been set. Before the tuition fee freeze, universities had flexibility to set their own tuition levels and, at least partially, determine the revenue required to fund increased costs. We believe that the provincial government must return that flexibility to the universities, but has a responsibility to both students and the universities to provide the funding commitments and the policy parameters necessary to provide this transition in a fair and effective manner. The principles set out above provide a framework through which the provincial government, students and the universities can develop a sustainable approach to tuition.

### **Regulatory Impediments**

There are a number of regulatory impediments that have been created by the provincial government that can be eliminated and will enhance the operations of the universities as well as saving money. The Degree Program Review Committee (DPRC) was established by the Ministry to review degree quality because ten new degree-granting institutions were created in the province. While the DPRC added value as these institutions developed their own review procedures, these new entries have now established their standards. Consequently, the DPRC adds less value, but continues to add costs to the institutions, an estimated \$20,000 for each degree proposal, and unnecessary delays, more than two years in some cases, to responding to market needs for new degree programs. Our recommendation is that the Ministry should eliminate the DPRC and allow universities and other degree granting institutions to be directly accountable for the quality of their degree programs.

There are other regulatory issues such as the Workers' Compensation Board or some requirements of the Freedom of Information Act, which are outside of the control of the Ministry but have created additional costs and constraints for the universities. The attached submissions from the universities provide examples of the impediments created by these bodies.

### **3. New Ways of Achieving Goals**

#### **Collaboration Among Universities**

The Universities in British Columbia have a history of collaborative work with each other and with universities in other parts of Canada and the world. Some of the better examples of this include the TRIUMF project hosted at UBC, the Networks of Centres of Excellence (NCE's) in Telelearning and in the Mathematics of Information Technology and Complex Systems (MITACS) hosted by SFU and the Bamfield Marine Station.

Over the course of the past 2-3 years BC's universities have accelerated their collective efforts to identify, and to act upon, new ways of expanding inter-university collaboration and cooperation. Perhaps the best example of this is the work of the University of British Columbia, the University of Northern British Columbia and the University of Victoria to establish a multi-university distributed approach to the delivery of medical education. This initiative is highly innovative and will, among other things, make full use of advanced information technology to effectively deploy the available teaching resources to each of the locations including the teaching hospitals central to the success of this initiative. The universities are determined to develop and to implement this initiative in a manner that will support the greatest degree of inter-disciplinary training that is reasonably possible. Furthermore, the objective of the universities also includes a focus upon increasing collaboration and capacity with respect to the training of other health care professionals and with respect to research regarding health information sciences and health human resources. The universities very much welcome the extent to which these important initiatives have been recognized as priorities through the New Era process.

#### **Collaboration With The Private Sector**

Cooperation and collaboration between BC's universities and the private sector is nothing new in the Province of British Columbia. In fact, many of the newest and most promising corporations originated from research projects undertaken at our universities. Industry understands the important linkage between the creation of new curiosity-driven research at the universities and the impact this then has upon expanding capacity in the marketplace.

The most recent example of university-industry cooperation is the "Double the Opportunity" initiative that was developed jointly by the University Presidents' Council and the BC Technology Industries Association and which ultimately found expression in the New Era document. This ambitious undertaking will result in the doubling of British Columbia's capacity to produce computer scientists and computer/electrical engineers. The partnership model emerging between government, industry and the universities to support the attainment of this objective is an exciting and important development.

There are also many other areas where industry has demonstrated a willingness to fund the teaching and research activities of universities mostly in those circumstances where there will be a direct or indirect benefit available to industry as a result of such activities. Companies have contracted with universities to create new academic credit and non-credit programs, which have

then been funded on the basis of full-cost recovery. Universities will continue to actively pursue these kinds of opportunities.

Industry and BC's universities have also long been involved in partnerships, which support cooperative education programs. These programs make it possible for students to spend semester-long work terms in industry learning more about their disciplines in a "real world" context. The co-op partnership is well-regarded by students because the nature of the arrangement permits them to earn money while learning which also then helps them to more effectively continue their formal education. The private sector is also highly supportive of the co-op model as it supports access to the creative energy and the new knowledge of students and also permits the opportunity to evaluate potential longer-term employees. Regrettably, government support for co-op spaces has been capped for a number of years and this has precluded further growth in a very effective program where the relationship between universities and the private sector works extremely well. Universities would strongly support matching initiatives, which would enhance and increase the opportunity for our students to participate in co-operative education programs.

Industry also plays a vital role in funding a significant portion of university research activities under contracts, grants and grants-in-aid of research. The significance of these contributions should not be under-estimated. In 2000/01 the contribution of industry to university-based research amounted to \$44,500,000 or 13.4% of the total research expenditures at BC's four largest universities.

The willingness of the private sector to support university research and other activities is greatly increased where there is a source of matching funds. An excellent example of the effectiveness of matching funds was the Provincial Matching Program that was initiated in 1989 and regrettably terminated in the mid-1990s despite its success in raising private funding for capital and student scholarships. On a national level, initiatives such as NSERC's Industrial Research Chairs or the Canada Foundation for Innovation have effectively generated matching funding from industry.

The new provincial Leadership Chairs provide a key opportunity to build capacity through joint efforts with industry. The universities would also welcome the restoration of a broad-based provincial matching program to stimulate increased private sector support.

In seeking and obtaining external funding from industry, there is always the need to maintain an appropriate balance between the goals of industrial sponsors and the need for academic freedom for researchers and autonomy for the university. Universities have developed policies regarding sponsored research, intellectual property ownership, research ethics and conflict of interest that together form an appropriate framework in which to evaluate proposed research projects.

### **Focusing On Our Core Mission**

Teaching and research are the core mission of the universities, but there are many other operations and services provided by universities. For example, universities provide housing, food services, childcare, printing, maintenance, computing and athletic services as supports to the teaching and research mandate. While some universities have already implemented new approaches to providing these important services, they are generally delivered through public

models that are expensive and unnecessarily restrictive. The fiscal pressures faced by the province and by our universities will require consideration of more cost-effective models for the delivery of services beyond our core mandates.

### **A Provincial Research Agency**

As noted earlier, we believe that the New Era plan demonstrates a promising recognition of the importance of research to the economic and social health of British Columbia. We welcome increased investments in research and we would like to explore with the provincial government how to maximize these benefits. In particular we note that a number of Ministries, government bodies and provincially funded organizations that are involved in provincial research efforts. We are concerned that the number of disparate provincial groups that are involved with research has created unnecessary administrative costs and a lack of coordination of the provincial research strategy.

Rather than several research initiatives, we suggest that the province consider leading its research strategy through a single provincial research agency. Creating a Leading Edge Endowment Board simply to manage 20 BC Leadership Chairs does not appear to be an effective use of highly talented people. However, if the Leading Edge Endowment Board was to guide all provincial investments in research, we believe there could be considerably more focus and impact for these investments.

### **A Provincial University Library Network**

With its funding to universities, the provincial government makes an enormous investment in libraries. The resources of the university libraries are extensive and critical to both the teaching and research missions of the universities. Post-secondary libraries work collaboratively through the Electronic Library Network and there are other opportunities for collective and coordinated action. The University Presidents' Council has asked the heads of the university libraries to work together to develop a provincial university library network. Through central coordination, collaboration and integration, the provincial university library network will be a virtual library in which the whole is greater than the sum of the parts. We will have a report from the university librarians by October 31, 2001 that will set out the vision for a provincial university library network and the next steps for implementing the strategy.

### **Conclusion**

“A New Era for British Columbia: A Vision for Hope and Prosperity for the Next Decade and Beyond” sets out a bold plan for the future of British Columbia.

The New Era plan sets out ten key elements of a vision designed to position BC for excellence. These include objectives to promote a thriving private sector economy, to increase the scope and strength of our rapidly emerging technological industries, to ensure the availability of high quality health care services, to revitalize and modernize our resource sector, to improve British Columbia's position within the Canadian federation and to achieve the most open, accountable and democratic government in the country. In addition, the New Era plan recognizes the

fundamental importance of educational institutions operating at “the leading edge of educational achievement and excellence.”

British Columbia’s public universities stand ready to do their part to deliver upon the promising vision of the New Era. In fact, BC’s universities take the position that they can, and indeed must, play a vital role in helping to achieve success on most – if not all – of the ten elements of the New Era’s vision.

We look forward to working closely with government over the coming months to address the issues set out in this document and in the reports from each of our six universities. More importantly, we want to get on with the essential task of doing our part to create opportunities for British Columbia.