

## **Private<sup>1</sup> or Public? The Concordia Dilemma**

### **Introduction**

In 2015 Concordia University of Edmonton separated from its Lutheran progenitor, shifting from being a private, *faith based*, not for profit, university to a private, *secular*, not for profit, university. The institution's leaders are now asking the next logical question; "Should Concordia ask the Alberta Government to shift the institution from the private (independent) to the public category? There are two separate issues to consider.

The first is whether the government is willing to accept Concordia as a new public university, and under what terms. The second question is whether this would be a positive move for the future of the institution. Neither are trivial questions. Despite the fact that most of the older (pre 1960) Canadian universities had their origins as faith sponsored, private institutions, no Canadian institution in contemporary history has made the shift from private to an independent public university. For example, Brandon University became secular in 1938 and, along with Winnipeg, received a public charter in 1967. Consequently, for both the Alberta Government and Concordia there are no contemporary precedents from which to draw either process or impact observations.

The current analysis addresses the second question: "What are the implications for Concordia University of Edmonton if the institution moves from the private to the public category in Alberta?" The issues of government disposition can be left to a subsequent consideration of strategy, and is only considered in this analysis in the context of the terms under which Concordia would become public. But, in general, the current analysis will focus on Concordia, not on the Government.

### **Assumptions: What I Heard and What I Read?**

Any analysis such as this one requires a starting point, or a set of assumptions to guide the investigation. These assumptions are derived from discussions with Concordia

---

<sup>1</sup> While Concordia and the faith-based universities in Alberta are referred to as "independent" universities in the categorization of Alberta's post secondary institutions, the term "private" is used in this report. All Canadian universities view themselves as "independent" and the term "private" is in more common usage throughout North America to describe these types of institutions.

students, faculty, board members and staff as well as a review of Concordia marketing and visioning exercises. The list of individuals I consulted is included in Appendix 1 and the list of materials reviewed is included in Appendix 2.

The following are the assumptions used to guide the analysis of the question of private vs. public for Concordia University of Edmonton.

1. There is consensus that the most important consideration in any decision about Concordia's future must be the past, current and future students. In particular, many individuals commented on the need for assurances that any change will enhance the recognition of Concordia's credentials and strengthen the "degree mobility"<sup>2</sup> for its graduates.

2. Concordia is currently in comparatively good financial and organizational shape. While the budget is dependent upon government grants as a major source of funds, there is no financial or organizational crisis motivating this discussion. However, there is some memory of occasions in Concordia's history where the institution was concerned about its financial security.

3. Concordia appears to have no plans or aspirations to develop beyond its current place in the Canadian post secondary spectrum. Apart from the private designation, it is a secular, primarily undergraduate, instructionally focused, research informed, smaller university with a priority upon student success and satisfaction. It may consider various growth scenarios over the next decade. It has designs on some selected graduate and professional programs. And it assumes an enhanced scholarly role for its faculty in the coming years. But none of these aspirations would shift Concordia from its core vision as a student centered, smaller university.

---

<sup>2</sup> Marshall, D.G. (2005). "What's It Worth? The Tiering of Canadian Degrees." Education Canada, Volume 46, No. 1, pages 55-57.

4. Regardless of the private or public designation, Concordia administration and faculty recognize that the institution needs to further modify selected organizational and governance structures to better position the institution in the Canadian university spectrum. For example, while the GFC (General Faculties Council) model has been developed over the past few years, work remains to be done on the complete Board to Administration to GFC decision-making continuum.

5. There appears to be little concern from employees with the labour effects of the shift to the Post Secondary Learning Act.

6. Apart from an operationally manageable capital debt (\$8 million), Concordia has full ownership of its land and buildings. However, there is a concern with the possibility that Concordia's land and buildings will be handed over to the government with nothing substantial offered in return.

7. Concordia's mission and vision assumes that it will continue to serve an international, cultural, economic and gender diverse student body. Enhancing its role in Indigenous education is often cited as a future direction for this type of institution.

8. Concordia's decision to go 'secular' and the possibility of going public has stirred up disquiet in the Alberta post secondary environment. The public institutions (and the government) are naturally asking the impact of a public Concordia on grants and enrolment. Several times I heard questions like; "Would a public Concordia take away enrolment from Grant MacEwan?" Or, "How would Concordia be different from MacEwan?" Or, "Why do we need another MacEwan?" In a helpful manner, some external advice reminded me of the three rules of asking a government for change: 1. There is no or limited cost to the change 2. There is a visible (political?) benefit to the public (government) and 3. There is limited system disruption. (i.e. no one seriously opposes the change?). External communications on this issue seem to be increasingly important for Concordia.

9. Future partnerships —research, fund raising, international—were seen by many as an important consideration in any decision about Concordia's position in the Canadian post secondary sector.

10. The issue of the large number of highly regarded, private universities in the U.S. was often raised as a possible model for Concordia. Without going into great detail, it is an assumption of this report that the post secondary history and conditions in the U.S. make the U.S. model of the private liberal arts college of limited relevance to Concordia at this time.

11. Concordia is currently a member in good standing of Universities Canada, Canada's de facto accreditation body for Canadian universities. Concordia will not consider any changes that would jeopardize this membership and the associated credential recognition.

### **The Context: Concordia's Place in the Canadian University System**

In a broad sense, Concordia's decision is whether to stay a member of the private university grouping in Canada, or to join the group of smaller Canadian public universities that might share Concordia's aspirations and vision.

#### *Private Universities in Canada*

A list of the private universities in Canada is included in the appendix to this paper. Despite the fact that there are over 1300 private career colleges in Canada, at the current time there are only 20 private universities in Canada, made up of the private faith-based not for profit institutions, the private secular for profit, and the private secular not for profit.<sup>3</sup> There is little contemporary history of private university education in Canada. Numerous authors have speculated on the reasons why private universities have never

thrived in Canada.<sup>4</sup> For example, the Canadian public has, at best, a benign attitude towards the privatization of a public good such as education. There is a concern over the recognition of credentials for further study. There is public discomfort with high tuition levels and the value added of these fees over readily available, affordable and perceived high quality public university education in Canada. The lack of the type of federal grant and loan systems available to students in the U.S. is perhaps most significant for the attempts to establish branch campuses of U.S. universities in Canada. *No private university in the U.S. could survive unless their students are eligible for these funds.*

Most of the current private universities in Canada (13) are *faith based* and are spread evenly across the country. Alberta has 4 (5 recently) faith-based, private universities. Only Alberta provides full grant support to the private faith based universities. Canadian Mennonite University in Manitoba receives reduced grant and capital support from the government. The total enrolment in all faith-based universities in Canada is approximately 7000 students.

There are currently 5 private, secular *for profit* universities in Canada, 3 in New Brunswick and 2 in British Columbia. The total combined enrolment is approximately 2000 students. The number of these institutions changes periodically as institutions open and close, especially in British Columbia where new private universities (e.g. Landsbridge University, World Trade University) were approved that never materialized. Canada West was sold to a private company and still operates, while Farleigh Dickenson is a branch of a U.S. private university.

Most relevant to Concordia might be the private, *secular not for profit* sector in Canada. There are two such institutions: Concordia and Quest (B.C.)

Quest was established in 2002 as a private, secular, not for profit, small liberal arts university. It immediately became something of a curiosity in the Canadian system. The intent was to replicate the small, elite liberal arts colleges in the U.S. It set tuition levels in the mid twenty thousand range and a received a large initial endowment from a private benefactor. It delivers courses in a "block" model — one "course" at a time rather

---

<sup>3</sup> Glen Jones (2015), "The Invisible Private Sector", Academica Group.

<sup>4</sup> B. Hutchinson, (2008) "Public vs. Private Universities in Canada," National Post, Dec. 13.

than 4 or 5 concurrently— and faculty do not have tenure. It has struggled over the years to define its place in the Canadian system. Less than a decade ago it went through four presidents in one year. It currently charges approximately \$50 thousand tuition and room and board, but appears to have developed a stable enrolment base (600) and a significant reputation for student satisfaction.<sup>5</sup>

As a model for Concordia, it does demonstrate how an institution can survive without any government (tax relief only) support. Could Concordia go the Quest route? Quest is certainly autonomous, but it requires a significant source of private funds to operate. An initial endowment helped Quest, as does the high tuition fees. If Concordia were to operate on a similar endowment based operating revenue it would require an endowment of between \$400 and \$500 million, depending upon a rate of return on investments and the tuition levels it charged. Quest is also not a member of Universities Canada.

At the current time Concordia is essentially a group of one: the only government supported, private, secular university with membership in Universities Canada. This begs the question of the public attitudes and perception of being a private university in Canada. This position may be precarious. As the past president of Quest University observed, "In the U.S., private (in post secondary education) does not equal evil like it does in Canada."<sup>6</sup> Unlike the U.S., history suggests that the Canadian post secondary consumer public gives little attention to the label "private" in choosing a university. In fact, the recent furor over "statements of faith and behavior" (e.g. Trinity Western's proposed Law school) has raised concerns about the mobility value of some of their degrees. Why take a law degree that isn't recognized across Canada?

As a private university Concordia will remain a member of the diverse, undefined and misunderstood, private university group in Canada.

### *The Undergraduate University in Canada*

---

<sup>5</sup> MacLean's (2016), Annual Ranking of Canadian Universities,

<sup>6</sup> B. Hutchinson (2008), "Public vs. Private," National Post, Dec. 13.

When David Strangway was interviewed in 2002 by the *Globe and Mail* about the founding of Quest University, he stated that that Canada needed a small, teaching focused, undergraduate university. As the President of Nipissing I wrote a letter to the *Globe* to the effect that I couldn't agree more—and that university is located in North Bay and charges \$2500 a year tuition rather than \$25 thousand a year. The point I was making at that time was that a group of such universities already existed in Canada. Quest might do some unique things, but being small, teaching focused, primarily undergraduate, and liberal arts were not among them. The Canadian University system is not homogenous and a significant part of its diversity comes from the collection of these smaller universities. The recognition of this diversity has been gradually growing, to the point where some authors are recommending the establishment of new "teaching only" universities.<sup>7</sup> The newer universities in B.C. were established as instructionally focused, as were Mount Royal and Grant MacEwan in Alberta.

A glance at the annual Maclean's university ranking can provide a snapshot of the 19 public Canadian universities in this category.<sup>8</sup> The oldest most established are in the East: Acadia, Mount Allison, Mount St. Vincent, St. Mary's, St. FX, Bishops and so on. Newer members are Cape Breton, Nipissing, Algoma, Winnipeg, and Brandon. Mount Royal and Grant MacEwan will be members of this group based upon vision and mission rather than size.

Regardless of its designation as a private or a public university it is clear that this is the "group" that Concordia strives to join. In particular, Concordia would be seen as one of the under 4000 FLE (Full Load Equivalent) group: Mount Allison, Acadia, Bishops, and Cape Breton. In Alberta, Concordia would share a student centred mission statement with Mount Royal and Grant MacEwan. The full defining characteristics of this group of universities goes beyond the scope of this paper.<sup>9</sup> However, a review of their public vision and mission statements show a shared vision for student success and

---

<sup>7</sup> Clark, I.D., G. Moran, M.L. Skolnik, and D. Trick. (2009). *Academic Transformation: The Forces Reshaping Higher Education in Ontario*. Montreal and Kingston: Queen's Policy Studies Series, McGill-Queen's University Press

<sup>8</sup> Maclean's (2016) Annual Rankings

satisfaction above all else, and they have the institutional components and outcomes to prove it. Outcomes where these institutions excel include: employment rate of grads, success in admission to graduate and professional school, default rate on student loans, graduate scholarships, and, of course, student satisfaction. Some institutional components include: a small proportion (less than 10%) of enrolment in graduate programs, a higher allocation of faculty time to instruction, a faculty reward structure that recognizes instructional excellence, a significant bursary agenda, resources allocated to student services and support, and most importantly an institutional "culture" that is student focused.<sup>10</sup> The top five of these institutions for "student satisfaction" are Bishops, St. FX, Nipissing, Acadia and Mount St. Vincent.<sup>11</sup> It should be noted that the Maclean's ranking exercise only includes public universities, although they do report on student satisfaction scores from all universities that voluntarily participate in the Canadian University Survey Consortium.

As a secular university, and whether public or private, Concordia could strive to be the "St. FX of the west". This type of unique mission could be an attractive feature of a new public university in Alberta.

### **Public or Private?**

There have always been questions regarding the "public" nature of Canadian universities.<sup>12</sup> However, the defining the boundaries between a "public" and "private" university in Canada has become increasingly blurred over the past 30 years. With the sharp decline in the proportion of university revenues from government sources—from the 80% range to the 50% range over the last 30 years—some would argue that Canadian universities, while chartered as not for profit corporations, are essentially publically

---

<sup>9</sup> Marshall, D.G. (2004). "Degree Accreditation in Canada." The Canadian Journal of Higher Education, Volume XXXIV, No. 2, pages 69-96.

<sup>10</sup> Marshall, D.G. (2011). "Differentiation by Design. The Revitalization of Canadian Undergraduate Education". Policy Options, June, 2011

<sup>11</sup> Maclean's (2016), Annual Ranking

<sup>12</sup> The Supreme Court of Canada in *Mckinney v. University of Guelph* decided that universities are "private" because they are legally autonomous, even though their scope of action is limited by regulation...as reported in "Private Universities: Privileged Education" CFS Fact sheet, Dec. 2000, Vol.7, No.1

supported, rather than "public".<sup>13</sup> This is slightly disingenuous. There are other factors than financing that define the concept of "public" in the delivery of an essential public good such as education. If this were not the case, then Concordia would already be considered a "public" institution since it receives a comparable proportion of its operating revenues from the public purse, as do the other public universities in Alberta. The following is an examination of these other factors— the components of Concordia that could be affected by an institutional status as either public or private. The list and the observations about these components are derived from the previously stated assumptions, the state of private universities in Canada, the concept of the small university in Canada and my own knowledge of the Alberta and national post secondary system.

*Government Operating Grants*

Comparing the government operating grants received by public and private universities in Alberta is not a straightforward exercise. The grants received are a mix of historical and recent program decisions. There seems to be three comparisons that might provide a rough estimate of the difference between institutions: Grant per FLE, total expenditure per FLE and grant revenue as a percentage of overall revenue. Using 2014 data (most recent available for for comparison purposes), Table 1 shows a comparison between Concordia and Mount Royal University. Mount Royal is chosen for comparison purposes since it is primarily undergraduate and, unlike Grant MacEwan offers almost totally university level credentials.

**Table 1**

**Financial Comparison: Concordia and Mount Royal: 2014-15**

	Concordia	Mount Royal
Total Government Operating Grants	12,057,218.00	91,580,000.00
Total Revenue	25,957,356.00	213,838,000.00
Total FLE	1251.734	9165.685

---

<sup>13</sup> Jones, Glen (2015), *The Invisible Private Sector*, Academica Group.

Total Student Revenue	10,758,288	71,614,000.00
Student Revenue/FLE	8,594.73	7813.27
Student Revenue as % of Rev.	41%	33%
Grants as % of revenue	48%	44%
Expenditure/FLE	19,701	18,412
Grant/FLE	9,632.4	9991.62

The figures in Table 1 are only a guide to determine an estimate of the grant difference should Concordia decides to become public. For example, the data are 2014, and FLE numbers are total FLE and may include some non-grant supported enrolments. Since Mount Royal would have a larger number of non-credit or continuing education enrolments, the grant per credit FLE grant revenue would likely be higher at Mount Royal than Concordia, however then the exercise becomes one of how you use statistics. At any rate, the data suggests that, at least using historical data and total FLE numbers, there is not a significant grant difference between Concordia and Mount Royal. The grant difference between private and public might be a useful exercise moving forward for future grant per program calculations, but would not appear to be a significant factor in the decision to shift from private to public. More significant might be Concordia's role as new public university in the Government of Alberta's current review of the post secondary funding model.

### *Tuition*

As a private institution, Concordia has been free to set its own tuition levels. As a public institution it will have to follow government tuition regulations.

Table 1 shows the effects of higher tuition levels at Concordia compared to Mount Royal. A comparison of fee levels at selected Alberta universities is presented in Table 2.

Concordia has a greater proportion or revenue from student revenue than Mount Royal, despite a higher proportion of revenue from government grants. Mount Royal has "other" sources of revenues that dilute both the proportion of revenue from grants and

student revenue. In addition, as with grant calculations, parceling out the non-credit students would slightly change the calculation. But it is clear that Concordia relies on tuition revenue for a significant proportion of its operating revenue. As a private university it has been free to set its own tuition levels.

**Table 2**

Tuition Fees at Alberta Universities\*\*

<b>University of Alberta</b>	7,069-7,069	21,590-21,590
<b>University of Calgary</b>	5,386-5,386	18,338-18,338
<b>University of Lethbridge</b>	4,974-4,974	11,262-14,922
<b>The King's University</b>	11,408-11,408	12,908-12,908
<b>Concordia University of Edmonton</b>	7,000-7,000	11,820-11,820
<b>Athabasca University</b>	4,760-6,030	9,520-10,660
<b>Mount Royal University</b>	4,942-5,442	11,121-12,512
<b>MacEwan University</b>	4,620-6,660	15,600-15,600

\*source: Universities Canada/Statscan

\*not inclusive of compulsory ancillary fees

The fees shown in Table 2 are exclusive of institutionally determined compulsory fees. These types of fees have been controversial in all provinces since they are seen as a way for an institution to circumvent provincial tuition fee regulations. Including these fees, the total annual fee cost for Mount Royal is approximately \$6500 and the total fee cost for Concordia is approximately \$8000.

This table also shows the international fee levels. As with domestic fees, Concordia would lose the freedom to establish international fees. Concordia's current international fees are lower —relative to the domestic fee —than other institutions.

There are three questions relevant to tuition levels and the decision to shift to a public institution. The first is whether as a public institution the government would expect Concordia to roll its fees back to the level of comparison public institutions? This could result in a loss of revenue of \$1500 per student. The second is whether a private Concordia would, in fact, make extensive use of the freedom to set fees? Concordia has yet to use this freedom to any great degree (unlike King's University). Its mission and

vision statements all emphasize accessibility. In addition, the evidence in provinces (Nova Scotia) where institutions have been free to set their own fee levels suggests that institutions are careful not to raise fees exorbitantly or price themselves out of the market. The third issue is how government treats the relationship between tuition and grants. In 2016 all public institutions had "tuition freeze rollbacks" placed in the grant base. Since Concordia was not subject to the tuition freeze in the first place it received no roll back into the grant base. As a public institution this would have been approximately \$450,000 additional grant support for Concordia.

Of all of the things that Concordia will "give up" in the move to a public institution, the freedom to set tuition levels in the future is potentially the most significant. The question of the importance of this freedom to the future of Concordia needs to be carefully assessed.

#### *Capital and Infrastructure*

As a private university in Alberta, Concordia does not have access to government capital and infrastructure support. As a public institution it will be eligible to apply for this support. The key word here is eligible. There is no set annual capital allocation per institution, rather institutions make capital requests that are placed on the "list" and institutions receive funding when their request rises to the top of the list. While the selection criteria can change with governments, most governments in Canada today make an attempt to be fair in capital allocations, and many are leaning to support for Health Science and STEM (Science, Technology, Engineering, Mathematics) programs that require expensive laboratory space and equipment. Governments do not fund residences or administration space. But regardless of the government decision processes, as a public institution Concordia would have access to the process. Concordia currently has some significant capital needs that could only be met with government support, either federal or provincial. As a public institution it will have enhanced access to this support.

#### *Land and Buildings:*

If Concordia shifts to a public institution the crown would assume its lands and building as "Crown in Right". While the donation of property and buildings that might (an assessment needs to be made) be worth \$50 Million seems like a huge windfall for the government, there are several factors that assess the importance of this.

Most importantly, what is the difference for the operation of Concordia if the land and buildings are on the government books or on Concordia's? The detailed meaning of "Crown in Right" for an institution like Concordia goes beyond this author's expertise and beyond the scope of this analysis. As a further step in the decision process on this issue I would recommend obtaining an "expert" opinion on the meaning of "Crown in Right" for Concordia.<sup>14</sup> However, from my experience, while technically the crown "owns" all of the land of public universities, it would be an unusual event for a government to intervene in the asset decisions of places like the University of Alberta or University of Calgary. My experience is that institutions are free to develop, acquire, dispose etc. subject to the government approval. One author describes it as "ownership of property subject to the will of the government."<sup>15</sup>

Transferring the land and buildings to Crown in Right is one of the changes that that will take place if Concordia becomes a public institution. While there are some questions to be asked about this transfer (deferred maintenance, debt), from my experience, this change would have negligible effect upon the day- to- day operation of the university, or future asset decisions.

### *Labour*

As a public university Concordia will operate under the PSLA (Post- Secondary Learning Act). This will result in some changes in the rights and privileges of employees. While a legal opinion is recommended to assess the effects of these changes upon Concordia, at first consideration the changes do not appear to be material to the employees of Concordia.

---

<sup>14</sup> See for example, "Property That Vests in Crown in Right in Alberta", Discussion Paper, Government of Alberta, 2005

<sup>15</sup> Alberta Lands Institute, University of Alberta

## *Governance*

There are two aspects of governance that are unique to public universities in Canada.

The first is the concept of bicameral governance, and the decision-making relationship between the Board and the GFC (academic senates in other provinces). This model of shared governance has been a fixture of Canadian universities for over a hundred years and is a requirement for membership in Universities Canada. Concordia has already met the bicameral requirements for Universities Canada and has done recent work to further develop the rights and responsibilities of the GFC. This is work that it would do regardless of its status as a private or public university. If it makes the shift to a public university and to some kind of order in council under the PSLA the bicameral powers and duties of the Board and the GFC would be embedded in the legislation. Concordia may consider further refinement of these rights and responsibilities before defining them in legislation.

The second aspect of the initial history is the appointment process for Board members. There is very wide variance in the composition of university boards across the country, largely dependent upon when the university was chartered (some are over 100 years old) and the fact that most universities in Canada operate under their own act rather than an umbrella act like in Alberta. For example, when Nipissing was established as new university in 1992, it defined its own unique board structure. However, regardless of the board composition, all public university boards (that I am aware of) include at least some public appointments. The rationale is simply that any organization that receives significant public funds should be publically accountable, and the Board is the process for that accountability. Concordia has been able to operate without any public appointed Board members, but it is unlikely that the government would allow that to continue as a public university. The current self-appointment process would likely be replaced with a public one. Briefly, in that process the board identifies to the government a vacancy and the membership requirement —e.g. legal? accounting? educational?—and the government advertises for a board member with the required expertise. The government shortlists the applicants based upon the expertise filter and sends the list to the Board. The Board ranks the list and then the government chooses the new board member. So

while there is a final government selection, the Board has some control and input in the process. In addition, good boards do two things. They have a detailed Board appointment protocol, identifying the expertise and background required for the Board. And they have a process to identify and select their own candidates that they support in the application process. With that type of protocol, in 21 years of Board management I have had almost 100% government acceptance of the individuals chosen by the Board.

Is the shift to a publically appointed board a serious issue for Concordia? In my experience it is, but a positive one. Boards by and large still get to identify the members that they want (following a protocol). But most importantly when the government appoints the Board they are more inclined to trust governance decisions and more inclined to delegate authority to a governing body that is publically accountable.

#### *Athletics*

Concordia currently has an active role in the Alberta/Canada College (CCAA) athletic system. It is not unusual for small universities to compete in the college division until they are competitive enough to join the CIS (Canadian Intercollegiate Sports—the Canadian university athletic system). Both Nipissing and Mount Royal (among others) competed in the college system in several sports before joining the CIS. CIS has some significant regulations and cost that might make it unrealistic for Concordia to join at the current time. However, the CIS membership includes only public universities, so while not urgent, a shift to a public institution would make Concordia eligible for future consideration.

#### *Marketing, Recruitment and Reputation*

Concordia will depend upon a healthy applicant pool for many years to come. The competition for all students, not just the best, is strong in Alberta. In order to compete, Concordia needs to find a marketing and recruitment niche. They have been doing this for several years and the current enrolment is stable. Many wonder how the shift to secular will affect the applicant pool. And now the question is added as to how being private or public might affect recruitment efforts?

As discussed above, there does not seem to be any preference in the Canadian public for private institutions in an essential service such as education. That is one reason why private universities (without a loyal faith base) have struggled in Canada. In other words being "private" does not appear to be a valuable marketing hook for student recruitment. On the other hand, neither is simply relying on being "public. In the long run it will be the reputation of an institution that will endure, not a label. Quest University is developing a very targeted but favorable reputation for the experience of its 600 students. Acadia has a 100-year-old reputation for undergraduate excellence that would not be disturbed if, for example, they decided to go private. Concordia already provides an outstanding undergraduate experience, so the question becomes one of the best strategies to get the word out about this experience.

Currently there are two "student experience" rankings.

The Canadian University Survey Consortium at the University of Manitoba examines the undergraduate life in participating institutions. They accept any institution that will pay the fee. Quest uses the results of this to claim on their website that they are the top ranked university in Canada.

The other ranking exercise is the annual MacLean's ranking of Canadian universities. There are certainly some concerns about the validity of the rankings. However, if you are not on their list you are not even on most applicants' radar. In essence, for awareness purposes, an institution is better to be ranked last than to be excluded from the ranking. And MacLean's only includes public universities in the ranking exercise.

In general, being a private university has little marketing value in Canada. The best marketing hook will be identification with the smaller, public undergraduate universities in Canada. Access to national rankings will enhance applicant awareness of Concordia.

### *International*

Concordia currently has a significant international enrolment and it is expanding both international recruitment and international partners. As suggested above, shifting to

a public university will affect international marketing as well as domestic marketing. Apart from program considerations, prospective international partners look at membership in Universities Canada and ranking exercises to determine Canadian partners. However, up to now, Concordia has not implemented a large foreign fee differential. As an Alberta public university they would have to comply with the foreign fee requirements that require charging twice the domestic fee for foreign students. While this might affect recruitment, the caring of foreign students requires significantly more expense per student than domestic students. The additional resources should be welcome.

#### *Student Aid and awards*

Private or public makes no difference in student eligibility for government student loans or grants, or awards.

#### *Programs*

Concordia currently submits all new programs to CAQC (Campus Alberta Quality Council) for approval before being submitted to the government for grant funding. Governments will choose to fund a program based upon their own priorities for growth or change. This process is same for both public and private universities.

#### *Research*

Concordia is currently eligible for all tri council grants and all levels of research chairs. Publically funded research facilities might enhance the ability of individual faculty to access research grants, especially in the Health Sciences and STEM areas.

#### *Taxes*

There is no difference between the tax treatment of private not for profit and public universities.

#### *Executive Contracts*

At the current time, unlike Ontario and British Columbia, there are no Alberta government controls on executive compensation in public universities. So going public at the current time will make no difference in the ability of a Board to set compensation levels for their senior executive. However, if the province follows the example of places like Ontario and British Columbia, then as a public institution Concordia would have restrictions on executive pay. At the current time the restrictions on Presidential salary in Ontario and B.C. provide an extra challenge in presidential candidate recruitment.

#### *Sunshine Laws*

"Sunshine laws", or disclosure of public sector salaries over a certain amount has been in place in Ontario since 1995. Alberta enacted their own version in 2016, publicizing the list of all salaries over 125,000 in public institutions. As a private university Concordia was not subject to the disclosure. As a public university all individuals earning a salary over 125,000 per year would make the "sunshine" list.

The only "bad" thing about the Ontario experience with the sunshine law is that it quickly escalated the salaries of university presidents as they all leap frogged each other to be the highest paid.

#### *Quality Assessment*

Concordia is currently subject to all of the quality assessment processes and outcomes established by the CAQC. Nothing would change for Concordia as a public institution.

#### *FOIP*

As a public institution, Concordia would be subject to the freedom of information act. This is usually only a bad thing for an institution if there is something to hide. However, FOIP claims can take up a considerable amount of time and be burdensome on a small institution. Some of the larger institutions even have FOIP officers, staff assigned to deal with FOIP demands. So while this change would be a good thing for transparency, it could represent an additional administrative burden.

### *Borrowing*

As a public institution, Concordia would be eligible to borrow from the government rather than from private sources. Most public institutions do this to access funds needed for capital projects and the interest rate is lower. The downside is that the loan and the project require government approval and this ultimately takes longer than arranging private financing. Nonetheless it would be a benefit of being a public university.

### *Auditing*

As a public institution, the annual audit would be done by the Office of the Auditor General rather than by a private firm, chosen by the board through a tender. Alberta is one of the few provinces that audit the universities through the OAG (Office of the Auditor General). Most follow the current auditing process at Concordia: hire a private auditor and submit the audit to the government. At any rate there is an upside and a downside to the OAG audit. It costs more money—maybe 3 times as much. Any issues that are found are made very public through the AG's annual report. On the other hand, the audit goes beyond finances and into processes such as contracting and information technology controls. Whether this change is seen as welcome or not depends upon how secure an institution might be in its processes and controls. I would assume that Concordia has no concerns in this regard.

A summary of my analysis of the effects on various operational components at Concordia is presented in Table 3.

**Table 3**  
**Summary of Analysis of Effect of Going Public on Institutional Components**

<i>Component</i>	<i>positive effect</i>	<i>neutral effect</i>	<i>negative effect</i>
Grants		x	
Tuition			x?
Infrastructure	x		
Land and Buildings		x	
Labour		x	
Governance	x		

Athletics	x		
Recruitment	x		
International		x	
Student aid		x	
Programs		x	
Research	x		
Taxes		x	
Executive pay			x
Sunshine Law	x		
Quality Assessment		x	
Borrowing	x		
Auditing	x		

## Discussion

The above analysis of the components has shown that there will be little operational effect or no significant difference for most of the variables. However six variables emerge as the most important deciding factors for this issue: grants, capital, tuition, governance, land ownership, mission/vision and reputation.

Choosing between the public and private options is a matter of choosing which of the variables is most important to the students and the future of Concordia.

There appear to be three significant factors in favour of the public choice.

- Positioning and reputation are extremely important for credential recognition. Concordia would be significantly better positioned in this regard as a public rather than a private member of the "undergraduate" club in Canada. Private does not appear to be an influencing factor with the consuming post secondary public. Potential membership in CIS and

inclusion in MacLean's are two other recognition factors that are significant.

- While Concordia currently benefits from comparable grant levels to the other public institutions in Alberta, the continued certainty of these grants continuing would be enhanced as a public institution. Alberta is the only province that provides such a level of grant support to private institutions.
- The importance of access to capital/infrastructure funds will become significant as Concordia grows and develops over the coming decade.

On the other hand there appear to be four things Concordia will be giving up in the public option.

- The land and buildings will revert to the "crown in right" or "ownership at the will of the government."
- The appointment process for Board members will change, moving from a self-selecting process to a public process.
- Concordia would give up the right to set tuition fees both domestically and international.
- The government can impose mission conditions on a new public university.

### *Risk Analysis*

One method of choosing between institutional options is to conduct a "risk analysis." There are many ways to do this, but one of the most informative is to create a worst-case scenario. This is not done to create panic or to even suggest that they are likely to occur, just to better understand the worst-case risk between options.

The "worst" case for staying private is essentially twofold. The first is the potential for the undergraduate applicant pool to abandon a Concordia that is now

secular. The second is for the Alberta government to follow the pattern in other provinces and stop providing grant support to private universities in Alberta. Either—or both— circumstances would have dire consequences for Concordia. In addition, Concordia's decision to become secular has both isolated it from the faith-based group in Alberta and, by all reports, considerably upset these institutions. Attempting to go 'public' will not endear Concordia to other public institutions in Alberta. This isolated and 'friendless' state is a precarious place.

The "worst" case for moving public would largely lie in the conditions that the government might impose on Concordia for joining the public grouping. The most financially severe could be the immediate lowering of tuition levels to current public levels, a potential loss of \$1500 per student. Without any accompanying grant adjustment this would be a serious blow to the institution. Another issue could be the conditions on program and mission. The government could insist that Concordia join the Mount Royal and Grant MacEwan group and give up the right to graduate programs, a Chancellor and honorary Doctorates.

There is, of course, a parallel "best case" analysis. However, the "worst case" risk analysis can focus attention on the risks involved in choosing one option over another and assist in identify strategies to ameliorate those risks. For example, an effective marketing campaign might mitigate the reputational risk of staying private. Good government relations might mitigate the possibility of wholesale grant cuts. A unique legislation might avoid squeezing Concordia into the Mount Royal and Grant MacEwan box. But most importantly for the current process, the risks of the decision to go public could be ameliorated through negotiation of terms by "red circling" selected components of Concordia. Red circling means that the change could be gradual or contingent upon some circumstance and Concordia could temporarily maintain components it does not want to immediately change.. For example, the current board membership could be "red circled" and only replaced through the public process when individual terms are up. Tuition levels could be "red circled" until comparable institutions reach Concordia's tuition levels.

I assume that a regressive restriction to Concordia's mission and program mix would be unacceptable.

### **Conclusion**

From my analysis of the Concordia context —present and future— I have concluded that Concordia would be better positioned as a public institution. The risks associated with staying private are considerably greater than the risks associated with becoming public. The grant (capital and operating) stability and the reputational factors outweigh any of the other any drawbacks (primarily tuition control) to this shift.

However there could be immediate and unacceptable negative effects of the move to the public sector. The most disruptive could be if the government imposes a tuition rollback or imposes regressive mission constraints. Less serious, but still disruptive could be an immediate and wholesale turnover of the Board. And clarification still remains on the effects upon labour, and the operational impacts of "crown in right".

**I recommend that Board approve "in principle" a request to the Government of Alberta to shift Concordia University of Edmonton from a private university to a public one. The final endorsement would be subject to (i) the government "red circling" of current tuition levels, (ii) the "red circling" of the current board membership (iii) no imposed change to the current mission and program mix (iv) legal assessments of the labour effects and (v) legal clarification of the operational impacts of "crown in right".**

**Respectively Submitted**

**July 11, 2016**

**David G. Marshall**

List of individuals I consulted during the course of preparing this Report:

Gerald Krispin, President

Richard Currie, VP Finance and Administration

Tim Loreman, Provost and VP Academic

Allan Wachowich, Chancellor

Ed Boraas, CIO

Manfred Zeuch, VP, International and Research

Michael Wade, Chair, Board of Governors

Russ Morrow, Board of Governors

Stewart Maschmeyer, Board of Governors

Dave Keppler, Board of Governors

Reg Milley, Board of Governors

Steven Muir, Faculty Member

Ron Ruhl, Faculty Member

Caroline Howarth, Faculty Member

Colin Neufeldt, Faculty Member

Oliver Franke, Faculty Member

Debra Pozega Osburn, VP, External Relations, University of Alberta

Dale Lindskog, President, Faculty Association

Neil Querengesser, Dean of Arts

Patrick Kamau, Dean of Science

Karen McDonald, Dean of Graduate Studies and Program Development

Paul McElhone, Dean of Management

Stephen Mandel, Friend of Concordia

Mariola Janowicz, Faculty Association

Ashish Thomas, Faculty Association

Linda van Netten-Blimke, Faculty Association

David Docherty, President, Mount Royal University

David Atkinson, President, Grant MacEwan University

Bin Lau, Strategic Advisor to the Mayor of Edmonton

## APPENDIX 2

List of Concordia documents reviewed:

Website documents and statements

2016 Capital Forecast

2014/2015 Financial statements

Faculty Salary Comparisons

2015 Independent Auditor's Report

Internationalization Strategy 2012-2014

GFC Membership and Standing Committees

Strategic Research Plan

2014-15 Annual Report

Academic Plan Update 2015

Bill Pr5 Concordia University College of Alberta Amendment Act, 2015

Concordia College Amendment Act, 1995

An Act to Incorporate Concordia College, 1978

## APPENDIX 3

List of Canadian Private Universities (Federated Colleges excluded)

F: faith based

SNFP: secular not for profit

SFP: secular for profit

UC: member of Universities Canada

Alberta

- Ambrose University (F)
- Burman University (F)

- Concordia University of Edmonton (SNFP) (UC)
- The King's University (F) (UC)
- St. Mary's University (F)

#### British Columbia

- Farleigh Dickenson University (SFP)
- Quest University (SNFP)
- Trinity Western University (F) (UC)
- University Canada West (SFP)

#### Manitoba

- Canadian Mennonite University (F) (UC)
- Booth University College (F)
- Providence University College and Seminary (F)

#### New Brunswick

- Atlantic Baptist University (F)
- Crandall University (F)
- Landsbridge University (SFP)
- St. Stephens' University (F)
- University of Fredericton (SFP)
- Yorkville University (SFP)

#### Ontario

- Redeemer University College (F) (UC)
- Tyndale University College (F)