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on  
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Advanced Education  
University of Calgary

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## **Standing Committee on Public Accounts**

### **Participants**

Ministry of Advanced Education

Curtis Clarke, Deputy Minister

Richard Isaak, Senior Financial Officer, Corporate Services

Peter Leclaire, Assistant Deputy Minister, Advanced Learning and Community Partnerships

Brad Smith, Assistant Deputy Minister, Strategic and Corporate Services

Andy Weiler, Assistant Deputy Minister, Apprenticeship and Student Aid

University of Calgary

Linda Dalgetty, Vice-president, Finance and Services



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[Ms Phillips in the chair]

**The Chair:** All right. Good morning, everyone. I'd like to call this meeting of the Public Accounts Committee to order and welcome everyone in attendance.

My name is Shannon Phillips. I'm the MLA for Lethbridge-West. I'm the chair of the committee and joining you by video conference today. Ordinarily I would go around the table and folks would introduce themselves; however, with participants joining us through video conference and various other methods of communication, I'll note for the record the members that are present by video conference or teleconference, and then what I will also do is open it up to the members if there are any corrections from what's in my notes. It's just a little bit different from being in the room given that for some of you I can see your little icons and some of you I can't. I've got Rowswell, Gotfried, Dach, and Hoffman. I'll open it up for any other members video conferencing at this time because I see some icons of folks I didn't say.

**Mr. Reid:** Roger Reid, MLA, Livingstone-Macleod.

**The Chair:** Okay. Then I've got a member teleconferencing in. Marie Renaud. Is that correct?

**Ms Renaud:** Yeah. I'm here. I just got booted off for a sec, and I'm back.

**The Chair:** Okay. I've also got members present in the committee room: Reid, Guthrie, and Eggen. I have in my notes that Mr. Jones is substituting for Mr. Stephan, but I did hear Mr. Stephan join. So if there are any other members, please just introduce yourselves.

**Mr. Stephan:** Member Stephan is . . .

**Mr. Barnes:** Drew Barnes.

**Mr. Stephan:** Sorry. Member Stephan is here temporarily until Matt Jones substitutes in for him.

**The Chair:** Okay. Very good.

And I heard Member Barnes on the telephone. Is that correct?

**Mr. Barnes:** Yes, it is. Thank you.

**The Chair:** Okay. I also see an icon for a Member Rosin.

**Ms Rosin:** Yes.

**The Chair:** She's there, too. Okay. That is good. Thank you very much, folks, for your patience . . .

**Mr. Jones:** Matt Jones, MLA, is also here.

**The Chair:** Oh, sorry. MLA . . .

**Mr. Guthrie:** MLA Guthrie is here as well.

**The Chair:** Okay. Yeah. You are in the room, Member Guthrie?

**Mr. Guthrie:** No. I'm on the phone.

**Mr. Jones:** I'm in the room. Matt Jones.

**The Chair:** Okay. Good. All right.

Joining us today are the following officials from the office of the Auditor General via videoconference: we have Auditor General

staff of Doug Wylie and Rob Driesen. We have from the Legislative Assembly Office LAO staff present in the room: Philip Massolin, clerk of committees and research services, and Aaron Roth, who is the committee clerk.

Today we also have a number of officials from the Ministry of Advanced Education and the University of Calgary joining us. We have Advanced Education Deputy Minister Curtis Clarke; Assistant Deputy Minister Brad Smith; Richard Isaak, senior financial officer; and University of Calgary, Linda Dalgetty, vice-president, finance and services.

A few housekeeping items for everyone before we turn to the business at hand. First, all members via video conference or teleconference, please make sure that your microphones are muted unless you are recognized to speak. I'll note for the record that I am the only person as we've been doing this by video conference that has violated this rule, two times in a row. Once you unmute your microphone, please wait a second or two before speaking to ensure that the audio captures what you are saying when you begin speaking. Please mute your notification alerts. Please avoid typing or texting while speaking. Please look into the camera while speaking.

If you wish to be placed on the speaking list, please utilize the group instant message screen. Please remember that all members on the group chat are able to see what you type. If you need to send a private message, please create a separate chat window, send a text, et cetera. If you wish to abstain from a recorded vote, please send the committee clerk a private instant message, e-mail, or text.

Committee proceedings are live streamed on the internet and broadcast on Alberta Assembly TV. The audio- and video stream and transcripts of the meetings can be accessed via the Legislative Assembly website.

We'll now move on to the approval of the agenda. Are there any changes or additions to the agenda today? Seeing none, would a member like to move that the agenda for the May 26 meeting of the Standing Committee on Public Accounts be approved as distributed?

**Mr. Dach:** Dach moves.

**The Chair:** Okay. Is there any discussion on the motion? Before the committee votes, members, could you unmute your microphones? Are all in favour? Any opposed? Seeing none opposed, members on the phone? None. Okay. Thank you. That motion is carried. Please remute your microphones.

We'll now move on to the approval of minutes. We have minutes from our meeting on May 12, 2020. Do members have any errors or omissions to note in regard to the meeting minutes? If not, would a member move that the minutes of the May 12, 2020, meeting of the Standing Committee on Public Accounts be approved as distributed? Can I just get a mover?

**Mr. Gotfried:** So moved.

**The Chair:** Thank you, Member Gotfried.

Any discussion on the motion? Members, unmute your microphones. All in favour? Are there any opposed? Thank you. That motion is carried.

We'll now move on to the Ministry of Advanced Education and University of Calgary. I would like to welcome our guests from the Ministry of Advanced Ed and U of C, who are here to address the office of the Auditor General outstanding recommendations as well as the ministry's annual report 2018-19. I now invite officials from the ministry and the other entities to provide their opening remarks, not exceeding 10 minutes. Folks, you have been introduced, so please – your 10 minutes start as soon as you start speaking.

Thank you.

**Dr. Clarke:** Well, thank you for this opportunity to talk about Advanced Education and our work with our partners at postsecondary institutions. I also want to thank everyone at the office of the Auditor General. When I recently transitioned to this new portfolio, I was happy to see that my contact remained Rob Driesen. I knew that our strong working relationship would ensure Alberta's adult learning system was efficient, accountable, and transparent. And thank you also to my colleague from the University of Calgary for joining us today.

Now, let me begin by providing a brief overview of our department and highlight some of our accomplishments as outlined in the 2018-19 annual report. Advanced Education's consolidated ministry expense is more than \$6 billion, which includes funding for 21 public postsecondary institutions, limited funding for five independent academic institutions, and financial supports for students. Last year Advanced Education provided more than \$637 million in Alberta student loans and over \$54 million in grants to support almost 93,000 students. The department also provided over \$96 million in scholarships and awards. In fact, one of our key strategies for 2018-19 involved improving the responsiveness of student financial support. Our extended access for learners initiative helps ensure students have easy, timely, and secure access to the online Alberta student aid application system.

Now, while financial support is a vital part of increasing access to education, helping learners make informed choices and supporting their transition from one level of education to another is equally important. Increasing access to education also means making sure it's easy to sign up to programs and apply for supports, the ones that you need as students, and that's why we developed an online and automated process for apprentices to submit documents and register for classes. This resulted in 66 per cent of all apprenticeship class registrations occurring online in 2018-19. Last year we also reduced application processing times for foundational learning supports by a significant margin. We're always striving to ensure students have the support they need when they need it.

That's true of our work with stakeholders as well. For example, in 2018-19 we developed an orientation program and nine online modules for postsecondary institution board members. Now, while each board member is a well-respected professional and community leader, it is our duty to ensure they understand their roles and responsibilities, including the establishment of financial oversight and risk management procedures, and we take that seriously.

In the same vein, Advanced Education is also charged with defining the roles and mandates of the postsecondary institutions themselves. In 2018-19 the department released a new roles and mandates policy framework. This framework replaced the previous version released in 2007. The framework clarifies institutional programming and research activities, introduces collaborative mandates, provides direction on institutional transitions, and updates the six-sector model. Clearly defining the roles and mandates of postsecondary institutions helps ensure Alberta's advanced education system is co-ordinated and accessible and that a wide variety of quality programming is available to students.

#### **8:10**

In addition to the roles and mandates framework, we established collaborative mandates for institutions in the Post-secondary Learning Act. This work will help address the Auditor General's recommendation related to collaborative initiatives among Alberta's postsecondary institutions and help serve as a foundation for the ongoing evolution of the system.

To build on this, the Alberta 2030 review, which was announced in February 2020, will lead to the development of a long-term vision and strategy as well as desired outcomes for the overall system. The

review will evaluate global models and trends in postsecondary education, Alberta's existing model and governance as well as individual institutions. Our current goal is to develop an implementation road map in early 2021.

The Auditor General also recommended that we improve oversight processes and risk management related to for-profit and cost-recovery ventures. Our department developed a new policy on alternative revenues, which came into effect April 1, 2019. Since that time we've been working with postsecondary institutions on implementation, and we expect to be able to demonstrate how the policy has worked in practice later this year.

Next, I'm happy to say that Advanced Education has made progress on the Auditor General's recommendation to improve enterprise risk management. Advanced Education developed a framework to identify key strategic risks and advised the Auditor General that we are ready for a follow-up audit as of August 16, 2019. On that same date we also advised the Auditor General that after implementing a new review process, we are ready for a follow-up audit on the recommendation regarding travel, meal, and hospitality expenses.

I'll now move to the Auditor General's recommendations regarding specific institutions. Now, my colleagues and I fully recognize that postsecondary institutions must be able to implement and maintain effective processes and internal controls. Staff in Advanced Education have been working with postsecondary institutions through an internal financial controls working group. Through this group we completed an assessment of current financial controls, and we are developing processes for sharing information on incidents, breaches, monitoring, and reporting.

In conclusion, public trust is vital for our postsecondary system, and this is the collective responsibility of the boards of governors at each postsecondary institution, senior administrators, and government officials. Albertans deserve accountability and transparency from each of us, and for that reason I appreciate the committee's time as well as your questions.

I would now like to ask Linda Dalgetty from the University of Calgary to provide opening comments.

**Ms Dalgetty:** Good morning. I am the vice-president, finance and services, at the University of Calgary. On behalf of our university I would like to take the opportunity to thank the members of the committee for the invitation to speak about our internal controls program. The university has risen to become one of Canada's top six research universities through its institutional culture of excellence and continuous improvement and through the prudent use of public funds. As part of our commitment to continuous improvement we have been improving our financial controls since 2010 to ensure that our systems and processes incorporate current best practices.

As a result of these ongoing improvements to our internal controls processes, in December 2017 we identified a misstatement of deferred revenues in a project balance. This misstatement resulted from funds that were misclassified between two financial statement accounts on our balance sheet, and it had occurred over a number of years. I want to emphasize to the committee that this was an accounting and reporting error only. No taxpayer funds were at risk, no money was misspent, and no money left the University of Calgary inappropriately. Upon discovery of the error we immediately notified the audit committee of the board of governors; the Auditor General; our agent auditor, PWC; and the Ministry of Advanced Education. The university also launched a project to quantify the financial misclass error and completed a full gap analysis related to controls over our deferred revenue.

Through the external audit and through the controls gap analysis the university identified additional improvements to its financial controls program. As a result of the misstatement in its November 2018 report the office of the Auditor General issued a recommendation to U of Calgary to improve the design and effectiveness of our internal controls programs to mitigate against key financial risks. The office of the Auditor General acknowledged in that report that the university already had elements of an effective internal controls system in place.

In response to the university's identification of this issue and the Auditor General's recommendation we have developed a comprehensive plan to improve our deferred revenue process and controls and in addition have implemented a process for monitoring the effectiveness of controls for key financial risks across our financial statements. These improved processes were developed according to best practice. [A timer sounded]

Our improved controls program has now been fully implemented and will be available for review by the office of the Auditor General and by PWC, our agent auditor, in June of this year.

**The Chair:** Thank you, Linda. Sorry. I'm not sure if you hear the beeping or not. Some of the guests have and some haven't. That is the end of the 10 minutes, but I'm sure we will get back to those details. Thank you for that.

Now we will turn it over to the Auditor General, Doug Wylie, for his opening comments. He has five minutes.

Thank you.

**Mr. Wylie:** Good morning, Chair, and good morning, everyone. It's great to be with you this morning. I'd like to first of all thank the deputy for his update on the action taken by the department on the outstanding recommendations that we have issued to the department over the years. I'm not going to go over everything. I would just like to highlight a couple of areas.

First, to confirm that we are following up on two recommendations that management has indicated are implemented. The first one is the enterprise risk management framework, and the second one relates to the recommendation we had on travel, meals, and expenses. We will be publicly reporting the results of this follow-up audit work this fall.

That leaves four outstanding recommendations, Chair, at the department that are not yet ready for follow-up. Two of these have been outstanding for seven years and the other two for five years. I think it is important to note that the two that have been outstanding for seven years do deal with a very important subject, and that is collaboration within the PSI sector.

Just to summarize our work at the PSIs themselves, there are currently 12 outstanding recommendations across nine PSIs. We audit 20 PSIs in total. We are currently following up on the three that management has indicated to us are fully implemented. Again, we'll be reporting the results of our audit work this fall.

Chair, I'll turn back the remainder of my time to committee business. Thank you.

**The Chair:** Thank you, Mr. Wylie.

We will now proceed to questions from committee members for our guests. As a reminder of the questioning rotation the first rotation is Official Opposition, 15; government, 15 minutes. Then the second rotation is 10 minutes, third rotation is 10 minutes, fourth rotation is 10 minutes each, and that's each side. Then the fifth rotation is when we read questions into the record for ministerial or associated entity follow-up, which is three minutes each side.

I will now open the floor to questions from members for the Official Opposition. Your 15 minutes now begin when you start speaking.

**Mr. Eggen:** Well, thank you so much, Madam Chair, and thank you to the ministry and to the University of Calgary and to the Auditor General's office as well for your opening remarks.

I'd like to begin my questions concerning the capacity of our postsecondary education system to train the next generation of Albertans. Ensuring that we have a world-class, highly educated population is very critical for our economic future and, I think we would all agree, for the prosperity of our society. We as the Official Opposition have been tracking job losses, for example, in our postsecondary education system since this current government was formed just to look at, you know, contrast. By our count we are seeing 3,538 job losses thus far and counting. We think this is probably, certainly, the largest mass layoff in our postsecondary system in a generation and perhaps ever in absolute terms.

Let me note that we did due diligence to look at this as these are mostly budget-related job layoffs. For example, we did not include the Banff Centre, which . . .

8:20

**Mr. Gotfried:** Point of order.

**The Chair:** I'm sorry, hon. member. I have a point of order here that has been noted.

**Mr. Gotfried:** Madam Chair, Standing Order 23(b) and also the scope of this committee is to deal with the 2018-19 annual report as well as the OAG's outstanding recommendations. I would suggest that this is looking forward and not looking at the reports at our disposal today and should be ruled out of order.

Thank you.

**The Chair:** Hon. member, just for some guidance and clarification this meeting is about the 2018-19 outstanding recommendations and annual report, so if you could reframe your comments to refer to the committee's business, I would appreciate that.

Thank you.

**Mr. Eggen:** Absolutely.

My first question indeed, just framing it up, was to the ministry and to ask: during 2018-2019, in your estimation, what was the FTE staffing complement in our postsecondary education system?

**Dr. Clarke:** I will defer to Richard Isaak, our SFO.

**Mr. Isaak:** Yeah. If I can remember our budget documents from last year, generally we publish around 33,000 to 34,000 FTEs in the postsecondaries.

**Mr. Eggen:** Okay. Thank you.

And then how many students, approximately, in enrolment for 2018-2019?

**Mr. Isaak:** I think generally we use a number around 250,000.

**Mr. Eggen:** Yes. Okay. Good. Thank you.

Obviously, we've seen quite a dramatic change in the philosophy in the ministry over the last 12 months. In 2018-19, based on enrolment projections, the ministry believed that we needed a staffing complement to deliver top-quality education. Based on 2018-19 staffing levels, can the ministry indicate what percentage of the total workforce layoff of 3,538 jobs might represent?

**Mr. Gotfried:** Madam Chair, point of order again. This is straying far away from the 2018-19 annual report and looking at present and future statistics.

Thank you.

**The Chair:** Thank you.

Hon. member, if you could confine your questions to the rear-view mirror, please.

**Mr. Eggen:** Absolutely.

When we're looking at ensuring that we have adequate enrolment spaces for now and staffing to support the enrolment in our schools, I was just wanting to know: based on the 2018-2019 numbers, how many more spaces was the ministry projecting that would be required for our postsecondary institutions, both one year, three years, and five years hence? I know a lot of work has been done in 2018-19 to make sure that we're meeting the needs of our population, but in order to do so – of course, when you're planning in the present, you must look to what you will need to meet your needs in the future. So just asking again: what projection were you looking to in 2018-19 for how many spaces would be required . . .

**Mr. Gotfried:** Madam Chair, point of order. We keep straying into future projections and questions with respect to what might happen or what could happen. I think we need to ensure that we are restricting these to the 2018-19 annual report. I welcome the member's focus on that, and certainly this is a point of order in my respect.

**The Chair:** Okay. I think that what I'm seeing here is a little bit of a difference of interpretation and some misunderstanding of ministerial planning. What we need to do here is frame our questions, if we are going to take up this subject matter, in a way that refers back to ministerial planning documents and other assumptions that went into the expenditure of money in the 2018-19 fiscal year. That is the business at hand. So, hon. member, if you could keep your questioning to how the ministry spent its money and time in 2018 and '19.

Thank you.

**Mr. Eggen:** Absolutely. Thank you.

Certainly, we all know that in any given financial year, in this case 2018-2019, a ministry will make plans for, you know: what capacity do they build into the present so that they can deal with all contingencies going forward, right? I think that officials in the room here know that very well. I mean, we know that, for example, over the last four years or five years we saw a significant increase in enrolment and capacity in the need for K to 12 education. We know that there is quite a significant cohort of students in grade school now that will move forward to requiring postsecondary education positions in the future. It's a natural consequence of a large cohort of young students moving through the system now, so it's important to plan for the future.

Perhaps I'll just switch my questions over to the University of Calgary for a moment – thank you, Ms Dalgetty, for your time – to look at planning for your budget. I wanted to ask a question in regard to your overall budget and the percentage of international students that made up your student population in 2018-19 or perhaps just an idea of what globally the percentage of your international student population is at the University of Calgary from 2018-2019.

**The Chair:** Ms Dalgetty, you are muted.

**Ms Dalgetty:** My apologies. Seven to 8 per cent of our student population is international.

**Mr. Eggen:** What percentage of the total budget might that represent from the tuition that these international students pay to your institution?

**Ms Dalgetty:** We can certainly provide that information. I don't have it directly in front of me.

**Mr. Eggen:** Okay. No, that's fine. Thank you. You know, again, we're looking to make contingency plans for what and how we might move forward for budgets in regard to international students returning, how many will return, how many do generally return, let's say, in the 2018-19 year. I think this is a particularly crucial calculation that we need to make now in not just the University of Calgary but right across the whole province because we're in difficult, unprecedented times, as people like to characterize.

Back to the ministry, please, then. We were very proud in 2018-19 to provide \$2.5 billion to support Alberta's postsecondary institutions; \$14 million of that was specifically allocated as part of the health workforce action plan to increase access to health credit programs to address labour market priorities in health care. Now more than ever we certainly appreciate the value of those health care workers. Of course, with the advent of COVID-19 – right? – it's a very prudent investment; \$21 million for academic health centres as well, which covers 50 per cent of the salaries and benefits of clinical faculty positions and medical resident staff. We've seen health care and medical students from many disciplines stepping up on the front lines during the pandemic. Of course, all of us fear that significant cuts being imposed on our postsecondaries are perhaps compromising this important work.

8:30

**Mr. Gotfried:** Madam Chair, point of order.

**Mr. Eggen:** So I would just like to . . .

**The Chair:** I'm sorry, hon. member. We have a point of order. Please, Member Gotfried.

**Mr. Gotfried:** The last I checked, the pandemic is actually in the '19-20 fiscal year, so if we could, again, reframe our questions to the 2018-19 fiscal year and to the scope of this committee.

Thank you.

**The Chair:** Hon. member, please reframe your question.

**Mr. Eggen:** Okay. Well, here comes the question. Can the ministry please provide some indication of what is being done to continue to support the inherent value of the HWAP and AHC programming that provides training for health professionals here in our postsecondary institutions? What was the logic and the inherent rationale for providing specifically allocated funds to these two programs in 2018-2019?

**Mr. Leclaire:** There were no changes to the support for those investments. They were maintained.

**Mr. Eggen:** Absolutely. That's great. Thank you.

In 2018-2019 we saw preparations being made to grant university status to Grande Prairie Regional College and to Red Deer College as well, which was very exciting for both of these institutions and for the cities and regions. Both colleges were preparing for this important step forward and, I think, were doing a great job in doing so. I just was curious to know: what work was Advanced Education

engaged in to help with this transition, and what were perceived as some of the benefits as worked through by the ministry and the department? What did you identify as the benefits to Grande Prairie and Red Deer in achieving this university status for their respective institutions?

**Mr. Leclaire:** With regard to Grande Prairie we have not received any documentation towards their transition, so they're still working on it internally. We are working with Red Deer on a transition plan. We've been working with them over the last little while.

**Mr. Eggen:** Yeah. The act of helping them through that, I guess, emphasizes the inherent value of moving to that transition to elevate both colleges to university status. I mean, that's implicit in how you were helping them to do so, right? Absolutely. Thank you.

I know that in April 2018, which is part of the 2018-2019 budget, of course, we were looking to ensure that executive compensation was reasonable and proportionate. We were doing this globally, not just in this ministry but elsewhere. Part of that reform of the agencies, boards, and commissions compensation regulation, that was brought in in April 2018, was setting out the base salary ranges and compensation parameters for university presidents as well as eliminating the variable pay for all nonbargaining employees at the 20 public postsecondary institutions. I was wondering if you could provide, based on that decision, some of the cost savings that this measure allowed to move towards the April 14, 2020, implementation date, which has now of course passed. I'm just wanting to see how much compensation has now been shifted to instruction and the classroom and to providing direct services for learners and for staff as well, please.

Thank you.

**Mr. Leclaire:** At this stage we can't give you a definitive answer for that. As you're aware, there was a two-year time period in terms of the implementation, so that doesn't come into effect until I think it's June on there.

**Mr. Eggen:** Thank you.

I know, from similar actions that we took in K to 12 education, that having limits placed on the top salaries of executives has some effects on other senior positions, I suppose. I don't know if you were able to track or to see if, in fact, postsecondary institutions were making adjustments to other salaried executive positions like provosts and so forth as a result of the presidents' salaries being adjusted.

**Dr. Clarke:** We have not found anything in terms of that trickle-down effect right now, partly because, as ADM Leclaire had said . . .

**The Chair:** Thank you, Deputy. The bell has gone.

We are now moving on to the 15-minute portion for the government side. Your time starts when you begin speaking, please.

**Mr. Rowswell:** Okay. Thank you very much. On page 24 of the annual report there are measures in table 1(b) that show that the percentage of recent postgraduates who believe that the program value justified the expense and the financial costs that they put out appears to be in decline since 2014. One question, I guess. I see the target is 85 per cent. I was just wondering how that was established. But, beyond that, does the department have further insights or qualitative information on why this measure has been declining recently?

**Dr. Clarke:** I will defer when we get down to the percentage piece, how we decided upon that, but I can give you a general sense in terms of the trends. Graduates' perceptions of the value of their education are related to a combination of the cost of education, including associated debt costs, overall labour market conditions, and the demand from employers for particular skills, credentials, and other fields of study.

Now, since Alberta entered a period of recession starting in late 2014, this is likely impacting the graduates' perceptions of the value of their programs. Graduates enrolled in these programs had a strong labour market outlook in 2011, when they probably came into those programs, and may have then been disappointed by the actual employment prospects as they came out of their programming in that period of time as well.

There's evidence from actual income data as reported on tax records that people with postsecondary education may significantly have more income than people with a high school education. I think that's another piece. When we talk to graduates, those are elements that we're taking into consideration in terms of how they see the value of their education as well.

The department has collaborated with Statistics Canada on an extensive research project into the long-term incomes of graduates of our Alberta postsecondary institutions. That's actually bringing out some really interesting data in terms of the long-term economic growth of those individuals and the marketability of their skill sets and their employability as well. We've been tracking that, and we're finding that that's also an upward trend in terms of those outcomes. It's also been a great relationship with Stats Canada and the federal government in and around the income tax aspect, so we can track and be more specific with our students.

In terms of the percentage that we chose . . .

**Mr. Leclaire:** Typically we look at the longer term average and where employment levels are or satisfaction levels are. We've moved that target to 85 per cent because historically that's where we should be tracking. We try to maintain a level of stability and target from that perspective. Although we're seeing a downward decline, we are still looking to move back to the 85 per cent range. It's based on a cumulative average.

8:40

**Mr. Rowswell:** Okay. Well, I appreciate that. I just wanted to make sure it wasn't arbitrary, and obviously it's not. You've put some real thought into it, so that's great.

Now, you kind of led into my second question, with regard to the income. A graduate might think, you know, "My satisfaction is directly proportional to my income," and an income might be directly proportional to the marketability of their education. How is the department ensuring that undergrad programs are delivering marketable, in-demand skills? How do you go about making sure you're training for what employers want?

**Mr. Leclaire:** Specifically looking at the income, graduation is related to both general labour market factors as well as employer demand for particular credentials: field of study, skills, et cetera. Some labour market factors may be difficult to predict accurately such as propensity of a job to be automated, which can have a significant impact on the demand for a particular skill set. Students may begin a program that has strong labour market opportunities, and then, once leaving, they run into difficulties or they run into a weaker job market. And the reverse can be true as well, where we can see low labour market demand but at the same time employment transition quickly.

The department surveys employers, and it has indicated that soft skills such as communication, problem solving, and leadership are in high demand from employers. In addition, graduates who have some work experience in their chosen field have an easier time finding employment. We do a labour market survey with employers to find out skills requirements so that we have better alignment that students are aware of.

**Mr. Rowswell:** Okay. Thank you.

Further to that point, if you have students in specific fields or programs that are consistently expressing dissatisfaction with the value of the program, like, if that's consistently happening, what do you do to ensure that the undergrad programs are delivering value for the time and for Alberta students and our economy? Are there specific fields that show a consistent lack of satisfaction on the part of the student, and do you track that and decide that maybe this program isn't worth it or that we have to change it in some way?

**Mr. Leclaire:** We collect the data, and we provide it both to students and to institutions in terms of performance level as a result of the graduate outcome survey, and then the institutions use that information to make the necessary changes. We don't implicitly tell or direct institutions from that perspective, not at the time of the report.

**Dr. Clarke:** If I might add to that, one of the things that we do do is that we're spending much more time in collecting the data and working with labour and other ministries to ensure that the data is accurate so that we can inform the institutions and then frame, certainly, the market needs but also the income aspect of it. Going back to your original point, students are guided sometimes in that their income once they graduate could be a director of why they decide on a particular area of education, so the more that we collect that data – and we're becoming much more robust in working with our postsecondary institutions to be able to share that information and then also share the information and data that we collect from other government ministries and the industry itself.

We're working more closely with industry to collect that data and getting feedback from industry to ensure that that also feeds the institutions in terms of their program development, their delivery. Then the important part of that is the integration of those programs into the industry such as work-integrated learning, practicums, apprenticeships. We play a big role in helping to feed that information to the institutions.

**Mr. Rowswell:** Okay. That's good, but it's primarily up to them to decide what to do with that information, though.

**Dr. Clarke:** Correct.

**Mr. Rowswell:** Okay. On page 24 it also noted that those in the fields of math and computer information technology had some of the highest satisfaction rates for value of money. From your research can you share with Albertans whether the more market-focused programs tend to deliver higher earnings and greater satisfaction with respect to the program value perception amongst recent grads?

**Mr. Leclaire:** As noted, the perception of worth is related to a combination of the amount invested in one's education, which could include tuition, living expenses, forgone income from working, debt costs, labour market conditions at the time of graduation, employer demand for particular credentials, fields of study, and skills. Measuring perception of worth or satisfaction is a relatively simple way of gauging return on investment as a proxy

for an actual calculation of return on investment using data from multiple sources. In the case of computer sciences information technology there is relatively high employer demand for these skill sets; however, student demand is not very high from that perspective. This means that the number of graduates is small, which also drives up the value of that labour, resulting in higher incomes as well.

**Mr. Rowswell:** Oh, interesting. Do you promote that, or does that get promoted, that there are higher incomes there? It's interesting that the number of grads is small.

**Mr. Leclaire:** That information is shared. The graduate outcome survey is published for both learners as well as for the K to 12 system.

**Mr. Rowswell:** Great. Okay. Well, thank you very much.

Now, on page 70 performance indicator 3(a) notes the "percentage of clients reporting they are either employed or in further education or training after [they're] leaving [their] skills training program." The indicator appears to show that the performance is still below the 2014 levels. These are people that are coming in to get upgrades, I assume. Are they continuing on? Can the department explain the continued decline in skills training graduates finding their relevant employment or pursuing further training? Again, with regard to a target there, I didn't notice a target on that one. Is there a target for that one?

**Mr. Weiler:** Andy Weiler, assistant deputy minister, apprenticeship and student aid. A couple of points on this one. There are two factors which have seen a drop in that overall performance measure since 2014. One was that back in 2014 and '16 we shifted how some of the programs, one-year certificate programs and apprenticeship programs, were funded. They were moved out of the income learner supports base, delivered by foundational learning supports, and moved into Alberta Student Aid as well as there was some skills contracting training that was moved into labour. Those programs normally had fairly high attachment to the labour market and/or ongoing training after that.

The other factor is that when you look at the clientele that's served through foundational learning supports, they're usually lower income, have lower literacy and numeracy skills and essential skills. So when they go into academic upgrading, probably 75 per cent of them are looking to reattach to the labour market, and during an economic downturn they're usually the last to get hired and the first to get released when things happen. That's why you'll see a drop in those. We've never really set a target in that case because there are so many different variables and factors that are related to that specific performance measure, so we haven't really put a target on that.

**Mr. Rowswell:** Okay.

**Mr. Weiler:** It's more of an indication of how things are going in that segment of the population.

**Mr. Rowswell:** Okay. All right. Well, I appreciate that. Thank you very much.

I'll cede the rest of my time to Member Rosin.

8:50

**The Chair:** Member Rosin, you have about two minutes. Please proceed.

**Ms Rosin:** Perfect. Thank you. I didn't realize my mic was muted, anyway.

On page 2 of your annual report it states: “In addition, we are determined to manage our financial resources more responsibly and more effectively, and we believe that doing so will result in a stronger and more sustainable post-secondary system.” However, we learned earlier this year that on average Alberta institutions and universities spend two times as much on administrative costs as other comparable universities across the country, so I’m wondering if you could explain those numbers a bit and speak to what exactly your department is doing to actually manage the financial resources more responsibly.

**Dr. Clarke:** Well, actually, I’ll start, and then I’ll turn it over to Richard to be more specific in some of the ratios that you were talking about. The department does continue to watch its spending. I’m more specific to the department itself here. We’ve contributed tens of millions of dollars towards in-year savings over the past four years, and we’ve accomplished this through hiring freezes and reductions to discretionary spending. The department also continues to work with postsecondary institutions by implementing a new funding framework and providing the PSIs with spending targets in order to incentivize them to bring their costs per student under control.

Richard, do you have anything else to add to that?

**Mr. Isaak:** Yeah. I would just add that, you know, kind of looking forward, we’ve taken a lot of steps through the last year to work with the PSIs and get their spending under control and give them . . .

**The Chair:** Thank you. I’m sure we’ll get back to it.

We are now moving on to the Official Opposition side for our second rotation of 10 minutes. Please, I believe – well, I’ll just turn it over to the Official Opposition.

**Mr. Eggen:** Well, thank you. Actually, further to the line of questioning Member Rosin was pursuing, in order for us to have a clear idea of how much senior management compensation is being spent in any given institution, I think that, you know, it’s incumbent upon us to have proper access to budget documents that can show administration compensation. I’m just wondering: to what degree in 2018-19 do you have access and oversight to budget documents that would allow you to analyze the percentage of an overall university budget that’s being spent on senior administration? Do you have something like that?

**Mr. Isaak:** Just a couple of things that I’ll mention here, I guess. The postsecondaries do provide their comprehensive plans to the department every year. We are moving to more detailed investment management agreements going forward. Disclosure of senior management and executive compensation happens in the financial statements of each institution, and I note that they will have compensation disclosure there. In addition, each of the PSIs is required to publish their own sunshine list, so you can go onto their website and see what their executive compensation is on there and for anybody in their organization that’s above the threshold.

**Mr. Eggen:** Okay. Thank you. I suppose, you know, just looking for transparency. I mean, you can extrapolate, I guess, what the percentage is based on the total budget of an operating budget and an operating grant that comes from the provincial government. I think that what a lot of people are looking for – staff, students, and the general public – is to make sure that the maximum amount of money that’s being granted from this provincial government budget is being spent in the classroom for learning, so perhaps looking for a way that we can have both access and oversight and transparency. Maybe a maximum percentage of what is spent on senior

management, I think, is something we could look to from 2018-2019 and then to the future as well.

I just wanted to move to the University of Calgary again. Ms Dalgetty, if you could reflect on this first question. The Auditor General was talking about commercial enterprises. One, in particular, that I know you have – I’ve stayed there before; it’s very nice – is the Hotel Alma. I’m just curious to know how the Hotel Alma’s books are audited, and does Advanced Education have access to the books for this or any other commercial enterprise in which the University of Calgary is engaged in?

**Ms Dalgetty:** Thank you very much for your question. The books of the Hotel Alma are audited as part of our annual financial statement audit. The Hotel Alma is included in the ancillary operations of the University of Calgary, so, yes, they are audited, and we do include the results or expected results for the Hotel Alma in the budget documents that go to the ministry on an annual basis. Beyond that, we don’t have a separate report that we issue.

**Mr. Eggen:** To Advanced Education, then: you have access to the books specifically in regard to the Hotel Alma? I’m just curious to know if it’s included in the larger audit document or if you do have a specific balance sheet for this commercial enterprise so that you can see how viable it might be and make recommendations in regard to that.

**Mr. Isaak:** Certainly, if we thought there was a need or if there was an issue, we could request access to the books of the hotel. That wouldn’t be a problem. You know, financially we work very closely with the PSIs on all the financial fronts and everything, but because it is a commercial enterprise and the U of C has their own board and their own processes and policies around how they manage these commercial enterprises, I think we place a lot of reliance on their governance.

**Mr. Eggen:** Okay. Yeah. No. Thank you. I mean, I think my concern and the concern of all Albertans is that with this government’s penchant to move to more commercial enterprises and so forth, we need to have transparency and to demonstrate the viability and the function of commercial enterprises that are taking place on our campuses. I can think of another hotel, for example, at Olds – right? – which provides a valuable place for training and so forth for students in programming there. You know, we just wanted to make sure that we see the books every step of the way to ensure that these enterprises are viable.

I’m curious, Ms Dalgetty. The university in 2018-19: have you been approached by, well, I guess, plans or considerations to be selling off land or assets or buildings at the University of Calgary?

**Ms Dalgetty:** Nothing in 2018-19. We did establish a land trust west of the campus in 2012 that is now developing into a very vital and major community in Calgary, but nothing in 2018-19, no.

**Mr. Eggen:** Thank you. You know, again, to ensure the integrity of your institution specifically and all of our universities and colleges generally – I mean, some of their most important assets, of course, are the lands and buildings that they have so to just make sure that we’re watching carefully to how that unfolds both in the past and in the future.

I wanted to ask, again, still with the University of Calgary: you seem to have quite a comprehensive list of performance metrics built into your budget, for which I’m very grateful, in 2018-2019. I just was curious to know: do you consider these performance metrics to be adequate? Do you review and devote time and resources to ensure that your performance measures are kept up to

date at the University of Calgary? Just kind of what the state of your performance metrics happen to be, such as they are.

**Ms Dalgetty:** Well, thank you. We take very seriously measuring our performance as part of our eyes-high strategy right back to 2011. We created performance metrics to hold ourselves accountable to our community and our constituents, including the taxpayers of the province of Alberta. We don't change our metrics on a regular basis because it's important to have comparability and look at trends. That being said, we do review the metrics annually. We ensure that the data included in those metrics is timely and updated, and we react to those metrics where we see changes. This is something that we use as our report card so that we can steward and manage our own activities and ensure that we are continuing to grow for the province and for our mandate in terms of being a top-five research university in Canada.

9:00

**Mr. Eggen:** Yes. No. I can definitely see indications of that in the budget both from 2018-2019 and the Auditor General's report as well. I mean, I think, as I can summarize what you just said, that you build and you are constantly making changes and modifications to your performance metrics to meet the specific mandate and needs of your university. I guess we know that the University of Calgary is one of the top universities, I would suggest, in Canada and has its own unique programming and what it contributes to the overall, I guess, postsecondary landscape here in the province. I'm glad to hear that that is an ongoing process that you engage in. I know that you built something that's relevant to your institution, and I think that it's fair to say that you have been engaged in performance metrics for a very long time. I thank you for that.

Again, just in regard to . . .

**The Chair:** All right. Hon. member, thank you.

We will now move over to a 10-minute rotation for the government side, I believe, leading off with Member Rosin.

**Ms Rosin:** Yes. Thank you so much, Madam Chair. I'm going to go back to the thread that I was on before the last section was over. While I appreciate the comments you made about funding within the department, my question was actually in direct regard to universities, colleges, and other academic institutions in our province, and I feel like you didn't really answer my question at all, actually. I'm just going to ask a second time if you can please explain or give some insight to us as to why administration costs at our postsecondary institutions in Alberta are nearly two times that of comparable provinces.

**The Chair:** I believe this was a question directed to the ministry officials.

**Dr. Clarke:** Yes. We're just trying to figure out who would be better to answer that in terms of the accuracy of the response. Go ahead, Brad.

**Mr. Smith:** I think the importance of administration spending in our postsecondary institutions is paramount. Efficiency and use of taxpayer dollars are absolutely critical. As the minister continues to finalize investment management agreements with our postsecondary institutions, the focus on administration spending and the ratio and percentage will be an important piece of that framework.

With respect to comparisons to other institutions across Canada, I think that was reflected in the MacKinnon report last year; hence, the focus that is now on administration spending. Regardless of

what sector you're in in a publicly funded sector, you want to ensure that your administration spending is as lean as you can possibly get it. Yes, that report indicated that the Alberta PSIs do spend more, and that's why it's a focus of the investment management agreements moving forward.

**Ms Rosin:** Okay. Thank you for the answer. I'm happy to hear that it sounds like changes are coming for the future, but I suppose I am a little disappointed that we don't have answers as to why these costs have overrun for the past few years.

With that, I guess I'll move on to my second set of questionings. One of the intellectual assets that make universities here in Alberta such a source of pride is our research and our development, so I'm wondering if you can explain how your ministry supports our institutions in commercializing their research.

**Dr. Clarke:** Certainly. Alberta Advanced Education provides \$2.4 billion in both operating grants and capital investment to postsecondary institutions, which helps provide and sustain the conditions for world-class research. Now, this includes research that is commercialized and supporting labour costs, facilitating the development of skills and talent for research – example: graduate programs – and providing modernized spaces and infrastructure for research and learning. On-campus infrastructure that is supported by ministry funds, in addition to additional research labs, includes incubators, which support researchers with a business idea in the start-up stages of building their companies; accelerators, which advance the growth of researchers that companies tap into and attract those investors as well; and then the technology transfer offices, which help identify research which has potential commercial interest and strategies to help exploit that interest.

Now, there are some interesting initiatives that are under way with the Ministry of Advanced Education and the Ministry of Economic Development, Trade and Tourism. We're now working on terms of reference with the vice-presidents of research of the four major universities in terms of: how do we help to stimulate research? How do we sponsor research? How do we work as a team Alberta, which goes back to the Auditor General's point around greater collaboration in the postsecondaries? So we're now working with those VPRs to put together a framework of how we would engage industry, how we would actually step up and ensure that Alberta is getting the federal funding for grants and research.

Over the last 15 years we have not been receiving a fair and equitable approach to that funding, so we're now in the early stages of moving those initiatives forward so that we can, as a team Alberta approach, address that research, ensure that industry is engaged in that and that we are creating the incubators for the commercialization, the greater use of intellectual property that goes back to the universities and supports research in industry in the province and working, I would say, in a more collaborative approach across ministries and with the postsecondaries to get this work done.

**Ms Rosin:** Awesome. That's actually quite exciting news. I really appreciate your answer.

I just have one supplemental to follow that up. Given the significant investment in our postsecondary research by the government of Alberta – and, obviously, that is the Alberta taxpayer – I'm just wondering if you can share with us what return on investment we expect to get or we have gotten in the past from this research development and how it's measured and reported. That could be revenue, employment, investment attraction, reinvested capital, or any other measures you may have.

**Dr. Clarke:** I'll start with referencing the investment management agreements that the minister is working on with the postsecondaries. Those are areas that we're aligning with the postsecondaries to ensure that those targets are set, and that is an objective and outcome for the universities and colleges in terms of that economic development, the greater research, and the return on investment.

Some of the work that we're doing with EDTT, Economic Development, Trade and Tourism, is looking at metrics that are actually probably more focused on that actual aspect, the return on investment, bringing that into alignment in terms of working with industry. I'll use an example, Waterloo. It is a remarkable example of a postsecondary institution that is working both with government and industry to both develop students but also to be an incubator of great research and ideas in innovation in the region and for the country. We're now looking at what Waterloo is doing in terms of their return on investment models and the formula that they use, so that's part of the work that we're unfolding with the CARUs, the major research institutions, to see how we articulate that in our work with EDTT as well.

So those are pieces that we're moving forward because we recognize how important it is, and if we're to sponsor and guide and influence and incentivize our postsecondary institutions, we do need to have a formula that addresses the ROI. We're in the early stages of looking at that because it is important if we're going to articulate this and use it as a measure of the success of the research that comes out of our institutions and its impact on the provincial economy and the development of our students.

9:10

**Ms Rosin:** Great. Thank you.

One more quick question to close off this segment for me. I'm just wondering if you can speak to who owns the IP in Alberta once it's developed.

**Dr. Clarke:** Aha. Well, this is the interesting question, and this is one of the reasons why we're working with EDTT and the postsecondaries, to start articulating the clarity of that. I think it's in a bit of a cloudy state right now, and that's one of the reasons why we're working in partnership with the postsecondaries, to start articulating that and also then have a greater return of that intellectual property and the return on that investment back to the institutions and back to the sponsoring entities like the province and industry as well.

**Ms Rosin:** Great. Thank you.

With that, I will cede my time to Member Toor although it looks like he's going to have less than a minute, so it'll be rapid fire.

**Mr. Toor:** Well, thank you, Chair. Thank you very much for coming here. You guys are doing a great job. My question is: on page 80, if you look at the multiple statements regarding international students and their financial contribution to the provincial treasury, while their contributions appear to have exceeded budget expectations, I just need to know if the department can share with Albertans the tangible and intangible value of international students and what, if any, initiative . . .

**The Chair:** Thank you, Member.

We will now return to the Official Opposition for the next 10-minute block, and we will begin with Member Renaud.

**Ms Renaud:** Thank you. My question: I'm going to change topics a little bit. In the 2018-19 annual report it notes that \$11.2 million was invested in supports for students with disabilities, with every

publicly funded postsecondary institution offering accommodation through a disability services office. We know that disabled Albertans are unemployed at twice the rate of their nondisabled peers. You know, we know that postsecondary education is the gateway to employment, and I could not find any outcomes with metrics to evaluate the progress related to participation of disabled adults. Are there any benchmarks or metrics for success for this area?

**Mr. Leclaire:** No. None have been established at this stage.

**Ms Renaud:** Are there any plans to establish any metrics to evaluate the success of this \$11 million investment?

**Mr. Leclaire:** What we do on the \$11 million investment is that we track the services to the learners themselves and ensure that the investment goes towards those learners and helps to support them, but we don't specifically go outside of those boundaries for that investment.

**Ms Renaud:** Okay. Are there any metrics at all that evaluate success of employment following the postsecondary education of disabled Albertans?

**Mr. Leclaire:** Not specifically to that level.

**Ms Renaud:** Are there any plans to develop any metrics to evaluate that?

**Mr. Leclaire:** Not at this time. No.

**Ms Renaud:** Okay. Page 16 of the annual report states that in 2018 48,200 apprentices were registered in Alberta. Can you tell me what percentage of these apprentices is labelled as disabled or accessed funding for accommodation?

**Mr. Weiler:** Hi. No. I don't have a breakdown of that level of detail. We'd have to go back and review our AIT statistical profile to see if there's any information in that regard.

**Ms Renaud:** Okay. That'd be great. If you could share that information with the committee, that would be most appreciated.

I'm going to switch gears a little bit. In the annual report I noted that in 2018 Bill 26, An Act to Combat Poverty and Fight for Albertans with Disabilities, included an amendment to the Income and Employment Supports Act which increased and indexed benefits, including the learner income support. As you know, this was halted by the UCP, and my question is: approximately how many learners were impacted in that time by this change, and are there any metrics to measure just the impact of this cut on learners?

**Mr. Weiler:** What we do know is that we saw a slight reduction in our budget for foundational learning, about \$400,000, but we're still expecting to see about 10,500 foundational learners served through our foundational learning supports program this year, close to what's in line with previous years in that regard.

**Ms Renaud:** Okay. The most recent information I could find is that only about 4,700 students with disabilities were accessing provincial and federal disability grants, totalling about \$12.6 million. Because it's such a small number, I'm wondering if there are any metrics at all to evaluate this change. If learners don't have access to additional funding with the index and they're not accessing these grants, are there any plans in place or any metrics at all to measure the impact on postsecondary students with disabilities?

**Mr. Weiler:** Really, we're talking about two different programs there. The indexing is related to foundational learning supports, and the other piece is the disability grant that we provide and that the federal government provides as well. You know, every year it's always difficult to predict who's coming through the door looking either for student aid or foundational learning supports, so we do our best to make sure that students are aware, that they provide us all the information that we require to make sure it's a proper, full assessment of their needs, and then we're able to make sure that they have the supports available to them to ensure that they can get into, progress, and get through their programming of choice.

**Ms Renaud:** Just going back to the annual report, just going back a little bit to my question around apprentice programs and that there aren't any metrics to sort of measure the participation of disabled Albertans that you know of, are there any plans at all, sort of that were maybe not reported in the annual report, that are focused specifically on Albertans with disabilities in terms of making seats available in different programs? Is there any effort whatsoever to address this segment of Alberta's population?

**Mr. Weiler:** Is that specifically in regard to apprenticeship or more generally?

**Ms Renaud:** Apprenticeship.

**Mr. Weiler:** You know, for anybody who is looking to become an apprentice, we'll be able to accommodate them in any of our 11 technical training providers. Specifically in regard to disabled apprentices, I don't have any information in front of me right now to answer your question properly.

**Ms Renaud:** Okay. That's all the questions I have. I will turn my time over to my colleagues.

**Mr. Dach:** Thank you, Chair. I have a couple of questions regarding Collège Saint-Jean. Historically, since about 2004, including 2018-19, my understanding is that Collège Saint-Jean received provincial grants to fund only about 70 per cent of its full-time students, so it was funded for about 528, yet it served 750 students annually. My question is: respecting 2018-19, was there anything prohibiting Collège Saint-Jean from using reserve funds to make up that funding differential?

**Mr. Leclaire:** With regard to per FLE funding, we've not historically funded on that basis, so the allocation for Campus Saint-Jean is under the prerogative of the University of Alberta in terms of that transition.

Then the second question – I'm sorry. I missed that portion of it.

**Mr. Dach:** The second question is: in 2018-19 would there have been any prohibition upon Collège Saint-Jean from using its reserve funds to make up a funding differential or shortfall?

**Dr. Clarke:** That would have been a decision of the university itself, not Faculté Saint-Jean. It is a faculty, but it operates under the governance of the University of Alberta; thus, it would have to operate – or the restrictions would come from the university itself. It would not be something that we would impose on a faculty. The governance of the U of A and its fiscal responsibility approaches would be the thing that takes precedence there.

9:20

**Mr. Dach:** Okay. Thank you for that.

How many people were employed at Collège Saint-Jean in 2018-19?

**Dr. Clarke:** That we don't know offhand.

**Mr. Dach:** If you could respond to that in writing, I would be appreciative of that, including instructional and, of course, ancillary staff as well. I just want to get an idea as to how many job losses would result if the institution actually failed.

I'm one of the 268,000 Albertans who identify as French speakers, and I know that I benefited from Collège Saint-Jean providing teachers from the postsecondary role as French language instruction. It's the only institution in Alberta that provides postsecondary instruction in French. What is the demand annually for teachers who are able and qualified to teach in French, either in immersion or to teach the language itself? How many new teachers do we need to provide each year?

**Dr. Clarke:** That I would not know. That would be something that the Ministry of Education would be able to articulate but not Advanced Education.

**Mr. Dach:** But Advanced Ed is the one who will be teaching, instructing those new teachers, so I would imagine that there would be some communication between yourself and Education as to what the demand would be on an annual basis for the teachers who are qualified to teach in French.

**Dr. Clarke:** That would be a direct relation between the deans of education and the Ministry of Education.

**Mr. Dach:** All right. As far as the role of Collège Saint-Jean, can you tell me what percentage of that demand Collège Saint-Jean might supply for new teachers qualified to teach in French each year?

**Dr. Clarke:** Again, that's a question that the Faculty of Education and Faculté Saint-Jean would be able to answer more accurately than we and the Ministry of Education because they oversee the overall number of teachers that are required.

**Mr. Dach:** All right. Hopefully, you can get that through Faculté Saint-Jean and provide it to the committee, please.

**The Chair:** Thank you, Member Dach.

We'll now move on to the third rotation, to the government members.

**Mr. Toor:** Thank you, Chair. I'll start again from the contribution by the international students to the provincial treasury. I think it exceeded the expectations. My question is: does the department give any guidance on how the international tuition fees are allocated within Alberta's postsecondary institutes?

**Mr. Isaak:** Yes. International student tuition is calculated on a cost-recovery basis. The tuition and the fees collected from these students go to offset 100 per cent of the costs of their academic programming and other ancillary activities such as residences and food and parking and stuff. The ministry doesn't provide any guidance on how international tuition fees are used. However, the new international education strategy will encourage our postsecondary institutions to leverage international education to improve the sustainability of the Alberta postsecondary system, to create more seats for Alberta learners, to offer more support services for students, and to deliver more programming in more locations around the province.

**Mr. Toor:** My next question is: is there any standard? Like, what is the percentage of international students in a particular program in

a particular institute when it comes to percentage in special programs like nursing, medicine, or law, and are international students eligible for apprenticeships or not?

**Mr. Isaak:** They are eligible for apprenticeship. I'll speak to your – approximately 5 per cent of our enrolments are international students in some of those specialty professional-type programs.

[Mr. Gotfried in the chair]

**Mr. Toor:** How is the department addressing opportunities to obtain some of the Canadian-educated graduates in high-demand professions to deliver the value for our taxpayer investments? My question is on those institutes that are providing programs like business administration and medicine. What are we going to do to retain those students after they graduate from our postsecondary institutes?

**Mr. Leclaire:** We work very closely with our colleagues in Labour and try to align labour market demand, particularly in shortages, to try to encourage those students to remain in-country. Some of the broader strategies are the federal government's prerogative in terms of who gets to stay and who doesn't, but we've been working closely with our colleagues in Labour to develop a strategy around retaining learners, especially those that have been educated within the province.

[Ms Phillips in the chair]

**Mr. Toor:** I just want to ask a follow-up question on the percentage of international students in the particular programs. Is it true that some programs have 100 per cent international students and in some cases none?

**Mr. Leclaire:** I don't think we have any programs that are 100 per cent international. International students in some cases help sustain programming by taking additional seats and then actually making deliveries viable, particularly in rural communities, from that perspective. Professional programs: we monitor very closely enrolment levels for both domestic and international to ensure there is no displacement.

**Mr. Toor:** Well, thank you.

I'll pass on my time to MLA Barnes.

**Mr. Barnes:** Thank you, MLA Toor, Chairperson, and thanks to all from the U of C and the department for being here and for your work. I appreciate it. My first question is about a skilled workforce. Many jurisdictions now are dealing with the same phenomenon of an aging workforce and a youth unemployment rate that is too high, higher than the adult unemployment rate by a considerable margin. Can I first ask: what is the department doing to make sure that Alberta tries to have the right mix of skills in place as more and more Albertans are retiring?

**Mr. Weiler:** There's a critical piece of work that's under way right now through the Skills for Jobs Task Force, a 21-member panel representing industry, postsecondary education, government, skilled trades professionals, and high schools as well. Really, what they're doing is that they're exploring a future skills agenda for Alberta. You know, part of that is making sure we have the proper alignment of education and training with labour market outcomes, making sure we can look at what we can do to expand existing skilled trades, what we can do to strengthen and expand new opportunities for new occupations, to look at the education model of apprenticeship that might fit their needs, and also looking at

things like parity of esteem, ensuring that people understand that a journey person's certificate has as much value and worth as a diploma or degree.

These are the big issues that this task force is looking at right now. We're expecting to see a final report and some recommendations later this year.

**Mr. Barnes:** Okay. Thank you for that. I especially appreciate the part of the answer on skilled trades and the equal value.

The minister's message on page 2 states that "we will engage job creators to help us expand the apprenticeship model to a wider variety of careers, especially ones with new and emerging demand." Again, can the department please expand on how the apprenticeship model is being applied to a wider variety of careers?

**Mr. Weiler:** Currently it's not, and part of the work that the Skills for Jobs Task Force is looking at is really: what are the levers and mechanisms that we need to use to use an apprenticeship education model, which is really based on that the majority of your learning comes on the job? The current model: we estimate that around 80 per cent of your learning is on the job, and about 20 per cent is in the classroom. We're seeing what other sectors are out there. You know, we look at the government's blueprint for jobs, and we look at sectors that might be interested in looking at this type of education model.

It's really about that type of engagement to get people talking about apprenticeship education as a way to meet their needs from a labour market outcome, but we also have to make sure that we have the legislative framework in place that will allow us to make these changes. Currently the Apprenticeship and Industry Training Act is fairly rigid. It's been in place for a number of years without any significant changes, so that's a big piece of work that the task force is looking at as well: what are the levers that we need to have in place to make sure that we can expand the apprenticeship education model to other sectors and other industries?

9:30

**Mr. Barnes:** Okay. Thank you for that.

I also know that in high school there are a lot of students that are in school but working in one of the trades to earn credits and develop skills as well. Is that something your department reaches back and looks at and would like to enhance?

**Mr. Weiler:** You know, a very good point. I think there are a number of areas that we look at, and really it's the connection back to the community that's very important. We fund organizations like Careers: the Next Generation, Skills Canada Alberta, and Women Building Futures, and they all have slightly different focuses.

For Careers, it's about making that connection for those registered apprenticeship program students in high school, getting them lined up with an employer, getting the number of hours they have so that they can complete the first period of technical training with that on-the-job component. They still have to get their education piece. So that's a critical piece.

Women Building Futures is about opening the door for women in the trades, which is extremely important. It's an underrepresented group, we believe, in the skilled trades and in the apprenticeship education space, so that's really important.

Then if you look at Skills Canada Alberta, it's really about the awareness for young people about skilled trades and the options that are available to them to look at those types of opportunities. Skills Canada Alberta is really at the grassroots, with junior and high school students, with regional and provincial skills competitions, and of course the big prize is the Canada skills competition that's

held every year, making people aware of the great work that happens in Alberta in that apprenticeship and skilled trades space.

Of course, we can't forget about things like the high school apprenticeship scholarship as well, which really is there to recognize and honour those RAP students and those career and technology studies students who have done great work to achieve success in their high school. Those are all key components of getting back to that community aspect, where you can really see some change and make a difference.

**Mr. Barnes:** Okay. Thank you.

On page 51 the performance . . .

**The Chair:** Thank you.

We will now move back to the Official Opposition for the last 10-minute rotation. Please go ahead.

**Ms Hoffman:** Thank you very much, Madam Chair and colleagues. I just want to start by acknowledging that there was, I believe, an agreement signed in the 1970s between the Oblates and the province regarding adequate funding for, at that time under a different name, Collège Saint-Jean, essentially. I wanted to reinforce our desire for a written response to the questions asked around staffing levels, et cetera, and, given that French is an official language, our role in Advanced Education in supporting French as an official language in our province and the fact that that continues to be an option. So we'd love all of those questions asked by my colleague Mr. Dach responded to in writing if at all possible, and if not, we'd like to know why not.

In terms of my questions that I wanted to ask about, maybe we'll start with the U of C specifically, if Vice-president Dalgetty can talk a little bit about what happened in the fiscal year under review in relation to mental health. It's outcome 2.4 on page 47 of the annual report, around "integrating on-campus mental health . . . with larger regional systems" to support mental health on campus and mental health in the community. I'm wondering if we can hear a little bit about how that was done at the U of C and how success was measured in that regard.

**Ms Dalgetty:** I'd like to start by saying that mental health supports on campus are incredibly important. We see this as a strong need, and we have a large focus and invest considerably on campus.

In terms of the support of some of the regional programs, I do not have that information right now. Through many of our faculties, of course, we are very integrated into regional agencies that do provide supports, but I would be happy to report back in writing to the committee how we interface specifically with some of those regional support programs.

**Ms Hoffman:** That would be great, and how you measure success would be great. In turn, obviously, looking back, we want to identify what the gaps are and how, moving forward, we can support organizations in meeting the objectives of the annual report. Of course, it's great to hit all these goals, but if we don't give you the tools and the flexibility and the resources to be effective in that, then we haven't lived up to our obligations. So I'd really appreciate you getting back to us in writing on that.

Perhaps the department can answer around how they're measuring the success of – it was between August 2017 and March 2019 – a \$13.2 million investment province-wide for mental health on campus. I'd like to know some of the baselines, like how many staff were hired, what the number of students was that accessed the services, how many did multiple visits, those types of things. In terms of those objectives that are outlined in the annual report, how were they measured, and how do we track our success?

**Mr. Leclaire:** We maintain our investment. For the specific details around the reporting requirements that you're asking for, I'll have to get back to you on that. I don't have that with me at this time from that perspective, so my apologies.

**Ms Hoffman:** That's totally fine. And is it possible to do a year-over-year? I know it was something that was initiated in '17 and that we're looking at '18-19, so sort of how has that evolved in the two years since those were put in place and, yeah, the measurables around success of that investment in terms of addressing student mental health? Then, of course, if it could relate back to outcome 2.4, point 4, around integrating on campus with the larger regional supports, that would be great. It sounds like all of that will probably have to be followed up in writing unless you wanted to add anything else.

Seeing none, I'll save the remainder of my time for my colleagues. I think we'll go to Mr. Eggen, please.

**Mr. Eggen:** Thank you. We only have a few minutes, so I'm going to perhaps move through some of these questions to be answered at a later date. Let me first ask Ms Dalgetty from the University of Calgary. I noticed in your budget from 2018-19 that the University of Calgary was very successful at fundraising and building your endowment for specific initiatives and so forth. I was just curious to know: in your fundraising efforts, building endowments of specific programs, did that not have an effect on the operating or the grants that you received from the provincial government? For example, if you raised a million dollars for a specific faculty, that wouldn't be counted against your overall grant that you received from the provincial government?

**Ms Dalgetty:** No. That's correct.

**Mr. Eggen:** Okay. So any change to that would perhaps create a disincentive to fund raise. If somehow they were taking the endowment or your fundraising efforts and applying it against grants and/or operating funding that you received from the provincial government, that would create a disincentive for fundraising?

**Ms Dalgetty:** I'd like to clarify that when we raise funds through philanthropy, normally those funds are specifically designated to a project or an area in the university. So it's less about the disincentive. It's that we do not have the legal ability to transport those funds and apply them to our operating expenditures because we have an agreement legally with the donor for the specific purpose that those funds are provided for.

**Mr. Eggen:** Right. So that would complicate even further any, you know, accounting for some donation to be somehow applied to the overall budget of your institution.

**Ms Dalgetty:** That's correct. Ultimately, we would be in violation of a legal agreement with the donor if we were to repurpose those funds.

**Mr. Eggen:** Great. Okay. My next question is from page 18 – back to the ministry – of the annual report from 2018-19. This report recommends continuing the tuition freeze ahead to the 2019-20 school year in order to work with institutions to build a framework to regulate tuition going forward. What was the inherent value of that approach as articulated in 2018-19, and what would the effect be, of course, of switching to a much more dramatic tuition increase to students globally and to each of our institutions in Alberta?

9:40

**Mr. Isaak:** A couple of numbers I'll put out there. The tuition freeze generally saved approximately \$17 million per year in tuition paid by students over the time of four years that the tuition freeze was in effect. With lifting that tuition freeze and the latest tuition direction, I guess, from the government, that has about a \$60 million to \$70 million tuition revenue impact.

**Mr. Eggen:** Okay. Thank you, Mr. Isaak.

Sorry; I'm just going to move quickly. You can answer these ones at your convenience. I'd appreciate it. Do you have a differential of the tuition that was paid by students that were in online programs in 2018-19? We know that there's a different value that's inherent between a live classroom experience and an online experience. I'm just curious to know if you could provide some specific information around the difference between an in-classroom experience tuition rate and then perhaps paying online tuition for any specific program in 2018-19. Of course, a lot of people are thinking about this now, here in 2020.

I just want to ask about the dual credit program partnership. It showed a lot of promise. You had 41 school authorities signing up specifically to train students to work as health care aides in seniors' lodges, long-term care, home care. Very successful programs, I know. How did the dual credit program assist Alberta Advanced Education with their performance goals? I'm very curious to know that because, of course, I think that we saw a lot of promise in the program. I'd hate to see it being compromised.

The same with the career and technology studies. This is another program that was super successful, with more than 30,000 students participating up till 2019. The registered apprenticeship program was also super successful. I'm curious to know if you were measuring the performance metrics to demonstrate how the RAP and CTS programs were assisting you to meet your performance targets here in Advanced Education.

**The Chair:** Thank you, hon. member.

We'll now move on to the fourth rotation, to the government side, please.

**Mr. Reid:** Thank you, Chair. Thank you to the committee and to Ms Dalgetty for joining us today. I appreciate the answers so far. For the ministry I have a question about the fantastic and comprehensive group of community colleges that we have in Alberta outside of Edmonton and Calgary. Can the department speak to the ways that rural Alberta is benefiting from the significant investment in Advanced Education by the government of Alberta?

**Mr. Leclaire:** We have 11 comprehensive community colleges that have a regional stewardship mandate and that reach out and work closely with other partners: community adult learning providers, First Nation colleges, municipalities, and industry. They're our access point to identify both learning opportunities and also transitional learning for adults in their regions, particularly when they're unable to travel. They've been a fairly significant component of that.

As well, we have institutions like Northern Lakes College, that does a lot of online or blended delivery, that provide access throughout the province and that provide partnerships not only in northern regions and to multiple communities, to I think 26 locations in general, but that also partner with institutions like SAIT and Medicine Hat College to provide additional access that those institutions particularly won't be able to provide because of the expertise that they have.

**Mr. Reid:** Thank you.

That leads into my supplemental question just in terms of: how are we continuing to develop this online expertise and the capacity for remote learning for Albertans?

**Mr. Leclaire:** We've got institutions, particularly Athabasca University and Northern Lakes, that have made a differentiated strategy to ensure that type of access. In addition, most institutions have different types of virtual delivery, as was demonstrated in the transition as a result of the pandemic, so we've seen a greater flexibility on the institutions to be able to address the learning needs in their communities, particularly in specialized areas. Typically they specialize, but in specific we have Northern Lakes and Athabasca University: of course, Athabasca University, being the virtual institution to ensure access, but then also a concerted effort on behalf of Northern Lakes College to do that same thing at the college level both for certificates, diplomas but also foundational learning.

**Mr. Reid:** Thank you. Thank you for that.

Also to the department, I'd like the department to speak to the importance of specialization within our centres of excellence in terms of the impact on economic development in Alberta. For example, Lethbridge College, just outside of my riding but where many of my constituents attend, has an Aquaculture Centre of Excellence, and it's not dissimilar to curriculum initiatives in other institutions such as Olds College and even the U of A. How do these centres of excellence align with department objectives?

**Mr. Leclaire:** Part of the review of the roles and mandates was to ensure a differentiated system, and this helps set that differentiation in place, where institutions can leverage their specialized talents. As you're aware, Olds College is one of them – it very much focuses on the agricultural community – as well as Lakeland and, for that matter, Lethbridge College. We encourage that differentiated strategy.

**Mr. Reid:** All right. Thank you so much.

I'd like to cede the remainder of my time to MLA Gotfried. Thank you.

**Mr. Gotfried:** Thank you, Member Reid, and thank you to the chair and to our guests today. Many of our postsecondary institutions are using surplus land for residential or late commercial retail development or other medium- to long-term revenue-generating opportunities. Can you please tell me what guidance the government is giving to postsecondary institutions, if any, regarding the use of surplus land held by our PSIs?

**Mr. Leclaire:** With regard to – we'll refer to that as own-source revenue or for-profit, cost-recovery ventures. The ministry implemented a policy in April of 2019 that basically outlines the requirements for for-profit and cost-recovery ventures to ensure compliance. There are guidelines that we work with with the institutions, and that policy in place also requires them to report within their annual reports to make sure that things are transparent in terms of what they're doing and what the net impact of those investments looks like on a profit-loss basis.

**Mr. Gotfried:** Great. Thank you.

Looking, I guess, at sort of prior, perhaps, to when those projects are undertaken, does the department do or require any cost-benefit or risk-return analysis for land development projects that colleges or universities pursue, or is that left individually to each institution?

**Mr. Leclaire:** No. Again, when they set up the trust itself, they have to put forward a business plan that outlines the processes that they will undertake with their boards to ensure a risk analysis has been done and that the boards have the necessary expertise or bring in the expertise to evaluate those risk components so that they're well informed when they bring the case forward to the ministry. The ministry itself, the department, works with them on these submissions to ensure the appropriateness of moving forward with such a venture.

9:50

**Mr. Gotfried:** So it sounds like you're developing some core expertise in terms of analyzing and providing some advice on that as well. Is that correct?

**Mr. Leclaire:** We do, but we also reach out to other ministries as well.

**Mr. Gotfried:** Great. Thank you.

With respect to student loans, on page 81 there are details of student aid expenses, and it states:

The \$25 million increase from the prior year was attributed to higher provision for future costs of student loans due to higher loan portfolio balances [and] (increasing default provision) as well as a higher government borrowing rate [in terms of] (increasing loan subsidy provision).

Page 108 has further information related to student loan writeoffs. Can the department confirm the financials on page 108 in that approximately \$7.8 million in student loans was written off?

**Mr. Isaak:** Yes. Yes, I can confirm. That \$7.8 million is the actual debt that was actually written off. Just to clarify, this refers to loans where we are no longer pursuing collection. They might be stat-barred, or the student has declared bankruptcy or actually passed away.

**Mr. Gotfried:** So how does that compare to prior years?

**Mr. Isaak:** In the prior year there was approximately \$20.9 million written off, in '17-18. That was actually an exceptional year because we had to do some catch-up in that year on stat-barred loans, so that's why that number was so high. But as you know, I mean, that amount can fluctuate from year to year. The year before that, in '16-17, the amount was only \$3.4 million.

**Mr. Gotfried:** All right. What analysis is done to protect risk going forward? What is being done to manage outstanding loans payable and to mitigate writeoffs in the past year, and what have you learned from past years in terms of planning going forward?

**Mr. Isaak:** Yeah. It's really hard to predict, obviously, what our collections will be or how many loans we're going to have to write off. We do accrue, however, an amount each year to make sure we're covered, and that's what we refer to as the student loan provision. That amount is based on the current year loans and what our projection is for how many will be in default in the future. There's also an allowance set up for the interest-free portion of that loan as well. I guess I'll just refer you to page 83 of the annual report. There's an analysis there or a table that shows the current allowance, so the accumulated provision over the years is \$341 million. Obviously, this balance continues to grow as our student loan portfolio continues to grow. The department, to your question about mitigating the risk going forward, does have a repayment assistance program, where we work with students to renegotiate their . . .

**The Chair:** Thank you.

I did note that there was a point of order at 9:52, which just came to my attention, but seeing as our time has run out, I will reserve hearing about that.

We will move into the three-minute reading into the record round of this meeting. We will begin with the Official Opposition side. You have three minutes to read any of your follow-up questions into the record for the ministry's attention. Please go ahead on the Official Opposition side.

**Mr. Eggen:** Okay. Great. The questions I had were in regard to the – I didn't know this was happening, but here we go. I have questions that were dealing with the annual report on page 12. The Advanced Education Learning Clicks ambassador team engaged more than 18,000 students to teach about postsecondary education, "who in many cases, felt [that] post-secondary education was not an option for them." I'm just curious if the ministry, when evaluating this program, is going to continue with the program, for one thing. But did they enumerate what information was being given from the students? Were they talking about tuition being too expensive or if there were regional programming cuts that were involved in that or other data collection from the Learning Clicks ambassador team and the information that you might have gathered from students?

In regard to the foundational learning program – this is on page 13 of the advanced 2018-19 report. Foundational learning, of course, is reading, writing, English as a second language, digital skills. Advanced Education certainly recognized foundational learning as an increasing need here in the province. I'm just curious to know: what are the value metrics associated with this? Of course, this program is also in jeopardy, and we need to make sure that we have the value of that program clearly articulated so that we can move forward to ensure that it is adequately funded in the future.

Outcome 1.4. In accordance with supporting the principles and the objectives of the United Nations declaration on the rights of indigenous peoples and the Truth and Reconciliation Commission of Canada, our government, of course, invested in the First Nations college grant, the indigenous initiatives grants, indigenous student awards, and the community adult learning program as well. I'm just curious to know if the ministry recognizes the value of meeting or exceeding these investments, considering, you know, how this investing in First Nation education and curriculum and so forth seems to be in jeopardy with this government. If we could make sure that we have a clear articulation of the value of First Nations education, Métis education, indigenous peoples in our postsecondary institutions.

Further to that, we know that many postsecondary institutions – the University of Calgary is included. Thank you very much for that. Oh.

**The Chair:** Three minutes goes fast.

**Mr. Eggen:** Yes. It really does.

**The Chair:** Now we'll go over to the government side for their three-minute rapid-fire reading of questions into the record. Please, hon. member.

**Ms Rosin:** Thank you, Chair. On page 53, performance indicator 2(a) indicates sponsored research revenue. The latest figure reported is \$933 million, which is approximately \$100 million more than two years ago. The majority of the dollars are from federal and provincial governments with only 12 per cent coming from industry. I'm wondering if the higher level of research revenue was a result of greater government or industry investment. Is this share

of industry revenue increasing proportionately, or is it static or decreasing?

**Mr. Reid:** I'd like to go to the ministry for recommendations from the 2015 Auditor General's report, that had several recommendations, two of those related to the guidance of postsecondary education institutions with regard to for-profit and cost-recovery ventures. According to the department they are not yet ready for follow-up audits. Can the department please update us on the status of these outstanding recommendations?

Subsequently, until the guidance is formally prepared for our postsecondary institutions, how is the department ensuring that proper checks are in place when our colleges and universities pursue for-profit and cost-recovery ventures? One of particular interest to me is the Hotel Alma at the U of C. How integrated is this project into the academic mandate and programming of the U of C? I'd like information and examples. I'm wondering if employees are primarily recruited from the student population, and what percentage of the hotel guests is on-campus versus off-campus visitors?

Thank you.

**Mr. Gottfried:** I'm going to ask a question with respect to student loan defaults. Does the department track institution and/or faculty or program or any other metrics with respect to student loan defaults?

I'll move on to another question. The message from the minister on page 2 states:

We are also focused on reducing provincial red tape and mandates on universities and colleges. We intend to give post-secondary institutions more freedom to innovate and compete by reducing the regulatory burden and allowing them to reach their full potential.

Can the department provide a tangible update on red tape reduction initiatives and how the removal of regulatory burden will encourage innovation?

Lastly, if we have time, page 79 of the annual report has a statement of revenue and expenses. Other revenue was budgeted for approximately \$81 million, and the actual was \$164 million. Can the department explain this large difference?

With respect to donations, grants, and contributions, on page 79 they were budgeted for \$336 million and were \$411 million for the fiscal year. How did the department achieve this result?

Thank you. I think we will cede our time back to the chair.

**10:00**

**The Chair:** Well, thank you, everyone. We will now move on to thanking our officials from the Ministry of Advanced Education and the University of Calgary for their attendance today. We ask that any outstanding questions be responded to in writing within 30 days and forwarded to our committee clerk, Aaron Roth.

Are there any other items for discussion under other business this morning?

Seeing none, we will now move on to our next meeting, which will be Tuesday, June 2, 2020, starting at 8 a.m. As usual, hon. members, if you could just let the committee clerk know how you will be attending the meeting by the day before, then that is helpful I think for everyone, including *Hansard*, now that we have all these different ways of attending Public Accounts meetings.

We will now move on to adjournment. I will call for a motion to adjourn. Would a member move that the meeting be adjourned?

**Mr. Reid:** So moved.

**The Chair:** All right. Everyone wants to leave.

All in favour? Are there any opposed? All right. Very good. That motion is carried.

Thank you very much, everyone. Many of us will see each other tomorrow. Take care.

[The committee adjourned at 10:01 a.m.]









