

Ontario Universities: Helping the Government to Build Ontario Up

2015 Provincial Pre-Budget Submission

Presented by
Council of Ontario Universities (COU)
January 2015

COUNCIL OF
ONTARIO UNIVERSITIES
CONSEIL DES
UNIVERSITÉS DE L'ONTARIO

“Strengthening Ontario’s postsecondary education system is part of the government’s economic plan to invest in people, build modern infrastructure and support a dynamic and innovative business climate.”

Ontario Government News Release, August 7, 2014

“A skilled workforce and successful students; one of Ontario’s greatest strengths is its people’s talents and skills. By investing in them today, the Province will help foster a dynamic economy, stimulate innovation and increase prosperity for all Ontarians.”

Ontario’s Fall Economic Statement, November 17, 2014

The Ontario government values universities as economic builders, and has indicated that “investing in people’s talents and skills” is the first of four pillars in its plan for Building Ontario Up. Ontario’s universities are committed to helping the government to deliver on that promise.

Universities prepare students for life by providing them with skills that are adaptable for today’s careers, as well as those of the future. The results demonstrate the sector’s success. Ontario university graduates have higher employment rates and higher earnings than graduates of any other level of education. They also have higher average earnings, as Figure 1 indicates. Evidence of the enduring value of a university education is also found in the continuing high appetite for university education as seen in application volumes as well as the recognition of Ontario university degrees from other universities and employers internationally.

In turn, universities work hard to make sure their students reach their potential. As a result, 90 per cent of first-year university students continue to their second year of Ontario university education and 77 per cent will graduate within seven years – a rate more than 10 percentage points higher than in other provinces and the US.¹ In addition, a poll conducted by the Gandalf Group for COU found that parents continue to believe that university education is the best educational choice.

94% of respondents said their children were likely to apply to or attend university; 71% said they were likely to attend.²

1. Source: CUDO (Retention rate) and MTCU (graduation rate).

2. Source: Council of Ontario Universities, The Gandalf Group Survey, “6 ways Ontarians say universities add value,” 2014

Figure 1: ³

University graduates have higher employment income, higher employment rates than college and high school graduates.

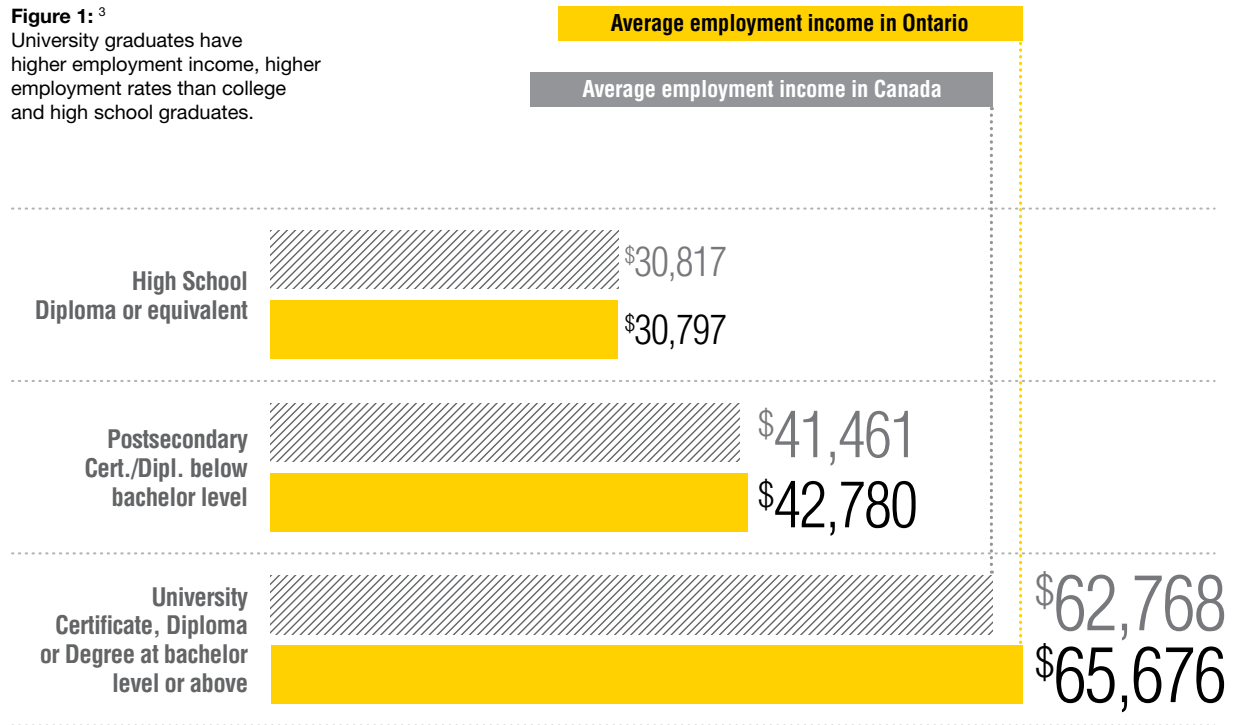
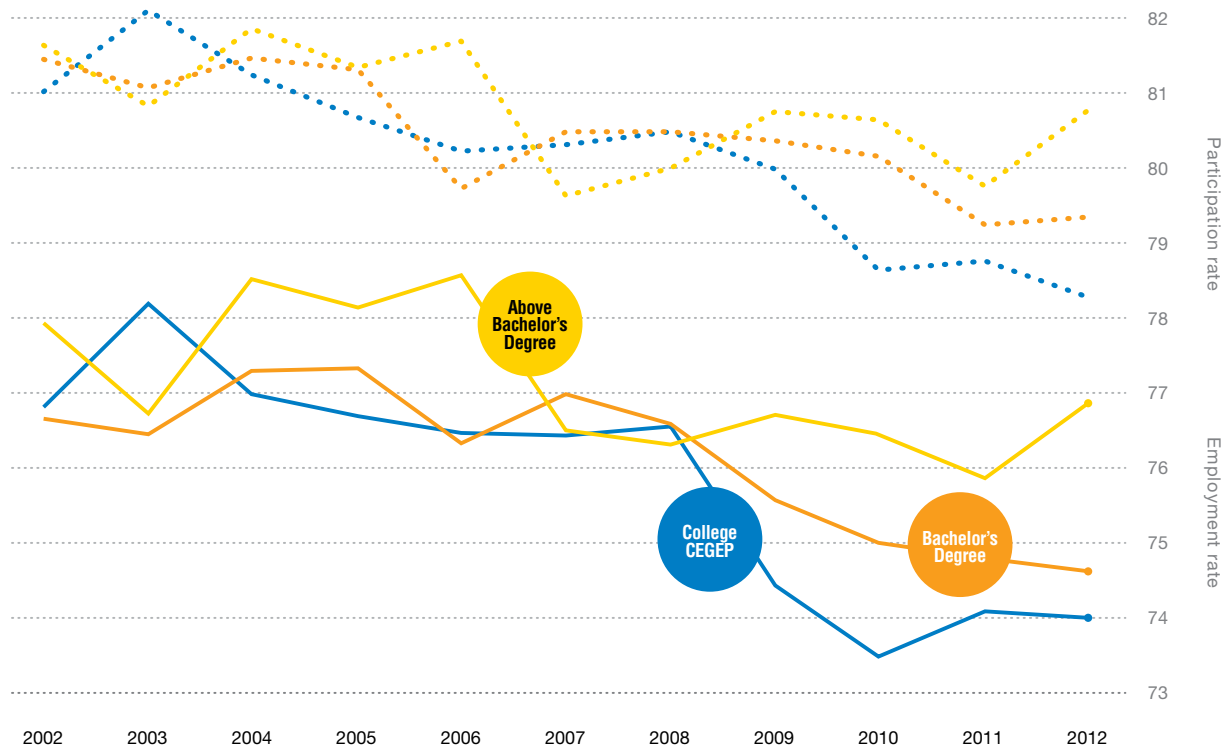


Figure 2: ⁴ Participation rate in the labour market for Ontarians, 15 years and over (top)
Employment rate for university and college graduates 15 years and over (bottom)



3. Source: Council of Ontario Universities, University Works, 2014.

4. Source: Council of Ontario Universities, University Works, 2014.

Universities are providing students with new degree programs, evolving the curriculum within existing programs, and adapting educational approaches to improve results. Across all disciplines and degrees, the focus on the quality of learning is securing better outcomes in university programs, and developing more highly skilled graduates.

These accomplishments are accompanied by even greater efficiency as universities continue to find ways to reduce their costs by re-engineering processes, using technology and collaborating across the sector. Indeed, administrative costs as a percentage of operating costs have declined over the last eight years.⁵ When compared to other provinces, the efficiency of Ontario's universities is demonstrated clearly. Ontario universities educate more students with less provincial funding per student than universities in any other province.⁶ A robust university sector provides skilled talent and life-changing research for the province, while operating efficiently to manage existing resources. There is no better investment for the government's goal of "building Ontario up."

Ontario universities are being recognized internationally for their contributions to nurturing student entrepreneurs.

Ontario degrees are recognized for their quality by university admissions departments and companies around the world.

Ontario universities' recommendations for Budget 2015 focus on three priorities:

- Ensure that the quality, accessibility and global respect for Ontario university education are not diminished as the province moves at a responsible pace to balance the budget.
- Ensure Ontario universities have the matching provincial support for federal programs that enables them to contribute successfully to the research enterprise of the province.
- Enhance the internationalization of universities so that Ontario can continue to attract the world's best students and researchers for the province's skilled workforce.

5. Source: Council of Ontario Financial Officers (COFO)

6. When revenue from both tuition and government grants is included, Ontario universities have the lowest level of revenue per student than every other province except Quebec. Source: Council of Ontario Universities. "Interprovincial Comparison of University Revenue," 2012.

Transforming for the future

The Strategic Mandate Agreements that the Ontario government signed with each university provide both a picture of the current differentiation of the sector and a plan that builds on institutional strengths, and also meets provincial goals for efficiency. Ontario universities are moving forward enthusiastically with those plans in order to meet the needs of students and their communities, locally and beyond.

Administrative costs as a percentage of operating costs have declined to 4.6 from 5.1 over the past eight years.

Ontario universities educate more students with less provincial funding per student than universities in other jurisdictions.⁷

The Strategic Mandate Agreements highlighted the wide variety of ways universities are evolving and transforming the student experience. In addition to changing curriculum and programs, universities are opening doors to the growing range of opportunities for students to apply what they are learning in businesses and/or non-profit organizations here and abroad. Students are also acquiring entrepreneurship skills from courses, programs and incubators that will help them create their own companies or put their innovation skills to work inside their future places of employment. The Ontario government has recognized the huge benefit to the provincial economy of encouraging student entrepreneurship and has provided support through its Entrepreneurship Activities and Campus-Linked Accelerators programs.

7. Source: Council of Ontario Universities. "Interprovincial Comparison of University Revenue," 2012.

Another change in the student experience has occurred because of the use of technology in blended learning environments where lectures and learning materials are posted online and classroom time is devoted to discussion and problem solving. Students are also increasingly learning in teams or groups, and universities support them in transferring knowledge to others through mentorship programs, which have a very positive impact on their own learning outcomes as well as those they mentor.

At the same time, innovation is thriving at Ontario universities because of their robust research efforts, which span the knowledge creation pipeline from discovery to application. Eighteen Ontario universities are among the top 50 research universities in Canada, nine are in the top 25.⁸ The viability of this pipeline depends on a combination of federal, provincial and industrial support. University researchers appreciate the commitment that the Ontario government has made to research through its various provincial programs, and it is hoped that the 2015 budget will ensure that federal matching programs such as the Canada Foundation for Innovation and the New Building Canada Fund receive the level of support needed to ensure that federal dollars are not left on the table for lack of a provincial match.

18 Ontario universities are among Canada's top 50 research universities, nine are in the top 25.

The university research enterprise is a magnet for talent from around the world, and often that talent fills a gap in the domestic market. A high proportion of international graduate students attracted to Ontario stay here, becoming citizens and making lifelong contributors to our province. However, the market for international graduate students is highly competitive. Other countries, particularly developing ones, are investing more in postsecondary education to keep talent at home. Ontario universities have done a good job of attracting graduate students from abroad but there are challenges with our competitive position because many other provinces provide some level of support for international graduate students. Under its International Student Recovery program, the Ontario government actually takes revenue from universities for every international undergraduate and master's student recruited. Ontario's universities and the Ontario workforce would benefit from policy changes more favourable to the attraction of talent from around the world.

8. Source: Research Infosource, "Canada's Top 50 Research Universities 2014," 2014.

Demonstrating cost constraint

Universities are taking consistent steps to constrain costs and streamline operations by improving processes through effective use of technology, expanding group purchasing, implementing long-term energy sustainability plans, sharing facilities with municipal and college partners, and increasing public use of their own facilities.

The Ontario government's own Productivity and Innovation Fund provided further impetus to efficiency. Financial support of a variety of different projects created more efficient solutions, reduced costs and enhanced collaboration.

For example:

- A new software solution makes it possible to manage space more effectively at 21 universities and one college.
- A web-based electronic solution has streamlined management and reduced travel costs at five universities, and a library research cloud housing large volumes of digital content is resulting in significantly lower storage costs for libraries at Ontario universities.
- For 13 universities involved in nursing education, support for clinical simulation equipment has provided a much needed academic tool for applied learning and contributed to the development of shared academic protocols.

Transforming Communities, Transforming Lives

Ontario's universities have a significant and unique impact on regional and provincial development. University operations generate a great deal of economic activity through construction, maintenance, supply purchases, retail and hospitality sales for the communities in which they operate. This, together with student spending, develops and supports local businesses and employment. Recent university studies indicate that a very large university has an estimated economic impact each year of \$16 billion, and a comprehensive university has an annual impact of \$2.6 billion.

The Conference Board of Canada recently reported that Canada's universities and colleges annually generate more than \$55 billion in economic activity, while off-campus student spending generates more than \$17 billion in benefits to surrounding communities.⁹ Ontario universities educate 42 per cent of Canada's university population, so a significant volume of the Conference Board's estimate of economic impact can be attributed to Ontario universities. The financial viability of universities is critical to the economic wellness of regions around the province.

Universities also have a significant impact on the social and cultural fabric of their communities. Through community learning programs, students and faculty are improving the potential of disadvantaged groups and in so doing, helping enhance the well-being of local communities. Mentoring programs for youth, dental, medical and legal aid clinics for low-income clients, and projects to reduce the stigma of mental illness are just some of the service programs that are both helping communities and enriching the lives of students. Universities also provide their athletic facilities for community use and bring talent to their campuses from around the world for the benefit of the public as well as the university community.

9. Source: Conference Board of Canada. The Economic Impact of Post-Secondary Education in Canada, November 2014.

Recognizing the fiscal environment

Ontario universities understand the fiscal realities of the province and continue to be dedicated to doing more with less – enhancing the student experience while holding the line on costs, improving efficiencies on campuses and contributing to economic success by developing outstanding talent and research. Meeting these goals has not come without financial challenges for universities. Over the past few years, a pattern of reduced investment by government has threatened to 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 government operating grants on a per-student basis in each of the past two years;
- Reductions in revenue because of the International Student Recovery program;
- Constrained tuition revenues because of the lower cap on tuition;
- Changes in tuition administration that will add costs and further reduce revenue by \$33 million;
- An increased reporting burden, which adds to administrative costs;
- The planned reduction in per-student funding for teacher education scheduled to begin in 2015-16, which will remove more than \$20 million from the sector.

All of this is happening when government expectations and universities' desire to innovate are strong and when competition is intensifying with institutions across Canada and around the world. Further reductions in funding levels will fundamentally limit the capacity of Ontario universities to achieve the government's goal "to Build Ontario Up."

For these reasons, Ontario universities recommend the following measures for the 2015 Budget:

- Maintain funding for growth and maintain the current level of per student operating support for Ontario universities, until the province is able to achieve a balanced budget and begin to reinvest in universities at more sustainable levels.
- Match federal funds for research and infrastructure to ensure Ontario maintains its competitive edge with other provinces and internationally.
- Enhance the ability of universities to attract top international students so important to research and the economic growth of our province by providing flexibility for universities to use some graduate spaces for international students and by capping the International Student Recovery program.

For further Information
please contact:
Bonnie M. Patterson
416-979-2165 x256
bpatterson@cou.on.ca

ISBN: 0-88799-513-6
COU No. 903