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ABSTRACT

The first annual report of the Ontario Council on University Affairs was a prelude to a regular annual cycle that henceforth begins every March 1, and is intended to ensure that the Council, as Ontario's independent advisory body with respect to universities and certain other postsecondary educational institutions, is closely in step with the decision making processes of government. Its principal innovation was a memorandum to generate an agenda of important matters to which close attention will be given in the coming year. The matters include the further refinement of equity in institutional financing, the clarification of objectives designed to ensure adequate funding of bilingualism, and a thorough review of the financial and institutional dimensions of university education in Northern Ontario. Broader questions of particular import were outlined by the Council at the close of its inaugural. It raised questions with respect to such major topics as formula revision, tuition fees, accessibility, graduate studies, and the status of women. (Author/KE)

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# Letter of Transmittal

*April 30, 1975.*

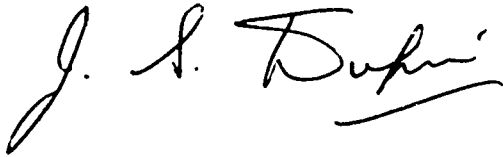
*The Honourable James A.C. Auld,  
Minister of Colleges and Universities,  
6th Floor, Mowat Block,  
Queen's Park,  
Toronto, Ontario.*

*Dear Mr. Minister:*

*I respectfully submit herewith the first annual report of the Ontario Council on University Affairs. This report covers the period from September 25, 1974, the date of Council's appointment, through February 28, 1975.*

*I have the honour to be, Sir,*

*Yours very truly,*

A handwritten signature in black ink, reading "J. S. Dupré". The signature is written in a cursive style with a long horizontal flourish at the end.

*J. Stefan Dupré  
Chairman*

# Members and Officers of the Ontario Council on University Affairs

Rt. Rev. Walter E. Bagnall (1976)  
Hamilton

Mary Butler Bush (1976)  
Guelph

John J. Deutsch (1978)  
Kingston

Antoine D'lorio (1977)  
Ottawa

J. Stefan Dupré (1977) *Chairman*  
Toronto

James D. Fisher (1977)  
Toronto

Paul D. Fleck (1978)  
London

Reva Gerstein (1976)  
Toronto

Tamara Giesbrecht (1978)  
Waterloo

Lin Good (1977)  
Kingston

William A. Goyan (1977)  
Thunder Bay

Daniel G. Hill (1976)  
Toronto

T. Rosaire Léger (1978)  
Cornwall

Alexander L. McCallion (1977)  
Hamilton

J. Fraser Mustard (1978)  
Hamilton

Margaret F. Orange (1978)  
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R. Peter Riggan (1978)  
Toronto

Ronald S. Ritchie (1976)  
Ottawa

H. Harold Walker (1976)  
Toronto

John R. Yarneil (1977)  
Toronto

J. Peter Venton  
Executive Secretary and Research Director

Nancy E. Simmons  
Associate Secretary

Ann W. Henriksson  
Research Officer

Members' terms expire on February 28th of the year  
indicated in parentheses

# Introduction

The first annual report of the Ontario Council on University Affairs covers a "year" that began officially on September 25, 1974, the day of Council's appointment, and terminated February 28, 1975. This inaugural period was the prelude to a regular annual cycle that henceforth begins every March 1st, and is intended to ensure that Council, as Ontario's independent advisory body with respect to universities and certain other post-secondary educational institutions', is closely in step with the decision-making processes of Government.

The conclusion of the "year that had five months" does not find Council in a position to reflect on its advisory mandate in the broad terms that it hopes will infuse future annual reports. It does, however, offer Council the opportunity to publish the several recommendations made in pursuit of its mandate during 1974-75, and to record the response of the Government of Ontario to these and to earlier recommendations made by a special committee of ministerial advisors empowered to act in the interim period between Council's appointment and the dissolution of its predecessor agency, the Committee on University Affairs.

Above all, Council is pleased to publish in full three textual memoranda that it considers its principal innovation as a new advisory agency on university affairs. Through such memoranda Council seeks to expose the reasoning that has led it to formulate its more important recommendations to Government. As an advisory body, Council is strongly of the opinion that the Government, the university community and the public are best served by full disclosure of the considerations it weighs in formulating its advice. Whether to expose Council's fallibility or demonstrate its sagacity, such disclosure is surely in the public interest.

Council's textual memoranda generate an agenda of important matters to which close attention will be given in the coming year.

These matters include the further refinement of equity in institutional financing, the clarification of objectives designed to ensure adequate funding of bilingualism, and a thorough review of the financial and institutional dimensions of university education in Northern Ontario. Broader questions of particular import were outlined by Council at the close of its inaugural year in a letter to university presidents inviting briefs to be discussed at Council's 1975 Spring Hearings. This letter, whose text is included in the present Report, raises questions with respect to such major topics as formula revision, tuition fees, accessibility, graduate studies and the status of women.

At the conclusion of its truncated inaugural year, Council is above all aware of its major responsibility for the health of the Ontario university system in a setting where shifting governmental priorities and straitened economic circumstances pose severe challenges. For 1975-76, the Government of Ontario enunciated the following as its objectives with respect to university financing. "to offset inflationary trends, to maintain or improve existing levels of service and to accommodate predicted enrolment increases." There exist differences of opinion, to which Council has been party, as to whether or not the cost of meeting these objectives is in fact being met. Doubtless of even greater relevance for the future health of the university system, however, is the fact that the Government has not repudiated its objectives.

In Council's view, these objectives are indeed worthy and warrant serious long-term pursuit if Ontario's major investment in higher education is to be protected. This is not to say that the objectives in question are exhaustive. Of evidently growing concern within universities, about 80 per cent of whose expenditures are for personnel, is the issue of fair and equitable salaries for academic and support staff in relation to comparable employees in the public sector. The high level of recent salary settlements in the public sector is bringing this issue into sharp focus. The enunciation by Government of a university funding objective that takes specific account of this issue may be necessary if cumulative inequities, which are a breeding ground of alienation and instability, are to be avoided.

\*The institutions that currently comprise Council's terms of reference are the fifteen provincially-assisted universities (Brock, Carleton, Guelph, Lakehead, Laurentian, McMaster, Ottawa, Queen's, Toronto, Trent, Waterloo, Western Ontario, Wilfrid Laurier, Windsor, York, and their federated and affiliated institutions); the Ontario College of Art; the Ontario Institute of Studies in Education; Ryerson Polytechnical Institute; and the Bar Admission Course of the Law Society of Ontario.

This much said with respect to Government and its funding objectives, Council is equally concerned with the capacity of the university community to make its own contribution to the health of higher education through the most effective possible deployment of its resources. Government has of course long exhorted the universities in this regard. Council's own advice to Government in its inaugural year took account of the legitimacy of this exhortation. Council, however, is all too aware of the extent to which the discussion of effective resource allocation can become circumscribed by artificial notions of "productivity" that fetter the government-university dialogue with shibboleths.

As Council begins to develop its own contribution to enhancing the effectiveness of the university system, it ponders the extent to which this effectiveness must above all be a matter of cultivating the diversity and differentiation that are the true products of university autonomy.



*Council recommends to the Minister:*

**OCUA 74-1**

***Five-Year Plan for Graduate Development  
at Laurentian***

*That the plan recommended by the Joint  
CUA/COU Subcommittee on Goals and Policies  
for Graduate Development at Laurentian  
University be approved; and that the Minister  
approve funding of the plan, namely, 310  
income for the Master's programs indicated,  
when the condition(s) for each program stated  
in this plan has (have) been met.*

**OCUA 74-2**

***New Graduate Programs in Anthropology and  
Geography at York***

*That, the embargo having been lifted, the new  
graduate programs in Anthropology and Geo-  
graphy at York be considered eligible for  
formula support.*

**OCUA 74-3**

***ACAP Report on Political Science***

*That the embargo on the discipline of Political  
Science be removed on the understanding that  
continued monitoring of the recommendations  
in the *Report on Political Science, 1974*, will  
be the responsibility of the COU.*

**J. Stefan Dupré  
Chairman**

## 74-II The Allocation of the Government's Expenditure Target for Operating Support in 1975-76

## Formula Support

On November 18, 1974, the Minister of Colleges and Universities announced to the Legislature of Ontario the Government's expenditure target for the operating support in 1975-76 of the institutions covered by Council's terms of reference. By letter on the following day, the Minister formally referred to Council the question of advising on the allocation of the sum of \$553 million. Council hereupon tenders the requested advice.

In announcing the Government's expenditure target for 1975-76, the Minister suggested that the options to be considered by Council with respect to the formula whereby operating grants are distributed among the fifteen provincially assisted universities, Ryerson and the Ontario Institute for Studies in Education include the following: (1) "a continuation of the present formula", (2) "a system whereby one BIU value would be applied to 1973-74 enrolment to compensate for inflation and a lesser BIU value would be applied to enrolment growth in the current year"; (3) "a suspension of the operating grants formula" in favour of a flat increase that would be applied to each institution's operating grant for the current year.

Upon receiving the Minister's reference, Council assigned immediate priority to the task of ensuring that the university community be consulted with respect to the proposed options. Council accordingly created a tripartite working committee of officials chaired by its Executive Secretary and Research Director, and composed of two members nominated respectively by the Assistant Deputy Minister of Colleges and Universities (University Affairs Division) and the Executive Director of the Council of Ontario Universities. This committee was directed by Council to assemble the most reliable data available for measuring the financial implications for each institution of the three options offered by the Minister.

Upon receiving the working committee's report, Council immediately transmitted it to the university community through the Chairman of the Council of Ontario Universities, and invited a recommendation on the preferred method of allocation. By letter of December 5, 1974, Council was informed that the Council of Ontario Universities had decided to recommend the Minister's first option, namely that operating grants in 1975-76 be distributed under the present formula. Council later learned that the two associate members of the Council of Ontario Universities affected by the recommendation, namely Ryerson and the Ontario Institute for Studies in Education, wished to endorse it.

Three universities—Carleton, Lakehead and York—communicated reservations to Council about the COU recommendation. Noting these exceptions, Council observes that this recommendation enjoys the support of fourteen of the seventeen institutions it affects.

Such widespread support aside, Council assigns particular weight to the reasoning expressed by COU in advancing its recommendation. "We believe," states COU, "that the values of the formula system to the Ontario universities are so important that any suggestion of abandoning the present arrangements in the short term is unacceptable. Furthermore, because we are on a slip-year system, a change to the rules in mid-stream would be retroactive and inequitable."

Council believes that, under the present or any other formula, the prime requisite for the viability of a non-discretionary method of allocating university funds is the respect accorded to it by all concerned. Precipitous change can only erode such respect, and all the more so if its impact is arbitrarily retroactive in nature. Under such circumstances, equity is all too easily violated in the short run and confidence undermined in the long run. For these reasons above all, *Council recommends to the Minister*

#### OCUA 74-4

##### *Formula Approach for 1975-76*

That the present formula approach be applied in 1975-76 in determining the basic operating grants made to the universities, Ryerson and the Ontario Institute for Studies in Education.

#### **Bar Admission Course**

The Law Society of Upper Canada has been the recipient of provincial support on behalf of its Bar Admission Course since the transfer in 1968 of the Osgoode Hall Law School to York University. In addition to its operating grant, the Law Society was paid a special sum of \$75,000 per year for renovation expenses over a five-year period which expired in 1974-75. Since 1970, student enrolment, provincial operating grants, and net deficits for the Bar Admission Course have been as follows

	Enrolment	Grants for Operating Purposes	Net Deficit
1970-71	482	\$250,000	\$ 4,043
1971-72	533	250,000	13,242
1972-73	685	275,000	56,558
1973-74	719	300,000	126,273
1974-75	828	350,000	311,490

These figures clearly reveal that provincial operating grants to the Bar Admission Course have had no direct relation to either enrolment or inflation. Council concludes that provincial policy, whether implicitly or explicitly, has been to support the Course through partial grants in aid, leaving the brunt of increased cost to be borne by the Law Society through its members, whose annual fees reflect in part the size of the deficit incurred by the Bar Admission Course. In that this policy has steadily shifted the burden of supporting the Course to the members of the profession for whose practice the course is the final qualification, Council appreciates that the result must be viewed in the context of an exception whereby the legal profession alone has been the beneficiary of provincial grants for instruction given directly by a recognized professional association. This exception raises questions of equity *vis-à-vis* other professional associations upon which Council may be expected to comment at a later date.

No doubt in part because the Province has had a partial grant-in-aid policy toward the Bar Admission Course, the Law Society has made decisions affecting Course finances on a highly independent basis. Of particular consequence has been the recent decision to decentralize the Course with the establishment of parallel Courses in Ottawa in 1975-76 and

London in 1976-77. The possibility of decentralization was discussed only in vague terms at the time the Law Society made its final appearance before the Committee on University Affairs in December, 1973. Nor, to the best of our knowledge, was there any consultation with the Ministry of Colleges and Universities in the time that intervened until Council was appraised of the decision upon receiving the brief for the December, 1974, hearing of the Law Society.

These remarks are not intended as a reflection on the intrinsic wisdom of the Law Society's decision. Council is well aware that the Bar Admission Course has no control over its enrolment and that the alternative to decentralization is doubtless further expansion of Course facilities in Toronto. But insofar as the provincial government is being asked to share in the costs arising from this decision, Council must weigh the fact that projected Course enrolment for 1975-76 is only 22 students above the 1974-75 count of 828, together with the opinion, expressed on December 3, 1973, by the Director of the Bar Admission Course to Council's predecessor Committee, that the capacity of the Bar Admission Course as then constituted was 1,000 students. Council, of course, appreciates sympathetically the less than satisfactory conditions that now prevail as Course capacity in Toronto is being stretched to the limit, but it knows as well that such a situation characterizes many university programs in the current fiscal climate. Under such circumstances, it is the opinion of Council that the costs of a decentralization decision made on its merits by the Law Society should be borne by the Society.

For the rest, the question of what constitutes an appropriate level of provincial support in 1975-76 must take into account the Law Society's action with respect to student fees. The Society informed Council in December that it had decided to raise the Bar Admission Course fee in 1975-76 by \$75.00 to \$475.00. In advising on the allocation of the government's expenditure target amount of \$553 million, Council is abundantly aware of the government guideline "that there will be no increase in student tuition fees." The case for exempting the Bar Admission Course from this guideline lies in its quite peculiar status and in

the fact that past provincial support is best described as a partial grant-in-aid. Also, it can be cogently argued that a professional society's students should be asked to share some part of the burden of increasing costs with that society's regular members. On the other side, however, there is the fact that the additional Bar Admission Course fee will affect the level of OSAP support for which its students are eligible. Provincial desire to control OSAP costs is precisely one of the reasons given for the government's guideline with respect to fees. There is also the consideration that the provincial guideline was clearly enunciated in the context of the Government's global expenditure target, and that any exceptions to this guideline are not easily defensible in equity.

On balance, Council is of the opinion that it cannot altogether dismiss the impact of the Law Society's tuition fee decision, however peculiar the nature of the Bar Admission Course. At the same time, however, the evidently special provincial policy of only partial grants-in-aid does not appear compatible with a reduction in support calculated to reflect the precise increase in fees. Council concludes that fairness and equity under the circumstances indicate, for the present, a "red circling" of the 1975-76 grant to the Law Society at the 1974-75 level. Accordingly, Council recommends to the Minister

#### OCUA 74-5

*Grant to the Law Society of Upper Canada, 1975-76*

*That a grant of \$350,000 be made to the Law Society of Upper Canada for support of the Bar Admission Course in 1975-76.*

### **Ontario College of Art**

Provincial grants to the Ontario College of Art apparently have been derived informally by applying the prevailing BIU value to anticipated enrolment for the year in which the grant is received. An increasing BIU weight has been attributed to anticipated enrolment in each of the last four years, reaching a level of 1.3 in 1974-75. The amount of grant is then approximated by subtracting from Basic Operating Income the College tuition fee (currently \$455) times its anticipated enrolment. Anticipated enrolment for 1975-76 is 1,200 FTE students.

The principal requests addressed to Council in the College's December brief were for an improved level of funding at a 1.5 BIU weight and changes in legislation to grant the College the right to award degrees. Council wishes to preface its comments on these requests by paying the highest tribute to the College for its progress from the situation, described in its own words as "massive chaos," in which it found itself three years ago. This progress can only be viewed with the most profound admiration.

Our prefatory tribute to the College for its successful transition from a chaotic state leads to what Council deems to be the fundamental question in approaching the College's requests for 1975-76. This question is whether the transitional period so successfully negotiated thus far can be deemed to be at an end. Recognizing in full the admirable degree of progress that has been made, Council concludes that its answer should be negative at this time. The College is now in search of a new president, and given the present incumbent's leadership role in the transition, we deem the installation and early contribution of his successor as an important factor in bringing recent progress to full fruition. The case advanced by the College for degree-granting status is impressive, but Council would not feel prepared to advise on this matter without an outside opinion from experts. Any expert team would understandably wish to visit the College, its staff and students, and can only gain substantially from the opportunity of discussing matters with the individual who will be its next chief executive officer.

The matter of degree status cannot be divorced completely from the College's financial request. This request is justified in part by analogy to fine art programs in universities. Awarding a weight of 1.5 to the College's enrolment at this time could paradoxically result in decreased financial support once the College received degree status. This is because the analogy to fine art departments would then indicate that the College should be fully on formula, thereby having the higher formula fee that now applies to university fine art departments deducted from its Basic Operating Income. (The formula fee for fine art is \$580 in contrast to the College fee of \$455.)

Since Council continues to view the College as being in a transitional phase, it is strongly of the opinion that its approach to funding for 1975-76 should avoid pre-judging the time at which the College should be placed "on formula" or the level of formula treatment that would then be appropriate. In the same spirit, Council believes that it need not feel bound to make a strict application of the elements apparently borrowed from the formula in approximating the level of the College grant in recent years. After due consideration, Council has come to the conclusion that, for 1975-76, \$2,850,000 would represent an appropriate level of operating support to which should be added the special annual payment of \$50,000 for property rental committed under an agreement reached in 1972-73. *Council therefore recommends to the Minister*

#### **OCUA 74-6**

*Grant to the Ontario College of Art, 1975-76*  
That a grant of \$2,900,000 be made to the Ontario College of Art for 1975-76, it being understood that this amount includes the special payment of \$50,000 for property rental committed under an agreement reached in 1972-73, and that existing policy with respect to money for taxes on leased property will prevail.

### Bilingualism Grants

The Government of Ontario has made special bilingualism grants in recognition of the costs incurred for this purpose by various institutions since 1967-68. A complete tabulation of these grants is given in the following table. Only in 1968-69 and 1969-70 were bilingual grants calculated on a specific and uniform basis. In those years, the two recipient institutions, Laurentian and the University of Ottawa, each received grants equal to 7% of their Basic Operating Income net of non-formula grants. Thereafter, the level of bilingualism grants was left to vary with prevailing annual judgements which, however sympathetically couched, were largely unexplained. In its final Report, the Committee on University Affairs noted frankly that it would "not argue that its recommendations regarding bilingual grants during the past several years have accurately reflected the actual costs to each institution concerned." The pattern of grants revealed by the following Table, often featuring no change in the grant received by an institution from year to year, do indeed beg such questions as inflation, enrolment growth, incremental costs and incremental savings. In January of 1974, the CUA Subcommittee on Grants for Bilingualism concluded its report by recommending that "the study of this problem be continued and/or referred to CUA's successor."

Council accepts the challenge wholeheartedly and, indeed, assigns the highest priority to such study, inviting the close cooperation of the new Advisory Council on Franco-Ontarian Affairs as soon as it becomes a functioning entity. For the moment, Council remains beset by the same ambiguities that so complicated the final years of its predecessor body

In tendering advice on bilingualism grants for 1975-76, Council begins with the following observation. It has become apparent to Council that existing grants, whatever their level, finance at least three objectives. A first is to provide educational opportunities in their own language to Franco-Ontarians. A second is to make available in institutions of different size parallel course streams in a bicultural ambience for both English and French language groups. A third is to provide more or less fully bilingual and bicultural exposure to anglophone and/or francophone groups.

In a very general sense, Council has formed the impression from briefs and hearings that the several institutions now receiving bilingualism grants pursue these objectives to rather different degrees. The University of Ottawa, by far Ontario's senior bilingual university, pursues all three objectives. At Laurentian, Council finds a plainly emergent situation with respect to bilingualism in which the pursuit of the first objective seems to predominate. Glendon, if we may permit ourselves a final example, appears to give more emphasis at present to the third objective while precluding neither the first nor the second.

Accepting all three objectives as laudable in themselves, Council believes that their pursuit critically underlies the question of allocating bilingualism grants among eligible institutions. Should these grants encourage the pursuit of all three objectives everywhere? If not, what institutions should be encouraged to give absolute or limited priority to one objective over another? A bilingualism grant policy clearly raises more profound questions than cost information, and it is not least for this reason that Council sees great wisdom in the CUA

**Bilingualism Grants—(dollars)**

	University of Ottawa	Laurentian University	Glendon College	Collège de Hearst	University of Sudbury	St. Paul University	Total
1967-68	1,080,000	155,000					1,235,000
1968-69	1,390,083	219,880					1,609,963
1969-70	1,575,323	278,653					1,853,976
1970-71	1,500,000	390,000					1,890,000
1971-72	1,500,000	450,000	100,000	18,000			2,068,000
1972-73	1,500,000	540,000	100,000	20,000			2,160,000
1973-74	1,887,000	540,000	128,000	13,600	10,700	19,300	2,598,600
74-75	2,100,000	540,000	128,000	15,000	12,000	23,000	2,818,000



observation that "the search for a universally applicable formula should be abandoned for the foreseeable future." Furthermore, Council is of the opinion that the search for an equitable distribution of bilingualism grants must rely as much on the thoughtful policy analysis as on hard cost accounting.

In the absence of the needed study, Council is loathe to disturb the existing distribution of bilingualism grants among Ontario universities with the single exception of the University of Sudbury, whose bilingualism grant in 1975-76 should reflect the full support accorded to church-related colleges, other than theology, as of September, 1974.

Laurentian University did receive a special grant on appeal during 1974-75, a portion of which was said to recognize bilingualism costs, but this grant was categorized by the Minister as supplementary support. In equity to the several institutions concerned, Council deems Laurentian's official bilingualism grant for 1974-75 of \$540,000 as representing its share in the existing distribution of bilingualism grants.

There remains the question of the level of these grants in 1975-76, a question which finds Council chilled by the winds of fiscal austerity. At once exposed to the elements, and hopeful that its projected study will be the prelude to more auspicious conditions, Council has concluded that, with the sole exception of the University of Sudbury noted above, the 1974-75 bilingualism grants should be increased by approximately 10%. Accordingly, *Council recommends to the Minister*

#### OCUA 74-7

#### *Bilingualism Grants, 1975-76*

*That bilingualism grants for 1975-76 be awarded as follows:*

Ottawa	\$2,310,000
Laurentian	600,000
Glendon	140,000
Hearst	20,000
Sudbury	25,000
St. Paul	25,000

#### **Supplementary Grants**

In tendering allocative advice for 1975-76 the single most contentious issue with which Council must grapple is that of supplementary grants. Since formula support not only prevails but is widely respected by the university community, supplementary grants raise the gravest questions of equity between recipient and non-recipient institutions. Equity questions of similar gravity arise among recipients. The difficulties that beset decisions on supplementary funding are to this new body highlighted by the fact that four of the seven universities accorded supplementary support in 1974-75 appealed the amounts initially granted.

Three short months after its initial meeting, Council does not pretend to have emerged as a repository of wisdom on supplementary support, but it is Council's good fortune that the university community was awaiting its birth with a singularly important document, the *Statement of Principles* on financing issued in June, 1974, by the Council of Ontario Universities. This *Statement* assumed a central position on Council's autumn agenda, and was discussed at length with every university in the province. The process gave Council both the opportunity of taking an elementary course and the obligation of facing the examination at which it now sits. The more sophisticated questions such as, "How would you revise the present Ontario formula?" await the intermediate and advanced courses to which Council will hopefully be permitted to proceed. For the moment, the assignment is "Within the context of the existing formula, write an essay justifying supplementary grants and the level of such grants, if any, in 1975-76."

#### *An Over-riding Principle*

In a university system financed on the present or any other formula, there is a single and over-riding principle to which Council believes every supplementary grant should conform. This principle is that the *raison d'être* of a supplementary grant is to serve the goal of equity. Precisely because it is "supplementary," the purpose of a supplementary grant is to correct an outcome whereby the application of the formula to a given university has left that university in an inequitable position *vis-à-vis* its sister institutions.

### Deficits

It follows that the existence in any single university of a deficit is at best only the most preliminary indicator of formula inequity. But a deficit, *per se*, provides no justification whatever for supplementary support, let alone a means of approximating what the level of that support might be. A given university may share a deficit position with all its sister institutions if the revenue generated by the formula in any particular year is sufficiently low that expenditures cannot be adjusted accordingly within the time framework required. Here the deficit position gives reason for reflecting upon either the adaptive capacities of universities generally or the responsible behaviour of the granting government.

Alternatively, a university may have a deficit because of poor management. In this circumstance, its deficit position is the quantitative expression of the principle of institutional accountability. Any formula approach must necessarily encourage the efficient and effective use of public funds. To accord supplementary support to an institution simply because it has a deficit undermines a key incentive to good management.

If Council has taken pains to emphasize the importance of what it deems a fairly obvious point, this is because it was frankly surprised by the tendency of certain universities to base their supplementary grant requests on their projected excess of expenditure over income. To repeat, Council deems a deficit to constitute at most a preliminary indicator that a university may be inequitably treated under the prevailing formula. As to the idea that deficits can themselves justify the existence or the level of a university's supplementary grant, Council rejects the notion out of hand.

### Criteria

The COU *Statement of Principles* and its appended exhibits delineate a number of criteria for supplementary support. The universities, in their oral and written submissions to Council, offered a considerable range of opinion on these and other criteria. For its present purpose, Council believes it should comment upon the four criteria summarized in Exhibit 1 of the *Statement of Principles* as size, age, undergraduate versus graduate orientation, and geographical location.

### Size

This criterion for supplementary support is as old as the present formula. It is based on the reasonable, if not precisely verifiable, assumption that most enrolment-related formulas do not recognize the minimum level of fixed costs below which a university simply cannot operate as such. The so-called "emergent" grants made by the Province to small institutions until 1974-75 thus attempted to compensate for what would otherwise have been a formula-generated inequity. Four small universities continued to receive supplementary support when the "emergent" grant designation was dropped in 1974-75: Brock, Lakehead, Laurentian and Trent.

Council deems it most important to avoid tendering advice on supplementary support which would prejudice whatever outcome formula revision might indicate for the recognition of fixed, as distinct from variable, costs. In this context, Council would not wish to refine the size criterion into anything other than a blunt instrument. Wielded accordingly, the size criterion simply poses the question, "At what point has a small university reached the minimum enrolment at which it can be expected to achieve viability?" The old emergent grants basically recognized the size criterion in this form. As such, the size criterion does not seek to turn small universities into large ones, it simply implies an enrolment threshold at which a small university, given reasonable internal aims and objectives, should be able to fulfill expectations of viability without supplementary support.

Given its approach to size, Council cannot accept one of the arguments advanced by the University of Windsor as grounds for a supplementary grant in 1975-76. Windsor's enrolment is indeed in a category of its own, but a blunt instrument cannot distinguish such conditions as "unique size." In this connection, Council observes that the University of Toronto has a "unique size" of its own in the Ontario system. Nor can the size criterion, always used as blunt instrument, reach beyond the size of a university as a whole to the size of individual faculties and divisions. If it is true, as the University of Windsor contends, that its Arts, Science and Engineering faculties create problems generated by relatively small size, so too may this be so of, let us say, Medicine at Queen's.



Council concludes that the size criterion can only be of assistance at present in helping to resolve the level of what supplementary support, if any, might be accorded to the five evidently small universities in the Ontario system—Brock, Lakehead, Laurentian, Trent, and Wilfrid Laurier.

In reaching this conclusion, Council has not overlooked the special cases posed by Laurentian's three affiliated colleges—Algoma, Hearst and Nipissing. These are indeed small institutions, but they are organizationally unique. It follows that a size criterion applied in the context of general Ontario university support cannot accommodate their peculiarities. It would be possible, of course, to devise a quite distinct size criterion geared to what might be deemed a minimum threshold point appropriate to them. Council has reflected upon this possibility, but has rejected it in the light of its broader implications. Supplementary support must above all pursue the goal of equity as viewed in the context of the Ontario university system as a whole. To adapt the size criterion to what are patently exceptional institutions in a single part of the province would be to raise the proposition whether comparable institutions, if created elsewhere, should warrant similar encouragement. The appropriateness of semi-autonomous university colleges as a component of the Ontario university system generally is most definitely a question which Council is not prepared to beg at this time. It follows that Algoma, Hearst and Nipissing, if they are to receive non-formula support, should be treated outside the context of supplementary grants proper.

#### Mix

Applied to the pattern of fiscal support generated by the various weights that characterize the present formula as a whole, this criterion seeks to justify supplementary support for universities that might assume an inequitable position because of a disadvantageous mix of undergraduate, graduate and professional programs. Given the separate criterion of "undergraduate versus graduate orientation," the mix criterion is best considered in the more specific context of professional as opposed to non-professional programs. The mix criterion can then be examined in the shape of the following proposition. "The higher weights accorded by the formula to professional programs

make it possible for all or most universities to run these at a financial profit, whereas other programs tend to generate financial losses." It would, of course, follow from this proposition that a university with no, or relatively few, professional programs would qualify in equity for a supplementary grant.

Council's evidence at the moment is, admittedly, incomplete and impressionistic, but its entire thrust is to the effect that the above proposition is ill-founded. Council has received both oral and written testimony to the effect that existing weights for Law and Nursing are inadequate. Indeed, the Committee on University Affairs evidently deemed the law weight so inadequate that it recommended an increase of one-third from 1.5 to 2.0. Other evidence before Council indicates that Medicine, Engineering, Social Work and even Journalism do anything but profit their home institutions financially. Council can only conclude that the present formula is such that the mix criterion offers no justification for supplementary support to universities "disadvantaged" by the absence of professional programs. If anything, a mix criterion might justify such support in reverse. Here, however, Council is firmly of the opinion that the remedy lies in formula revision rather than supplementary grants.

#### *Undergraduate versus Graduate Orientation*

This criterion gave rise to at least three distinct propositions in the course of Council's hearings. One is that the existing formula weighs graduate work more generously than warranted by the costs of graduate relative to undergraduate instruction. A second is that, formula weights aside, graduate students reduce the costs of undergraduate programs by discharging instructional services at a lower cost than regular faculty. A third is that graduate students, either because of their imputed formula weights or their expertise, are an important asset in financing research costs.

The above propositions, to be sure, are relevant to formula revision and warrant detailed analysis in that context. Where supplementary grants are concerned, Council must be content with a cursory examination as to whether these propositions can be used to justify supplementary grants in 1975-76. In this context, the following Table indicates the relations that full-time graduate and doctoral registrations in Ontario

universities bear to their enrolments. This is an extremely crude exercise, but it has the sobering benefit of placing supplementary grant requests in a rough equity framework. The percentage of doctoral students to enrolment is of particular interest in that, formula weights aside, it is from this pool of advanced graduate students that universities are presumably most likely to draw instructional and research services. In particular, Council has considered whether this measure can offer any justification for supplementary support to the three "large" universities that have requested it, namely Carleton, Windsor and York.

It seems clear to Council that these universities have virtually no claim in equity for a supplementary grant based on the undergraduate *versus* graduate criterion. Such a grant to York, or even Carleton, would beg the question of supplementary support for Queen's, Western and Guelph, and even a grant to Windsor would disturb its relation in equity to Guelph. Council is not inclined, under such circumstances, to apply the undergraduate *versus* graduate criterion to the benefit of Carleton, Windsor or York.

Council observes that the list of universities with zero doctoral enrolment corresponds precisely to the list of smaller provincial institutions. But as with universities whose professional programs may be disadvantageous in the light of a reverse application of the mix proposition, Council deems it wise to defer a judgement in equity on the consequences of undergraduate *versus* graduate orientation for small universities until the task of formula revision has permitted more detailed analysis.

#### *Geographical Location*

To say that universities are affected by their geographical location is to assert that they are influenced by the essential reality whereby Ontario's enormous social, economic and physical diversity is a fundamental fact of life. A university tucked into the southwestern corner of the province is affected by geographical location as is one on its eastern borders. Again, just as geographical location affects a university in downtown Toronto, so too does it have a bearing on one at the northern edge of the same metropolitan area.

#### Percentage of Full-Time Graduates to Full-time Enrolment in Ontario Universities: 1974-75

University	All Full-time Graduates as percentage of Full-time Enrolment	Full-time Second-Stage Doctoral as percentage of Full-time Enrolment
Brock	2.3%	0
Carleton	8.5%	2.1%
Guelph	5.9%	1.2%
Lakehead	3.6%	0
Laurentian	1.8%	0
McMaster	13.3%	5.2%
Ottawa	10.5%	3.2%
Queen's	9.9%	2.6%
Toronto	13.3%	5.4%
Trent	0.6%	0
Waterloo	8.9%	3.2%
Western	8.8%	2.2%
WLU	8.4%	0
Windsor	7.0%	1.8%
York	9.4%	2.8%

Source: November 1, 1974, UAR forms

Any particular geographical location can confer advantages as well as disadvantages, and the distinction between the two is as likely to be grounded on subjective preference as it is on objective fact. There is also the consideration that Canadian ingenuity has been known to exploit geographical location in such ways that disadvantages have been translated into advantages.

Such are the reflections that have led Council to harbour serious doubts as to whether geographical location *per se* can be moulded into an operational criterion for supplementary grants. Given the over-riding principle that such grants must be grounded in equity, the difficulty of distinguishing recipient from non-recipient institutions in a setting where all must grapple with a fact of Canadian life appears profound. To the extent that university financing might be made geographically sensitive, this is an objective that might be listed among the considerations to be examined in the process of formula revision, and here geographical sensitivity may become a trade-off against admin-

istrative simplicity. For the present, Council is impressed by the common-sense proposition that universities should be expected to cope with the realities of the Canadian environment.

This is not to rule out the question of recognizing that particular geographic circumstances may warrant special treatment as a matter of deliberate public policy. Indeed, Council has come to the conclusion that this is precisely what the Government of Ontario should consider at this time with respect to its two northern universities, Lakehead and Laurentian. But here the question of equity becomes refined by a deliberate policy decision, as in the case of the Government's distinct grants for bilingualism. Council is prepared to make a recommendation in this regard, but not within the context of supplementary grants.

#### *Other Criteria*

If Council is concerned with formulating yet other criteria in the absence of the more detailed study that its short existence has precluded, this is because Council presently finds itself short of an adequate rationale for supplementary grants to the three larger universities that have requested them—Carleton, Windsor and York. Council does not doubt the word of these universities that they have problems. Council's difficulty lies in determining whether the problems of these universities are such that they create a case in equity for supplementary compensation to the exclusion of other institutions.

To take a simple example, relatively slow growth may indeed create a problem under a formula that equates marginal and average costs even though the former might be assumed to be lower than the latter. But taking the last three years as a whole, the three universities in question show divergent growth patterns, not only among themselves, but in relation to others as well. In equity, the question of relative growth is further clouded in a setting where the introduction of slip-year financing had its most adverse consequences in the highest-growth institutions.

It appears to Council that if Carleton, Windsor and York do indeed have a case for supplementary support in equity, this is because a number of problems that have beset universities generally have assumed a more acute form in these institutions than elsewhere.

Council cannot identify these problems specifically, or their relative degree of acuteness. Granting the existence of problems, there is the further question of whether they might have been left to assume acute proportion through lack of internal response within the three universities in question.

Under these circumstances, it seems to Council that any supplementary support accorded at present to Carleton, Windsor and York should be plainly transitional in nature. The case for such support in equity is far from clear and begs a host of questions that include such internal possibilities as unresponsive planning, course proliferation, incapacity to deal with internal enrolment shifts, and overstaffing.

In emphasizing the transitional quality that should characterize supplementary support to these universities, Council is according temporary validity to what might be called a "mystification criterion" for supplementary support. To this criterion can be added the important fact that the Committee on University Affairs last year deemed Carleton, Windsor and York to have problems warranting supplementary support. This fact impels Council to resolve its mystification to the benefit of these three universities in 1975-76, given the strong expectations that last year's action apparently aroused in their administrations. But they should now be asked to accept Council's stipulation that henceforth specific reports be submitted to it by the three universities documenting progress in the identification and solution of their problems, with their particular attention concentrated on showing why, in equity, such support should not be phased out within the next two or three years.

#### *Supplementary Grants to Carleton, Windsor, and York*

In the context of the above, Council has addressed itself to determining the level of supplementary grants that might be accorded in 1975-1976 to Carleton, Windsor and York. With respect to Carleton and Windsor, Council has been inclined to accord great weight to the internal expectations apparently aroused by the amounts of supplementary support made available in 1974-75. Whether or not they are justified, such expectations may already have

guided internal budgetary decisions in these universities to a point where whatever problems mystify Council would only be exacerbated by reduced supplementary grants.

As to York, which received a relatively low supplementary grant in 1974-75, Council is of the opinion that supplementary support accorded under strictly transitional terms should bear at the outset some minimally consequential relation to formula income. Upon these considerations, *Council recommends to the Minister*

#### OCUA 74-8

##### *Supplementary Grants to Carleton, Windsor and York, 1975-76*

That supplementary grants in the following amounts be awarded to Carleton, Windsor and York in 1975-76:

Carleton	\$1,450,000
Windsor	720,000
York	750,000

Having made the above recommendation, Council keeps under advisement certain other requests received from several universities including Carleton, Windsor and York for assistance unrelated to supplementary grants. In particular, Council may subject to expert study the case of the University of Windsor for compensation with respect to certain dormitories acquired from Assumption University in 1968.

##### *Supplementary Grants to Small Universities*

For reasons already stated, Council believes that the size criterion, wielded as a blunt instrument, offers justification in equity for supplementary support. The key question involves the critical enrolment threshold at which a small university should be able to fulfill expectations of viability without such support. Council is aware of the multiple and inconclusive efforts made by COU and others to determine this point mathematically in the past. In launching its own approach to the problem, Council is above all impressed by the fact that the evidence before it includes a specific statement on the point at which one of Ontario's small universities is prepared to consider itself viable over the existing formula.

In presenting his university's brief, the President of Brock University noted an enrolment reporting error of some 200 FTE students and observed that, prior to the discovery of the error and the announced level of provincial operating support, "we had hoped that this would be a year in which Brock would not make any special pleading and regret we must now resume a mendicant position." To the extent that Brock's resumed position is attributed by that institution to provincial operating support affecting universities generally, Council can devise no remedy that it can justify in the context of its principles governing supplementary support. On the other hand, Brock's shortfall of 200 FTE students assumes great relevance in signalling to Council the extent to which that University now considers itself below its critical enrolment threshold, and has aided Council considerably in arriving at what it deems an equitable level of supplementary support for that university in 1975-76.

In considering the merits of the submissions received from the other small universities with respect to supplementary support, Council has deliberately refrained from applying a "Brock rule" to the determination of their size threshold. For one thing, Council has before it a statement from Trent University indicating that a threshold level appropriate to that institution might be reached at an enrolment lower than Brock's. For another, Council appreciates the potential pitfall of applying a uniform threshold level to universities whose shared characteristic of small size masks substantial heterogeneity. The latter consideration leads Council to urge that Lakehead, Laurentian, Trent and Wilfrid Laurier take serious stock of their aims and objectives with a view to assisting Council in resolving the problem of their critical enrolment threshold for the future. Council asks that this exercise be undertaken in each instance with full regard to the slower population growth and eventual decline anticipated over the coming years in the 18 to 24 age group, and points out that it will doubtless weigh the progress achieved in each exercise when the time comes to advise on supplementary support for 1976-77.

With respect to 1975-76, Council has come to the conclusion that Wilfrid Laurier University,

# The BIU Value Under the Government's Expenditure Target for 1975-76

without prejudice to the results of the exercise contemplated above, does not at present advance a persuasive case for supplementary support. As to the other small universities, Council, having duly weighed their relative sizes, recommends to the Minister

## OCUA 74-9

*Supplementary Grants to Brock, Lakehead, Laurentian and Trent, 1975-76*

That the following supplementary grants related to size be made in 1975-76.

Brock	\$ 470,000
Lakehead	1,240,000
Laurentian	820,000
Trent	1,780,000

In the opening section of this memorandum, Council advised the Minister that the present formula approach should be applied in 1975-76 to the operating grants made to the universities, Ryerson and the Ontario Institute for Studies in Education. Having so advised, Council has taken pains to disclose the reasons that have led to its several recommendations with respect to non-formula grants in 1975-76. The levels recommended are to some extent conditioned by existing fiscal realities, but Council has made every effort to produce a result that it deems fair and equitable, whether under the Government's existing expenditure target or under a moderately greater amount. Council has reconciled in the following Table the cost of its non-formula recommendations with the Government's expenditure target and,

### Formula and Non-formula Support under the Government's Expenditure Target, 1975-76 (\$000)

#### Non-formula Support

Law Society of Upper Canada	350
Ontario College of Art	2,900
Bilingualism Grants	3,120
Supplementary Grants	7,230
	<u>13,600</u>

#### Formula Support

Contingency	1,127
Formula Grants @ \$2,108 BIU Value	538,273
	<u>539,400</u>
<b>Total Support</b>	<b>553,000</b>

with due allowance for contingencies, recommends to the Minister

## OCUA 74-10

*BIU Value under the Government's  
Expenditure Target for 1975-76*

That the BIU value for 1975-76 under the Government's expenditure target of \$553 million be not less than \$2,108.

J. Stefan Dupré  
Chairman

February 1, 1975



## 74-III Northern Ontario Grants

In Advisory Memorandum 74-II, Council expressed the opinion that problems arising from geographical location are decidedly elusive and accordingly fail to offer a rationale sufficiently definable in equity to justify supplementary grants in the Ontario university system as a whole. The advisability of devising a university financing scheme that is geographically sensitive is, if anything, best assigned to the multitude of considerations in the docket of formula revision.

This much said, Council wishes to emphasize that its opinion does not rule out the question of recognizing that particular geographic circumstances may warrant special treatment as a matter of deliberate public policy. Indeed, Council has come to the conclusion that a positive move in this direction is urgently in the public interest at this time. Such a move first involves identifying a truly extraordinary set of geographic circumstances whose recognition brooks no delay. It requires secondly a specific governmental response based on a clearly enunciated decision.

Nothing in its brief experience has impressed Council more profoundly than the naked appearance of what are indeed extraordinary geographic circumstances in Northern Ontario. So all-encompassing and peculiar are these circumstances that the adjective "geographic" fails to do them justice. They may arise from geographic location in the first instance, but they are also profoundly historical, social, economic and environmental in nature. Short of turning its advisory memorandum into a catalogue, Council makes the following observations.

There is simply no southern counterpart to the nature of the extension offerings disseminated over tens of thousands of square miles by Lakehead, Laurentian and the latter's affiliated colleges. The Northern environment generates particularly intense needs for regionally oriented research and services applied to sectors that range from the problems of native peoples to those of natural resource industries. There is the sheer weight of the community contribution of northern universities to an enormous area that can never have access to the full spectrum of cultural and social amenities available in the South. Then there are less cosmic yet severely practical problems, such as the added institutional costs of fuel and travel that are a direct

legacy of the environment, and the costs of attracting and retaining qualified personnel in the area.

The Government of Ontario has given increasing financial recognition to the special northern environment in a number of sectors. Council believes most firmly that the time to accord such recognition to Northern universities is if anything overdue. Just as in another context the Government has singled out bilingualism as a distinct object of public policy and earmarked special university grants for this purpose, so too should it now make the deliberate policy choice of extending the financial expression of its special concern for Northern Ontario to the universities of that area.

A deliberate decision accompanied by some immediate degree of financial recognition is deemed by Council to be the all-important first step. Given a policy choice to recognize the fiscal problems of Northern universities, the calculation of the levels of assistance that would articulate this policy in precise terms should await the careful examination it deserves. Such examination should not proceed in isolation from the study of what Council has discovered remains a perplexing question in the Northern context of post-secondary education—the relation between universities and colleges of applied arts and technology. Here Council will set out by inviting the close cooperation of its sister advisory agency, the Council of Regents. In proceeding from there, Council will be mindful of the fact that CAAT/university relations in the eastern portion of Northern Ontario are not entirely disassociable from the special relationship between Laurentian and its semi-autonomous affiliated colleges—Algoma, Hearst and Nipissing.

As to the immediate need to give tangible fiscal recognition to a policy of Northern Ontario grants, Council has reflected on the fact that the Government of Ontario currently accords to Northern municipalities special assistance calculated as a percentage of their net general levies. Given the quite different mode of financing universities, the base to which Northern Ontario grants might be related in the first instance is formula income. Council is sufficiently confident of the merits of this proposition to endorse its application to Lakehead and Laurentian Universities. Bearing in mind the special

assistance currently accorded to Northern Ontario municipalities, Council believes that an initial Northern grant to Lakehead and Laurentian of roughly 5 to 6 per cent of their respective formula incomes would represent a judicious balance between tangible fiscal recognition now and potentially higher assistance documented by adequate study later. Council wishes to underline with all the emphasis at its command the appropriateness at this time of a clear-cut decision by the Government of Ontario to adopt a policy recognizing the special fiscal problems of providing university education in Northern Ontario, and accordingly recommends to the Minister and the Lieutenant Governor in Council

**OCUA 74-11**

*Northern Ontario Grants to Lakehead and Laurentian Universities, 1975-76*

That the Government of Ontario adopt a deliberate policy of according special assistance to university education in Northern Ontario, and that Lakehead and Laurentian Universities, without prejudice to such higher levels of support as special study might justify in 1976-77 and beyond, be awarded in 1975-76 Northern Ontario grants of the following amounts:

Lakehead	\$550,000
Laurentian	\$550,000

Should the Government of Ontario adopt a deliberate policy of according special assistance to university education in Northern Ontario, Council would urge that Laurentian's three semi-autonomous affiliates, Algoma, Hearst and Nipissing, also benefit immediately from such a policy. These institutions are in every sense unique, and so much so indeed that Council has upon reflection deemed it inadvisable to approximate an appropriate level of initial funding from Northern Ontario grants in relation to formula income. As to funding levels beyond 1975-76, Council cannot remotely anticipate even in general terms the outcome of its projected study of post-secondary education in Northern Ontario. Of potential import, for example, is the method whereby Northern

Ontario grants might in future best be channelled to Algoma, Hearst and Nipissing. Given the fiscal autonomy of these institutions from Laurentian University, it may be that Northern Ontario grants, like formula support, are best placed directly in their hands. On the other hand, careful study of the academic interstices between Laurentian and its affiliates might indicate that the Northern Ontario grants to Algoma, Nipissing and Hearst might be allocated through Laurentian, thereby forging a fiscal link at the margin of the relationship that ties these institutions to Laurentian academically. Meanwhile for 1975-76, and without prejudging the merits of alternative funding methods and levels in future years, Council recommends to the Minister and the Lieutenant Governor in Council

**OCUA 74-12**

*Northern Ontario Grants to Algoma, Hearst and Nipissing*

That Northern Ontario Grants be awarded in 1975-76 to Algoma, Hearst and Nipissing in the following amounts:

Algoma	\$90,000
Hearst	\$30,000
Nipissing	\$60,000

J. Stefan Dupré  
Chairman

February 1, 1975

## 74-IV Government Support for the University System in 1975-76

In this Memorandum, Council sets forth its independent views on Government support for the Ontario university system in 1975-76. These views are developed under two headings, operating grants and capital assistance.

## Operating Grants: The Adequacy of the 1975-76 Expenditure Target for Meeting the Government's Objectives

### **The Nature of Council's Exercise**

On November 18, 1974, the Minister of Colleges and Universities announced to the Legislature of Ontario the Government's 1975-76 spending target for the operating support of the university system that comprises Council's terms of reference. Under the explicit guideline "that there will be no increase in students' tuition fees," the Minister stated: "We believe that this amount is sufficient to offset inflationary trends, to maintain or improve existing levels of service and to accommodate predicted enrolment increases." In this memorandum Council takes these three enunciated objectives strictly as given and attempts to answer the question, "Is the announced expenditure target sufficient to offset the cost of meeting the Government's objectives?". This question is answered ultimately in the sole context of system-wide considerations, that is to say in terms of the extent to which the Government's expenditure target yields a BIU value for the universities, Ryerson and the Ontario Institute for Studies in Education that can be deemed adequate in the light of Government's enunciated objectives. The exercise that Council undertakes in arriving at its answer is strictly limited to these objectives and no allowance whatever is made for other objectives, however worthy, that the university system might pursue whether by choice or force of circumstance.

### **The Delicate Balance Revisited**

Why does Council embark on this particular exercise? Following the announcement of the Government's expenditure target, Council reflected at length on the position it occupied. As a body whose membership had been announced a bare six weeks earlier, and whose initial meeting had taken place at the end of October, Council had not advised the Government on either the expenditure target or the objectives that this target might seek to meet. Nor would Council have done so if Government had asked for its advice at the last minute, for Council must have the integrity to admit when it cannot act as an informed advisor. Under the circumstances, Government, in not requesting Council's advice, acted wisely and responsibly.

Council's position on the Government's spending target for 1975-76 is therefore grounded in recognizing that its prior advice on the subject



was neither feasible nor desirable. That much said, Council has considered whether this circumstance does not impose an obligation to remain silent for the present, reserving any advice or comment on fiscal adequacy to its future role with respect to funding in 1976-77. From the standpoint of government as advisee, late advice is all too readily tantamount to bad advice or idle second-guessing. As a responsible advisor, Council has a desire to avoid such outcomes.

But, in respecting the position of its advisee, Council must also come to grips with a related consideration, the position of the university community covered by its terms of reference. Between the two lies the essence of the Delicate Balance that is the elegantly articulated legacy bequeathed by Council's predecessor agency, the Committee on University Affairs. The Government's spending target announcement coincided with the beginning of a tour that brought Council face to face with the representatives of every institution in the Ontario university community. Council looked and Council listened. What Council saw and heard was a reaction that ranged from resigned despondence to outright anger. Government needs no advisory body to make it aware of this reaction. But whether or not the reaction was justified, Government is not necessarily well served by an advisor who maintains silence while resentment smoulders.

In this setting Council has deemed it wise to distinguish between the government's expenditure target on the one hand, and the objectives that target was intended to meet on the other. Government developed the objectives to be met by its 1975-76 spending target in good faith and for Council to advise formally at this late date on the appropriateness of these objectives for that year might indeed suggest an exercise in idle second-guessing. Council concludes for its immediate purpose that the present objectives should be taken as given, as should the encompassing fiscal guideline "that there will be no increase in students' tuition fees."

This being Council's stance with respect to the Government's objectives, the Delicate Balance impels Council to take a different posture with respect to the 1975-76 expenditure target. This can be taken as having been adopted in good faith. But devising a

spending target to match a set of objectives can be decision-making under uncertainty, especially under prevailing economic circumstances. In this context late advice may not be equated with idle second-guessing, and particularly so if that advice reflects the reduced uncertainty that the passage of time permits. Of relevance also is the question of Government's need to know. Government, having developed enunciated objectives, can gain a measure of assistance from independent advice on whether its target does indeed permit these objectives to be met. There are, of course, serious implications both immediately and in the longer term if Government's objectives are not met by its spending levels. These implications include either preparation for short-run contingencies or a fundamental reappraisal of longer-run plans, neither of which is launched too soon if initiated at once.

These considerations are what lead Council to discern the path of its duty in light of the Delicate Balance. With reference at this late date to the Government's operating support to universities in 1975-76, Council believes that it should take the enunciated objectives as given and proceed to advise simply on the extent to which the announced spending target can be expected to meet them. Moreover, Council's approach to this task has been limited to considerations that are system-wide in nature. More specifically, Council ultimately focusses on the extent to which the support generated by provincial formula grants to the universities, Ryerson and the Ontario Institute for Studies in Education can be deemed to yield a BIU value that is adequate in the light of the Government's objectives. This is in no small part because of the seriousness with which it proceeded to develop its recommendations on non-formula support within the confines of the Government's spending target in Advisory Memorandum 74-II. With respect to such support, this Memorandum observes that "the levels recommended are to some extent conditioned by existing fiscal realities, but Council has made every effort to produce a result it deems fair and equitable, whether under the Government's existing expenditure target or under a moderately greater amount."

## **Government's Objectives in University Financing**

The three objectives enunciated by the Minister with respect to the Government's expenditure target are: (1) "to offset inflationary trends"; (2) "to maintain or improve existing levels of service"; and (3) "to accommodate predicted enrolment increases." These are the objectives that Council, for the purpose of its present exercise, takes as given. In interpreting these objectives, Council restricts itself to the plain and ordinary meaning of the words, taken in the simple context of long-standing policy with respect to the universities of the province.

### *Offset Inflationary Trends*

Current inflationary trends can be discerned by referring to well known and widely accepted price indices. These trends affect university operations in two principal ways. First, the salaries accorded to academic and support staff must be based in part on the extent to which the cost of living, normally measured by the Consumer Price Index, affects the purchasing power of the dollar in the hands of the individual. Second, the costs of the non-salary items that a university must purchase directly as part and parcel of its institutional existence are individually affected by economic forces of a national and international character. The impact of such forces yields different price trends for different items depending on whether the commodities are fuel, paper, expendable chemicals, library books or whatever. An aggregative index frequently used to measure price trends affecting all such items purchased by firms and institutions is the Wholesale Price Index.

### *Maintain or Improve Existing Levels of Service*

In the ordinary meaning of the words, there is a substantial difference between "maintain" and "improve". There is virtually no limit on the extent to which an existing level of service can be improved. To maintain that level, however, is a matter of funding the real costs of existing services. This task has already been simplified by the objective of offsetting inflationary trends, the pursuit of which permits real costs to be met in a setting of rising money costs. In addition, the objective of maintaining service levels requires the funding of the extra costs of providing services at their existing level to an

expanded clientele. At this juncture, the maintenance of existing levels of service joins the Government's final objective of accommodating predicted enrolment increases. It is these increases that occasion the additional costs of providing the existing level of service to an expanded clientele.

As to the improvement of existing levels of service, the Government's chosen expression of "maintain or improve" can reasonably be read as follows, namely that the objective takes dead aim on maintaining existing service levels and, if there is any error at the margin, that error should be in the direction of improvement.

The main problem with the objective of maintaining or improving existing levels of service is that its achievement cannot be measured with reference to such clear signposts as price indices. Here of course is where Government, the university community and Council are equally haunted by the absence of so-called "macro-indicators," a situation which Council must strive to change in the coming months and years. To take an elementary example, a student/staff or BIU/FTE faculty ratio for the Ontario university system as a whole could be an index of potentially substantial significance to the aims and objectives of Government and universities alike. To be sure, such an index is as easily read in terms of "productivity" as it is in terms of "quality." But the fact of the matter is that a recognized, consistent and reliable historical time series showing BIU/FTE faculty ratios for the Ontario university system as a whole simply does not exist. In this setting, the opportunity to debate the extent to which such ratios are quality or productivity indices, or for that matter something else, is circumscribed indeed.

Be that as it may, Council finds it of some assistance in interpreting the Government's objective of maintaining or improving service levels in 1975-76 to place that objective in the context of a simple reading of long-standing policy with respect to universities. As early as 1966, the then Minister of University Affairs, Hon. William G. Davis, expressed concern in his Gerstein Lecture at York University that student/staff ratios might be too low. In 1971, his successor in that portfolio, Hon. John White, coined the slogan "More Scholar for the Dollar." Council has no indication whatsoever that the

Government ever ceased to question the effectiveness with which universities have deployed their resources. In this light, Council concludes that the Government's objective of maintaining or improving levels of service could not in fairness to Government's own repeated policy pronouncements be based on the maintenance of a fixed BIU/FTE faculty or other student/staff ratio in 1975-76. Were a fully respected index available, Government would likely be scanning it in search of evidence of more effective use of resources and Council must accord great weight to this probability in interpreting the Government's objectives.

#### *Accommodate Predicted Enrolment Increases*

Again in the plain and ordinary meaning of words, this objective is quite straightforward. It is far more easily interpreted than the oft-repeated phrase "accessibility for all qualified applicants," the operational meaning of which can be as expansionary or restrictive as play on the word "qualified" will permit. In that its immediate objective is to "accommodate predicted enrolment increases," Government can be presumed to have set a spending target sufficient to accomplish exactly what the words convey. Ambiguities arise not from the words but from the reliability of the enrolment prediction, whether made by Government or the universities.

#### **University Revenues Under the Government's Expenditure Target**

The Government's expenditure target is explicitly intended to meet the three objectives just discussed. In pursuit of these objectives, the dollars generated by the target will be directed into the university system in the form of revenue. Table I presents Council's best estimate at present of the 1975-76 operating revenues of the fifteen provincially assisted universities (including church-related colleges and the three Laurentian affiliates), Ryerson and the Ontario Institute for Studies in Education. Formula revenue is calculated according to the slip-year method at the BIU value of \$2,108 recommended by Council in Advisory Memorandum 74-11. Non-formula revenue is the sum of the corresponding grants recommended by

Council in the same Memorandum, less the sums recommended for the Ontario College of Art and the Law Society of Upper Canada. The "contingency" item takes account of the revenue that will flow from the allocation that has been set aside for upward revisions in the 1974-75 anticipated enrolment that determines formula support levels under the slip-year method.

The remaining two revenue items are less straightforward and are therefore calculated with respect to the corresponding revenue figures in 1974-75. The amount shown under the 1974-75 column in the Table for "other revenue" is the figure derived from the COFO-UO *Preliminary Budget Forecasts* for 1974-75, augmented by corresponding figures reported to Council by Ryerson and OISE. "Other revenue" comprises a large number of sub-items such as the line budget grants that form a part of the Government's expenditure target, investment income devoted to operating purposes, municipal grants, and provincial grants for payments in lieu of taxes. Council has arrived at a considered estimate of "other revenue" for 1975-76 by increasing the amount reported for 1974-75 by 10 per cent. This estimate is based on such considerations as increased line budget grants and falling short-term rates of interest.

The final item, tuition fee revenue, is of course subject to the Government's firm guideline "that there will be no increase in students' tuition fees." The sole uncertainty with respect to 1975-76 tuition fee revenue is therefore identical to the one that besets the quantification of the Government's objective "to accommodate predicted enrolment increases." The enrolment forms submitted by universities to Council last October reveal anticipated enrolment increases for 1975-76 of 1.6%. A document very recently submitted to Council by Ministry officials reveals a forecast increase of 4.3%. Council has chosen an increase of 3% in calculating forecast tuition fee revenue for 1975-76.

The outcome of the exercise in Table I reveals total anticipated university revenues on operating account of \$716.9 million for 1975-76 in contrast to budgeted revenues of \$634.0 million in 1974-75, for an increase of \$82.9 million. By far the most important factor affecting operating

Table I

**University System Revenues Under the Government's Expenditure Target—(\$ millions)**

	1974-75	Increase in Revenue in 1975-76	1975-76
Formula Grants	465.8	72.5	538.3
Non-Formula Grants	9.7	.7	10.4
Contingency	.0	1.1	1.1
Other Revenue	53.5	5.4	58.9
Tuition & Other Fees	105.0	3.2	108.2
<b>Total</b>	<b>634.0</b>	<b>82.9</b>	<b>716.9</b>

revenue is, of course, the Government's expenditure target in the context of the guideline that there be no increase in students' tuition fees. This same factor is what permits Council to have considerable confidence in the accuracy of its revenue estimating exercise.

**Costing the Government's Objectives for 1975-76**

Having estimated the 1975-76 revenues of the university system under the Government's expenditure target, Council now proceeds to the exercise of assessing the cost of the Government's enunciated objectives for that year. These objectives constitute the master assumption that underlies the exercise. Accordingly, no allowance whatsoever is made for different objectives that universities might be pursuing either as a matter of their own choice or because of the force of circumstances. The universities' own objectives might frustrate the achievement of the Government's but this possibility must be dismissed in the context of an advisory memorandum in which the Government's objectives are taken as given.

Council's exercise is presented in Table II which simply divides university expenditures into three components—salaries, fringe benefits and non-salary items. The figures under the 1974-75 column are the sum of those reported for the fifteen provincially assisted universities by COFO-UO in its *Preliminary Budget Forecasts* for 1974-75, and corresponding data submitted to Council by Ryerson and the Ontario Institute for Studies in Education. Council has

Table II

**The Cost of Meeting the Government's Objectives: Provincially Assisted Universities, Ryerson & OISE—(\$ millions)**

	1974-75	Inflationary Trend Costs 1975-76	Existing Service Levels and Predicted Enrolment Costs	Total Estimated Cost 1975-76
Salaries	453.4	49.9	15.1	518.4
Fringe Benefits	43.3	4.8	1.4	49.5
Non-Salary	138.3	22.1	4.8	165.2
<b>Total</b>	<b>635.0</b>	<b>76.8</b>	<b>21.3</b>	<b>733.1</b>

pondered the question of whether these preliminary budget figures provide a reasonable base from which to cost the Government's 1975-76 objectives. Here Council must consider that it is forced by lack of data to take specific account of the 1974-75 expenditures, budgeted or actual, of church-related colleges.

Council has included all of the formula grants earned by these colleges in its estimate of university revenues under the Government's expenditure target because Council is aware that, in the complex transactions that arise between church-related colleges and their universities, the bulk of the expenditures attributable to college students is reported on university rather than college accounts. The fact is, however, that the remaining church-related college expenditures are excluded from the COFO-UO budgeted expenditures that Council proposes to use as a base, and this exclusion reduces the likelihood that the base is too high.

For the rest, Council's confidence in using the 1974-75 budgeted expenditures as a base is further bolstered by a recent canvass of senior university financial officials by telephone which indicates that certain interim salary increases not originally provided for, together with ongoing increases in the prices of certain commodities, will substantially reduce in 1974-75 the historical tendency for actual expenditures to fall below budgeted expenditures. Council concludes that the latter circumstances, bolstered by its forced exclusion of church-related college expenditures, make its 1974-75

budgeted expenditures not only a reasonable but if anything a low base from which to cost the Government's objectives for 1975-76.

Proceeding with that exercise, Council begins by adjusting the 1974-75 figures upward in deference to the Government's objective "to offset inflationary trends." The percentage adjustment applied to 1974-75 salary and fringe benefit expenditures is 11%, this being Council's best estimate of cost of living trends as reflected by the Consumer Price Index, both as reported by Statistics Canada and forecast by competent authorities Council considers its forecast conservative, not least in light of its assumption that the cost of fringe benefits will rise by no more than the rate of inflation applied to the salary bill.

Council has been abundantly aware that inflationary trends are producing appreciable experience-related deficiencies in university pension plans Meeting such deficiencies is surely part and parcel of offsetting inflationary trends, but in the absence of any idea as to the impact of these deficiencies in 1975-76 on university system costs, Council has chosen to omit a calculation. As for non-salary items, Council has carefully scanned recent movements in the Wholesale Price Index, whose rapid climb in the past year is now giving way to a significantly moderated rate of increase.

Based on evidence which includes recent economic forecasts, Council has applied to non-salary items a percentage increase of 16 per cent The results yielded by applying Council's inflation percentages to 1974-75 salaries, fringe benefits and non-salary items appear in the second column of Table II.

As pointed out earlier in this Memorandum, the Government's objective of offsetting inflationary trends complements its objective of maintaining or improving levels of service This is because the attainment of the first objective is what permits the real costs of those levels to be met in the framework of rising prices Given the pursuit of the first objective, the second objective, "to maintain or improve existing levels of service," goes on to endorse the Government's third objective, namely "to accommodate predicted enrolment increases." This is because the maintenance or improvement of levels of service must take account of any expansion in

clientele. Council selected earlier in this Memorandum the figure of 3% as representing the most likely projection for enrolment increases. This percentage becomes a factor in determining the costs of maintaining or improving service levels.

Of course, the service maintenance objective must also encompass any increase in what would be deemed the real costs of maintaining service levels were enrolment static. Two possible examples of such costs come readily to mind. Quite aside from inflation, universities like any employer confront the cost of their salary scales, sometimes called "progress through the ranks" for academic staff and "progression toward the job rate" for non-academic employees. Evidence before Council almost invariably indicates this cost to be in the range of 2.5 to 3% of the salary bill. In the non-salary area, an allowance on operating account must be made for maintenance and replacement costs that increase with the physical aging of a wide range of items from furniture to laboratory equipment. The percentage range of such costs is probably similar to that of salary scale costs.

The objective of maintaining or improving service levels clearly encompasses the need to meet increased maintenance and replacement costs assigned to university operating accounts. The cost of salary scales is in a different category, however. To the extent that progression toward the job rate is a proxy for better performance, salary scale costs fund improvement in service levels rather than mere maintenance. But progression toward the job rate can also be deemed a proxy for enhanced productivity. It can accordingly be argued that salary scale costs should be met by universities through "productivity gains" rather than being attributed to the costs of meeting the Government's objectives. From here an expanded argument might go so far as to contend that the entire projected enrolment increase could also be accommodated by "productivity gains," making possible the absorption of 3% more students at zero incremental costs with no sacrifice in service levels.

On examining this extreme, Council finds that the "productivity gain" to be expected of universities would have to be sufficient to offset salary scale costs, depreciation and maintenance



on operating account, and enrolment increases. The sum of these items would indicate a 1975-76 gain of 5.5 to 6%. Such an expectation is pure fantasy in the context of an economy that appears to have had zero productivity gains in 1974, and for which the Economic Council of Canada has set the desirable, if far from readily achievable, annual target of 2.4%. Assuming that the Government's repeated exhortation that universities deploy their resources more effectively and efficiently led it to formulate its own objectives in the expectation that universities should be asked to make "productivity gains" that matched the Economic Council target in 1975-76, the outcome would leave the cost of salary scales (progress through the ranks and progression toward the job rate) to be barely covered by enhanced efficiency. In this light Council has chosen a level of 3 per cent as representing for the purposes of its exercise the increase in real cost to universities of maintaining or improving levels of service and accommodating predicted enrolment increases. Council has therefore applied 3 per cent to each of the 1974-75 expenditure items, and augmented the result by the percentages it deemed sufficient to offset inflationary trends. The outcome for the real and money costs associated with maintaining or improving service levels and meeting predicted enrolment increases appears in the third column of Table II. The final column in this table simply presents Council's estimate of the total cost of meeting the Government's three enunciated objectives for 1975-76.

### The Cost-Target Gap

Council now compares in Table III the university revenues that will be generated in 1975-76 under the Government's expenditure target with the cost of meeting the Government's three enunciated objectives. The result is a cost-target gap of \$16.2 million. In other words, Council's best estimate of the cost of meeting the Government's objectives exceeds the support yielded by the Government's spending target by this amount. What Council chooses to call its "best estimate" emerges from a series of judgements which if anything err in attributing too low a cost to Government's objectives. Council's estimates of inflationary trends are only couched in optimistic terms. Even more important is Council's assumption about the

Table III

The Cost-Target Gap, 1975-76—(\$ millions)	
Cost of Meeting Government's Objectives	733.1
Revenues under Government's Target Expenditure	716.9
Cost-Target Gap	16.2

capacity of universities to contribute to the achievement of Government's objectives through immediate efficiency measures. By incorporating into its exercise the 2.4% productivity gain target of the Economic Council of Canada, Council has surely attributed enormous weight to Government's expectations, whether realistic or otherwise, that the university system can deploy its resources more effectively.

Council closes by re-emphasizing that it has costed the Government's objectives in an exercise in which these have been taken strictly as given. Consequently Council has made no allowance whatsoever for any other objectives. Thus, for example, Council has not taken into account an objective like fair and equitable salaries for university personnel in relation to comparable employees in the public sector. Government did not list this among its chosen aims. Universities, of course, may choose or be compelled by force of circumstances to pursue this objective. The consequences of meeting it may possibly include deficits or a frustration of Government's service level objective or both.

The Delicate Balance impels Council to maintain silence on these or other possibilities at the present time. Assessments of the health of the university system and of the appropriateness of Government objectives for that system constitute Council's most important future tasks. For the moment Council simply observes that the cost of meeting existing Government objectives exceeds the spending target devised for their achievement by \$16.2 million. Therefore, having calculated the BIU value necessary to infuse an

# Capital Assistance: Administrative Processes, Objectives and Needs

additional \$16.2 million into the university system, including the three Laurentian affiliates, church-related colleges, Ryerson and the Ontario Institute for Studies in Education, *Council recommends to the Minister and the Lieutenant Governor in Council*

## OCUA 74-13

*BIU Value to Enable Government to Meet the Cost of Its Enunciated Objectives with Respect to University Support in 1975-76*

That the BIU value for 1975-76 be not less than \$2,160, representing a 10.5% increase over the BIU value for 1974-75, and thereby enabling the Government to meet the cost of its enunciated objectives with respect to university support in 1975-76.

## A State of Near Moratorium

In formulating its independent views on capital assistance for the university system, Council's point of departure differs from that in the realm of operating grants. Government has made no spending target announcement for 1975-76, nor has it enunciated specific objectives. As for the position of the university community with respect to capital, it is on balance stamped more by puzzled concern than urgent pleading. Not only does a state of near moratorium obtain with respect to capital grants; it seemingly characterizes the very condition of government-university relations in the capital area at present. Indeed, the existing moratorium on capital grants apparently influences government-university relations in the very sense in which the word "moratorium" connotes a legally sanctioned period of waiting. What are Government and the university community waiting for?

Council's autumn hearings offered abundant testimony to the effect that the expectations of the university community are varied and diffuse. Council was impressed by the very considerable expertise that members of this community displayed in matters of capital financing. Their expertise brought forward thoughtful suggestions on items ranging from revised weights for the capital formula through new approaches in the formulation of age-quality discounts to major revisions in the cyclic renewal formula. If these can be taken as representing expectations of a return to full formula financing in the capital realm, yet other opinions suggested the advisability of a continued *ad hoc* approach. If universities are waiting for a return to formula financing that is not in the offing, it is hardly the most economical use of their talents if these are laboriously applied to detailed suggestions for formula revision.

Whatever the exact breadth of expectations with respect to formula instruments, expectations of funding levels are likewise variegated. Council accumulated a list of capital projects, a preliminary survey of which indicates costs in excess of \$120 million. The projects run the gamut from reimbursement for completed buildings through contemplated major renovations to new buildings that will add significantly to the enrolment capacity of the university

system. This list seemingly indicates that the university community awaits anything from a complete lifting of the present near moratorium to a policy on reimbursement for inequities generated at the time the moratorium was imposed.

If university expectations offer a scene of considerable confusion, the workings of government show no sign of having been re-examined in the light of what might be its specific objectives, present or future. To pick what Council considers a telling example, the processes whereby official approval is accorded to capital projects show little change from the heady pre-moratorium days. It may be that these processes, now considered by many universities to be unduly cumbersome, are retained through sheer inertia, for they appear better suited to approving large projects involving major outlays than to attaching priorities to a stream of smaller projects that must compete for funding from moderate appropriations.

Council recognizes that it must eventually formulate advice that will assist both Government and the university community in sorting out capital priorities for the balance of the seventies and the decade beyond. It would be grossly premature for this new body to suggest such priorities in an advisory memorandum on Government support for 1975-76. Council believes, however, that some groundwork can now be initiated that would be of assistance in clarifying the state of government-university relations in the capital realm. This groundwork encompasses three areas: the administrative processes of Government, the immediate objectives that capital assistance might seek to meet, and the most pressing needs of the university system in 1975-76.

### **Administrative Processes**

Whatever uncertainties now beset the realm of capital assistance, it is crystal clear that the era of major expansion and high priority has ended. The future that virtually coincides with the balance of the present century holds out the prospect of a university system in relatively steady state with a substantial need for ongoing maintenance and major renovation in a setting where the level of priority accorded by Government to capital financing is reduced.

The consequences for the administration of capital assistance to the university system are none too soon explored. Two questions in particular warrant detailed attention. First, to what extent are existing administrative processes appropriate in an age of maintenance and renovation? Second, to what extent should administrative processes be adapted to the realities of a lower priority?

The first question takes dead aim on the allegedly cumbersome procedures about which several universities advanced complaints during Council's autumn hearings. To the extent, for example, that seven items of capital need totalling \$379,000 in one university were required to proceed through the standard three-stage application and approval procedure, the allegation of red tape appears to Council to have at least sufficient substance on the surface to warrant internal stock-taking, particularly when small projects may be better suited to thoughtful selectivity when first proposed than to a sequential approval procedure conducted in several stages.

Council's second question has longer run ramifications. In a setting where the priority accorded to capital assistance is lower, university construction projects are very likely to be viewed in part as instruments of policies other than educational policy. In particular, the funding of these projects may become to some degree a function of economic stabilization policy as formulated either by the Government of Ontario or the processes of federal-provincial relations. At this juncture a premium will attach to the extent to which the Ministry of Colleges and Universities has a "shelf" of projects that can be speedily initiated to provide needed employment. To the extent that these projects are in line with Government's objectives for the university system, their undertaking will then serve both educational and economic aims. But the stocking of an effective "shelf" itself calls for a close examination of administrative and for that matter funding practices. Such practices should ensure that certain projects have already been approved and funded by Government through the point of full-fledged working drawings so that they can proceed to tender with little or no advance notice.



Council believes that the questions it poses with respect to administrative processes in the area of capital financing warrant early attention and *Council accordingly recommends to the Minister*

#### **OCUA 74-14**

*Study of Administrative Processes in the University Capital Support Program*  
That the Ministry of Colleges and Universities examine its administrative processes in the area of capital support with particular regard to the advisability of simplified procedures for project approval and of practices that can assist in the development of a shelf of capital projects to be available when needed as an instrument of economic stabilization policy.

#### **Formulating Objectives in Capital Assistance**

The confused and varied expectations of the university community testify abundantly to an immediate need for enunciated Government objectives in capital assistance. As in the realm of operating support, any objectives should be developed in the context of Government's long-standing view that universities can and should deploy their resources more productively. Council takes this as meaning that a more intensive utilization of existing space in the Ontario university system remains a major concern. It follows that the immediate task of formulating objectives need not anticipate a lifting of the moratorium with respect to building projects that would add significantly to the system's enrolment capacity. Instead, the objectives to be formulated should be tailored primarily to a situation where the proper functioning of existing facilities is at a premium. Here Council suggests that two objectives in particular warrant serious study at this time.

The first might be borrowed directly from the Government's three enunciated objectives in operating support. This is "to maintain or improve existing levels of service." The second would simply aim at reducing the outlays of Government and universities in the operating realm. It might be phrased as follows. "to promote economies in operating costs." This objective would have the clear effect of attaching priority to the many cyclic renewal projects that can reduce operating costs through approximations and alterations.

The first objective, "to maintain or improve existing levels of service," requires detailed study before being enunciated in the capital realm. Thus, for example, in that "to maintain or improve" allows a margin for improvement, this objective could encompass new building projects which, while not enhancing the university system's enrolment capacity, might raise the level of services, including community services, generated by a given university's capital facilities to some minimum system-wide standard. The provision of athletic facilities might be a case in point. Naturally, study of what a minimum system-wide standard might comprise is necessary before the objective can be enunciated.

More generally, it is absolutely essential to study the cost implications of the entire objective of maintaining or improving existing levels of service. It is pointless and misleading for Government to enunciate a specific objective whose financial consequences are not met. Consequently, Council is content at this late date to assign the desirability of enunciating specific capital support objectives to the year 1976-77, thereby providing the time necessary for the serious consideration involved. In this context, *Council recommends to the Minister*

#### **OCUA 74-15**

*Study of Specific Government Objectives in Providing Capital Assistance to the University System*

That the Ministry of Colleges and Universities study the implications of the following as objectives that might be enunciated and met by Government through its capital assistance to the university system in 1976-77. "to maintain or improve existing levels of service and to promote economies in operating costs".

#### **Pressing University Needs**

Council recognizes fully that the formulation of specific objectives in the realm of capital assistance must receive careful study. Meanwhile, however, Council cannot ignore a situation where real and serious exigencies prevail with respect to 1975-76. While the diffused expectations of the university community prevented the Council of Ontario Universities in its autumn brief from attaching specific priority to cyclic renewal over new buildings, Council in

the course of its hearings with individual institutions developed an overwhelming sense of urgency in this domain.

Pressing needs for alterations and renovations abound. One measure of these needs is that, in 1974-75, the Ministry of Colleges and Universities was forced through lack of funds to reject cyclic renewal requests amounting to \$6.2 million out of total requests in this category of approximately \$13.5 million. As another measure, careful study by the COU Committee on Capital Financing indicated last year that the parameter applied in determining the annual cyclic renewal allocation with respect to renovations and alterations for the university system as a whole should be raised from the 1% apparently applied at present to a range having a minimum of 1.5 and a maximum of 3.1%.

The existence of pressing university needs with respect to cyclic renewal cannot be denied. In a setting where specific Government objectives in the realm of capital assistance are under study, it is possible to countenance a measure of increased support that is consistent with these objectives but prejudices neither the advisability of their official enunciation nor the level of costs involved in meeting them. Bearing in mind the evident shortfall of available cyclic renewal funds in 1974-75, together with the bottom figure in the range of parameters produced by the COU Committee on Capital Financing, *Council recommends to the Minister and the Lieutenant Governor in Council*

**OCUA 74-16**

*Level of Support for Cyclic Renewal in 1975-76*  
That funds for new cyclic renewal projects in 1975-76 be increased by 50% of the level provided for such projects in 1974-75.

J. S. Dupré  
Chairman

February 8, 1975

# Committee of Advisors Recommendations 1974

During the interval between the dissolution of the Committee on University Affairs on April 30, 1974, and the appointment of the Ontario Council on University Affairs, a special committee of advisors to the Minister of Colleges and Universities was charged with the task of making recommendations to the Minister on matters arising from the CUA's mandate. This group was composed of the following former members of CUA: Dr. Joan Foley, Dr. Reva Gerstein and Mr. H. Harold Walker.

<b>Recommendation</b>	<b>Response</b>
<i>Removal of Embargoes on:</i>	
Sociology	Accepted
Fine Arts (Dance, Film, Theatre and Drama and Studio Art)	Modified Acceptance
Recreation and Recreationology	Accepted
Anthropology	Accepted
<i>Funding of the Following Programs.</i>	
University of Toronto Certificate Program in Theatre Technology	Not Accepted
University of Western Ontario M.A. in Teaching	Accepted
University of Western Ontario M. Ed. in Guidance Counselling	Accepted
Lakehead University M. Ed. Program	Accepted
Carleton University Master of Journalism	Accepted
Carleton University M.A. in Anthropology	Accepted
York University Master of Fine Arts Program	Accepted

# OCUA Recommendations 1974-75

Recommendation Number	Title	Response
<b>(Advisory Memorandum 74-I)</b>		
74-1	Five-Year Plan for Graduate Development at Laurentian	Accepted
74-2	New Graduate Programs in Anthropology and Geography at York	Accepted
74-3	ACAP Report on Political Science	Accepted
<b>(Advisory Memorandum 74-II)</b>		
74-4	Formula Approach for 1975-76	Accepted
74-5	Grant to the Law Society of Upper Canada, 1975-76	Accepted
74-6	Grant to the Ontario College of Art, 1975-76	Accepted
74-7	Bilingualism Grants, 1975-76	Accepted
74-8	Supplementary Grants to Carleton, Windsor and York, 1975-76	Accepted
74-9	Supplementary Grants to Brock, Lakehead, Laurentian and Trent, 1975-76	Accepted
74-10	BIU Value Under the Government's Expenditure Target for 1975-76	Accepted
<b>(Advisory Memorandum 74-III)</b>		
74-11	Northern Ontario Grants to Lakehead and Laurentian Universities, 1975-76	Accepted
74-12	Northern Ontario Grants to Algoma, Hearst and Nipissing	Accepted
<b>(Advisory Memorandum 74-IV)</b>		
74-13	BIU Value to Enable Government to Meet the Cost of its Enunciated Objectives with Respect to University Support in 1975-76	Not Accepted
74-14	Study of Administration Processes in the University Capital Support Program	Accepted
74-15	Study of Specific Government Objectives in Providing Capital Assistance to the University System	Accepted
74-16	Level of Support for Cyclic Renewal in 1975-76	Accepted

# OCUA Public Meetings 1974

<b>Date</b>	<b>Institution and Place of Meeting</b>
26/10/74	Council of Ontario Universities, Robarts Library, Toronto
26/10/74	Ontario Confederation of University Faculty Associations, Robarts Library, Toronto
15/11/74	University of Western Ontario, University of Western Ontario Campus, London
16/11/74	University of Waterloo, University of Western Ontario Campus, London
16/11/74	University of Windsor, University of Western Ontario Campus, London
22/11/74	McMaster University, McMaster University Campus, Hamilton
23/11/74	Brock University, McMaster University Campus, Hamilton
23/11/74	Wilfrid Laurier University, McMaster University Campus, Hamilton
29/11/74	Lakehead University, Lakehead University Campus, Thunder Bay
30/11/74	Ryerson Polytechnical Institute, Ryerson Polytechnical Institute Campus, Toronto
6/12/74	Carleton University, Carleton University Campus, Ottawa
7/12/74	University of Ottawa, Carleton University Campus, Ottawa
7/12/74	Queen's University, Carleton University Campus, Ottawa
13/12/74	Laurentian University and affiliated colleges, Laurentian University Campus, Sudbury
14/12/74	Ontario College of Art, Queen's Park, Toronto
14/12/74	Trent University, Queen's Park, Toronto
20/12/74	York University, Queen's Park, Toronto
20/12/74	Law Society of Upper Canada, Queen's Park, Toronto
20/12/74	University of Toronto, Queen's Park, Toronto
20/12/74	Ontario Institute for Studies in Education, Queen's Park, Toronto
21/12/74	University of Guelph, Queen's Park, Toronto

# Text of Letter to University Presidents Concerning 1975 Briefs to OCUA

February 17, 1975

Dear

*This spring, Council embarks on what will henceforth be its regular annual cycle. This cycle, designed to ensure that Council will be fully in step with Government's decision-making processes, calls on Council to conduct its open meetings with the university community during the months of April, May and June.*

*I am writing at this time to inform you of the matters in which Council has a particular interest and to ask that you take these matters into account either in your written brief, or in your preparation for oral testimony, or both. I regret that I cannot yet request a firm date for your hearing, but I shall definitely do so within two weeks.*

*The matters of particular interest to Council this spring can be divided under two major headings—Policy and Planning Issues, and The Financial Outlook for 1976-77.*

## **1. Policy and Planning Issues.**

*The matters under this heading are of both immediate and longer-run concern, and include the following:*

- a) *Formula Revision. Of particular import is the extent to which your university attaches a high priority to an operating grants formula revision in 1976-77. Whatever your institutional priority, Council solicits your views on ways in which the present formula might be revised so as to become less sensitive to changes in enrolment levels. Council is interested in the extent to which reduced enrolment sensitivity would benefit or penalize your university, or cause it to shift its existing aims and objectives. Also of concern to Council is the extent to which your institution attaches priority to weight changes, either at the professional and graduate level, or to take account of undergraduate curriculum changes that have made the distinction between General and Honours students more difficult to sustain than was the case when the existing formula was adopted.*
- b) *Tuition Fees. Both the \$100 tuition fee increase of 1972-73 and the Government's 1975-76 guideline "that there will be no increase in students' tuition fees" suggest that the existing prerogative of governing boards to determine the*

*level of tuition fees may be becoming more myth than reality. To the extent that your institution attaches importance to a continuation of board prerogatives with respect to fees, Council is interested in the reasons for the view and the extent to which independent action with respect to tuition fee levels is material to your university's aims and objectives.*

- c) *Accessibility. The oft-repeated phrase "accessibility for all qualified applicants" can have a meaning that is as restrictive or expansionary as play on the word "qualified" permits. Council is becoming increasingly aware of a viewpoint both inside and outside Government that would attach a considerably more restrictive meaning to this phrase than has been the case in recent years. Council solicits your university's views on accessibility, with particular regard to admission standards, the desirability of system-wide tests for either admission or course placement, and the need, whatever the level of student enrolment, to promote accessibility to all programs for students from the less advantaged sectors of society. Council also has a particular interest in the extent to which professional school admission practices can be made increasingly fair and equitable, and solicits information on recent progress together with views on possible improvements, including such experiments as the medical schools branch of the Applications Centre.*
- d) *Student Support. While the Minister's Interim Committee on Financial Assistance to Students has a particular advisory responsibility with respect to OSAP, there are a number of important matters that fall primarily within Council's terms of reference. Thus, for example, Council has a strong interest in the views of your university on the administration and funding levels of the new Ontario Graduate Scholarship Program, on the financial implications for your institution of meeting the current ceiling of \$3,000 for the remuneration of teaching assistants, and on the resources which your university is currently able to devote to its own scholarship and student support programs.*

e) **Graduate Studies.** Council wishes to engage in a thorough discussion of the accomplishments and implications of ACAP, the relations between ACAP and discipline groups, the extent to which ACAP planning is primarily quantitative or qualitative, how your university has responded to specific COU recommendations respecting ACAP assessments thus far, the nature and success of present or envisaged monitoring processes, and the potential of rationalization methods that will ensure the viability in Ontario of high quality graduate programs and establishments under conditions of fiscal stringency.

f) **System-wide Coordination and Services.** Council is interested in your university's views of the utility of the Ontario Universities Applications Centre, computer coordination and library coordination.

g) **Macro-indicators.** Council has an urgent interest in so-called "macro-indicators"—what they might be, whether COU should play the lead role in their collection, whether their collection requires the creation of a data bank, and how their collection might be managed and funded.

h) **Status of Women.** Council wishes to follow up on the information submitted by your university with respect to the status of women in your autumn, 1973 presentations to the Committee on University Affairs. In particular, Council has an interest in any development of admissions, recruitment, promotion and salary policies that affect women as students, support staff or faculty. Council also has an interest in any longitudinal data that might document the changing position of women in your university over the last several years.

2. **The Financial Outlook for 1976-77.**  
Under this major heading, the following are deemed especially pertinent.

a) your most up-to-date 1975-76 estimates of revenue and expenditures;

b) the extent to which you have been able to meet the objectives which Government enunciated as those to be met by its 1975-76 level of support, i.e., "to offset inflationary trends, to maintain or improve existing levels of service and to accommodate predicted enrolment increases";

c) your success or lack thereof in meeting other objectives not included by the Government in its 1975-76 aims, e.g., fair and equitable salaries for university personnel in relation to comparable employees in the public sector, and the extent to which the pursuit of this goal has frustrated some of the Government's objectives;

d) the impact of your 1975-76 budget on service levels, faculty appointments, turnover and dismissals, and support staff appointments, turnover and dismissals;

e) your contingency plans, if any, for the possibility of continued fiscal stringency in 1976-77 and beyond, and your capacity to maintain levels of service through more effective use of available resources;

f) your view of what might constitute appropriate Government objectives in funding universities in 1976-77 and your estimated cost of meeting the objectives.

In addition to the above, Council retains a continuing interest in your enrolment projections. You need not submit projections, however, as Council will have received access to your most recent UAR forms and will undertake to prepare appropriate tables in time for your hearing.

Please do not hesitate to contact me if I can be of assistance in the months ahead. I look forward with great interest to our forthcoming meeting.

kindest personal regards.

Yours sincerely,

J. Stefan Dupré  
Chairman