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The 27th Legislature  
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Standing Committee  
on the  
Economy

Department of Advanced Education and Technology  
Consideration of Main Estimates

Tuesday, March 9, 2010  
6:30 p.m.

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[Mr. Bhardwaj in the chair]

**Department of Advanced Education and Technology**  
**Consideration of Main Estimates**

**The Chair:** Good evening, ladies and gentlemen, and welcome. I'd like to call the meeting to order. Just a quick reminder, ladies and gentlemen, that you don't need to touch the microphones as they will be operated by the *Hansard* staff. I'm just going to go around for introductions, starting with the minister. Please introduce yourself and your staff. Thank you.

**Mr. Horner:** Thank you, Chairman. Doug Horner. I'm the MLA for Spruce Grove-Sturgeon-St. Albert and Minister of Advanced Education and Technology. I am here with a fair number of my team. I'll start on my left, Deputy Minister Annette Trimbee. On my right, SFO Blake Bartlett. To Annette's left, our assistant deputy minister of postsecondary excellence division, Connie Harrison. Also with us tonight we have some of our student leadership that I know came in. I don't know who all is here tonight, but I would like to welcome them. From our community, learner, and industry connections division we have Darlene Bouwsema. Just wave. Schubert Kwan. From research and innovation we have Michele Kirchner. From corporate services we have Maggie Deslauriers and Cindy McKnight. From communications we have Kim Capstick. From advanced technologies initiatives division we have Ken Langhorn. And my executive assistant, Tim Schultz. Did I miss anybody? That would be it, Chairman.

**The Chair:** Thank you very much. We'll go over to Teresa.

**Ms Woo-Paw:** Good evening, everyone. I'm Teresa Woo-Paw, Calgary-Mackay.

**Mr. Allred:** Ken Allred, St. Albert.

**Mr. Lund:** Ty Lund, Rocky Mountain House.

**The Chair:** Naresh Bhardwaj, Edmonton-Ellerslie.

**Mr. Taylor:** Dave Taylor, Calgary-Currie.

**Mr. Marz:** Richard Marz, Olds-Didsbury-Three Hills.

**Mr. Amery:** Moe Amery, Calgary-East.

**Mr. Weadick:** Greg Weadick, Lethbridge-West.

**Ms Notley:** Rachel Notley, Edmonton-Strathcona.

**Mr. Chase:** Harry Chase, Calgary-Varsity, surrounded by his team. I would like to also introduce Duncan Wojtaszek. If, Duncan, you could wave. Duncan is representing university students throughout this province. We have Carol Neuman and Steven Kwasny, who are representing colleges and institutes. I appreciate the students for coming, and I've indicated that they can, through the pages, if I run out of questions, just keep firing them to me.

Thank you.

**The Chair:** Thank you very much, Mr. Chase. I'm just going to go through the process and speaking order and time. Standing Order

59.01(4) prescribes the sequence as follows: the minister or the member of the Executive Council acting on the minister's behalf may make opening comments not to exceed 10 minutes; for the hour that follows, members of the Official Opposition and the minister may speak; for the next 20 minutes, the member of the third party and the minister – that would be the Wildrose Alliance, if any – will be speaking; and any other member may speak after that.

With the concurrence of the committee the chair will recognize the member of the fourth party – that would be the NDP – if any, following the member of the third party. For the next 20 minutes the members of the fourth party and the minister may speak.

Just a suggestion or, you know, ask for your consent. After the Official Opposition speaks, if we can take a 10-minute health break.

**Hon. Members:** Agreed.

**The Chair:** Everybody okay with that? Thank you very much.

Committee members, ministers, and other members who are not committee members may participate. Department officials and members' staff may be present but may not address the committee.

Members may speak more than once; however, speaking time is limited to 10 minutes at a time. A minister and member may combine their time for a total of 20 minutes. Members are asked to advise the chair at the beginning of their speech if they plan to combine their time with the minister's time.

Three hours have been scheduled to consider the estimates for the Department of Advanced Education and Technology. If the debate is exhausted prior to three hours, the department's estimates are deemed to have been considered for the time allotted in the schedule, and we'll be adjourned. Otherwise, we will be adjourning at 9:30 p.m.

Points of order will be dealt with as they arise, and the clock will continue to run.

The vote on the estimates is deferred until Committee of Supply, which would be on March 18, 2010.

Amendments to the estimates cannot seek to increase the amount of estimates being considered, change the destination of the grant, or change the destination or purpose of the subsidy. Any amendments may be proposed to reduce an estimate, but the amendment cannot propose to reduce the estimate by its full amount. The vote on amendments is also deferred until Committee of Supply, which is March 18, 2010.

Written amendments must be reviewed by the Parliamentary Counsel no later than 6 p.m. on the day they are to be moved. Seventeen copies of the amendments must be provided at the meeting for committee members and staff. A written response by the office of the Minister of Advanced Education and Technology to the questions deferred during the course of this meeting can be tabled in the Assembly by the minister or through the Clerk of the Legislative Assembly for the benefit of all MLAs. A copy for the committee clerk would also be appreciated.

At this time I'm going to invite the minister to make his opening comments, please. You have 10 minutes.

**Mr. Horner:** You didn't want to repeat those instructions?

**The Chair:** I could do.

**Mr. Horner:** No. That's fine. Thank you, Chair. I'm very pleased to be here tonight to present the budget estimates for 2010-11 for the Ministry of Advanced Education and Technology and our 2010-13 business plan. I've already introduced the members of my staff that are with me tonight.

This is the fourth time that we've had the opportunity to discuss this ministry's budget estimates, and I have to tell you that it is gratifying to see our government's vision for the province taking shape. It's a vision of Alberta prospering through innovation and lifelong learning. We started by developing Campus Alberta, and then we brought forward the bringing technology to market action plan. That was followed by Alberta Innovates. Now we're bringing each of these important pieces together, and tonight we're going to share the highlights of how we're doing that.

I'll start with a few comments on our ministry's strategic priorities for 2010-13. We remain focused on helping to diversify the economy in the province and to build a knowledge-driven future for Albertans.

Our first priority, Alberta Innovates. We're going to keep on top of opportunities and develop strategic areas where we know Alberta can be globally competitive.

The next strategic priority deals with system alignment. We can fuel economic growth in the province by ensuring alignment between Alberta Innovates and Campus Alberta, which is, of course, the advanced education side of the equation. We're going to implement the Alberta research capacity planning framework parallel to the Alberta access planning framework. What that means in plain language, Chair, is that Alberta's postsecondary institutions and the Alberta Innovates corporations are all sharing their strategic plans and their priorities so that they can work together towards common goals, to build the province's capacity and capability for research and innovation.

We're also going to implement the Campus Alberta administration to find efficiencies that can support multi-institution initiatives. It'll also find opportunities to encourage synergies, to leverage best practices, and to encourage communication among the partners of Campus Alberta.

Our third strategic priority, which deals with system sustainability, builds on the first two. We know that Alberta's future prosperity depends on a knowledgeable citizenry and a highly skilled workforce. To that end, we need a sustainable advanced learning and innovation system that provides learners, researchers, and entrepreneurs with the opportunities and the tools they need to excel. Therefore, the ministry will focus on reviewing and realigning resources to maintain the momentum that we've built through the initiatives that we've referred to, initiatives like Campus Alberta and Alberta Innovates, so we can respond to the need of students and our knowledge-based economy.

Now I'd like to turn to the budget estimates for the ministry. We'll start with a broad view and then zero in on some highlights and some key changes.

Advanced Education and Technology's total budget for 2010-11 is just over \$3.2 billion. The basic breakdown is as follows: \$2.3 billion for adult learning, including \$2 billion in operating grants to postsecondary institutions; more than \$146 million for scholarships, grants, support for RESPs, and debt management programs; \$578 million in capital funding for postsecondary expansion, upgrades, and maintenance; \$237 million for innovation, research, and commercialization. We also have over \$200 million in support for student loans, which is captured on page 33 as a nonbudgetary distribution.

Taking a closer look at what this budget will mean for the postsecondary institutions, as I mentioned, there is \$2 billion in operating grants, the same as last year, despite what you may be reading in the paper. That is good news, and it's something that we fought very hard for at the table, but it doesn't mean that all institutions will receive the same overall funding they did in 2009. As you no doubt have heard, that's been a topic of much discussion

over the last several weeks. Some institutions are going to see changes based on enrolments and program costs.

We've done our best to balance these changes with improvements to the way the funding is provided. The first step toward a new funding approach: we're combining funding streams. Instead of base operating grants plus the enrolment planning envelope, we're rolling all funding into one stream, the Campus Alberta grant. That will give the institutions greater flexibility to set their own priorities. It also means that we'll need to relax our expectations around goals of the previous enrolment planning envelope.

I know some of you may have some questions for me about tuition fee modifiers, the other area that is getting a lot of media and student attention these days. This really isn't a budget issue, but I can tell you that I've received a number of proposals to increase tuition fees for programs beyond this year's maximum. We'll be reviewing these carefully, keeping in mind that the intent is to look at programs where market anomalies may have existed when the tuition fee cap was put in place in 2004. No decisions have been made yet, but they will be coming shortly.

#### 6:40

Moving on to capital funding for postsecondary institutions, we are sticking to our five-year, \$1.5 billion capital plan, which was announced in Budget 2009. No projects have been cancelled. If you look at the numbers, the budget does show a reduction of \$132 million from last year, but that's because we've completed some major projects, and they're no longer on our books. There is also virtually no change in our funding for capital maintenance.

One area where institutions will see some changes is the access to the future fund. In many ways this budget forces us to focus resources on priorities. This is why the \$3 million innovation portion of the fund is being suspended for now so we can focus on the larger portion of the fund, the renaissance fund, which provides a more direct benefit to students and to the institutions. Funding available through the renaissance fund will be the same as last year at \$45 million.

I'd like to touch on what the budget will mean for students, and this is where we faced some of our toughest decisions and made some of the biggest changes. Total direct financial assistance to students is \$290 million, including over \$206 million in provincial loans. Again, we needed to focus our resources on our priorities, and one of our top priorities is ensuring that we are able to provide adequate financial assistance to all eligible students. To accomplish this, we've had to suspend five scholarship programs, and we're shifting dollars away from grants and into the student loan program. Three grants – the loan relief benefit grant, the Alberta opportunities bursary, and the northern student supplement – will be discontinued.

I should note that this is not a cancellation of our debt relief program as has been reported in some of the media stories. The loan relief program is still very much in place. Students who would have qualified for the discounted grants will still receive funding but as student loans. This shift has also allowed us to make other needed changes to our student assistance program, changes that increase assistance to some of the students who need it most, and many of these proposals came directly from the students. The spousal earnings exemption will be increased from \$200 to \$800 per month. Living allowances for married students and single parents will increase by 7 per cent. Lifetime loan limits will be increased for all programs.

We're also introducing a new repayment assistance plan. This plan will replace the interest relief program, which looked at single income threshold and left many borrowers in a make your payments or default on your loan situation. The new repayment assistance

plan will allow borrowers to apply to have their payments reduced based on their individual situation, including factors like income and family size.

As I've said, we had to make some very difficult decisions when it came to our student assistance programs, and ultimately I believe that we've struck the right balance with what we're doing. Striking the right balance has been a consistent theme throughout our budget as it has been for the budget for government overall, balancing our priorities with our available resources, the pressures of today with the possibilities of tomorrow.

On that note, I'd like to touch on our ministry's budget for innovation. Our total budget for research and innovation is \$253 million, including \$237 million in program spending, \$10 million for program delivery and support, and \$6 million in capital grants. The single largest investment is in support to our new Alberta Innovates agencies. This accounts for \$194 million of our program in capital spending, which breaks down as follows: \$81.1 million for Technology Futures, \$74.5 million for Health Solutions, \$19.6 million for Energy and Environment Solutions, \$18.8 million for Bio Solutions.

While it's a big piece of our budget, the transition to Alberta Innovates is also the primary reason we see a reduction in the ministry's research and innovation budget. Twenty-four million dollars in outside funding generated by the former Alberta Research Council will not be included in the ministry's totals but rather in the budget for Alberta Innovates: Technology Futures. The change in ministry funding also reflects the completion of some one-time projects and initiatives worth approximately \$11 million. Overall, I would say that our funding in this area is steady and acknowledges the growing importance of investing in economic diversification through innovation, research, and commercialization.

In closing, I want to touch one more time on this idea of balance. The 2010-11 budget for Advanced Education and Technology strikes the right balance to keep us on the path towards our long-term goal: to develop a knowledge-based economy, one that is grounded in a dynamic and integrated advanced learning and innovation system. While we've had to make some hard decisions, I think we've managed to stay focused on those priorities.

With that, Mr. Chairman, I want to thank you for your attention. I would be happy to answer any questions that the committee may have.

**The Chair:** Thank you very much, Minister.

With that, I'm going to invite Mr. Chase. You have one hour, sir. Do you want to go back and forth with the minister or 10 minutes at a time?

**Mr. Chase:** I'm going to use my traditional machine gun, 10 minute at a time style and get as much onto the record, not expecting the minister to be able to answer all the questions but to start and then follow up with written summations.

**The Chair:** He'll have 10 minutes to respond: 10 and 10. Thank you. Okay. Go ahead, sir.

**Mr. Chase:** Thank you. I'm entitling tonight's performance a post mortem on postsecondary. To illustrate my point, a hunter shows up at emergency with his hunting buddy strapped across the hood. The orderlies come and unload him, put him on a gurney, and take him in. The doctor looks at him, and he says: well, I might have been able to save him if you hadn't gutted him. I'm seeing postsecondary education being gutted. I don't see it as sustainable. I see it far from balanced.

Operating expense reduction of \$73 million, or 2.7 per cent, from '09-10 forecast, page 20. Elimination of 21 full-time equivalent positions in 2010-11, with another 585 transferred to the Alberta Innovates corporations. Hardly supporting students.

Expense and equipment purchases are \$166 million less than the previous year, a reduction of 5 per cent, and \$371 million less than the actual for '08-09, estimates page 33. Ministry support services is decreased by \$886,000 from previous years' forecast, estimates page 36. Support for adult learning has decreased by \$21 million, or approximately 1 per cent, from the '09-10 forecast, estimates page 36. Postsecondary infrastructure has decreased by \$130 million, or 18.5 per cent, from '09-10 forecast, estimates page 36. Apprenticeship delivery has increased from forecast by \$94,000, but the reality is that it's decreased from the '09-10 budget by \$4.4 million, estimates page 36. Research and innovation capacity has decreased by \$34 million, or 19.5 per cent, from '09-10 forecast, estimates page 37. With cuts of this magnitude how can we possibly think that this is either sustainable or balanced?

Institutions have reported that the government has combined a series of previously separate grants into, as the minister previously mentioned, one block payment entitled the Campus Alberta fresh start grant. The level of funding provided by this grant is less than the anticipated amount of total funding under the previous arrangement of separate grants. Examples of the effect this change has had on institutions: the University of Alberta is estimating an additional shortfall of \$27 million. When compared to previous expectations, the University of Lethbridge estimates a funding gap of \$9 million. The questions. Why did the ministry opt to combine the grants in this way? The consolidation of the grants appears to have caught some institutions by surprise. How did the ministry communicate the creation of the fresh start grant to institutions? What was the consultation process? Is the minister at all concerned about the instability being created in the postsecondary system by simultaneously reducing operating grants to institutions, opening the door to tuition increases, and restructuring the research and innovation system?

Of particular concern for institutions is the elimination of a separate enrolment planning program funding line, which in the past has been used to boost enrolment in high priority programs such as medicine, nursing, and engineering. What evaluations or studies did the ministry conduct in deciding to eliminate the separate enrolment planning envelope funding stream? Did the ministry seek the formal input of the Ministry of Employment and Immigration in deciding to end this program? If so, what was EI's opinion on the impact of this decision on workforce planning in professions such as medicine? Will the ministry include enrolment planning targets under the new Campus Alberta fresh start grant? How will the ministry work with institutions to ensure that they can afford to pay for the students already entered into multiyear programs financed by EPE dollars? How will the elimination of the EPE affect the ability of institutions to meet the targets set out in their institutional access plans?

**6:50**

Institutions are also reporting that they have been provided with a certain amount of temporary funding to manage the reduction in expected overall provincial transfers. The University of Lethbridge has pegged this funding at \$1.7 million while the University of Alberta has said it is receiving \$5.7 million. How is the amount each institution receives calculated? For what purposes does the ministry expect this one-time funding to be used? What kinds of restrictions does the ministry place on the use of these funds? Will the minister provide in writing the amount of one-time funding each institution has been provided? Is this temporary funding also included in the fresh start grant?

There are a number of sizable variances between the '09-10 budgeted amounts and the forecast for several categories of postsecondary institutions. Comprehensive academic and research institutions are forecasted at \$27 million above the budgeted amount, estimates line 2.0.2, page 36. The University of Alberta, 66 per cent, have proposed massive increases to tuition in professional faculties. When the original tuition fee regulation was set in place in 2006, did postsecondary institutions bring their concerns about professional tuition to the minister's attention? If so, what was the minister's response at that time? If not, are institutions only raising these concerns now to help themselves out of a fiscal tight spot of their own and this government's making?

How can the minister maintain that market modifier tuition increases are in keeping with this ministry's own affordability framework when that framework commits to "annual tuition fee increases linked to inflation" and to "provide funding to address forgone tuition fee revenue for post-secondary institutions"? That's from the affordability framework, page 3. What framework or process is the minister using to evaluate the proposals from institutions? Why has the minister not shared his criteria with the public in greater detail?

Has the minister consulted with Employment and Immigration on the likely impact of dramatic increases to professional program tuition on Alberta's ability to attract individuals into these professions? What form will the ministry decision take when it is released? Will institutions be given a one-time holiday from the regulation? Will the regulation be repealed and/or replaced? Will the minister provide the allowable tuition increases for each program? Historically this is what we have after Bill 40, when so many of these decisions are left to the minister as opposed to being debated in the Legislature.

Why is the ministry prolonging the decision-making process in a way that creates instability for current and prospective students as well as for postsecondary institutions? If the minister is not prepared to make a decision in a timely fashion, then why not wait a year and form a review committee composed of stakeholders from across the postsecondary system to study this issue of market modifiers in greater detail?

Institutions are considering other options besides market modifiers to balance their books. The University of Alberta is proposing a \$570 noninstructional fee, and the University of Calgary is said to be contemplating a similar charge to students; \$500 is the fee they're suggesting. How can the minister square these large mandatory fees with the affordability framework? Are these fees not simply a way to circumvent the tuition cap? Will the minister consider bringing these fees under the ambit of tuition regulation so that boards can only approve mandatory fee increases that are equivalent to inflation? Will the minister consider restricting mandatory fees to tangible services beyond the basics of offering an education? If not, how can a government that opposes tax increases as a way to balance the provincial books endorse what is essentially a tax for nothing on our postsecondary students?

Grants and bursaries. Achievement scholarships were reduced by \$2.3 million from the previous year's forecast of \$34.6 million. This is actually a \$4.4 million decrease in the budgeted amount from the '09-10 estimates, line 2.0.11, page 36. How many fewer individual scholarships will be given out as a result of the \$2.3 million decrease? What were the application rates for achievement scholarships in '09-10? Does the ministry have an estimate for the number of students who met the eligibility criteria who did not receive the scholarship? Why was the full \$39 million allotted to these scholarships in the '09-10 budget not spent? There is a difference of \$2 million.

Bursaries and grants were reduced by \$16.5 million from the forecast in the previous year, a cut of 55 per cent, estimates line 2.0.12, page 36. How did application levels for bursaries and grants in '09-10 compare to '08-09 and '07-08? Which specific grants were eliminated as a result of this cut? Were entire categories of grants cut, or was funding reduced across a wide range of categories? What criteria were used to make reductions to bursaries and granting programs? Do any of the grants and/or bursaries funded here contain multiyear timelines? If so, could students awarded a multiyear bursary see their funding unexpectedly taken away? How can the minister justify slashing bursaries and grant funding in half in the context of record-breaking youth unemployment?

Student loans. The ministry expects to distribute \$206 million in student loans to 44,000 students in the 2010-11 fiscal plan, page 36. How does the amount for student loans compare to the previous years? Does the student loan budget anticipate the increased borrowing that could be required if postsecondary institutions approve large noninstructional fees and/or the ministry approves sizable tuition increases?

**The Chair:** Thank you very much, Mr. Chase. Your allotted time for this is used up.

Minister, you have 10 minutes, please, to respond, and then he'll have 10 minutes again.

**Mr. Horner:** Well, Mr. Chairman, I guess, first of all, I'm going to say that it's unfortunate, with the students here, that I can't write as fast as the member can speak because I would love to be able to sit and challenge him on just about every one of the questions that he put there because of the preambles in front of them. I would suggest to this committee that our postsecondary system is as sustainable, if not more sustainable, than almost any one of them in North America today. I would also say that given the funding system that we've had in place over the last 10 years in our postsecondary system, we were prepared for the situation when it happened. We maintained the level of funding after a 43 per cent growth of funding in our base operating grants as well as continued growth in our enrolment planning envelope. To suggest that we've gutted it is simply dramatics for the audience.

Some of the silly questions that are in there. Why did the postsecondary capital expenditures go down? I mentioned it, hon. member, in my opening remarks. When you finish a project, it's no longer on your books, so you take it out. But none of our projects have been cancelled.

When you talk about things like that the University of Alberta estimating that they're going to be, you know, X number of dollars down, we're not completed working with the universities to ensure that we cover off as many of the issues that they might have as possible within their grant letters.

Hon. member, you asked: when did we start discussions on a new funding framework? January of 2008. We've been working very closely with not only the postsecondary institutions but also the student groups to redo and redraft the funding framework because we knew that when we started the Campus Alberta framework, in order for it to work, in order for it to grow, in order for it to do the things that we wanted to serve the three clients that we serve, we needed to come up with a different kind of funding framework. All of the institutions agreed with us on that particular fact. The situation that we found ourselves in in terms of coming to a zero-based budget pretty much made it necessary for us to move to that funding framework maybe six months sooner than we thought we were going to go but probably not that much further than that.

The consultation process has been fairly extensive. We had a working committee of postsecondary presidents and students combined with a number of annual general meetings that we had with our postsecondary system, our Campus Alberta system, to talk about how we would make the system more responsive to enrolment growth and also to our innovation system so that we can help graduate students. You know, we doubled the scholarships to the graduate students last year. In terms of our scholarship funding we're still considered one of the leaders in the country in terms of our scholarships.

When you talk about moving to loans versus grants, I've had this discussion with our student groups as well. My goal is to help as many students as we possibly can. If I give a grant, I help one student. If I give a loan, with one dollar I can help three students. Hon. member, I'm going to help the three students, not one. I can be criticized for that all you want, but that's the way it is. That's where I think we need to go, and I think that's part of those decisions that we had to make.

You talked a lot about process for market modifiers, which has absolutely nothing to do with my budget, Mr. Chairman, so I'm not going to spend a lot of time on that.

We talked about the affordability framework. Again, working with the students, we advised both the postsecondary system and the students as far back as last April, May that we felt that this year's budget was going to be a hold-the-line kind of budget. We've had tremendous success over the last five or six years in terms of our operating increases, in terms of our enrolment increases, in terms of our capital expenditure increases. We wanted to maintain that because we see this year's budget, frankly, as a kind of a transitional one to the new era of our funding framework but also the new era of our Campus Alberta situation.

7:00

Are we going to look at things like increasing international student presence like the Ontario system is looking at? More than likely. Are we going to look at ways and means that we could probably try and get more for the dollar out of the postsecondary institutions? You bet, because the students and the taxpayers are in a cost-plus business, and we want to make sure that we hold all parts of the system accountable and not just continually look to put more money into the system from either the students or the government.

Mr. Chairman, I think the other thing I'd like to talk a little bit about is the innovation system. When we talk about some of the dollars that we're looking at in terms of – the hon. member mentioned a reduction. True, there is probably – I don't know – a \$5 million or \$6 million overall net reduction to the total basket of innovation funding. The balance of the reduction in the funding is the fact that we moved the budget of Alberta Research Council into the budget of Alberta Innovates: Technology Futures. It was roughly a \$24 million move there. That's really an accounting issue as much as it is anything else because if we brought that particular budget back to you, then you would say that that money is actually within the Technology Futures bundle.

We talk about the full-time equivalent supports or full-time equivalent employees. All of them are still working in the positions that they were in. They're still doing the great jobs that they were doing before. What we're doing is aligning the system. It's taken probably 18 months to bring that system into alignment and focus. We just started that in January, so I'm not as concerned about a potential reduction in the research and innovation funding. Because we're just starting out on a new framework, there is going to be a little bit of growing pain here over the first couple months in terms of getting everyone aligned and focused on where they're headed.

The basic research grants that go to postsecondaries are not affected. In fact, we're hopeful that we'll be treated fairly by the federal government in their new announcements of their research funding. We intend, members, to help our institutions go after as much of that money as we possibly can, recognizing that there are going to be some financial limitations and infrastructure limitations, which we'll work with the institutions to deal with.

I can tell all members here that the innovation rejig that we did, if you will, is causing a considerable amount of very positive notice around the globe. We have companies that never would have thought to invest in Alberta that are hearing about what we're doing. When they talk about investing in Alberta, they're talking about investing with our postsecondaries and with the government, which creates opportunities for our students above and beyond all of the things that we're talking about here. When you have companies like Calgary Scientific working with us, companies that are global in their scope on imaging, when you have companies like Hitachi or Hewlett Packard working with us to do new things in our province versus even doing it in their own labs somewhere else, that makes for tremendous opportunities for students and for graduate students.

When you talk about a number of the graduate students' work that is going on – in fact, Chris, who is behind me here, has been doing some tremendous work in diagnostic skill sets, and he was just telling me he was doing some testing on some urine or something. Fabulous, interesting stuff that he gets to work with. But it's those types of things.

When you talk about the innovation vouchers that we just recently announced, 204 new and bright ideas across the province in 33 different places around the province, those are all tied to our postsecondary system. Again, when you talk about innovation and learning and putting those two things together, that's what international companies are looking for, that's what graduate students are looking for, and that's what international students are looking for. They're looking for a place where they know they can do the research, where they can come up with something, and they can commercialize that something, and they can create wealth with it. And that's what we want out of that system as well because, essentially, that's going to build the base and the framework for a sustainable learning system into the future and a sustainable innovation system in the future.

I know there was a ton of questions there, Mr. Chairman. We'll answer the ones that pertain to the budget. I'll give notice right now that if it didn't pertain to the budget, we're probably not going to provide a written response.

**The Chair:** Okay. And you can either table your response in the Leg. or through the committee clerk, please.

**Mr. Horner:** Thank you, sir.

**The Chair:** Thank you very much.

Mr. Chase, the first 20 minutes have gone by. Starting 10 minutes.

**Mr. Chase:** Thank you. Here come the next 10.

Education equals economy. Education is an investment. For every dollar invested, there is a \$3 return. Fourteen billion dollars of the \$17 billion stability fund remained. Why wasn't a portion of this stability fund applied as a buffer to avoid cuts to postsecondary? As for the comment with regard to grants and bursaries only being able to help one student at a time, loans help three students go further into debt. I don't see that as a tremendous advantage.

With regard to sustainable, predictable funding the Liberal policy is to set aside 30 per cent of all nonrenewable resource revenue and put 35 per cent of that 30 per cent into creating a postsecondary endowment fund, which would create the sustainability and the predictability rather than the dependence on the price of oil to determine that particular year whether universities get cut or universities and colleges and institutes get supported.

Will the ministry seek supplementary funding for student assistance in the event of an unexpected increase in demand? Why does the ministry not provide separate budget lines for operating grants to institutions and for loans to adult learners?

Capital and infrastructure. Funding for capital expansion and upgrading is reduced by \$111 million from the forecast for '09-10, a cut of almost 21 per cent, estimates line item 3.0.1, page 36. Now, how many times have I heard the Minister of Infrastructure talk about what a window of opportunity we have in terms of construction? A 40 per cent reduction in the cost of labour and 40 per cent reduction in the cost of materials. It seems to me that investing in construction on university campuses and then following up with sustainable operating funds would be ideal. Unfortunately, that's not happening.

The ministry attributes this decrease to the completion of several large ongoing projects such as the SAIT trades and technology complex. I can celebrate, and I've been at a number of projects with you where ribbons have been cut or shovels have hit the ground, and each time it's a celebratory circumstance, but if we're going to get anywhere close to the promise that was made of 60,000 new spaces by 2020, we're going to have to see a lot more shovelling being done; that is, of the physical nature as opposed to the philosophical kind.

Given that space was in short supply on a number of campuses even before the recession boosted enrolment, why is the minister reducing capital expansion instead of taking advantage of a favourable construction market? Will any projects be delayed or cancelled due to this reduction in funding? If so, which specific projects? How will the remainder of the \$609 million provided for capital expansion and upgrading over three years – fiscal plan, page 36 – be distributed over '11-12 and '12-13?

Is the ministry on track to meet its targets under A Learning Alberta to create 60,000 new postsecondary spaces by 2020? The first part of that plan suggested that there would be 15,000 new spaces created by 2008, and I don't believe that goal was reached. I stand to be corrected.

Chronic underfunding in the 1990s left Alberta's postsecondary institutions saddled with a sizable backlog of deferred maintenance. In this budget capital maintenance and renewal will receive \$18.9 million less in '10-11 than the previous year's forecast, a reduction of 11 per cent, estimates line item 3.0.2, page 36.

#### 7:10

The University of Alberta is celebrating a century of education. The University of Calgary is rapidly approaching 50 years of age. The University of Lethbridge is that much younger but still feeling the stresses of living in Lethbridge; it's starting to lean a little to the east with our chinook winds. Why is maintenance funding decreasing during a recessionary period when the government could get more bang for its buck and significantly address the deferred maintenance backlog now when costs are low? It's not just putting up new buildings; it's actually maintaining the aging ones in place.

Will any new renewal projects be delayed or cancelled due to this funding reduction? Will these funding reductions be targeted to certain segments of the postsecondary system? Which institutions will be most affected? Is any portion of line item 3.0.2 funded by

federal stimulus money, i.e. the knowledge infrastructure program? If so, what is the amount? Can the minister provide an estimate for the total amount of deferred maintenance in the postsecondary system? What is the minister's long-term strategy to address deferred maintenance in the postsecondary system over the long term?

What is the minister doing to address deferred maintenance issues in postsecondary residences? The ones at the University of Calgary are past their lifelong circumstance, and the married quarters are suffering badly. The University of Calgary, even with the new residences being built, is at present only able to house 8 per cent of its total population on campus, and the figure for the University of Alberta is under 12 per cent. Most eastern universities are able to accommodate at least 20 per cent of their students on campus and, therefore, save costs on transportation and affordable housing. I wish we would follow that pattern.

The 2010-2013 capital plan commits to providing \$300 million to the infrastructure maintenance program over three years, page 102. Alberta Infrastructure, however, projects that the proportion of postsecondary facilities in fair condition will stay constant at 30 per cent over this period and that only 5 per cent of facilities will go from poor to excellent, 1(c), page 177 of the business plan. Is the minister of the opinion that the IMP funding provided in the capital plan is only sufficient to largely hold the line on the condition of postsecondary facilities? We have scaffolding at the University of Calgary in one of the science buildings that's just keeping the front facade from falling in on the students.

Research, innovation, and technology. Program delivery support for research and innovation is reduced by \$2.8 million from the forecast for the previous year, estimates line item 5.0.1, page 37. What is the rationale for this decrease? Have some program delivery services been transferred to the Alberta Innovates corporation? If so which services will the ministry no longer perform?

In terms of lost jobs and services, the University of Calgary lost 300 jobs in its food services two years ago. They're projected to lose another 200 support services this next year due to lack of support for ongoing operational funding. Have some program services been transferred to Alberta Innovates? If so, which services will the ministry no longer perform?

Research capacity funding has been increased from the previous year's forecast by \$3.9 million to \$23 million in '10-11, estimates line item 5.0.2, page 37. What kind of capacity-building initiatives will be funded by this increase? Does this research capacity funding go directly to comprehensive academic and research institutions? If so what portion of the \$23 million will go to each institution? If not, are other organizations funded with these dollars?

Strategic partnerships were also increased by \$4.62 million from the previous year's forecast, estimates line item 6.0.2, page 37. What kinds of partnerships are facilitated by this funding? What kind of program evaluation process does the ministry use to evaluate the usefulness of this funding? What was the return on investment for the \$9 million spent on strategic partnerships in '09-10?

Commercialization capacity funding was reduced by \$5.9 million from the '09-10 forecast, estimates line item 6.0.3, page 37. What is the rationale for this decrease? What kind of capacity-building projects or initiatives were funded by the \$17 million allotted in this line from the previous year? How does the ministry measure commercialization capacity?

Miscellaneous issues and questions. In the estimates there's a budget line for other program support that is estimated at approximately \$24 million in the '10-11 estimates, estimates line item 2.0.10, page 36. What kinds of other program support are provided under this budget line? Why was the '09-10 forecast for this line



item \$25 million below the budgeted amount? Was spending in this line frozen mid-year?

**The Chair:** Thank you very much, Mr. Chase.

With that, Minister, you have 10 minutes, please.

**Mr. Horner:** Okay. Well, we'll pick the ones we'll go after here. I guess what I'm going to go after first is what was mentioned last, and that was the other program support. These are ongoing commitments to the institutions, which would include the SuperNet access; Microsoft licences; our Alberta application system, APAS, which we're very keen on; support to aboriginal colleges; Lois Hole Campus Alberta digital library; Keyano COLA. We had IT systems costs in there. We had some initiatives that we were doing with other campuses for their IT in bringing them up to speed with Campus Alberta. There are a number of other ongoing program delivery support things that fall into that budget.

Mr. Chairman, I'm not exactly sure where the member was getting his numbers on the state of repair of our postsecondary facilities, but based on the numbers that we have in our strategic business plan, which is on page 18, the member would note that on the physical condition of learning facilities in the postsecondary facilities we're looking at good as 60 per cent. We're at 60 per cent; we're going to 65 per cent. We want to bring our fair to 30 per cent, and we want to reduce the poor to 5 per cent. We're going to continue that line downward. Members may remember that it was two years ago that we actually doubled the infrastructure maintenance program funding annual grant to the postsecondary institutions. That funding has continued, and we've maintained that funding all the way through.

In addition to the base operating grant increases that we've had over the last six years, that have increased the base operating grant to our postsecondaries by more than 40 per cent, in addition to the enrolment planning envelope increases that we've had over the last four or five years, in addition to the close to \$2 billion that we've put in approved infrastructure projects, we also increased our infrastructure maintenance program funding on an annual basis.

Members will note in the documents that we're looking at infrastructure maintenance program funding going from \$74 million in the forecast '09-10 to our estimate of \$80 million, 80 and a half million dollars, to our '11-12 target of \$106 million, right up to a five-year total of close to half a billion dollars. Through that, coupled with some of the funding that we were able to match with federal dollars in the past two years, we managed to get caught up on a number of labs and a number of infrastructure funding that was needed. Working in collaboration with not only the institutions but the federal government, we were able to do a number of projects around the province at a number of our institutions that certainly helped bring a lot of these infrastructures up to speed.

Another thing I would add, Mr. Chairman, is that when you pull an anecdote like a scaffolding that's holding up something over a door, you should add that the rest of that is that the ISEEE building that's going up right now, as we speak, on the University of Calgary campus is the replacement for that sciences building. So to say that we're not doing something is wrong. I mean, we're replacing the darn building.

When you look at what we've approved in terms of capital funding, right now we're looking at probably total facilities infrastructure of 2 and a half billion dollars, and that in 2010-11, the three-year total coming up to around \$964 million. But there are projects throughout our system. We have some projects at Mount Royal, University of Alberta, University of Calgary, actually two at Calgary. We've got Bow Valley College, which is a fabulous expansion. It's increasing a number of spaces in Bow Valley

College, which will be opening very, very soon. The SAIT trades and technology complex is not one of the ones that has been completed or anything else. It's still on the books and still going to be moving forward. A number of projects have come off the priority list.

7:20

Mr. Chairman, members will know that a number of years ago we developed a new system for doing our access and our capital planning. It isn't up to the institution alone. It's up to Campus Alberta to decide where the limited capital tax dollars are going to go. I think it's important that we do that as a Campus Alberta because that's what told us that we needed to build more spaces in Calgary as opposed to building them, say, in other locations, which is why we announced close to a billion dollars' worth of infrastructure in Calgary over the last three years.

When you talk about FLE growth, currently for the Budget 2009 Athabasca University main campus expansion, 1,500 FLEs. In Bow Valley College phase 1 and 2 you're looking at close to 4,000. Grande Prairie College: we're doing a small expansion there of 50. At Grant MacEwan we're doing some renovations in the science labs, 300 new FLEs. Keyano: trades upgrade, expansion of 108. We're looking at Medicine Hat College; we've probably got 350, close to 400 new spaces there. Mount Royal science building expansion, another 300. Olds College, at the Canadian Equine Centre for Innovation, another 105. When you look at the SAIT trades and technology complex, which they're moving ahead on, another 3,600 FLEs.

University of Alberta, Centennial Centre for Interdisciplinary Science, 2,000. University of Alberta, Edmonton north clinic, another 800. University of Alberta, Health Research Innovation Facility, 650 new spaces. University of Alberta facilities for MD expansion: we're looking at another 180 FLEs there. University of Calgary, the ISEEE building, the energy, environment, and experiential learning building, another thousand FLEs, and many of those are on campus today. University of Calgary health research innovation facility, the fit-out that we're doing there and the Foothills campus development, another 650. Another 135 in the health sciences renovation for MD expansion. University of Lethbridge: the Markin building alone is 450.

That list just there, Mr. Chairman, is 16,433 new FLEs that we're putting into the system. So to suggest that we're not expanding the system and that we're not creating new spaces is a fallacy. Are we trying to do it with the best dollars that we can possibly do and leverage those dollars? Absolutely. I think the taxpayers of Alberta would want us to do that. We have not cancelled any projects in our postsecondary capital plan. We have continually said to all of our stakeholders that they have to come up with a very good case as to where and what kind of expansion we're going to be looking at, and it has to be part and parcel of the system.

Mr. Chairman, we're a province of 3 and a half million people. We're competing in a global marketplace. Yes, that means that you want to have some of the top recognized institutions in the world, and we do. We have some of the top recognized institutions in the world because of some of the infrastructure spending that we've done.

Now it's a matter of making sure that we get the best utilization out of those places, like the National Institute for Nanotechnology, like the neurosciences laboratories at the University of Lethbridge, like the imaging laboratories at the University of Calgary, like the applied research that happens every day at the Northern Alberta Institute of Technology and the Southern Alberta Institute of Technology, like some of the laboratories that are working in

conjunction with the Canadian military at Medicine Hat, like the Bell e-Learning Centre at Olds College, where we can leverage an investment in SuperNet and actually help small K to 12 systems within the province in remote areas stay there and be part of the community.

Even the partnership there between the high school and the college is absolutely fabulous. That goes into the Campus Alberta ability to have community stewardship programs, of which Olds College is also one, where you actually help your adult literacy programs and you help students come back to the postsecondary system.

We've had a tremendous number of successes. I've had the blessing, Mr. Chairman, of travelling a little bit and talking to some other postsecondary systems in California, as an example. We see a lot of turbulence in the California system today. That's because of actual cuts of well above 25 per cent in some cases.

We see turbulence in other areas in the private systems where their endowments have drastically been reduced. To suggest that an endowment is the way to go – I would suggest that they might want to talk to some of these large institutions who, frankly, committed themselves to being able to run on an endowment. In fact, we have a few problems of our own in the province based on endowments. So endowments are not the answer, Mr. Chairman. Sustainable funding that is not cuts is a good way to proceed, but to work in partnership with your postsecondaries is the best way to ensure that you're going to have a sustainable system.

To suggest, Mr. Chairman, that by simply taking 30 per cent of your nonrenewable resources and parking it in a bank account would suggest to me that they haven't thought about what they were going to cut to get that 30 per cent, because we didn't not use 30 per cent of our nonrenewable resources. In fact, we didn't not save. If we hadn't saved the sustainability account when times were very, very good, we wouldn't have been able to maintain this budget.

**The Chair:** Thank you very much, sir.

With that, Mr. Chase, you've got 10 minutes again.

**Mr. Chase:** Thank you very much. Just with regard to endowments, endowments are top-up funding. You're right. The University of Calgary, for example, made some very poor decisions with their endowment funding. Like AIMCo, for example, like Alberta Treasury Branches they got caught up with asset-backed commercial paper. So depending on the investments of the endowment funds, you're right; if they aren't invested wisely, they're not going to provide that icing on the academic cake, so to speak.

I would like to know when the 16,000 new spaces that you mentioned are being constructed will be operational. Can we expect that the 44,000 remaining seats will be up and running and have students occupying those spaces by 2020, or is that 2020 promise that was made no longer applicable?

With regard to the AISI building, AISI is a wonderful program. I appreciate the funding for that program, but I can't believe that the building is going to be blown up or no longer used, mothballed with yellow taping applied across the doors. I'm sure that space will continue to be needed with the expanding growth of the University of Calgary.

When these 16,000 new spaces come into play, will there be the funding necessary for the professors and instructors to operate the programs within these learning spaces? The University of Calgary, for example, as part of cost-cutting combined a number of arts programs under the heading of humanities, and it's no longer the case where first-year students only are being taught in classes of 300-plus. That is becoming more and more sort of the amphitheatre

manner of educating students, so we see students paying more for a reduced product. We see fewer professors having the luxury of tenure, which brings with it a degree of stability and allows them to not only take part in teaching activities but undertake the necessary research that keeps both themselves and their students up to date with what is happening in the world.

On page 85 of the fiscal plan it provides the full-time equivalent employment for each ministry. Advanced Education and Technology is listed as losing 606 full-time individuals in '10-11, with 585 of these transferred to the Alberta Innovates corporations. What areas of the ministry do the remaining 21 FTEs come from? Are these primarily front-line or managerial staff or just early retirement incentive kind of thing?

I'm always worried. This last budget was definitely not a Steve West budget, where we saw 12,000 support staff working within the government bureaucracy being issued pink slips. But when we see such large numbers being transferred out of the advanced education support areas and into the innovation and technology, I worry somewhat that students aren't viewed as an immediate investment to the extent that technology seems to be receiving greater favour. It's not one or the other, but I'm just wondering why the significant loss to the Advanced Education portion. How will the staffing reductions take place? Hopefully, there's a plan to re-recruit when our recession is through.

7:30

Strategy 2.2 of the business plan, page 21, notes that the ministry is developing a framework for private education providers in the province that will align with the roles and mandates framework for public providers. What progress has been made on this initiative? What is the timeline for the completion of this initiative? Will the proposed framework provide standards and conditions private education providers will have to meet in order to qualify for public funding?

I've had a number of individuals come into my office in Calgary-Varsity indicating large tuitions they've paid out to private institutions only to find in cases that the training that they were paying for was actually provided by companies on the job. This money and the promises made by these private institutions when these students graduated were extremely exaggerated.

Strategy 3.7 of the business plan, page 23, commits the ministry to implementing a performance indicator framework for Alberta Innovates. When will this performance indicator framework be completed and released to the public? Why wasn't a performance indicator framework ready for the launch of the new corporations January 1, 2010?

If the minister can shed any light on what is worrying institutions right now and students to the greatest extent, particularly those in the professional faculties, that would be probably the highlight of the evening not only for me but for students and institutions. There has been a fair amount of discussion on holding increases to inflation, and the minister has mentioned this on a number of occasions. If you can't tell us tonight the specifics of whether you will allow percentage increases beyond the inflation, could you at least let us know when that decision will be made so that students who are about to enrol in spring and summer programs and, hopefully, continue in the fall will be able to afford it?

Also, the universities need to know, based on, at best, freezing of their operational funding, whether you're going to permit or just sort of stand on the sidelines when these facility fees or noninstructional fees are potentially tacked on. As I say, I mentioned that for the University of Alberta they were talking about almost \$600 in fees that have no direct benefit to students, and then for the University of

Calgary it was \$500. As I say, I would suggest that the evening will not be wasted if you can provide some type of certainty or at least a date on which those increases will be considered and then tabled so that institutions and students know where they stand. That would be most appreciated.

Thank you.

**The Chair:** Okay. Thank you very much.

Mr. Horner, you have 10 minutes.

**Mr. Horner:** First of all . . . [A bell sounded] Is that for me?

**The Chair:** Yeah. Ten minutes for you, sir.

**Mr. Horner:** Okay. I thought it was a quick 10 minutes.

The target in terms of the total number of FLEs, let's say. Let's look at that question first. I've said this on a number of occasions. Two, three years ago, when we started the Alberta access plan for Campus Alberta, we said that we wanted to know where the spaces are, what the demand from the students is, how we're going to fill it, and then what spaces we need to build. That was after, if you will, the idea of building – and I forget the number – probably around 60,000. I think that was the number that was thrown out there.

When we looked at where we wanted to put the spaces and how we wanted to ensure the numbers in terms of where we had the spaces for the students, I think we decided that every year we're going to look at the access planning framework and that every year, if we need to, we're going to make adjustments. So that number might end up growing to be 70,000. It might end up going down to 45,000 but in different places. I'm not stuck on a particular number. What I'm stuck on is what's best for the students, what's best for the taxpayers, and what's best for society and the economy, and that's what's going to drive our decisions on where we're going to build spaces.

I think, hon. member, that if you looked at the list that I gave you, you would probably recognize that there are a number of areas there – it's pretty much across the province – where you could probably tie a specific need or demand from students to the numbers in the FLEs. I think that's a much better way for us to plan. It's a much better way for us to allocate our scarce capital resources. It's also a much better way for the institutions to be dependent upon the plan. They know then where the priority is and where they fit within that priority.

I can tell you and all the members of the committee that the institutions know where they sit in the priority listing for capital. As the economy rebounds and as the dollars, if you will, in terms of the capital plan are augmented by either savings or by new dollars, then we're going to be in a position to work with Treasury Board and with my colleagues to look at knocking the next one off the priority list. Obviously, if we're looking at new facilities and new FLEs, the new funding framework is based on enrolment and staying within a certain enrolment target, so it actually helps the institutions if they raise the enrolment. Their dollars will go up, and I think that's an important thing. It's also something for the students – and I have talked to them about it on a number of occasions – to ensure that they get the quality of education that they're looking for.

Having said that, I would also say, having had the opportunity now for the last three years to look at a number of institutions around the world, to look at a number of systems around the world, that dollars do not equal quality. It's not necessarily a direct relationship between the total number of dollars you get and the quality determination that you have in the global perspective. It is, you know: "Who have you got at your institution? What are you doing at your

institution? Where are those students going from your institution? How are they viewed in the international community?" There are probably 12 different ways that you can qualify and quantify an institution. Dependent upon what your particular bent is that day, that's how you're going to measure them.

That's not to say that we don't look at that; we do. We follow it on a case-by-case basis with the global community and with the institutions. But it's also why we expanded the undergraduate programs within the province. We now have two institutions that have expanded their capability in undergraduate programming, Mount Royal University and Grant MacEwan University. We did that in such a way as to not be a detractor from the comprehensive baccalaureate institutions, the four universities of the classic definition, so that we can actually expand the graduate programs at those institutions without removing spaces for undergraduate opportunities. I'll leave that aside for the moment.

When we talk about the vacancies in terms of the 21 staff, there are no layoffs among employees of Alberta Advanced Education and Technology as a result of the full-time equivalent budget decreasing in this document. The reduction in full-time equivalents primarily reflects the transition of ministry employees to Alberta Innovates corporations. In other words, 589 of the 606 reduction went through to places like the Alberta Research Council. They had 500 people working at the Research Council. Well, that Research Council is now part of Technology Futures, not part of the department, so we just moved them over there. The other 17 or so of the reduction to the 606 is basically the elimination of vacant positions. When the hiring freeze for government is lifted, if we have some high-priority areas that we need to fill, we will seek out those individuals, and we will fill them. We did not lay off any of our full-time equivalents to reach those numbers.

You mentioned the performance indicators in the framework: why wasn't it developed? On January 4 we launched Alberta Innovates, and basically it was the launching of the new corporations. Many of those corporations started out with probably only 70 per cent of the board membership because we wanted to ensure that prospective board members had a very good understanding of what the role of the corporations was going to be, and some of those boards are now up and operational.

7:40

One of their first tasks is to create their strategic business plan. I mentioned in my opening comments that we want all of these strategic business plans to be aligned and co-ordinated, so we have asked these new boards to create that. Part of that is going to be the performance indicators: how well did they meet their business plan? Now we're going to be looking at the next 12 months in terms of the business plans.

You mentioned the U of C merging the four small faculties. I just wanted to put out there that they didn't take, like, four classes and put them into one. They merged four small faculties in the humanities for administration changes. There were no changes to the programming. I don't want to leave anyone with the impression that where they had four professors, they now have one, and they're all teaching in one big classroom. Not to say that there aren't some efficiencies that we could achieve in our postsecondary system. We should not be ignoring looking at how we do things in the postsecondaries, and the institutions should be sharing in some of the issues that we need to deal with.

When we talk about, you know, the fact that we serve three clients, the department took some dollars out of their budget and our programming and some of the things that we do. We fully expect that the institutions are going to come to the table with some ways

and means as to how they're going to be able to deal with a zero budget. It's not a cut; it's a zero budget. We expect them to do that without taking huge chunks out of the students or the taxpayers.

As it relates to the decisions that we may be making in the next little while as it relates to some of the proposals that were brought to us by two of the institutions, I can tell the members of the committee that I'm pretty sure that all of the proposals that I have seen so far – and I don't expect to be receiving any more – would not be for current students. In other words, the students who are currently in a program would be grandfathered at whatever that rate would be. These are the proposals, not the decisions. Anything that we would do, if we were to do anything, would be for year 1 students, and that would not be until the fall. The concern of students for, say, a summer program or something this spring: there should not be a concern for that because it would not apply.

Private providers. One of the things that we've actually done quite well in the department is being able to handle complaints to our department on private providers for training or training in terms of private provision of degrees, very few degrees, or diplomas or those sorts of things. In terms of the private providers, that the hon. member kind of alluded to, we've had a pretty good success rate with being able to not only monitor but also ensure that students got what they paid for and got what was suggested. If we find instances where they've violated our rules or violated the licence under which they operate, we have no hesitancy in going after them and using all of the tools at our disposal.

One of the things that we will be doing this year, that my parliamentary assistant is going to be working on, is: how do we review the private provision of services to the postsecondary system in terms of possible course loads? We'll continue with that.

**The Chair:** Thank you very much, Minister.

Mr. Chase, you were two minutes shy of your 10 minutes. Do you want to make some final comments in the last two minutes?

**Mr. Chase:** Thank you for that opportunity. It's much appreciated.

A concern that I believe we both share is that Alberta currently has the lowest postsecondary enrolment on a per capita basis in the nation. My feeling is that if we're going to avoid this recession roller coaster based on our dependency on nonrenewable resources, the way out of this is through sort of exporting intelligence, and that's the value of our human resources.

The business of, you know, if institutions raise their enrolment, the funds will follow, well, that makes a degree of sense. It's a catch-22 situation. It's sort of the chicken-and-the-egg riddle. If you don't provide the funding to create the seats, then obviously they can't be filled by students. So it's a little bit circuitous.

While the grandfathering of current students will no doubt be appreciated by the current students, that they'll be allowed to finish off their programs, what the government is proposing to do sounds very dangerously to me like postponing the pain. So we'll let the current crop through, we'll see them graduated, then we'll just smack the potential heck out of that.

**Mr. Horner:** Can I comment on that?

**Mr. Chase:** Yes. Please, counteract.

**Mr. Horner:** Thank you. First of all, it's not about delaying the pain. It's not about even saying that anybody has been grandfathered because as of where we sit today, nobody has got an approved market modifier. We're going to be very, very tough on those decisions.

**The Chair:** Thank you very much, gentlemen. The time allotted for this part of the business has been used up. We'll have a 10-minute break.

[The committee adjourned from 7:46 p.m. to 7:56 p.m.]

**The Chair:** Thank you very much.

Well, since I don't see any member of the third party here, I'm going to recognize Rachel Notley, please. You have 20 minutes. Would you like to go back and forth with the minister?

**Ms Notley:** Yeah. I'll give that a shot.

**The Chair:** Okay. There you go: 20 minutes.

**Ms Notley:** We'll see how that goes. The difficulty is, of course, that we had such a comprehensive discussion in the last bit. It went so fast, and I'm a little concerned that what I may do is end up repeating some of it. If I do, I apologize at the outset. There are some specific issues that I'd like to hear about now if I can, so we'll see how far we get through it.

I'm going to start, I think, very close to actually where we left off on the issue of private providers. You mentioned, Mr. Minister, how you were fairly pleased with the response of the ministry when complaints were received. But I recall us discussing this last year in response to the Auditor General's '08 recommendations that clearer criteria be put in place with respect to who it is that's authorized to issue certificates and diplomas and those kinds of things. At the time you'd indicated that there would be a discussion and a meeting about it in about November of '09 with the chairs. So I'm wondering if you could tell me where things are at in terms of enhancing the criteria for certificate and diploma issuing as recommended by the Auditor General in '08.

**Mr. Horner:** Actually, we accepted the recommendation. I think we might be confusing a couple of different things here. The regulatory review that we did and the regulations that we've passed now and put in place apply to those private providers who are not part of Campus Alberta necessarily and are providing some service. I think we all know them because every once in a while you'll end up seeing something in the paper on a student who had a complaint. But we did accept the Auditor General's recommendations, and we expect that he will recognize that in the next report.

**Ms Notley:** I'm sorry. When were the regulations passed, then?

**Mr. Horner:** Last November.

**Ms Notley:** In November of '09?

**Mr. Horner:** Yes.

**Ms Notley:** And those had clearer criteria in them?

**Mr. Horner:** Yes. We followed the Auditor General's recommendations. To be honest with you, hon. member, I couldn't tell you, you know, or give you a list of all of the regulations that went through and got passed. But I can tell you that as near as I can recollect, we followed what the Auditor General's recommendation was for the department.

**Ms Notley:** And is there any expectation that the application and the monitoring of those criteria will require any additional investment on the part of your department?

**Mr. Horner:** No. In fact, to date, say in the last four or five months, maybe even a little farther than that, none of the issues have been serious enough to come to the ministerial level. There have been a number of, you know, “I didn’t get my refund,” “didn’t fulfill the obligations under the agreement,” those sorts of things. As I mentioned in my previous answer, the letters I’ve been getting are from students who are saying, “Thank you to your staff for making this work” whereas in years past every once in a while we would end up with a letter that said, “Why aren’t you looking at this stuff?”

I think the private providers have supported the changes as well because it’s good for their business. What I was referring to as well with our parliamentary assistant was looking at ways where if we have a spike in need in terms of spaces in a particular vocation or a particular training area, then could we utilize the private providers a little more than we do today? We do utilize some private providers. Could we look at apprenticeship training in some of the facilities that have been built by some of the organizations involved in the trades? That’s something that they’ve asked us to look at, and we’re going to take another look at that. In fact, we’re in the process of that.

So that’s kind of where we’re going on the private provider thing.

**Ms Notley:** Okay. I’m going to switch gears, then, back to probably my most favourite topic – I’m always worried about running out of time – which relates to affordability and access to education. So if I just sort of go back to the affordability framework. Of course, I have a thousand documents here because I’m trying to remember all this stuff. Oops. I just spilled a bunch of water.

**Mr. Horner:** We’re going to need somebody with paper towels over there.

**Ms Notley:** It’s just water. As long as we don’t electrocute ourselves somehow. That’s probably not cool.

Trying to go through all this stuff is one of my, you know, 14 areas that I’m responsible for.

**Mr. Horner:** Greg, you might want to pick up that computer for her because I think there’s water underneath there.

**Ms Notley:** Can you just stop the clock for a sec? Do you mind?

**Mr. Horner:** Can we pause, Mr. Chairman?

**The Chair:** We’re paused.

**Ms Notley:** Okay. Let me just try and go back to stuff here.

**The Chair:** You’ve arranged that, and you’re good to go? Okay? Thank you.

**Ms Notley:** Yeah. Okay. So I’ve got my damp notes now.

In terms of affordability I just want to sort of start by going back to the framework document, from wherever, and look to one of the components there that was of course referring to the whole issue of grants and the need to expand grant-based support, particularly to targeted, underrepresented areas or populations that were identified way back when you adopted that affordability framework.

Let’s just start there. We have the TD report, that you’re probably aware of, that was talked about in the news today, talking about sort of the economic outlook for the country and identifying the extreme shortages that we’re going to be experiencing throughout the workforce over the course of the next 20 years and identifying the

crisis that was going to arise as a result of the current workforce retiring or the majority of it retiring and the fact that those people coming up are more inclined to have less access at this point to postsecondary education, yet they’re a bigger part of the workforce, and in particular talking about aboriginal, immigrant, and women members of the population. Obviously, even if you’re not a big-hearted lefty like me, just from an economic perspective you’d think you’d want to get these folks . . .

**Mr. Horner:** What makes you think I’m not a big-hearted lefty?

**Ms Notley:** Well, it would take too much of my time to delineate that.

Anyway, from an economic point of view, obviously, you need to get these folks trained up, and what this TD report is saying is that they’re not and that their access to education is in fact becoming more limited. Let’s talk a little bit about the grants. You indicated that the loan remission program, or the loan relief program, was not actually cut.

8:05

**Mr. Horner:** Correct.

**Ms Notley:** I will grant you that I had at one point understood that it was.

I’m wondering if you could identify exactly which grants were cut, what population they were geared toward, and what the application versus approval rate had been for those grants in, let’s say, the last year.

**Mr. Horner:** Okay. Gosh, I had something here that I was going to touch on as well, but first on the aboriginal component side I think something should be mentioned as it relates to that. I’ll touch a little bit on the TD maybe in another question and answer. On the aboriginal front what we have done in Alberta is really a first across the country. We have signed an agreement with our aboriginal communities – treaties 6, 7, and 8 – the Métis settlements, and the Métis Nation of Alberta, all at the table, all talking about: how do we increase not only access to postsecondary for aboriginal students but also the K to 12 participation rate for aboriginal students? If you don’t get the first one, it’s very, very difficult to get the second one. When we talk about apprenticeship training and the RAP program and the YAP programs that we’ve had in terms of working with some of our aboriginal communities and trying to get the kids involved and interested in staying in school, it’s been successful.

One of the things that I will quote from Chief Laboucan at one of our last meetings: if the culture on the settlement or on the reserve does not change to having a value for the education that’s there, it’s going to be a very difficult push for us. That came from her, not from me. That’s where we’re going to start targeting it first. We’re going to start working on trying to ensure that they want the education as badly as we want them to have it. That’s an important part of where we’ve got to go.

When you talk about student assistance, when you talk about the individuals, what we’re really talking about is that we want to ensure that we can help as many students as we possibly can. We’re talking about focusing on student need while their studying. We’re talking about making sure that we work with the cultural aspect in some cases because that’s important, too. Again, that’s part of that – it’s not a tripartite; it’s a multipartner agreement. We went to Regina last year, and then we had another session in Banff and another one in Edmonton at Government House. We’re making some progress. Some would say that it’s glacial in its speed, but I think that when

you talk to the proponents on the aboriginal side, they're very, very pleased with the direction we're taking.

**Ms Notley:** Maybe if I could just go on that topic before we get into the rest of my questions. That's fine, but the fact of the matter is that, first of all, the majority of the aboriginal population in Alberta right now doesn't live on the reservations. They're in urban settings and separate and apart from, you know, any sort of reservation/cultural barriers that may or may not exist. There is, I suspect, right now one barrier that does exist, and that's poverty, and every statistic lays that out. What you have to do is sort of get to those folks that actually want to get into university and give them those opportunities. My question, then, goes back to simply grants. Which grants were cut?

**Mr. Horner:** Okay. I was getting to that. I wanted to talk about aboriginal students. You're right. Many of them don't live on reserve, but they still are members. Almost all of them will have a treaty number, which opens up some other doors for them and for us.

The three grants that were eliminated were the student loan relief benefit, the Alberta opportunities bursary, and the northern student supplement. The student loan relief benefit was provided to first-time, first-year students. The grants averaged about \$4,000, and about 7,900 students received those grants last year. The Alberta opportunities bursary was available to students who did not receive the Canada millennium bursary last year, and you'll recall – and I know you do – that the Canada millennium bursary was changed last year as well by the federal government.

**Ms Notley:** I'm sorry. How much was that again?

**Mr. Horner:** That one was an average of \$1,300.

**Ms Notley:** And received by how many?

**Mr. Horner:** About 15,000 students, and many of those actually ended up in the other, millennium program.

The northern student supplement is for students from northern Alberta. It was given to 500 students last year, and the average grant there was also roughly around \$1,300. So those are the three grant programs that were removed.

The scholarship programs that we did – give me half a second here. The eliminated scholarships were the Premier's centennial scholarships. We had 300 non-Albertans, 25 Albertans. They ranged around \$2,000, and we wanted to focus, frankly, on Alberta students. We had some smaller scholarship programs, and these were suspended if I'm not mistaken. They're not cancelled; we have suspended them. The Ralph Steinhauer awards of distinction were suspended. That was for 15 students, 10 of whom were from Alberta. The other five were from out of province. We had an arts career development scholarship that was suspended. There were 10 students in that one. The Alberta motion picture industry award scholarship, again, suspended 25 students. The Michael Luchkovich scholarships for career development: that was 25 students.

So in the scholarships part, of the ones that we suspended, the majority were for non-Alberta students.

**Ms Notley:** But the vast majority were with the grants, right?

**Mr. Horner:** The vast majority of those three grant programs, yes, but we still have grant programs within our system.

**Ms Notley:** Now, the loan relief benefit: you said that 7,900 students had received that previously. Was that the full amount, that had applied for it, or were there others who had applied who didn't receive it?

**Mr. Horner:** Well, you've got to remember, too, with the loan completion relief program that those 7,900 students that say that they didn't get it at the front: if they complete their studies and they're still in that same situation, they're going to get it at the other end. So it was kind of: do they get it at the front or at the end? The majority of our loan relief benefit dollars go out at the end, so we combined the two of them. In fact, one could probably say that those students, in all likelihood, if they complete their program, will still get the loan relief benefit at the end, cash flow.

**Ms Notley:** If they complete their program.

**Mr. Horner:** Yeah.

**Ms Notley:** With the Alberta opportunity could you just let me know, though, how many actually didn't get it who had applied for it?

**Mr. Horner:** That I don't have. You don't apply.

**Ms Notley:** It's just an automatic? Okay. That was my question. And Alberta opportunity: same thing, or is that an application procedure?

**Mr. Horner:** They're all part of the calculation when they apply through student finance.

**Ms Notley:** So it's all part of the process?

**Mr. Horner:** Yeah.

**Ms Notley:** Okay. You could potentially get the Alberta opportunity and the loan relief?

**Mr. Horner:** Yes.

**Ms Notley:** So a minimum of 15,000 and otherwise up to 25,000 students who've lost money through this budget?

**Mr. Horner:** Remember that the Canada millennium scholarships and the bursaries programs were changed with the federal program if I'm not mistaken. We were probably in a situation where a number of students were going to lose out on that because of what the federal government did with the millennium scholarships, so we have been over the last two years rejigging our system. My intent this year is to take another look at the whole student finance package, if you will, and talk about, you know, some of the things that we could do that would be in line with what the affordability framework has done.

I think that we should take a little credit for what we've done in the affordability framework as well over the last two and a half years. I've got a list of stuff here if you want me to go through it. You know it.

**Ms Notley:** No. That's okay. You've listed it before. I'm really more focused on what we've now walked away from in terms of the affordability framework in this budget.

**Mr. Horner:** Well, I would rather be able to help 40,000 students.

**Ms Notley:** I know, I know: with their loans. Yada, yada, yada. With all due respect, I don't mean to sound disrespectful of your position. I have just heard it before.

**Mr. Horner:** It goes both ways. It's okay.

**Ms Notley:** Going there, on that whole issue of loans, you're very consistent. You're very good with the message box, I must say, on that particular issue. I can almost recite it, actually, when you get up.

**Mr. Horner:** One of these days I'm hoping you will.

**Ms Notley:** Yeah, but there will be music in the background, and I don't think it will get the same take.

**Mr. Horner:** Probably not.

**8:15**

**Ms Notley:** Then, in terms of this whole move to add debt to students because, you know, it allows for more students to get access, blah, blah, blah, but basically to ask students to take on more debt to get through their education. Based on some of these sort of larger discussions that we've had about access to education and also larger discussions that we've had across the country about concerns with respect to debt load in families across the province, have there been in your ministry any analyses, sort of cost-benefit analyses, with respect to what the outcomes are going to be when we ask in this case, for instance, 20,000 to 25,000 students to increase their debt load in order to accommodate increasing tuition costs? Has there been any kind of analysis of that? Because I know, of course, that advanced ed likes to be integrated in terms of the overall economic planning for the province.

**Mr. Horner:** Well, again, when you talk about access, if I can help 20,000 more students get in, then that's a good investment of those same dollars, and that's part of the access side of it. The other part that I think is important to remember is that you call it a debt; I call it an investment because it's an investment into their future, and 80 per cent of the cost is already being borne by the taxpayer.

**Mr. Chase:** Sixty-six per cent.

**Mr. Horner:** Sixty-six per cent in only some, but the average is still 80 per cent, Harry.

The point that needs to be made is that when a student makes an investment in their future, the taxpayer is the primary investor in that future for that student. And, yes, the taxpayer should get the benefit at the other end because it's building the economy and building society and going along those lines. I think it's a partnership. My goal is to ensure that the three clients that are being served are getting the best value for what we've got and creating the most access out of the dollars that we both have.

**Ms Notley:** Well, you know, you'd be a great salesman for any one of a number of retailers trying to get people to go more into debt in order to buy their TV or their house or their second SUV . . .

**Mr. Horner:** They're not going to make money on their TV. They're going to make money on their education.

**Ms Notley:** It's all termed an investment. At the end of the day it's treated like a debt the way everything else is treated like a debt, so, you know, that's what we're doing.

The question that I asked, though, was whether you have done any internal analyses on the consequences of increasing debt load amongst Alberta youth at a time when we're going to be asking them to . . .

**Mr. Horner:** Well, I'm not lending them money to buy TVs. So when you say: an analysis of increasing the debt . . .

**Ms Notley:** You still are increasing debt load; it is a debt load.

**Mr. Horner:** Yeah. In some cases.

**Ms Notley:** Right. So my question is: have there been any internal analyses within your ministry about the consequences of asking Alberta citizens to increase their debt load that much? I ask this because, of course, there has been a great deal of conversation on the national level about the concerns.

**The Chair:** Thank you very much.

**Mr. Horner:** That's 20 minutes?

**The Chair:** Yeah.

**Mr. Horner:** We'll come back.

**The Chair:** Yes. She'll have another shot at it later on.

With that, we're going to move on to Teresa Woo-Paw.

**Ms Woo-Paw:** Thank you, Mr. Chair.

**The Chair:** Twenty minutes. Do you want to go back and forth?

**Ms Woo-Paw:** Yes, please.

Okay. I have five to six questions, and I will go straight to my first question. On page 35 of the estimates from your ministry most of the items we're seeing are either staying on course or are slightly decreased in expenditure with the exception of technology commercialization. Could you briefly explain the rationale for this fairly substantial increase for this area at this time?

**Mr. Horner:** What we did, hon. member, is bring together a number of different groups. You had Alberta Research Council, as an example. There was a change in some of the classifications as to where those dollars were going to fall in the budgets. When you group them together the way that we did this year, you end up looking like you've got an increase there. But when you actually take the two of them combined, you'll notice that – as an example, in the forecast for '09-10 on research and innovation capacity you had \$175 million that went to \$141 million, whereas on the tech commercialization you had \$92 million, and you went up to \$112 million. It depends on which budgets from those other institutions came into which group. That's essentially what it is; it's an accounting issue.

**Ms Woo-Paw:** Okay. Thank you. My second question is around ensuring that more Albertans have an opportunity to access a postsecondary education, and I understand that is a priority for your ministry. Performance measure 2(e) you had sort of touched on

earlier, so I'm just wondering if you may have additional comments. You have set a targeted increase in the proportion of Albertans participating in postsecondary education by 3 per cent. I'd just like to know: how do you plan on achieving this? I think you had sort of identified earlier a number of new spaces you're going to create. Do you have any additional comments before I move on to my supplementary question?

**Mr. Horner:** Well, I one hundred per cent agree, and this actually blends into some of the other questions that have been asked. We do want to try to add to the number of postsecondary students who are participating in our system. It is key to building that diversified knowledge-based economy. It's key to what we're doing, so we're looking at a number of strategies. They include helping students and parents understand the value of that postsecondary education included with the decision of the investment. It does include expanding the number of seats. It does include the learning clicks program. It includes making APAS as simple and easy to use as possible.

It also means creating programs that students want to participate in and getting to them in the high school side of things and working that system as well because as we want to create an interest, we also have to make sure that the program that they're interested in is going to be available when they get there and not something that they're not interested in.

**Ms Woo-Paw:** With a 3 per cent projected increase targeted, is this sufficient to meet the workforce needs of our province?

**Mr. Horner:** No. There's a fallacy if we think that we're going to be able to train the workforce that we're going to need in the next 10 years. The hon. member mentioned a TD report about how short we are going to be. I haven't seen the report, but I can tell members of the committee that we had a report done some time ago, a workforce action plan, a workforce strategy, both in health care and in other areas, and we are going to be short a large number of people if our economy continues to roll as it did in the past, which it gives every indication it will. It's a combination of lifelong learning, bringing people back into the postsecondary system, back into the training system. It's a combination of, you know, high school students or students who are in the 18 to 34 category coming back to the postsecondary system to get training, but the reality is that we will outstrip the growth of the students that we have, so we are going to have to probably look at importation of trained workers and other workers from other areas as we have in the past. That's how we're going to build.

**Ms Woo-Paw:** Okay. Jumping to the next question, on page 21 of your business plan, performance measures, example 1(c), satisfaction of recent postsecondary graduates with the overall quality of their educational experience is at about 90 per cent. Likewise for, you know, performance measures 1(b) and then 1(d). They're all around 90 per cent. While a 90 per cent satisfaction rate is certainly a high, respectable goal, I'm just wondering if your ministry tracks the 10 per cent to identify the 10 per cent that's not satisfied to identify trends and issues that may be systemic, may be helpful for continuous improvement or changes or planning in the future.

**Mr. Horner:** We certainly do exit interviews where we can. We know that the institutions do that. We have graduate satisfaction surveys every two years. We do a number of, you know, outreaches through EI to find out why individuals maybe didn't finish their

studies. We're trying to maintain as good a database as we possibly can because that helps us plan for the future, obviously. As Campus Alberta evolves and as the APAS system evolves, we'll be able to in the future tell you where the student applied, where they got in, where they didn't get in, why they didn't get in, where they exited the system, and whether or not they completed the program of studies that they were in and then to try to continue to use the type of exit surveys that we would do to make our system better.

**Ms Woo-Paw:** Thank you. Next question: is it correct that the new streamlined funding framework to postsecondary institutions is permanent? Did you say that it's not temp?

8:25

**Mr. Horner:** Is it permanent? As we stand today, it's evolving into what the committee that started in January of 2008 wanted it to be, and that is responsive to student demand, responsive to the institution's direction and goals and mandate, and responsive to the taxpayer in terms of where we're headed. Is there some ongoing work that we will continue to do with the funding framework? Yes, but we will do it in a consultative manner and collaborative manner with the postsecondaries. As I said, they have been at the table all the way along.

**Ms Woo-Paw:** My question, really, is what potential impact this change might have on your ministry's ability to hold institutions accountable. Or has your ministry put in place revised monetary or outcome measurements for accountability purposes?

**Mr. Horner:** Actually, it's going to help us monitor those institutions and their ability to adjust to what the student and the taxpayer and society are looking for. They will have a range of enrolment that they're going to be working within, and if they have a substantial increase in that enrolment that puts them beyond that range, they'll be in line for increased dollars. If they have a substantial decrease in enrolment because they're not paying attention to where students and the system are headed, they may indeed be penalized for that by having a decrease in their base operating. Now, obviously they've got fewer students; they should have fewer costs. I think this new funding framework is a win-win for both sides, or they wouldn't have come to the table to help us work it out. We get accountability, and we get a better management of the system. They get better flexibility in how they're going to allocate those dollars so they can be more flexible and quicker on their feet.

**Ms Woo-Paw:** Theoretically I think that should be very good. Just off the top of my head, you're confident that it will not negatively impact programs such as the arts?

**Mr. Horner:** No, because in fact enrolment in a lot of those programs is fairly steady. I'm not concerned in terms of some of the areas that we as a society might want to increase. We can actually use the formula to help us with that and continue to augment it. But we're not going to have the old enrolment planning envelope system, which was to create a new program, get enrolment, and then throw it into your base operating grant and move on. What we want is what the students are looking for in terms of the program delivery, which will ultimately lead to whatever they're going to contribute to society or the economy at the end.

**Ms Woo-Paw:** Thank you. My last question. The TD report. I'm going to read an excerpt from this report. I guess the way that I want



to approach this question is that I'm not looking for specifics in terms of your ministry's proposed changes to grants and loans and repayment programs. But this TD report that was just released actually suggested that governments need to make appropriate policy and program adjustments in order to minimize and manage the demographic crunch that will be facing Canadians and, of course, the workforce challenges.

There's a section that speaks specifically to the economic barriers facing low-income Canadians in accessing postsecondary education. It estimates that tuition costs have risen 19 per cent between 1997 and 2007, yet government programs are of more benefit to students from the richest families than those from the poorest. That's because programs such as tax credits and education savings plans disproportionately favour the affluent. Ultimately an effective needs-based program is necessary to ensure that all Canadians have equitable access to higher education.

My question, I think, is general. Can you assure Albertans that your ministry, what you have in place, is the best possible support program to ensure equitable access to higher education to all Albertans regardless of their ability to pay?

**Mr. Horner:** I wouldn't say that there aren't some things that we could do. In fact, what I did answer was that I wanted to take a look at the student finance system again. We've done a number of things over the last three years in terms of the affordability framework. We've done a number of things in terms of the loan remission program. We still have the loan remission program. I didn't get a chance to put this on the record, but that looks at the debt upon graduation so that a student above the Canada student loan amount of \$7,140 per year of study is eligible for total forgiveness of the Alberta portion of that. So they would only be left with the Canada student loan amount.

We do monitor student debt very carefully. We monitor if they're having trouble repaying it, which is why we're coming up with a different type of program to help them rather than the interest relief program. We believe that there are better ways that we can do that.

When you talk about student debt in terms of where we're headed with some of the programs that we have, we're on par with the rest of the provinces. When you talk about tuition increases, we do have the CPI cap, that's looking at 1 and a half per cent, and my guess is – I did a little calculation the other day – that even if all of the market modifiers were put in place at one of the institutions, the overall tuition increase for the campus would be less than 2 per cent for the year. We are going to manage that CPI cap very clearly. I've made it clear to the postsecondary institutions that we were not going to entertain across-the-board increases in tuition. Some of those institutions have decided to look at other things that they might want to try and put by. I think they should really look at what that means for them in the future in terms of some of the discussions we're going to have, and I've made that clear to them as well.

We're going to be very, very careful with how the future affects what we have done in terms of the affordability framework. When we talk about reducing interest rates on Alberta student loans, when we talk about removing scholarship exemptions that we've done, when you talk about increasing the part-time earnings in terms of not penalizing students who do want to work on a part-time basis, expanding the heritage scholarship fund considerably over the last few years – we expanded the eligibility for the Rutherford scholarships, which has been very well received in the province. We have a number of students – in fact, we should have done the numbers on that because when you think about the number of students who now qualify for Rutherford scholarships that didn't qualify before, it does

offset, potentially, a lot of these bursaries that we're talking about right now.

We increased the annual loan limits. We've increased living allowances by close to 20 per cent. The Rutherford makes us a leader in Canada in terms of that side of it. Significantly decreased parental contributions. We've got tremendous capacity for online learning in our Campus Alberta system, which is transferable to any of the institutions that you might be trying to get to. When you talk about being able to as an adult learner, as an example, take your MBA on your PDA on your way up to the site, that's a tremendous boon for Alberta students that we can do right here in the province, and there's more and more work being done on that.

When you ask about student financial assistance, I respond with: it's a package of things that we need to put together to help the student that covers a broad range of things. It might be in affordable residences. It might be working on affordable housing. It might be looking at a good P3 to do on a campus so that we can give affordable housing for the students. When you look at interest-free status for students on parental leave or completing medical residency requirements, we opened that up. All of these things that we're trying to do, Mr. Chairman, are based on recommendations that have come forward from consultation with the students, the postsecondaries, with parents, with those individuals that are involved in our system.

The student finance system in terms of, you know, the joint venture that we have with the federal government is probably the hardest thing for us to be flexible with because we're involved with a number of other provinces in that sense. So when we talk about some of these things that we're looking at doing with the student finance system, it takes a little more time, but we're committed to taking a look at that this year and taking a look at all of this other package of goods to make sure that we have accessibility. Accessibility doesn't just mean being able to walk through the door of the institution. It could mean doing it at your home.

**Ms Woo-Paw:** Thank you.

**The Chair:** That's it?

**Ms Woo-Paw:** I'm done, yes.

**The Chair:** Thank you very much.

With that, we're going to move on to Mr. Chase. Mr. Chase, you do have 20 minutes, but you don't have to use all 20 if you don't want to.

8:35

**Mr. Chase:** Thank you. We'll try the more casual approach this time and see how it works.

The first question comes from one of our student guests tonight. The question is: with the removal of the EPE funding for expanded programs such as medicine, nursing, and engineering, postsecondary institutions are expected to cover the cost. Will the government provide more dedicated funding for research at institutions that are forced to cut current research budgets to supplement the EPE loss of funding?

**Mr. Horner:** Well, remember that we didn't cut the EPE funding from last year. What we did was we rolled the EPE funding into the base operating grant. What that does, from a Campus Alberta grant, is that it gives the institution a lot more flexibility than they had previously. Previously we would be saying: no, it doesn't matter

what's going on elsewhere or outside or whatever you've got going on; that's what we want to have happen. Now it's going to be more of a partnership with us to work towards those things. We are certainly working right now in the health field with our partner there, the employer. We're working on some measures to try to ensure that we reach the health workforce strategy that, actually, three departments have worked together to come to. It's my hope that we're going to be able to maintain those goals.

When you talk about basic research and some of the research that's going on in those departments, that's where we again work in a partnership. What we're doing is that we're bringing more and more dollars to the table from some of the partnerships we have from outside the system. So if you have, as an example, a large company who's interested in basic research in a particular area and is willing to partner with us on that, then we want to leverage those dollars. If the NRC is interested or the CIHR is looking at moving into a particular area and we have strength in that area, then, you know, for sure we want to move into that area.

When you talk about things like the Helmholtz Institute partnership at the University of Alberta, a tremendous opportunity for the University of Alberta to leverage that partnership for additional research dollars based on other criteria. It might be carbon sequestration, which, of course, Helmholtz is very, very interested in, which we're very interested in. That's the kind of technology that you want to be able to commercialize here, not ship out but commercialize here.

One of the comments, hon. member, you made a little earlier was that you said that the way out is exporting intelligence, and I would have to strongly disagree with you. The way out is not to export the intelligence; the way out is to commercialize it here and then export that marketed product. If all we're doing is creating affordable access so that we can send our brightest and best outside because the jobs aren't here, then we have failed by a big margin, and that's where you start talking about the balance between innovation, commercialization, and your postsecondary system. If all we're doing is creating fantastic chemical engineers but there's no place in Alberta for them to work, then we need to change what we're doing because we want them to create the wealth here. Albertans have made an investment, just as the student has. The return is when they stay here.

**Mr. Chase:** I agree with you. I clarify: exporting the valued research; in other words, commercialization. We're on the same playing field there.

**Mr. Horner:** Fabulous.

**Mr. Chase:** Can you explain to a greater extent the grandfathering that you've proposed with regard to potential increases in professional faculties? I didn't get it. I don't know whether the grandfathering was just for this year or was till their first undergraduate degree was completed.

**Mr. Horner:** This is just one of the proposals. It came from one of the institutions, and there are a number of different proposals that have come. Some of them talk about gradually putting things in place. Some talk about: well, if you're already in the program, you're grandfathered. In other words, whatever the rates were that you had, you have those rates until you're done that program. That's what I meant by that.

**Mr. Chase:** So it's conceptual at this point.

**Mr. Horner:** All of it is.

**Mr. Chase:** Not necessarily a solution.

**Mr. Horner:** Correct.

**Mr. Chase:** Thank you. I appreciate that.

You also talked about the need for importing talent, you know, to strengthen the Alberta base, importing professionals, importing tradespeople, whatever it needs to strengthen Alberta's service deliveries. Now, in the Leg. today Moe Amery joked that if you're having a heart attack, the best place to have it is in a taxi or a hotel because chances are you'd find an underemployed medical individual from a foreign country there. I just wonder how you'd respond to the fact that the number of positions for upgrading for medical doctors was actually reduced this year from 60 seats to 40. Are we not going in the wrong direction with that reduction?

**Mr. Horner:** Alberta Health and Wellness is the one that sets those residency spots, and then there's quite a little system of how you end up with the residency spots. It's probably not something we want to get into here, in a budget discussion, Mr. Chairman, but I do want to make a couple of comments on that.

One of them is that we have a system in place right now where if there's an international graduate, we can have the assessment done for what it is that they need to have in terms of upgrading. We can have an assessment for what they need to pass the two tests they have to pass, I believe. One is a practical test that they perform, and the other one is, you know, an examination. I think that if you were to talk to the average Albertan who got out of the cab and the guy said that he was a doctor, they would want him to pass those tests before he actually hung up his shingle. We want the same thing.

Could we expand the program? There's a possibility that we could expand the program, but again, when you talk about residency spots, you're also talking about an entire system behind that residency spot. It isn't just as easy as saying: well, we'll bring one more chair into the room. If it was that easy, we'd have done it a long time ago.

The medical community makes a lot of these parameters that we're going to work with, which means that your preceptors have to be in place, which means that the system has to be there for that international medical graduate to be able to complete his studies. We are working with both the medical schools as well as transitional items similar to what we do with international nurses that come in. The Mount Royal program, which I know that you're aware of and familiar with, is a great program that's a bridging program to get those nurses up to where our associations say they should be. We're working hard in those areas.

**Mr. Chase:** Thank you. Another question that students have asked in past meetings is: has any thought been given to not basing student financial assistance or their ability to receive loans on their parents' economic status?

**Mr. Horner:** Yes. We are working on that. Again, when you talk about the student financial assistance program and the things that we do in the province of Alberta to make it that much better, every other province, then, is going to be looking at the potential that they're going to have to come up to the plate and do whatever it is Alberta does.

As much as, you know, we've suffered in Alberta in terms of the economic issues and the revenues that we have, I would hazard a

guess that we're still – well, I know we are – in the best financial situation of any jurisdiction in North America because we didn't put our money into endowments and we didn't put our money into other things. We put our money into cash, our extra savings, and we were able to maintain that cash and now use it.

When we talk about the student finance system – again, this is one of the areas that we will be looking at this year – is there a different way that we can do this that, frankly, might be outside of the national system? Now, that has a whole raft of other issues with it because there is federal funding that comes through that student finance system that we don't want to lose because it's fair to Alberta students that they get their share of that as well. It's a delicate issue, but we're going to tackle that one, too, aren't we, Schubert? Got him worried now.

**Mr. Chase:** Nod knowingly.

Education was a key factor and continues to be a key factor in turning around Ireland's economy. They talk about Ireland being the European tiger. A number of European countries pay for postsecondary education and receive the benefits of an educated populace. You suggested that some student faculties were already subsidized to the tune of 80 per cent. Has there been a cost-benefit analysis for funding the remaining 20 per cent?

**Mr. Horner:** I think, hon. member, that if you checked with Ireland right now, they no longer give free tuition. The reason they do that is that both the students and the institutions realized that was a mistake. If you check in some of the European areas, when they talk about full tuition coverage, they're actually talking about streaming. If you want to have choice as in "I want to choose what I want to do in my future," then in some of those other areas you're going to pay a lot more than you would pay here in Canada.

8:45

I think that when you look at the trade-offs that are there, what you want to do is have a system that's balanced between what the receiver of the education is investing, what the society and the taxpayers are investing. I think it's important that there is that balance and that there is some base to the cost of providing that education. Some of the other things that happened in those areas where they've tried to really, you know, push up the taxpayers' side of it: enrolment increases very dramatically off the hop and then it drops off very dramatically, too, because there's no value to it.

Something else I read not too long ago was an article out of a Quebec paper, because everybody raises the Quebec issue, that tuitions are so much lower but only for Quebec students. They have a tremendous problem in their institutions now because they're not getting the appropriate level of balanced funding from the person who's receiving the education and those who are paying for it in the government. Even though Alberta sends a tremendous amount of money that way, there is a huge deficit building in the postsecondary system in Quebec. It'll be interesting to see how they handle that. In fact, there is a movement afoot now to open tuition to market, as opposed to what it is today.

**Mr. Chase:** Now, am I right in the assumption that in most cases the province pays approximately two-thirds of the tuition, and the other third is left to the student? Then my next question: if I'm wrong with that assumption, can you tell me which faculties or which circumstances would see a student's tuition subsidized to the tune of 80 per cent?

**Mr. Horner:** Generally we've used the number of 70 per cent to 30 per cent, generally that number. There are some faculties where the student's contribution to the cost is a little higher. But is that based on something that was done arbitrarily, or was it based on where that tuition level was set when we froze it? Interesting thought because maybe we froze it at the wrong level, which means that we had an issue in 2004, which is one of the things that the institutions told us that they wanted to try to fix in some cases. Does it vary? Yes, it varies because some programs are very expensive to teach, and some programs are not. Is there cross-subsidization within the institution? Yes. But when you take a look at the money that the institution raises from tuition versus the cost of delivering those programs, you're probably going to end up with a ratio of somewhere in the 70-30 range.

**Mr. Chase:** Thank you. Another point a student brought up tonight was that Ontario is covering the tuition costs of a number of foreign students in faculties where the demand is the greatest. This is to sort of diversify their economy, get off their dependency on manufacturing. Has there been any thought of providing sort of incentives? I know, like, for example the University of Calgary and the recent thing with the Dalai Lama and China, you know, basically saying: well, we're not going to fund those students any more. Have we considered under particular circumstances providing tuition grants or bursaries to foreign students with a thought that, as a student advised me, a number of people who are educated stay within that geographic proximity of where they graduated from?

**Mr. Horner:** If you did an analysis of the British Columbia postsecondary budget and a per student funding, if you will – I believe the numbers are probably still correct – we on a per student basis put more money in, but the budget numbers are kind of wonky because British Columbia has more international students. Those international students bring with them dollars.

The Ontario government's throne speech yesterday actually says they're going to go after a 50 per cent increase in international students. They're not going to pay the tuition for all those international students. The reason they're going after them is that those students are going to be charged full fare plus, and the plus actually helps subsidize the cost for students in the province.

We have an international strategy that we're working on with Campus Alberta. We're trying to get a better cohesive strategy in place with Campus Alberta. I think that in previous years you and I have talked about this, where if you have a brand, like Campus Alberta, it's easier to attract students. When you talk about, as an example, the China situation, perhaps the University of Calgary may be out of that marketplace for a little while, but there are other emerging markets that we're taking a very strong look at right now, and we want to help those institutions and not just, you know, the University of Calgary or Mount Royal. Why not use Fairview College in the summertime? It's beautiful. Why not use, you know, the University of Lethbridge campus during the summer to bring in international students? We need to work out some things, but certainly that's one of the targets that we're going to be working on this year.

**Mr. Chase:** Also with the notion of sort of foreign practices that maybe we should be considering in Alberta, Indira from the University of Alberta was giving the example of South Korea and, again, the state, or in this case the province, funding a greater portion of the tuition and the economic spinoffs of that academic investment. I just wondered: have we considered those possibilities? I under-

stand what you're saying in terms of, you know: I don't want to be a doctor, but that's where the funding is, so I have the intelligence and the grades to do that even though I'd rather be doing something else. I understand those limitations, but have you thought of investing such as South Korea has done and Ireland, I gather, used to do?

**Mr. Horner:** Well, I'm not entirely sure about the funding mechanism federal versus state versus private versus donation or endowment in the Korea situation. I do recall reading in the same article that I believe you're referring to that the president of the University of Alberta also mentioned that we have been very well financed as a system when you compare to her peers in the public system in Canada. She also made a representation to the University of Michigan and the fact that it had a \$7 billion endowment, but the state appropriation for the University of Michigan only covers 24 per cent of their budget. We cover probably 64, 65 per cent of the University of Alberta's budget.

Everything is kind of, you know, relative to the situation you're in in the jurisdiction you're in. Again I go to this idea of endowments sitting in a pot. If they go down and you don't have that funding any more, it causes tremendous problems. That's why we like to be able to look at Campus Alberta as a whole. I'm sure that in the future there are going to be times where one institution may be helping another institution in a difficult situation because this won't be the last time that we're going to be in this kind of economic situation.

I think we don't want to go to the American system of postsecondary. The University of California right now: the entire system is in chaos because of 28 per cent-plus cuts. But there when you talk about a system, you know, if I said to you today that my son or daughter was going to go to the University of California Berkeley or Stanford or any of the California institutions, you wouldn't think: my God, they just had 28 per cent cuts; therefore, the quality must be terrible. Wouldn't happen. This is what I'm getting at when you talk about it. What we want to do is maintain some stability in our system by saying that this is the budget level that we had to get to. We've done that, and the future is looking pretty good right now for us whereas, you know, for some of the students in California maybe not so.

**Mr. Chase:** California dreaming is becoming a reality.

Thank you, Mr. Minister.

**The Chair:** Thank you very much, Mr. Chase.

With that, we're going to move on to Mr. Lund. You have 20 minutes, sir.

**Mr. Lund:** Thank you, Mr. Chairman. I don't imagine I'll take it, but I've got a few questions kind of scattered around. Your comments about the situation in the U.S. At that conference I was at in the first part of December, I learned that there was only one state in the union that's not running an operational debt, and that's North Dakota. So it's a pretty serious situation down there.

Both Mount Royal and Grant MacEwan were brokering degree programs – weren't they? – before they became universities.

8:55

**Mr. Horner:** Yes, they were, Ty. What we did was a few years ago we allowed those colleges – well, at the start any college could look at creating a degree program. That was the wrong thing to do. What we have is the Campus Alberta Quality Council in the province,

which reviews all of the new degree programming to ensure that that program is going to be up to snuff, if you will. What we said then was: well, we better back off of that and better make sure that everybody goes through CAQC.

It's a very laborious process to get a new degree done. Many in this room know that Mount Royal at that time college wanted to use the term university because they were then going to be offering degrees, and they felt that that was appropriate. In many ways I agreed with that sentiment, but I also agreed that we needed to build some fences around where those resources might go so that we didn't end up diluting the resources that we could take to comprehensive institutions that would have graduate students.

The whole Campus Alberta thing was one piece of it to ensure that we had a structure that said that in a six sectoral model these two institutions would be allowed to confer degrees in an undergraduate way but not graduate and master's degrees and do that sort of research.

The answer to your question: yes, they were brokering them before. Now they can actually confer them, but they can also broker them. They can also do a collaborative one. As an example, Mount Royal University could go to Red Deer College and deliver a business degree, and Red Deer College and Mount Royal could put their symbols on the parchment. It's a degree that is approved by Campus Alberta Quality Council, and that way any student can say: I got it; I got it from Mount Royal, and it was approved by CAQC.

**Mr. Lund:** So the operating costs: if they maintain about the same student population, is the fact that they've got the ability to issue a degree now going to increase their operating costs, or are they going to be pretty much the same?

**Mr. Horner:** Pretty much the same because what we've also instituted in that mandate – they still have to deliver diploma and certificate programming. There's a minimum ratio that they have to do, because we didn't want to lose the capacity for that diploma and certificate programming.

One of the nice parts about Campus Alberta and the system is that by integrating Campus Alberta with all of the institutions, the Campus Alberta Quality Council, the Alberta credit and transfer system, in the future you'll be able to perhaps take a two-year diploma at Mount Royal, take two more years at the U of A, and end up with a degree or vice versa. That's really where Campus Alberta will shine for the students.

**Mr. Lund:** Good. Have you any idea when they'll know what kind of funding they're going to get?

**Mr. Horner:** The funding letters for all of the institutions will be going out in the coming weeks. We're still working on some issues, as I mentioned, around some of the workforce action plans. We want to ensure that we're going to be able to get the numbers that we need to get. We're still working around some issues. I rattled off a long list of FLE openings and those sorts of things that we need to make sure that we cover off. Again, this is the first year of our new funding framework, and we want to make sure that we try to keep everybody as whole as possible.

One of the commitments that we tried to make was that we said: we're going to try to keep you whole, at zero from last year. Some would say: well, this isn't the cheque that you wrote me last year. Well, because I didn't prepay anything this year. Last year we prepaid some things. So before you even start calculating, take the prepay out because it's not part of the calculation. Some would say:

well, you didn't give me the increase that you were going to give me last year. My answer would be: what part of zero did you not understand? That's kind of what we thought it was going to be.

**Mr. Lund:** Page 22 of your business plan. I really appreciate your comments about the aboriginal and their involvement in postsecondary. In my opinion, there's no doubt that that would solve a lot of their social problems as well as really add to our workforce in the province. These students, aboriginal learners participating at postsecondary institutions, at the bottom of page 22: are those dedicated seats, or are they getting there because of their qualifications?

**Mr. Horner:** They're not dedicated seats. Every postsecondary institution in the province has an aboriginal program plan. Many of them have incentive programs of their own. Our program with Campus Alberta from a provincial perspective is with the Minister of Education, the Minister of Aboriginal Affairs working together to try to get that number to go higher, based on the fact that we want it to go higher, not based on: well, we'll just create a bunch of seats and hope they show up. That's not the way. We've been trying that for 30 years. It doesn't work.

**Mr. Lund:** I know we have, and I'm glad that we're not into it.

**Mr. Horner:** The interesting part about it, as I mentioned before, from Chief Laboucan and her comments, is that they know it too. We're all trying to come up with something that'll actually drive a change.

**Mr. Lund:** Good.

On page 24, the percentage of graduate students studying in priority areas, will you help me interpret what this means: 33.4 per cent and 33 per cent? I would hope that we wouldn't have a majority of our students in studies that are not a priority. What does it mean?

**Mr. Horner:** Well, what it means is that we are not walking away from our commitment to basic research. We're not walking away from our commitment to let bright minds explore interesting things. The 33.4 per cent would relate to those areas which Alberta Innovates has determined to be areas of priority for the province. It would relate to areas where Albertans have said that this is an area of priority for our department. The other 66 per cent, let's say, or 65 per cent, may actually be working in an area of basic research that will roll into a priority area. You know, a guy that has a bunch of skills in medical imagery: he'll tell you he's working on basic research, but it's still in the area of medical imagery. This whole idea of whether or not he's in a priority area: we may want to look at that kind of a performance measure in light of Alberta Innovates in future budgets, but for now that's basically what it means.

**Mr. Lund:** I see. Okay.

In your budget I couldn't find your amortization except on page 44 in your estimates. There's \$5.5 million. I thought that when the Alberta Research Council was rolled in, they would have brought with them a lot of assets that would be depreciating. If you go up to the expenses, up above there in the consolidation adjustments, I see in '08-09 you had \$151,981,000 total. Is this an accounting manoeuvre? That's about the time that all of this stuff was rolling in.

**Mr. Horner:** No. ARC didn't come in. It's always been treated and accounted for. Sorry. No, you're right. It may have been rolled in.

**Mr. Lund:** In '08-09.

**Mr. Horner:** The \$100 million difference there would be the Alberta Enterprise Corp. We did an adjustment by kicking that \$100 million into the Enterprise Corp. That's the difference there.

**Mr. Lund:** The \$5.5 million: what is it that you own?

**Mr. Horner:** Oh, I don't know. We've got a tremendous investment in IT systems, student finance, the apprenticeship ADAMS programming. That's a fairly significant investment that we have.

**Mr. Lund:** So it's not structures?

**Mr. Horner:** Not for the most part, no.

**Mr. Lund:** Good. Then are the institutions bringing amortization in on their budgets?

**Mr. Horner:** Yes. They would have to bring in amortization on their budgets, and they would have it significantly higher.

**Mr. Lund:** Very high. Mind you, at the U of A they've got a lot of old buildings that should have been pretty well depreciated out now.

**Mr. Horner:** They've got a lot of new buildings over there.

**Mr. Lund:** I know they have.

9:05

**Mr. Horner:** And some very expensive new buildings over there.

**Mr. Lund:** I love it when I see those four cranes over there.

**Mr. Horner:** Yeah.

**Mr. Lund:** I guess that will be enough.

**The Chair:** That's it? Okay. Thank you very much, Mr. Lund. With that, we're going to move on to Ms Notley.

**Ms Notley:** Thank you. I'd like to go back to where we were when we were last speaking about the whole issue of whether or not there have been any internal analyses on the implications of expanding or enhancing the debt load experienced by the Alberta student body at the time at which they graduate. In addition to asking (a) whether there has been such an analysis and (b) whether we can receive copies of it, and, of course, that would flow from that, I'm also wondering just on that same issue—and these questions may actually be available through your student loan information. I haven't had a chance to look for it. You can maybe answer that question really easily.

**Mr. Horner:** Sure.

**Ms Notley:** You mentioned, of course, that you do monitor student loans, student debt, and all that kind of stuff fairly closely. My question simply is: do we have access to, sort of, five-year trend information that's current on the three following things: first, the

amount owed upon graduation; the percentage loan default rate; and the average time that's being taken to pay student loans? I know I've seen those figures in the past, so I suspect they may be public, but my question is: are we updated, how updated are we right now, and what are the trends that we're seeing right now?

**Mr. Horner:** We've not stopped doing any of the analysis that we were doing in the past. When you talk about the impact of student debt, we look at the affordability of the advanced learning system. If you go to our Advanced Education and Technology '08-09 annual report, there's a raft of analysis that's in that report, a tremendous amount of analysis, actually. One of them is the proportion of graduates who agree that the program they graduated from was worth the cost. We track that just to make sure that students have that ability. The ratio of total debt at graduation to income two years after graduation: we track that. I know that student finance has a raft of numbers. It's probably in here, to be honest with you, Rachel, and I just haven't been able to pull that number out. We can get you the numbers in terms of the student finance statistics that you're looking for. We can get you that.

**Ms Notley:** Right. And from that, I guess the question is: can you assure me at this point that the trends are not upward?

**Mr. Horner:** Well, if you're asking me if more students are taking student loans, I hope so; otherwise, the idea that I help three times more . . .

**Ms Notley:** No, not the number of students. The amount of debt and the amount of time it takes to pay off the debt.

I'm sorry. There was one other piece that I was asking about, which is the number of students who have to take on additional debt outside of the student loan program. Of course, we hear often about students capping out student loan entitlement and then having to go to banks directly and, you know, credit cards and all that kind of stuff. Is that tracked?

**Mr. Horner:** The outside debt we don't really track because if they don't want to give it to us, they're not going to give it to us. You know, we're not going to phone them up and say: "Where do you bank? How much have you got in the account?" I mean, if they self-identify and give us that sort of stuff – Stats Canada has done some work that I've read in the past, and that stuff is still available. It's a little dated, I think, usually.

**Ms Notley:** It would just seem to me that if you're going to shift the cost of being in debt to students, you'd want to know what their capacity was and what the trends were in terms of what their capacity was to take on further debt.

**Mr. Horner:** Remember, I'm also increasing the loan remission relief amounts. Again, as I said, if they end up more than the \$7,140 a year after their program is complete, then they may qualify for the entire Alberta portion of that. If you're saying: well, the net amount is going to start going up, if they belong in that category of the loan remission relief, they're going to get the relief off that, which is why I have to increase the budget of the loan side. We're going to kick that money to students. So that amount is going up just as the other amount is going to go up. It's a ratio that moves in cohort.

**Ms Notley:** Yes, it's a ratio. But then, of course, if there's additional debt as well, that's not accounted for.

**Mr. Horner:** You and I will go around the horn on this one all night. If I'm investing for 30 per cent of the cost of the education that's going to be provided to me, and I look at the analysis that's been done of the benefit to me of what that education is going to be in the future, it is a good investment. It's not my TV. It's not even my car, for that matter. The return is that much better. In terms of your statistics they're all available, and you and I can have an ideological discussion around whether or not that's good or bad.

**Ms Notley:** We could have a long ideological discussion absolutely.

**Mr. Horner:** Twenty minutes' worth anyway.

**Ms Notley:** Yeah. I don't want to do that. What I'm looking for, really, is just, again, information with respect to the trends.

**Mr. Horner:** Yeah. We monitor the trends.

**Ms Notley:** If you can get that to me.

**Mr. Horner:** We'll definitely do that, yeah.

**Ms Notley:** Then as well any internal discussions. I've looked at your annual report, but what I was looking at was sort of the broader analysis of what the impact is on the economy of having higher levels of debt load.

**Mr. Horner:** I would encourage you to check the annual report.

**Ms Notley:** How about this? You flag the exact page, and then if that doesn't get to what I'm getting at, then I'll get back to you.

**Mr. Horner:** I'll go one better. We'll send you a written response.

**Ms Notley:** There we go. Okay. That's with respect to loans.

Then, of course, the other interesting part of this. It's all great to talk about the 70-30, you know, breakdown of payment of the system, but of course if what's happening is that the costs are going up, then that 30 per cent, the value of that, may in fact change.

**Mr. Horner:** So does the 70.

**Ms Notley:** Well, that may be, but I guess what I want to talk about right now, of course, is the whole issue of tuition because what we've got going on is pretty scary.

**Mr. Horner:** One point five per cent.

**Ms Notley:** No, it's not really. I mean, it's 1.5 per cent for part of the cost that is effectively tuition, but it's not 1.5 per cent.

**Mr. Horner:** The part that I control, yeah.

**Ms Notley:** Well, the part that you choose to control.

**Mr. Horner:** Ah. She wants me to get rid of all of the boards of governors. Okay.

**Ms Notley:** I want you exercise your authority.

Anyway, here's the deal. The fact of the matter is that at this point – I mean, we had this discussion about where we ranked in terms of tuition last year, and of course Nova Scotia's tuition is now

coming down, and I think we are now the second highest in the country.

**Mr. Horner:** No.

**Ms Notley:** Well, you could get me those stats. We're getting awfully close.

Regardless, we then have the unregulated fees, and because we do have the highest unregulated fees, any additions in the unregulated fees have to be attached to that overall amount. When you look at a global amount, we're ultimately getting back to the place where we are the most expensive place in the country to go to school. I know you've talked about that once or twice already, and you mentioned that with respect to the regulated fees, should some of these institutions go forward on that, you sort of said that they may find it difficult to have conversations with you in the future and that kind of thing.

**Mr. Horner:** Well, I wouldn't say difficult having conversations, but I'm certainly going to take that into consideration.

**Ms Notley:** But my question is: why not go one step further and change the regulation and tell them that this is part of what's under the cap?

**Mr. Horner:** Well, because at this point in time no decisions have been made on market modifiers.

**Ms Notley:** But we already have the highest ancillary fee scale in the country already even before these \$500 increases being talked about.

**Mr. Horner:** Across the board at all of our institutions?

**Ms Notley:** Yes.

**Mr. Horner:** I don't believe that.

**Ms Notley:** It's true.

**Mr. Horner:** At every institution in the province?

**Ms Notley:** The average in the province is higher than the average anywhere else.

**Mr. Horner:** Okay. The average is not every institution in the province.

**Ms Notley:** But the average in the province, the average that Alberta students pay is higher than anywhere else in the country, so why are we not regulating this?

**Mr. Horner:** I'd like to see those numbers, actually, because I'm not exactly sure that that's true.

**Ms Notley:** My understanding is that the average – the average – is about \$950.

**Mr. Horner:** For ancillary fees?

**Ms Notley:** Yeah. Then you've got the U of A and you've got the U of C considering an additional \$500, but it doesn't really matter. The national average is about \$750, and we are the highest.

**Mr. Horner:** I think you're looking at one area as opposed to across the board.

**Ms Notley:** I'm looking at ancillary fees.

**Mr. Horner:** If you could give me those numbers as the average of every postsecondary program, because I don't think that's true, to be honest with you.

**Ms Notley:** Yeah. All I have are the numbers. I mean, if you can't tell me it's not true, my question goes back to the point that we know we've got very high ancillary fees already.

**Mr. Horner:** You know what? I don't control the ancillary fees.

**Ms Notley:** I know, but my point is: why not?

9:15

**Mr. Horner:** Well, I mean, then why have a board of governors?

**Ms Notley:** Well, why have regulation-making authority? This is a government that loves to exercise its regulation-making authority.

**Mr. Horner:** If you're not going to allow the authority of the institution to manage the capital on its campus, to manage those sorts of fees that they have on the campus . . .

**Ms Notley:** Well, then, why have a tuition cap? The argument is the same.

**Mr. Horner:** No. The tuition cap itself is based on the tuition and the cost of providing a program, not the fees that are around the campus.

I'm not saying that I'm not going to step into the fray, but I'm not saying that I am going to step into the fray either. I think we have a history in this province of working collaboratively with our postsecondary institutions for the benefit of the students, the taxpayer and society, and the economy. We're going to continue to work collaboratively in that partnership. I'm not going to do something based on a proposal they've brought me versus what may or may not be the decision in the next few weeks, months, or down the road.

**Ms Notley:** I do appreciate that we are still looking at stuff that may happen.

**Mr. Horner:** Nor does it have anything to do with my budget.

**Ms Notley:** Well, I think that ultimately it does because your budget talks about a strategy around increasing and being dedicated towards increasing access, increasing enrolment, and all those kinds of things. These things are inextricably linked.

**Mr. Horner:** Just a question: when you were doing your calculation for ancillary fees, did you pull out student union fees?

**Ms Notley:** I honestly can't tell you. We'll have to get back on that.

**Mr. Horner:** Or health fees like the health insurance fees or those sorts of fees?

**Ms Notley:** I can't tell you.

**Mr. Horner:** Okay.

**Ms Notley:** But if you've got that information, if you'd like to give me a breakdown of how it is you would suggest that we're not the highest, I would be very pleased to get that.

**Mr. Horner:** We may actually be doing that analysis as we speak.

**Ms Notley:** That would be great. Maybe you could get that in writing to me. I'd really appreciate it.

**Mr. Horner:** Okay.

**Ms Notley:** Okay. I look forward to it. Obviously, we're not going to agree on the issue of regulating school fees although I believe you have the authority. Ultimately, it all comes out of the same pocket, and it's the students' pocket.

The modifiers. I know there's been a lot of talk about that, and I don't want to belabour it too, too much. Again going back to the analysis, you are in the process of considering proposals with respect to certain programs, say, for instance, law and others. Has there been an analysis on what the implications are going to be to accessibility for low-income Albertans to those programs should those dramatic increases be allowed to go ahead?

**Mr. Horner:** It's certainly part of the consideration.

**Ms Notley:** Will you provide us all documents related to that analysis once you've made your decision?

**Mr. Horner:** I'm not sure that any of them are going to go ahead. What would be the point if they don't go ahead?

**Ms Notley:** Well, because it would be good for the future, and it would be good information and great transparency.

**Mr. Horner:** This is a one-shot deal. Remember that this is not something that I asked for. This is a proposal that came to me from the institutions themselves. I didn't create parameters around this thing and say: guys, I want you to do this. That's not how this happened. This was a proposal from the institutions to say: lookit, if there was a problem when you froze them in '04 and you funded all of this stuff all the way through, we're interested in showing you the legitimacy of that problem or that area.

**Ms Notley:** Fair enough. Should you make a decision to allow some of the modifiers that are being proposed, whether partial or full, will you commit to providing us with all the documentation around any internal departmental analysis on the implications to low-income . . .

**Mr. Horner:** I will certainly have an explanation.

**Ms Notley:** Not an explanation. I'm not looking for sort of what happens when you write the press release. What I'm looking for is any studies or research done internally around the implications to low-income groups' access to these programs.

**Mr. Horner:** I'm not in a position to even say that we're going to have any of them go forward.

**Ms Notley:** I know that, but that's not my point.

**Mr. Horner:** It's kind of a moot point.

**Ms Notley:** No, no, no. I think it's possible for you to answer a hypothetical question. Will you, in the event that it goes forward, agree to . . .

**Mr. Horner:** So you want me to answer a hypothetical question on the basis of what may or may not happen on a group of proposals from different institutions based on different errors that happened in '04.

**Ms Notley:** Right. If you have that information, will you make it public? That's a pretty simple question, really.

**Mr. Horner:** If I had that information, I would probably do it in a collaborative fashion with the students in the postsecondaries.

**Ms Notley:** Will you make it public?

**Mr. Horner:** Well, that would pretty much make it public, wouldn't it?

On the analysis that we're going to do, the detail of that analysis, if you're asking me to show you my working notes, the answer is no.

**Ms Notley:** What I'm asking you to show me and Albertans is what the expertise in your department will tell you is the outcome with respect to low-income access in these very high income generating professions.

**Mr. Horner:** I will give you the explanation as to why we would say yes to a cap in 2004 and the error that that caused because the market modifiers . . .

**Ms Notley:** No. I'm not looking for that. I've got an explanation. What I want is if you have research on it. If you don't, tell us; don't give it to us. If you do, tell us; then give it to us.

**Mr. Horner:** Rachel, listen to the answer. Okay? If I was basing this on the market today – the institutions are going to bring me things that say they're going to bring it up to market today – then all of those questions that you ask, I think, are very valid questions. But what we're talking about is: was an error made in 2004? That's the crux of where these proposals came from.

**Ms Notley:** But the change will be made today, and the impact on access will be felt today.

**Mr. Horner:** The impact on access is going to be felt on all of our programs based on this budget.

**Ms Notley:** That's quite true, but what I'm talking about is this particular decision point.

**Mr. Horner:** We will be able to provide publicly the impact results of tuition increases across the province.

**Ms Notley:** Okay. Fair enough.

**Mr. Horner:** We do that every year.

**Ms Notley:** Well, no. What I'm talking about is low-income access.



**Mr. Horner:** Well, that's what is in this report. The affordability framework that we have does analysis on low-income access. The student finance programs that we do do analysis on access. Again, I'm going to come back to the same answers that I've used before, that evidently resonate with folks in the system and, you know, many of the students that I've talked to: access is not just about tuition; access is about the entire affordability framework.

**Ms Notley:** I appreciate that access is about many things, but tuition affordability is one of them.

**Mr. Horner:** Well, let me finish. When we talk about access and we talk about an analysis of the affordability of a particular program, well, what is involved in that particular program? Is it just tuition? Is it: "I've got to buy lab materials; I have to buy books," the cost of those things? I agree that it is, and the analysis that we do, we do on all of those programs. We base the analysis that we're doing, the affordability of the system on: do you agree that what you got was what you should have paid for?

**Ms Notley:** Yeah. Okay. I know. I'm not asking for satisfaction surveys because those are not statistically or particularly helpful.

**Mr. Horner:** Well, I'm interested in outcome.

**Ms Notley:** Well, that's not outcome. That's satisfaction surveys.

**Mr. Horner:** Isn't that an outcome?

**Ms Notley:** What I'm looking for is what the impact is on accessibility for low-income Albertans. If you've got the information . . .

**Mr. Horner:** Across the board?

**Ms Notley:** No. The ones where you're looking at increasing the tuition as a result of the modifier. If you've got the information, give it to us. If you don't, don't. If you've got it and you don't want to give it to us, tell us. I think we're kind of done on this discussion.

**Mr. Horner:** It's not a matter of "don't want to." It's a matter of "don't know" at this point in time because, again, when we talk about the affordability of this system, we're going to look at all of the factors, not just one.

**Ms Notley:** Okay. So if I could move on to another area.

**Mr. Horner:** Good.

**Ms Notley:** I'm going to just sort of summarize your answer as no at this point. Anyway, we'll get into the debate in the future.

**Mr. Horner:** Well, that's your prerogative. It's false, but it's your prerogative.

**Ms Notley:** I want to talk quickly just in terms of access on a different issue: support for students with disabilities. Now, this is a really huge issue because our postsecondary system historically has been really crappy on this issue, for the most part, in terms of accommodations. If you compare the way the postsecondary – and I don't mean ours in Alberta, particularly. Let me just back up. I think that the theories and the approaches toward the issue generally have been very different. We've always sort of looked at secondary education as a right but postsecondary education as something you earned by merit. As a result, there has been much more resistance

in terms of incorporating accommodation measures, substantive accommodation measures, into our postsecondary institutions.

I note, for instance, that we at one point had an exam accommodation and other support for the students with disabilities program. I'm just wondering where that's at right now in terms of past funding, current funding, and future funding. Really, my key at this point is to hear you talk about what you think can be done to expand that as far as providing substantive accommodation for disabled students and special-needs students within the postsecondary system.

**Mr. Horner:** You know, we had a fabulous meeting today with the Alberta Association for Community Living, which I know you're familiar with. It's interesting because what they said to us was: why are we not standing up and bragging about what we have done in the province of Alberta? You can check with Wendy about that. For persons with disabilities we're the best in Canada.

9:25

**The Chair:** Thank you very much. Your time is up. Thank you.

We've got four minutes remaining. Mr. Allred, you've got two minutes, and the minister will have two minutes to respond.

**Mr. Allred:** I don't know where to start with only two minutes.

I guess I'll refer you to page 54 of your estimates, the transfers from the lottery fund. Would you please explain the policy behind the transfers from the lottery fund in your budget?

**Mr. Horner:** Ken, you're looking for . . .

**Mr. Allred:** The transfers from the lottery fund: what is the policy behind that? I'm a little bit surprised that money comes from the lottery fund to advanced education.

**Mr. Horner:** Well, there are criteria in legislation around what lottery fund dollars can be used for, and we will apply for the types of things in capital and renewal and expansion that we can for those kinds of lottery funds. Every department has to make that kind of an application to the department that has lottery funding, and if you're successful – but then those funds have to flow through us as a budget item. They can't just go directly to wherever it's going to go.

**Mr. Allred:** I don't imagine you have to serve for bingos or anything like that, though.

**Mr. Horner:** No, we didn't have to do that.

**Mr. Allred:** Okay. Another question. Campus Alberta: how has that affected your fiscal situation? Or has it?

**Mr. Horner:** Actually, what we hope Campus Alberta is going to be able to do for us is provide us with some efficiencies on a province-wide scale. We have had a number of discussions with the institutions. As an example, a standardized student ID card: why not have it done in one location, with the individual institution, if you will, on it, but have that access? Why not have Campus Alberta access, like a Lois Hole library access, for various services for the students? Why not have some IP issues or IT issues handled on a centralized basis?

It has also helped us from the perspective that you're not having individual programs created that might be different at different institutions, which does add to the cost of delivery and not necessarily to the quality. So it's working in a number of areas.

I could go on quite a ways on that one. Is that kind of the idea, where you're going?

**Mr. Allred:** Yeah. Will that affect your budget or the budgets of the individual institutions?

**Mr. Horner:** As was mentioned earlier, it's all coming from the same pocketbook. Certainly, there are IT grants, as an example, that we would provide to individual institutions. If we could combine some of those, it gives me more dollars to put into other areas. You know, we do also depend on those institutions for research. The hon. member was talking about monitoring low-income access. Well, it's important for us to use the APAS system, the Campus Alberta system, so that we can monitor that, and we will monitor that. We'll monitor the changes that are going to be made in tuition levels across the province this year, and we'll monitor the ones in the years to follow. We'll monitor things like the access fund or the ancillary fees. Campus Alberta provides an opportunity to do that, and we're going to do it.

**Mr. Allred:** Now, you say that it all comes from the same pocket, but if the individual institutions recognize some savings, does that mean you're going to reduce your grant to them?

**Mr. Horner:** No. We've made commitments to the postsecondaries. What we see them doing is utilizing those dollars to help in areas where they have stresses. Certainly, again, it goes to that partnership issue of working together with postsecondary institutions. Again, the more information that we can get back from them, the better we can design our programs and they can design theirs. You know, even if it's issues like market modifiers and there is some way that we want to be able to monitor and have that effect monitored in the future, Campus Alberta will allow us to do that, and we will monitor that effect.

**The Chair:** Thank you very much, Minister.

Just a reminder for the committee that the time allotted for this portion of the business has been concluded. Once again a reminder to all the members that the vote on these estimates is scheduled for March 18.

Pursuant to Standing Order 59.01(2)(a) this meeting is now adjourned. Thank you very much, everyone, for your participation, and good night.

[The committee adjourned at 9:30 p.m.]



