



## WRITTEN SUBMISSION FOR THE PRE-BUDGET CONSULTATIONS IN ADVANCE OF THE 2021 BUDGET

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By: ASSOCIATION OF ATLANTIC UNIVERSITIES (AAU)

August 2020

**Recommendation 1:** That the Government of Canada invest \$2 billion over three years in the renewal of the Post-Secondary Institutions Strategic Investment Fund (PSI-SIF) and ensure the program requirements are sufficiently flexible and inclusive to maximize program participation for Atlantic Canada's post-secondary institutions.

## **Introduction**

The need for critical infrastructure renewal across Canada's universities predates the COVID-19 pandemic. A recent survey conducted by the Canadian Association of University Business Officers (CAUBO) found upwards of \$7 billion in capacity for shovel-ready infrastructure projects across Canadian university campuses<sup>1</sup>, with the physical infrastructure component heavily comprised of green infrastructure and energy efficiency projects. Atlantic Canada's 16 universities are among the oldest in Canada and infrastructure renewal, including energy and accessibility retrofits, is the most long-standing, critical issue across our campuses. The extent of the accumulated infrastructure deficit across the AAU's 16 member campuses is estimated to be \$2.11 billion<sup>2</sup>.

Universities must now balance physical infrastructure priorities with the rapidly emerging need for digital infrastructure to transition classes and programs online. The 2021 federal budget is an opportunity to partner with Canada's universities and invest in green, digital, and accessible university infrastructure as part of Canada's economic and social recovery

## **Impact of COVID-19 on Universities**

University administrations across the country have been carefully assessing what is needed to continue to deliver excellence in higher education as they navigate their way through the pandemic and into the recovery phase. This includes three key areas: student needs - both domestic and international; research; and, infrastructure and operational support. This latter component includes both the critical physical infrastructure needs as well as the emerging needs we have identified to expand our capacity to deliver digital learning, securely and equitably.

The AAU supports the important recommendations submitted by Universities Canada, in particular the call for the renewal of the Post-Secondary Institutions Strategic Investment Fund (PSI-SIF) or a repurposed version, tailored with the flexibility required in the current economic reality. The COVID-19 pandemic has created numerous challenging issues for universities, further stretching limited financial resources. The increasing fiscal pressures on our institutions has elevated the importance of federal support for campus infrastructure – a proven mechanism for the Government of Canada to support our members, the communities where they operate and the next generation of Canadian leaders.

## **Campus Improvement: Shovel Ready and Shovel Worth**

Addressing the immediate and long-term economic impacts of the COVID-19 pandemic on Canada's national and regional economies, requires investments that can both stimulate near term economic growth in urban and rural regions while increasing productivity to sustain the competitiveness of Canada's economy. The infrastructure needs of the AAU's 16 member campuses are an opportunity to invest in shovel-ready campus infrastructure renewal while investing in the modern higher learning facilities necessary to ensure Canada's workforce can compete for the jobs of tomorrow.

This proposed investment is an opportunity to closely align the sector's campus infrastructure renewal needs with the federal government's economic recovery plan designed to help mitigate the pandemic's impact on employment and stimulate liquidity and cash flow for business. Campus infrastructure has the

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<sup>1</sup> Canadian Association of University Business Officers (CAUBO) 2018 survey

<sup>2</sup> Accruent Report on Deferred Maintenance at Canadian Universities, commissioned by CAUBO (October 2019)

added benefit of leveraging additional investment partners from provincial governments and the private sector. This proposal aligns with the **Atlantic Growth Strategy** commitment to invest in infrastructure, innovation, clean growth and climate change, and rural economies - eight of the AAU's 16 universities are located in rural communities.

Infrastructure investments have formed a vital component of all successful government recovery packages. Of course, the current crisis is unlike anything we have faced before and will require all sectors and governments to work collaboratively as part of a sustained recovery. For universities, this includes delivering against our existing, pre-COVID infrastructure priorities while ensuring we are preparing for the new reality for post-secondary education.

Immediate benefits of federal infrastructure investments include direct employment gains, leveraging additional private and public sector investment, cash injections for the construction sector and spin-off industries, and improved competitiveness and productivity. The economic multiplier impact of infrastructure investment is even greater when advancing an inclusive growth agenda for the next generation.

Atlantic Canada faces unique economic and social challenges, including an aging population and the imperative to retain young talent and develop the advanced skills needed for the future of work. Moreover, a renewed federal infrastructure program for campus renewal supports the development of the modern campuses Canada needs to sustain our competitiveness. This is an investment in building contemporary, accessible classrooms, student support and learning spaces, state-of-the-art laboratories, and research facilities, all housed in 'green' buildings using leading edge energy efficiency technologies. As Atlantic Canada's universities attract proportionally higher than average numbers of international and out-of-province students, the provision of high quality, smart housing and residence facilities are critical to our success in supporting immigration and regional population growth.

As part of a 2018 AAU research project, our members were surveyed to assess the extent of infrastructure renewal needs, focusing only on each members' top infrastructure priority at the time. As a reference point, **the cumulative scope of the AAU's 16 members' single priority infrastructure projects was \$632 million**. While in many instances specific project priorities have changed, AAU research conducted in collaboration with Group ATN Consulting reveals the opportunity to realize critical economy stimulus from these projects:

<b>Project Spending</b>	<b>Employment (person years)</b>	<b>GDP</b>	<b>Household Income</b>	<b>Federal Tax Revenue</b>	<b>Provincial Tax Revenue</b>
\$632 million	5,762	\$506 million	\$391 million	\$48 million	\$55 million

While significant, it does not account for the full scope of infrastructure need and stimulus capacity across our campuses. A continued lack of investment in crucial campus infrastructure will further hamper our universities' ability to attract students to Atlantic Canada and provide Canada's future workforce with the training and support needed to succeed in the economy of the future.

## Maximizing Participation for Atlantic Canada's Universities

As universities adapt to provide everything from safe campus residency and smart dormitories to digital classrooms, we recommend against exclusionary conditions for eligible infrastructure projects given the diversity of our institutions' growing infrastructure needs. The AAU also recommends that the federal government consider the limited fiscal capacity of Atlantic provincial governments in the design of infrastructure programming. While we appreciate the importance of maximizing every federal dollar to leverage further public and private investment, the success of federal infrastructure funding across our region will be limited under onerous matching requirements. It has been encouraging to note the flexibility the Government of Canada has incorporated into Infrastructure Canada's COVID-19 "resilience" stream for provinces and territories, offering a larger federal cost share for projects of up to 80 per cent for provinces, municipalities and not-for-profit organizations.

Universities adapted quickly to deliver digital education this semester during isolation, but this has also helped us learn what we need to do this better in the future. Public sector support programs should be sufficiently flexible to address these needs. To continue to attract the international students essential to our funding model, we must work together to provide modern, online classrooms.

### A Proven Model

Campus infrastructure renewal has consistently shown to be a powerful vehicle for economic impact, social good and leveraging partner investment. Both the 2010 federal Knowledge Infrastructure Program (KIP) and the 2016-2018 Post Secondary Institution Strategic Infrastructure Fund (PSI SIF) demonstrated the effectiveness of investing in university campus renewal to stimulate economic growth and advance other social and economic priorities, such as energy efficiency, accessibility and sustainability.

Following the completion of KIP, the AAU commissioned an in-depth analysis working with Solutions Inc to assess the economic outcomes from the infrastructure projects supported at our 16 member campuses. The AAU would be pleased to provide the Standing Committee with the full report, and we have included this table summarizing key economic indicators from the \$81 million federal investment.

<b>Federal Investment</b>	<b>Total Project Spending</b>	<b>Employment (person years)</b>	<b>Federal Tax Revenue</b>	<b>Provincial Tax Revenue</b>	<b>Wages and Salaries</b>
\$81,789,075	\$177,085,880	1,880	\$23,230,000	\$13,400,000	\$85,400,000

The 2016 PSI SIF program was another highly successful program, according to analysis completed by Innovation Science and Industry Canada. According to an ISED-led program evaluation, *"investment in PSI-SIF helped stimulate the construction sector's labour market,"* and *"enabled the implementation of many of their [Canadian post-secondary institutions] infrastructure projects that were shovel-ready."*

### Benefits of Campus Modernization

- Reduced campus energy consumption
- Significantly improved accessibility for students with disabilities
- Improve R&D output
- Put Atlantic Canadians to work

## **Outcomes**

- Stimulation of the regional economy (middle class jobs, household income, GDP, tax revenues)
- Investment in institutional quality and competitiveness
- Better position Atlantic Canada as a national and international education destination
- Improve regional competitiveness in the global attraction and retention of top students, faculty, researchers and executive leadership

## **Broad Community and Public Support**

Our proposal for a renewal of a federal infrastructure program for campus infrastructure has broad support across our region and student groups. Students Nova Scotia emphasized the importance of campus renewal in their 2019 annual general report to the Province of Nova Scotia.

In June 2020, Universities Canada commissioned a national survey by Abacus Data on COVID-19 and attitudes toward Canadian universities. Two thousand Canadians were surveyed, including but not limited to students and their parents, with an oversampling in Atlantic Canada regarding the importance of campus infrastructure renewal as part of Canada's economic recovery. Research findings show:

- Students and parents view investments in campus infrastructure as a good investment in our post-pandemic recovery.
- 82 % of students and 69 % of parents think investing in campus infrastructure will help Canada's economic recovery.

## **Conclusion**

We face an unprecedented health and economic crisis in Canada. Once we have turned the corner on the public health outbreak, we will need to pivot rapidly to address the economic challenge. In the education sector, we firmly believe an investment in university campus infrastructure should form a key component of the government's broader infrastructure recovery package as we rebuild and reboot the country post COVID-19.

Thank you in advance for your consideration of our recommendation and for the work of the Standing Committee on Finance in consulting Canadians as we prepare for the critical post-COVID-19 recovery. We look forward to presenting to the Standing Committee this fall.

## **For More Information:**

The Association of Atlantic Universities (AAU) represents the 16 post-secondary institutions in the Atlantic region, ensuring public visibility for the important role they play in preparing future leaders of our communities, in ground-breaking research and innovation, and in contributing to the economic prosperity, social and, cultural development in Atlantic Canada.

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