

Confidential

UNFINISHED BUSINESS: Addressing the transitional funding gap at Capilano University.

Prepared for:

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INTRODUCTION – The Purpose of the Review:

Earlier this year, Dr. Kris Bulcroft, President of Capilano University, asked that a review be undertaken regarding the circumstances of the institution. The objective of the review was to assess the financial sustainability of Capilano University and, more specifically, to determine whether funding decisions taken both by government and – to some extent – by the institution itself, had set in motion a set of circumstances that would lead, almost inevitably, to the rapidly escalating challenges currently faced by the institution.

For reasons that will be explained in greater detail below, much of this review focussed on the events leading up to, and the implications that resulted from, the transition of Capilano University from a college under the *College and Institute Act* of British Columbia into a regional or “special purpose teaching university” governed pursuant to the province’s *University Act*. There appeared to be significant uncertainty regarding exactly what did – and what did not – take place during that transitional period in the history of the institution and it was, therefore, a goal of this review to clarify the facts, to the extent that it was possible to do so, in order to develop the basis for an important dialogue between the leadership of the university and senior representatives of the Ministry of Advanced Education.

The review included an examination of the relevant written and financial documents associated with the periods both prior and subsequent to the announcement in April of 2008 that Capilano was to become a “special purpose teaching university”. Interviews were conducted with the senior staff at Capilano, with those who had previously held senior positions in the institution, and with others who had knowledge of the progression of Capilano from its community college roots to its more recent university status. Interviews were conducted with former Deputy Ministers who were involved with the process of this transition and there were also several discussions with current and former senior staff members with the Ministry. There were also discussions with the principal author of the Campus 2020 Report,

with the B.C. Association of Institutes and Universities and with representatives of the Research Universities Council of B.C.

The core issue at the heart of this review was whether – in the days leading up to the announcement of university status for Capilano – there was a fundamental shift in the nature of the understandings between the provincial government and Capilano regarding the extent of transitional funding, if any, that would be made available to support the transition of the institution from its status as a community college to its new role as a “special purpose teaching university.”

While the precise circumstances responsible for the shift in direction remain somewhat cloudy, it is otherwise unequivocally clear that there was indeed a major change that took place in the days leading up to the announcement that abandoned an approach that would have seen Capilano receiving both significant transitional funding and on-going operating base improvements. The nature of this change had the effect of extinguishing Capilano’s position that they had been historically underfunded and, furthermore, shouldered Capilano with an obligation to absorb all resulting costs.

When viewed against the backdrop of historical funding decisions made in respect of other public post-secondary institutions – and particularly with respect to the other institutions that fall within the class now designated as “special purpose teaching universities” – it does not appear that Capilano was afforded the benefit of equitable treatment. The implications of these decisions taken in April of 2008 are now beginning to manifest themselves and can be expected to become even more obvious in future years.

A SUMMARY OF KEY FINDINGS:

Having now had an opportunity to closely examine the applicable record and circumstances, what follows is a summary of key findings:

1. Even before the transition to university status, Capilano was challenged by a comparatively low per student funding level;
2. Capilano's lower per student funding level was – and remains – difficult to reconcile with the relatively higher costs associated with many of the applied programs offered by the institution;
3. In 2006 the Government of British Columbia initiated a system-wide review of the province's post-secondary system that came to be known as "Campus 2020". That review, conducted by Geoffrey Plant, Q.C. recommended that B.C.'s remaining university-colleges be re-configured as "regional universities" and, further, that community colleges should no longer have independent degree-granting capacity.
4. The leadership of Capilano College – deeply concerned that these changes – if implemented – would put their institution at a significant competitive disadvantage both domestically and internationally, elected to conduct a very public, and ultimately successful, campaign to have Capilano included within the group of institutions that would be re-branded as "special purpose teaching universities".
5. Once a political decision was made to include Capilano as one of the five institutions that were to be re-designated as universities in response to the "Campus 2020 Report"¹, a

¹ The Campus 2020 Report had actually recommended "regional university" status for the three remaining university-colleges (Malaspina, Kwantlen and Fraser Valley University-College). Capilano and the Emily Carr Institute of Art and Design were able to persuade government that they should be similarly included within that class of institution.

comprehensive dialogue took place between senior representatives of the Ministry of Advanced Education and the senior leadership of Capilano to determine what resource level would be required to properly support the transition of the institution to university status;

6. It is, without doubt, clear that Ministry representatives recognized that significant funding resources would be required to properly support Capilano's transition to university status;
7. Capilano's senior leadership had consistently taken the position that the institution was encumbered by what they characterized as a "structural funding challenge" that needed to be addressed even if Capilano had not taken on the additional responsibilities associated with university status. They appear to have maintained that position throughout the discussions that took place in the late-2007 and early-2008 period;
8. It is essential to understand that, while Capilano had developed and implemented a number of unique degree programs, first in association with the Open Learning Agency of BC and then on its own, the institution was in - and remains in - a fundamentally different position than the province's remaining university-colleges that were also designated as "special purpose teaching universities" in 2008;
9. The University of the Fraser Valley, Vancouver Island University, and Kwantlan Polytechnic University – like their colleague institutions Thompson Rivers University² and Okanagan University College (that had become UBC – Okanagan in 2006) had all had the benefit of robust transitional resources when they moved from the status of

² Thompson Rivers University had previously been known as the University-College of the Cariboo.

community college to that of university-college with the offering of third and fourth year programs;

10. The available written record discloses that the Ministry of Advanced Education had developed a funding model for Capilano University that was specifically based on the same form of transitional funding that government had made available to the university-colleges when they made the transition from community college status.

11. The Ministry's model, which government required the senior leadership at Capilano to sign-off on³, contained very specific numbers that would have seen Capilano getting \$6.3M in one-time transitional funding and an on-going base adjustment of approximately \$6M per year to accommodate increased student enrollment and expansion of degree programs;

12. In the days leading up to a series of announcements to formally communicate that the remaining university-colleges, the Emily Carr Institute of Art and Design and Capilano College would all be recognized as special purpose teaching universities, the funding agreement with Capilano was withdrawn and the senior leadership of the institution were invited to sign off on a revised document⁴ that made it clear that Capilano – like

³ The document was signed by Capilano's President/CEO and by the Chair of the Board of Governors. The document had a confidential character and should continue to be dealt with accordingly.

⁴ This document was also confidential in nature and should continue to be dealt with accordingly. The record demonstrates that, in the first week of April, 2008, the Ministry asked, through an e-mail exchange, for a new document to be signed. The President and Board Chair did so on April 8 in advance of a meeting that was to be held with the Premier on April 9th. Decisions were then confirmed and provincial announcements regarding the establishment of new "special purpose teaching universities" began with Fraser Valley University on April 21, 2008.

the university-colleges and ECIAD – would be expected to adsorb all existing cost pressures (one-time and base), and that no new funding would be provided by government as a result of transition to university status;

13. The senior leadership of Capilano - faced with this pivotal change in the nature of the understandings regarding transitional funding – quite literally on the eve of the finalization of decision and the subsequent commencement of announcements – felt they had no choice but to comply. The then President of Capilano was of the view that resisting this last minute change likely would have resulted in Capilano being removed from the group of institutions receiving the new status as “special purpose teaching universities” and that such a result would have a profoundly adverse impact on the competitive position of Capilano. That assessment was likely correct;

14. The reason for the last-minute funding change in respect of Capilano is not precisely clear. It may well have been driven by a number of factors. The following are the most likely possibilities:

a) Government – at the political level – concluded that, if the four other institutions receiving the benefit of “special purpose teaching university” status were to be expected to so on an understanding that they would absorb all related costs, then that condition had to apply to all such institutions. If this is accurate, Capilano may have been treated “equally” but not “equitably”;

b) Capilano’s ambivalence regarding an element of the agreement that established an expectation that full recognition of university status would be conditional upon the acquisition of membership in the Association of Universities and Colleges of Canada

(AUCC)⁵ may have inadvertently undermined the funding argument that Ministry staff had developed to support transitional funding to Capilano at levels similar to what the university-colleges had benefited from when they achieved that status;

- c) There may have been an intention to subsequently address Capilano's funding shortfall but this "fell between the cracks" with changes at the Deputy Minister and Ministerial levels. The Deputy Minister at the material time acknowledges this possibility but, perhaps more significantly, conceded that "to give university status and then not provide the funds to achieve that status is not good for students or for the system as a whole."
 - d) The budget for Advanced Education in the Spring of 2008 may also have been a relevant consideration in that – quite remarkably – at the same time government was acknowledging a new form of university status for several institutions, they were also cutting institutional budgets in response to what were characterized as performance shortfalls in implementing new seat allocations provided as part of a "25,000 seat initiative" announced in 2005/2006. The decision to impose a penalty for non-performance, even in respect of institutions that were producing seats beyond the funded ftes allocated to them, was highly controversial. Given these circumstances, the cuts to all of the other institutions no doubt would have been regarded – and perhaps not unreasonably – as a form of "tax" to accommodate the provision of transitional resources to Capilano. For a multiplicity of reasons this would have produced political challenges that government was not prepared to address at that time.
15. When five of the province's community colleges became university-colleges in the early-1990s they all received robust transitional resources. When the University of Northern British Columbia was established, it was with full research university funding levels, and for the first ten years, with an additional "northern allowance". When the University-College of the Cariboo become Thompson Rivers University it received additional resources to undertake the responsibilities that had previously been the mandate of the

⁵ Capilano, at that time, was already moving towards seeking a form of accreditation through the Northwest Commission on Colleges and Universities (NWCCU).

Open Learning Agency of British Columbia. When the Kelowna North Campus of Okanagan University College became UBC-Okanagan there was a dramatic investment in mandate expansion and the necessary transitional resources to support those changes. The same can be said of SFU Surrey where per student funding levels were established at levels well above system averages to accommodate higher cost technical programs.

16. It became very clear during the course of this review that, in a public post-secondary system where there has been dramatic change over the past two decades, Capilano is the only institution that has seen a significant change in status and not a single dollar to support that change. As a result, Capilano is at a profound disadvantage vis-à-vis competitor institutions and there is a no basis upon which they can be said to have been treated equitably. The resulting structural pressures should be expected to compound in the out years.

17. It was not the purpose of this review to consider the question of whether Capilano should have been given university status. That decision was made by government. The question here is whether, having made the decision to establish Capilano as a university, government had an obligation to provide support for at least a reasonable measure of equity between that institution and others that are similarly described in the *University Act*. The only reasonable conclusion is that this question should be answered in the affirmative. Leaving the situation as it is will only cause the pre-existing structural pressures to become more obvious and it will not be possible for Capilano – even over the short term – to maintain the level of regional programming they offered before they took on university status. This will be difficult to reconcile with government’s pronouncement on April 22, 2008 that Capilano University was being established as a “regional university” where “thousands of students throughout the Howe Sound Corridor will have access to degree granting programs and be able to reach their goals close to home.”

THE HISTORICAL CONTEXT – Fifty Years of Post-Secondary Education Evolution:

To properly understand the significance of the events that took place in April and May of 2008, it is important to place Capilano within the context of the historical evolution of BC's post-secondary education system.

The starting point for any analysis of the development of BC's system is the 1962 publication of "A Report of the Problem of Higher Education in British Columbia". That document, which would have a profound impact upon the shaping of BC's modern post-secondary education system, was the product of a process initiated earlier that same year by Dr. John B. MacDonald, President and Vice-Chancellor of the University of British Columbia.

When he arrived in BC, MacDonald recognized that there were a number of challenges associated with the province's capacity to meet the then rapidly escalating demand for access to post-secondary programs. He and his committee made a number of proposals for significant changes that would help to facilitate the implementation of a modernized system that would be better positioned to meet the future needs of British Columbia's population. While not every recommendation was accepted – and implemented – in a manner consistent with what had been proposed by the MacDonald Committee, the Report certainly represented a "seminal moment" that gave rise to what was then considered to be an unprecedented level of change. The province's vocational schools became community colleges and new colleges were established, most of them offering technical/trades programs and two-year university transfer programs that made it possible for students to get the first two years of a university education "closer to home" before moving on to completion at a four-year institution. Capilano's origins can be traced directly back to the pages of the MacDonald Report.

MacDonald's recommendations also generated the political will to establish the University of Victoria as a stand-alone public university rather than a satellite of McGill University in Montreal. The Report also gave rise to government's decision to establish another major university in the Vancouver region with the construction, staffing and enrollment of Simon Fraser University on Burnaby Mountain all happening within a remarkably short period of time.

That "new" system – substantially based upon the California model - served the province very well for almost twenty years. With expanding populations, with further escalation in access demand and with increased appetites for regional delivery of complete programs, the mid 80s saw a movement towards the deployment of further universities in the province beyond the lower mainland and southern island institutions. While government did acquiesce to pressure to establish a research-oriented university (UNBC) in Prince George, there was a view that the province lacked the capacity to establish even more of those kinds of institutions in regional centres like Kamloops, Kelowna, Nanaimo and Abbotsford. While it was not acknowledged as a compromise position, government did move to transition the community colleges in those centres into a type of hybrid model classified under the *College and Institute Act* "as "university-colleges" that would be teaching-focussed as distinguished from the research mandates of institutions like University of British Columbia, Simon Fraser University and the University of Victoria.

It is worthy of mention that – at the time the university-colleges were established – Capilano had been hopeful that they would be included within that class. The institution's president at the material time, (and who was still Capilano's president during the events of 2008), reports that he had engaged government on the utility of establishing a new form of university that would give much greater emphasis to applied programs. Government appeared to like the concept and felt it could fit within the university-college concept. There was, however, both surprise and disappointment when government proceeded with the approach, not with Capilano but, rather, with Kwantlen University-College in the south

Fraser region. This would not be the last time that Capilano would be left – from their perspective – “on the outside, looking in”. This aspect of the system’s evolution is mentioned here because it would be very relevant to the decisions that Capilano’s leadership felt they must make during the pivotal events that transpired through the first two weeks in April 2008. Capilano’s leadership would argue they had been conditioned to appreciate the implications of getting left behind as the institutional mandates of colleague institutions were enhanced.

Like the community college innovation of the 1960s, the university-college model served the province well for a period of time, although it would be fair to say that the currency of the model had a shorter shelf-life as university-colleges would soon aggressively pursue the university aspect of their status. By the mid-1990s, the university-colleges were arguing that the term “university-college” was not well understood and that this was particularly so in the international context. Their position was that they were, in everything but name, already acting as universities, and it must be said there was considerable merit to that argument.

It is not the place of this document to describe and assess all aspects of the evolution of the university-colleges. It should be noted that government had acted in 2005 to address the circumstances of Okanagan University College and the University College of the Cariboo. The one was absorbed by the University of British Columbia, around the same time that another consolidation was taking place with the Technical University of British Columbia folding into Simon Fraser University. In the case of UCC in Kamloops, government moved to establish Thompson Rivers University, giving that institution additional assets and responsibilities that may have been intended to distinguish it from the remaining university-colleges.

While it may not have been the intended outcome, the events associated with the development of UBC-O and TRU actually served to amplify and deepen the determination of university colleges to achieve a university status unencumbered by historical links to their beginnings as community colleges.

Government, since the provincial election in 2001, had engaged in a significant number of major policy shifts in post-secondary education. At an early point in their mandate they had opened the door to at least the potential for significantly increased private sector participation in degree granting programs. They also made changes through the Degree Authorization Act and the Degree Quality Assurance Act that extended degree granting capacity to community colleges. This permitted institutions like Capilano to deliver degrees in their own name. Capilano had developed a creative approach in partnership with the Open Learning Agency that had seen them offering degrees several years before other colleges and, in many ways, Capilano was already more “university like” than others within the same class of institution. It probably should be noted here that the extension of degree granting capacity to colleges also had perhaps the further unintended consequence of further weakening the “university college” brand so there were no longer unambiguous lines between the respective roles and mandates of colleges, university colleges and the province’s research-intensive universities.

RE-THINKING THE SYSTEM: The Campus 2020 Process:

As described above, the two major “waves” that had emerged during the modern evolution of B.C.’s p.s.e. system had been driven first by the flurry of activity resulting from the work of the MacDonald Committee and the development - almost thirty years later – of the university-college model that was, once again, rooted in the appetite for the expansion of programs delivered “closer to home.” To be sure, there were other significant

developments along the way like UNBC, UBC-O, SFU-Surrey and TRU but the two identified here represented the kind of system-wide shift that comes about only every decade or two.

The third such “wave” of historical relevance, and one that would have profoundly significant implications for Capilano, was the announcement by government in July of 2006, of Campus 2020 - a proposed system-wide review of BC’s post-secondary system - that was to be chaired by the province’s former Attorney General, Geoffrey Plant, QC.

Mr. Plant was given a broad mandate to examine and report back to government with recommendations regarding the future directions of p.s.e. in B.C. including possible shifts in the mandates exercised by institutions working within that system.

Plant held hearings throughout the province and met with a broad spectrum of those involved in – and impacted by – p.s.e. programs. Mr. Plant met with all institutions and heard their perceptions regarding their roles, mandates, expectations and aspirations. Capilano met with Mr. Plant during the course of his review and presented him with a short brief that, in essence, said this:

- That there should be continued support for baccalaureate degrees in all post-secondary institutions and since the label, “applied degrees” has different meanings across Canada, the B.C. legislation should be amended so that degrees from colleges are appropriately recognized as full degrees offered in an applied area of study.

During the course of the Campus 2020 process the President of Capilano had also discussed with Mr. Plant a regional or consortium –based approach to degree-granting that could be deployed by the province’s colleges in a manner that could potentially be more effective than some of what had taken place subsequent to the extension of degree-granting authority to colleges earlier in the decade.

In April of 2007, Mr. Plant's Campus 2020 Report, "Thinking Ahead" was released. While it contained 53 recommendations, the two that are of particular relevance here were these:

Recommendation 35:

[The Province should] "Clarify the mandates of British Columbia's regional network of post-secondary institutions by:

- Repealing the statutory designation of "university college";
- Creating the statutory designation of "regional universities";
- Re-configuring Thompson Rivers University as a regional university...;
- Creating three new regional universities as follows:
 1. Kwantlen University College to become "Kwantlen University"
 2. Malaspina University-College to become "Malaspina University"
 3. University College of the Fraser Valley to become "Fraser Valley University"
 4. Legislating the purposes of regional universities to reinforce their mandate as teaching-intensive, regional learning institutions."

Recommendation 39:

"To enhance clarity regarding the quality of B.C. degrees and transparency of the provincial degree-granting approval process, eliminate the statutory designation of "applied degrees."

Taken together, these two recommendations would have come as a shock to leaders of the province's community colleges. That certainly was the case at Capilano. In the body of the report, Mr. Plant had made it clear that he wasn't talking about the repeal of the use of the term "applied degree" but, rather, was proposing to "turn the clock back" on colleges having any capacity to grant degrees in their own names – a privilege that had only been realized just a couple of years earlier. In future, they would only be able to grant degrees "in conjunction with" one of the universities. This development also made it clear that Plant had flat out

rejected Capilano’s proposal for a new model for degree granting by colleges that would have built upon the changes that had been made by government in 2003 when Mr. Plant was actually at the Cabinet table.

Predictably, Recommendation 39 provoked an extremely strong, and adverse, response from the community colleges, from their regions and, in many cases from their MLAs. The resulting pressure caused government, within a remarkably short period of time, to publicly communicate that they did not intend to act on that element of Mr. Plant’s recommendations. For most colleges that was the end of the matter. For Capilano, it was just the beginning. The institutional leadership saw Campus 2020 as creating “winners and losers.” They saw the new “regional universities” acquiring a strengthened brand while theirs remained at either a status quo or diminished level. They regarded this – and likely correctly so – as a substantial competitive threat both on the domestic front and, most certainly, in the international context where they had begun to establish a significant footprint.

“WAKE UP!” - Capilano Goes A Different Route:

Capilano’s leadership was deeply concerned about both the short and the longer-term implications of, once again, being “on the outside, looking in.” They took little – if any – comfort in government’s indication that no action would be taken with respect to the implementation of Recommendation 39.

It is arguable that Capilano had perhaps been slow to recognize the implications of a further differentiation in the roles of Community Colleges and the institutions that were about to succeed in their long quest to be recognized as primarily undergraduate teaching universities. Having now come to a better understanding of these implications, Capilano embarked upon a new direction in which they would aggressively pursue the opportunity to make sure their

institution was included when the amendments to the University Act were brought before the Legislative Assembly for consideration.

By motion dated May 15, 2007 Capilano's Board of Governors directed the commencement of what came to be known as the "Wake Up!" campaign which saw the institution and its leadership aggressively, and in a very public way, pursuing the opportunity to be included as part of the group of institutions that would be recognised as "regional " or as "special purpose" universities.

Capilano did a very good job of mobilizing student, faculty, local and regional support for their cause and this included support from regional MLAs from both sides of the Legislative Assembly.

Initially, Capilano's position was resisted by government at both the political and at the senior bureaucratic level. However, that position shifted over time and by the Fall of 2007, political direction had been given to senior Ministry staff that Capilano would, in fact, be included in the planning for the development of new "special purpose" teaching universities provided for under the *University Act*.

"NOW YOU SEE IT, AND NOW YOU DON'T": Capilano's Funding Dilemma Continues:

While the senior bureaucracy of the Ministry of Advanced Education had been slow to embrace the idea, once political direction was given that Capilano was to become a university they began the work of ensuring that – if it was going to be done - it was going to be done properly. It was at this point that the Ministry entered upon an intense exchange with Capilano regarding the conditions and understandings associated with a proposed shift in mandate, It should also be remembered that the Ministry was having similar discussions with several other institutions at the same time while also managing the fall-out from a challenging budget announcement.

It should again be emphasized that the nature of the planning for most of the institutions about to become “special purpose” teaching universities was less complex than the situation that applied at Capilano. For the most part, the university-colleges had taken the position during the Campus 2020 process that they were essentially already universities in everything but name and, therefore, there were only marginal – if any - costs associated with transition to university status. As noted earlier, those institutions had received substantial transitional funding when they had become university colleges whereas Capilano had not. This disparity, not surprisingly, became the focus of the dialogue between Capilano’s leadership and the senior staff from the Ministry of Advanced Education.

There is clear evidence, supported by the written record, that government clearly understood that, if Capilano was to become a university similar in class to the others for which government planned to make announcements in April of 2008, that it would take significant resources to put Capilano in a position that could be considered reasonably comparable to those other institutions.

It is also unequivocally clear that discussions between government and Capilano went on for months regarding the level of funding that Capilano would require to make the transition. Paradoxically, Capilano’s president – who had always maintained that Capilano had been historically disadvantaged and that this gave rise to structural pressures that needed to be addressed as part of the transition process – had offered up numbers that were actually lower than what Ministry of Education staff thought necessary to put Capilano on a reasonably equitable level with colleague institutions. In fact, email correspondence between senior Ministry representatives and the President contains a quite extraordinary exchange wherein the Ministry takes the position that numbers submitted by Capilano are “too low” and, further, that a greater level of “investment [will be] required” if Capilano was to become a university. The Ministry, in those exchanges, was also taking the position that some program content

change would be required to make Capilano more successful in the pursuit of membership in the Association of Universities and Colleges of Canada.

The AUCC Question:

A rather fascinating aspect of what transpired between the Ministry and Capilano was the apparent insistence, by government, that Capilano would be expected to achieve membership in the AUCC before they would be fully recognized as a “regional” or “special purpose” teaching university.

The available materials, together with interviews conducted with individuals closely associated with the negotiations, indicate that Capilano’s progression to university status would come in two parts. At the first stage, government would have announced the establishment of a number of new special purpose teaching universities consisting of the remaining university-colleges and the Emily Carr Institute of Art and Design. With Capilano, government’s plan appeared to be to announce what amounted to an intention to establish Capilano as a university but that full formal recognition would be subject to the condition precedent of Capilano securing membership in AUCC.

The content of the exchanges that passed between the parties indicated that government intended to support Capilano in the pursuit of AUCC membership and, more importantly, that both one-time transitional funding and the adjustments to base budget levels would have been made available following the announcement and prior to any application to the AUCC. The Ministry developed a document that set out the key understandings and this was signed – at the request of the Ministry - by Capilano’s President and Board Chair on November 23, 2007.

It must be said that establishing a condition precedent of AUCC membership before an institution would be formally recognized as a university was, of itself, unprecedented. Provinces – not AUCC – determine which entities will be designated as universities. In this circumstance,

the Government of British Columbia appeared to almost render its power to establish universities subordinate to the membership requirements of the AUCC.

For the President of Capilano, the AUCC requirement would have been particularly challenging as he had long been on the public record questioning the legitimacy of the indirect accreditation role that the AUCC had become identified with over the years. He was also concerned that Capilano was potentially being placed in what would later characterize as a “Catch 22” situation where the institution would get the resources, a commitment to the intention to establishment of Capilano as a university but subject to the condition precedent – AUCC membership – that he felt might continue to be elusive. There is little doubt that, while Capilano’s president provided information and costing profiles to achieve AUCC status; he also continued to argue against the requirement. When the November, 2007 document was eclipsed by the new understanding of April 8, 2008 the reference to the AUCC requirement was deleted but so too was the commitment to provide any measure of transitional resources. As a result, the now unfettered commitment to Capilano becoming a university may have come at a very high cost.⁶

It is important to make it clear that there was no evidence made available during the course of this review that suggested that Capilano had agreed to forgo any level of transitional funding in exchange for the removal of the AUCC condition. On the contrary, there is evidence that confirms that Capilano consistently continued to take the position that they had been historically under-funded and that that they had structural funding pressures that – if left unaddressed – could be expected to mount. Capilano may have been prepared to accept less than what had been contemplated by the funding model the Ministry had developed but they certainly continued to take the position that some measure of support would be necessary for Capilano to credibly deliver on their potential as a new “regional” university.

⁶ There has been some suggestion that Capilano’s representatives may have proposed proceeding without funding if government would agree to drop the AUCC requirement. There is little evidence to support that and it would be remarkable for an institutional president to take such action without express authority from his/her Board of Governors. The minutes of Board meetings disclose no discussion of that nature and the board secretary of the material time confirmed that there was no such discussion beyond the formal record.

When the president and the Board Chair met with the most senior levels of government on or about April 9, 2008 it became clear that government – at least at that point – was expecting Capilano to proceed on the same basis as the other institutions that were also about to receive the benefit of a new form of university status. At that point Capilano’s leadership believed that resistance to the new terms of engagement would likely have meant that Capilano would no longer be included in the new class of institutions that were to be described as “special purpose teaching universities. “ They believed that, if that were to happen they would likely not see another opportunity for a decade or so and that the resulting damage to the competitive capacity of the institution – particularly on the international front – would be very difficult to recover from. It is simply not clear whether government, at the senior political level, adequately understood that, while they proposed to deal with the interests of Capilano in a manner that was precisely equal to what was then to happen with the rest of the institutions, that did not mean that Capilano’s circumstances were being dealt with equitably. As mentioned earlier in the “key conclusions” section of this report, there may have been other motivating factors that caused government to proceed as they did.

It is also a source of concern that the conditions governing communications between the parties apparently required a level of confidentiality that operated to preclude any meaningful engagement with Capilano’s Board of Governors either in November, 2007 or, more importantly, in April, 2008 when these decisions – vital to the future of the institution - were being taken.⁷

The Reality of Mounting Structural Pressures:

The implications of Capilano taking on university status without the resources to address the expectations that came with that role are beginning to become quite clear. Management has

⁷ Capilano’s current leadership had no knowledge of these matters until the unanticipated discovery of an electronic copy of the November 23, 2007 document. The President wrote to former Advanced Education Minister, the Hon. Ida Chong about the November document with no knowledge that a subsequent document had been executed on behalf of Capilano on April 8, 2008.

done their best to manage within the threshold of resources available to them but the ability to do so has become increasingly difficult. Without action to address the underlying causes, these pressures will continue to mount and it will be very difficult to maintain the fiction that regional programs can continue to be supported.

Capilano- as has been noted several times – has long laboured under the weight of a lower per student f.t.e. value than other institutions in the province’s p.s.e. system. The current operating grant level at Capilano, when considered on a per student fte level, is \$6,934.00. Despite the fact that the institution has now been a special purpose teaching university for more than four years, that level remains lower than most community colleges as is illustrated in the following example:

Institution	Grant/FTE 2012/13
Capilano University	\$6,934.00
Douglas College	\$6,986.00
Camosun College	\$7,239.00
Vancouver Community College	\$8,,356.00
Okanagan College	\$9,220.00
College of New Caledonia	\$9,317.00

There are four other of the province’s remote/rural colleges that, when measured on the basis of grant/fte, come in at even higher levels than those noted above.

If considered in juxtaposition with the grant/fte level of what might be considered comparator institutions with similar status/mandates as “special purpose teaching universities”, the comparative levels provide an interesting perspective on the relative treatment of Capilano as is demonstrated in the following table.

Institution	Grant/FTE 2012/13
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Capilano University	\$6,934.00
Kwantlen Polytechnic University	\$ 7,407.00
Vancouver Island University	\$7,609.00
University of the Fraser Valley	\$8,067.00
Thompson Rivers University	\$8,094.00
Emily Carr University of Art and Design	\$9,627.00

The disparity, when measured against the average of this comparator group is \$1,227.00 per fte or, expressed as an operating grant shortfall, a gap of \$6,687,564.00.

Even if the comparator group of institutions is narrowed to include only the three university-colleges that received status as special purpose teaching universities in April of 2008, (VIU,UFV and Kwantlen), the gap still amounts to \$5.4 million.

The striking thing about these numbers is, based on either methodology, the numbers produced in terms of the operating grant gaps bear a remarkable resemblance to the level of base grant adjustments that the Ministry itself was suggesting would be necessary to put Capilano on relatively comparable footing with the other institutions as was reflected in the content of the November, 2007 document that has been referenced several times in this review.

ADDRESSING THE PRESSURE: Options for Engagement:

This review was conducted primarily to develop an assessment of the relevant facts and background that would then provide the platform for a discussion between the Ministry of Advanced Education and the leadership of Capilano regarding a constructive resolution of the uncertain funding situation that the institution continues to face.

1) Option One – Maintaining the Status Quo

One thing is very clear: the status quo is not a viable option for Capilano, for the communities that the institution serves or – ultimately – for government.

Capilano's ability to meet the expectations that their region now reasonably expects of them is severely strained and, without action to address the funding gap, cuts are inevitable with high exposure for regionalized programs that tend to be cost-intensive.

2) Option Two - Addressing Capilano's Needs through a System-wide Formula Funding Review

Capilano has clearly been disadvantaged on the formula funding side and the roots of that problem really go right back to the conditions and limitations associated with the original introduction of the formula.

While there might have been merit in a system-wide approach at some point, Capilano's situation has become more acute with the passage of time and this now suggests that a case-specific approach would be more appropriate. Furthermore, Capilano's confidence in a system-wide review has also been diminished by the fact that this has been suggested in the past but no action has ever been forthcoming. In fact, on January 27, 2009 the then Minister of Advanced Education, the Hon. Murray Coell, wrote to the Chair of the Board at Capilano University indicating that Capilano's needs would be considered as part of a system-wide review of the funding formula that, according to the Minister, was to have commenced in fiscal year 2009/10. It didn't happen.

Capilano's circumstances are arguably unique and this was recognized by more than one former Deputy Minister during the course of interviews conducted as part of this review. The institution's situation is also pressing and substantial and this, of itself, recommends the appropriateness of an option that would directly consider Capilano's needs separate and apart from any system-wide process that would almost certainly extend beyond May of 2013.

3) Option Three: Finding a Constructive Solution Through Dialogue:

It was clear throughout the course of this review that Capilano has not – and does not – aspire to be a university that is essentially the same as other teaching universities. They have always valued their focus on applied programs and have had considerable success in areas like tourism, business and the various technical and artistic areas associated with the film industry.

Capilano does not seek the opportunity to have the full range of undergraduate arts and sciences programs that their colleague institutions offer. That approach is at the very heart of what distinguishes Capilano as a truly “special purpose” university where the focus is squarely on teaching and learning and where there is a continuing commitment to the development of pathways designed to promote student success in a manner quite different than the conventional approach found at other institutions.

What Capilano seeks is a resolution to unfinished business that would provide them with a reasonable measure of transitional resources and that would put them in an equitable position with other institutions. They do not have the benefit of that at present. Finding an equitable solution that would operate to strengthen the sustainability of the Capilano model would also be consistent both with broader Ministry objectives and with the public interest.

Discussions regarding a possible resolution should focus on two key areas: improvements to the operating grant and modest improvements to capital infrastructure – particularly with respect to a modernized library capacity - that would permit Capilano to be in a reasonably comparable position with colleague institutions. Any such infrastructure should be developed in a manner sensitive to the applied focus of Capilano’s flagship programs.

On the operating grant side, action must be taken to provide Capilano with per student funding levels that are reasonably equitable in comparison with other institutions in the special purpose teaching university category and those resource levels and should be sensitive to the higher costs associated with some of the applied program areas. The starting point for that discussion should be the November, 2007 document that has been referenced several times in this report.

Given the urgency of the circumstances and the rapidly approaching budget development process for the 2013/14 fiscal year, it would be prudent for Capilano and for the Ministry of Advanced Education to begin a discussion focused on finding a constructive way forward before the commencement of the next academic year.