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COUNCIL OF NOVA SCOTIA UNIVERSITY PRESIDENTS

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SUBMISSION

By the

Council of Nova Scotia University Presidents (CONSUP)

To

**The Human Resources Committee
Of the
Nova Scotia Legislature**

Tuesday, July 26, 2005

Good morning.

My name is Colin Dodds. I am the President of Saint Mary's University in Halifax. I appear before you this morning in my capacity as Chair, Council of Nova Scotia University Presidents (CONSUP).

Joining me are: Philip Hicks, President, Nova Scotia Agricultural College and Vice-Chair, CONSUP; and Peter Halpin, Executive Director, Association of Atlantic Universities (AAU).

First, let me express our appreciation for the invitation to present and for Committee members to commit their time to continue the dialogue on what I think we will all agree are very strategic and significant issues in the future of Nova Scotia. To this end we have three reasons for wishing to meet with you.

First, we would like to share CONSUP's response to the recommendations made to this Committee on June 28 by a coalition of the Canadian Federation of Students, the Association of Nova Scotia University Teachers and the Nova Scotia Government and General Employees Union.

Second, we would like to address some of the questions raised by Committee members during the presentation made June 28 and finally, we would like to share our thoughts on post-secondary education and the public policy agenda.

We have provided a copy of our submission to the Committee in advance, so I will attempt to keep my remarks brief, as we would like to leave as much time as possible for your questions and general discussion.

Universities matter

From the outset, I wish to make clear that CONSUP strongly believes it is time to make post-secondary education the number one public policy priority, not just here in Nova Scotia, but across Atlantic Canada! Many other countries around the world have embraced the investment in university education as their strategic competitive advantage in the increasingly global economy.

We have enclosed with our submission to this Committee, a recent column written by Stephen Lund, President and CEO, Nova Scotia Business Inc., entitled 'Universities matter'.

Mr. Lund summarizes the important role our eleven universities play in Nova Scotia's future exceptionally well. He sees Universities here in Nova Scotia and across Atlantic Canada as a unique, competitive advantage over other regions of North America which should be strategically leveraged to transform our region into a world-class economy. Put simply,

Post-secondary education is the best, strategic investment the federal and provincial governments can make in Atlantic Canada!

The signing of the Memorandum of Understanding (MOU) between CONSUP and the Nova Scotia Government last December marked the beginning of what we hope will be a continued partnership and re-investment in our universities and I would be remiss if I did not stress the significance I and my colleagues place on the MOU and the increased funding we will receive and the ongoing commitment to matching funds for research through NSRIT.

In the discussions that led to the MOU it became clear that we all shared the same imperative. For Nova Scotia to retain nationally-competitive universities, we need to continue to attract students from within the province; from across the region; the rest of Canada and from around the world. We will also need to continue to attract substantial research and development funds and top flight faculty. Other provinces have realized this, too, and closer to home, Newfoundland recently committed \$80 million to MUN, including funding for operating and for R&D.

Another important outcome of the MOU is the recognition of the important role our universities play not just as educators, but as key contributors to Nova Scotia's economic and social development, research (60 percent of the Province's R&D is done at universities) and immigration strategies.

To that end, our university leaders are fully and actively engaged in consultation with the Department's of Education and Immigration, the Office of Economic Development, with Nova Scotia Business Inc., the various Chambers of Commerce, and other agencies committed to Nova Scotia's future.

Our involvement with each of these departments and agencies as they work towards creating a more prosperous Nova Scotia is absolutely welcomed and enthusiastically embraced by the university leaders and our universities' communities. In fact I must emphasize the very positive climate of participation and collaboration currently present around the various tables.

Response to Coalition Recommendations

The Coalition's submission to this Committee on June 28 made a number of recommendations concerning the potential funds which will be allocated to the Nova Scotia Government under Bill C-48.

As you know, Bill C-48 authorizes payments not exceeding \$1.5 billion of federal government funding for "*supporting training programs and enhancing access to post-secondary education, to benefit, among others, aboriginal Canadians.*"

CONSUP welcomes recognition for the importance of increased investments to enhance accessibility to post-secondary education. However, CONSUP is of the opinion that if this provision in Bill C-48 is to be successful, the federal government will need to keep in-mind the three essential dimensions of accessibility: **affordability**, **capacity** and **quality**. However, later in this presentation, I will make the case that accessibility and retention can involve a number of other non financial factors.

First, with regard to affordability, it is the position of CONSUP that no qualified individual should be unable to access post-secondary education because of his or her individual financial circumstances. Accessibility is clearly limited if academically qualified individuals are unable to pursue post-secondary education because they lack the financial resources necessary to cover educational and living costs. In this context, targeted student assistance, incentives for students from low income backgrounds and from traditionally under-represented groups and measures to ease the financial burden on graduate students are important. Committee members will note that I used the words targeted assistance.

We must continue to encourage and support Nova Scotians to take advantage of the opportunity offered by post-secondary education, especially those in the greatest financial need. Many of whom are visible minorities, including students with disabilities.

Second, with regard to quality and capacity, our universities have in recent years faced significant enrolment pressures that strained our capacity. If Bill C-48 has the impact of stimulating further enrolment pressures without governments also addressing the need for enhanced capacity, it risks raising expectations and creating frustration if the institutions do not have the resources to create the spaces and maintain the quality that students require. Improved affordability without human and physical resources can lead either to the erosion of quality or to reduced accessibility as qualified students are turned away because there are not spaces for them. Both our students and society benefit when universities provide a high quality, research-enriched education to all qualified students with a desire to learn.

The reality is that, in comparison to four-year public universities in our major competitor country, the United States, Canadian universities are increasingly at a disadvantage. The former now receive C\$5,000 more per student from governments than do Canadian universities. The additional resources at U.S. institutions are being used for teaching, student support services, libraries, research and public services - the types of investments that enhance the quality of the learning environment for students. In addition, many Universities in the USA have significant endowments to fund scholarship programmes to ensure accessibility.

As noted by the Coalition in their submission to this Committee, the current funding formula is inequitable because it does not take into account that Nova Scotia's universities attract many out-of-province students and that our province should receive adequate funding for educating those students. Currently transfers are based on province of residence, not post-secondary institution attended and transfers are not dedicated to post-secondary education.

CONSUP strongly advocates that the federal government should consider negotiating with the Government of Nova Scotia a dedicated transfer specifically for post-secondary education. The Canada Education Transfer should be based on a student's province of learning to help finance these programs in our province.

CONSUP also concurs with the Coalition's recommendation that university student leadership should be part of the Government of Nova Scotia's consultation process around the allocation of funds to the post-secondary sector as a result of Bill C-48.

In its submission, the Coalition also makes frequent reference to the importance of Government re-commitment to investment in campus infrastructure renewal.

I cannot understate the seriousness of this issue. **Deferred maintenance is easily a \$500 million challenge facing Nova Scotia's universities.**

The Association of Atlantic Universities (AAU) is working closely with the region's Ministers of Education and Training under the leadership of the Council of Atlantic Premiers to ensure the case for Federal Government investment in campus infrastructure renewal is made in a unified fashion. However, it is important to note that if our joint efforts with the federal government do not produce results within the year, the Government of Nova Scotia is committed to discussing means to address the campus infrastructure renewal issue with CONSUP.

Neither Philip Hicks nor I attended the June 28th Committee meeting. However, we understand that Committee members had either questions or comments about a few other aspects of post-secondary education in Nova Scotia, specifically: accessibility and participation; system efficiencies and private sector participation.

Accessibility and Participation

Accessibility and participation in post-secondary education are extremely important as our province's economy continues its rapid transformation from resource-based-to-knowledge based.

First, you should know that Atlantic Canada and in particular, Nova Scotia attracts a greater share of students from both within and beyond its borders, compared to its population base. We are the Education Province and Macleans magazine confirms this in its rankings.

Nova Scotia can boast that we have the highest per capita participation rates and the highest percentage of workforce with post-secondary education in Canada – important factors for firms considering coming to Nova Scotia yet these participation rates are lower than those planned for in other national jurisdictions, e.g. the UK.

Women account for 75 percent of full-time enrolment growth since 1981 and more than 90 percent of enrolment growth of the last decade so that on most of our campuses there is a greater proportion of women than males.

According to the 2001 Canadian Undergraduate Survey Consortium, about 15 percent of first-year students self-identified as visible minorities. In addition we must not ignore students with disabilities including those with learning challenges.

Another example of growing diversity is the significant increase in the number of international students on our campuses. In 2003-04, nearly 4,000 international students studied at Nova Scotia institutions - an increase of about 25 percent in enrolment in undergraduate and graduate programs compared to the previous year. This has now been recognized as a significant resource for both federal and provincial immigration strategies.

It is important to understand that the decision of whether to enrol in university is complex and multifaceted. Financial resources are a factor and through the Federal programme of Millennium Bursaries and Scholarships, significant support is given to our students. In the longer term, the CSG and the Learning Bond initiative will also make a difference. However, financial factors are not the only constraint on access and retention. Recent studies based on surveys of high school graduates from the early 1990's reveal that there are *many non-financial factors* that play an important role in the decision. The non-financial factors range from indecision, wanting to take time off or no interest in post-secondary education. In addition, attitudes about oneself and one's abilities, confidence levels, attitudes to formal schooling, preferred and expected jobs, and levels of certainty or uncertainty about the future all play a role. Not to mention the influence friends, family and school officials play in-part in providing either incentives or disincentives to further education. This is why many of our campuses offer orientation programmes to assist in the transition from school to university.

In short, it is much too simplistic to identify the cost of post-secondary education as **the** barrier to participation.

System Efficiencies

As we trust you are aware, the MOU between the Government of Nova Scotia and our universities, requires each university to provide information on their approach to a reducing 2004-05 expenditures by 1 percent. This is called the Productivity Factor in the MOU and institutions are required to report on how they have achieved this to the Department of Education.

In addition to institutional responses to the MOU, Nova Scotia's universities have collectively achieved a great deal in cost savings and operational efficiencies in 2004-05.

While there are many examples of system-wide cost savings as a result of inter-institutional cooperation and collaboration, including at the national level with insurance, we have selected three cases that demonstrate our proactive commitment to operational cost efficiency by our universities.

Interuniversity Services Inc. (ISI)

ISI is a model for university cooperation in Canada. Founded in 1984, its mission, on behalf of the 17 members of the Association of Atlantic Universities (AAU) is to identify and promote opportunities for members to acquire goods and services with enhanced value and reduced costs.

The core business activity of ISI is supply and services management, including employee benefits (e.g. group life, health, EAP, disability) contracting, consulting, technical servicing and facilitating. In other words – bulk purchasing.

During 2004-05, Nova Scotia's universities have achieved *cost savings in excess of \$3 million*- all a result of membership in ISI.

Nova Scotia Power Inc. Rate Case

In its 2004 rate application to the Nova Scotia Utilities and Review Board (NSURB), NSPI originally sought an average rate increase of 8.4%. It later revised its application to seek an overall rate increase of 12.4%.

NSPI, at the close of the hearing, reached an agreement with the province and a number of large industrial users. The settlement proposed an increase in rates which averaged 8.7% for all customers other than the largest industrial users.

Nova Scotia's universities were part of a group intervention which opposed the settlement. The Board, after hearing full argument, concluded that the settlement was not warranted and instead ordered an increase in rates of 5.3% across the board and a 6.1% increase for most customers. The upshot of our participation in the group intervention is that Nova Scotia's universities will enjoy *savings in excess of \$600,000* in the cost of electricity (the difference between the original rate increase sought by NSPI and the final rate approved by the Board).

It would not have been economical for either CONSUP or its member universities to intervene on their own and to have participated on the same vigorous basis of cross examining all relevant witnesses and leading expert testimony respecting NSPI's rate of return, fuel procurement practices and the appropriateness of the rates sought in light of established regulatory practices.

CONSUP members, by aligning with the other members of the group, were able to receive the benefits of an intervention for a small fraction of the total cost (estimated to be in the \$000's).

Each CONSUP member will recover the cost of their participation in the intervention in a matter of months of savings through the lower rates achieved.

Nova Scotia's universities will again be part of a group intervention opposed to NSPI's recently announced application for another large increase in rates.

Novanet

Novanet Express is a service which enables students from any of its ten member institutions to request publications directly from each university's library catalogue. Since its inception in 1996, the number of requests has increased significantly year-over-year, achieving an all time high of *33,055 requests in 2004*. What Novanet permits is the selective acquisitions by institutions to avoid duplication and the creation of nodes of specialized collections that all students can access.

In the summer of 2004, the Novanet Board of Directors approved the purchase of a new, *Integrated Library System*. This new system will vastly improve the ability of member institutions to provide expanded library services to students across the province. It will create the platform to provide a portal acquisition and cataloguing process with each institution.

CONSUP and its member institutions are fully-committed to meeting the objectives of Clause 16 of the MOU not just in spirit, but through deliberate system-wide actions calculated to achieve greater efficiency and effectiveness, and, generate significant cost savings.

Private Sector Involvement

It is our understanding that the Coalition, during their discussions with this Committee, expressed concerns about what they perceive as a growing involvement of the private sector in post-secondary education in Nova Scotia.

There are a number of reasons why private sector involvement in our universities is critically important to our future.

First and foremost, we are educating and training future employees for the workforce including industry and business in Nova Scotia. Each of our institutions fosters close working relationships with those employers and industry sector representatives to ensure we are producing future workers with the skill sets, academic experience and leadership abilities necessary to compete in the knowledge economy.

Business and industry leaders are actively involved in our universities in many different capacities. They serve on our Boards of Governors; provide leadership for our alumni associations and in many cases work as part-time teachers and volunteer contributors to classroom learning. They provide invaluable guidance and personal financial support to university affairs and activities that benefit current and future students. Many of our academic programs, research initiatives, and scholarship/bursary programmes are the direct result of private sector interest and involvement and many of the funding sources e.g. AIF, CFI mandate, or at the very least expect private sector involvement. Certainly the expectations of the Federal Government's commitments to the innovation agenda is to see a significant increase in the commercialization of the research of universities. When the Nova Scotia policy on research is unveiled, there may be a similar focus on commercialization.

Apart from the limited A/R grants, there is currently no provincial government funding for capital investment to maintain and help build post-secondary learning, teaching and living capacity. The private sector has played an absolutely vital role in helping finance the building of new, state-of-the-art facilities and equipment on each of our campuses. However, private sector funding for deferred maintenance is more difficult to attract.

Nova Scotia's universities would not be nationally competitive without the active involvement and generous financial support of the private sector.

Summary

- ✓ Universities in Nova Scotia enjoy an enviable reputation both nationally and internationally. They represent Nova Scotia's strategic advantage and are vital to the province's future prosperity and quality of life. Nova Scotia is recognized as **the** Education Province. Universities in Nova Scotia and the communities we represent of students, alumni, faculty and staff are committed to the MOU and to developing strategic partnerships with all levels of government, the private sector and the many NGOs that make up the key social and cultural infrastructure of the province.
- ✓ It is time for the Nova Scotia Government to make post-secondary education the Province's top public policy priority with further commitment of funding for **Operating** and **Capital** to ensure that not only is our reputation maintained, but is enhanced.
- ✓ Post-secondary education is the best strategic investment both the federal and provincial governments can make in Nova Scotia and a dedicated transfer for PSE coupled with a formula that recognizes place of study rather than permanent residence will make a significant difference to our institutions.
- ✓ Working together, the Government of Nova Scotia, our universities, and other interested groups must provide continuous encouragement and support to Nova Scotians to take advantage of the opportunity offered by post-secondary education, especially those disadvantaged groups and others in the greatest financial need. Together we are producing better workers, professionals, artists, entrepreneurs, scientists, community leaders and citizens.
- ✓ A renewed commitment to invest in provincial post-secondary capacity is essential to building the knowledge economy and increasing provincial competitiveness and productivity. Universities are leaders of Nova Scotia's knowledge economy; the creative hubs vital to provincial research and development; quality of life and successful immigrant attraction and retention.
- ✓ Nova Scotia's universities are a \$1 billion industry sector with significant export earnings!
- ✓ Continued Government support for university research and development through the Nova Scotia Research and Innovation Trust (NSRIT) helps make our universities compete successfully nationally and internationally for research funding.
- ✓ Our universities attract in excess of \$100 million annually to Nova Scotia in research funding and are responsible for close to 60 percent of all research and development activities in the province.

Universities matter to Nova Scotia!

Universities matter

By **STEPHEN E. LUND**

Nova Scotia is uniquely positioned to be a world-class leader in the area of outsourcing, a global phenomenon of companies contracting IT services and/or software development to outside technology firms. Last year, Nova Scotia did more than \$450 million in outsourcing to Canadian and U.S. companies. Why is Nova Scotia a strong player in outsourcing? One of the biggest reasons is the strength of our universities.

When Nova Scotia Business Inc. meets with international companies in places like Silicon Valley and Boston, we present a case for why they should come here: We always begin with highlighting Nova Scotia's first-class universities.

In the area of information technology alone, the province turns out more than 2,200 graduates a year. Nova Scotia has Canada's largest graduate school in IT, and the Master of Engineering in Internetworking is the first graduate program in the world dedicated to internetworking. Overall, Nova Scotia can boast about its position as the lead Canadian province with the highest percentage of workforce with post-secondary education.

Our post-secondary education leaders have been working hard to reveal what should be obvious to all of us: Our universities and colleges are the most taken-for-granted element of success in this province.

At NSBI's recent Geared for Growth business conference, Dr. Sean Riley, president of St. Francis Xavier University, said knowledge is key to Nova Scotia's future. Dr. Riley and his peers at Nova Scotia's 11 degree-granting institutions are leading a billion-dollar sector in this province. Part of their impact comes from the more than \$100 million in R&D investment they attract annually. Statistics Canada results show that 55.5 per cent of all research and development carried out in Nova Scotia during 2004 took place at our universities.

Our universities are attracting top students and researchers locally, nationally and internationally. The Council of Nova Scotia University Presidents has reported that nearly 4,000 international students studied at Nova Scotia institutions during 2003-04 — an increase of about 25 per cent in international enrolment in un-

dergraduate and graduate programs compared to the previous year. University presidents predict their institutions will be prime vehicles to deliver about one-third of the new immigrants needed annually in Atlantic Canada. Our post-secondary institutions are catalysts that are attracting and keeping talent in the region, boosting our competitiveness and contributing to an already well-established workforce.

Technology firms like xwave, CGI, Sierra Systems and Keane employ Nova Scotia's skilled software engineers, IT architects and business consultants from the labour pool made possible by our post-secondary institutions. Keane, an international IT application development outsourcer, can choose to operate from anywhere. The company chose Nova Scotia for a large component of its work because the availability of skilled staff, large number of universities, excellent college infrastructure and high levels of employee loyalty make the province an ideal location.

The outsourcing trend began about 10 years ago as many American firms started shifting their IT operations overseas to low-wage regions to capture the advantages of lower costs and skilled workers. India and Ireland have benefited most from this trend. Fortunately, many firms are becoming more sophisticated in evaluating outsourcing options, choosing instead to look to Nova Scotia — the closer, more trusted nearshore destination. In addition to our highly educated workforce, Nova Scotia provides competitive costs, the advantages of proximity, security, quality of life, and a similar business, legal and cultural environment.

If we are to continue transforming Nova Scotia into a world-class economy, we need universities and the higher-education community taking a leadership role in creating, innovating and sustaining our human capital and business climate. As for the rest of us, we must work collectively with the university and college sector toward Nova Scotia's continued prosperity. And part of that work hinges on acknowledging that universities not only "matter," but are fundamental to a brighter future for us all.

Stephen E. Lund is president and CEO, Nova Scotia Business Inc.