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PUBLIC ACCOUNTS COMMITTEE

Legislature Chamber

Wednesday, October 26, 1977
10:00 a.m.

Chairman: Mr. Taylor

MR. CHAIRMAN: Will the Public Accounts Committee come to order please.
You have the minutes of the last meeting. What is your pleasure?

MR. McCRAE: I move the minutes be received.

MR. CHAIRMAN: Moved by the hon. Mr. McCrae that the minutes be received by the committee.
All in favor? Against, if any? Motion is carried.
I will now ask Mr. Rogers, the Provincial Auditor, to point out the sections in the
public accounts concerning colleges. Mr. Rogers, please.

MR. ROGERS: Thank you, Mr. Chairman. If I could refer to Volume I of '75-'76 public
accounts, page 250, the third section headed "Colleges" and the total budget appropriation
and the bill of supply was \$26,686,890. There were special warrants to the total of
\$3,325,380, making a total of \$30,012,270, and with an expenditure of \$30,695,179. So we
were over-expended in actual fact, which was covered by transfers to the extent of
\$682,909.

Over the page on page 252, under capital account, we have appropriation 3083, Grants to
Colleges. A total provided by appropriation, \$10,600,000 and a special warrant of
\$37,000, for a total funds provided of \$10,637,000, of which \$10,631,542 was expended.

Mr. Chairman, I think those are the appropriate references.

MR. CHAIRMAN: Thank you, Mr. Rogers. Are there any questions concerning the comments of
Mr. Rogers? If not, thank you Mr. Rogers, again.

The committee requested that colleges come under study this week, and we have with us
the hon. Dr. Bert Hohol, the Minister of Advanced Education and Manpower; the deputy
minister, Dr. Kolesar; the assistant deputy minister, Dr. Bosetti; the director of finance
planning, Mr. Alex Dobbins; the executive assistant to the minister, Dr. Hameed; the
director of campus people, Dr. Fenske; and the director of the college problems, Dr.
Clarke. I'd like to welcome you, Dr. Hohol and your staff, to this meeting and I would
now ask the hon. Dr. Hohol if he would like to make an opening statement. Dr. Hohol,
please.

DR. HOHOL: Thank you, Mr. Chairman and my colleagues. I would choose to stand as I speak
because the custom of the House is like that and my habit is like that. You can always
count on me to speak longer on my feet than on my seat. It's a real pleasure and a
privilege and a compliment indeed, Mr. Chairman, Mr. Rogers, gentlemen and ma'am of the
Assembly, for me and my officials and my staff members to meet with you. It's a
compliment because it's the choice that you have sir, and ma'am, and gentlemen as to whom
you choose to converse with with respect to the affairs of the province in whatever area

you feel might be a priority or a concern or one in which you feel you have some support or some question. So we do view it as a privilege and a compliment.

I have brought quite a bit of staff with me for two reasons. First, there may be questions which are technical, and secondly, it is a worthwhile experience for them to meet with elected people. By the way we work, our officials don't have enough opportunity -- it's not a criticism, it's just a fact -- to meet with elected people and that is one reason they are here. They are also here because they know this business. I was going to say this is my medical staff -- they sound like they are all doctors. So if any of you have other kinds of problems outside of colleges, these aren't those kinds of doctors.

I am commenting in four ways. First, that we have six public colleges. They present to the people of Alberta a significant, Mr. Chairman, capability to serve Albertans in many ways. Secondly, that they serve a very large population in Alberta and have a large number of students. The students are varied. Some come from the high schools directly into colleges -- the conventional approach, if you wish. Others have been out of high school and have worked and feel that they must go back and learn something specific about the particular way of doing something that is occupational, vocational, avocational, in many cases cultural, linguistic, theatre, arts, music, drama. In more recent years, certainly with the fiscal year we are addressing ourselves to, though I appreciate that we don't confine ourselves to that particular year necessarily, the public colleges have responded very effectively in an area where the traditional places like NAIT and SAIT could not cope with the numbers of candidates for apprenticeship and they are doing a tremendous job in responding to this particular area.

In speaking of programs, and that's the third point I want to talk about, in addition to the base kind of program which is vocational and occupational, and in many cases cultural, there is also the transfer program. The six public colleges carry the capacity to offer two-year transfer programs so that a student may take the first two years of certain designated programs at college and then transfer to the university. This is significant, Mr. Chairman, ma'am, and gentlemen, for two reasons. One is that a student may find it possible to get his program in his two years of university closer to home in an environment in which he is familiar, and secondly that that very notion of a smaller institution -- though the colleges are large, they are certainly not the size of say the University of Alberta or the University of Calgary -- very often the capacity to move from the high school, big as it may be but still small compared to a university, is such that a student can deal with and quite often graduates at Christmas by not returning for his second term of his first year. The colleges serve a particularly great purpose in being able to bridge that gap between a rural school, a smaller school in a big city, and the movement to a university. It provides, too, the capacity for a student at less cost to sometimes make a vocational change without as much loss as he would if he moved directly into a university program. These transfer programs, Mr. Chairman, are by somewhat formal arrangement, called affiliations -- arrangements with a university. For example, the Red Deer teacher-training program, which is a two-year program, has an evaluation agreement, or an accreditation and an affiliation agreement with the University of Alberta, so that the University of Alberta accepts Red Deer graduates in education, in arts and physical education and others. Those are merely examples. Other colleges, like Mount Royal in Calgary has an affiliation agreement with the University of Calgary.

The last comment I would make about public colleges is their capacity to be responsive. In addition to their base programs they can respond much more rapidly than the older, more traditional institutions like universities. They can respond to circumstances in adult education. They can respond to new programs, to new schools, to new faculties, much more quickly. An important function of public colleges is to be responsive to the immediate

different institutions, because if we do not, we will nearly rigidify the differences that exist, and the anomalies, and the feasts and the famines -- and I use that carefully; I don't mean it quite literally. But some very real differences exist between the capacity of institutions to do certain things based on the money they get.

One last comment, and that's to go back of the restraint period and the more general approach to funding has been based on full-time equivalent students and grants to begin new programs and grants to meet specific and unusual circumstances like the schools of medicine at the University of Alberta and the University of Calgary.

MR. YOUNG: Does that suggest, then, that in the case of the colleges -- and referring specifically to colleges -- that there wasn't and couldn't be any recognition for program changes or student growth during that time frame, any particular recognition? It was whatever the percentage figure was. I thought it was 8 in the time frame that we're looking at, but maybe I'm mixed up in my fiscal years. It was 11?

DR. HOHOL: Ten per cent.

MR. YOUNG: Ten -- that it was 10 per cent on top of the budget of the previous year for each institution, regardless of what they did? The flexibility rested totally within it?

DR. HOHOL: That is correct. That is really the literal explanation of what I was straining to say in terms of the differences and entrenching or sort of confirming the differences by using a fixed figure and applying them to institutions that had different circumstances. So that if one college, for example, an older college, was not enrolment-driven, where the growth of students wasn't great, it did not have the difficulty of a college that was enrolment-driven, where the increase in the population of students was high. So that's correct. Within that 11 per cent, probably about 8 per cent was inflation. So that if there was room with what was left for growth, then the colleges could respond to growth. If not, there was no recognition of growth within that figure.

Some people were able to manage some growth in some of those figures. Some were not. This had very much to do with budget procedures. So a like percentage was applied to all and the colleges then managed the distribution of the funds within the college itself.

With respect to new programs, there was approval of some modest number of new programs. That is because once you approve a program during a restraint period, it is difficult to be certain that the next year the program could continue, and unless we were sure, because a program would build into the base and would have to continue the second year, there were not that many new programs approved in the last two years.

MR. YOUNG: Mr. Chairman, to the minister, just putting myself, if I may, in the position of a finance officer for one of the colleges, where would my sources of revenue be that would provide any flexibility? I realize that government funding is the large part of it. What about tuition fees? Is there any capacity in this time frame for tuition fee adjustments on the part of colleges, and if so, could you outline what that might be?

DR. HOHOL: Yes, Mr. Chairman, that is the second source of revenue. Other institutions have other capacities for revenue; colleges do not. Most of it's from government, based on the 11 per cent two years ago and 10 per cent last year, although in total, the calculations show that the increases in colleges was 15 per cent last year over the previous year's base. The second source for college revenue is student fees. Now student fees had not been increased or touched for a period of six or seven years until two years

ago, when all fees went up 25 per cent. This generally was \$100 at universities and about \$75 at colleges. This did present a significant revenue source for colleges.

MR. YOUNG: Mr. Chairman, I guess my question, to get to the essence of what I'd like to know: can the colleges, on their own initiative, change the tuition fee in this time frame, or are they subject to authorization to do that? And does that apply to all programs, including the so-called adult education, the non-credit type programs, or what's the differentiation here?

DR. HOHOL: The answer, Mr. Chairman, is in two parts, as was the question. They were excellent questions. The tuition fee -- the statute reads the same in The Colleges Act as in The Universities Act, and it says that the colleges may increase the fees subject to the approval of the minister. If you recall, this was the central argument with respect to increasing foreign student fees. So, certainly the colleges can increase fees, but subject to the approval of the minister. We are working on a system that will see increases periodic and modest, rather than infrequent and high.

Secondly, with respect to any other kind of program, the user fee notion is one that's open to the colleges, and one that they use. They have outreach programs. They teach away from the home base as well as in colleges. Students who come for a particular course that's in the area of continuing education and so on -- the colleges can set their own fees. The college has complete capability and complete autonomy in fees other than student fees.

MR. DONNELLY: Mr. Chairman, would the minister please explain to me what is involved in the overseas project?

DR. HOHOL: Mr. Chairman, the overseas project can be responded to in two ways. One is that Canada generally, and in this case Alberta, participates in the development of educational programs in developing countries. Over many years, the then-government and the present government have done significant work overseas. I would guess that the specific one the hon. member is asking about has to do with Benin City. Two years ago this government, through the Department of Advanced Education and Manpower signed an agreement with Nigeria to develop in Benin City a technical school. The agreement was on behalf of CIDA and funded by CIDA. What we did, after extensive negotiations as I recall, was provide to Benin expertise in the area of technical education. If my memory serves me right, through negotiations of the officials and the reading of agreements and contracts, we released two outstanding educators in the field of technical and vocational education to provide the leadership in the development of the Benin Institute. Support people in the number of about four others, maybe a total component of six, if I recall, and some were from NAIT, some were from SAIT. To the best of my recollection sir, Mr. Chairman, ladies and gentlemen, that particular overseas project is now concluded and our people are now on the way back, with the exception, probably, of maybe two people who are there for some additional time to ensure an effective transition from developing a building, equipment, programs of study, curricula, management, counselling, teacher training, and then the effective operation of the enterprise itself.

MR. DONNELLY: The purpose, Mr. Minister, is for the end result student to work in Nigeria, not with the purpose of bringing them to Canada?

DR. HOHOL: That is correct, Mr. Chairman, and that is a significant question, and we probably haven't got the time . . . But in terms of help to developing countries, and

certainly foreign, that in my personal opinion and certainly in the opinion of our department, and I believe a developing mood and attitude in Canada, is about the most effective way to education in the country where the people are. That is in no way to set aside the virtue and the value of third world and other foreign people being educated in Alberta or in Canada. The international notion of entry and study here is excellent. The notion of moving experts from Canada, from Alberta, to other countries and developing for them and with them the capacity to educate their children on a long term is a very significant kind of aid.

MR. STROMBERG: Mr. Chairman, I would like to ask the minister, in light of the grants per student that your department dispenses to the private colleges and to the public colleges, what is that per student percentagewise, say comparing CLC with Grande Prairie?

DR. HOHOL: Mr. Chairman, the guideline which we attempt to follow is about 75 per cent of what we assign as grants to public colleges we would assign to private colleges in terms of operating grants. It's important to note that while we provide all capital construction and equipment to public colleges, we do not in the case of the private colleges. They develop their own. This comes out to approximately \$1,800 per student in terms of per pupil grants.

MR. STROMBERG: In that difference between the funding per student grant between the public colleges and the private colleges, the minister just indicated that the private colleges have to raise the funding -- am I correct -- in dormitories, libraries, all the facilities that are there. I was wondering, has your department ever had the opportunity to come up with the amount of millions of dollars that have been saved the Alberta ratepayers if the public colleges were not there and you had to pick up that load of students?

DR. HOHOL: No, we haven't. We have never felt that this was something that we would do. With respect to the question, it can be put in other terms. The choice of a private school or a private college is exactly that. It's the determination, usually by a denominational group -- and I say this in explanation. I've already indicated my deep and profound support for a plural educational system in our plural society. But the fact of the matter is that if these students did go to public colleges, the enrolments in private colleges are the kind that they would not likely add significantly to the costs of the colleges, and if the transfer program as we have from colleges to universities or some of the students went directly to universities, I'm not clear -- although as I say, we haven't studied it -- that there would be a significant saving to the taxpayers of Alberta. The point is that we do pay private colleges about 75 per cent of operating costs, but in terms of the capital buildings being in place with respect to colleges and universities, I'm not clear that there would be a significant cost to Alberta taxpayers.

MR. STROMBERG: Well, there would certainly be a tremendous saving to the ratepayers and the citizens of Camrose who have, over the years, contributed -- the business community and private citizens -- to the upbuilding of now quite a major college in Alberta. I think that if you look at the CLC, it is now no longer a Lutheran college, with only 44 per cent of their enrolment being Lutheran. That is a true community college. I think that the other two colleges are starting to move out into that field where they're not serving a religious affiliation.

My second supplementary would be -- and perhaps, Mr. Chairman, with just a little leeway to explain the situation, why I say that our private colleges now are becoming public colleges. In rural Alberta especially, where students are graduating from high school at

ages 17 and 18, these young adults might not, in some instances, be mature enough to hit the big time here at the campus at the U of A or the campus at Calgary. And it's so beneficial that those students can stay in their community for one or two years of their university education and then move on. That's why I would hope that your department would revalue and rephrase the role of the private college in Alberta.

MR. CHAIRMAN: Any comments, Dr. Hohol?

DR. HOHOL: Only this one, sir, and that's that I agree with the hon. member. What is important to place on record is the proposition that private colleges need to be certain as to how much aid and support and help they want from the public sector to ensure that they do not become, as the hon. member said, more and more like public colleges. At some point, the whole notion of why a private college exists can get defused and moved aside and become a non-private college. If private colleges do this, they do it at some risk of reducing the whole notion of a plural education system at the college level. I think that that is important to note. It's what you're giving up for what you get. I think society's response to 75 per cent of operating costs is a reasonable and reasoned attitude and appreciation and recognition of the value of private colleges.

MR. STROMBERG: I couldn't agree more with the minister about the role of a private college, but I think that the communities, and especially the community of Camrose and the community of Lacombe -- they are quite willing to put up the facilities needed, fund those facilities, the dormitories, et cetera, but at least give an equal break on the grant-per-student structure.

MR. R. SPEAKER: Mr. Chairman, I'd like to ask the minister questions with regards to the -- and I raised this in the House the other day -- International Agricultural Exchange Association concern. I note from an article in the paper that your department, Mr. Minister, and I'll just quote this: "has decreed that future trainees moving into Alberta are to be handled through one of the colleges as educational trainees, not agricultural trainees as was done in the past few years. In addition to the orientation course, an educational component will become mandatory before foreign trainees are allowed to work here." I was wondering if the minister could comment on that and clarify two things in there. One, what this mandatory component is and the reason for it, and basically why the change from an agricultural trainee to an educational one, if that's accurate?

DR. HOHOL: Mr. Chairman, ma'am and gentlemen, I am very pleased to do that. With all due respect to the media, you can't believe everything you read in the newspapers. That particular enterprise has gotten some incredibly bad -- not bad press, but an abject incapacity to understand what it's all about. That's regrettable, because when an agricultural writer writes about agriculture, he should have been out on the farm sometimes and got the feel of it. This one is an urban writer writing about farms and that makes some very interesting reading, Mr. Chairman.

The fact of the matter is that that program is very much like it always was, an outstanding and excellent program of exchange between European students who come to Alberta and other provinces -- we are talking about Alberta -- and Albertan students who go to European countries. In both circumstances, the families who keep the youngsters over a period of time during the summer are called host families. In Alberta there is a Host Family Association with an executive that does this work. It has an agent in Europe who does the screening and selection of students. This is based on criteria mutually arrived at between European countries and Canadian ones, Australian and New Zealand --

this is a very large program, as the hon. member knows. What has happened is a profound misunderstanding in some quarters that ought to understand better that nothing unusual has changed. What has changed, Mr. Chairman, is what all of us in this Assembly know, and that's that the provincially-administered institutions referred to as agricultural colleges, including Olds -- and I mention Olds because the Host Family Association activities in particular have been developed in the Olds area -- those colleges used to be under the Department of Agriculture. About three or four years ago they moved in a statutory way from the Department of Agriculture to the Department of Advanced Education at that time, and now Advanced Education and Manpower. So when you talk about students changing from agriculture to education, the overwhelming misconception is the fact that the college itself -- and so did Fairview and all the other colleges -- have moved from one department to another, giving rise to the very gross misunderstanding of what is happening in that area and the writer will not, I don't think, in his lifetime -- and he's still a young fellow -- ever understand that. I can't take full and complete responsibility for his right to be stupid.

The other thing is that we did say that in addition to the farm component of the exchange program that there should be, and has been, a cultural component, an awareness of language component, the territory type of understanding of the differences in geography and that because the colleges were agricultural colleges, that there be some education or some knowledge exchanged, some information base. So we have indeed said that in the orientation, which is a one-week program, that there be what we call an education component. This is now being developed by our people, and in particular by Dr. Hendry and other officials, and mutually worked out with the Host Family Association.

Just to conclude, I want to point out that it was the association's choice to move to an educational type of atmosphere. It wasn't a mandate or a decree from the Department of Advanced Education and Manpower. They chose to move into the education type of milieu. That in no way sets aside the maybe 80 to 90 per cent of experience on the farm and work on the farm. But there should be no misunderstanding. There should be no support of any program that brings youngsters to Alberta to supply farm labor, nor Albertan students to go to Europe to supply farm labor. There are some concerns with respect to The Labor Act and concerns with other statutes, but mostly with a sense of fairness. But I have to say that it's an excellent program. It has our support, because we do have a governmental, departmental and ministerial responsibility for it. We have indicated to the association what those are. We have mediated some. We have agreed on some and on some we haven't, and in some cases they have the say in those that we haven't, and in some cases we do. That's the full and complete story about the things you've always wanted to know and couldn't find out, about the exchange program between Europe and Alberta.

MR. R. SPEAKER: Mr. Chairman, to the minister, it is the intent then to have just the one week of educational program, only it's going to be a little more intense than it was in prior years. Is that correct?

DR. HOHOL: Yes. That is not entirely final. What I want to be clear on is that the one-week orientation may be extended to eight days or ten days or fewer days. That in itself is not the issue. What I want to be absolutely certain of, and I've given this information to the association, so I'm not saying anything here that I've not said to them, is that a person who comes from Europe gets the feel of our province, gets the feel of this people, that the youngster gets the feel of more than the farm with respect to farms. I love farms. We've got to have them, and I'm sure we'll continue to have them. But it's a firm and clear understanding with the Host Family Association that the experiment has to go beyond the farm, excellent as the experience on the farm is. But

there is also the church, and the community, and the trip, and the friends, and the neighbourhood, and different languages, and different places. So when we talk about education, we're not going to put them in a class and teach them the three R's. The education word again is a bit misunderstood. It's really information and Knowledge, in the best way you can in a factual way about this great province of ours. Because a student coming in who works on a farm at Fairview or Olds or Vermilion is not going to see this vast province. But he can put in perspective his immediate surroundings where he will work into the Knowledge or information base that we provide him, and we can do that in the classroom. That's what that's about.

MR. R. SPEAKER: Mr. Chairman, to the minister, I understand that this is being worked out co-operatively with the Host Family Association. In other words, the program for 1978 will carry on and most of the difficulties and the misunderstandings that occurred in the last month or two have been overcome at this point in time.

DR. HOHOL: There certainly is no question about the program continuing. I think it's fair to say that most of the misunderstanding was in a community where different people held different views as to how this association should go. That, for the most part, is none of my business. Most of the misunderstandings were not between our department and the association. It was amongst people, individuals, and groups of people right in the community. We have no misunderstandings. We have a few differences. We required some basic kinds of propositions that we felt were in the interests of Albertans and in the interests of legislators to make sure that programs and policies that were inter-nation and involved our province were the kind that a fair person would say were reasonable. So while there may have been some misunderstandings and some differences of views, certainly they were more in the area of misunderstanding rather than requiring such unusually different kinds of things that they didn't have before that it would be difficult for them to manage. I think most of the misunderstandings were back home, and still are.

MR. R. SPEAKER: To the minister, is the minister taking any steps then to clarify that? Is he responding by letter -- I think I raised this the other day -- to the association? I think maybe that would clarify a number of things.

DR. HOHOL: Yes, that's right, and I should just say it wasn't a delegation, as we spoke during the question period. It was the president of the association, whom I invited to meet with me personally rather than spend hours on the telephone and through letters and so on. He and his wife came and we visited for an hour and a half or two hours. It was not a delegation. At the end of that meeting I think we cleared up a great deal of misunderstanding, if you wish. Mostly, they were misunderstandings, and that didn't surprise either one of us, that we agreed on most things. At the end of our meeting, I volunteered, rather than it was required because of a formal delegation representation -- that wasn't the case. There was no brief, there was no presentation. We simply had a discussion. I volunteered to summarize that discussion and to send it to the president and invite him to examine it to make certain that our discussions were understood and that they were the same. That is on my desk now, ready for my signature, and will be out today.

MR. JOHNSTON: Mr. Chairman, perhaps my first comments seem to be directed either to Mr. Rogers or to the minister. In looking at the public accounts, I find that the universities are reported directly, but I can't find the actual financial statements for the public colleges. Is that going to be reflected in the new changes of legislation?

MR. ROGERS: Mr. Chairman, the only information that was in the 1975-76 public accounts were the figures that we referred to earlier, which show the total operating and capital grants paid to the public colleges. It was a feeling on my part that there should perhaps be a little more information in public accounts, and a series of discussions took place with the minister and the department, and as a result of that, I am now the auditor of the Mount Royal College, the Grant MacEwan College, the Grande Prairie Regional College, Medicine Hat, Lethbridge Community College, and the Red Deer College. I think perhaps you might be interested to know that the way in which these audits are being performed is somewhat unique for our office, and gave us the opportunity of putting into practice a policy that we have been wanting to get involved with for some time, and that is a policy whereby the audits are carried out by agents. In other words, they employ firms of public accountants who are in the community, and they act as the agent of my office. This, I think, is good for both parties. We are now completing the audits of the financial statements for the year ended June 30, 1977, and our experience thus far has been very satisfactory. These statements will appear in the public accounts of 1977-78.

MR. JOHNSTON: Mr. Chairman, the minister has alluded to the way in which the funding to the public colleges has evolved, and has explained the process of dealing with the guidelines through 1976-77. It's been called to my attention, however, that some of the colleges are operating with perhaps a surplus -- a substantial surplus in some cases. My question is, in what way does the department handle these surpluses in reflecting its contributions to the public colleges?

DR. HOHOL: Mr. Chairman, (inaudible) colleges and other statutes that govern the conduct of money, in this case in the colleges, the surpluses accumulate for a reason over some years. But the statutes do not permit an institution to spend or expend any funds from surplus without ministerial approval. So for any operating or any capital expenditure, there is a formal procedure which would require the board of governors to request from the minister a signed approval for a program of expenditure that's explicitly outlined. Sometimes that approval is provided and sometimes it isn't.

MR. JOHNSTON: That explains how the surpluses are dealt with. However, my question really was, how is that reflected in the contributions to the colleges in terms of determining what their operating grants will be on an annual basis, if any?

DR. HOHOL: In the budget approval procedure, sometimes we make adjustments to take into consideration a surplus and sometimes we don't. It depends on the nature of the surplus in terms of amount. The expenditures of surplus are usually of one kind. It's a non-recurring kind of expenditure. You expend it once only. It's been previously included in a base, because it was computed on a, say, per pupil grant or whatever approach to computing, say 10 or 11 per cent. So it's already in the base. If it's anticipated that in the fiscal year there may be expenditures of a surplus, it is then adjusted. If it isn't in the pre-budget, it certainly is in the post- by making an adjustment to subtraction of whatever amount of money had been expended by the college from surplus funds.

MR. JOHNSTON: Mr. Chairman, to the minister then, to restate it: can I ask you this, then? Is the college which exhibits good management practices, which takes shortcuts to ensure efficiency in the delivery of services, but at the same time maintains a high level of program content and student enrichment, is that college penalized by operating a surplus and subsequent grant provisions?

DR. HOHOL: Yes, I appreciated the question. The answer is certainly, no. Sometimes privately or publicly we can talk about whether those are the reasons why an institution has surplus. Certainly those are possible reasons. In some cases that's the reason. In other pragmatic cases, there could have been an overestimation on what they needed, and we agreed that they are overestimate, because we didn't realize it was an over estimate. You've got to be honest.

MR. JOHNSTON: The first one wasn't really a question, Mr. Chairman.

MR. CHAIRMAN: Okay, we'll give you 3.1 supplementaries.

MR. JOHNSTON: Mr. Chairman, I'll have to compress this question into one, I suppose. We have talked about the way in which assistance has been given to the colleges in the sense that we have a scheme of providing assistance through the grant on a per-pupil basis. The next question really deals with the measurement of the costs of running these institutions. Presumably the minister could provide us with some crude information, crude in statistics, which might show: a) that the department is conscious of measuring the cost of operating colleges on a per-pupil basis or on a per fte basis, but really I'm looking at the decision which presumably was made some time ago to launch the Mount Royal College. As I recall some of the arguments indicated that the decision to initiate such a substantial capital investment was to generate efficiencies in terms of the costs of students. Now I know that that's a single criterion and may not necessarily be the best judgment of the way an institution does operate, but it would be of interest to me, first of all, if the minister could provide the committee with a confirmation that those costs are consciously determined by the department, and secondly, and general observation with respect to the decision to move to the Mount Royal and whether or not there has been any efficiencies in terms of the operation of that institution.

DR. HOHOL: The motivation has to be supported by propositions such as the hon. member outlined. Our response would be affirmative, that yes there is such a thing as a college that's too small. There may not be anything wrong with that as long as people know they are paying more for the kind of education that they want. There is no question that Mount Royal has that kind of proposition, that of cost efficiency as an anticipated virtue, and one of record. But I think in all honesty it isn't fair to say that's the second consideration. What is fair to say is that there is a priori consideration and that is to increase the size of an institution to provide diverse or more of the same kind of services. I think in the case of Mount Royal, that had to be the overwhelming raison d'etre for the college to increase. But in so doing, the department and some of the officials here and some who aren't here, and in Treasury and elsewhere, are remarkable in working in an area, social sciences, where it is not as easy to develop formulas for cost efficiency in advance and then to check off against them as it would, say, in industry or in other kinds of enterprises. But I feel I can honestly respond in the affirmative to both the hon. member's questions.

MR. WOLSTENHOLME: Mr. Chairman, my question to the minister is, there is quite a number of groups like Hutterites and Mennonites in the public school system who resist our educational system. Is there any conscious effort made at the college level to try to encourage these people to come and attend the colleges so that -- I think this would be an excellent way of getting education to them, to get them into our society as such. Is there any program in the colleges to try to encourage these types of people to attend?

DR. HOHOL: Mr. Chairman, not a program as such. There is no planned approach to the groups that, based on certain value judgments about the nature of man, perform in their own society and in the larger one in a particular way. I think, Mr. Chairman, the question and the circumstance is likely more peculiar to basic education, from early childhood to Grade 12. But the question is a good one in the context of the colleges.

I notice that Mr. Johnston has left, but for the information of you Mr. Chairman, Mrs. Chichak, and gentlemen, I just want to point out that in terms of costs per student, on the proposition of size of a college and cost efficiency based on costs per student, Mount Royal being probably the largest in a physical sense, there is only one college -- Grant MacEwan is \$2,115 per student; Mount Royal College, the one that the hon. member was asking about, is \$2,116, virtually the same. These are the lowest by far. To place these in the context of costs per student: Lethbridge Community College, \$2,654; Red Deer College, \$2,339; Medicine Hat, \$3,429; Grande Prairie, \$2,993. So, then to look specifically at Mount Royal College in terms of one that has been added on to and has increased a great deal, the cost efficiency there is positive -- \$2,116, second lowest by \$1.

MR. McCRAE: Mr. Chairman, I wanted to ask a question about the nursing refresher course that is offered at Mount Royal College and also a comparison of that course to the Grant MacEwan College up here. I've had a lot of representations from housewives in Calgary and the husbands of those housewives who want to get back into the work area. Their families are matured and they want a refresher course. Now a couple of years back I don't think there was any course offered in the Calgary area, and I appreciate that after discussions with Mount Royal and yourself that they have offered a course there. The problem seems to be that the tuition there is substantially higher than the tuition up here at Grant MacEwan. I gather that is related to the length of the course. But recognizing it is a refresher course, and I know the minister likes to see things balanced out between all the communities of Alberta, would he expand or discuss with us what the comparable situations are, please?

DR. HOHOL: Mr. Chairman, I speak very directly to the question -- there are other things that relate to it, but very directly on the question. In the case of Mount Royal College, what we have is professional people, people with degrees, people who are R.N.'s, people with diplomas and certificates who return to college for updating, upgrading and continuing education. There, Mr. Chairman, we believe it's fair to Alberta taxpayers to have the person who is already a qualified person who wants upgrading to do so on a user fee basis. This is the education you want, this is the upgrading you want, you pay for it out of your own pocket. In the case of Grant MacEwan, the case is very different. It's a program to train nurses, people who are not nurses at all, people who are out of high school, people from other occupations, who come in to become nurses. We want that fee to be as low as possible to make education as available and as open to students as possible. So in fact they are two different kinds of programs. One is updating of presently professional people; one is the training of nurses in the first instance. Other value judgments could be made about the application of funds in either case.

MR. McCRAE: Mr. Chairman, I'm not sure I'm understanding the answer fully. We have a situation of housewives or persons who are now qualified nurses wanting a refresher course in Calgary. Now one would assume that would be a much shorter course than a new starting 'let's train a nurse' type course. I've had examples of people who have come from Calgary up here to take the refresher course because it is so much cheaper. They do it in a

shorter period of time, at a lesser cost. I'm just not sure I relate the answer to that type of situation.

DR. HOHOL: I would have to take that on notice and probably respond. I would have to stand on my initial position. There are refresher courses here. But that is not the main purpose of the nursing program at the Grant MacEwan College. It is at Mount Royal. To get a comprehensive refresher training program requires highly skilled instructors, equipment, a medical setting, experimental work, theoretical work -- I was going to say "theatrical" which is probably true, depending on the instructing -- and other kinds of aids. These are expensive. I submit, Mr. Chairman, hon. member, madam and gentlemen, that the short-term courses per unit are much more expensive than a longer term like the two-year nursing training program at Grant MacEwan.

I'm simply speculating that the Grant MacEwan people work their upgrading program into their regular nursing program, and if a nurse wants to upgrade in a particular unit, she will take just that unit at Grant MacEwan and none other, while Mount Royal has a fullfledged upgrading program. If that difference, based on my speculation, is not accurate, I would feel, as the hon. member does, that the fees should be the same. I'll look into it, and by memorandum or by the way the Chair directs me, I'll inform the members of this committee of that particular question.

MR. STROMBERG: Mr. Chairman, I was wondering if the community of Camrose and CLC decide that they wish to gradually go to the role of a full degree granting college, will the minister grant them such?

DR. HOHOL: Mr. Chairman, ladies and gentlemen, it is an aspiration of this particular college to move in that direction. The present legislation does not permit it. There would have to be new legislation. That, in itself, is not an impediment. The proof of the capacity of the college on a long term to finance itself, which is a considerable cost, and I believe the college can do that, have a market of students on the long term -- those are the more overwhelming considerations -- also revisions in the attitudes of Albertans who are more used to traditional institutions like universities granting general degrees. The private colleges have had other functions over these many years. There would have to be an adjustment there. I have an open mind. I know the college is pursuing this. We're doing some work together. There is the question of whether, in fact, we need more degree-granting institutions or whether the college wants to grant more -- not as many as other institutions, but more than they are at the present time. In fact, they aren't at the present time. They are training certificate people in the areas of service peculiar to their own religious denomination. But certainly I think this is a healthy attitude in the college and in other places about the possibility. It's a complex and tough problem. We'll keep working at it.

MR. STROMBERG: This also apply to Concordia and Union College, would it -- the same attitude?

DR. HOHOL: No, I don't think so. I would say that in my personal judgment, and I think shared by my officials, that the only college that could begin to be ready within the next decade to move into a degree-granting institution would be the Canadian Union College in Lacombe.

MR. STROMBERG: I'm still on my first supplementary. I missed the minister's last explanation when he mentioned Union College was the only college he could see that would

move into this type of small arts degree-granting college. Then he was mentioning something about Camrose and I missed that part.

MR. CHAIRMAN: It was a facial expression and it wasn't recorded by the machine either. (laughter)

DR. HOHOL: That's exactly what I was going to say. Mr. Chairman, the hon. member didn't miss anything, because I didn't say anything either. But what you were trying to interpret was the look on my face, I think. Good for you. When you can do that with your glasses, that's all the more marvellous.

My deputy properly points up that while we're not clear that that's an aspiration of the Camrose college, it could, in the next decade, be ready to move into some degree-granting position. I'm not personally aware that Camrose is moving in that direction. I'm very, very aware that the Canadian Union College does want to move in that direction and has made representation. I've visited the college. I've visited other colleges of that denomination, along with one of my officials, in the United States to take a look to make sure that if we move in this significant way, and it would be, Mr. Chairman, it would be, that we do it with our eyes open and with the support of people and are sure beyond any question of doubt that the institution will be successful. It would be no favor to grant this kind of capability to an institution on a hope and a prayer, if I can put it that way, and then have the institution fail. It would set it back, not only in the degree-granting circumstance, but even would it do damage to their present capability to do the work it's doing at the present time.

MR. YOUNG: Mr. Chairman, if I could first say to Mr. Rogers that I'm pleased to hear that there will be more adequate reporting, because I frankly don't consider the few lines in the public accounts adequate to give members an understanding. I appreciate your efforts and I trust that we will have more in future.

I'd like to refer, Mr. Chairman, to page 11 where it summarizes the amount over budget that the colleges were in this fiscal period. It appears that they were over budget by \$2,975,560.

MR. CHAIRMAN: Is it on page 11, Volume I?

MR. YOUNG: Yes, it is. It's summarized opposite appropriation 3022. Now, it raises a very, very interesting question, a question as interesting with colleges and universities as it is with hospitals and other bodies of that nature. When you have a situation where you have quasi-independent boards operating, you've arrived at the budget, and then you have an over-budget situation, what do you do?

DR. HOHOL: Mr. Chairman, what happened that year was the first year of restraint, and some of the assignment of money simply did not provide for student enrolment. It's important to recall this, that in the second year of restraint, institutions could set quotas, they could set limits on enrolment, to be consistent with the advance they would get from the government. In the first year, that wasn't the case. They were really caught with the flag at half mast because we came in with the restraint figure of 11 per cent in the fall. Their budgets were set the prior spring. So some of the institutions had -- in one case an increase of pupil enrolment in the nature -- and I'm going by recall of two years, hon. member, Mr. Chairman, madam and gentlemen, so I could be out by half a per cent maybe. But they were anticipating 5 per cent growth and got 11. So you can see what a restraint budget would do to that. So most of the overexpenditure in the college area was

enrolment-driven, the most of it. Secondly, there was a matter of paying a difference of our pragmatic estimates of collective bargaining and other kinds of arrangements for settlement of wages of non-academic and salaries of academic people. That cost turned out to be greater than we anticipated for two reasons. First, we underestimated slightly, but more importantly, there was a much larger number of students in the college system than we had anticipated which required a much larger instructional and non-academic staff. For those reasons, there was an overexpenditure on the college thing.

Now, what you do about it, of course, is make adjustments in the subsequent year and also make adjustments in the whole system of postsecondary education. In this particular instance, we went to the Executive Council long after to make sure that the enrolments were long-term and not just in September-October, and got the difference that we needed by special warrant -- not all the difference, because we made some adjustments in other parts of the expenditure budget.

I should mention, Mr. Chairman, while I'm on my feet, that I agree with the member's comments on the matter of more information. We do get the annual expenditure submission from all the institutions, and members can get those from our office.

MR. YOUNG: Mr. Chairman, the minister has opened up a line of potential questioning, which I hope some other members of the committee will follow up, and that's the whole issue of quota enrolment and where are we going, what's policy, et cetera.

But I should like to come back to the nub of the financial fiscal control issue. How does the department know when a college says their overexpenditure is enrolment-driven? How do we know they are operating efficiently? Let me put it another way. Aren't we, in the system we're operating in, relying for our success on the co-operation and commitment of those people to follow government policy -- virtually 100 per cent relying on that co-operation and commitment?

DR. HOHOL: Yes, I think that's a very fair and reasoned statement, and I would defend it as a proper kind of relationship between institutions in particular that have boards of governors, and the government. At the same time, the people here and other people in the department are doing just an excellent job in terms of what one might call audit work. Our officials, on behalf of this government, spend a great deal of time with officials of institutions and sit around and across tables and they do some very hard-nosed work. Somebody picked up the "sit around". They sit around and do hard-nosed work as they sit around. And they do things such as comparing costs per unit of one institution and another. We audit enrolments, and we get very careful statements of enrolments from every institution. For example, with respect to additional costs beyond the budgets of last year, the enrolment increase was 16 per cent in the college system, Mr. Chairman. It's a significant figure - 16 per cent. So, money had to respond to it. And we review the budgets. We're fairly literal about our legislation. This is part of the discomfort some of the institutions have, and I regret their discomfort, but we're not going to change our ways. The legislation says that the minister "may" or the minister "shall", and in those cases, I do, because I feel that the legislators of some time ago felt that on behalf of Albertans, the minister should do it, so I do. So we ask for the budgets of the institutions, and we review their budgets nearly line by line and dot by dot and number by number. And if we're not satisfied, there is a visit from our people, and I think they're so well known at the institutions that no one greets them when they walk in anymore. They just come in and do their work.

I do want to, so I don't forget afterwards, use this opportunity to reflect to the legislators and you, Mr. Chairman, the quality, the calibre, the integrity, the

intelligence, and the intellectually tough-minded work of the officials who are with me and others who are not.

So, in response, yes on principle, as the member says, and I feel this is proper. Secondly, we do compare costs. We do audit enrolments in a very tough way, and we do review budgets. If we're unhappy with any part of it, we don't turn our backs on what we feel are our responsibilities to deal with those issues.

MR. YOUNG: Mr. Chairman, my next question I guess I should preface with a statement. I hope it's always co-operative effort and mutual effort towards the same objectives. But let's suppose it isn't. Let's take the situation where I'm a college administration and I want to do something which the department doesn't want me to do, and having been told I can't do it, I do it anyway, and the bills come in, then what? To make it very simple, let's order some equipment and have the equipment delivered in. Can that happen, and if it did, what would happen?

DR. HOHOL: The answer to that is that a college cannot run a deficit -- again a statement from The Colleges Act. They cannot run a deficit. A president who does something outside the statutes and so on -- the board of governors, officials, and I make some judgments about that. A president takes some risks of notable proportion when he deals with his constituents and with his government and with his institution outside the legislation. The last comment is that the statute says the minister has to approve all the grants and the total expenditure of an institution of postsecondary education.

MR. YOUNG: Mr. Chairman, I think maybe the answer that I'm looking for is in the quotation, "risks of notable proportion." But either I'm misunderstanding, Mr. Chairman, about how the system operates, or . . . Well, I guess maybe I must be misunderstanding. But it would seem to me that there is sufficient decentralization, sufficient discretion given to the college administration, that the administration must be able to make some decisions on their own, decisions which could run counter to understandings. In the instance that happens, it's fine to say that the college can't run a deficit. I recognize that. I also recognize that the college has no place else to get money from. So, having said that it can't run a deficit, it can't get money any place else, and it has overexpended in a way which was not agreeable to the department, what happens?

DR. HOHOL: In two parts, I think the misunderstanding may have been mine rather than the member's. The global budget that is computed on certain criteria and assigned to an institution provides the institution with the integrity to do its work through the allocation of resources approach to different programs and services in the college. If that is what the member is asking, the answer is certainly, yes. No question about that. We may have some different views, but the board of governors governs the institution and if its administration can convince the board to do a certain thing, then it can do that. No question about that. We leave unto Caesar the things which are Caesar's in the statutes. Now with respect to say an overexpenditure -- and that can happen -- a deficit can happen honestly, and we have to be reasonable people, and I'm sure this is what you're talking about. The options are either readjustment within the capacity to make readjustments within the institution -- and those are limited because of the nature of approaches -- and I support those in Treasury, where money intended to do one thing can be transferred to another just because you can't use it all over here. But there is a certain zone of tolerance to, in fact, do that kind of thing to a degree and to an amount. So there can be internal reallocation. The other thing is that if it's an honest type of circumstance where to not do it would be to not respond in a legitimate way to the

aspirations of the community, then we're prepared to make the adjustments necessary in the budget that year, or certainly in the subsequent year, to correct the deficit and balance the budget.

MR. CHAIRMAN: Members of the committee, we have one member of the committee left who wants to ask a question -- one non-member. We have reached adjournment time. What's your pleasure? Do you want to go 10 minutes more and finish it off?

SOME HON. MEMBERS: Agreed.

MR. STROMBERG: Thank you, Mr. Chairman. The minister gave some figures as to the grant per student for the public colleges, and I believe the high was \$2,993, or \$7 less than \$3,000 per student at Grande Prairie. Could you give the figures for the private colleges?

DR. HOHOL: I think I had in one instance. I'm just looking for the figures. Maybe I can have the next question.

MR. STROMBERG: I was curious as to what the degree of discrimination was. But can you tell me how the other provinces are treating their private colleges -- such as British Columbia -- as to their grant structure? Are they equal to us, are they less, are they more?

DR. HOHOL: We really don't know. We probably have the information in the files, and if the hon. member or all other hon. members, or if the chairman directs me to, I can by memorandum respond to the committee. But sitting here, I don't think any of us know what other provinces are doing with respect to grants.

The grant money for the private colleges are as follows: Camrose Luthern College -- I think we talked about actual full-time equivalents -- \$2,124; Concordia College, \$1,319; Canadian Union College, \$2,127.

MR. STROMBERG: I have a question on one further subject. Is that okay, since we have 10 more minutes? Then I'll keep my peace.

MR. CHAIRMAN: Okay, go ahead.

MR. STROMBERG: I was reading with some interest a pamphlet put out by the Athabasca College as to their native education, especially the Blue Quill. I was curious to know how many natives have been involved in their native education program?

DR. HOHOL: Mr. Chairman, madam and gentlemen, I think I'm very, very accurate in saying that it's about 100. There are time limitations, but it's a very good program and is successful for the obvious reason that a particular group of people are getting their training and education in its own setting.

MR. CHAIRMAN: Mrs. Chichak had a question, but under the rules that we follow, all members of the committee ask questions first, and then we go to non-members. Mrs. Chichak I guess had to leave.

MR. McCRAE: Mr. Chairman, she indicated to me that her question had already been asked and answered by the last member here.

MR. CHAIRMAN: That completes the questioning? In that case, I'd like to thank you, Dr. Hohol, and your staff for coming and for so patiently answering all the questions. It's agreed now with the committee that colleges is completed?

SOME HON. MEMBERS: Agreed.

MR. CHAIRMAN: Thank you very much. The next meeting then will be public utilities, and the Hon. Jim Foster will be here. There is one question I'd like to leave with the committee that I'd like some direction on fairly soon, perhaps at the next meeting. What do you want me to do with the tapes that are made each week? I'm getting a large pile of these, and I would appreciate it if the members would give some thought to whether you want them to continue to be stored with the chairman of the committee or if something else should happen to them.

That completes the business today and a motion to adjourn would be in order.

MR. STROMBERG: Are the transcripts of the tapes available to members?

MR. CHAIRMAN: The transcripts are available. Remember some time ago we said if anybody wanted a transcript to notify the chairman of the committee and you can get one of that meeting.

DR. HOHOL: Mr. Chairman, I know it's not part of the proceedings, but I do want to thank you, sir, and Mr. Rogers, and your staff member, and my colleagues for what, for my officials and myself was just a tremendous experience. We just love to come before Public Accounts and tell you about our work and the things we believe in on behalf of Albertans. Please ask us again.

MR. CHAIRMAN: Thank you very much, Doctor. A motion to adjourn would be in order. Moved by Mr. Wolstenholme, seconded by Mr. Hyland. All in favor? The meeting stands adjourned.

(The meeting adjourned at 11:34 a.m.)