

**Recommendations on a
New University Funding Formula for the
Distribution of Operating Grants**

Submitted to the Minister of Education and Culture

by

The Nova Scotia Council on Higher Education

March 1998

Addendum to

Recommendations on a New University Funding Formula for the Distribution of Operating Grants, March 1998

Date: July 20, 2000

Bin Weights and Adjusted Bin Weights

The bin weights listed in Table 1 on page 7 and Appendices A1 and A2 of the above document are derived by dividing program cost associated with each bin by the Alpha bin cost. As shown in Table One below, these weights results in a cost recovery gap when a fixed tuition revenue is applied. To eliminate this gap, the bin weights were adjusted upward (Table Two). It is these adjusted weights that are in use in the funding formula.

Table One: Derivation of WFCE						
			Based on WFCE			
	Total Cost per FCE	WFCE ¹	Provincial Support per FCE ²	Tuition Revenue per FCE	Total Revenue	Cost Recovery Gap ³
Alpha	\$1,220	1.00	\$610	\$610	\$1,220	\$0
Alpha 2	\$1,525	1.25	\$762	\$610	\$1,372	\$152
Beta	\$1,830	1.50	\$915	\$610	\$1,525	\$305
Beta 2	\$1,976	1.62	\$988	\$610	\$1,598	\$378
Gamma	\$2,135	1.75	\$1,068	\$610	\$1,678	\$458
Delta	\$2,440	2.00	\$1,220	\$610	\$1,830	\$610
Medicine	\$4,880	4.00	\$2,440	\$610	\$3,050	\$1,830
Dentistry	\$6,710	5.50	\$3,355	\$610	\$3,965	\$2,745
Epsilon	\$2,440	2.00	\$1,220	\$610	\$1,830	\$610
Phi(A)	\$3,050	2.50	\$1,525	\$610	\$2,135	\$915
Phi(B)	\$3,660	3.00	\$1,830	\$610	\$2,440	\$1,220
Omega	\$4,880	4.00	\$2,440	\$610	\$3,050	\$1,830

¹WFCE is determined by dividing the Total Cost per FCE by the Alpha Bin cost, \$1220.

²Calculation: \$610 x WFCE

³Calculation: Total Cost - Total Revenue

Table Two: Derivation of Adjusted WFCE

	Based on Adjusted WFCE					
	Total Cost - Tuition Revenue	Adjusted WFCE ⁴	Provincial Support per FCE ⁵	Tuition Revenue per FCE	Total Revenue	Cost Recovery Gap ³
Alpha	\$610	1.00	\$610	\$610	\$1,220	\$0
Alpha 2	\$915	1.50	\$915	\$610	\$1,525	\$0
Beta	\$1,220	2.00	\$1,220	\$610	\$1,830	\$0
Beta 2	\$1,366	2.24	\$1,366	\$610	\$1,976	\$0
Gamma	\$1,525	2.50	\$1,525	\$610	\$2,135	\$0
Delta	\$1,830	3.00	\$1,830	\$610	\$2,440	\$0
Medicine	\$4,270	7.00	\$4,270	\$610	\$4,880	\$0
Dentistry	\$6,100	10.00	\$6,100	\$610	\$6,710	\$0
Epsilon	\$1,830	3.00	\$1,830	\$610	\$2,440	\$0
Phi(A)	\$2,440	4.00	\$2,440	\$610	\$3,050	\$0
Phi(B)	\$3,050	5.00	\$3,050	\$610	\$3,660	\$0
Omega	\$4,270	7.00	\$4,270	\$610	\$4,880	\$0

³Calculation: Total Cost - Total Revenue

⁴Adjusted WFCE is determined by dividing the difference between Total Cost and Tuition Revenue per FCE by Tuition Revenue per FCE (reference is page 4, first paragraph under Fixed Revenue Assumption, in University Funding Formula Technical Report, May 1998).

⁵Calculation: \$610 x Adjusted WFCE

THE NOVA SCOTIA COUNCIL ON HIGHER EDUCATION

The Nova Scotia Council on Higher Education (NSCHE) serves as an intermediary body between government and the universities. The 12 members of the Council are from across the province and represent a variety of sectors including the university community, students, business and industry, and arts and culture. The Council is supported by a core group of staff who are co-located with the Department of Education and Culture, and who are available to the Minister of Education and Culture to provide information and advice on matters relating to the university system.

The Council works closely with the Council of Nova Scotia University Presidents (CONSUP) and the universities. It promotes an effective and co-ordinated university system that maximizes educational benefits for students, generates high quality research, and develops the economic potential of the province.

Two years ago, the Council was asked by the Minister of Education and Culture to work with universities, students and other stakeholders on a new formula for funding Nova Scotia's university system. Consultation was extensive. In March 1996, a "Proposal for a New Funding Program" was released, in response to the Report of the NSCHE's Committee on University Financing (October 1995) which recommended a new funding system for this province's universities. Following the release of the March 1996 paper, a series of focus groups - including university presidents, vice-presidents academic and finance, students, faculty and board of governors representatives - met to discuss the proposals.

A second round of consultations took place following the release of the "Discussion Paper on the Development of a New Funding Formula for Nova Scotia's Universities" in March 1997. During these consultations, universities, students and faculty associations provided detailed written and verbal presentations to the Council. Several working group meetings were held with representatives from all universities, faculty associations and student groups to discuss details of the proposals in the discussion paper.

In addition to these consultation sessions, university presidents, chairs of boards of governors and student leaders have made strong united presentations to government stressing the need for fair and increased institutional funding. In their letter to the Premier on October 1, 1997, they stated:

We urge you to make a careful review of our pressing needs and approve an appropriate increase in our funding to enable us to continue to provide for the province's long term growth and development.

Most recently, in January 1998, the Council released a revised version of the Discussion Paper, inviting comments from the university community. The Council then made final adjustments to the proposed funding formula based on new information supplied by the universities.

NOVA SCOTIA'S UNIVERSITY SYSTEM

Nova Scotia's university system is among the most developed in Canada, and a leader in many areas. With eleven universities, Nova Scotia has more degree-granting institutions per capita than any other province. It is widely recognized by the Council and the government that a highly educated population is key to the province's economic development. This is critical to our ability to compete nationally and internationally in a knowledge-based economy and to take advantage of the many opportunities it presents.

The university system is a cornerstone of both the province's economy and way of life. Institutions are spread across the province, and are one of the biggest contributors to many local economies and to the development of Nova Scotia's technology and research capabilities. For example, the universities spend approximately \$269 million on salaries annually, directly employing slightly more than 5000 people.

Each of Nova Scotia's institutions is unique, and has developed areas of specialized studies and research. Collectively, they offer strong undergraduate programs as well as a wide range of graduate and professional programs. Nova Scotia is home to the country's only art and design degree-granting institution as well as Canada's only women-centred university. Students from across the country and, indeed, from around the world, are attracted to our institutions. For example, over 30% of the graduates of the Class of 1996 from Nova Scotia universities were from outside this province.

Nova Scotia universities have become more adept at sharing resources in an effort to preserve educational programs in times of financial constraints. It is hoped that the Metro Consortium will soon reach its full potential as a vehicle for cooperation and collaboration. Opportunities for cooperation in distance education and international marketing of our institutions and expertise continue to be explored. The Council is confident that the universities will continue to work with government and each other to find creative ways to move forward and continue to expand their national and international reputations for excellence in education and research.

WHY A NEW FUNDING FORMULA?

While universities have evolved, the method that allocates government funds to them has not. In recent years, each university has received an allocation based on the amount it was granted in 1989. This approach has not recognized enrolment or program changes among institutions. It has also encouraged individual institutions to ask government for funding in addition to their grants to reflect their changing circumstances.

Over this time period, Nova Scotia's university system has undergone substantial change, and faced new challenges and opportunities such as:

- ▶ a changing economy and workplace that has created different expectations about what a university education should provide;
- ▶ an influx of new technology that has changed the way students obtain information and educators teach;
- ▶ a changing student population that is older and entering university at different stages in life for certificates, diplomas and degrees as life-long learning becomes a reality;
- ▶ a reduction in available public funding that has required universities to assess carefully program offerings and administrative structures and to increase tuition fees substantially; and
- ▶ students graduating from universities with substantial and rapidly increasing debt loads that raise concerns about the accessibility of a university education for qualified Nova Scotians.

GUIDING PRINCIPLES

The Council considered all of these factors as it recommended a new method of allocating funds for the universities. There were several principles that guided the Council throughout its deliberations:

- ▶ a university education should be accessible to all qualified students at reasonable tuition levels irrespective of the costs of the programs students choose to enter;
- ▶ a new system for allocating funding should be based on the relative costs of programs and current enrolments;
- ▶ the new system should be applied equally and fairly to all universities;
- ▶ the new system should recognize the unique characteristics of each institution;
- ▶ the new system should minimize the need for significant tuition increases over the next few years and thereby help control debt loads for students;
- ▶ government funding should cover the costs of the programs offered, based on current enrolments and tuition revenues;

- ▶ the funding system should be open and transparent to all stakeholders, thereby increasing public accountability and ending the need for ad hoc adjustments to institutional funding;
- ▶ the system should provide funding stability and predictability to universities over the next few years;
- ▶ the research activity of universities should be valued and encouraged;
- ▶ the enrichment that international students provide to the educational experience of all students should be promoted; and
- ▶ public funding for education should finance the educational programs and services at universities. Initiatives that may be related exclusively to other factors, such as economic development, should be funded from other sources, including the private sector.

These principles are felt to be key to ensuring the prosperity of the province, its students and universities.

THE BOTTOM LINE

It was clear throughout the Council's deliberations on the elements of a new funding formula that current funding levels are inadequate to honour the principles guiding the funding review. It became obvious to the Council that simply redistributing existing funding will not address the real needs raised by universities during consultations on the new funding formula.

Recognition of the difficulties facing universities is evident in the Council's recommendations and actions during the past year. In the spring, all universities advocated that, because of the financial difficulties facing the institutions, any unallocated targeted funds set aside by the Council for special initiatives associated with innovation and excellence be distributed to the universities as part of their base operating grants. The Council agreed and recommended that any surplus funds unallocated in October 1997 be distributed among the institutions. Government accepted this recommendation and \$1.9 million was allocated to the universities at that time.

Base operating grants to universities declined from \$212 million in 1993-94 to \$175 million in 1997-98. Over the same period, there was a 40% increase in average tuition levels at Nova Scotia universities and a 2.6% decrease in enrolments between 1993-94 and 1996-97. Also, the base operating funds are currently projected to decline to \$171 million in 1998-99.

Without increased government funding, tuition fees and student debt levels will increase even further. University tuitions in Nova Scotia are the highest in Canada. This has led to increased student debt. There is growing concern about the impact this debt will have on future graduates, and on students making decisions about attending university. A recent study conducted through

the Maritime Provinces Higher Education Commission, "Accessibility to Post-Secondary Education in the Maritimes", showed that student debt and rising costs are growing issues for students from lower income households and may be affecting their decisions to undertake post-secondary education. More funding is needed to ensure universities are not forced to make further significant tuition increases, possibly putting a university education out of reach for some students.

For these reasons, the Council has the following recommendations regarding the level of funding for universities:

- ▣ the government should increase base operating grants to universities from their present level of \$175 million to \$198.8 million annually to fund existing programs at current enrolments, costs and tuition levels;
- ▣ the government should move to provide this increased funding as quickly as its financial situation will allow;
- ▣ this increase in funding should provide stable funding for the universities, but not attempt to predict possible future effects of collective bargaining, inflation or the use of technology on operating costs;
- ▣ no university should experience an absolute decline in funding as a result of implementation of the funding system; and
- ▣ universities should be expected to make every effort to keep tuition increases to a minimum as the government increases base funding levels.

The funding review led to some particular situations that are difficult to explain. For example, Mount Saint Vincent University was substantially and adversely affected by almost every aspect of the funding formula review. While Mount Saint Vincent University will not receive less under the recommendations, the situation is of concern to the Council. For this reason, the Council is willing to work with MSVU to gain a better understanding of the operations at the institution and the way in which the funding formula may or may not recognize the Mount's particular situation.

THE FORMULA

The following sections provide a brief explanation of the main components of the funding formula.

FUNDING UNIVERSITIES FOR WHAT THEY DO

The proposed funding formula is composed of two major components: (1) Unrestricted Operating Grants (96%) and (2) Restricted Operating Grants (4%). Unrestricted grants are calculated according to three components: 1) the Weighted Enrolment Grant (WEG); 2) the Research Grant; and 3) the Extra Formula Grants. The WEG is the largest component accounting for approximately 91% of the total operating funding provided to universities.

The WEG - The Best Measure of Teaching and Scholarship

The WEG gives each academic discipline in the Nova Scotia university system a value according to how much it should cost to teach that discipline, including the costs associated with scholarly reflection. These costs include both direct costs, such as faculty salaries and classroom supplies, and indirect costs, such as computer use, library holdings and overhead costs. The direct cost of teaching a discipline is based on information supplied by some universities in Nova Scotia and/or external jurisdictions. An indirect cost of \$560 per course per student, irrespective of academic discipline, is added to the direct cost, to arrive at the total cost.

There was a great deal of debate concerning direct and indirect costs during consultations with universities. The Maritime Provinces Higher Education Commission has developed a methodology to examine the direct and indirect costs of teaching by academic discipline. If the universities in Nova Scotia implement this methodology, it will provide valuable information when the funding formula is reviewed in four to five years.

To determine the WEG for each institution, the enrolments in each discipline taught at a university are multiplied by the appropriate value to give a "weighted" enrolment. (A limit is placed on the graduate enrolments included for funding under the formula. Master's students are counted for a maximum of two years (2 FTEs) and Doctoral students are counted for a maximum of four years (4 FTEs). Exceptions are allowed for disciplines where programs normally require a longer period of time to complete.) This enrolment figure is then multiplied by the amount of funding allocated per weighted enrolment to arrive at the WEG for each university.

The challenge lies in giving the appropriate value to each of the academic disciplines. To perform this cost study, academic disciplines were examined using information provided by the universities themselves, and previous work done in other provinces, the United States and the United Kingdom. Once disciplines were given a value, they were placed in categories called "bins". These bins group disciplines on the basis of similar costs, not academic content (e.g. mathematics is not in the same category as other science disciplines). For example, a course in the "Alpha bin" costs, on average, \$1220 to deliver. Disciplines in the "Beta bin" cost 1.5 times that amount, or \$1830. (See Appendices A1 and A2 for a complete list of bins.)

TABLE 1

Bin	Weight	Bin	Weight
<i>Undergraduate</i>		<i>Professional</i>	
Alpha	1.00	Medicine	4.00
Alpha2	1.25	Dentistry	5.50
Beta		<i>Graduate</i>	
Beta2	1.62	Epsilon	2.00
Gamma	1.75	Phi(a)	2.50
Delta	2.00	Phi(b)	3.00
		Omega	4.00

The enrolment data for 1994-95, 1995-96 and 1996-97 are used for this component of the funding formula and are supplied by the universities. To ensure the accuracy and comparability of this information the Council will audit enrolment data submitted by the institutions. Audits will be conducted as soon as possible after Council's recommendations are accepted by government.

Revenue from Tuition – Fairness for All

The recommended funding formula assumes that universities have other sources of revenue. Tuition is one of the major sources universities use to fund programs. The formula assumes that universities will raise at least \$3,050 from each full-time student, regardless of program. It is assumed that the difference between total teaching costs and tuition revenue will largely be funded by government grants. It is not the Council's intention to recommend to government that tuition policy be regulated in Nova Scotia. The Council is of the view, however, that the increase in funding that is recommended as part of the new formula will provide sufficient funds to the universities to reduce substantially the need for significant increases in tuition fees.

The Council believes a university education should be accessible to all qualified students at a reasonable tuition level, irrespective of the costs of the programs they choose to study. There may, however, be some professional programs where greater cost recovery from higher fees may be possible and appropriate. The Council will initiate future studies on such possibilities after the implementation of the funding formula.

International Students

Under the present system, universities are required to submit \$1700 per international student to the Maritime Provinces Higher Education Commission. This money then becomes part of the

government funding that is available for all Nova Scotia's universities. The Council proposes that, as part of the new funding formula, the collection of differential fees by universities for government be eliminated. This approach greatly reduces government involvement in international student enrolment matters, allows universities to keep all of the additional fees they charge to international students and is consistent with the international marketing policy of government. However, since international students are funded by government in the same manner as Canadian students and universities may receive more revenue from them, the Council proposes that limits be set on the level of international students that are funded through the formula. The proposed limits are 10% of undergraduate enrolments and 30% of graduate enrolments. These limits recognize the contribution to the university environment of these students and discourages universities from recruiting international students to the possible exclusion of Canadian students.

Establishing Predictable Enrolments

The proposed funding formula is based on enrolments; however, universities need to know their funding levels several months before they will know their actual enrolments each fall. To accommodate these factors, the Council recommends that a funding "corridor" be established for each university. This proposal received support during consultations with universities because it helps to stabilize funding levels year to year.

Corridors will be established using a three-year average of weighted enrolments for 1994-95, 1995-96 and 1996-97. The corridors will be reviewed every four or five years or when any university has a significant decline in enrolments. This review will be undertaken in the context of optimum levels of enrolments for the post-secondary education system in Nova Scotia. Institutions should not assume that their future growth will automatically be funded.

Each university is free to enrol more students beyond the upper limits of the corridor so that they may expand existing programs, pursue new academic endeavours or develop niche markets for specialized programs. However, unless there is prior government approval, there will not be any additional government funding for these new enrolments. Since the amount of government funding is fixed, this approach ensures that some institutions do not grow at the expense of others. Using corridors will also ensure that program growth is in the best interests of universities, students and the province by carefully examining sharp increases and declines in specific programs and institutions.

Research: The Burden of Indirect Costs

Universities receive research grants from a variety of outside sources, such as national granting councils, including:

- Canada Council for the Arts
- Medical Research Council
- Natural Sciences and Engineering Research Council
- National Health Research and Development Program
- Social Sciences and Humanities Research Council

(See Appendix B for more detailed information on research grants received by the universities.)

While these grants are intended to cover the direct costs of doing research, there are other indirect costs, such as administration, that are not covered. Based on empirical research findings, the Council recommends that when a university receives a grant through the above-mentioned councils, it should receive an additional 34 to 40 per cent of the value of that grant to cover indirect costs.

This approach will provide approximately \$7.3 million, as part of the \$198.8 million, in support of research activities at our universities. This amount represents a significant commitment to research as it far exceeds the \$330,000 currently provided by government in research support.

Once base funding reaches \$198.8 million, the Council is of the view that government should provide additional funding for the indirect costs of research and incentives for contract research. Additional research funding, coupled with a new Research, Development and Innovation Policy being developed for the province, would be one of the critical ways of making Nova Scotia more competitive nationally and internationally. In addition, the Council asserts that funding to support contract research, since it acts as stimulus for economic activity, should also be provided by other government departments (eg. the Department of Economic Development and Tourism). Some research funding is already being supplied by the Economic Diversification Agreement, and other funding may be obtained by the universities in competition through the Canada Foundation for Innovation.

RECOGNIZING SPECIAL CHARACTERISTICS

Some costs are unique to one institution or a group of institutions. Extra Formula Grants are included in the proposed formula to recognize and help cover these costs.

Size Grant

Smaller universities usually do not have the same opportunities for economies of scale as large universities. To recognize these higher costs, the Council recommends a sliding scale grant be provided to smaller universities. Universities with full-time enrolments below 800 will receive an additional 10 per cent of their weighted enrolment grant (WEG). For every additional 100 full-time students enrolled, the grant will decrease by two per cent.

In an effort to maintain as much base funding as is appropriately possible, this 10% funding will be based the universities' operating grant under the new funding formula with an envelope of \$175 million, irrespective of whether the operating base is increased. Such an approach strikes a balance between the extra funding needed to compensate for diseconomies of size and sufficient base funds for the system.

French Language Grant

There are increased costs associated with providing programs and services in French in a predominantly English-speaking province. Based on information received from Université Sainte-Anne on costs associated with operating a French university in a predominantly English province and on the experience of institutions such as the Université Sainte-Boniface in Manitoba, the Council recommends that Université Sainte-Anne receive an additional 15 per cent of its weighted enrolment grant to cover these additional expenses. The Council is also recommending that Université Sainte-Anne seek 15% additional funding from the federal government through the Official Languages in Education Program.

As with the size grant, in an effort to maintain as much base funding as is appropriately possible, this 15% funding will be based on the Université Sainte-Anne's operating grant under the new funding formula with an envelope of \$175 million, irrespective of whether the operating base is increased. Such an approach strikes a balance between the extra funding needed for the university and sufficient base funds for the system.

Part-time Student Grant

Part-time student enrolments are much higher at some Nova Scotia universities than others. The Council believes that there are additional costs associated with significant part-time student enrolments i.e. enrolments greater than 25% of total number of students. Part-time enrolments above that level indicate an institutional mission or mandate with a focus on part-time students and the infrastructure necessary to accommodate them fully, thereby increasing average costs. Lower levels of part-time student enrolments suggest that cost increases associated with part-time students are marginal.

To help offset these costs, a part-time student enrolment grant of \$154,000 for universities with high levels of part-time students is included in the funding formula.

Isolation Grant

To recognize that, on balance, costs associated with operating outside of Metro are higher (for example, travel, shipping, etc.), the Council recommends that a \$1.5 million grant be distributed among universities outside Metro based on their distance from Halifax, their size and programs offered. Based on submissions from the universities, the Council recommends that the grant be distributed as follows:

Acadia	\$350,000
NSAC	\$150,000
St. FX	\$350,000
UCCB	\$500,000
Un. Saint-Anne	\$150,000

In making this determination, the Council reaffirms that settlement of the isolation grant cannot be quantitatively derived without a full audit of every university's costs, including all of the Metro Halifax institutions.

Stewardship of an Academic Community Resource

The March 1997 funding formula proposal suggested that funding for academic community resources be allocated as an extra formula grant. Stewardship, in this case, was defined as "management for others". It was suggested that the funding formula could provide support for the management of a specific university resource, when that resource was provided by one university, but used by many or all of the students and/or universities in Nova Scotia. Such funding might provide an incentive for rationalization of costly services, where appropriate.

However, given the level of support from the universities for the funding formula to maintain as much funding as possible in the base operating envelope, the Council has agreed to delay implementation of this grant until sufficient financial resources are available to support such a grant without negatively impacting on the operating resources of Nova Scotia's universities.

RESTRICTED GRANTS

Restricted grants are currently divided into two categories: alterations and renovations, and non-space (library and equipment) grants. These grants cannot be used for any other expenditures. Universities have expressed strong support for continuation of this element of the university funding envelope. The Council supports this position and recommends that restricted operating grants for alterations and renovations and non-space be maintained and that total funds made available for these purposes be increased in line with any increase in total unrestricted operating grants allocated through the formula. In addition, the Council recommends the restricted grant be paid to each university in two installments over the course of the fiscal year, with an annual audit report to demonstrate that at least this amount was spent on alterations and renovations and non-space. This will simplify reporting relationships and minimize unproductive exchanges of information.

TARGETED FUNDS

As part of the original funding formula proposal, it was recommended that money should be set aside for either university-initiated or government-sponsored innovative and cooperative projects. Universities have asserted that they must have adequate funding to cover operating and program costs first; targeted funding should supplement, not take away from, the operating budget.

In recognition of these competing interests, the Council recommends limiting this "targeted" funding to approximately \$5 million until universities have adequate resources for existing programs and services. This funding provides \$2.95 million to honour existing commitments and leaves approximately \$2 million for new initiatives.

In 1997-98, examples of targeted funding commitments include funding to Dalhousie, Acadia and UCCB for Computer Science and Information Technology; and StFX for Aquatic Resources.

In addition, through targeted funds, the Council provides assistance to the University College of Cape Breton, Dalhousie University and Saint Mary's University for accessibility programs for native students, black students and students with disabilities, respectively. This funding totalled \$200,000 in 1997-98. In the past, the universities have had to apply for funding for these accessibility programs each year. The Council asked each university to prepare a business plan for these programs outlining factors such as projected costs, number of students and alternate funding sources. At this time, the Council has received and reviewed the business plan from Saint Mary's University, but not from the other two universities. Based on its review, the Council has agreed to increase funding for the Atlantic Centre of Support for Disabled Students to \$300,000 annually, beginning in 1997-98. This increased funding is predicated on the assumption that overall funding for the universities will not decline. If this assumption proves incorrect, the funding increase for the Atlantic Centre may have to be reviewed. Once the business plans from Dalhousie University and the University College of Cape Breton have been submitted, they will receive consideration from the Council.

Based on these recommendations, the proposed funding formula can be shown as:

TOTAL GRANT= **Unrestricted Grant** (WEG + Research [+ Size] [+ French] [+ Part-time]
for each university [+ Isolation]) + **Restricted Grants** [+ Targeted Grants]

The impact of the proposed funding formula for each institution, on a funding base of \$198.8 million, is shown in Appendix C.

CONCLUSION

It is important to emphasize that, with the exception of the restricted grants and targeted grants, universities are free to spend the government grants they receive in whatever manner they see fit in support of their respective institutional missions. In other words, the institutions are free to establish their own priorities and use their government grants to accomplish their own goals. With this "institutional autonomy", however, comes responsibility. Universities must continue to look for opportunities for greater cooperation and collaboration, explore new distance education venues and market their strengths both here and abroad. They should continue to improve and maintain the quality of their programs and create additional avenues and opportunities for the institutions' faculty and students. If the government agrees to this significantly increased public funding for the university system, universities must seek to stabilize tuition fees as part of this responsibility.

The Council believes that its recommendations reflect a comprehensive and fair assessment of the complex issues presented by government, students, universities and their faculty. The

primary interest of the Council is to recognize what is needed to support a strong and vibrant university system in Nova Scotia that is based on excellence, affordability for students, fairness to universities, and which is also acceptable to government.

By moving forward with these recommendations, the Council believes the stage is set to achieve these objectives.

APPENDIX A1

Program Bins and Weights - Undergraduate FCEs

ALPHA (WEIGHT 1.00)

Anthropology
 Art
 Arts & Soc. Sci.
 Asian Studies
 Atl. Canada Studies
 Bus. Admin.
 Bus. Tech. (Other)
 Bus. Tech. (Office Admin.)
 Cdn Studies
 Celtic Studies
 Classics
 Communications
 Comp. Religion
 Economics
 English
 Folklore
 French
 Geography
 German
 Gerontology
 Greek
 Health Services Admin.
 History
 Humanities
 Humanities Tech.
 Immersion
 Interdis. Studies
 Int'l Dev.
 Irish Studies
 Latin
 Mathematics
 Mi'kmaq
 Modern Languages
 Music Theory
 Natural Science
 Nursing (StFX Distance Ed)
 Philosophy
 Political Science
 Psychology
 Public Admin.
 Russian
 Sociology
 Spanish
 Theology
 Women's Studies

ALPHA2 (WEIGHT 1.25)

Adult Education
 Applied Science/Eng. General
 Architecture
 Bus. Tech. (Computer)
 Child & Youth Study
 Computer Science
 Education
 Food Science
 Human Ecology
 Info Management
 Law
 Physical Education
 Public Relations
 Recreation Management

BETA (WEIGHT 1.50)

Agricultural Engineering
 Ag. Eng. Tech.
 Biology
 Biology Technology
 Bus. Tech. (Hosp. Admin.)
 Tourism & Hospitality
 Community Studies
 Interdepartmental (NSAC)
 Fine Arts
 Pharmacy
 Social Work

BETA2 (WEIGHT 1.62)

NSCAD Undergraduate
 NSCAD Graduate

GAMMA (WEIGHT 1.75)

Animal Science
 Animal Science Tech.
 Chemistry
 Chemistry Tech.
 Drama
 Earth Sciences
 Engineering Technology
 Geology
 Journalism
 Nursing
 Nursing (Outpost)
 Physics
 Physics Tech.
 Physiotherapy
 Plant Science
 Plant Science Tech.
 Science
 Theatre

DELTA (WEIGHT 2.0)

Engineering
 Environmental Science
 Health Professions
 Music
 Occupational Therapy
 Oceanography

MEDICINE (WEIGHT 4.00)

MD/PhD
 Medicine
 Anatomy
 Biochemistry
 Pathology
 Microbiology
 Pharmacology
 Physiology & Biophysics
 PGM
 Community Health & Epid.

DENTISTRY (WEIGHT 5.5)

Dentistry
 Dental Hygiene

APPENDIX A2

Program Bins and Weights - Graduate FTEs

EPSILON (WEIGHT 2.00)

Business Administration
Combined LLB/Master's degrees
Divinity
Education
Engineering
Geography
Health Services Administration
Human Communications Disorders
Human Ecology
Library Science & Information Science
Marine Management
Public Administration
Social Work
Theological Studies
No Major Reported

PHI(A) (WEIGHT 2.50)

Adult Education
Agriculture
Art Education
Atlantic Canada Studies
Biology
Classics
Developmental Economics
Economics
Education
Fine Arts
Health Education
History
Human Ecology (MA)
Humanities
Interdisciplinary Studies
International Development
Kinesiology
Languages
Law
Pharmacy
Philosophy
Phys. Ed., Recreation and Leisure Studies
School Psychology
Social Sciences
Theology
Urban and Rural Planning
Women's Studies

PHI(B) (WEIGHT 3.00)

Applied Science
Architecture
Astronomy
Chemistry
Computer Science
Earth Sciences/Geology
Environmental Studies
Mathematics & Statistics
Nursing
Nursing/Health Services Admin
Oceanography
Oral Surgery
Physics
Physiotherapy
Psychology
Science

OMEGA (WEIGHT 4.00) PhD Only

Law
Biology
Chemistry
Classics
Computer Science
Divinity
Earth Sciences
Economics
Engineering
English
French
History
Interdisciplinary Studies
Mathematics
Oceanography
Pharmacy
Philosophy
Physics
Political Science
Psychology
Statistics

APPENDIX B

Average Total Grants Received by NS Universities from National Granting Councils (1994-95 to 1996-97)

	SSHRC Funding	NSERC Funding	Canada Council Funding	MRC Funding	NHRDP Funding	Total
Acadia University	\$273,967	\$526,000	\$0	\$0	\$0	\$799,967
Atl. Sch. of Theol.	\$0	\$0	\$0	\$0	\$0	\$0
Dalhousie Univ.	\$734,239	\$9,439,000	\$0	\$4,935,667	\$703,296	\$15,812,202
Mt. St. Vincent Un.	\$145,234	\$110,333	\$0	\$12,919	\$32,536	\$301,022
N.S. Agric. Coll.	\$20,820	\$143,667	\$0	\$0	\$0	\$164,487
N.S. C. Art & Design	\$7,241	\$0	\$35,857	\$0	\$0	\$43,098
Saint Mary's Univ.	\$245,025	\$666,667	\$0	\$0	\$0	\$911,692
St.F.X. Univ.	\$133,760	\$755,000	\$0	\$0	\$0	\$888,760
U.C. of Cape Breton	\$90,288	\$164,667	\$0	\$0	\$0	\$254,955
Un. of King's Coll.	\$1,333	\$0	\$0	\$0	\$0	\$1,333
Univ. Sainte-Anne	\$18,347	\$0	\$0	\$0	\$0	\$18,347
PROVINCE TOTAL	\$1,670,255	\$11,805,333	\$35,857	\$4,948,586	\$735,832	\$19,195,863

APPENDIX C

The Funding Formula
Impact of Proposed Funding
Base Funding = \$198.8 million

University	Base Funding 1997-98 (Net of Differential Fees)	Weighted Enrollment Grant	Research Grant	Isolation	Size	Part-Time Students	French Language	Adjustments	Red Circling	Restricted Operating Grants	Total Proposed Funding	Percent Change from 1997-98
Acadia University	\$18,433,004	\$19,463,514	\$319,987	\$350,000	\$0	\$0	\$0	\$0	\$0	\$899,763	\$21,033,264	14.1%
Ail. Sch. of Theol.	\$696,434	\$693,814	\$0	\$0	\$60,000	\$5,000	\$0	\$0	\$0	\$32,898	\$791,712	13.7%
Dalhousie	\$88,714,225	\$88,157,743	\$5,986,543	\$0	\$0	\$0	\$0	\$0	\$0	\$3,764,456	\$97,908,741	10.8%
Mc. St. Vincent Un.	\$12,522,830	\$11,657,161	\$117,682	\$0	\$0	\$89,000	\$0	\$0	\$197,484	\$530,567	\$12,591,894	0.6%
N.S. Agric. Coll.	\$3,303,465	\$5,567,409	\$65,795	\$150,000	\$475,000	\$0	\$0	(\$2,000,000)	\$0	\$77,792	\$4,335,996	31.3%
N.S. C. Art & Design	\$4,005,262	\$4,383,958	\$17,239	\$0	\$374,000	\$0	\$0	\$0	\$0	\$218,775	\$4,993,972	24.7%
Saint Mary's Univ.	\$16,292,377	\$18,672,680	\$364,677	\$0	\$0	\$60,000	\$0	\$0	\$0	\$805,260	\$19,902,616	22.2%
St. F.X. Univ.	\$13,307,429	\$16,019,515	\$355,504	\$350,000	\$0	\$0	\$0	\$0	\$0	\$727,210	\$17,452,229	31.1%
U.C. of Cape Breton	\$10,964,864	\$12,899,827	\$101,982	\$500,000	\$0	\$0	\$0	\$0	\$0	\$450,871	\$13,952,680	27.2%
Un. of King's Coll.	\$2,128,016	\$2,854,343	\$533	\$0	\$0	\$0	\$0	\$0	\$0	\$100,652	\$2,955,528	38.9%
Univ. Sainte-Anne	\$2,600,713	\$2,200,941	\$7,339	\$150,000	\$189,000	\$0	\$289,000	\$0	\$0	\$98,481	\$2,934,761	12.8%
Province Total	\$172,968,619	\$182,570,904	\$7,337,280	\$1,500,000	\$1,098,000	\$154,000	\$289,000	(\$2,000,000)	\$197,484	\$7,706,726	\$198,853,394	15.0%
Plus Differential Fee Redistribution	\$2,031,381										\$0	
Base Funding	\$175,000,000										\$198,853,394	13.6%

- Notes:
1. Actual funding for 1997-98 has been reduced by the estimated differential fees paid by international students and remitted to government.
 2. Formula funding is calculated using preliminary enrollment data from each institution and is subject to change based on enrollment audits. Dalhousie University has not yet provided graduate enrollment data based on limits established by Council.
 3. Does not include \$5 million in targeted funding.