

A Submission to  
Don Wright, Engagement Lead  
Post-Secondary Funding Formula Review  
Ministry of Advanced Education and Skills Training

Prepared By  
Royal Roads University Faculty Association  
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# **Uncompetitive: 25 years of a problematic financial model at Royal Roads University**

## **Executive Summary**

For the purpose of this financial review of the BC post-secondary education system, our focus is very narrow: the Royal Roads University Faculty Association believes that, from its foundation, Royal Roads University was saddled with an unrealistic funding model that, were it to continue, places the university at risk in terms of being unable to compete for and retain in-demand faculty, and to attract and compete for quality domestic students.

This submission asks that RRU be afforded a funding model comparable to our fellow research and doctoral-granting universities (Simon Fraser University, University of BC, University of Northern BC, and University of Victoria, which are, along with RRU, members of the Research Universities' Council of BC (RUCBC) and whose presidents sit on the University Public Sector Employees' Association (UPSEA)). Such a change would ensure a more fair, equitable and level playing field in terms of funding allocation from government, and which we believe is critical to the ability of RRU to remain competitive in the higher education market.

A modest increase in FTE student funding would have the potential of enabling a decrease in student tuition and an increase in faculty compensation, both of which are critical to the ability of RRU to remain competitive in the higher education market.

## **Introduction**

Rather than addressing the general questions posed by the review leaders, this document makes a particular plea: for the review process to reconsider, in particular, the unusual funding formula that grew from Royal Roads University's inception, and the consequences that that formula has on the ability of RRU to do what its founders, as well as present-day faculty, hope it could do.

**Our request is that the post-secondary funding formula review recommend a normalization of RRU's funding formula, putting it in line with the other RUCBC institutions in British Columbia.**

## **Royal Roads University Faculty Association**

Founded in 2000, the Royal Roads University Faculty Association (RRUFA) has been the voice of the faculty at Royal Roads University, bargaining as a certified union on behalf of its 80 faculty and librarian members since 2006. RRUFA is a member of the Confederation of University Faculty Associations of BC (CUFA BC), which represents the other research and doctoral universities in the province, as well as the national body, the Canadian Association of University Teachers (CAUT).

While we appreciate that faculty associations are perhaps not always seen as stakeholders in review processes of this kind, given that inadequate funding is most visible in the quality of the

student experience, we owe it to them and to ourselves as ambassadors and advocates for the University in the library, classrooms and laboratories to speak to this issue.

## **Creating a new university**

In 1995, the BC Government authorized the creation of a new university in the wake of the closing of the Royal Roads Military College. Subsequently, the founders of Royal Roads University created a model that allowed this new university to function successfully for a quarter-century, based on a few founding assumptions, such as:

- RRU would focus on mid-career professionals with professionally-oriented graduate programs
- Faculty would have much lower pay than faculty at other BC universities and their work would consist primarily in managing academic programs, with lesser teaching and no research obligations
- Most teaching would be done by contract academic staff (RRU calls them “associate faculty,” who would be employed as individual contractors rather than as regularized short-term employees as done in most Canadian universities)
- RRU would avoid offering academic programs that already existed in other institutions
- RRU faculty would not have tenure (an unusual status in Canadian higher education that continues to this day), and always be in a contingent employment position

Most important to its initial success, the first RRU faculty members created an innovative “blended” learning model that combined face-to-face and online learning in a way that simply was not being done anywhere else in Canada. This flexible model was meant to be attractive to those working professionals that wanted to further their career and not be forced to both leave home and work in order to earn a bachelor’s or master’s degree.

Along with the blended model, which primarily applied to masters-level programs, RRU provided a relatively seamless transition for graduates from a number of two-year college programs in BC and across Canada, into RRU’s one and two-year degree completion programs. That opportunity for an easy transition to university and, for students in the one-year on-campus accelerated program, a significant reduction in the time needed to get a bachelor’s degree, drove a large number of undergrads into founding RRU programs like the Bachelor of Business Administration program and the Bachelor of Science in Environmental Science program.

But also from its inception RRU faced significant constraints seemingly designed into the original organizational model, which creative and dedicated faculty, staff and administration mightily laboured to overcome.

Of the many problems faced and overcome by the young institution, there was one that has not gone away. RRU’s **funding model:**

- was predicated on RRU targeting “working professionals,” who could pay more of the costs of tuition than the 18-24 year-olds attending other BC universities:

“Our graduate student population will be drawn from the ranks of the employed, who are in many cases able to support their own education with the help of their employers” (Self-Study of Royal Roads University's Degree Programs, 1998, pp. 7-8)

- and would result in a “financially self-sufficient” institution:

“develop alternative approaches to institutional finance so that it will operate without on-going provincial support...” (Saddlemyer et al., 1995)

“Of genuine significance, is the requirement that RRU become financially self-sufficient over the next decade. This is an extremely demanding expectation which can likely only be achieved by undertaking new and different initiatives, ones that are seen to be responsive to a world characterized by rapid change.” (Pederson, 1995)

Remarkably, the model worked, for a while at least. While the other BC universities were less expensive to attend, RRU’s “secret sauce” was the blended education model. It was for that flexible form of education, combined with one-year degree completion programs and our “high tech/high touch” approach that both core and associate faculty enthusiastically practiced, among other attributes, that students were willing to pay a premium.

And the BC Government did continue to support RRU financially, but at a lower overall contribution relative to the contribution of tuition-fee income to overall revenue (see Table 1), and lower per student FTE contribution (see Table 3). RRU never could have realistically been a public university operating solely “without on-going provincial support” and indeed a solely tuition-funded business model would have begged the question of its public university status. A comparison of tuition fees and provincial government support for RRU as contrasted with our sister institutions, expressed as percentages of the total budget, illuminates the discrepancy:

**Table 1**

Comparison of provincial government support in comparison to total revenue for BC Universities (2021)

	<b>RRU</b>	SFU	UVic	UBC	UNBC
Provincial contribution	<b>28%</b>	34%	38%	45%	51%
Tuition/fees	<b>60%</b>	39%	30%	32%	18%

## **Times have changed**

RRUFA feels that both the financial model and its influence on the educational approach and organizational structure created in 1995 are now problematic. As a result, **RRU is structurally operating in an increasingly uncompetitive post-secondary space**, and clearly at a disadvantage both in attracting domestic students and in recruiting and retaining faculty.

## Less competitive in attracting domestic students

Our secret sauce is no longer secret: the delivery model which was Royal Roads' signature contribution to higher education at its founding is no longer unique to RRU. Most universities now have blended undergraduate and graduate programs, combining on-campus and online learning.

Given the per-FTE funding that the other publicly-supported post-secondary institutions in BC enjoy, they can offer programs that once were solely the domain of RRU; yet, they can offer them at far lower tuition than RRU now charges. RRU undergraduate programs can be more than 25% more expensive than at other BC universities (see Table 2); our master's and doctoral programs can cost twice as much as a similar degree would cost at UBC. As a relatively new and small institution with a tiny endowment, we have little ability to financially support graduate students that elsewhere can receive tens of thousands of dollars of institutional support for their studies.

And while we still have the "high-tech" approach developed in RRUs pioneering days, our large class sizes in both bachelor's and master's programs, along with poorly paid associate and core faculty, have seemingly reduced the "high-touch" approach that was so important in the University's first decades.

Recent tuition figures for a single year of undergraduate study in an arts and sciences program at RRU as compared to its peer institutions in BC shows the premium students now pay to attend RRU, despite the off-setting advantages that RRU might have offered historically when its model was unique (see Table 2).

**Table 2**

Annual Academic Arts Tuition Fees for Full-Time Undergraduate Students by Institution Type:  
BC Public Post-Secondary Institutions, Academic Years 2020/21 to 2021/22

<b>Royal Roads University</b>	<b>\$7,637<sup>1</sup></b>
Simon Fraser University	\$5,994
University of Victoria	\$5,926
University of Northern British Columbia	\$5,644
The University of British Columbia	\$5,617

(BC Ministry of Advanced Education and Skills Training, n.d.)

RRU, because of our funding model, is even more uncompetitive when we look at masters and doctoral program tuition costs. Compared to the better-funded UBC or University of Victoria for example, those students choosing to attend RRU are paying a high premium for their degree (see Table 3). The fact that RRU has far fewer internal doctoral/research funding opportunities compared to other BC institutions makes the cost of our doctoral programs even less competitive.

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<sup>1</sup> RRU's tuition example is based on the BSc in Environmental Science

**Table 3**

Comparisons of graduate degree costs at RRU, the University of BC and the University of Victoria based on full time attendance for two years (MA) and four years (doctoral studies)

	RRU	UVic	UBC
Doctoral degrees	\$89,494	\$31,488	\$21,204
Masters degree	\$27,380	\$12,558	\$10,603

RRU is also losing the influx of transfer undergraduate students from the BC colleges, many of which are now “special purpose” universities created more than a decade ago by the previous Liberal government. Those institutions that used to give RRU their two-year program grads are now offering their own full four-year programs, such as bachelor’s degrees in communication, business and environmental science, and are now directly competing with RRUs on-campus and blended bachelor’s degree programs.

The original target population for RRU has changed as well. We are not as focused on the “mid-career professional” living in BC as we once were, and which the RRU Act tells us to target:

“The purposes of the university are...

(c) to maintain teaching excellence and research activities that support the university's programs in response to the labour market needs of British Columbia.”

With domestic undergraduate and masters numbers declining, RRU chases international students to pay the costs that are paid elsewhere by higher per capita student funding (see Figure 1).

While the founders of RRU must have recognized that the University could never truly be self-funding, the original funding model is still highly skewed and inadvertently conspires against this small university’s success.

A review of the operating grants for the RUCBC institutions and, as an expression of that, per FTE funding, underlines the asymmetrical fiscal position RRU has among these five research universities (see Table 4).

**Table 4**

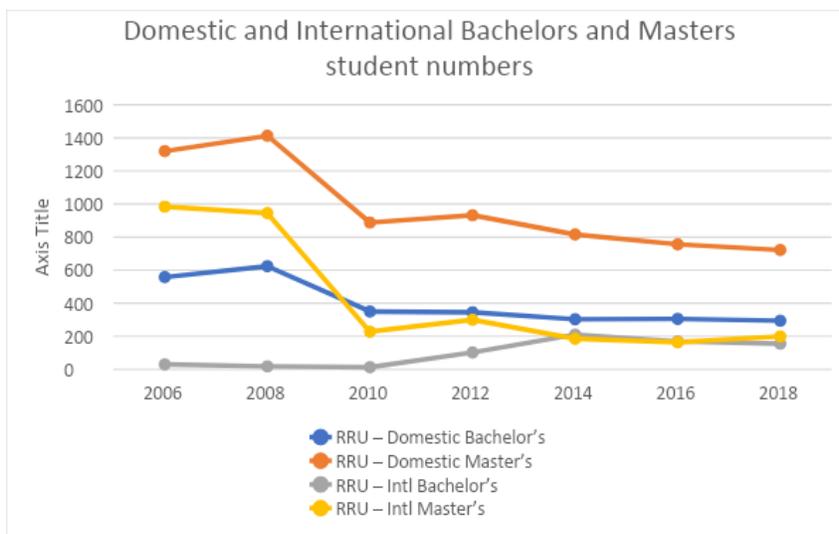
BC Government Operating Grants per FTE to the BC research and doctoral-granting institutions (2021/2022)

	target FTE	Operating grant	per FTE
<b>Royal Roads University</b>	<b>1980</b>	<b>\$21,843,244</b>	<b>\$11,032</b>
Simon Fraser University	20,201	\$271,186,155	\$13,049
University of Victoria	16,418	\$225,348,550	\$13,424
University of Northern British Columbia	3663	\$58,560,893	\$15,987
The University of British Columbia	43,182	\$773,657,490	\$17,916

To make up the differences in FTE grants, over the past decade, RRU has increasingly focused its marketing attention overseas, working to entice international students from major economies such as China, Saudi Arabia, India and Pakistan. These students pay higher tuition, nearly two or three times the domestic tuition in some programs, and thus are a means of increasing tuition revenues without necessarily increasing instruction costs. RRU is not unique in BC or in Canada for depending, perhaps unwisely, on international student tuition for a meaningful fraction of its revenue. But given the University's disparate financial status, it is more vulnerable than many to a sudden change, be it for macro-economic or geopolitical reasons, in the supply of such students.

Given the differences in tuition between domestic and international students, however, the loss of domestic students' income between 2006 and 2018 is more than made up by the growth of international undergraduate tuition. Using the BSc tuition for 2018 (\$7,637) and for international undergraduates (\$25,717), the loss of roughly 200 domestic students' tuition ( $\approx$ \$1,500,000) is not significant when the 155 new international students would bring in nearly \$4,000,000. Nonetheless, Figure 1 (below) reveals a worrying trend-line relating to student numbers, and especially international student numbers, at RRU.

**Figure 1**



Because of the outdated legacy funding model inherited from 1995, our tuition costs are materially higher than our provincial competitors, which leaves RRU less able to fulfill its original mission of providing education for domestic students. And with government interest in expanding the role of post-secondary education in the province, RRU's high tuition costs relative to other BC universities presents barriers to academic engagement for lower-income citizens, people that our blended model (suitable for students who need to work full-time or have childcare responsibilities) and our expertise in Prior Learning Assessment should be able to attract into higher education. However, this can be changed, as will be proposed further on.

We also note that with the development of the West Shore campus that will educate students from RRU, UVic and Camosun College, the issue of tuition differences will be exacerbated as

students from the three institutions may all end up in the same classes while paying vastly different tuition for the same course.

### Less competitive in attracting and retaining top faculty

From its outset, salaries at RRU have been low compared to the other BC universities and sit near the bottom of academic salaries in Canada. For example, comparing current RRU salaries with CAUT data for 2017/2018:

- No full professor at RRU makes the average salary (≈\$160,000) of a Canadian faculty member at the full professor rank
- No associate professors at RRU makes the average salary (≈\$126,000) for a Canadian associate professor
- No assistant professor at RRU makes the average salary (≈\$103,000) for a Canadian assistant professor

Table 5 demonstrates the uncompetitive salary scale at RRU within the BC context. Note that the **maximum** salaries at all three academic ranks at RRU are below the **average** salary for that rank at both BC and Canadian universities. Note also that we are comparing 2021 salaries at RRU with 2017-2018 salaries at the other BC and Canadian universities as the most recent data for the latter dates to that earlier period. And while we only have three academic librarians, we believe that our academic librarians are the lowest paid in the country.

**Table 5**

Comparison of faculty salaries by rank at BC Universities

	Average RRU salary, 2021 (and <i>max of rank</i> )	Average BC university salary, 2017-18 <sup>2</sup>	%of RRU faculty receiving this BC average
Professor	\$136,740 ( <del>\$144,850</del> )	\$170,350	0%
Associate Professor	\$111,980 ( <del>\$124,626</del> )	\$126,275	0%
Assistant Professor	\$95,705 ( <del>\$98,388</del> )	\$109,550	0%

Victoria is one of the most expensive places to live in Canada, and under the current funding model, our faculty have one of the lowest salaries. Highly-qualified and in-demand faculty can go anywhere and make more money; the natural beauty of southern Vancouver Island may not be enough to convince a potential professor to give up \$50,000 or more per year to come to RRU. There is no mystery why a number of our faculty have been attracted, over the years, to the better-funded University of Victoria; UVic receives more money per student FTE, which translates to higher pay offers to their academic staff.

<sup>2</sup> From Average Salaries of Full-time University Teachers by Rank and Institution, 2017-2018 (Table 3.1), Canadian Association of University Teachers, 2019.

## Our proposal

We would make RRU more competitive in both attracting students, and recruiting and retaining high-quality faculty, were the government to **change the funding model and provide RRU with roughly the same per FTE grant as other BC research and doctoral-granting institutions**. Were RRU given the FTE grant of UVic or SFU, we would receive an extra ≈\$5,300,000 a year. This would be an increase equal to about .2% of the post-secondary budget of the province, or 1% of UBC's budget, a very small increase in the overall scheme of post-secondary funding.

With that added income, RRU could:

- 1) reduce the average tuition by \$1600/year, thus bringing our undergraduate tuition in particular more in line with the other BC universities and making RRU more competitive in the domestic education market. The cost of this for the current 1980 FTEs now covered by the BC government grant would be ≈\$3,100,000.

A recent report commissioned by CUFA BC noted that “access to university is tied to tuition, student financial aid, and debt load. High tuition particularly harms access for under-represented groups... Lower tuition and/or better financial assistance programs that are grant-based are needed to mitigate the negative impact of fees on access” (Hollingsworth & Mazur, 2021, p. 115).

- 2) provide fairer compensation for the work of faculty and academic librarians, moving the lower ranks in particular closer to the BC average and making our institution more competitive when trying to recruit and retain faculty. An across-the-board increase of \$10,000/year would cost ≈\$800,000/year of the \$5.3 million mentioned above.
- 3) And even with those changes, there would still be close to \$1,300,000 a year that RRU could use to improve compensation for associate faculty as well as for undergrad and graduate bursaries and scholarships.

The issue of underpaying associate faculty (contract academic staff) is a serious one. While our core faculty salaries are low relative to the other BC institutions, the rates we pay our associate (sessional) faculty have actually gone down over time as we now pay our contract academic staff less than we did ten years ago. Again, the original funding model, which was based on a large number of contracted instructors, has forced RRU to underpay the folks doing most of the actual teaching work.

In this analysis, we are not factoring in the issues of executive or staff compensation and the needs of those groups. A university, at its core, is a *collegium* of teachers and students and it is those two groups that this proposal is focused on.

Royal Roads University was born of crisis and creativity, as the closing of the Royal Roads Military College over 25 years ago led to the making of a public institution as innovative as the National Historic Site at Hatley Park, on which it is located, is beautiful. But the original funding

formula has not adapted in a way commensurate with the University's evolution and expansion, notably here with the recently announced West Shore campus in Langford. That fiscal inadequacy risks Royal Roads' potential ability to provide a quality education, and its capacity to be a place as equitable as it is competitive.

We ask that the Post-Secondary Funding Formula Review and the Ministry of Advanced Education and Skills Training consider the data and ideas above in its review of provincial post-secondary funding models.

As expressed above, RRUFA believes that a change in Royal Roads University's funding model is necessary.

Sincerely yours,

Dr. Richard Kool  
President, Royal Roads University Faculty Association

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