

**Commentary on Bill 12:**  
***An Act Respecting Advanced Education and Research***

By Dr. Rick Williams, Praxis Research & Consulting Inc.

I am here to offer support for the government's more hands-on approach to strengthening linkages between government's policy goals and the contributions of universities to social and economic development in Nova Scotia.

From 2009 to 2013 I served as Deputy Minister for Policy and Priorities in this Nova Scotia government. In the context of a looming fiscal crisis, one issue that took up a lot of my time was the state of our university system. I was surprised to find a strong consensus around the deputy's table that the universities were, on the one hand, unable or unwilling to control their cost growth and, on the other not delivering sufficient ROI for the province.

In 2010, after the previous government's tuition freeze that saw operating grants more than double, per student provincial funding was 40% higher than the national average. Despite the grant growing by 11% per year, an external audit found that, of the ten universities, only one was financially healthy. Three were "stable", and six ranged from seriously stressed to near-insolvency. For the weaker institutions, the challenge was debt levels that could only be sustained with annual government contributions above and beyond their operating grants.

In addition to financial challenges, we faced daunting demographic trends: Nova Scotia was facing a 20% drop in 18-year-olds graduating high school, so competing for more out-of-province and international students was a necessity.

After intensive planning and consultations work with CONSUP, we arrived at a new MOU with a funding formula that included a 10% grant reduction over three years offset by tuition increases, low interest credit and a substantial fund to support program rationalization and cross-system collaboration.

However, this proved to be at best a stop-gap plan. The 2012 audit confirmed that the system was headed for a \$100 M deficit by 2015. Planning with CONSUP for the next MOU included serious consideration of system restructuring options. However, this work came to an end with the 2013 election.

Through all this planning we did not anticipate the explosion in international student recruitment that has carried the system for the past ten years. In my view, however, this windfall did not resolve the underlying structural issues, as confirmed by the Auditor General's recent finding that "a pattern of year-end deficits and

cash-flow challenges has continued unchecked for certain universities” and “collectively, universities owe \$370 million in long-term debt”.

And now we find that reliance on high numbers of international students cannot be taken for granted. The risk outlook now includes growing geopolitical tensions, reduced immigration flows, housing issues and rising government deficits.

As in 2010, we again confront a difficult reality: every one of our universities is “too big to fail” in its local community, trapping the government in short-term and expensive band aid solutions.

I support the government’s intention to improve accountability and exercise more direct influence over decision-making in individual schools, but these measures may not address underlying systemic issues. As is too often observed, if we don’t know where we are going, any direction will get us there, and every institution can and will find its own pathway.

In 2013 the Ivany Report identified our universities as “one of Nova Scotia’s greatest comparative advantages” and called on the province to “view its high concentration of universities and colleges as a fundamental asset in growing our economy”. I seriously question whether this potential can be achieved without stronger system-wide governance, a more robust and sustainable financial foundation, and some greater degree of institutional integration.

Rather than top-down, one-off interventions, I urge the government to consider the potential benefits of an Ivany Commission type planning process, led by independent experts, to engage university executives, faculty and student organizations, and university communities in the development of a shared vision for a financially sustainable higher education system, appropriately structured and adequately resourced to meet Nova Scotia’s current and future challenges.