

Donahoe explains upheavals in post secondary education financing

\$4.5 million plus one institution eliminated

Terry Donahoe, Minister of Education, spoke with Gazette staffers Cathy McDonald and Catherine Ricketts on Tuesday.

Donahoe explained the Government's necessity and rationale behind the closing of the Atlantic Institute of Education, and the elimination of \$4.5 million in funds previously allotted to the province's universities. Both decisions were announced Friday, August 20.

\$4.5 million cut from universities

Concerning the elimination of the Non-space and Alterations and Renovations grants, did you know that most of that money had been spent? (The grant, for specific uses such as repairs, acquiring equipment and library materials, had mostly been spent or committed in good faith by universities over the summer months.)

Donahoe: We knew that much of it had been committed, but I must say that...there is considerable uncertainty. ...We want to say to the universities that either out of Non-space and A and R or other sources, we want the universities to attempt to reduce their expenditures in the current fiscal year by \$4.5 million.

Concerning the deferment of payments:

I met with the university presidents a week ago Friday...at that time I indicated to them that I wanted them to provide Dr. Terry (MPHEC Chairman) by Labour Day in as detailed and as comprehensive a document as they could prepare, exactly what commitments had been made....Then together we could make some judgements as to whether those committed amounts could be paid over a couple of years, so the impact in the current fiscal year could be reduced to the maximum extent possible.

We want to look at exactly what services have been rendered, the magnitude in terms of costs and supplies and contractors....The Province is prepared to sit down with them (the universities) and those suppliers and to make arrangements whereby some deferrals can be made. So even if it can be said that the money is, quote, 'spent', in other words, services rendered and so on it is not impossible to imagine...that many hundreds of thousands of those dollars could be deferred and payments made perhaps subsequent to March 31...All I'm saying is, we are disposed and proposing to look at any and all conceivable avenues whereby some deferral of the expenditure between now and March 31 is possible.

On how much money, whether or not it is deferred, will actually be saved from the current fiscal year:

I can't answer that....We're meeting with Dr. Terry (Chairman of the MPHEC) tomorrow, and over the next few days, to determine his analysis of (the various cuts).

On why the decision was announced so abruptly, before amounts of savings were better known:

We had discussions with the MPHEC before the decisions were taken. It was probably impossible in advance of announcing a decision, for the commission or the institutions, except (with taking up more time than the premier would have allowed), as to know what the savings might possibly be. I know, and I said this to the presidents and I said this unashamedly, I looked them all as best I could with one pair of eyes at the 17 or 18 pairs of eyes and said that part of our thinking and part of my own thinking, and I said this to them straight up, was that if we had said to the institutions and to the commission "We would like to save - blunt - dollars, could you do your best to have some meetings and tell us how you think you're going to do it...", we'd have been sitting here next January or February, the year would be gone, and we'd be hearing, "Well, you can do this and you can't do that....".

So what we've opted for - no question it's tough and difficult and threatening - but we just said we are not going to make payments on

the 4.5 million Non-space and A and R, we are not going to make further payments on the Atlantic Institute (of Education), period. ...I believe that I'm going to get some straight, more accurate and quicker information and analysis of the situation simply by saying the money is gone, and have the universities tell us what that does to their situation.

the province's financial woes

On the state of the province's finances:

As simply as I can put it, this is our situation: the provincial budget is based on our best estimates of revenue projections of all sources. ...Since then, information has reached us, as based on the state of the economy, that we would have experienced shortfalls on a couple of line items of our provincial budget. (Shortfalls) in the transfers from Ottawa (will be) many, many, millions. In addition to that, almost as the ink was drying on the estimate, because of the general economic downturn coast to coast in this country - and certainly being experienced in this province - our expectations in terms of return from personal income tax, corporate tax, hospital insurance...are all down. Add them together and you get a figure of many, many, millions.

I was asked (by the premier) to find 25 million, close to 25 or 27 per cent of the education budget.

...(This) wasn't reasonable at all. On the basis of all kinds of information, I gave to the Cabinet ultimately the decision with regards to post-secondary education are the two we are dealing with now.You have to start from the premise the Premier and the Cabinet started from, that we established a



Minister of Education, Terry Donahoe

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- Minister of Education Terry Donahoe explaining the suddenness with which funding cuts were implemented.

How much savings?

budget with a very substantial deficit in it, and then after the fact, learned that the revenue sources would be less substantial than we thought and therefore resulting in a far greater deficit for the province.

On the amount actually to be saved:

We're hoping that we can save 4.5 million dollars. I doubt that we

can and I've said that to the (University) Presidents. But I'm going to want...some pretty darn good explanations and rationale as to why it isn't 4.5 million dollars. It's a difference in approach, basically. ...I'm not going to lose any sleep if it's something less than 4.5, if I'm satisfied (with) the reasons.