

# news from **Cuasa**

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Editor: Barry Rutland

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## DEFINING THE CHALLENGE

*Les Copley  
President*

The principal challenge posed by "The Challenge of the '80's", the Preliminary Report of the Committee on the Future Role of Universities in Ontario, is to determine how it can be most effectively exploited in a campaign to end the government's policy of beggaring Ontario's universities. A less significant, but nonetheless real challenge, is to resist the temptation to dissipate our collective energy in an attack on the Report for its many deficiencies. It is true that the Report gives inadequate recognition to the importance of traditional arts and science disciplines, that it concentrates on "publicly-accepted" but vague and crudely-stated objectives, while ignoring objectives that the academic community would identify, and that it appears to relegate teaching to a level of secondary importance and to assume that it should be possible to increase significantly teaching "productivity" without debasing the "product". However, redressing such slights to academic sensibilities would only serve to divert attention from issues that are central to the survival of the university system.

Any response to the Report must identify prolonged underfunding as an insuperable impediment to meeting public expectations of the university system. In doing so, the response should establish that even Model 1A, the best of the six funding models considered by the Committee, is unacceptable. For example, it results in a continued decrease in the fraction of the gross provincial product that is invested in universities and hence, of course, in research and development. Further, while it provides an annual \$25 million for equipment and furniture replacements, it fails to provide funds for capital expenditures. This seems an extraordinary oversight in view of the system's aging, multi-billion dollar plant. Finally, there is the remarkable inconsistency of emphasizing the importance of university research while only considering models that will result in higher teaching loads and will not produce funds to cover the indirect overhead costs of that research.

While a response to the Report must begin by addressing the underfunding issue, it cannot end there. There are, I believe, three additional issues which require comment.

As you will learn from Professor Bailetti's article elsewhere in this issue, the most recent, and most sophisticated, demographic projections of student enrolment indicate that, while our "customers" may require different services, they will be as numerous in the 1990's as they are today. Thus, we need no longer be obsessed with the spectre of decreasing student demand. Also, I am confident that the university system is capable of adjusting to a projected increase in demand for post-graduate and continuing education. However, what is a matter deserving serious concern is the age profile of Ontario's professoriate. We are aging almost as rapidly as a group as we are individually. This has serious implications for the intellectual vitality and balance of the university system during the remainder of this century. It also means that the system will face a staffing crisis (a shortage of qualified academics) that will coincide with a rapid increase in student demand in the first decade of the twenty-first century.

This problem requires intelligent and far-sighted personnel policies, policies of the type that have been pioneered at Carleton. It also requires very considerable improvements to existing pension plans. Over the short term, this represents an expensive solution. However, over the long term, it will render a return which should attract even the most conservative of investors.



Another issue which must be addressed is that of accessibility. There is now abundant evidence that the provincial government is succumbing to the temptation posed by the "user-pay" system of funding universities. Well before this process is complete there should be a full study of all the factors that affect accessibility, with particular emphasis on tuition fees. Current evidence indicates that we already teach a socio-economic elite. It is not in the interest of our society to perpetuate this situation; it is even less so to worsen it.

Finally, we come to the thorny, and probably fraught, question of the political structure of the system. The truth of the matter is that the academic community has not shown any predilection for, or effectiveness in, policing the creation and implementation of new programmes. There is a need, therefore, for a body which will act both as a buffer between the government and the system, and as a monitor of the ever-shifting academic boundaries within and around the system. How that body should be constituted and what should be its terms of reference is another issue that cannot be avoided in responding to the Report.

The challenge I have outlined is a formidable one in the sense that our survival as an academic community worth belonging to depends on how we meet it. This makes it more imperative than ever that we all face up to our governance responsibilities rather than merely delegating them to a few.

## People



SHOE  
"I really hate to see this  
class leave. They're the  
last of the 'Baby Boom'!"

\* \* \* \* \*

## INSURANCE NOTES

A new coverage is available on all automobile policies called "S.E.F. 42 - Underinsured Motorist Endorsement". By this endorsement, your Insurer provides additional benefits to you and other insured persons who have a claim against another motorist for injuries or death if the other motorist has insufficient insurance to pay the claim. The limit of coverage is the difference between the liability insurance limit of your policy and that carried by the motorist at fault. For example, if your policy shows a liability limit of \$500,000 and you obtained a judgement of \$300,000 against the "at fault" motorist - but he was insured for only \$100,000 - you would be able to claim the difference of \$200,000 from your Insurer. The coverage also applies if the "at fault" motorist is not insured. Priority of payment is given to you and your family over other occupants of the automobile.

Personal Insurance Company, effective May 1, 1981, on renewals, and immediately on new business will add this coverage automatically. The company will also automatically increase liability coverage to \$500,000.

If you have any questions, please call Bob Jones, Room 419, Herzberg Building, 231-4310, any Tuesday or Wednesday, or at 1-800-267-7996 at any other time.



## FINANCING CANADIAN UNIVERSITIES - A NATIONAL OVERVIEW

Tony Bailetti, School of Commerce

This article is intended to be a brief summary of the topics discussed at the conference entitled "Financing Canadian Universities: For Whom and By Whom", held in Toronto on March 3rd. The conference was sponsored by the Institute for Policy Analysis of the University of Toronto and the Canadian Association of University Teachers and was prompted by a growing concern that the federal government intends to radically reduce its support of post-secondary education (see News from CUASA Volume 11, No. 5). The list of attendees included officials of the federal and provincial governments, academics, university administrators and representatives of provincial and national faculty associations. Professor Les Copley and I represented the Carleton University Academic Staff Association.

The conference's programme was divided into three sections: i) Population and Manpower Issues, ii) University Perspectives and iii) Federal-Provincial Setting. The topics discussed in the first session included provincial population profiles, university production of researchers, science and engineering research in universities, federal manpower policies, and private sector expectations and support. Of particular interest in this first session were the conclusions included in the papers presented by Professor D. K. Foot (Department of Political Economy, University of Toronto) and Ms. Jill Stocker (Director, Educational Relations, Canadian Life and Health Insurance Association).

Professor Foot forecasted university enrolments over the remainder of this century based on a consistent provincially disaggregated population model. His study shows that full-time university enrolments for the academic year commencing in 1983 are expected to be 4.8 percent greater than 1979 enrolments (5.4 percent for the Province of Ontario) based on demographic changes alone. Beyond this peak, full-time enrolments in Canada can be expected to gradually decline 17.1 percent to a trough in 1997 (18.6 percent for Ontario). In the first decade of the next century children of the baby-boom generation of the late 1950s and 1960s can be expected to increase full-time university enrolments. Overall, a 4.8 percent increase followed by a 17.1 percent decrease over the next 20 years could not exactly be described as catastrophic and it goes against current popular perceptions held in many circles. Moreover, the inclusion in the analysis of the relatively older part-time student population considerably cushions the downturn in total enrolments expected during the last half of the 1980s and the 1990s and increases the projected growth during the early 1980s. Overall, total university enrolment, (full plus part-time), in Canada is expected to rise from current levels by 6.6 percent in 1984 then experience a decline of 9.8 percent over the subsequent 14 years due to demographic developments alone. For Ontario, total university enrolment is expected to rise 7.3 percent from current levels by 1984 and then decrease 10.6 percent over the subsequent 14 years. Thus, universities will have to serve a greater proportion of part-time students relative to current levels. This presents a challenge that should be accepted willingly by most university administrators. Moreover, the net loss in total student enrolment which is expected to occur in the next 20 years appears to be far more manageable than those implied in earlier, overly pessimistic, forecasts.

Ms. Jill Stocker examined university/business interactions focusing on: i) university/corporate mutual interests, ii) currently held corporate perceptions of the causes for the financial problems plaguing the university sector and iii) fund raising and granting. Ms. Stocker argued that there is a lack of commitment for a structured interaction between the university sector and the corporate sector in Canada and that the credibility of universities is being seriously questioned. The latter is due to the widely perceived lack of mission-oriented research, the look-alike indistinctiveness among universities, declining enrolments, and the unwillingness of the academic community to accept the fact that university ideas must compete critically with other forms of social investment.



The second session included discussions on topics such as system-wide planning controls at the provincial level; existing financial constraints on the ability of universities to meet social and political expectations; and the future role of universities in social scientific research. Of particular interest in the session were some of the conclusions made in the paper presented by Mr. Grant Clark (Deputy to the Executive Director, Council of Ontario Universities and Vice-President, (Funding) Social Science Federation of Canada. The main challenge facing universities during the next 20 years is deemed to be that of devising policies for "life after growth". The prospects of declining enrolment, shifting student interests, and fiscal restraints will play an important role in designing such policies.

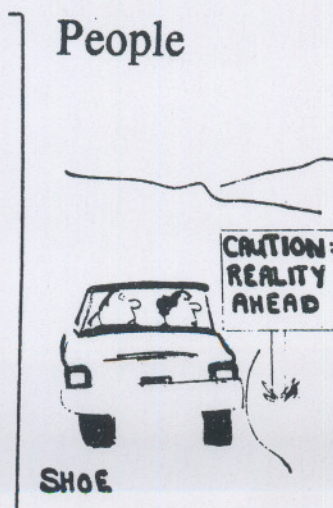
The third session focused on universities in a federal setting; present funding arrangements; established programme funding; emerging issues in Ottawa and the provinces and the role played by universities in them. Currently the federal and provincial governments are into their fifth year under the Established Programmes Funding Act of 1977. The high federal budget deficits of the last few years have induced a systematic search for ways to cut federal spending. The established programmes funding (EPF) is an inviting target. University education is viewed as being particularly vulnerable given that it is deemed by many politicians as being less essential than many other social services.

Currently, plans are being made for the forthcoming EPF negotiations at a time when federal and provincial relations are strained, if not downright unfriendly. The difficulties faced by the university sector are increased by the predominant view that education's relative contribution to growth and productivity over the next two decades will be less than its contribution over the last two. The EPF negotiations will probably center around provincial demands for autonomy; federal demands for visibility and accountability; demands by special interest groups for access to the policy process and demands by universities for maintaining levels of funding at rates that keep up with inflation.

The main conclusions arrived at the conference may be summarized as follows:

- The university sector needs to undertake a cool and reasoned analysis of its financial position in the light of the probable necessity of having to rely more on student driven funding. A move towards a user/pay system will result in a fundamental change of the educational system in Canada.
- The university sector's response to the challenge of the 1980's should not include an attempt to take over some of the functions of other academic institutions such as community colleges.
- The universities will have to be more flexible in responding to the demands created by students, different levels of government, and the corporate sector.
- The university sector must be more outward looking and must take hard choices now. The future survival of universities will depend on how well they respond to the external factors which affect them.
- University funding will remain dependent on the political needs of the different provinces.

*Anyone interested in reading one or more of the papers presented at the Conference may arrange to do so by contacting the CUASA Office, Room 424, Herzberg Laboratories.*





EDITOR'S NOTE: *The following article was prepared for distribution at the Information Meeting on Pensions held by the Association on Monday, April 6. It is based in part on discussions which took place at an earlier Information Meeting held on April 1, organized by Professor Wolfson and five other senior faculty members. Professor Wolfson has kindly agreed to allow the reprinting of his article in the Newsletter.*

## POSSIBLE IMPROVEMENTS TO THE CARLETON PENSION PLAN

J.W. Wolfson, Department of Physics

The most neglected feature of the overall Plan has been the 2% indexing of the Minimum Guaranteed Pension. This level of indexation has been unchanged for years and is now trivial in comparison with inflation levels. The Money Purchase Pension is protected against inflation in another way: the earnings of the investments are returned to the pensioner.

Recently some surplus funds have arisen in the Minimum Guaranteed Fund. These funds, which may be of the order of 1% of regular earnings, can be used to improve benefits. The following proposals have been made:

1. A tentative proposal from Mercer that indexation of the Minimum Guaranteed Pension be determined according to the formula

$$3/4 (C.P.I. - 3) .$$

Thus, if the C.P.I. were 9%, indexation would be set at 4.5%.

Comment: This improvement is hardly dramatic. The Fund is earning large sums and, in addition, contributions increase each year due to salary increases. Another suggestion: perhaps indexing might be set each year at the percentage increase in the overall salary bill.

2. That the Minimum Guaranteed Pension be treated in the same way as the Money Purchase Pension with respect to protection from inflation. For the latter, this is now done by first calculating the pension assuming that the fund will have future earnings of 6% per annum. If then, in any year, the investment returns are X%, the earnings accruing to the pensioner would be (X - 6)%. Of course, this could go negative, in which case the pension would be reduced.

It is proposed that the Minimum Guaranteed Pension be calculated as before, except that the 2% indexing be removed. The Pension would then be treated the same as the Money Purchase Pension and would share in the Fund earnings the same way. The surplus funds now available plus the monies saved from the 2% indexing could be used to establish a floor under the factor (X - 6)% so that, for example, it would never be allowed to go negative. Both plans would benefit from this feature.

This merely sketches out the principle of the proposal. The details would be worked out by the Mercer Company.

3. The figure of 1.75% per year of service in the Minimum Guaranteed Pension be increased to 2% per year of service (or to some other figure permitted by available funds).
4. Incorporation of survivor's benefits into the pension proper, or, alternatively, for those without spouses, a guaranteed number of years of pension payments.

Comment: This would probably cost somewhat more than 3 above. The Canadian Life and Health Insurance Association recommends that mandatory private plans include survivor's benefits. It would be worth while raising the question with the University to see what new funds the University might contribute.



RECOMMENDATIONS

That CUASA acquire comparative data on the following:

1. actuarial reduction of pensions on choosing a survivor option;
2. cost of variable pensions purchased outside the University (as compared with Money Purchase Pensions);
3. costs, benefits, administrative expenses, and investment performance of at least half a dozen university plans similar to ours.

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TILSON ELECTED  
BY ACCLAMATION

Professor Alistair Tilson of the Department of English has been elected President-Elect of the Association for 1981-82.

His was the only nomination received in the CUASA Office by the deadline of 2:00 p.m., Thursday, April 9. Accordingly, Professor George Neuspiel, the Association's Electoral Officer, declared Professor Tilson elected by acclamation.

Professor Tilson has previously served the Association as Grievance Chairman in the period 1977 to 1979. He enjoyed a distinguished record in this capacity and the Steering Committee looks forward to his return to "active service".

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O C U F A TEACHING AWARDS: CHANGE OF TIMETABLE

The OCUFA Teaching Awards Committee has decided to alter its timetable for the annual awards. A call for nominations, together with revised guidelines, will be issued September 1st, 1981; the deadline for nominations will be December 1st, 1981; the awards will be announced in February/March 1982, and an awards ceremony will be held thereafter