

[Mr. White in the chair]

THE CHAIRMAN: Good morning, ladies and gentlemen. I'll call the meeting to order. We have an agenda that's been precirculated. Might we have a motion to accept that agenda? Mr. Yankowsky. Thank you kindly. All those in favour? Agreed. It's carried.

This morning we have with us the Hon. Dr. Lyle Oberg, Minister of Learning, responsible for advanced education and career development. He will not be speaking on career development today in that it was not part of this portfolio at the time of the matters which are under study today.

We have a next meeting scheduled. I think we all agree that that probably will not occur, but should it occur, we'll have the Hon. Pat Nelson, Minister of Government Services, here.

Mr. Minister, if you'd like to lead off with the introduction of your staff, then the Auditor General will do that, and we'll move on to your opening remarks, please.

DR. OBERG: Sounds good, Lance. With me is Steve MacDonald, the executive director of business integration and co-ordination in adult learning; Sue Lynch, the assistant deputy minister of basic learning; and Jeff Olson, executive director of budget and fiscal analysis.

MR. SHANDRO: I'm Nick Shandro, assistant Auditor, with responsibility for the audit of the Department of Learning, and with me is Cathy Ludwig, who is a principal with responsibility in this department as well.

THE CHAIRMAN: Thank you.

Mr. Minister, if you'd like, some opening remarks.

DR. OBERG: Thank you very much, Lance. Today I'm here to review the annual reports for the ministries of advanced education and career development and education. I propose reviewing AECD matters first, then turning to education.

First of all, advanced education and career development set five goals for meeting the needs of Albertans. These goals were to strive for a system that is accessible, responsive, affordable, and excelling in research and, as a department, to accomplish these goals effectively. These goals set the tone for what AECD said it would do, and I'd like to highlight how the goals determined what the department actually did. It's a good thing.

The access fund has been the most significant program in addressing accessibility. Since 1994 it has supported institutional proposals to increase access to adult learning opportunities. To plan for enrollment growth, the goal of the access fund over the long term was to accommodate an additional 23,000 students by the year 2005. Each year the postsecondary system has continued to move towards that goal. For '98-99 AECD invested \$28.3 million into creating more spaces. For the end of the 1998-1999 academic year the '94 access fund has already created 9,224 more spaces for students across Alberta.

To increase responsiveness, the department has worked to address the changing needs of learners, particularly young people. For example, with the success of the Youth Connections pilot in Calgary and Edmonton, the department allocated over \$2.4 million in funding in '98-99 to expand the program in up to eight new Alberta locations: Red Deer, Lethbridge, Medicine Hat, Slave Lake, Edson, Hinton, Fort McMurray, Peace River, and Grande Prairie. Nearly 7,000 people used the services offered by Youth Connections in Calgary and Edmonton in '98-99. Alternate delivery methods for apprenticeship training also were offered in more apprenticeship trades. These methods include options like flexible instruction

times, mobile delivery, and distance delivery.

To ensure affordable yet quality learning opportunities, government legislated the 30 percent tuition cap in response to student requests. With the implementation of the Alberta opportunities bursary, \$12.5 million was invested to reduce the debt load of high-need learners while they are in school. An additional \$20 million in knowledge network funding was also distributed to help learning institutions and the Alberta Library provide students with quality learning resources. To support research excellence, the department continued to provide funding through the intellectual infrastructure partnership program which was first implemented in '97-98 to help Alberta universities upgrade their research infrastructure. For '98-99, AECD invested \$22.9 million into Alberta universities and research hospitals. The four universities also received \$3.5 million through the research excellence envelope to assist them in attracting talented researchers and graduate students in identified areas of strength.

From the total of \$1.261 billion ministry expenses, less than 2 percent was spent on support services. In other words, an effective use of resources has ensured over 98 percent of funding flows directly to learners and learning. AECD made solid progress towards this goal in '98-99 by acting on strategies that fit into its long-term plan, progress that was achieved within budget. Although there is room for improvement in meeting the target set, the postsecondary learning system continues to perform well in a number of areas. For example, even though we did not maintain our first-place ranking for adult participation learning, Albertans' participation remains higher than the Canadian average. Graduates of postsecondary institutions and apprenticeship and industry training programs continue to be very successful in getting employment. Nearly 90 percent of employers were satisfied with the skills and knowledge that new, recently graduated workers brought to the job.

Alberta universities have continued to do well in national competitions for research funding. Based on the amount of sponsored research funding they received from federal research granting councils, Alberta universities maintained their rankings in the top six compared to their peers across the country. With each new fiscal year comes a challenge to do better. As we build on our strengths, I am confident we can meet this challenge.

I will now highlight how Alberta Education progressed towards its goals for the '98-99 fiscal year. Alberta Education is focused on what students need to learn, the standards they should achieve, responsiveness, accessible support services, high-quality teaching, and information technology. In '98-99 funding of over \$3 billion was provided to public and separate school boards. Over \$1.8 billion came from general revenues, and the remaining \$1.2 billion was supplied through education property taxes. This funding marks a net increase of \$150 million from '97-98 which was applied to the priority areas identified for each goal in the Budget '98 business plan.

There was a \$98 million increase for basic instruction grant rate, increases in enrollment growth, and an \$11 million increase for students with special needs. There was a \$21 million increase to provide support for early literacy and English as a Second Language initiatives and for teacher assistance in grades 1 to 6. There was a \$40 million increase to support the infrastructure of the education system for capital investments in transportation operation and maintenance costs, a \$6 million increase to support teachers' pensions, and \$27 million in savings from debenture interest costs that were redirected to needed program areas. In addition, over \$41 million funded the development, monitoring, and evaluation of the programs in administrative services that support education in this province.

Of course, the investments made in '98-99 would have their impact on the following year, but they reflect a solid commitment to responsiveness both to the will of Albertans and to the needs of the students and teachers.

Alberta Education continued to meet its responsibilities. One of the most important priority areas for education is what students learn and the standards they achieve, a priority that is backed by \$1.9 billion, or 61 percent, of the total funding allocated to basic instructional grants every year. For '98-99 new provincial courses for pure math 10 and for grades 4, 5, and 6 mathematics were implemented in response to changing educational needs.

Overall, Alberta students continued to do well in '98-99 achievement tests. The results showed that Alberta students measured up to or exceeded the standards set for all subject areas. In '98-99 more students wrote more achievement tests than in previous years.

To equip students with the knowledge of information technology needed for ECS to grade 12 learning, postsecondary studies, and the workplace, the department distributed a new IT curriculum across various subjects and grades. In '98-99 \$20 million was provided to boards for technology upgrading. Course materials were also developed for on-line distance delivery. In fact, the results show the number of enrollments in virtual schools or programs has increased dramatically in the past few years. In '96-97 students enrolled in these programs numbered 595. By '98-99 this figure had jumped to 3,621.

Beyond technology skills, responsiveness in the ECS to grade 12 system has also addressed student needs to acquire specific work-related skills for life after graduation. Joint efforts with AECD have led to initiatives like the Alberta youth employment strategy to smooth transitions for youth between school and work and career preparation. Results show that the number of schools offering work experience courses has increased substantially since 1993. By 1998, 419 schools offered these courses, up from 311 in 1993.

To ensure that access to support services is ongoing, Alberta Education has continued to be an active partner in Alberta children's initiative projects, including the protection of children involved in prostitution, fetal alcohol syndrome, and children's mental health.

To ensure consistent high-quality teaching, the department supported the development of summer hands-on leadership development workshops for new principals and of Internet-deliverable materials to guide principals with providing the best possible quality teaching in their schools.

8:42

Alberta Education has also had three distinct priorities in the areas of equitable and appropriate funding, public accountability, and administrative effectiveness and efficiency. Education is a high priority for Albertans and this government. To reflect that priority, significant investments have been made to build on the strengths and overcome the challenges that face the ECS to grade 12 learning system. As announced in Budget '99 and Budget 2000, government will boost funding over the coming three years. Since students are the focus of this reinvestment, a major portion of the funding will be directed to instruction and new programs that support student learning. Funding issues were also addressed through the establishment of a Funding Framework Review Committee to determine if all school jurisdictions were funded equitably and if school boards had the flexibility to meet local student needs and program objectives.

Since students are our top priority, Alberta Education, like AECD, has maintained administrative expenditures at less than 2 percent of the total amount spent on core functions. Since 1992-93 this amount

has been reduced from 1.88 percent to 1.24 percent. Alberta Education made progress in many of its priority areas on budget. In fact, due to a lower than projected enrollment growth, the department finished the fiscal year with \$6 million in enrollment savings, which was reinvested back into programs in the following year.

The department also finished the fiscal year with a number of positive assessments of its performance. For example, the overall satisfaction of the quality of education remains very high among parents and students. In this reporting period 87 percent of parents were satisfied while 90 percent of students were satisfied. A high percentage of parents and students in '98-99 also agreed that teachers helped students achieve learning expectations, at 84 percent and 90 percent respectively. In this fiscal year we've seen a significant improvement in parent and student satisfaction with the learning of computer skills.

Looking ahead, there are still challenges to meet. People continue to come to Alberta attracted by jobs and our quality of life. These trends will continue to put a strain on our classrooms and programs. With the creation of Alberta Learning and its renewed focus on responsiveness and flexibility in meeting learner needs, I am confident we can meet these challenges.

I would say that when you ask me questions, considering the fact that I have about three or four binders sitting in front of me, I would ask for your patience in allowing me to find the proper response.

Thank you.

THE CHAIRMAN: Mr. Minister, often in this committee we don't expect the minister or the staff to have all the answers. Should that be necessary, that you would prefer a written response, if you'd do so through the secretary. We'll just make note of it at the time in the minutes. All right?

DR. OBERG: Certainly.

THE CHAIRMAN: Perfect.

First up we have Ms Blakeman, followed by Mr. Johnson.

MS BLAKEMAN: Thanks very much. Welcome to the minister and his staff – I'm awfully glad we were all able to get together finally – and as always, to the Auditor General's staff. I understand there's one fun seeker in the gallery with us this morning. There is indeed. Welcome.

I will point out and put on the record yet again that this morning in the very short time available to us we are this year examining what at the time were two completely separate departments. So in this hour and a half we have together, we are now able to spend 50 percent on each of two departments we used to spend 100 percent of the time on. I still think that problem needs to be addressed.

Now I'll move on. Directing the minister and his staff to the annual report, section 1, for advanced education and career development, pages 30 and 31, I note that "learner satisfaction with the role of the adult learning system in preparing people for the workforce declined 5%" between the year we're examining and the previous year. As well, "learner satisfaction with the role of the adult learning system in preparing people for personal development declined 9%" between the year we're examining and the previous year. I'm wondering: what is the department evaluation of these results?

DR. OBERG: Well, first of all, are you asking about the process of how it is examined?

MS BLAKEMAN: No. I'm interested in the department's

evaluation of why these things happened.

DR. OBERG: Certainly. What we feel is that it is probably more a statistical issue. We have had some issues from '98-99 with the types of programs that were offered. It is something that we feel is a very important tool in evaluating what courses to give, in evaluating how to move ahead. Learner satisfaction is one of the most critical things we have, because obviously we're there for the learners and if they're not satisfied, we do have to change. We are hoping that in the year 2000 this trend will not continue and will actually go the other way, and our initial screening process is showing that it is in fact going the other way. Whether or not that occurs, I think that if it shows another drop, then certainly we're going to have to do something quite serious to take a look at this.

MS BLAKEMAN: Okay. As a supplementary, then, I'll direct you to the Auditor General's report, page 64, recommendation 11, in which it was

recommended that the Department of Learning work with the public post-secondary education institutions to improve the reliability of KPIs [key performance indicators] for credit full load equivalent student, graduate employment rate and graduate satisfaction.

So I'm wondering what steps specifically were taken by this ministry in working with these postsecondary institutions to improve the reliability of these key performance indicators.

DR. OBERG: Specifically, what we have done is we have put in place a committee with members of high schools, with members of postsecondary institutions, and with members of Alberta Learning to take a look at the funding framework for postsecondary education. This includes the KPIs. We are willing to change the KPIs if it comes back that they are not meeting our needs, but we have embarked upon a full review of the funding for postsecondary institutions.

THE CHAIRMAN: Thank you.

We have Mr. Johnson, followed by Dr. Nicol.

MR. JOHNSON: Thank you, Mr. Chairman. Good morning, Mr. Minister, staff, and staff of the Auditor General's department. Mr. Minister, you mentioned that the achievement tests in 1998-99 indicated that students were doing well, but I'm wondering in a more general sense what the performance measures are saying about Alberta's education system. Is it improving? Is there any change? Is it deteriorating? Can you give me some sense of what the performance measures are indicating?

DR. OBERG: In general what has happened is that the standards for the education on the exams – it said that the performance measures are increasing and they are getting better. There's always room for improvement. We're not at a hundred percent, and it is something that we take very seriously. The annual report shows that solid progress has been made in the areas of student achievement, especially in math and science, parental involvement in decision-making, fair provincial funding for education, and efficient use of our resources. As well, significant progress has been made since '96 with access to information and technology in schools.

I will not say that we have a perfect system. I will not say that we have 100 percent of students that are passing the exams, that are achieving excellence on the exams, but I will say that our school system is getting better, that our education results are getting better, and that we continue to strive to improve that and will continue probably over the next 50 to 100 years to do that.

MR. JOHNSON: My supplemental would be to compare Alberta

students with other provinces and other countries. How does the performance of Alberta students compare when we look at other provinces and perhaps at other countries?

DR. OBERG: Certainly. Well, when we look at the other provinces, what we see is that we are above average on everything with the exception of reading among 16 year olds. All levels of performance were above the national expectations. All were above the national average. In many of them we are actually at the top. On the third international mathematics and science studies, the TIMSS, in 1995 Alberta results were significantly higher than the international average on six of the seven assessments, placing Alberta among the best of the group of eight countries. So what this shows is that we're certainly heading in the right direction.

[Mr. Yankowsky in the chair]

When you take a look at the '99 and 2000 results as opposed to '98 and '99, what you see is that we are consistently among the top three in the world, with Singapore, Japan, and Alberta being among the top three or four in both math and science. So I believe that Alberta students are achieving extremely well and that they will continue to achieve well.

Again, though, as I said to your first question, this does not mean that we sit back and rest on our laurels. I recently went to a conference with the G-8 countries, and I'm confident that we are at the top of the G-8 countries when it comes to education, but that doesn't mean we can't get better.

8:52

MR. JOHNSON: Thank you.

DR. NICOL: Good morning, Mr. Minister, to your staff and to the Auditor General's staff and the observers above. In your comments to open our session today, you made reference to the enrollments in education being below projected expectations when you set the budget for the year in that there was a surplus of about \$6 million, which you then said was reinvested the next year in programs. It is my understanding that the operating grants approved through the budgetary process are not transferable to the next year. How did that work that you ended up with that \$6 million being reinvested in the next year in additional programs?

DR. OBERG: Perhaps I'll ask Jeff.

MR. OLSON: As you know, we run a fiscal year. The school year runs from a September to an August period, and our fiscal year only runs partway through it. It ends in March. As soon as we recognized that there were some potential surpluses there, the minister moved to recognize that for the remaining part of the year, and that's why there was an introduction of some changes to the funding framework in regards to taking the caps off the special-needs behavioural side and a few other items.

DR. OBERG: But in essence, Ken, what happened is the \$6 million was given back at the end of the year as a surplus, I believe. Then because our enrollments were still the same the next year, we used the money to take the caps off English as a Second Language and special needs. Although that specific \$6 million was not moved ahead, as you say – it was not moved from one budget year to the next – that was put back into Treasury as a surplus. Because that \$6 million was still recorded next year in our base budget, that money was taken and put into ESL to take the caps off ESL and the caps off special needs.

DR. NICOL: So what you have there, then, is a mechanism to effectively show a larger increase in the second year than what was in effect happening. You're dealing with your three-year budget, from what I understand, so this is your base year, which ended up being lower, but you didn't bring the line down to there. You left it there and left the money that was projected. In essence, you're building the next year's budget off something in terms of expenditures that had not yet been approved by the Legislature.

DR. OBERG: No. It was within the base budget. The money was transferred from outside the base budget. We had a percentage of enrollment that we were anticipating. When that enrollment was not as high, that money was then, for example, in the supplementary estimates, which is where you saw the money transferred. That's where it occurred in the Legislature. This money – for example, the caps on ESL and the caps on special needs – was approved in the supplementary estimates in the fall of last year.

DR. NICOL: Might I have just one more for a little bit of a clarification, Mr. Chairman?

THE ACTING CHAIRMAN: Sure.

DR. NICOL: The context, then, is that the subsequent year's budget is baselined off your previous year's business plan rather than off your previous year's actual expenditure?

DR. OBERG: That is correct.

DR. NICOL: Thank you. Okay.

THE ACTING CHAIRMAN: Mr. Lougheed, followed by Ms Blakeman.

MR. LOUGHEED: Thank you. Referring to page 93 of this annual report, part one.

DR. OBERG: Advanced Education or Education? What page, Rob?

MR. LOUGHEED: Education, page 93. Looking at the first line, school property taxes, you have a decrease there of around \$60 million or so. Would you comment on that, please? I know there are a few different areas that maybe would be good to comment on.

DR. OBERG: Certainly. The reason for the decrease was the elimination of the machinery and equipment tax. The M and E tax was the reason that there was a decrease in the amount of dollars that were taken in.

MR. LOUGHEED: My second question, then, a topic near and dear to my heart, same page, is the teachers' pension. Many of my colleagues are in that position right now, are moving into it in droves, as I understand, with last year's buyouts in many jurisdictions. The budget was \$173 million, yet there was a decrease there of \$21 million or so. Can you comment on what's happening with the pension liability?

DR. OBERG: Yes. Go ahead, Jeff.

MR. OLSON: Yes. What you see happening there is an evaluation adjustment on the pension liability on the past service prior to 1992. The amount of \$173 million is based on an actuarial done in 1997. The one that you have, the \$21 million decrease, the large adjustment there is due to another more current actuarial evaluation,

done in August of '98, I believe. Assumptions that drive the actuarial were changed. For example, the long-term investment return was re-evaluated from about 7 and a half to about 8 percent for long-term purposes. The growth in the number of teachers over time was also adjusted, and with those adjustments came those adjustments in the evaluation of that account.

DR. OBERG: The other thing that I will add, Rob, then, just on the whole issue of the teachers' pension liability. You may or may not know this, but the unfunded liability is going to increase. The actual unfunded liability will increase every year until the year 2045. The unfunded liability is expected to be eliminated at the year 2060. So this is something that is a tremendous issue for this department.

As you can see, we're putting in \$150 million, \$160 million a year. So when you average that out over 60 years, you see the actual amount of dollars that are being put into the unfunded liability, and it is a huge amount of dollars. This is certainly an issue for this department.

THE ACTING CHAIRMAN: Ms Blakeman.

MS BLAKEMAN: Thanks very much. I'll direct the minister and his staff to pages 20 and 21 of part 1 of the Alberta Education annual report. I notice that under accomplishments the strategy was: "Continue to assess school authority education plans and results reports, provide feedback and use results to improve education." One of the accomplishments listed under that is "on-site monitoring of 49 private schools [and a] report to be completed." So my question is: can the minister provide additional information on this initiative to conduct on-site monitoring of the private schools, and what were the recommendations of the report that was completed?

DR. OBERG: Do we have that answer, Sue?

DR. LYNCH: No. I'm sorry; we don't.

DR. OBERG: We'll get back to you on that one.

MS BLAKEMAN: In writing through the secretary is fine.

DR. OBERG: Certainly.

MS BLAKEMAN: All right. The supplemental to that, then, is on page 21 under "Strategy: Enhance the ability of department staff to communicate directions and objectives for education and the accomplishments of students." Under the accomplishments it says:

In focus groups conducted with school trustees, superintendents, and secretary-treasurers, stakeholders reported that department staff are seen as knowledgeable, interested, prompt and responsive, et cetera, et cetera. I'm looking for further information on this focus group research and how it related to the performance of the Ministry of Learning.

DR. LYNCH: We've got that report, and we can provide it.

DR. OBERG: Sure. How about we provide the whole report to you, Laurie, as opposed to dragging out the answer here?

MS BLAKEMAN: That's fine, as long as the report is giving us some information about what happened in those focus groups.

DR. OBERG: Well, you'll get the whole report.

MS BLAKEMAN: Okay. Then I'm a happy puppy.

THE ACTING CHAIRMAN: Mr. Cao, followed by Dr. Nicol.

MR. CAO: Well, thank you, Mr. Chairman. Welcome, Mr. Minister and the minister's staff and the Auditor General's staff. I want to refer to the annual report of advanced education and career development. I will start with page 17, the accessibility.

DR. OBERG: Page 17?

9:02

MR. CAO: Yes, page 17, regarding the accessibility indicator. In the annual report there's a diagram showing the population of 18 to 24 and then the enrollment, the full-load equivalent. I would like to pose a question. It looks like the population seems to be fairly growing there, but the enrollment is kind of flat. Does it seem that the cost of postsecondary education limits access by young people?

DR. OBERG: I don't believe so. I believe that certainly may be a factor. I do not believe that is the only factor. I think when you take a look at this graph, what you see is when the economy is good as opposed to when the economy is bad. For example, when the economy is good, what we tend to see is that the students do not go into postsecondary education in the numbers as when the economy is bad. It's almost an inverse relationship to the economy. We have been trying to grow the number of FLEs, and as I said in my opening remarks, we're aiming for 23,000 by the year 2005. We're already at slightly over 9,000. So we feel that that's important.

The actual number of students that go in, though, is very inversely related to the economy. Probably the best example that I can give you of that, Wayne, is in Grande Prairie. What you have seen in Grande Prairie is actually a decrease in enrollment at the Grande Prairie Regional College, and the reason for that is that a lot of kids coming out of high school are going directly into the workforce and are postponing their postsecondary education until a time when the economy is not quite so hot. What we're looking at is about a 4 percent increase in FLEs.

Your question about the cost I think is a very interesting question and a very good question. As you've heard me say numerous times, Wayne, I believe that it is the actual total cost, the net cost, that we have to look at, as opposed to, for example, individual tuition fees, things like that. The net debt of students entering postsecondary education and subsequently leaving has actually decreased by \$1,000 in '99-2000.

So is there the so-called sticker shock? I think there certainly is to some people. Mr. Chairman, we are right now in the year '99-2000 – and I realize that that is not in this issue of public accounts – and in the year '99-2000 we are looking at an access study with the students' unions of both the U of C and the U of A to determine exactly what are the roles and what are the factors. One interesting point I will say to you, though, and this is just kind of an aside when it comes to the price. I believe that we have to use some international examples. In one state in Australia they eliminated tuition fees. What happened was that the socioeconomic demographics of the students did not change at all. They were identical. So what they actually ended up doing was putting the tuition fee back in. Obviously what that means is that there are other factors at play, and what we are looking at at the moment is: what are these factors, and how can we increase the number of students who are able to get into the postsecondary system? We do not want people limited by dollars when it comes to postsecondary education.

MR. CAO: Thank you. I have a supplemental question here on page 16, which is the opposite page, regarding adult participation in learning. There was a point in there saying that the target of

maintaining the ranking for adult participation in learning was not attained. Can the minister elaborate on the reason for that?

DR. OBERG: Certainly. In '97 what we saw – and these are figures that have come from Stats Canada – was that 34.1 percent of adult Albertans took learning programs or courses, down from 40.1 percent. B.C., interestingly, led the country with a rate of 35.3 percent. It is important that we are high. With the top obviously being 35.3 percent, we're at 34.1. But I would say to you – and again my answer is very similar to the last one – that when the economy is strong and when the economy is booming, as we've seen in '97, '98, and on, what we see is that people do not participate in the postsecondary learning environment to such a degree. People are out working. People are out making a living. I'll put in a little jab on this one in saying that that's why there is such a high rate in B.C.

MR. CAO: Thank you.

THE ACTING CHAIRMAN: Dr. Nicol, followed by Ms Graham.

DR. NICOL: Thank you, Mr. Chairman. Mr. Minister, in the Auditor General's report on advanced education and career development – this would be about page 74 of the Auditor General's report – in recommendation 15 there were some concerns raised about the University of Alberta's contract project management. I'm not sure. Is this under your purview, or should I be addressing the Minister of Infrastructure now with this part in terms of the operational management of it?

DR. OBERG: Well, theoretically it should be the Department of Infrastructure. I can give you a couple of answers on it, though, if you like.

DR. NICOL: I guess the real issue is in terms of: has your ministry done anything to make sure that these processes are now properly handled in terms of getting the scheduling, you know, the contracts signed before projects start, that kind of thing?

DR. OBERG: First of all, on the contracts for capital construction with the University of Alberta, obviously about a year ago, I believe, they ran into significant problems with one specific contract. What that subsequently did – I believe the police were called at that time, and there was a significant amount of investigation that took place. I have not heard what the final results of that investigation were, but it certainly has strengthened their management system. It has made them aware of a lot of issues that they had, and they are currently looking at it and are currently changing it.

One point that I will make is that because of the financial situation at the universities, the contracts are handled by the university themselves. For example, the advanced education component of the government did not sign the contracts. Something like 50 or 60 percent of their dollars are raised by the university, so the university is actually doing it. This has been a significant concern to us, and they have strengthened their process. I believe that out of everything bad, obviously something good comes, and I think what we've seen is that the good that has come out of it is that the U of A has had their eyes opened and are strengthening their process significantly. Actually, as a matter of fact, they're telling me that they have now outsourced the contract management.

DR. NICOL: As a supplement then, what additional costs were incurred as a result of this either to the university or to the department?

MR. MacDONALD: No additional cost to the department. We don't have the information on what the university actually invested in its

investigation and the outsourcing. We could probably find that answer for you though.

DR. NICOL: I'd appreciate it if you would. Thank you.

THE ACTING CHAIRMAN: Ms Graham, followed by Ms Blakeman.

MS GRAHAM: Thank you, Mr. Chairman. Good morning, Minister Oberg, members of your department, members of the Auditor General's office. I wanted to ask some questions this morning about special-needs education, and in that regard I would refer you to page 128 of the '98-99 Auditor General's report, at the top of the page relative to recommendation 24. The Auditor General states in his previous annual report, for '97-98, and follows up in the '98-99 report that it was his view that "reported school jurisdiction expenses related to the delivery of special needs education continues to be unreliable." I'm wondering what progress has been made to improve the accuracy of that reporting relative to those expenses by school jurisdictions for special-needs expenses.

9:12

DR. OBERG: What we're presently doing is requiring the school authorities to annually report costs for special ed in the areas of mild, moderate, and severe disabilities. We also will be enhancing current financial reporting guidelines for this year so that we're better able to identify and report all costs associated with the special-needs program. We're looking at the number of teachers, teachers' aides, and professional support staff hired to work with these students, the students with mild and moderate and severe disabilities. We're looking at the achievement of students to determine that they are improving. We're also looking at the cost of providing programs and services to students with mild, moderate, and severe disabilities, and what this whole thing is more of an accountability process.

One of the issues that we had, as the Auditor General rightfully pointed out, was that some of the special-needs funding was not being tracked, and there was very little accountability as to actually getting the bang for the buck when it came to the special needs. I'm not saying that we weren't. Certainly the money needed to be spent on special needs, but the reporting mechanism and the accountability were not necessarily there. What we are doing now is attempting to enhance that so that we can track where the dollars actually go. As we went to individualized funding programs, what we found was that because there was such a high number of special-needs kids, to be accountable for each one was very difficult. So we're changing the reporting mechanisms to ensure that we and the school boards are accountable for where those dollars are going with regards to the learning disabled kids.

MS GRAHAM: All right. Thank you.

You mentioned in your answer that achievement was one of the areas that was being looked at, and I see that farther down the page in the same report of the Auditor General he's been encouraging, both last year and in this report, '98-99, the analysis of the academic performance of special-needs children. I see that he mentions that one of the steps being taken is the implementation of the alternative assessment program. What progress has been made on that initiative? Perhaps you could elaborate on what is involved there.

DR. OBERG: Sue, go ahead.

DR. LYNCH: We've got the project well under way. The development of the assessment program is progressing. During this year what we'll be doing is pilot testing some of that. It should be

noted that in the special-needs area many, many of the children who have special needs are able to write the achievement test program because their special need doesn't interfere or we can make special accommodations for them to help them. So these new testing tools that can be used will be used with only a portion of those special-needs students who really do need a different testing strategy.

MS GRAHAM: My final question then: is there a measurement for determining the satisfaction of the parents of special-needs children with the services that their children are receiving? If so, where are we at with that?

DR. OBERG: Basically, we have the same process of evaluating satisfaction for special-needs parents as we do with all parents in that we have a survey of them and we determine what their satisfaction is. In '98-99 we were at 78 percent of the parents of children with severe special needs being satisfied with the services for their child. The percentage of parents satisfied with the accessibility and efficiency of services was slightly lower, at 66 to 75 percent respectively. So although it is not as high as in the other areas in our education system when it comes to satisfaction, it is still at 78 percent.

Again, as I mentioned before, this is something that we strive to improve. It's something that we will be continuing to improve. With our programs for special needs, especially, I believe that we will see a significant improvement this year from taking the caps off the severe special needs. I believe that that's where a lot of the dissatisfaction came from with the special-needs programming, especially on the accessibility being down at 66 percent. I believe that by taking that off, we'll improve significantly the satisfaction with special-needs teaching.

MS GRAHAM: Okay. Thank you. Thanks, Mr. Chairman.

THE ACTING CHAIRMAN: Ms Blakeman, followed by Ms Kryczka.

MS BLAKEMAN: Thank you. I'm looking at pages 29 and 31 of the Alberta Education report, part 1, and I notice that in goal 1.3, Rate of High School Completion within Six Years of Entering Grade 9, there's visual evidence of a struggle there. In '92-93 the rate was 69 percent, in the following years it was 70, 69, 69, 69, and 70 percent, but the target is 75 percent. We haven't gone very far towards achieving that, so I'm looking for, specifically, what steps, what plans are in place to achieve this 75 percent completion within six years of entering grade 9.

DR. OBERG: Certainly. Obviously one of the most important things that we can do with an education system is to graduate students. I realize that's a little bit of a commonsense kind of issue, but it is something that we take extremely seriously. What we have implemented since '97-98, especially, are more programs designed for more students. You can look at the CTS courses. We have IOP high schools now. We have a lot of different alternatives for children entering the school system. So this is something that I personally take extremely seriously. I think it's probably the most significant goal that we can set for ourselves, and we are continually looking at that.

Also, we have embarked upon a study – I believe it was started last year – on why students don't graduate from high school, and that is in the process of being completed right now. Again, we are looking at whatever factors we can.

As well, something else that I believe will be extremely important is the work that we're doing on the aboriginal side of things.

Although the overall provincial average was 70 percent in '97-98, I believe that the aboriginal side of things is significantly lower. It's probably more around 25 or 30 percent, just to pick a number off the top of my head. I recently met with the Northland school district. They stated that in some of their schools they have 100 percent failure, that people do not graduate. Obviously this is something that is not solved simply by putting more courses into the system. This is not something that's solved simply by putting different teachers there. This is something that we have to get more into and find out exactly what the reason is. Is it socioeconomic? Is it societal? What is the reason these children are not graduating from high school?

We are presently embarking upon a study with the Athabasca Tribal Council in the Northland school district to determine exactly what is going on and, more importantly, not just what is going on, not just the whys but the hows. How can we get it better? What is it out there that is causing this? That's something that is extremely important to us, because we cannot write off a portion of our population from graduating from high school. Obviously, that's probably the most significant date in anyone's life, when they graduate from high school. If we have 30 percent that are not graduating from high school, we have to find out why, and we have to do something about it.

9:22

MS BLAKEMAN: Okay. I was actually asking about completing it within six years, but you've segued nicely to my supplemental, which is looking at Goal 1.6, Percentage of Parents, Students and the Public Who Agree that High School Graduates are Prepared for Work or Further Studies. Again I'm looking for what steps, specifically, the department did in the fiscal year we're examining to improve that target rate. I notice that there are some notes underneath saying that the way the questions were asked was changed a little bit, but still some of those percentages look pretty bad.

DR. LYNCH: It really is part of the same study. As we look at why it is that children are not completing, we're also looking at: what role does the satisfaction of parents play in it? What is it that parents are expecting with respect to the skills to get a job and so on? It really is part of the same package of work that we're doing.

During this particular period of time that this report is the end of, there was nothing we were doing that was dramatically targeting getting a different kind of satisfaction survey result. That came after this report.

DR. OBERG: The one thing I will say, though, as I mentioned in my opening remarks, is that work experience courses increased dramatically from '93 to '98. We had 311 in '93 and 419 in '98. Definitely we're attempting to get students out. We started the RAP program, which would have been – when?

DR. LYNCH: It was prior to this time. It would have been two years prior to this time. Young people can begin their apprenticeship while they're in high school, earning credits for both the apprenticeship and the high school program. We've also looked at employability skills and embedding those directly into the curriculum so that those skills are learned as students are learning other aspects of the curriculum. All of that is intended to build in those work-related skills.

As the minister said earlier, we really need to study what's happening here. That completion rate and the satisfaction rates and so on have stalled over a period of years. Certainly the attempts to change that picture the minister referred to have not yet resulted in

any impact that we can see. We really need to understand it better.

DR. OBERG: The other thing, if I may. We've done some things like the storefront schools, which have expanded dramatically, in an attempt to encompass those kids that have been lost to the system. They've been dramatically successful. We have Centre high in Edmonton, which has been very, very successful.

MS BLAKEMAN: In my riding.

DR. OBERG: Yeah. It's an excellent school.

With these types of processes that are different, many of them have been extremely successful. When we find something that is successful, very quickly they're disseminated to the other school boards so that the other school boards can try them. As an example, storefront schools used to be only high school, but now they're going into junior high because we're actually losing some kids in junior high. So they're giving junior high courses.

All of these things are attempts to increase the number of students graduating. We recognize that our standard school system is not for everyone. What we are attempting to do is find different ways to encompass those students that the standard school system just hasn't worked for. It's something that we look continually at. It's very much a moving target. There are different ways at different times to do this. Some have been successful and others haven't, but I would point to the storefront schools as being a huge success, Centre high being a huge success. These are types of things that we need to move on.

The one interesting dilemma, I will say, in education in general is the whole idea of learning to learn or preparing for work. That is a very interesting enigma in the education system. Do you teach the student to learn, or do you prepare them to get a specific job? I think the answer is a little bit of both. What that perfect mix is is something that we're still experimenting with.

[Mr. White in the chair]

What we find is that it's probably more an individual trait as opposed to anything. For example, the RAP program, the work experience program for some kids have been a godsend. They've been absolutely one hundred percent successful in these programs. Others have not. We continually have to find where that mix is and have to work with that mix in order to keep the students in school, to graduate the number of students that are there. That's one of the challenges on the K-to-12 side of this department.

MS BLAKEMAN: Could I just clarify?

DR. OBERG: Sure.

MS BLAKEMAN: Were the fresh start and storefront schools included in the figures that I'm looking at for 1.6?

DR. OBERG: Yes, they were included. However, they were just more or less getting started. They've expanded significantly since that time. Over the last two or three years the number of storefront schools has expanded significantly around the province because they've seen the success of this as an initiative.

MS BLAKEMAN: But this is where they turn up?

DR. OBERG: Yeah.

THE CHAIRMAN: Ms Kryczka, followed by Dr. Nicol, please.

MS KRYCZKA: Thank you, and good morning, Mr. Minister and your staff and the staff of the Auditor General's office. I have to just say that I really appreciated the content of the answers to her last question regarding high school completion rates. I know the RAP program is working really well in my high school of Ernest Manning.

My questions have to do more around infrastructure and maintenance, page 65 of the Auditor General's report. The first question has to do around recommendation 12. What is the ministry doing to address the Auditor General's concerns regarding the risks associated with the unfunded deferred maintenance identified in the postsecondary system and the concern, especially, that it doesn't affect quality of service provided to students?

DR. OBERG: I'm just questioning this a little bit because I believe that that has been moved to Infrastructure and I probably shouldn't get into that. That would be better from the Infrastructure point of view, because all of the infrastructure concerns have been transferred to Infrastructure, and that includes the postsecondary side of things as well. I think there certainly is a tie-in with the postsecondary system. Obviously, if the buildings are not maintained, that does affect the learning environment for the students.

There has been a significant amount of dollars put in. I believe that in '99-2000, \$61 million was put in – and that was in this department at that time – and \$38 million was put in again in November of '99. I probably shouldn't get into that any more because it is in Infrastructure now, Karen.

MS KRYCZKA: Okay. I think that with my supplemental, then, you'll probably have the same kind of answer. It has to do with the next recommendation. I would be interested in the answer to that one too, actually: that the ministry "continue to develop a long-range capital planning system." Again, is that all being moved over to Infrastructure?

DR. OBERG: Yes, that is. I will just comment on that because I believe that the long-term side of things certainly does affect the learning environment.

What I will say on that, though, from my point of view, if I may, is that on the infrastructure side what we have to do, which is probably more under my department than under Infrastructure, is ensure that the postsecondary institutions are using their facilities to the maximum degree that they're capable of.

What I mean by that is two things. First of all, the days when postsecondary institutions ran from 9 till 3 are gone. The hours have to be expanded. For example, I and I'm sure other people in this room took numerous amounts of night courses from 6 to 9, things like that, and I think that that's an effective use of the infrastructure. I believe as well that having these facilities, these huge expensive buildings, sit empty during the summer is a loss of opportunity. I believe that we have the opportunity to put more students in to enable them to learn more without necessarily taking their dollars and building more capital infrastructure buildings that sit empty for four months of the year. I believe we have to capitalize on those opportunities and ensure that students are in those facilities for a full year.

So although the long-range planning is in the Department of Infrastructure at the moment, I believe that these elements of the Department of Learning have to be taken into consideration when it comes to the long-range planning for capital structures, which is under Infrastructure.

9:32

MS KRYCZKA: Actually, it would seem that it would be advisable to have a certain degree of co-ordination between Learning and Infrastructure, not necessarily in postsecondary but especially in the educational situation such as new districts where, you know, you have a lot of growth happening and there may well be confusion amongst the public as to which has which role.

DR. OBERG: Yeah, absolutely. One of the key components in the reorganization that we have been working on is a co-operation between the Department of Learning and the Department of Infrastructure. I will say that today it is better than it was yesterday, but we are still working on it. We still have a ways to go to get the full co-operation – the full collaboration is probably a better term – of both departments because, as I relayed to you in my previous answer, it is almost impossible to plan exclusively on the Infrastructure side of things without the Learning component as well.

THE CHAIRMAN: Thank you.

Dr. Nicol, followed by Mr. Yankowsky.

DR. NICOL: Thank you, Mr. Chairman. Again to the minister. On page 127 of the Auditor General's report on education the discussion relates, I guess, to the kinds of guidelines that are used to monitor and evaluate charter schools. There were some concerns raised there that effectively a lot of the charter schools are not really providing measurable guidelines within their business plans. What recommendations are you making now to the charter schools as a result of this concern by the Auditor General that will give a much more accountable presentation from them?

DR. OBERG: Perhaps I'll have Sue answer that.

DR. LYNCH: We've improved the reporting requirements for the charter schools so that now they include in their reports more detail, more information on student achievement, particularly, and the degree to which they are achieving the goals that are set out in their charter. We've also got two working groups that work directly with the charter school people to help them improve in that regard.

DR. NICOL: A supplement, then, Mr. Chairman. As you deal with that, though, are there criteria put in place to justify why they were in essence granted that charter to be just a little bit outside the public system, if I might put it that way, in the first place? Are they staying there, or are they just another school which has a little different degree of autonomy?

DR. LYNCH: The answer is that they do justify that through their reporting yearly to us. They do have the criteria set out in the charter, and their performance is measured against those criteria in the charter. All of the charters have to document in what way they are providing special opportunity for students to learn above and beyond what might otherwise be expected.

DR. OBERG: A key component, Ken, if I may, is the above and beyond part of it, because they still have to report on the school curriculum as any school would. But what we're asking them, the above and beyond, is what they are doing with respect to their individual charter, which was agreed to when their charter was granted, that other schools aren't necessarily doing. So even though they have a specific charter, they do have to report on the standard curriculum that all Alberta students have to have as well.

DR. NICOL: Thank you, Mr. Chairman.

THE CHAIRMAN: Mr. Yankowsky, followed by Ms Blakeman,

please.

MR. YANKOWSKY: Thank you, Mr. Chairman. I have some questions of the hon. minister this morning regarding affordability. There is a chart on page 46 of section 1 of the annual report which shows the overall cost per learner at postsecondary institutions or universities, which was \$7,702 in 1997-1998, yet university students were or are paying nearly \$3,000 in tuition. According to the established tuition fee policy, students are supposed to pay a maximum of 30 percent. The question here is: why are students paying nearly half of the tuition cost?

DR. OBERG: That's an excellent question. First of all, there are different calculations for determining the cost per learner and the cost under the tuition fee policy. The cost per learner measure includes only direct and indirect instruction costs. The tuition fee policy calculation includes net operating expenditures, which includes basic research done by a facility, sponsored research, and ancillary costs. For example, cafeterias, parking, et cetera, are excluded from both calculations. But that's an excellent question.

MR. YANKOWSKY: Okay. My supplemental. If you turn back to page 45, there is another chart there, which is the average graduate net loan debt chart. The question that I would have here is: why did the average graduate net debt decrease so dramatically in the college and technical programs, from \$10,086 in 1997-98 to \$8,977 in 1998-99, yet it increased in the undergraduate programs?

DR. OBERG: I think what you can say is that there is probably more than one reason for that, but probably the main reason was the introduction of the Alberta opportunities bursary. That was kicked off in '98-99 and immediately reduced the debt of those graduating from one- and two-year programs. The full impact of this will not be seen for a couple of years. I believe it was – was it \$4 million?

MR. MacDONALD: Twelve million.

DR. OBERG: Twelve million dollars was put in. Obviously when \$12 million is put in, that dramatically reduces the debt. That was the rationale behind the opportunities bursary, to decrease the net debt. What we have seen, interestingly, is that our debt has dropped down even more over the past year as well.

That is something we tend to follow. It is something that we feel is extremely important and will continue. As you know, in this budget we increased the student finance contribution by 22 percent, so we hope that the student debt will decrease even more.

THE CHAIRMAN: Ms Blakeman, followed by Mr. Johnson.

MS BLAKEMAN: Thanks. I'm back on KPIs, page 63 of the Auditor General's report, advanced education. I'm looking for additional background on the activities that were undertaken by the sectorwide committee in dealing with the reporting issues respecting key performance indicators.

MR. MacDONALD: That committee has met a number of times to try to resolve issues around the measurement in the KPI area; for example, the definition of credit full-load equivalent, defining how we treat brokered programs, who counts the FTEs, things like that.

The employment rates. We've been working on improving the survey instruments that are used to make sure there's consistent and comparable answers on a systemwide basis. The committee is also looking at what additional key performance indicators would be helpful. For example, around the role of collaboration, how do you measure collaboration? How do you reward institutions for that?

Those are some of the key areas we've been looking at.

The other area the committee has most recently focused on is simplicity. One of the concerns for the institutions is the complexity of the measurement and the data gathering processes, so we're looking at ways to re-evaluate what we're measuring, how we're measuring it, and to see if there's a way to simplify it and still ensure that we're reporting what we need to report.

MS BLAKEMAN: Okay. Part of that was the automation, so I'm looking for the same sort of information. What steps did the department take integrating these KPI systems and the processes with management information systems? Specifically, I'm wondering about the automation and the development and implementation of the control processes.

9:42

MR. MacDONALD: Yes, there's been a significant amount of work on the automation of the data collection processes. With its complexity, there's a need to automate more. There's been a significant investment in new software and applications to help ease that information collection. There's a working group also at that level that's trying to improve it. We've gone to a web-based application now.

We've introduced a program approval process that's now fully automated. An institution sends us electronic information that they're interested in creating a new program. That information is exchanged with the department, and we assess it. All the other institutions can also now view that information to see what all other institutions are doing around new programs, and then that information is all integrated. The measurement of the full-load equivalent is integrated with the financial information reporting system, FIRS.

Now when you want to do a FLE calculation, it takes the information out of one system and applies it to the financial information that comes up with a cost per FLE, and that is all integrated right now. We're still improving it. We're looking at adding the web-based applications and having public access to that information. So if they want to look up detailed information on cost per FLE or whatever in an institution, they'll be able to access that over the web too. There was a lot of work on that.

Again, the issue is simplicity. We've created a very complex system. Is there a way to ensure that we're still meeting our accountabilities but simplify it a bit? So there's been a lot of work there.

DR. OBERG: What we've done, actually, is we've attempted to answer the time immemorial question: how many FLEs are there in the FIRS?

MS BLAKEMAN: Okay.

THE CHAIRMAN: Thank you.

Mr. Johnson, followed by Dr. Nicol.

MR. JOHNSON: Thank you. My question is taken from the advanced education and career development annual report, page 87. On page 87, about halfway down the page there, the item "support for adult learners" shows a surplus of about \$51 million. Can you explain why such a large amount was underspent and how this affected the services provided to Albertans?

DR. OBERG: Yes, certainly. Of that amount \$35 million was due to underspending on the labour market development agreement programs. The surplus included \$10 million earmarked for existing

contracts with the federal government. These contracts did not transfer over to the province as anticipated. The balance of the surplus resulted from the lower demand from EI clients for services offered under the LMDA, the labour market development agreement. Of the remaining \$17 million, \$9 million was in skills development training support and employment preparation programs, \$5 million was in maintenance grants owing to clients qualifying for other grant programs, and \$3 million was for the Alberta opportunity bursary.

As a result, the uptake was slightly less than anticipated in the first year of operations due to lower than anticipated demand for the basic skills training programs and support.

MR. JOHNSON: Thank you. If you'll turn over to page 109 and the item "remissions," why is remission liability so high and continuing to increase, and what is being done to address this issue?

DR. OBERG: First of all, remission is a debt control instrument to aid students who have high debt levels upon graduation. Remission is one of the key components that we have in order to give to students. It's calculated based on total student indebtedness for federal and provincial loans and when established debt limits are exceeded. As can be imagined, we have students that are out there who have taken out student loans. We recognize that a significant portion of that will not be turned back. For example, after a four-year program the maximum amount that students will owe is \$20,000, despite the fact that they may have taken out a little over \$40,000, so this is the outstanding liability. We know we're not going to get those dollars back, and consequently that's where the liability accrues, from the remission that is outstanding. Theoretically, they still owe us money, but remission is granted at the end of four years or at the end of their program, so that's why there's a liability.

THE CHAIRMAN: Thank you.

Dr. Nicol, followed by Mr. Cao.

DR. NICOL: Thanks again, Mr. Chairman. Mr. Minister, a couple of questions that are not really specific to anything, but if you could look at page 105, advanced education. I'm specific to a page in here. That's what I was referring to. Your access fund: you know, a number of dollars go to each of the institutions there. They put in very elaborate proposals in terms of how the budget for that application is developed. What follow-up do you have to go back to the institution later and make sure the dollars are utilized at least approximately in the way the budget that was submitted indicated they might be?

DR. OBERG: Well, first of all, on the access fund. A lot of the access fund is related to actual seats. For example, they say that they will put in 15 seats or 50 seats in nursing. Obviously, that's something that is easy to check. Those 50 seats will still be there. The money that we have given them is what they have estimated those 50 seats will be worth. That from the access fund then goes into their base budget, so the base budget then will pay for those 50 seats on down the years. It's reasonably easy in that theoretically, I guess, if they decrease their expenses dramatically, we would say they were not directly using the access fund dollars for those 50 seats, but the actuality of that happening is quite small. So what we're concerned about is the 50 seats, and that is continued ad infinitum.

DR. NICOL: But what you've effectively said, though, is that – say one of these grants was for \$100,000 to increase 10 seats somewhere

in a program. If they had put in a budget that said, okay, out of that hundred thousand maybe \$70,000 actually goes into the frontline management and delivery of that program and the other \$30,000 goes into, say, overhead administration of student recruitment, record-keeping, et cetera, in support of that program, do you monitor and make sure that that appropriate division occurs, or is that just management within the institution?

DR. OBERG: No. First of all, it's management within the institution, but second, what happens is that there are onetime equipment costs, onetime costs that are also awarded to these people. Those onetime costs are not captured in their ongoing budget. So say, for example, a program would be \$5 million and of that \$5 million \$3 million would have been for the ongoing seats and \$2 million would be for onetime startup costs. The \$3 million would be transferred into their budget. We recognize that there are administrative costs on those 50 seats. So we do not go in and monitor and have them break down every year, for example, that 10 percent or 20 percent or 5 percent or 2 percent of that \$3 million is spent on those particular seats. I think it would be a waste of dollars for us to do that, and it certainly would be a wasted effort on behalf of the universities to go ahead and do that. We give them the money to pay for those seats; they ensure that those seats are available on an ongoing basis.

So rather than getting down into the microdetails of it, we feel that as long as the seats are there, if they are okayed in their administrative split versus their actual cost, and as long as those seats continue, we're happy that they've continued.

THE CHAIRMAN: Thank you, Dr. Nicol.

Mr. Cao, please, followed by Ms Blakeman.

MR. CAO: Thank you, Mr. Chairman. Referring to the annual report, section 1, advanced education and career development again. On page 44, regarding affordability, the first paragraph, it says that we have an "objective of 'realigning the responsibility of learners, providers, business and government for the cost of adult learning.'" My question is regarding the success. Could the minister comment on how successful the department has been in meeting the government's objectives in realigning the responsibility of the cost of learning?

9:52

DR. OBERG: Yes, certainly, Wayne. First of all, the department's success in achieving this objective is best seen through the percentage change over time of the other revenue component of that chart that is front of you. Assuming that the total public postsecondary credit revenue equals net institutional operating expenditures, then a percentage increase in other revenue relative to department grants and student fees is evidence of the rebalancing of the burden of funding.

The department's objective is that funding from other revenue sources – for example, the business sector, campaigns, investments, donations, things like that – continues to increase as a means of mitigating costs to the students and to the government. So the other revenue that is there is funds that are used to run the university. They're funds that can be used to assist students indirectly in that it doesn't directly go to them but it mitigates the costs of running the university. So indirectly it works to the benefit of helping the government as well as helping the individual student.

MR. CAO: Thank you. My supplemental is looking again at page 44. There is a student tuition fee cap of 30 percent of the credit

program. Could the minister comment on the adequacy of the fee revenue cap regarding the student capacity and the revenue needs for postsecondary education?

[The committee adjourned at 9:58 a.m.]

DR. OBERG: Thank you for that question, Wayne. First of all, the history of the 30 percent cap is that there was a consultation with the students' unions of the province to talk about where this cap should be. The recommendation actually came from the University of Calgary Students' Union about the 30 percent cap. I believe it works quite effectively for the student. I believe it works quite effectively for the institution, that it does allow them room to grow. It allows them room to, you know, increase the revenue that is coming in.

I'll be perfectly frank on this. The problem on this cap is when institutions reach it not necessarily by decreasing revenue but by increasing efficiency. The number of students going up, the number of classes going up, but the expense actually going down is where we run into a problem. It was something that was not anticipated in that the 30 percent cap can be reached through efficiencies. Obviously as a department we don't want to discourage any efficiencies that are out there. So as institutions come close to the 30 percent cap, what we may in fact be encouraging them or giving them the disincentive to do – and I realize I'm talking a lot in double negatives here – what may end up happening is that they may be given the incentive to increase their expenses. Obviously we don't want to do that. You know, if they're running efficiently, all the more power to them.

It is something that we are going to have to look at as this becomes an issue. It will become an issue and indeed possibly has become an issue, and it's something we need to look at. I believe the 30 percent cap has helped students. I believe it has helped institutions, but we just didn't anticipate institutions becoming extremely efficient and subsequently hitting the 30 percent cap. So this is something we have to take a look at.

THE CHAIRMAN: Thank you. I'd like to thank the minister. I think this is a record for the number of questions and answers we received in this committee. I think I can speak for the committee. The frankness with which your answers came was quite delightful actually. We should have done this earlier when we had the opportunity.

I would like to also, being undoubtedly the last meeting of this session . . .

MS BLAKEMAN: No, no. Say it's not so.

THE CHAIRMAN: Let the record show the opposition cried loudly.

I'd like to do a few thank yous. Firstly, for the staff we have here, our audio people, and the *Hansard* people, who do a great job. Of course, the most important bit of our staff too, the clerk that keeps us all informed as to what's going on. The Auditor General and staff for coming regularly and promptly. They're the ones that are on time every time in committee. [interjection] Oh, yes, the minister has just reminded me that he was on time, too, and all of his staff were present.

Finally, I would like to thank the committee. The committee has been most observant of the rules, unlike some committees of this Legislature. They've performed very well under duress, both civilly and cordially all the time. Prompt attendance is usually the case in this committee, which is pretty darned good. I'd like to thank the members that did serve in my stead in the chair for doing a very good job.

So thank you all and to all a good night. The meeting is now adjourned.

