Legislative Assembly of Alberta

The 30th Legislature
First Session

Standing Committee
on
Alberta’s Economic Future

Ministry of Advanced Education
Consideration of Main Estimates

Wednesday, October 30, 2019
3:30 p.m.

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Standing Committee on Alberta’s Economic Future

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Standing Committee on Alberta’s Economic Future

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  Hon. Demetrios Nicolaides, Minister
  Richard Isaak, Senior Financial Officer, Corporate Services
  Rod Skura, Deputy Minister
  Andy Weiler, Assistant Deputy Minister, Apprenticeship and Student Aid
3:30 p.m. Wednesday, October 30, 2019

[Mr. van Dijken in the chair]

Ministry of Advanced Education
Consideration of Main Estimates

The Chair: Thank you, everyone, for joining us. I would like to call the meeting to order and welcome everyone here. The committee has under consideration the estimates of the Ministry of Advanced Education for the fiscal year ending March 31, 2020. I’d ask that we go around the table and have all MLAs introduce themselves for the record. Minister, please introduce the officials that are joining you at the table. I am Glenn van Dijken, the MLA for Athabasca-Barrhead-Westlock and the chair of this committee. We will continue, starting to my right.

Mr. Bilous: Good afternoon. Deron Bilous, MLA, Edmonton-Beverly-Clareview and acting deputy chair.

Mr. Barnes: Good afternoon. Drew Barnes, MLA, Cypress-Medicine Hat.

Mr. Rowswell: Garth Rowswell, Vermilion-Lloydminster-Wainwright.

Mr. Reid: Good afternoon. Roger Reid, Livingstone-Macleod.

Mr. Horner: Good afternoon. Nate Horner, Drumheller-Stettler.

Mrs. Allard: Good afternoon. MLA for Grande Prairie, Tracy Allard.

Ms Issik: Hello. Whitney Issik, Calgary-Glenmore.

Mr. Jones: Matt Jones, MLA, Calgary-South East.

Mr. Stephen: Good afternoon. Jason Stephan, MLA, Red Deer-South.

Mr. Toor: Good afternoon. Devinder Toor, Calgary-Falconridge.

Mr. Nicolaides: Good afternoon. Demetrios Nicolaides, Minister of Advanced Education. To my left is Richard Isaak, senior financial officer. To my right is Deputy Minister Rod Skura, and to his right is Andy Weiler, assistant deputy minister of student aid and apprenticeship.

Mr. Schmidt: Marlin Schmidt, Edmonton-Gold Bar.

Mr. Eggen: Good afternoon. My name is David Eggen, and I am the MLA for Edmonton-North West.

Mr. Shepherd: David Shepherd, Edmonton-City Centre.

The Chair: I would like to note the following substitutions for the record: MLA Bilous to substitute as deputy chair for MLA Goehring, MLA Eggen to substitute for MLA Gray.

Please note that the microphones are operated by Hansard, and the committee proceedings are being live streamed on the Internet and broadcast on Alberta Assembly TV. Please set your cellphones and other devices to silent for the duration of the meeting.

A total of six hours has been scheduled for consideration of the estimates for the Ministry of Advanced Education. For the record I would note that the Standing Committee on Alberta’s Economic Future has already completed three hours of debate in this respect. As we enter our fourth hour of debate, I will remind everyone that the speaking rotation for these meetings is provided for in Standing Order 59.01(6) and we are now at the point in the rotation where speaking times are limited to a maximum of five minutes. Members have the option of combining their speaking time with the minister for a maximum of 10 minutes.

Please remember to advise the chair at the beginning of your rotation if you wish to combine your time with the minister, and discussion should flow through the chair at all times regardless of whether or not speaking time is combined. If members have any questions regarding speaking times or the rotation, please feel free to send a note or speak directly with either the chair or committee clerk about the process.

With the concurrence of the committee I will call a five-minute break near the midpoint of this meeting; however, the three-hour clock will continue to run. Does anyone oppose having the break? Seeing no opposition, that is how we will proceed.

When we adjourned this morning, we were six minutes into the exchange between the government caucus and the minister. I will now invite Member Allard from the UCP caucus to complete the remaining time in this rotation. You have four minutes.

Mrs. Allard: Thank you very much, Mr. Chair, and good afternoon. Through you to the minister I wanted to express our gratitude for the work that you and the department have done to prepare this budget.

My question is from consultation with folks at the facility in my riding, the Grande Prairie Regional College. I reached out to them after reviewing the budget and talked to them about some of their questions, and one of the things that they wanted to know was with respect to page 26. I believe it’s line 6.2 in the estimates, capital maintenance and renewal. Now, they noted that in the ’18-19 budget the actual was significantly higher, and then it takes a sharp decline after that for the ’19-20 estimate. I guess the question was specifically: are the capital and infrastructure reductions intended over the next four years, or are they just part of the initial budget for year 1 in light of the fiscal constraints that we’re experiencing?

I would appreciate that answer.

Thank you, Chair.

Mrs. Nicolaides: Yeah. So the reductions that you see – you were referencing page 26, line 6.2?

Mrs. Allard: Correct.

Mrs. Nicolaides: Right. The reductions that you see there, of course, are reductions to capital maintenance and renewal, which, as I think I provided a little bit of an explanation on earlier, is a budget that is used by our institutions for regularly identifying maintenance types of initiatives and projects. We do have a reduction there for this current budget year to, of course, be more prudent in terms of getting to our fiscal targets. The expectation is to have that apply only to year 1 and for that to continue on as normal in subsequent years.

Mrs. Allard: Perfect. Thank you.

If I may have a follow-up?

The Chair: Of course.

Mrs. Allard: With respect to the Grande Prairie Regional College, again, they are concerned about capital maintenance and in particular the Fairview College campus. They’re just wondering if you can provide some insight into the budgeting for the individual institutions. One of the requests was: will you go to a three-year budget, or will you request an annual budget from the institution?

Mrs. Nicolaides: Yeah. Well, that’s a very good question. I had the opportunity earlier this September to go and visit the Grande Prairie...
Regional College and, more importantly, of course, to talk to the administration and members of the board and student leaders as well about the dynamics of the Grande Prairie Regional College, and I also had the opportunity to visit Fairview and get a better understanding of the Fairview campus as well.

To your question, I think that, you know, this is a very important challenge, and it’s one that our institutions have talked to me quite a bit about, which is the concept of long-term, predictable, and sustainable funding. I think it’s something that we can look at in future years with some real rigour and intent. I’m unsure if we’ll be able to give them a window in terms of a specific dollar amount that they would receive over the next three, four, five years, what have you, but I do believe there’s an opportunity to be able to provide our institutions with some more clarity about what the longer term picture looks like.

You know, we really have to ensure that we’re being much more deliberate and proactive in terms of how we’re operating our postsecondary system. We talk about labour needs and demands and changing market conditions, so we have to look at addressing that.

The Chair: Thank you, Minister.
I now turn it over to the Official Opposition caucus for the next 10 minutes. MLA Eggen, you may proceed.

Mr. Eggen: Thank you, Chair, and thank you, Minister. I was thinking about our proceedings here this morning, and one concern I think that’s shared with a lot of trades colleges and technical colleges like NAIT and SAIT is whether or not your government has undertaken the appropriate analysis of labour study to ensure that there will be jobs available for the increased number of students and tradespeople they intend to create space for. You know, we saw from your own metrics that the employed persons between five and 18 months after graduation went down from 94 per cent to 87 per cent already. I know that we’ve talked about this generational change in the trades coming down the road, but I think it’s appropriate to quantify that, number one, to ensure just how true it is and if those jobs are available.

You know, one of the best assets that we have available to us is the Alberta industry training group – right? – that sets the number of spaces in both NAIT and SAIT and other places. That’s how the Alberta industry training board make it their business to know how many are coming down the pipes in terms of needs for people on the Alberta industry training board to get that information and to use that to help inform our decision-making.

It’s also a broader concern. You mentioned NAIT and SAIT specifically, and I know that NAIT and SAIT as well as many of our other institutions employ and use a lot of industry panels and industry groups as they look at the development of curriculum, the development of new degree programs, and the expansion of other programs. So they’re quite plugged in as well with labour market needs and industry demands as it relates to the programming.

To your point about ensuring adequate work opportunities for a lot of the graduates, of course, it’s a foundational principle of our entire government, which is to create the right conditions that will create job opportunities and strengthen economic growth, everything from, of course, our job-creation tax cut to the repealing of the carbon tax and other measures that are all designed to incent job creators to continue to create jobs and ensure that these graduates have the opportunities that they need once they graduate.

Mr. Eggen: Yeah. Granted. My concern is that you create more persons with qualifications in the trades and we heighten the position of the trades generally in our society, which is all good and fine, but if you put 500 or a thousand more plumbers and pipefitters into an oversaturated labour market, that could lead to the devaluation of their wages – right? – to high unemployment or unstable employment. You know, this is all by degrees of magnitude and scale. I mean, we talked about the million-dollar scholarship for tradespeople, which is great, and the $4 million increase to another apprenticeship program, but then we can turn around and see, as you’ve heard us say quite a few times, the $4.7 billion giveaway to corporations and a $110 million cut to your global budget. So we just have to be realistic about these things, and we have to take full responsibility, too.

My next question is based on a study by Dr. Anthony Briggs and Dr. Jennifer Jennings about seven or eight years ago that indicated that the University of Alberta, which is what they were focusing on – we could apply this to other universities around the province – was one of the biggest drivers of the provincial economy, accounting for an economic impact of $12.3 billion alone back in 2009, 10 years ago. It also found that the University of Alberta induces a much higher level of regional economic activity, both proportionately and as a total measure.

Given that this research recognizes the essential economic impacts of universities as drivers of the economy – right? – not as a drain to the economy but quite the opposite, I just wonder how we could justify cutting $44 million just for the University of Alberta alone. As you told me this morning, you know, it was based largely on people’s surpluses. But the University of Alberta has built a bank account for them to expand and diversify and innovate. It’s not like they just take government money and put it under their pillow. They have a plan which spans 10, 15, or even 25 years into the future. I’m just wondering if you’ve looked at universities as not being a financial burden, but rather as a driver for the economy of this province.

Mr. Nicolaides: Yeah, of course. I absolutely recognize and appreciate the value of our institutions in being economic drivers and certainly don’t view them as a drain on our economy. Our institutions do incredible work in terms of new research, new IP development, commercialization of some of that new IP. Speaking about the University of Alberta in particular, of course, they’ve really established themselves as leaders in the area of artificial intelligence. They’re making an important contribution to the future of our economy, and that’s an important point. Nobody views our universities as drains on the economy. They have a very important role to play.
Again, it’s important for us to look at our postsecondary system in comparison to other jurisdictions, not just from a pure cost standpoint but from an outcomes-based standpoint as well. We look at Ontario, which has some of the highest ranked universities in the country, including the University of Toronto. I mean, we have the University of Alberta and other institutions here that are highly ranked, but we look at the University of Toronto and other institutions in Ontario, and they’re able to continue along that mission of being an incredible driver of economic activity at 36 per cent total government funding into the system. They’re able to produce incredibly high-quality outcomes, establish world-renowned research institutions that are providing incredible opportunities to the local economy and to the provincial economy at a much lower cost than we are in Alberta.

So we need to take a closer look at that model and have a look at the revenue mix, and I believe that we can certainly find a more efficient manner in which to deliver funding to our postsecondary institutions while at the same time encouraging the U of A and our other institutions to continue to be those drivers of economic activity. I believe that the real opportunity for us to achieve that will be through the creation, as I mentioned earlier this morning, or I should say the complete overhaul and transformation of postsecondary funding. That new funding model will give us an opportunity to sit down on an individual basis with a lot of our institutions, including the University of Alberta, and make an analysis of how they’re contributing to the local economy, what areas they excel at, and put together a plan in consultation with each individual institution, that is helping to drive the future direction of that institution and of our economy.

The Chair: Thank you.

We will now return for a 10-minute speaking block for the government caucus. I call on MLA Issik to begin.

Ms Issik: Thank you, Mr. Chair. Minister, on page 4 of the business plan you note under outcome 1 – I’ll just read it. “The Women Building Futures program will be expanded with an additional $10 million over four years to support women who wish to pursue opportunities in skilled trades.” We know that it’s important to have women participating fully, especially in sort of the nontraditionally participated in trades and other job areas. I’m a daughter of a contractor, so, you know, I value the trades and the work that these folks do. The amount of skill required is incredible, and there are so many women out there that are naturally suited for those skills. They’re interested in them, but they don’t quite know where to start, usually, or they may not have fully considered it because it’s just nontraditional for them.

I wonder if you could discuss how it is that this group – I got to spend some time with them, actually. There was a good networking breakfast that we had one morning. The group Women Building Futures has been in existence for some time, but they seem to have been sort of regionally focused, mostly here in Edmonton. There are so many women in other parts of the province that could really benefit from an introduction system into the trades. I’m just wondering if you could comment on how this helps women to enter the trades, and then also to maybe talk a bit about how women are going to become more aware of this program and what steps are being taken on that front.

Mr. Nicolaides: Of course. Absolutely. You know, you’re bang on with some of your commentary early on in terms of the number of women that participate in the trades. The details and the numbers from Statistics Canada show that approximately four and a half to 5 per cent of individuals employed in the skilled trades are women, and they tend to operate in occupations where women are traditionally less inclined to participate. A lot of trade programming, including programs such as carpentry or heavy equipment operation or welding: when women do participate in the trades, they traditionally tend not to participate in those fields and those areas, but participate in other areas.

It’s an area where we have to do an absolutely better job. Getting to know Women Building Futures, the most impactful component of what they’re doing is the work that they’re doing to give individuals a hand up and to help individuals who didn’t think that they could operate a welding torch or drive a piece of heavy machinery, helping them to see that they can, they do have the capacity, they do have the ability, and that that can lead to an incredibly successful and rewarding career for them and their families. I think that’s one of the most powerful components of what Women Building Futures is doing. So I’m a strong admirer of theirs and of their mission.

That’s a little bit, of course, of the context and where we need to do a better job. You’re right that for the longest time a lot of their programming has been limited to a very small geographic area, primarily to Edmonton and to the Edmonton region. With our investment we’re confident that they’ll be able to expand their offerings into many more corners of this province to allow more women to see the opportunities that they can benefit from through the skilled trades. They’ve just begun a program in Red Deer, and as well we’ll be, as a direct result of our investment, looking at new programs in Calgary and in other areas. They absolutely will be taking that approach to expand programs in other regions and help more individuals access their incredible programming.

Ms Issik: Thank you. While we’re also talking about trades, perhaps we can talk about funding with respect to percentages or proportions of revenue that is generated in our postsecondary education system. I note on page 6 under 2(b), it denotes the proportion of funding as a total pot of revenue for postsecondary institutions, and it goes from 2013-14 to 2017-18, and it’s broken down between universities and colleges and technical institutes. Universities tend to fluctuate between 43 to 47 per cent of their total revenues being government revenues, as a total of their revenues sources, and for colleges and technical institutions it ranges from 59 per cent – oh, I guess the lowest is 57 per cent – up to 62 per cent. There’s a divergence there between universities and colleges and technical institutes, and I wonder if there’s a structural reason for that.

Also, in addition to that, perhaps you can comment, because I can see in the notes here that according to Statistics Canada, Alberta’s universities actually have a higher percentage of government funding as a total of their revenue sources compared to British Columbia, which is at 34 per cent. Ontario is at 27 per cent. In British Columbia technical institutes are at 50 per cent, and in Ontario they’re at 41 per cent. So, overall, we seem to be having a higher percentage of government revenues as a proportion of total revenues for our institutions, plus there’s a divergence between universities and colleges and technical institutes, and maybe you can comment on that first.

Mr. Nicolaides: Yeah. I’d be happy to, and I think this is one of the foundational findings of the MacKinnon panel report, that provincial grants and funding to our postsecondary institutions is quite a bit higher in comparison to other jurisdictions. That being said, at the end of the day Alberta will still have one of the highest
government-funded postsecondary systems in the entire country, which is an important point to note.

The divergence and the discrepancy that you see between the universities and the colleges is based on a number of factors, but if I can articulate in a single sentence, I would say that a lot of it has to do with economies of scale. Our universities have 15,000 to potentially 30,000 students, so they’re able to benefit from a broader mix of revenue. They typically have larger assets in terms of land and other opportunities to diversify their revenue, thus the lower reliance on government funding for those institutions. Our colleges and technical institutes are a little different. A lot of our colleges have very small student populations and are perhaps much more limited in terms of assets that they own and operate. So it’s a little more challenging for them to be able to diversify their revenue mix, and they tend to be much more reliant on government funding and government dollars, thus the numbers that you see here.

A couple of other important points to note from the chart here are, of course, the increase and the reliance on government grants over the years that this shows. This is primarily attributed to the fact that under the former government their ability to generate revenue from other sources was limited, not just in terms of tuition but in terms of other areas. We talked about using land for commercial enterprises and things of that nature. There are some limitations on that, and I think that we can make some changes there. That’s one of the important considerations. We’re seeing our institutions be much more reliant on government funding, and it will get to a situation which, obviously, we’re at that point now where it can quickly become unsustainable. Although, of course, these numbers are an average, for some of our institutions, particularly our colleges, up to 70 per cent of their operating dollars are derived from government funding. Again, they tend to be smaller institutions with very limited ability to find revenue from other sources. That’s part of the reason that you see that discrepancy there.

Ms Issik: Thank you, Minister. I’ll cede my time now to Mr. Jones.

The Chair: We have five seconds. Okay. Thank you.

We will now begin with the 10-minute speaking block for the Official Opposition. MLA Schmidt.

Mr. Schmidt: Thank you. I’m going to dive right in to some questions around the capital plan. On page 188 of the fiscal plan, the Advanced Education estimates for the 2019-2020 year are $61 million less than the budget that we had put forward in 2018. I’m wondering where those reductions are going to be seen.

Mr. Nicolaides: Yes. Sorry. I’m just trying to get oriented here on that page. You said page 188 and you’re looking at the reduction in the capital plan?

Mr. Schmidt: The 2019-2020 estimate of $572 million is less than the 2019-20 estimate that we had put forward in 2018. The 2019-2020 estimate of $572 million is less than the 2019-20 estimate that we had put forward in the 2018 budget. It’s approximately $61 million less, so I’m wondering where those reductions in the capital plan will be seen.

Mr. Nicolaides: You’ll have to give me a few minutes to get to that detail, unless my department staff have any further clarity on that point while I’m searching for it.

Mr. Schmidt: You know, in the interest of time, if you want to submit that answer in writing to the committee, that would be acceptable.

Mr. Nicolaides: Sure.

Mr. Schmidt: I want to then go on to page 138 of the fiscal plan, the capital plan table. I note that the High Prairie campus for Northern Lakes College, or what used to be called the High Prairie campus consolidation, is now referred to as the Northern Lakes College’s various projects. The cost has been reduced from the 2018 estimate, and the project money has been reprofiled. Can you tell me why that is?

4:00

Mr. Nicolaides: Yeah. I’ll let my deputy respond to that.

Mr. Skura: That is the same project as the High Prairie development. Last fiscal year the college was prepared to move faster on that project than they actually had planned for in their initial budget submission, so some of that money was brought forward. The total cost of that project remains the same. There’s been no reduction to the project. It was just a reprofiling to allow them to proceed quicker than they had originally anticipated.

Mr. Schmidt: Oh, okay. So it’s on track to be completed on schedule?

Mr. Skura: It’s on track.

Mr. Schmidt: Okay. Thank you very much.

Now, page 189 – sorry to go back and forth – of the fiscal plan commits $572 million this year for capital to Advanced Education, but on page 138 the total for identified projects is $208 million.

Mr. Nicolaides: I’ll let Richard comment on that.

Mr. Isaak: Basically, the difference is what they self-finance. The department is putting forward the 220-ish, I think, million dollars, and the rest comes from their own capital plan.

Mr. Schmidt: Okay. It’s my understanding, then, Richard or anybody, that on page 188 that’s a combination of department capital dollars plus self-financing dollars. Is that correct?

Mr. Isaak: Yeah. Correct.

Mr. Schmidt: Will that ratio remain the same? Over the 2022-23 time frame what is the percentage mix going to be of capital dollars committed from the department compared to self-financed projects?

Mr. Nicolaides: We’ll get you those numbers.

Mr. Schmidt: Okay. Thank you very much. If you can provide that to me in writing, that would be excellent.

Now, you know, in the past the budgets had to be flexible because the federal government, of course, from time to time has offered up capital dollars. Have you built that kind of flexibility to match potential federal dollars into the capital plan?

Mr. Nicolaides: I believe we have, but I’ll leave it to my department staff to answer that question.

Mr. Skura: For the federal funding that we’re aware of now, where we have made applications for projects that received approvals, there would be the funding built in. For programs that the federal government has yet to announce, you know, we would have to make adjustments to the budget to meet those going forward.

Mr. Schmidt: Do you anticipate, then, making those adjustments in next year’s budget?
Mr. Nicolaides: Sorry. Was your question whether we will . . .
Mr. Schmidt: I guess, if the federal government puts the money on the table for capital dollars, will you take advantage of all of the dollars that the federal government is making available?
Mr. Nicolaides: Well, we’ll have to look at the dynamics at the time and make an informed decision. It’s a little challenging for me to comment on a hypothetical scenario, but we would certainly look at that and make the best informed decision we could.

Mr. Schmidt: Okay. I’m looking for some status updates on a number of projects that were on the unfunded list last year. I note with some interest that your government has decided not to publish unfunded lists for capital projects anymore. I’m wondering if there’s a status update on the Athabasca University IT project.
Mr. Skura: Can you repeat the question?
Mr. Schmidt: The Athabasca IT upgrades: what’s the status of that project?
Mr. Skura: Still pending approval.
Mr. Schmidt: Pending approval.
Portage College Cold Lake expansion?
Mr. Skura: Same.
Mr. Schmidt: Okay. The U of A heating plant?
Mr. Skura: Same. So the heating plant, not the district energy one, to be clear.
Mr. Schmidt: Yeah. The heating plant.
Okay. The U of C Haskayne School of Business advanced learning centre?
Mr. Skura: Yeah.
Mr. Schmidt: Okay. The U of C life and environmental sciences resource centre?
Mr. Skura: On that one I’m not sure. We’ll have to get back to you. I know there is a project that the U of C is self-financing, and I know the name has changed. I’m not clear if it’s that project or if it’s a different one.
Mr. Schmidt: Okay. Does the department have any estimates on what the total infrastructure deficit is on Campus Alberta?
Mr. Nicolaides: Yes, we do have that. As reported to us by, I believe, the Ministry of Infrastructure, the total — and I can, of course, go into these details — is $707,208,673.

Mr. Schmidt: So $707 million on Campus Alberta?
Mr. Nicolaides: Correct.
Mr. Jones: Thank you, Chair. On the Advanced Education ministry business plan, page 7, it says that “in 2019-20, over $850,000 is invested for international education programs.” I’m just wondering if you can comment on the suite of programs and supports that this includes and if you could also comment on how it will benefit or enrich our students but also our postsecondary institutions and how Alberta taxpayers will see benefits from this.

Mr. Nicolaides: Yeah. I’m happy to. You know, we talked earlier this morning in more detail about the development of an international student recruitment strategy and the benefit that recruiting more international students provides to Alberta and to the postsecondary system.

Within that, as well, it’s critical to recognize the incredible value that is found when Alberta students are able to participate in learning opportunities abroad. You know, there are a number of advantages when an individual is able to go abroad and participate in some of those international education opportunities. It not just strengthens a lot of the diplomatic and economic ties between our province and another jurisdiction, but it also gives those individuals that visit those jurisdictions better insight into the industry dynamics that they might experience there in the country that they’re visiting and allow them an opportunity to make other potential connections with industry and with other postsecondary groups and other postsecondary leaders. Of course, all of the knowledge and skill set that they will acquire by participating in those programs they will of course bring with them when they return to Alberta and apply that knowledge to their future careers.

4:10

It could even be within the context of other, you know, personal connections that they’re able to make and apply in their personal careers, which helps to strengthen Alberta’s economic standing. There are quite a number of benefits such as the ones that I outlined, not just career and industry related, of course, but academic.

A lot of employers, as well, look very favourably towards students that have had the opportunity to engage in international experiences. I think that the number is about 80 per cent of employers that hire students that have a degree of international experience and involvement. It makes them very attractive in the Alberta labour market, and they bring with them a lot of important knowledge and skill sets that are critical to our economic recovery.

Mr. Jones: Thank you.

In the ministry business plan, page 4, the first initiative: with the evolving economy in terms of industries and automation, what kind of formal and informal programs will the $93 million foundational learning support be supporting for adult Albertans to find meaningful employment?

Mr. Nicolaides: Right. The foundational learning support is an incredibly important aspect of the department and of the ministry. It works to provide incredibly strong access opportunities to a lot of individuals that may not have the initial ability to access and participate in postsecondary education. So they work with a wide range of individuals on both a full-time and a part-time basis to again help transition them and help provide them with access to the postsecondary system, with the ultimate goal, of course, of helping them find meaningful employment opportunities as a direct relation to their postsecondary participation.

To give you a better understanding of what some of those programs actually look like, with some of the work that actually goes on in foundational learning, a lot of it has to do with working with individuals who have English as a second language and assisting them in strengthening their English language skills. Also, other programming includes academic upgrading and other adult basic education opportunities.

It provides individuals with grant funding to help them cover the cost of tuition, the cost of books, and other expenses related to postsecondary education so that, again, they can participate in the postsecondary system and help secure a better future for themselves, an incredibly important aspect of the work that happens within Advanced Education.

Mr. Jones: It looked to me, when we were discussing international student enrolment earlier, that international students are becoming an increasingly large portion of total enrolment at Alberta’s postsecondary institutions. I’m wondering if you expect that trend to continue. How are we in terms of global competitiveness, in terms of attracting international students, and what do you see as some of the challenges in attracting international students to Alberta, particularly in our current economic environment?

Mr. Nicolaides: Yes, we have seen that uptick in international students over the last few years, and we’d like to see that trend continue. We’ve been very clear even from the campaign that one of our 375 campaign commitments that we made included expanding the number of international students that are in the province of Alberta. At the moment on average across the entire system within the province we’re at approximately 8 per cent, and we’d like to see that number increase. Again, comparator provinces are about at the 12 per cent mark. It really varies, of course, from province to province, but a lot of the comparator provinces are closer to 12 per cent. Our intent is to work with our institutions to develop a more robust international student recruitment plan and strategy and to give them the support that they need to be able to recruit and attract more international students.

In terms of the challenges that we face, one of the things that I’ve heard quite a bit about as I’ve been meeting and talking with a lot of our postsecondary institutions, particularly on this point and looking at defining additional action that we can take as a government to recruit more international students, they’ve mentioned a lack of I think the term that I heard repeatedly was an Alberta brand and a broader recognition in the international market of Alberta itself as a destination. Some of our institutions do an incredible job of recruiting international students, but it appears that a lot of that work is siloed. Other institutions don’t do as good a job and would like to be able to improve in their ability to attract international students.

I think part of the challenge comes back to that Alberta brand. It’s something, of course, that we continue to talk with our institutions about, but from what I’ve heard, if we lose an international student – let me clarify that. If the University of Calgary loses an international student, they don’t necessarily lose them to the University of Alberta or to the University of Lethbridge, but they lose them to a different jurisdiction entirely, to British Columbia, to Ontario, or to another province.

Given the economic climate that we’re operating within and given some of those dynamics, strengthening and reinforcing the Alberta brand on the international stage I think is a critical part of us finding success in implementing this strategy, because within Alberta we have such an incredible range of exceptional institutions and diverse institutions. Again, you know, whether it’s incredible culinary programs at Lethbridge College or at SAIT or advancements at the University of Alberta in artificial intelligence, there’s something for everyone. If we can communicate that more effectively to international markets, that there’s such a diversity and
range of educational opportunities and career pathways, I think that will set us on the path to success.

Mr. Jones: Yeah, and it sounds like that should be done collaboratively with government, postsecondary institutions, and business since we would all benefit from that.

I’m not sure how much time I have left, but I would cede it.

The Chair: About 30 seconds.

Mr. Jones: Anybody have a quick one?

The Chair: MLA Allard.

Mrs. Allard: Thank you, Chair. Through you to the minister, I would just like to follow up with respect to the international students comment. If I’m understanding correctly, we’re benchmarked at 8 per cent, and the goal is to go to about 12 per cent. Is that correct, Minister? I’m just wondering if in your consultation you ran across any families that were concerned about getting access for their Albertan kids.

The Chair: Thank you, and we’ll return to that in the next speaking block.

Now we have the Official Opposition for the next 10 minutes. You may proceed, MLA Schmidt.

Mr. Schmidt: Well, miracles never cease. I actually want to hear the answer to a question from the UCP caucus. Please, if you could be brief, tell us what your plans are to make sure that international students comment. If I’m understanding correctly, we’re benchmarked at 8 per cent, and the goal is to go to about 12 per cent. Is that correct, Minister? I’m just wondering if in your consultation you ran across any families that were concerned about

Mr. Nicolaides: Yeah. Absolutely. It’s a very important dynamic that we need to be very mindful of as I engage in that process of recruiting international students. It’s a trend that we’ve seen over the last few years. You know, we saw some of the numbers, that international students have been increasing all the while . . .

Mr. Schmidt: Yes. Let me just cut to the point, then.

Mr. Nicolaides: Sure.

Mr. Schmidt: Under our tuition cap legislation we had made sure that universities had to guarantee a cost of tuition, and they had to demonstrate to the department that the cost was not being subsidized by the taxpayers of Alberta and that those seats wouldn’t have normally been taken up by Alberta students. Are you going to keep those rules in place?

Mr. Nicolaides: As I mentioned, we’re putting together an international student recruitment strategy, which we’re doing in collaboration with our institutions, to figure out what the most appropriate approach is. We aim to have some more details on that within the coming months. But, again, coming back to the document, we’ve seen that increase in international students over the last few years . . .

Mr. Schmidt: Okay. You’re taking a different approach to international students. Is that correct? Are there any legislative changes to the international student tuition that we brought in that you’re contemplating right now?

4:20

Mr. Nicolaides: I can’t recall if that’s a legislated component or if that’s something that’s contained within regulation, but the legislative changes that we are making to the PSLA are contained within the bills that are currently before the House for consideration. We’ll continue to work with our institutions as we figure out the next steps.

Mr. Schmidt: Thank you.

I want to get back to the capital plan if I can. There are significant reductions on page 188 year over year between 2019-20 and 2022-2023. I hope that we can all agree that a government-funded capital plan creates jobs. I’m just wondering if you have any numbers on how many jobs will be forgone because of the reductions in the capital plan in Advanced Education.

Mr. Nicolaides: No, we don’t have any of that within our 2019 budget estimates, but I do believe that there was a clarification that we wanted to provide based on one of your previous questions, so I’ll turn it over to my deputy.

Mr. Skura: Yeah. On the Haskayne project at the U of C, we’re not providing any government funding for that, but the U of C is proceeding with it. They’ve received a donation, and they’re going to self-finance that.

Mr. Schmidt: Okay. So that’ll be self-financed.

Mr. Skura: That’s right. But it is proceeding. I gave you bad information.

Mr. Schmidt: Right. Thank you very much for that.

Okay. So you don’t know how many jobs are going to be forgone.

That’s fine.

You had mentioned in previous comments to one of the UCP members that you were concerned about limitations on land use. Now, the Auditor General has identified some concerns around the lack of rules around land trusts. Certainly, Keyano College took a huge bath on their land trust. Can you give us a status update on the use of land trusts?

Mr. Nicolaides: Yeah. That’s an important point to consider. We want to be able to provide our institutions with the flexibility to be able to use land trusts and engage in any other kinds of commercial activities, all the while ensuring we’re consistent with the recommendations of the Auditor General and ensuring that there’s the right, you know, oversight and accountability.

One of the big pieces related to that has to do with board governance and ensuring that our boards, that, of course, have a fiduciary responsibility to their institution and manage their institution, have the skill set and the expertise that are necessary to be able to engage in projects and initiatives such as a land trust. So we’re working very diligently to be able to provide our board members with a more robust orientation and other details and information so that they can make the most informed decisions while taking into consideration all the risks.

Mr. Schmidt: Is it, then, your intent to not be directive as to how universities and colleges can use land trusts but to leave it up to the boards?

Mr. Nicolaides: Our intent is to remove red tape where applicable and where appropriate to allow our institutions to generate additional revenue.

Mr. Schmidt: That’s fine. Thank you very much.

What land sales are currently under consideration by the department?
Mr. Nicolaides: I don’t have that information off the top of my head, but I’ll ask my deputy if he does.

Mr. Skura: Off the top of my head, no.

Mr. Schmidt: Can you provide that to us in writing? Thank you very much.

Now, for a lot of ancillary construction, those have to be financed either by self-financing or by borrowing through ACFA. Is the Treasury Board considering any changes to the rules around ACFA? I noted in your business plan — and, forgive me, I don’t have the exact line — that, you know, you’re going to unleash entrepreneurial spirit and all of this right-wing mumbo-jumbo. Are you going to change the rules around ACFA to possibly increase the debt limits or rules around debt financing that universities or colleges can undertake?

Mr. Nicolaides: Right. I think, as you mentioned, that’s something that’s particularly at the direction of Treasury Board and Finance and a question, I think, that would be best answered by them.

Mr. Schmidt: Okay. All right. Thank you very much for that. I do want to get back to the issue around international students. If I understand correctly, your target is 12 per cent.

Mr. Nicolaides: Well, we haven’t identified a target in terms of a raw number. The number of 12 per cent is what our comparator provinces are at, but we’re still, as I mentioned, developing that international student recruitment strategy. Once we’ve had the opportunity to have some more discussion around it, we’ll be in a position to establish some benchmarks or other metrics.

Mr. Schmidt: Thank you very much.

Is the department going to do or have the institutions do any kind of risk analysis for international students? The main suppliers of international students are places like Communist China, Iran, which is also a dictatorship. Certainly, when Saudi Arabia arbitrarily decided to pull its funding for international students last year, that left our institutions at a significant financial disadvantage. Are you going to be requiring any kind of risk analysis for using international students to make up the shortfall that you’re creating in their government grant budget?

Mr. Nicolaides: Right. That’s something that needs to be informed through the new strategy and through continued conversation about some of the risk profile. It’s something that we’ve definitely experienced and that we’ve seen and that a lot of our institutions have had to deal with. The souring of diplomatic relations with China has impacted some of our institutions and their international student recruitment strategy. Once we’ve had the opportunity to have some more discussion around it, we’ll be in a position to establish some benchmarks or other metrics.

Mr. Schmidt: Okay. Have you done any analysis on what impact the AINP fee hike that your government has introduced — it’s gone from zero to $500 per person — will have on the ability of postsecondary institutions to attract international students to Alberta?

Mr. Nicolaides: Right. I think that’s a question, on the AINP, that’s best suited for, again, the Ministry of Labour and Immigration.

Mr. Schmidt: Well, I can tell you that Labour and Immigration has a track record of making changes to the nominee program without consulting postsecondary students. Did you do any consultation with postsecondaries, colleges or universities, on the fee change to the nominee program?

Mr. Nicolaides: Again, I think that’s a question that’s best reserved for the Department of Labour and Immigration.

Mr. Schmidt: So you didn’t do those consultations. All right. Thank you very much for that. I want to turn now, if I can, to an issue that’s important in my constituency, the French language program, page 28 of the government estimates. Now, that’s $4.3 million that is given to the province from the federal government to support French minority language instruction. When I left that ministry, negotiations with the federal government on that program were ongoing. Can you provide me a status update on how those negotiations are going?

Mr. Nicolaides: I’ll have to get back to you with more details regarding that.

Mr. Skura: I could . . .

Mr. Nicolaides: Oh, sorry. I guess we can.

Mr. Skura: On that one, we’re still waiting for the federal government to finalize the memorandum of understanding, but it is close.

Mr. Schmidt: Do you have any timelines in place?

Mr. Skura: At this point, no.

Mr. Schmidt: Will you commit to funding any shortfalls to Campus Saint-Jean and any other French language . . .

The Chair: Thank you.

With that, we will move for the next 10 minutes to the government caucus. MLA Stephan, you may proceed.

Mr. Stephan: Thank you, Mr. Chair. I’d like to have us turn to page 86 in the fiscal plan. There’s a graph there that I’d like to discuss and then ask a question about. Again, for those viewing these proceedings who may not have the fiscal plan graph in front of them, what it shows: it has a line graph that describes three lines. One is the operational funding for postsecondary education over the last 15 years, which has had an 80 per cent increase. Then there are two lines underneath the 80 per cent increase, inflation and enrolment growth. Inflation is at 33 per cent; enrolment is at 25 per cent.

When I see graphs like this, Minister, I am concerned about sustainability. This is an issue that is prevalent throughout government in terms of being accountable and making sure that we are sustainable in the services that we provide to taxpayers and the public. We see this consistent theme where governments spend more than the underlying inflation and enrolment growth. Perhaps implicit in this graph is — I know from experience that when you have a divergence like this where you have operational spending going at a much steeper incline upwards than combined inflation and population growth, over a year that impact is compounding, and what it actually results in is operational spending that will be in the billions of dollars more than it would otherwise be had governments maintained a steady course of spending in line or in step with inflation and enrolment growth.

4:30

We know that the prior government, my friends across, spent above inflation and population growth, and what essentially
accumulated at the end of their four-year tenure is an accumulated debt addition of almost $32 billion. I suppose that might be socialist mumbo-jumbo, but I know that I appreciated – sometimes when we speak about, you know, kind of in terms of a billion dollars in terms of additional growth, it would buy essentially every house in Red Deer in terms of what they accumulated in just four years.

I just want to ask a question about – you know, we obviously need to have more accountability. We do need to make a course correction. I’m just wondering – and, of course, that is a function of leadership. What measures is the ministry going to take to enhance, I guess, the capacity of our school boards for our postsecondary education institutions to be able to make a course correction and really be responsible stewards of both student and taxpayer resources?

Mr. Nicolaides: Well, thank you. You know, I think that’s a very important point. A quick point of clarity for those that might be watching at home and others following along: I think the graph you were referring to on page 86 is for K to 12. But one can make that distinction because the graph for postsecondary on page 90 is almost identical. I just wanted to make sure that we’re all talking about the same graph.

The one for, you know, K to 12, as you mentioned, shows an 80 per cent increase in funding for K to 12 despite an enrolment increase of 25 per cent and an inflationary increase of 33 per cent. For postsecondary the operating grant increase has been 106.6, 107 per cent, but the charts do look almost quite identical. It’s a long-running and systemic problem with our postsecondary system.

More importantly, when we look at it from the perspective of outcomes of the system, we are continuing to invest more and more and more; however, the outcomes do not appear to be keeping pace. As I’ve mentioned, 9 of our 26 postsecondary institutions have completion rates that are below the provincial average of 60 per cent, and our postsecondary participation rate has remained flat, largely, for an extended period of time, at 17 per cent. So it absolutely warrants the need for some transformative thinking when it comes to postsecondary funding, which is why we will be transforming the funding approach for our postsecondary institutions.

To give you a little bit more context, the way funding is delivered right now to our postsecondary institutions is through block grants and through what I would argue are or I think my deputy has described as sedimentary block grants. If a government decides to provide additional funding to postsecondary institutions – let’s say there’s a 2 per cent increase – all that’s done is that that increase is simply layered on top of funding that is currently provided to our institutions.

You would suspect that that would be distributed based on things like enrolment so that if there’s an institution that’s experiencing a huge increase in enrolment, they might get a little bit more of that increase versus other institutions that are experiencing a decrease in enrolment. Or you might assume that some of that funding is dispensed to institutions that have a larger footprint and actually have a lot more physical space they need to deal with than smaller institutions. But those very simple metrics don’t exist at all in the funding formula – I wouldn’t even call it a formula – or the funding method that we use to provide funding to our postsecondary institutions.

So it’s time for us to transform postsecondary funding and move to a funding formula that will ensure the strongest possible return on investment for taxpayers and, most importantly of all, ensure that government dollars are being used in the most efficient way possible for our students, to strengthen the quality of education, to maintain student services. My strong belief is that the only way in which that can be accomplished is by moving to a new funding formula.

It will be transformative – there’s no question about it – but I’m strongly encouraged by the response and initial reception by our postsecondary institutions, who for a long time have been concerned with the method by which our postsecondary institutions are funded, and I believe there’s great appetite for a modern approach.

Mr. Stephan: Great. Thank you for that answer, and thank you for that correction. I was actually using a graph which illustrates – the proper graph on page 90 illustrates that, in fact, the base operating grants are even that much more out of line with inflation and population growth.

I know, living in Red Deer, that we’ve had some changes within our own college board of governors, and I appreciate the minister’s emphasis on installing individuals with strong capacity, real-world expertise, that will help our own institution make some course corrections and be better stewards of taxpayer dollars.

Having attended Red Deer College as a young man – I think everyone in this room recognizes and appreciates the value of an intentional education. It’s helped many of us and will help our children and future generations be more self-reliant. Notwithstanding that we collectively agree that education is very valuable, that doesn’t excuse our obligation and responsibility to ensure that we manage both the student resources and the resource of taxpayers in a responsible manner so that we have a sustainable education system for our children, you know, and future generations.

I appreciate your answers. With that, I’ll cede my time, Chair.

The Chair: Okay. Thank you.

We have five seconds left, so I think we’ll move on to the Official Opposition for the next 10 minutes.

Mr. Schmidt: I just hope I have your permission to actually look at the Advanced Education estimates for this next 10-minute block. Is that okay?

Mr. Nicolaides: Of course.

Mr. Schmidt: Yeah. All right. Well, thanks. Thankfully, we’re all on the same page now.

A follow-up to my last question. The French language program: that MOU is in the process of being signed. Will you commit to funding any shortfalls in the upcoming year should that MOU not be in place in time?

Mr. Nicolaides: Well, again, it’s challenging for me to speak to hypothetical situations, particularly within the context of the Budget 2019 estimates. What I can say is that we’ll be diligent and look at the dynamic if we get there.

Mr. Schmidt: Thank you.

I want to look now on page 26 of the government estimates. I see an $800,000 reduction, approximately, in line 1.3, strategic and corporate services. Can you tell me what those reductions will mean?

Mr. Nicolaides: Yes. Just give me a minute. You said 1.3, strategic and corporate services?

Mr. Schmidt: Yep.
Mr. Nicolaides: Okay. Yes. There is a $1,400,000 decrease from the '18-’19 budget to the ’19-’20 estimate, a decrease of 13 per cent, attributed to $1,000 in salaries and benefits, supplies and services; $635,000 as a result of budget being passed on prior year actuals; $34,000 decrease to MEPP; $97,000 transfer to ITM phase 3 to Service Alberta; and a $398,000 increase for internal adjustment to address centralized costs.

Mr. Schmidt: So some of that is salary reductions. How many FTEs does that mean?

Mr. Nicolaides: I don’t have that information in front of me. I’ll defer to my deputy if he does.

Mr. Skura: Yeah. We didn’t break down, for the purpose of this briefing, the number of FTEs per program area, but what I can tell you: for 2019-20 it’s 35 FTEs . . .

Mr. Schmidt: Across the department?

Mr. Skura: . . . across the entire department, that we intend to manage through attrition.

Mr. Schmidt: Entirely through attrition? Okay. Thank you very much.

I guess my next question is line 2.1, then. We also see a $1.3 million reduction from budget, $800,000 from the actuals. Again, where does that come from?

Mr. Nicolaides: You said 2.1?

Mr. Schmidt: Yeah, 2.1.

Mr. Nicolaides: Yes. There’s a $1 million decrease, as you’ve mentioned, which is reductions in salaries, supplies, and services.

Mr. Schmidt: Okay. Thank you.

Now, line 2.2: I don’t know if this – refresh my memory. Does the technical training grant come from line 2.2? It does. Okay. Can you tell me, out of the $110 million reduction, how much of that is due to reductions in the apprenticeship technical training grant?

Mr. Nicolaides: I’ll have to look at that information.

Mr. Skura: We’re not reducing that one.

Mr. Schmidt: Okay. You’re not reducing that one this year?

Mr. Nicolaides: That’s correct.

Mr. Schmidt: Are we sure? The looks on your faces imply that maybe there are some questions circulating around that.

Mr. Skura: We’ll get you an answer.

Mr. Schmidt: Okay. Thank you very much for that.

Line 2.3, academic health centres. This is a number that has been $21 million. It’s fixed for a long time. Can you tell me what we get for that $21 million that we spend?

Mr. Nicolaides: Yeah. I’ll let my deputy answer that one.

Mr. Skura: Yeah. This is an area – at both of the major universities, the University of Calgary and the University of Alberta, we share the payment of physicians who are providing services to Albertans with Alberta Health Services. That money is used largely to pay for the academic portion of physicians that are teaching at the University of Alberta or the University of Calgary.

Mr. Schmidt: So your intent then is to not – although Campus Alberta grants are going down significantly, particularly at the universities of Alberta and Calgary, you’re not reducing the salaries of doctors who are teaching in the academic centres. Is that correct?

Mr. Nicolaides: That’s correct. The academic health centres are being maintained in accordance with previous years, at $21 million.

Mr. Schmidt: Okay.

Line 2.4, Campus Alberta innovations. It’s my understanding that the disabled students’ funding comes from that line. Is that correct?

Mr. Nicolaides: That’s correct, yes.

Mr. Schmidt: Is there going to be any reduction in the amount of money that’s given to support disabled students from that line?

Mr. Nicolaides: No. There won’t be a reduction to students with disabilities. There’s $11.2 million slated there, under 2.4, for support for learners with disabilities. Furthermore, we will be increasing and providing an additional $2 million to support learners with developmental disabilities.

Mr. Schmidt: Where will that money be? Does that show up in line 2.4?

Mr. Nicolaides: That’s shown there in 2.4.

Mr. Schmidt: That’s in 2.4 as well.

Mr. Nicolaides: Yes.

Mr. Schmidt: Okay. So where are the reductions going to come from? You’re showing an overall $1.2 million reduction from last year. Where are those reductions going to be seen?

Mr. Nicolaides: The reductions you’ll see primarily from two areas: $548,000 for strategic initiatives. That’s a reduction of $548,000 for strategic initiatives.

Mr. Schmidt: Which means what?

Mr. Nicolaides: I’d have to get my department to give you more details on that.

Mr. Schmidt: Is that staff or programming? Do you know?

Mr. Nicolaides: It’s staff and programming.

Mr. Schmidt: It’s staff and programming? If you could provide me with written details for the programming that will be reduced, I’d appreciate that.

So that’s $548,000 for strategic initiatives?

Mr. Nicolaides: Correct, and then an additional $4.4 million reduction, which is for the radiation therapy program, which we have rolled into the base operating grants in line 2.2.

Mr. Schmidt: Okay. Thank you very much for that.

Line 2.7, adult learning system initiatives, is showing a $4 million increase from the 2018-19 budget but a $3 million decrease from the 2018-19 actual. Can you explain all of the differences in those numbers, please?
Mr. Nicolaides: Yeah. The $4.3 million increase is due to three key areas: $6 million for a tech talent program is one item.

Mr. Schmidt: Sorry. Tech talent: is that the additional seats?

Mr. Nicolaides: Correct. Additional seats for technology-related fields.

Mr. Schmidt: Okay. So that’s $4.3 million?

Mr. Nicolaides: Six million.

Mr. Schmidt: So $4.6 million?

Mr. Nicolaides: Six million flat.

Mr. Schmidt: That’s $6 million?

Mr. Nicolaides: Correct.

Mr. Schmidt: And that’s for 400 seats. Is that correct?

Mr. Nicolaides: Four hundred and six.

Mr. Schmidt: Okay. Sorry. In the business plan, I don’t see any increase. Is it the intent, then, to not commit any further dollars to tech seats?

Mr. Nicolaides: That is the intent for the time being, yes.

Mr. Schmidt: Okay. Thank you very much for that.

Line 3, apprenticeship delivery. It looks like we’ve got an increase of about $1 million from the 2018-19 actual. What is that money going to support?

Mr. Nicolaides: That is correct. Yeah. A $5.4 million increase. That’s $5 million in funding for the apprentice training award, which became available from a recent labour market transfer agreement, and $4.3 million for our skills for jobs agenda, which included funding to Women Building Futures; Careers: the Next Generation; Skills Canada Alberta; and our skills for jobs task force.

Mr. Schmidt: Okay. So the entire increase is going to be in grants. Is that more or less correct? You’re not increasing staff in that area?

Mr. Nicolaides: That is correct, yeah. We’re not increasing staff in that area.

Mr. Schmidt: Can you give me a status update on the enforcement regulations. This was a big issue for people in the trades. Are there any staff reductions planned? Do you intend to continue to keep the enforcement regime in place?

Mr. Nicolaides: We are planning to keep the majority of the regime in place. In that line item 3 we are looking at a $3.9 million decrease in salaries and supplies and services as well.

Mr. Schmidt: Okay. So $4.6 million?

Mr. Nicolaides: Okay. Sorry. You mentioned in line 3 an increase?

Mr. Schmidt: Line 3, yeah. Increase.

Mr. Nicolaides: Yeah, a $5.4 million increase. That’s $5 million in funding for the apprentice training award, which became available from a recent labour market transfer agreement, and $4.3 million for our skills for jobs agenda, which included funding to Women Building Futures; Careers: the Next Generation; Skills Canada Alberta; and our skills for jobs task force.

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Mr. Nicolaides: We are planning to keep the majority of the regime in place. In that line item 3 we are looking at a $3.9 million decrease in salaries and supplies and services as well.

The Chair: Thank you.

We now move to the government caucus for the next 10-minute speaking block. MLA Issik, you may proceed.

Ms Issik: Thank you, Mr. Chair. Minister, thank you for all your work to be on top of these files. Certainly, Advanced Education is a complex department. We know that Advanced Education delivers a vast array of services ranging everywhere from world-class research institutes to programs for professionals. You know, we think about law and teaching and other professional degrees. We certainly have the liberal arts, we have trades, we have other skills that are provided through various institutions, and we do it at different levels.

One thing we do know that is usually not talked about in conjunction with Advanced Education is the work that is done with respect to transitioning from high school to postsecondary, but also for many Albertans literacy is a challenge. Adult literacy is still a challenge in our province, and it’s something that we continue to try to address, I’m sure, because a lack of literacy can be a barrier to employment and even to some basic living skills.

4:50

I wonder if you can inform us as to where that is in this budget. I’m looking on page 26 of the estimates, and I’m assuming that adult literacy probably falls under foundational learning programs and, possibly, I think, also part of the community education initiative. I’m just wondering if you can make some comments on our commitment to adult literacy and its importance in terms of helping Albertans to be employed altogether and also, you know, to be able to continue in their daily lives in a fashion where they’re self-reliant. If you could just point, perhaps, to where we are at with programming, how it’s being delivered, and where that falls in our budget and how it’s looking for this coming budget year.

Mr. Nicolaides: Yeah, absolutely. I’d be happy to speak to that. You’ve articulated very clearly the incredible importance that foundational learning provides to so many Albertans. It’s such a critical component of what the Ministry of Advanced Education does. It’s so critical, obviously, because it gives a lot of individuals an opportunity to access postsecondary education, to overcome some real and significant barriers to their being able to access postsecondary education. It gives them that opportunity.

As you’ll see in line item 5.2, spending there has remained consistent. We want to ensure that we’re able to maintain a high degree of support for foundational learning in the province. I can break it down in a little more detail if you’d like. There’s $3.8 million provided within that to program delivery support, which is, you know, salaries for staff to be able to administer the programming, and $93 million for foundational learning supports, which provides support to just under 11,000 learners within the province of Alberta. It’s critical. It’s money very well spent and money very well used.

Dollars that are available under foundational learning support provide grants to individuals to cover the costs of tuition and other mandatory fees that they might have to pay as they participate in postsecondary education. It also provides to those individuals a monthly living allowance because a lot of these individuals tend to be, of course, not moving directly out of high school, so they have families and they have jobs and careers that they need to contend with. An important part of this is providing monthly living allowances so that people can still get by while upgrading their skill set and participating in postsecondary opportunities. It’s fundamentally about maintaining support for some of the most vulnerable within the postsecondary system.

Just to give you some more details, typically the living allowances that we provide account for 54 per cent of the dollars that are available, and tuition represents an additional 40 per cent, while books and other supplies account for an additional 6 per cent. Again, it’s a very important aspect of what the Ministry of Advanced Education does and is a key theme for our government and across all of Budget 2019, of course, which is protecting the most vulnerable. This is a clear demonstration of that.
Ms Issik: Just a quick supplemental: are you able to provide in your numbers information on adult literacy programming specifically, or would you be able to provide that at a future date?

Mr. Nicolaides: Could you give me a little more context as to what kind of information you’re looking for?

Ms Issik: I’m just looking to understand the funding for adult literacy programs.

Mr. Nicolaides: Oh, I see.

Ms Issik: Yeah.

Mr. Nicolaides: Okay. The specific programs that are used . . .

Ms Issik: Aimed specifically at adult literacy.

Mr. Nicolaides: I don’t have that breakdown in front of me in terms of the dollar amounts per program, but I do have some information in terms of where the learners are going and what services they’re taking advantage of. For the ‘18-19 fiscal year there were approximately 2,418 learners that participated in English as a second language. There were just over 4,000 that participated in basic skills programing and academic upgrading opportunities, and just over 1,400 participated in training for work. This can involve things such as helping individuals find direct placement in training and work opportunities. Just shy of 3,000 were part-time learners, who, of course, are the vast majority looking at participating on a part-time basis because they have other dynamics and realities that they need to contend with in their lives.

Ms Issik: Okay. Thank you. I appreciate that.

Mr. Nicolaides: Of course.

Ms Issik: I would cede my time now to Member Jones.

The Chair: MLA Jones.

Mr. Jones: Thank you. I want to return to the graph on page 90 of the fiscal plan, just to make sure we’re all on the same page. I just wanted the minister’s take. If you cover the period from 2015-2018 – in other words, if you look at what the previous government would have seen at this point – there was about a 90 per cent increase in base-operating grants versus a 20 per cent increase in inflation and a 10 per cent increase in student enrolment over the previous 10-year period. Would you say that the problem was obvious at that point, and do you feel that it would have been obvious if it wasn’t apparent right at the get-go, after several years it should have become incredibly apparent, not just because of growing government dollars and growing government funding to postsecondary institutions. That’s one thing, but we can’t look at an increase in funding out of context. Obviously, if we’re generating superior results, then you can make a very strong argument. At the same time, particularly over the course of those years, as I mentioned, postsecondary participation rates did not increase; they remained flat at 17 per cent. Enrolment did not increase. In fact, as was highlighted in the annual plan, it’s actually down from some of those early years. You know, there should have really been alarm bells ringing in the sense that we’re continuing to provide additional funding to our institutions; however, domestic enrolment is decreasing, and postsecondary participation rates are not improving. One would wonder and should think about what is happening and warrant a deeper investigation.

Mr. Jones: I agree. To me, the graph indicates that the previous government ignored the problem and felt that continuing to simply throw more money at it . . .

The Chair: Good. Thank you. I will now call a five-minute break. We are at about the midpoint of our meeting. We will reconvene in five minutes. Thank you.

[The committee adjourned from 4:59 p.m. to 5:04 p.m.]

The Chair: Okay. Thank you. We will now reconvene with the Official Opposition. We have a 10-minute speaking block. MLA Bilous, you may proceed.

Mr. Bilous: Okay. Thank you very much, and, Minister, I want to thank you and your department staff for the work that you folks do.

I’m only going to cover about three different topics. The first one: if I can actually direct your attention, folks, to the Budget Address that the Minister of Treasury Board and Finance gave in the Legislature. If you’ll indulge me, Chair, I just want to read a section and then ask questions on if and how it applies to the Ministry of Advanced Education. It talked about “building on our strength in technology, data, and telecommunications.” The commitment in the budget says:

We will spend more than $200 million on research, innovation, and commercialization to develop talent and attract global investment. This funding will commercialize technologies that will improve the productivity and competitiveness of our traditional industries and build the ones we’ve not yet envisioned.

This funding will support a highly skilled labour force, world-class university programs, and a competitive business environment.

My question to you, Minister: of this $200 million commitment in the budget, is any of it going toward Advanced Education? If you can point me in your ministry to which line item, please.

Mr. Nicolaides: Yeah. I’d be happy to. You’re correct. It’s a $200 million commitment to research, which is an important priority for us. We want to continue to support and strengthen research in partnership with our postsecondary institutions. Regrettably, it’s not a line item in my budget, so I can’t give you any more details on it. My advice would be to raise it with Economic Development, Trade and Tourism.

Mr. Bilous: Oh, I plan to, but I just wanted to make sure that there wasn’t a piece of it. From how it’s worded, it speaks about world-class universities, so I just wanted confirmation if you folks had any of the $200 million.

Mr. Nicolaides: Yeah. Again, as I mentioned, it’s not a line item in my budget, so there’s limited ability for me to speak to it.

Mr. Bilous: Just to confirm, Minister, Advanced Education won’t receive any of the $200 million even as a flow through to your stakeholders, correct?

Mr. Nicolaides: I’m sorry. Could you repeat that?

Mr. Bilous: Advanced Education won’t receive any of the $200 million even as a flow through to your stakeholders? I know that under previous governments we’ve done that, where money is allocated from TBF or another ministry that it flows through. So just to confirm: Advanced Ed won’t have any of that money flowing through?
Mr. Nicolaides: No. Advanced Education won’t have that flowing through. Those funding dollars will be provided by Economic Development, Trade and Tourism.

Mr. Bilous: Great. Thank you, Minister.

Next question for you. It’s not so much in the budget, but I’m just curious to get your sense. Does the ministry have any plans or potential dollars to advocate working with our postsecondaries around intellectual property, enhancing their policies to open them up a little bit more? You know, members of the business community and even researchers at our postsecondaries have talked about the policies that have been interpreted as stifling and restrictive as far as, again, going against encouraging good research, commercializing it, turning it into businesses, solving real-world problems. We know that that fits as well with your government’s mandate, so I’m curious where and if intellectual property fits within your priorities, sir.

Mr. Nicolaides: Yeah. Absolutely. It’s similarly a crossjurisdictional item but one that’s particularly important to the point that you raised. It’s actually a platform commitment of ours, which is to work with our institutions to support commercialization activities on our campuses. There’s also a platform commitment in terms of working with our postsecondary institutions to develop a robust IP framework to assist our institutions and work with our institutions in the development of intellectual property. It is an important priority for us. I can’t give you, regrettably, further details, primarily because those two items are being led by Economic Development, Trade and Tourism. We are working collaboratively together with them on those two items, but it’s not reflected anywhere here in Budget 2019.

Mr. Bilous: Can I just ask a quick follow-up on that? Developing a framework: is that a concrete step that maybe EDT is leading? Are they working on an actual IP framework with our postsecondaries? Is that something that we may see in the coming months or in the future, that type of thing?

Mr. Nicolaides: Yeah. I can’t speak to the specific initiatives within Economic Development, Trade and Tourism, and I don’t have the exact wording of the platform commitment in front of me, but the platform has been very clear about working with our institutions to strengthen commercialization activities and strengthen IP development.

Mr. Bilous: Okay. Great. Thank you. I appreciate that.

In my last series of questions before I pass it back to a colleague, I just want to go back to the questions that the Member for Edmonton-Gold Bar was asking on the tech talent seats, again something that’s near and dear to my heart. Now, we had under our government committed to 3,000, and I believe you had clarified that in your budget you funded 406 new tech spaces, correct?

Mr. Nicolaides: Yes.

Mr. Bilous: Okay. And the 406 is total. Is that correct?

Mr. Nicolaides: Correct.

Mr. Bilous: You may not have it with you, and I appreciate that, but is it possible to get a sense of which institutions are getting which of those seats? I’m curious about how many are going to either U of A or U of C but also to some of our community colleges and technical institutes.

Mr. Nicolaides: Yeah. Give me a second. I might have that information.

Mr. Bilous: Sure. If you don’t, I’m happy to get it from you; if you can provide it to the committee, that is wonderful.

Mr. Nicolaides: Okay. Yeah, we’ll have to provide it to the committee because we don’t have the specific seat allocation here with us.

Mr. Bilous: Yeah. Just to get a sense of the institutions.

Now, I will just flag for you, Minister, that we’ve learned that 80 per cent of those grads that have graduated from those tech seats have already found jobs. I guess I would just urge you and your department to look at the success of some of those seats as far as, again, diversifying the economy, as far as taking advantage of the artificial intelligence expertise and tech that we have in the province.

I’m very happy to see that your government has acknowledged the incredible work that we have at AMII through the U of A and others. I appreciate that this budget is done, but I think that there’s a real opportunity, possibly for the spring budget, to look at how we can enhance those grads. The reason I’m saying this is that when we worked very closely with Amazon when they were looking at building a centre, their HQ2, in Calgary, the number one reason they said, sadly, that Calgary didn’t make the short list is that there’s still a shortage of tech grads, again recognizing that we want the tech grads but that we also need to make sure we create the climate to attract those companies and then keep people here in the province.

I’ll be talking to your colleague Minister Fir about the dissolution of the tax credits, which I’ve said a few times. Unfortunately, we can talk about the corporate tax rate reduction; however, our corporate tax rate could be zero in Alberta and it still does nothing to help our tech and start-ups because they don’t pay taxes. Every dollar gets reinvested back into the company. Tools like a tax credit: I will urge you, sir, to work with your colleagues in looking at some iteration of a program to support the tech sector. I agree with you, and I know I’ve heard you say that you believe in diversification, that you look at the value of postsecondaries and how that will help us diversify our economy. Hopefully, you’ll consider looking at some of these tools to help our postsecondaries and Albertans.

Mr. Nicolaides: Yeah. To that point, I wasn’t aware of the stat, but I think it’s incredibly powerful that 80 per cent, of course, are finding employment. I’ve had a number of conversations with . . .

Help me with the acronym TACT.

Mr. Skura: Talent Advisory Council on Technology.

Mr. Nicolaides: . . . the Talent Advisory Council on Technology, which has talked a lot, again, specifically about Amazon and other challenges and about labour, available talent as well for a growing tech industry. Given the financial constraints, though, that we’re in,
I do believe there is a unique opportunity, as we look at developing a new funding formula, to work with some of our institutions to help incent that type of behaviour. It’s very plausible that through a new funding formula we ask some of our institutions to actually increase seats that they offer in those areas and provide some benchmarks for them.

Mr. Bilous: Minister, I apologize, but I have five seconds left. Is TACT continuing, or has that council been dissolved?

The Chair: Okay. We will get to that soon.

For the next 10 minutes I will hand it over to the government caucus. MLA Jones, you may proceed.

Mr. Jones: Thank you, Chair. I just want to pick up with the minister. We were looking at page 90, funding to postsecondary institutions, a historical perspective. In 2015, before the previous government took office, we had 12 years of data indicating that base operating grants were increasing rapidly, outpacing inflation and student enrolment. Over the 12-year period it was roughly four and a half times inflation and nine times student enrolment. This is all going to feed into some questions I’m going to ask you at the end.

[Mr. Bilous in the chair]

I want you to now turn to the business plan, performance indicators, on page 4. We have: “Percentage of post-secondary graduates who report being employed approximately two years after graduation.” You know, those numbers were fantastic from 2010 to 2014. Before the previous government they averaged around 95 per cent. Would you say that it’s fair to say, Minister, that the percentage of those postsecondary graduates who reported being employed declined post-2015 under the stewardship of that government?

Mr. Nicolaides: Yes. You know, the data on page 4 that you’re referencing there clearly shows the decline in the percentage of postsecondary graduates who report being employed two years after graduation. In 2012 we saw that reach its highest point, 96 per cent, which, of course, dropped to 92 per cent in 2016 and then to 93 per cent in 2018.

Mr. Jones: On the very next page in 1(c) we see the performance indicator: “Percentage of apprentices surveyed between 5 and 18 months after graduation who report being employed.” Once again, we have this wonderful average of 95 per cent before 2015 and then a sharp decline, down to 87 per cent. The reason I highlight this data is because you are now at a relatively – you’ve just started your stewardship over this portfolio, and it seems to me that the previous government completely ignored all of the data that was in front of them and failed to take any corrective action.

Further down on page 5 we see more performance metrics. I see the only decline in “total unique learners enrolled in approved programs offered by Alberta’s publicly funded post-secondary institutions” is during the previous government’s tenure. On the very next page, page 6, is the performance indicator: “Percentage of recent post-secondary graduates who report that the program they took was worth the financial cost.” The average is 86 per cent, 87 per cent for the period from 2010 to roughly 2014. Under the previous government that declined to 80 per cent. All of this is despite record amounts of money being thrown at it. So it looks, to me, like you are looking at the data and that it is informing your corrective actions, and I’d like to encourage you to do so.

I’d like to cede the remainder of my time to MLA Horner.

The Deputy Chair: Go ahead.

Mr. Horner: Yeah. Thank you very much. Through the chair, thank you for letting us grill you for a morning and an afternoon. You guys are doing great. Just something that’s been nagging at me since this morning – and I think you touched on it briefly – is on page 26 of the estimates, line 1.1, the minister’s office. I just can’t understand. There must have been extenuating circumstances out of your control. Just for clarification if people are watching at home, in a time of fiscal restraint like this, maybe you could just tell us in a little more detail why you had to increase the budget for you office.

Mr. Nicolaides: Yeah. I’d be happy to. Obviously, it was a point that was incredibly concerning for me, to see that increase. As I was able to do some more digging and get a better understanding of what’s happening there, I was quite astounded, actually, to find that that increase was largely due to the payout of severances to the former minister’s office staff. That’s why you see that increase there, which I think is quite astounding. You know, we’re going through a very challenging fiscal time in our province, with close to 200,000 Albertans out of work, yet we see this massive increase, particularly due to, again, severance payments that were made to the former minister’s office staff.

Mr. Horner: Well, thank you for that, Minister.

I will cede my time to MLA Stephan, Chair.

The Deputy Chair: Sure.

Mr. Stephan: Thank you. I just want to actually turn to page 90 of the fiscal plan. I’ll refer to the right line graph this time. I know that enrolment growth was flat from when the prior government took over till I guess the 2017-18 year. Do we know how much the additional base operating grant was increasing through each of those four years notwithstanding that enrolment growth was flat? Do we have those numbers?

Mr. Nicolaides: I will ask my deputy to chime in and correct me if I’m wrong, but I believe it was 2 per cent.

[Mr. van Dijken in the chair]

Mr. Stephan: Two per cent. What does that translate into in terms of dollars? Do we know?

Mr. Skura: I’d have to do the math. I can get you that.

Mr. Nicolaides: We’ll get you the exact number.

Mr. Stephan: Okay. I’d appreciate that.

I would like to look at 2(a) in the business plan, which is the performance metrics in respect of enrolment growth. As I understand it, the prior government froze tuition on the premise that that would actually increase enrolment growth. Do you have any comments on why there is no change in enrolment growth during those years notwithstanding the prior government freezing tuition for that reason?

Mr. Nicolaides: Yeah. I think that’s something that we need to look at. You look at the performance metrics there under 2(a), and you see that from 2015 to ’16 the total number of unique learners enrolled in Alberta’s postsecondary system has decreased. I can’t speak to the reasoning behind it, but from what I’ve read and from what I understand, the tuition freeze was supposed to expand access and provide more Albertans an opportunity to access the postsecondary system. But the only conclusion that I can draw from
these numbers and from that policy is that it simply was not effective at all in terms of achieving its stated goal.

It actually doesn’t surprise me too much because if you actually take a look very carefully at the barriers to postsecondary education and a lot of the studies and other empirical analysis that has been done as it relates to access, there’s no correlation at all between the cost of tuition and expanded access. That is to say that if you lower tuition or freeze tuition, a lot of the studies and other evidence shows that that actually does not assist in increasing access. It’s fundamentally flawed logic, so much so that – I believe it was in 2011 – the Canadian Senate conducted a very comprehensive investigation into reducing barriers to access postsecondary education. They consulted with a wide range of stakeholders, student leaders, other groups and produced their final report.

I may get the number wrong, but they produced a number of recommendations in there in terms of actions that the federal government and other provincial governments and other actors can take to expand access into the postsecondary system, and not a single one of their recommendations suggested freezing and/or lowering tuition. If you delve deeper into the report, they go on at length to recognize the robust data that exists and the empirical data that exists within the public sphere regarding the correlation between tuition and expanded access, and they recognize that that correlation does not appear to exist. I think what we’re seeing here is a manifestation of what a lot of those studies suggest.

What is more effective is providing additional grants and bursaries and scholarships, which is the approach that we’ve taken. We’ve provided $2 million in Budget 2019 for additional scholarships to high school students and a number of other things.

The Chair: Okay. Thank you, Minister. We’ll continue that conversation later.

I now turn it over to the Official Opposition caucus and MLA Schmidt.

Mr. Schmidt: Well, thank you very much. I do want to continue that conversation now. On the issue of student aid – I’m looking at line 4.1 – you’re showing a 2 and a half million dollar reduction in the budget from 2018-19 to 2019-20. We’ve seen a theme here, that it’s salaries and services. Can I correct in assuming that it’s salaries and services? Can you give me a sense of how that will impact the delivery of student aid and scholarships and awards?

Mr. Nicolaides: Yeah. You are correct. The decrease in line item 4.1 is a $2.7 million decrease. The bulk of it, $2.6 million, is a reduction in supplies and services, including loan administration, fees as well as salaries and benefits in terms of broader savings. I don’t anticipate this to affect the ability of individuals to access scholarships and other student loan opportunities. I mean, we were speaking earlier today about . . .

Mr. Schmidt: On that – I apologize for the interruption – what are the metrics, I guess, for the success of the delivery of the scholarships, awards, and student aid programs?

Mr. Nicolaides: Well, I think the success metric that one wants to look at in terms of student aid and scholarships is twofold. Just continuing off the earlier conversation, I think that first and foremost it’s whether it is fundamentally achieving the goal of increased and expanded access into the postsecondary system. For a lot of scholarships and other student aid provisions in terms of loans and grants, that’s their fundamental purpose, so that is a metric of success as well as whether for a particular scholarship there are funds left over. Of course, if you get to the end of a budget cycle and there are still funds left over for a particular scholarship, that could imply that individuals weren’t aware of this scholarship, didn’t apply for it. We continue to look at those two dynamics and ensure that student aid is achieving its fundamental goals.

Mr. Schmidt: Okay. Thank you very much.

On the question, then, of scholarships and awards, can you give us an update? I know that the department was in the process of significantly revamping the scholarships, so I’m referring particularly to the scholarships and awards that are in line 4.2, not the heritage scholarships, just so that we’re clear. What is the progress update on restructuring the existing scholarships?

Mr. Nicolaides: Yeah. What you’re referring to there is a scholarship transformation project that began back in 2015, which has caused a lot of I would say concern and worry amongst a lot of students. Almost on a daily basis I get e-mails from individuals saying that they want to inquire about the indigenous . . .

Mr. Schmidt: I apologize for the interruption. Just where are you at? When do you anticipate that that will be completed?

Mr. Nicolaides: Right. As I was saying, you know, it’s created a situation of a lot of worry and angst within . . .

Mr. Schmidt: If you could just tell us what the completion date would be, I’d appreciate that.

Mr. Nicolaides: Yeah. I’ll get you the completion date.

Mr. Schmidt: Thank you very much.

You know, in your statements to the questions from the members opposite you had said that tuition doesn’t impact enrolment but that, in fact, financial aid does. Then why are there no changes, I guess, in the amount of aid that is available this year over last year except for the $2 million which you noted? I note that none of that is actually going towards enrolment in postsecondary education.

Mr. Nicolaides: There has been an increase broadly in terms of student aid provisions available to postsecondary students. As I was mentioning just before our time was cut off, Budget 2019 sees $2 million in new scholarships for individuals to be able to access postsecondary education. There was also an announcement that my colleague made earlier today in Children’s Services regarding an additional . . .

Mr. Schmidt: That’s not in your budget, though.

Mr. Nicolaides: Correct.

Mr. Schmidt: Student aid grants, though, are intended for people who need financial aid to attend postsecondary institutions. You’re not increasing the budget this year. So tell me: do you anticipate any increases in the budget for student aid grants in upcoming years given the explicit consideration to increase tuition by 21 per cent over the next four years?

Mr. Nicolaides: Yeah. What we’re looking at there, as I mentioned, is that other increase as well from Children’s Services.

Mr. Schmidt: I’m not interested in the increase from Children’s Services; I’m interested in what increases you’re planning in line 4.3.

Mr. Nicolaides: Which I will get to, of course, but I’d just like to finish my comment there.
Mr. Schmidt: No. I’m sorry. We don’t have a lot of time, Mr. Nicolaides. I would like to know what your plan is to increase student aid grants in line 4.3.

Mr. Nicolaides: Right. So just to finish my comment there, it’s an important contribution . . .

Mr. Schmidt: Okay. I’ll ask you, then, to provide that to me . . .

The Chair: Excuse me, please. I would remind both the minister and the member to flow their comments through the chair and respect the time that you have.

5:30

Mr. Schmidt: Well, thank you, Mr. Chair. I look forward to getting a response to that question in writing.

I do want to then talk about the Alberta heritage scholarships program, which is flat from the 2018-19 budget. Can you tell me what changes are contemplated to the heritage scholarships program? Are you contemplating shifting any of those from merit-based scholarships to financial aid scholarships?

Mr. Nicolaides: We’re not anticipating any changes to the heritage scholarships. Those remain in place, no changes to the criteria or other merit aspects of it or the eligibility. You’ll see an increase from the ’18-19 actual, which is an additional $3 million, anticipating greater demand and need particularly for the Alexander Rutherford scholarship. We anticipate the number of learners able to access that scholarship to increase, so that line item sees an additional $3 million provided for the Rutherford scholarship.

Mr. Schmidt: Thank you very much. Forgive me. I don’t know in the fiscal plan where the money allocated for the heritage scholarships shows up, so I can’t refer to a page.

Over the next four years in your fiscal plan are there any plans to increase the amount of money that’s available through the heritage scholarship program?

Mr. Nicolaides: The details of that are provided on page 29 of the estimates.

Mr. Schmidt: But there are no further details on potential increases to the heritage scholarship program anywhere else. Not 2019-2020 but over the period . . .

Mr. Nicolaides: Over the next four years?

Mr. Schmidt: Over the next four years.

Mr. Nicolaides: No. Further details I don’t believe are contained in the fiscal plan. We’re having a closer look, but to my knowledge it’s not included in the fiscal plan.

Mr. Schmidt: Thank you very much.

Line 4.4 shows an increase in student loan disbursements. Is that due to increased numbers of students applying for student loans, or is that an increase in the allowable loan limit?

Mr. Nicolaides: Just give me one second to get to that section for you. That increase, 4.4, there’s an anticipation of a higher volume of borrowers in ’19-20.

Mr. Schmidt: How many student loan borrowers do you anticipate in 2019-2020?

Mr. Nicolaides: I’m just trying to find that section. 89,000.

Mr. Schmidt: How people have student loans currently in repayment in Alberta?

Mr. Nicolaides: I’ll just wait to get that number from my DM. I don’t have the raw number, but I can tell you that 44 per cent are in repayment.

Mr. Schmidt: If you could provide in writing the number of loan holders that are in repayment, I’d appreciate that.

Are you contemplating any changes in the loan limits made available to student loans?

Mr. Nicolaides: No, we’re not contemplating any changes.

Mr. Schmidt: All right. So tuition is going to go up, but student loan availability is not going to go up. Is that correct?

Mr. Nicolaides: An important thing to note there is that Alberta has one of the most generous student aid benefits in the entire country, which includes some quite flexible student loan . . .

The Chair: Thank you.

We’ll now move to the government caucus for the next 10 minutes.

MLA Issik, you may proceed.

Ms Issik: Thank you, Mr. Chair.

Minister, thank you for your comments thus far. I’m going to continue on the topic of scholarships. I’m actually quite interested to hear your answers. You know, I’m going to ask you some questions, and then I’m going to let you fully answer the questions that I have.

You mentioned earlier that scholarships, bursaries, and grants are important tools to increase enrolment in postsecondary education, and we know that for many in our province, you know, they may face some particular challenges. In particular, I’m thinking of some of our veterans who have returned and are finding their way to a new career as they’ve retired from service, so I note that we have a new scholarship for that, presumably designed to increase postsecondary institution enrolment in that group of people, and I’ll get back to that in a moment.

You also noted in your previous comments that some students were having issues accessing scholarships due to a process of consolidating scholarships in a new technology system to presumably help students apply for them and that that had been delayed. I presume that was an initiative from the previous government. Is that correct?

Mr. Nicolaides: Yes. That’s correct. Beginning in 2015 there was an initiative undertaken by the previous government to completely transform all scholarships, which involved several components. One involved a technology upgrade to provide a new system to allow scholarships to be processed in a faster manner and to assist with the processing and disbursement of those awards. The second piece of it had to do with the amalgamation of small scholarships into bigger buckets. There were previously a number of scholarships where the total number of the students receiving the scholarships, the number of individuals that would receive the awards, was only two or three, and another scholarship where there was only one individual that was eligible to receive the award.

There was a lot of apparent duplication. That initiative began, and there was only one individual that was eligible to receive the award.

As I was mentioning earlier before I was cut off, there’s a lot of concern among students. Almost on a daily basis I get e-mails from students who tell me that a scholarship is no longer available, or
why is it no longer available, and it’s important. I have to, of course, provide clarity and let them know that the award is still, indeed, available. It’s just been rolled into a new program. There has certainly been a lot of concern, and one of the things that a lot of the student leaders flagged for me during our initial conversations was concern over the status of other scholarships. We’re continuing to work through that. At the moment the process is complete, and all scholarships where students do apply individually, themselves, online, are indeed up and running. Back in the summer I had been very clear, and I committed to Albertans that we would have this system up and running in the fall. We were able to deliver on that despite some of the challenging circumstances that we inherited.

Going back to your other comment as well, in terms of the effectiveness of scholarships and other Student Aid provisions, again, a lot of the evidence that exists within the body of work regarding accessibility seems to suggest and demonstrate that providing greater assistance in those areas can do a lot more to help individuals access postsecondary education. There are other considerations and other challenges. One of them is a perceived benefit, if you will. A lot of individuals view postsecondary as an expensive endeavour and don’t view the return as being sufficient and don’t believe that participating in postsecondary education for a number of years and contributing to that cost environment is really helpful. We’ve committed, as I mentioned, $2 million in new scholarships to help individuals access postsecondary education. We’ve committed funding to Careers: the Next Generation, a program that gives high school students a lot of dual-credit opportunity so that they can access postsecondary. We want to quadruple the number of students that are participating in that program.

5:40

My colleague in Children’s Services announced earlier today an additional $1 million for individuals that are in care or transitioning, again, that are the most vulnerable, so that they can participate in postsecondary education. We’ve also committed to an additional $2 million for students with developmental disabilities, again, so that they can participate and continue to have access to opportunities in postsecondary education. We’ve also accounted for approximately a $50 million expansion of student loans because we’re anticipating an increase in the number of Albertans accessing student loans, so we’ve accounted for that increase to ensure that students have those opportunities.

As I mentioned earlier, Alberta has the most generous Student Aid program in the entire country. Under the actions that we’ve taken, Alberta will continue to lead the way in that regard. Furthermore, just coming back to the point of student loans, Alberta also has some of the most flexible eligibility requirements when it comes to accessing student loans, not just in terms of eligibility requirements but even repayment. We give students six months of a no-repayment period after graduation; a lot of other provinces don’t provide that. We do because providing access to our students is absolutely critical, and I believe that’s demonstrated quite clearly through Budget 2019.

Ms Issik: I’d like to congratulate you and the cross ministerial work that’s being done to, in fact, allow for many of our most vulnerable groups to increase their accessibility to postsecondary. I think it’s fair to say that if you’ve returned from service overseas or with one of the services, if you are a child in care who has clearly met some disadvantages in your life, that should not preclude you from participating in postsecondary education. Perhaps you could continue to explain how students are going to be able to access scholarships. I mean, I understand that, you know, in a transformation process sometimes things get slowed down, but I think it’s fair to say that in the summertime there was quite a kerfuffle amongst students because execution of some of these projects, as you try to transform, is pretty important. It looks to me like some students may have missed out on some scholarships over the last little bit, perhaps due to a poorly executed work plan around the computer system to apply online for transformed scholarships. Perhaps you could comment on what that will look like going forward, as you are now the minister, and how increased numbers of students are going to be able to access scholarships.

Mr. Nicolaides: Yeah. Absolutely. I’d be happy to. Again, as I mentioned, almost on a daily basis I get e-mails from individuals wondering what happened to a scholarship and where it’s gone. There is definitely some degree of uncertainty with some of those scholarships and what happened to them. We’re working to try to correct the situation as best as possible and in a timely manner. Again, because some of those have been amalgamated, an initiative that we saw under the previous government, students are still trying to get a better handle on where some of those scholarships have gone and whether they’re still available. I think that just yesterday, looking at an e-mail from an individual, an indigenous learner was particularly interested in the indigenous career award and was quite distraught because they believed that it was no longer available and it is an important part of how they cover the cost of tuition and participate in postsecondary programming. Their understanding with that was that that scholarship was now completely gone, so we had to provide that clarity to them.

The Chair: Thank you.

We now move into a 10-minute block for the Official Opposition. MLA Eggen, you may proceed.

Mr. Eggen: Well, thank you, Mr. Chair. As I’ve said, I’ve been getting quite a lot of questions from people around the province, and perhaps I can just work through some of these. The first one is talking about how the government of Alberta plans to hold postsecondary administrators accountable to not cover their shortfall in funding onto students’ backs, right? Then this person says: can Alberta’s families and students expect a clear mandate for institutions, where they can look for efficiencies and refrain from cutting front line, classroom, and instruction?

Mr. Nicolaides: Yes. The short answer to that question is: absolutely, yes. In my post-budget conversations with our board chairs and university presidents and institutional leaders, I made it very clear to them that they must look at finding efficiencies and improving operations in a manner that does not adversely affect students, quality of education, and student services. I’ve been very, very clear with our institutions that that is my expectation. Furthermore, just to continue there, I’ve also asked our institutions to provide a budget impact plan by December 2 to the department so that we can have a closer examination as to how they plan on dealing with those savings. Quite frankly, if an institution submits a plan to me, and it outlines that their approach to find savings is to simply fire a hundred faculty, that would not be an acceptable plan, and I would not sign off on a plan of that nature.

Mr. Eggen: Would you sign off on a plan that would reduce wages for instructors and postsecondary workers?

Mr. Nicolaides: You know, we have to look at all the dynamics, of course, and ensuring that we protect the fundamental goal, which is
ensuring a high-quality system. Coming back to the MacKinnon panel report, one of the things that it really showed was that spending in administration in Alberta is through the roof with respect to comparative provinces. So I’m very interested to receive those budget implementation plans and work with our institutions to find the best path forward.

Mr. Eggen: Thank you.

One issue that I heard when I was out travelling around was that if you are imposing these cuts, that you put in a standard for accountability so that it doesn’t change from year to year. One thing that we see in some places – right? – is that they will change the parameters of their accountability standards and thus are able to circumvent perhaps the expectations of staff and students. So can you make your stipulations and your parameters public around how people can make cuts, so that the staff and the students can also see, like, what’s going on and how they are protected?

Mr. Nicolaides: Right. To answer that, a lot of it will be guided by the new funding formula that we establish and put in place. Our goal is to have that in place for September 2020. Of course, that new funding formula will be done in consultation with student leaders, with our institutions, with our board members. We haven’t finalized it, but I would expect that that would be made public; I wouldn’t have any concerns with that.

Moreover, I believe strongly in a model where we negotiate and work with our institutions to identify key targets, key metrics that we believe our institutions can achieve, and enter into multiyear-style agreements that clearly stipulate what we expect domestic enrolment to be, international enrolment to be, support for student services to be, the quality of teaching, and other metrics, and work on developing that in consultation with our institutions so that our students and faculty and all stakeholders can have absolute clarity. It’s something I’m sure you’ve heard about because I have as well, particularly from our students, that they want to see a greater level of transparency. They’re concerned as well as to: well, we know that government is giving funding to our institutions, but where is it going, and how is it being used? I know that a lot of our students have questions in that regard, and I think that we can provide a higher degree of long-term transparency and accountability.

Mr. Eggen: Thank you. I appreciate that.

I mean, we talked about this this morning, but I think it bears expansion. The MacKinnon report, I think, was particularly tone-deaf in its choice of using an accountability matrix around completion rates.

5:50

You know, when I look at the reduced grant funding for schools like Lakeland College and Portage and Northern Lakes College up in Slave Lake and Keyano, I mean, these are schools that are part of the strategy to increase postsecondary education participation for First Nations, Métis, and Inuit communities, and to suggest that we have an excess or surplus of colleges goes against the principle of equity and equality between different geographic areas, different socioeconomic groups, and particularly First Nations, Métis, and Inuit students, right? We know that there’s a demonstrable success in places like Northern Lakes by special programming and having it localized there. I just hope that you do not – are you taking the MacKinnon report’s suggestion to heart that we have too many colleges and, you know, some of them need to either be seriously cut back or even closed?

Mr. Nicolaides: Yeah, well, you know, it’s an important thing that I believe we need to think about very strategically, particularly for northern Alberta as well. You mentioned Northern Lakes. I mean, Lakeland College is probably a little bit more central, but they service, as you mentioned, in terms of their mandate, and provide a lot of educational opportunities to indigenous learners and other individuals. I think it warrants a discussion about – and maybe this is something that’s addressed through a new funding formula.

In terms of whether our institutions are hitting those objectives and those metrics and those targets that we’ve established, at the moment we don’t have any. We’re not really incenting Portage or Northern Lakes to expand access to indigenous learners or to grow into other areas. So through a new funding mechanism I believe we can establish some very realistic metrics and targets to help ensure that they’re provided sustainable funding that is reaching the intended learners within their local community and providing the important opportunities that those communities need.

Mr. Eggen: Here’s another one from Calgary. Redactions to Campus Alberta grant amounts seem to be based largely on historical surpluses at each postsecondary institution. This is being perceived as a punishment for postsecondary institutions that have actually demonstrated fiscal responsibility. How will the government ensure that PSIs are rewarded and not punished for good fiscal stewardship?

Signed Concerned. Very concerned.

Mr. Nicolaides: Yes. You know, that’s a very important question, and, of course, we simply don’t want to be putting our institutions that have been strong and good stewards of taxpayer dollars into a challenging situation. The short answer to that is that I think that can be addressed through a new funding formula. As I mentioned earlier, how we structure that formula and what some of the metrics will be, obviously, is still something that we want to develop and do in consultation with our institutions, but I would be quite inclined to see a metric or two in there that look at an institution’s prudent stewardship of taxpayer dollars. I’m not sure exactly what that metric would look like and how it would guide the funding formula, but I believe it’s an important part that needs to be considered.

Mr. Eggen: Okay. I’ve got another one. I just want to move quickly here.

Mr. Nicolaides: Sure.

Mr. Eggen: On page 8 of the business ministry plan, kind of what Marlin was talking about, the target for student aid spending next year is approximately $25 million less than the current year. So which scholarships does the minister plan on cutting or reducing to account for this decrease?

The Chair: Thank you. For the . . .

Mr. Eggen: You can answer that in writing.

Mr. Nicolaides: Let me say that we’re not planning on reducing any scholarships.

The Chair: Okay. We now move to the government caucus for the next 10 minutes. I will call on MLA Barnes.

Thank you.

Mr. Barnes: Thank you, Mr. Chair, and thanks to the minister and your department for all your work and for being here today. I just have one question, and it’s based around your outcome 3, what you
want to achieve. “Post-secondary institutions have the flexibility and freedom to innovate and compete.” All universities are important to me, especially mid-size. Of course, Medicine Hat College is crucial to the development and the betterment of Medicine Hat and has a really crucial spot in our community. I started my university time at Camrose Lutheran college, before it became Augustana, and went on to the U of A.

I want to tie that in to key objective 3.2, where you “reduce red tape on post-secondary institutions to allow them the freedom to compete and innovate by lessening regulatory and reporting requirements.” In 30 seconds or a minute – I know that the time is limited – I’d like to hear from you, please, Minister, what your thoughts are on how we ensure that a place like Medicine Hat College has the opportunity to collaboratively work with the bigger universities, whether around how a student has the opportunity to start there and then move to a different university or, if they prefer, give them maximum choice and let them stay where they’re at. From time to time I hear that that transfer is still difficult. What are your thoughts on making it easier for the student to seamlessly move through our system?

Mr. Nicolaides: Yeah. You know, I think that that was one of the foundational visions, if you will, behind the whole concept of Campus Alberta, a vision that I don’t believe is being met because there are still a lot of barriers to students being able to move within the system, and that’s really frustrating for me and I know for a lot of our students. I mean, we’re not crossing international boundaries here and transferring from another country that speaks a different language and has different academic requirements. This is from Medicine Hat to Edmonton or from Grande Prairie to Calgary. It’s really an area of concern of mine, as you can tell, that there continue to be roadblocks in allowing students to move a lot more freely through the system.

I’m not entirely sure what the answer is in terms of addressing that, but I believe the time has come for us to have a very serious conversation about how the system is working and come up with some innovative ideas to improve that. One thing that I’ll note, and the MacKinnon report talked about as well, is duplication within a lot of our institutions and a seemingly limited desire to collaborate with partnering institutions. So my intent is to work very closely with our institutions and strongly encourage them and help to facilitate a process in which they are collaborating a lot more. Again, I’m not entirely sure at this point, you know, six months into the role, what that can look like, but it is absolutely clear from our students that it’s something that we need to address.

Just coming back to your other comments about 3.2 here as a key objective. We need to reduce red tape on our institutions so that they have more flexibility to engage in collaborative processes like these ones that we’re talking about with other institutions. They have to submit comprehensive institutional plans to my department. They have to submit annual reports. There’s a lot of red tape that exists, and we have to find a way in which we can strengthen accountability and ensure a high-level degree of oversight but without doing it in a manner that’s onerous.

A lot of our institutions have been talking to me about not just the actual reporting and other regulatory requirements that they have to go through but, more importantly, the compliance costs that are associated with developing a lot of these reports and meeting a lot of these imposed regulatory requirements on our institutions. So we’re going to work to get rid of a lot of those unnecessary reporting requirements so they have more ability to focus on what they need to be focused on, which is expanding research, strengthening the student experience, and building stronger pathways and collaborations with other institutions.

Mr. Barnes: Thank you for that.
I’ll cede my time to MLA Jones.

The Chair: MLA Reid, I think it is.

Mr. Barnes: Reid. I’m sorry.

Mr. Reid: Thank you, Chair. Through you to the minister, I’m just looking for clarification. There seems to be some confusion over scholarships. Can you clarify whether you are or are not cutting scholarships?

Mr. Nicolaides: We are absolutely not cutting scholarships, and in fact, as I’ve mentioned, we have expanded scholarships. We have provided $2 million in Budget 2019 for two new scholarships: the high school apprenticeship scholarship and the Alex Decoteau veteran’s scholarship.

6:00

Mr. Reid: Thank you.

The Chair: MLA Jones.

Mr. Jones: Thank you, Chair. On page 5, outcome 2.4: postsecondary institutions are expected “to be fiscally responsible and accountable for value for investment.” Can you describe the concept of value for investment as it relates to Alberta’s postsecondary system and, if possible, compare some areas where value is being achieved and some areas where more value could be achieved?

Mr. Nicolaides: Yeah. You know, when I look at that key objective, for me that has to do with is directly related to one of our key campaign commitments, which was to develop a stronger connection between education and jobs. I believe that that’s, in more simple terms, what that is actually speaking to. In a dynamic where we have to be very mindful of every single tax dollar that we have at our disposal, that we’re using, we have to ensure that it’s being used in the most efficient way possible to ensure the strongest possible return on investment and the highest possible value for investment as it relates there. Our intention, as per our campaign commitment, is to get a better understanding of the cost of degree programs and the return on investment to taxpayers for those programs.

Mr. Jones: Thank you.

I’ve personally met with students who, after graduating, were not able to find employment because their degree program just did not facilitate itself to finding employment. They felt that it was odd that they couldn’t get into business or engineering because those programs – this is going back, but I imagine that this still happens today. They couldn’t get into those programs that do result in employment, yet the government is actively subsidizing both, so these students felt almost cheated that they were provided education that did not result in any opportunities for them. They wish that they had known the data. I think postsecondary institutions should do a good job of educating students on their options and what those options are likely to result in. They would also like funding diverted to open up room in programs that result in employment.

Mr. Nicolaides: Yeah. On that point, one of the things that I’ve been thinking about in a lot of detail is taking a page, if you will, out of the book of SAIT. To give you some more background and context to it, SAIT and a number of our other institutions clearly display, next to every program and program description, the average salary for individuals that graduate from that program and
the percentage employed upon completion of that program. I believe that that gives our students an incredible amount of transparency. As they’re looking at making their future educational decisions, they can look at it with a future career in mind as well, and they can recognize: well, if I participate in this program, it’s something that’s of incredible interest to me; however, the job placement prospects postgraduation do not appear as strong versus this program. I think we owe it to our students to be able to provide them with that kind of clarity. It’s a very important decision that they need to make, and I think that it’s incumbent upon us to ensure that we’re providing our students with as clear information as we possibly can as they’re making a very important life decision.

Mr. Jones: Yeah. I couldn’t agree more on the transparency for the students, but it also, I think, facilitates accountability for the postsecondary institution because you can look at the statistics of what percentage of graduates are attaining employment and at what wage. Arguably, the better the program, the higher the rate of employment and the higher the wage. I love it.

How much time, Chair?

The Chair: There are about 40 seconds left.

Mr. Jones: I don’t have a question that can be done in 40 seconds.

Mr. Stephan: I just have an observation.

Mr. Jones: I cede my time.

The Chair: MLA Stephan.

Mr. Stephan: Sure. I just have an observation kind of on this point. When I went to law school at the University of Calgary, one thing that I really appreciated is that there were sessional instructors who had real-world, practical knowledge that helped prepare me with some of the skills and knowledge that I needed upon graduation. As institutions look at, in terms of culture, the real-world, practical knowledge that helped prepare me with some of the skills and knowledge that I needed upon graduation.

The Chair: Good. Thank you for that.

We now move to the Official Opposition for the next 10 minutes. MLA Schmidt.

Mr. Schmidt: Thank you. Page 8 of the business plan, student aid: I just want some clarification. We’ve got $234 million set aside. Over the next four years we see the numbers go up and down, but overall it’s $15 million, $17 million, $18 million decrease. Where is that money going to be taken out of?

Mr. Nicolaides: That I really appreciated is that there were sessional instructors who

Mr. Nicolaides: Yeah. I’ll pass that question over to my deputy to provide more clarity.

Mr. Skura: Okay. This one will thrill you. It’s a technical accounting answer that I’m about to give you.

Mr. Schmidt: Yes.

Mr. Skura: I knew you would appreciate that. The amount of the actual loan is recorded on the balance sheet. Generally accepted accounting principles require us to recognize the subsidy on the interest that we’re giving to student loans.

Mr. Schmidt: I see.

Mr. Skura: They also require us to recognize the bad-debt expense. As the portfolio grows, bad debt grows. Because the interest rate will go up next year on the student loans by 1 per cent, that reduces the amount of the subsidy, so that’s why that amount is going down. It’s not affecting the amount of the student loans.

Mr. Schmidt: What is the total cost going to be? You’ll book it as a decrease in your costs; students will book it as an increase in their costs. What is the total cost decrease to the department, then, of the increase in the student loan interest rate?

Mr. Skura: Do you have that number handy, Richard?

My memory is telling me that it’s $20 million or $30 million, but I’ll get Richard to confirm that in a second.

Mr. Schmidt: Okay.

Mr. Isaak: The interest income is $20 million. That’s the additional interest income for that.

Mr. Schmidt: Twenty million dollars. So you’re projecting the interest rate to be prime plus 1? Is that correct?

Mr. Isaak: Plus 1.

Mr. Schmidt: For the entire period on page 8? Is that correct?

Mr. Isaak: Correct.

Mr. Schmidt: Okay. Thank you very much for that.

Now, I also see on page 29 of the estimates noncash amounts of $74 million for future costs of student loans issued. If my memory serves me correctly, this is debt forgiveness or loans that are written off because students can’t forgive that.

Mr. Isaak: Exactly.

Mr. Schmidt: What percentage of those comes from private vocational colleges? If you can provide that to me in writing, I would appreciate that.

Mr. Nicolaides: We might have to provide that in writing.

Mr. Schmidt: What is the plan, then, to reduce the risk of writing off loans because of private vocational colleges? If you could provide that to me in writing as well, I would appreciate it. Thank you so much.

I do want to go on to foundational learning programs. What is the maximum amount that a foundational learner is eligible for in a year?

Mr. Nicolaides: Go ahead, Andy.

Mr. Weiler: On average, it’s about a $10,000 cost for a foundational learner. The difficulty you have in pinning an actual number to a learner is that you have to take into account things like family size and the cost of the program they’re going into. There’s a fairly broad range.

Mr. Schmidt: Okay. It’s dependent on marital status and number of children.

Mr. Weiler: Correct.

Mr. Schmidt: Okay. Those are being deindexed. Is that correct?

Mr. Weiler: Correct.

Mr. Schmidt: Okay. So even though tuition for all of the programs that foundational learners are eligible for will be going up, they will not see an increase in their benefits. Is that correct?
Mr. Weiler: For indexing.

Mr. Schmidt: Okay. Thank you. Thank you very much for that. Sorry. I want to go to . . .

Mr. Weiler: But the tuition 7 per cent does not apply to foundational learning, just so we’re clear.

Mr. Schmidt: So this is only for academic upgrading. Is that correct?

Mr. Weiler: Academic upgrading, basic skills, and English as a second language. It’s the income support program that we’re talking about, so it’s outside of the tuition . . .

Mr. Schmidt: It’s outside? So that money can’t be used for tuition?

Mr. Weiler: It can be. Sorry. I’m talking about the 7 per cent increase per year.

Mr. Schmidt: Yes.

Mr. Weiler: Is that what you’re referencing?

Mr. Schmidt: Yes.

Mr. Weiler: Yeah. That does not apply to foundational learning.

Mr. Schmidt: Okay. So the cost of foundational learning programs will not increase with tuition. Is that correct?

Mr. Weiler: Correct.

Mr. Schmidt: Okay. Will that remain frozen, then? What will happen to the cost of foundational learning? What is the cost of foundational learning? Do you know? Sorry if I’m not making my question clear. If I’m taking academic upgrading at Grant MacEwan or whatever, I have to pay a certain fee for that.

6:10

Mr. Weiler: Correct.

Mr. Schmidt: Is that remaining flat, or is that going to increase year over year? What’s going to happen to that fee that’s charged for the academic upgrading program?

Mr. Weiler: I have to get back to you on that. For the most part I think it’s fairly flat for ’19-20.

Mr. Schmidt: Fairly flat.

Mr. Weiler: Yes.

Mr. Schmidt: Okay. All right.

Sorry. On page 190 of the fiscal plan, under SUCH sector full-time equivalents you’ve got 300 estimated full-time equivalent reductions in the advanced education sector. Now, earlier in your comments you had said that you were going to look for reduction plans from each of the institutions. Will those outline where the layoffs are going to be made? Is that my understanding?

Mr. Nicolaides: Yeah. The budget implementation plans that we’re seeking from our institutions will have more clarity in terms of where they anticipate finding savings.

Mr. Schmidt: Okay. Thank you very much for that.

Sorry. I want to go back to line 2.6, community education. English as a second language programming: that’s remaining flat. Is that correct?

Mr. Nicolaides: Just give me a minute to get to the section.

Mr. Schmidt: Page 26 of the estimates.

Mr. Nicolaides: Sorry. Section 2.6. What was your question?

Mr. Schmidt: Yeah. ESL funding: is that remaining flat? I’m sorry. I’m also looking at the business plan. Forgive me. I don’t know where ESL funding shows up on the business plan projections, but . . .

Mr. Nicolaides: Yeah. Under 2.6, of course, which is community education, our community adult learning program, there’s a small flat change there, actually a small increase of $48,000 as a result of minor increases in demand for that.

Mr. Schmidt: Okay. Is your intention to link the funding available for those programs to enrolment in any way? I know that you’re talking about funding formula changes to postsecondary institutions. ESL programming: some of it falls in postsecondary, some of it in other institutions. Are you looking at tying any of that funding to enrolment at all?

Mr. Nicolaides: Not at the moment. But I think it’s worth while, as the MacKinnon panel has talked about, taking a close look at a lot of program spending and examining whether there’s a way, of course, that we can be more efficient and effective with the dollars that we have allotted there.

Mr. Schmidt: Great. Thank you very much.

I want to go back to student loans. You’re not changing the loan limits that are available. Are you considering any changes to the repayment assistance program?

Mr. Nicolaides: Correct me if I’m wrong, but to my knowledge we are not making any changes to the repayment assistance program.

Mr. Schmidt: So that will remain flat as well. Is that correct?

Mr. Nicolaides: Correct.

Mr. Schmidt: Okay. Thank you very much for that.

I’m trying to – oh, okay. The funding model changes: those are going to be implemented in September 2020. That’s your current timeline?

Mr. Nicolaides: That’s our timeline. Correct.

Mr. Schmidt: Next year, will the March 2020 Campus Alberta grants be allocated based on the current block-funding model, or will those be allocated according to your hoped-for new funding model?

Mr. Nicolaides: Our intent is that the Campus Alberta grants be allocated in line with the new funding formula.

Mr. Schmidt: Okay. Thank you very much for that.

I want to go to the business plan now, page 6, key objectives, line 3.1, support postsecondary institutions’ efforts to diversify revenue and to explore more entrepreneurial approaches to program funding and delivery. What kind of increases in residence costs, student meal plans, parking costs, all of those other ancillary services that aren’t controlled, are you anticipating that students will have to bear
because you’re reducing the amount of Campus Alberta grants that are available?

**Mr. Nicolaides:** Right. Yeah. That’s at the discretion of each board of directors for the respective institution, which, of course, always contain student leaders and student representation.

**Mr. Schmidt:** Right. Okay. Thank you very much for that.

Line 3.2. You’re intent on reducing red tape but also enhancing accountability. Lord knows how you’re going to meet those seemingly divergent goals. One of the things that was frequently brought up to me as so-called red tape was the Campus Alberta Quality Council and their process for degree approval. Are you contemplating any changes to that system?

**Mr. Nicolaides:** At a high level I would say yes. It’s something that a lot of our institutions have flagged with me, which is the very tedious degree-granting approval process and the method that we engage in. The short answer is that we want to take a closer look.

**The Chair:** Thank you.

For the next 10 minutes we will have the government caucus. MLA Stephan, you may proceed.

**Mr. Stephan:** Thanks, Mr. Chair. Why don’t we just stay on page 6 of the business plan. I want to talk about performance indicator 2(c). I think this is a really important performance indicator because it’s what, actually, the students themselves are saying, and as government our focus is always on the public interest, and as it relates to advanced education our focus is the students, you know, and their best interests.

As we can see, in 2010 the question that was asked of postsecondary graduates was: was the program they took worth the financial cost? We see that in 2010 it was 87 per cent. Then in 2012 it was 86 per cent; in 2014, 86 per cent. In the intervening period we had a change in government. In 2016 we had 83 per cent saying that it was worth the financial cost, and then in 2018 we had only 80 per cent of students report that it was worth the financial cost. That’s 1 in 5 students who did not feel that the program they took was worth the financial cost.

Many of us, I think, in this room, on both sides of the table, recall the experiences that we personally had. Obtaining an education is a sacrifice both in time and in money, and I guess it kind of begs the question: why would a student feel that the program they took was not worth the financial cost? I want you to think about that for a moment. You know, it seems to me that for students that would generally report that it was not worth the financial cost, it was because they didn’t have employment opportunities when they graduated.

We know that, unfortunately, under the prior government, when they had started in government versus the time that they ended, there were tens of thousands fewer private-sector jobs at the end of their tenure than when they started. I can tell you that, as I knocked on doors in my riding, these are real individuals. We kind of talk about tens of thousands fewer private-sector jobs. These are real individuals, families who are trying to be self-reliant and seek happiness as they individually see fit. I guess my question is: when we kind of talk about value and making sure that students feel that their sacrifice is worth the cost, which, unfortunately, fell under the prior government, what relevance does this government feel a strong economy has to that particular performance indicator? In other words, how importantly is a strong economy going to impact the satisfaction that students will have with the financial cost of their education?

**Mr. Nicolaides:** Yeah. Thank you for that. I think that’s a very important question. We have to continually look at postsecondary education through the lens on return and student satisfaction and whether or not they viewed that it was worth the financial investment that they had to make. It’s my belief that economic performance and job opportunities directly impact how these scores develop, because, of course, as you noted, in the out-years here under 2(c) we saw an incredible decline in economic activity, an incredible flight of investment in our province, which led to tens and tens of thousands of layoffs and job losses. When you look at those decreasing rates within the context of our economy and job prospects and what was happening in our province, I think you can make a very clear connection.

6:20

I do believe that was the strongest motivator or reason why we’ve seen that decrease in the number of graduates who think that their investment was worth the cost, because fewer and fewer graduates from the postsecondary system in the province are finding job placement and are finding careers. After making an investment in their education and subsequently not being able to find employment, one would quite naturally view that it may not have been worth the cost that they paid and the investment that they made.

Of course, we’re seeking to correct that through a number of different mechanisms. The first is through our broader government approach in job creation by reducing taxes on businesses and other measures. Our plan and our approach are to encourage more economic activity and encourage the creation of more job prospects, which will help us turn this indicator around.

Secondly, our incredibly robust skills-for-jobs agenda will also assist in changing those performance indicators. Our expansion and continued investment in the apprenticeship model will directly impact how these metrics perform in the future. We can’t forget that when we talk about apprenticeship learning, one of the precursors to be able to begin apprenticeship learning is that you are employed, that you are an apprentice with an employer, and that you have a job placement. By encouraging more young Albertans to participate in apprenticeship learning and in the skilled trades, they’ll find greater job opportunities, and I’m confident that we’ll see those numbers turn around in the future.

**Mr. Stephan:** I appreciate that, Minister. The greatest service that we can provide for our young adults, being a parent of a young adult myself, is that if we can provide them with economic opportunities where they can graduate into a strong economy, which many of us were fortunate to be able to do, as we seek to turn this ship around and provide them with great economic opportunities, I think we will see this percentage go up materially and significantly relative and in opposition to what we’ve seen over the past couple of years under the prior government. I appreciate your insights on that and commend you and the rest of the government to continue in those efforts.

I’ll cede my time to MLA Jones.

**The Chair:** Go ahead, MLA Jones. You have two minutes left.

**Mr. Jones:** We have two minutes.

We’ve spent a lot of time tonight talking about student aid, including student loans. It’s not captured in here, but many students lack the financial training to manage their student loans properly. It’s all well and good to make student loans available, to keep the cost of them low, and to make them accessible, but I think that I would encourage you as a ministry to put a lot of time and effort into training financial literacy into our students so that they use those resources properly.
Mr. Nicolaides: Yes. Thank you for that. I absolutely agree, and I think it’s something that we need to look at. I’m sure there are always opportunities for improvements and changes, but I would argue that the time to strengthen financial literacy within our individuals is within our K to 12 system, you know, far in advance so that, again, they can make the best possible, informed decision about the investment that they’re going to make into their future prior to beginning. Of course, there are always opportunities along the way to learn new things and strengthen one’s skill set and competencies, but I strongly believe that the opportunity to do that is within the K to 12 system.

There are a lot of opportunities, of course, where I work very closely with my colleague the Minister of Education. There are obviously a lot of areas where there’s some overlap. I think your point is well taken. It’s something that we can continue to work on collaboratively together.

Mr. Jones: Yeah. I couldn’t agree more. I’ve in fact approached the Minister of Education about credit card debt and mortgage finance, very simple compound interest calculations being taught in high school or before. So I agree. Thank you so much.

I’ll cede my time.

The Chair: That time is up.

We now move to the Official Opposition. There are just over four minutes left.

Mr. Schmidt: Thank you very much. I’m going to rattle off a bunch of questions, but first of all I want to give kudos to the department. I’ve sat through a number of these estimates, and I have to say that the department does probably the best job in the government in preparing ministers for estimates. Good work, department.

I have a number of questions. You’d committed to giving us the number of Alberta student loan holders in writing. Can I also get the average student loan amount in writing and the average increase in the cost of student loans per student because of the interest rate hikes?

I also want to know if there’s any data the department collects on the number of private student loans. I’m talking about explicit student loans that are given out by Alberta Treasury Branches or private banks, those kinds of things. If the department has any data on the number of students – you don’t have that data? Okay. I’m wondering if you would consider collecting that data, because if you’re not increasing the loan thresholds or the repayment assistance programs, you’re going to push people into private loans, which are much more expensive. I’d like to see what kind of trends we are going to create because of your changes to the tuition and fees in postsecondary.

Your plan for changes in the apprenticeship system: what is your overall plan for changing the apprenticeship system? I know that in your comments earlier today you had talked about considering other careers for the apprenticeship system. I’d like a detailed breakdown of what additional careers you’re considering moving into the apprenticeship system, if there is a discussion document or some kind of framework that you’re using in the consultation, who is included in the consultation, what your timelines for completing the consultation will be, and your timelines for implementing the new apprenticeship system.

Mr. Nicolaides: Yeah. On that point, all of that information is public currently.

Mr. Schmidt: It is?

Mr. Nicolaides: You can access that information, which is something that’s being considered by our Skills for Jobs Task Force.

Mr. Schmidt: Okay.

Mr. Nicolaides: There’s a list online of the individuals that participate in that task force, and there’s more information from them that will be provided in the future in terms of their final report, in terms of what areas they might be looking at in terms of expanding the apprenticeship model.

Mr. Schmidt: Okay. Thank you very much for that.

Your plans for clarifying what accountability measures are and what red tape is: when will you be releasing your decisions on that and on how we can expect you to evaluate what constitutes accountability and what constitutes red tape? I think we would be all interested in knowing how you define those two things.

Mr. Nicolaides: Yes. Well, I think red tape is clearly identified as things that are unnecessary and redundant, and there are a number of those that exist in terms of reports that . . .

Mr. Schmidt: Well, we’ve had this debate in the Legislature quite extensively. I want clarification specifically on what things you’re going to reduce or eliminate in terms of reporting and accountability and what things are going to be included or added as accountability metrics.

Mr. Nicolaides: Right. As I mentioned, the thing that will be added in terms of accountability: the first piece of that is a new funding formula that will have some very clear metrics and targets for each individual institution about where we expect them to perform.

In terms of other specifics regarding red tape, we’re looking at a number of things, including a lot of the reports that the institutions need to provide to us, including comprehensive institutional plans, annual plans, and from the broader perspective of red tape reduction we’re also looking at the process of degree approval.

The Chair: I apologize for the interruption, but I must advise the committee that the time allotted for this item of business has concluded. I would like to remind committee members that we are scheduled to meet next on Tuesday, November 5, 2019, at 3:30 to consider the estimates of the Ministry of Infrastructure.

Thank you, everyone. This meeting is adjourned.

[The committee adjourned at 6:30 p.m.]