

Pre-Budget Consultation for the Province of Manitoba
Brandon University Submission
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Introduction

I thank The Honourable Cameron Friesen, Minister of Finance, and the members of the Pre-Budget Consultation Committee for the opportunity to make this submission and a presentation to the Committee. It is my understanding that the Minister and Committee are particularly focused on “making front-line services more efficient, opportunities for growing Manitoba’s economy and strengthening the northern economy”. My submission will therefore pay particular attention to these considerations, including identifying opportunities for regional economic growth and development for Brandon and, indeed, the Westman region.

The Provincial and Regional Economic Development

The Manitoba economy is anticipated to grow by nearly 2.0 percent in 2016 with stronger economic activities forecasted for 2017 based on independent economic reports (e.g., RBC Economics – Research, September 2016, and Conference Board, June 2016). These levels of economic growth put Manitoba amongst only three other provinces, namely British Columbia, Ontario, and Prince Edward Island, with growth rates anticipated above the 2.0 percent level. The Conference Board of Canada July 2016 report further suggests that Brandon is anticipated to see economic gains in the manufacturing sector driven by exchange rates and competitiveness positioning, and infrastructure activities driven by provincial infrastructure expenditures into 2018.

Brandon represents an economic regional hub providing goods and services to 180,000 individuals. It boasts many competitive advantages including a talented and educated workforce; research and development; business development network; and cost-competitiveness in the areas of manufacturing, electricity rates, municipal business taxation, location and transportation networks. The Economic Development unit for Brandon reports that the employment levels within the City are as follows: manufacturing, construction, goods production sector, wholesale trade, retail trade, finance and real estate, health care and social services, education, and accommodation and food services. The surrounding Westman region also points to the agriculture and food sector as a major employer.

Brandon has a population of 50,000 individuals, including 3,300 students at Brandon University alone of whom over 75 percent come from outside of the City of Brandon. The University is therefore a major contributor to economic activity and employment within the region. It is estimated that Brandon University adds over \$400 million in economic activity to the provincial economy each year and, correspondingly, the related employment activity generates about 500 jobs with the majority of this employment supporting economic activity in Brandon. Each year

the University generates nearly 50,000 out-of-town visitors. For instance, in 2015, the university hosted the Canadian Inter-University Sports (CIS) Women's Volleyball Champion achieving an attendance level of 7,000 individuals with numerous teams and fans flying into the Brandon airport from across Canada.

Economic impact analyses conducted for Universities across Canada have shown the value-for-money proposition to be positive and strong. Economic impact analyses from the University of British Columbia, Simon Fraser University, University of Alberta, University of Calgary, to the University of Ottawa show the return on investment to be between 3 to 10 when graduate wage benefits and research spin-offs are counted. For Brandon University, this impact has been estimated at 7.5. When only direct impacts are considered, the economic return on the Provincial Government operating grant provided is approximately 3, meaning that for the nearly \$40 million in provincial funding about \$120 million in economic activity is generated.

Brandon University has worked diligently to restore positive labour relations across the institution and to develop a shared vision for the Institution. The Academic Vision of the University includes a focus on contributing to the community and, specifically, states: "Working with communities, the University will act as a catalyst for growth and innovation". Over the years, for instance, the University has worked with Indigenous communities through the PENT program to support the graduation of approximately 600 teachers who primarily practice in Indigenous and northern communities across the Province. These collaborative efforts have yielded dividends for communities and the Province. Indeed, Brandon University Indigenous student enrolment approaches 15 percent of the student body as compared with about 10 percent composition of the population in Brandon. Our efforts in Indigenous Education can be credited with generating these results. However, to sustain and improve-upon the Indigenous Education outcomes, continued Provincial Government support is needed as we continue to foster opportunities to work with the Brandon School Division and the Brandon Urban Aboriginal Peoples' Council. At the City level, Brandon University has actively worked with the Chamber of Commerce, businesses and city leaders at looking for opportunities to support economic activity and City/downtown revitalization.

The University is currently completing a Master Plan that will look at its facility needs and potential development over the next 20 to 30 years. The last Master Plan was completed in 1983 and it provided the basis for the University we currently celebrate. The 2016 Master Plan will also help to define the future. In 2016, the University experienced continued student growth at 7.0 percent reaching 3,300 students after having a 3.5 percent growth in 2015. A future growth rate of 2.0 percent will increase our student population to 4,000 students by 2026 and nearly 5,000 by 2036. At a growth rate of just over 3 percent, the University will reach a student number of 4,500 by 2026. Over 75 percent of our students come from outside of the City of Brandon and, increasingly, we are being more effective at attracting international students. Our residences only have space for 400 students and many students are now looking toward apartment style student accommodations as opposed dormitory facilities. Additionally, many of our students with families delay their enrolment at university while searching for appropriate housing. The low-interest-rate environment and the need for infrastructure investment suggest that investment in Brandon University facilities is now an opportunity in support of future growth and development at the University and across the City.

Post-secondary education research shows that 70 percent of the students studying in a province tend to stay within the City or province they studied. These findings are consistent with our student survey results. Over the past few years, the Brandon Career Fair has seen numerous post-secondary educational institutions from outside the Province promoting their institution with the aim of recruiting Brandon high school students to their institutions. In fact, 2015 and 2016 Brandon Career Fair had more post-secondary institutions from outside of the Province than all the institutions within the Province. As a result, it is important that Brandon University (and more generally, Manitoba post-secondary institutions) keep pace with the quality and relevance of our academic programs and services as well as foster the excellence of our physical equipment and information technology facilities and infrastructure. The Brandon Chamber of Commerce business surveys have consistently found that a shortage of talented and skilled individuals represents the key limiting factor to the competitiveness and expansion of local businesses. On the other hand, Brandon University can point to award-winning entrepreneurs and business leaders who have studied at our institution. Over the past 25 years, every business and economic-leading sector can directly link its growth and success to research and talent development facilitated by a university. This holds for the information technology revolution to the oil/manufacturing sectors. Therefore, investment and growth at Brandon University represents strategic investment and positioning for regional economic growth and vitality in Brandon and across the Westman region.

Demographic trends are relevant for the future economic and post-secondary activities across the region. The growth rate for Brandon is estimated at 10.3 percent as compared to the 5.9 percent growth at a national level between 2006 and 2011 based on Statistics Canada census numbers. The City now has a population of 50,000. Unlike much of Canada, the population of 18 to 25 years of age is expected to grow at a significant pace in Brandon representing increased demand/need for post-secondary education in the region. The portion of the population over 25 years of age (e.g., 34,260 individuals) with a university degree is estimated at 18.6 percent as compared with 25.4 percent for Winnipeg, 20.4 for the Province and 23.3 percent for all of Canada. Only 2.1 percent have graduate degrees. Nearly 20 percent of those with university degrees were over 65 years of age when the National Household survey was conducted in 2011. As a result, consistent with the finding of the Brandon Chamber of Commerce, Brandon and the Westman regions face a serious economic and business-limiting shortage of individuals with the educational background to support innovation, product and services research and development, and effective managerial succession planning. For instance, many positions now require a university degree for entry or promotion within the organization so, without the educational profile needed in the Brandon labour force, capital investment cannot be attracted or retained. On the other hand, individuals with a college or bachelor's degree within the Brandon area may know that they will need a graduate degree to be promoted (such as an MBA in the financial services sector). These individuals either move out of the City or province to do a degree online from a neighbouring province. Either way, these developments represent a loss to regional economic development for the Westman area and province. It is not surprising therefore that the fastest growing area at Brandon University is graduate studies as well as mature students. It is therefore important for the Provincial Government to be supportive of the development of new

academic programs, including at the graduate level, at Brandon University to meet the needs of students and regional economic development.

Regional economic development for Brandon and the Westman region is supportive of broader economic development for the Province. Additionally, this regional economic development provides greater economic diversity and resilience to stabilize employment due to broader economic fluctuations.

Post-Secondary Education

Post-secondary education contributes to innovation and the competitiveness of our industries; the quality of life of communities and individuals; engaged citizenship, leadership and governance; social and economic resilience; and future growth and prosperity. The post-secondary education sector faces a number of challenges. These challenges include increasing demand by students for high quality programs and facilities, excellent and outstanding faculty and staff members, and the latest technology, processes and systems (e.g., from library to registration services) that are comparable to any other post-secondary institution anywhere in Canada or even the world.

The globalization of post-secondary education therefore means that education is also a competitive foreign-currency earning mechanism. For instance, a 2011 report completed on behalf of the Department of Foreign Affairs and International Trade states: “We estimate that in 2010, international students in Canada spent in excess of \$7.7 billion on tuition, accommodation and discretionary spending; created over 81,000 jobs; and generated more than \$445 million in government revenue.” This same study suggests that international students conduct \$153 million in expenditures, generate 1,640 jobs and support \$11 million in government revenues in 2010 for Manitoba.

Investment in post-secondary education within Manitoba supports regional economic growth and development. Furthermore, it supports the province’s competitiveness in the post-secondary education sector at a national and international level.

The cost structure driving Manitoba’s post-secondary education includes faculty and staff salary and benefits being the largest share (e.g., 80 to 90 percent) of operating costs which often reflect national or even international (for U15 institutions) conditions more than local labor market considerations. On the other hand, the Provincial operating grant tends to be linked to the economic conditions or consumer price inflation (as opposed to the GDP deflator) at the provincial level. Similarly, student tuition levels appropriately linked to considerations of accessibility and affordability have evolved to a general notation of caps which may result in tuition affordability principles to be decoupled from family income or measures of affordability. The implication is that post-secondary education costs are driven increasingly by national or global forces while tuition and operating grant levels are determined by local economic and social contextual factors. This divergence between costs and revenues as well as between economic forces and funding realities have meant that universities within the Province are

generally under significant financial pressure choosing year-in-year-out what positions not to fill or what capacity investment needs to forestall.

In this economic climate, it is easy for groups (e.g., faculty and staff; students; institutional administrators; and government) to view that their interests are misaligned. However, only by working together can these significant challenges be faced and a strong post-secondary education sector built.

Building a strong post-secondary education requires:

1. The establishment of a shared policy vision and position evolved out of consultation and compromise;
2. The establishment of the needed investment and incentive structures to promote continued progress;
3. The recognition that the post-secondary education sector is an investment and part of the solution for building vibrant communities and strong economic growth.

It is therefore important to Brandon University (and likely to all post-secondary institutions) that in the absence of large provincial government operating grant increase that the flexibility and readiness be available for us to develop and gain approval of academic programs at the undergraduate and, increasingly, at the graduate level that will attract students to the University. Increased numbers of students allow us to spread out overhead costs, so lowering our average fixed costs and leaving a greater proportion of our revenues available for supporting academic program development and academic services improvements.

It is therefore important to Brandon University (and likely to all post-secondary institutions) that the Provincial government establish a clear amount for post-secondary education infrastructure investment to support the attraction of federal government infrastructure investment in Manitoba. Additionally, the recent federal government call for proposals for infrastructure demanded that projects be near shovel-ready which suggests that institutions would already have had to have invested in feasibility and engineering studies and schematic drawings. It would be therefore helpful for the Provincial government to make representation to the federal government either to make admissible these expenses (e.g., engineering reports) in its infrastructure funding or to work with Brandon University and other institutions to ensure we are at a point of readiness to attract federal government infrastructure investment.

It is important for the Provincial government to look at supporting university research activities through Research Manitoba and other mechanisms since federal government research funding is often conducted at on a matching basis. For 2016, Brandon University achieved a record level of research funding which benefited from a supportive research environment at the University and within the Province.

It is important the Provincial Government continues its consideration of mechanisms for supporting student scholarship and bursaries to support the accessibility of post-secondary education for many individuals who wish to pursue post-secondary education but face financial hurdles.

It is possible for the Provincial Government to support information technology and software sharing (e.g., registration and student record management systems) and coordinated acquisition across institutions to generate greater efficiencies and commonality within the system. Already, Brandon University and ACC coordinate on the utilization of student residences and teaching and learning and management leadership programs. It is possible to expand these efforts to other areas.

Finally, Brandon University appreciates the support and commitment to post-secondary education expressed by the Government. The statements about the fiscal challenges facing the province have been heard and we want to work with the government, faculty and staff to advance excellence in the quality of post-secondary education to meet societal needs, labour market demand, job creation and economic development for the betterment of the students and communities we serve. Again, thank you for the opportunity to make this submission.

Respectfully,

Dr. Gervan Fearon
President & Vice-Chancellor

Dr. Gervan Fearon Biography

Dr. Gervan Fearon became the President and Vice-Chancellor at Brandon University in August 2014 after first joining the University as the Vice-President (Academic and Provost) in 2013.

Dr. Fearon works collaboratively with faculty, staff and partners to advance the academic mission and reputation of the University aimed at meeting student and societal needs. Dr. Fearon holds a Ph.D. in Economics from The University of Western Ontario, a B.Sc. and a M.Sc. from the University of Guelph, and a Chartered Professional Accountant designation. He is also a recipient of the Queen Elizabeth II Diamond Jubilee Medal.

Prior to joining Brandon University, Dr. Fearon served in several academic positions including as the Dean of The G. Raymond Chang School of Continuing Education at Ryerson University, an Associate Dean at York University, and as a Visiting Scholar at the University of Washington. Dr. Fearon is the recipient of the 2007 Dean's Award for Excellence in Teaching from York University and the 2000 Professor of the Year Award from the Division of Management at the University of Toronto at Scarborough. His research is published in the Journal of Public Economics, Canadian Journal of Economics, Industrial Relations – Relations Industrielles Quarterly Review and others.

Gervan has served as the Executive Assistant to the Deputy Minister of the Ontario Ministry of Agriculture and Food and Rural Affairs, Senior Analyst with the Treasury Board Division (Ontario Ministry of Finance), and with Chase Econometrics (a Division of Chase Manhattan Bank, now WEFA Group). He has previously served as the President of Tropicana Community Services and as a member of the TELUS Community Board and the Ontario Trillium Foundation Board. Gervan has also served as a member of the Order of Manitoba Advisory Council, the Westman Immigrant Services Board, the Brandon Urban Aboriginal Peoples' Council, Research Manitoba, Government Relations Sub-Committee of the Brandon Chamber of Commerce, and The Royal Canadian Artillery Museum Board.

Dr. Fearon is passionate about education and its transformative opportunities for individuals, communities and societies. He plays the saxophone but, in comparison to the outstanding students and faculty member of the School of Music at Brandon University, he considers himself only a novice.