

Council of Ontario Universities' 2014 Provincial Pre-Budget Submission

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Table of Contents

Table of Contents	2
Introduction	3
Financial Sustainability	5
Funding Issues.....	5
Impacts	6
Research.....	6
Enhancing Teaching and Learning	7
Teacher Education.....	7
Infrastructure.....	8
International Students.....	8
Removing Barriers to Innovation	9
Conclusion	9

Introduction

Ontario universities play a unique role in their communities, the province and the country. Our institutions attract talent, foster creativity and innovation, strengthen economic sustainability and contribute to social development. Our graduates continue to have higher employment rates than graduates with other levels of education, and lower unemployment rates than others, despite the slowdown in the job market. Universities support the government's Youth Jobs Strategy that seeks to expand employment opportunities, particularly its support for the expanding entrepreneurial initiatives that universities are providing for students.

Ontario degrees are in high demand by students and parents and are valued by employers around the world. To ensure this continues, transformative change is underway at our universities. This change is guided by a commitment both to educational quality and to playing a vital role in nurturing and developing the talent and research critical to Ontario's future. Ontario universities are addressing transformation, while operating more productively than universities in any other Canadian jurisdiction: Ontario universities educate more students with less operating revenue per student than universities anywhere in the country¹.

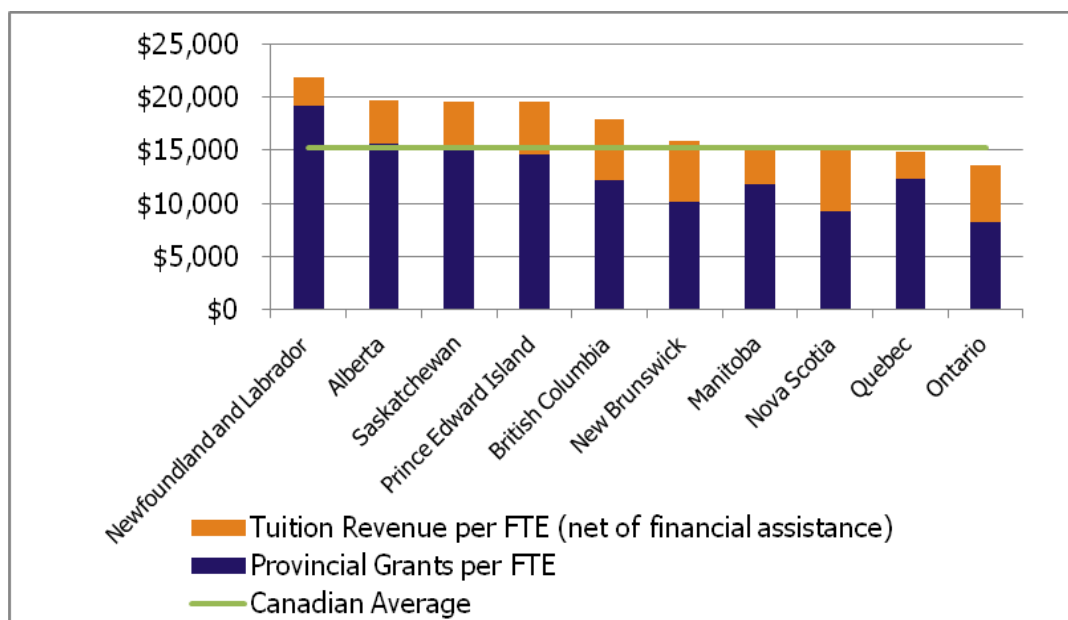


Figure 1: Interprovincial Revenue Comparison

Despite constrained resources, universities continue to respond to the changing needs of today's students. Submissions last fall to the government by Ontario universities demonstrate the increasing scope of technology through expanded online and blended delivery models, and in partnerships and co-delivery with other institutions.

¹ COU has completed a comprehensive study comparing operating revenue of universities across Canada that can be accessed on the [COU website](#).

Universities enhance learning through hand-held devices that allow students to respond on-the-spot to questions presented by the instructor; mobile learning options; and the use of mobile networks and integration of mobile devices (phones, tablets, laptops). Combined with increasing numbers of online courses, these tools are particularly important because they create a powerful e-learning environment and also allow students with disabilities to better access university education.

With new government support, Ontario universities and colleges are embarking on a new Centre of Excellence initiative, called Ontario Online. Combined with the Ontario Universities Online (OUO) initiative already underway, additional new courses and programs will be developed, as will quality standards, tools for improved student access to learning resources, and tools for professional development of faculty.

Ontario's online initiatives will respond to increased demand for, and improve access to, online courses and programs offered by Ontario universities for students across Ontario and in other jurisdictions. It will introduce a new pathway to university education through open access to a range of courses. It will also seek to improve credit transfer of online courses and use university resources more efficiently through collaboration.

In Ontario, universities – like other sectors – are impacted by national and global competition.

Now more than ever, our universities need the ability to be even more innovative in how we educate students for the future, conduct research and development, and foster strong communities. While the province is emerging slowly from the global recession of 2008, universities are fundamental to that emergence. Public policy needs to provide the following drivers:

- Sufficient revenue to support continual transformation and competitiveness;
- Predictability in government policy, funding and capacity-building in order to maintain world class reputations; and
- Flexibility in policy implementation and use of resources.

The Drummond Commission made several recommendations for government to streamline processes for universities so as to allow institutions to make the best possible use of resources. We continue to support recommendations that reduce administrative burdens for universities, while still being accountable to our stakeholders for public and student funding received.

Universities are working with colleges to enhance student mobility through more than 600 pathways involving multiple institutions, creating more than 35,000 student transfer opportunities.

Financial Sustainability

Funding Issues

Significant dollars have been invested in universities and colleges over the past decade, for which the postsecondary sector is grateful. These investments have been designed to reach Ontario's stated policy goal of ensuring that 70 per cent of the population acquires some form of higher education. Universities and colleges have accommodated that growth.

Ontario universities have accommodated growth of 145,000 students since 2002-03, an increase of 53%.

At the same time, we have also accommodated ever-expanding demands in response to the needs of students, the expectations of government and the requirements of employers. During this time, there has not been corresponding government funding to protect and enhance the quality of the student experience. Indeed, while other sectors in the broader public sector have enjoyed annual increments beyond growth, this has not been the case in the government's per-student funding for universities.

Shrinking resources make this challenging. More stable revenues would enable universities to respond more quickly and efficiently.

Recently, a pattern of de-investment by government has threatened to further erode our ability to be more innovative, productive and entrepreneurial – precisely the factors that will accelerate the path of recovery in the provincial economy. Universities have been challenged by the following:

- Reductions in per-student funding in the government's operating grants;
- Reductions in revenue from the International Student Recovery program;
- Lower tuition revenues because of the lower cap on tuition;
- Changes in tuition administration that will add costs and further reduce revenue by \$33 million when the changes are implemented; and
- Increased targeted investments by government that reduce the flexibility of universities to address student and local needs.

In addition, there is a planned reduction of the BIU weight for teacher education that will begin in 2015-16.

Individually, each of these decisions has created challenges for Ontario' universities. Taken together, these measures are impairing our ability to deliver our core mandate – the provision of quality education.

Impacts

Universities are fiscally responsible, making significant cuts, claw backs and trade-offs in their budgets so they do not live beyond their means. But this slows the ability to pursue opportunities and threatens the capacity to compete. It undermines momentum by constraining university capacity to advance the province's economic recovery with innovative and more entrepreneurial graduates, life-changing research and community revitalization partnerships.

Administrative spending, as a percentage of total operating spending, has been reduced from 5.2% in 2004 to 4.7% in 2010. Universities continue to seek efficiencies.

We recognize the fiscal challenges that the province faces but we also agree with economists and think tanks that say that one of the best economic stimulants is an investment in stimulating minds. If Ontario universities are to contribute to the province's growth in the global knowledge-based economy, government policy decisions are required to enhance and promote their competitiveness nationally and internationally.

Recommendation 1: In order to protect the ability of universities to maximize their contributions to the provincial economy, we recommend that the

government support the sector with policies and decisions that do not cause added costs or further reductions in revenue.

Research

University research is a vital part of the province's innovation capacity and ability to develop economically and socially. Support for infrastructure, for industry partnerships and for young researchers are important parts of driving Ontario's research advantage.

The foundation for this innovation capacity is state-of-the-art technology and equipment that permits Ontario researchers to make a difference. Budget 2013 stated that "the Province is also planning to make investments in research capacity through the Research Infrastructure program of the Ontario Research Fund (ORF)." Fulfillment of that commitment is critical to the province's research growth and partnerships with the private sector.

Recommendation 2: We urge the Ontario government to fulfill its commitment to match federal research infrastructure dollars through the infrastructure portion of the Ontario Research Fund.

The Research Excellence program of the ORF previously supported strategic, industry-led programs and projects in targeted areas where Ontario has a demonstrated competitive advantage. This program was successful in leveraging private sector investment in research and development and enhancing the opportunities for research

Nine Ontario universities are among the top 25 Canadian research universities, 18 are among the top 50.

and education at our universities. With renewed investment, it could again play an important role in building strategic partnerships for economic benefit.

Recommendation 3: We urge the Ontario government to reinstate the Research Excellence program of the ORF.

Recommendation 4: We urge the government to maintain funding for the Early Researcher Awards, which foster the next generation of highly skilled researchers.

Digital infrastructure is critical to research because the high-speed, data-intensive analytics underpins work in countless fields by making it possible to identify trends and point to solutions for complex problems. While researchers are working with the Ontario government on a strategy to support this infrastructure, the need for a long term approach and predictable and sustainable funding needs to become a high priority for the province.

Enhancing Teaching and Learning

Teacher Education

Ontario universities understand the government's decision to reduce enrolment and extend the length of teacher education programs to two year's duration as a result of the employment situation for new teachers. We recognize the need to better align the number of teacher education graduates with labour market demand. There are, however, a number of factors that have created this situation. While universities continued to respond to high demand from students, government asked for the expansion of teacher education in the early 2000s, approved new programs and continued to fund them. The expansion of teacher education was

also encouraged by government by allowing out-of-province institutions to operate teacher education programs in Ontario. No attempt has been made by government to restrict education program providers operating just across the border. These border colleges compete with students from Ontario's publicly assisted universities for practicum placements in Ontario schools, as well as for jobs.

We are also concerned by the decision to reduce per student funding for teacher education programs in 2015-16 – a decision which is inconsistent with the government's own goals and policies that aim to strengthen programs so that teachers are better prepared.

It is also inconsistent with the government's differentiation framework, which is designed to encourage universities to focus on building on their strengths. The planned grant reduction amounts to about \$25 million – almost one per cent of enrolment-based funding across the province. The impact on some universities represents a reduction of up to 10 per cent of their total operating revenue, because of their

Universities are major economic drivers. A Pricewaterhouse-Coopers Study indicated a mid-sized Ontario university generated \$2.6 billion in economic impact annually, while a large university generates over \$15 billion.

particular, differentiating, focus on that area.

Recommendation 5: We urge the government to maintain the current per-student funding for teacher education, in order to make teacher education funding consistent with the government's policies and goals.

Infrastructure

Individually and collectively, universities are taking a variety of steps to enhance teaching outcomes through technology-enabled learning, the introduction of new approaches such as the blending of online and in-class learning, peer review and programs for first-year transition. The transformation of teaching requires different kinds of spaces both in size and configuration as well as technical capacities.

Many universities are short of usable space or have aging buildings that are not suitable for current teaching and learning environments. Indeed, there is less space per student today than in 1998-99. The expansion over the past decade, together with the planned enrolment expansion of undergraduate and graduate spaces going forward, will make this situation even worse. At the same time, the quality of the space is deteriorating, according to the Ontario Universities' Facilities Condition Assessment report, prepared by the Council of Ontario Universities. To enable universities to produce the talent that can help make Ontario more competitive on the world stage, suitable new and renovated space is required.

Recommendation 6: We urge the government to enhance the transformation of student learning environments by investing in new buildings and restoring much needed funding for deferred maintenance and the repurposing of old buildings.

Students across all disciplines are increasing their job-ready skills through a wide range of experiential learning opportunities, including entrepreneurship incubators, co-ops, internships and service learning.

International Students

Universities around the world are seeking to attract international students and to encourage their own students to acquire global understanding through an international placement. International students enrich campus life for all students. They enrich society when they stay and contribute their skills to the province. Even if they return home, they are culture carriers for our province and often form partnerships of lasting benefit with Ontario.

Provincial jurisdictions across Canada are taking steps to encourage more international recruitment. Some, such as Quebec and British Columbia, provide funding for international students. Ontario levies a charge against universities for each international undergraduate and Master's student recruited. Recognizing the importance of international students, Ontario universities continue to recruit them, but often are not able to recoup the reduced operating funding resulting from the government's International Student Recovery (ISR) program because of the national and international competition for these students.

University graduates have higher employment rates than those with any other level of education: 86.5% are employed six months after graduation, 92.2% after two years, Ontario government survey says.

We urge the Ontario government to return to its leadership role in attracting the talent pool needed to augment Canada's advanced skills labour market by eliminating the ISR that takes \$750 from universities for every international student recruited at the undergraduate and Master's levels. At the very least, we urge the government to cap the ISR at the 2013-14 level and allow universities to redirect those funds into initiatives that support international recruitment, marketing and on-campus support for students.

Recommendation 7: We urge the government to eliminate the International Student Recovery program or at least to cap the recovery at the 2013-14 level.

Recommendation 8: We urge the government to allow a portion of funding already allocated for expansion of graduate education to be used for operating grants for international PhD students in order to attract top graduate students from around the world.

Removing Barriers to Innovation

Ontario universities are fully committed to being accountable for the use of public resources and other resources from students and benefactors and do so through a wide variety of accountability mechanisms both internally and to government. However, there is a point where myriad accountability measures begin to diminish our universities' ability to meet core mandates efficiently. We believe that point has long passed. Universities are required to submit a large number of discrete reports (more than 50 separate reports by last count). There are different standards and provisions imposed by different branches of the same Ministry and often the reporting requirements are not aligned with the business and operational processes of our universities. Institutional efficiency and innovation will be positively impacted by the ability to streamline reporting in an effective way.

Recommendation 9: We urge the government to work with universities to streamline the reporting burden in order to reduce administrative time and costs.

Conclusion

Universities need the flexibility to be able to adapt to meet the changing needs of our students and our economy. We are eager to continue to work with partners in government, on campus, and in our local communities to deliver world-class education and conduct ground-breaking research.