

# Universities: Helping Ontarians Prosper

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2016 Provincial Pre-Budget Submission

Presented by:  
Council of Ontario Universities (COU)  
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**“Ontario needs to further adapt its economy so it can thrive on the initiative, creativity, education and skills of its people, and the value they add ...”**

**- The Ontario government's Fall Economic Update 2015**

**In today's increasingly competitive and uncertain global economy, accelerating the shift in Ontario to the knowledge economy is critical.**

Universities recognize the challenge faced by government decision makers and are well placed and committed to contribute to the province's economic advancement.

Universities do that by:

- Educating the talent needed to advance the economy today and shape the workforce of the tomorrow,
- Conducting research to drive business forward through clusters of innovation that attract investment from outside the province, create new products and services and contribute to health and social innovation that improves the lives of all Ontarians,
- Attracting international talent to bolster Ontario's workforce and leveraging international business partnerships to bring new knowledge and international perspective to the province,
- Building up the more than 33 communities in which Ontario universities operate by providing expertise to multiple collaborations designed to fulfil local needs and improve the well-being of communities.

The times are challenging but Ontario universities believe the road to success resides in the talents of the young people being educated on university campuses and the researchers innovating in labs, libraries and offices. Collectively, they can and will provide the critical thinking, creativity and problem solving skills a challenging economy requires. We will continue to work closely with government to unleash those collective talents for the betterment of Ontario.

## Executive Summary

Universities, indeed all postsecondary education institutions, are major economic assets contributing billions to the Ontario economy.

The ability of universities to maximize their efforts to foster talent and research rests on the financial sustainability of both their grants from the Ontario government and the level of tuition fees controlled by the government. Making adjustments to either of these funding mechanisms, and certainly both, reduces the ability of institutions to meet student needs, government expectations, and other university missions.

Ontario universities are already the most efficient in the country, educating more students with less money than those in any other province.

Every dollar is stretched further and further to meet the needs of students and the government's priorities for the sector – priorities that are shared by universities.

Universities recognize the province's fiscal challenges. When the budget is balanced in 2017, accelerating investments in the sector will be necessary to deliver on results sought by the reformed university funding model and to maximize the pipeline of talent and research needed to drive the economy.

In the meantime, we recommend that the Ontario government:

- Protect the sustainability of universities to foster the talent and research needed for the economy by maintaining current funding for universities as the sector works with government on options for a new funding model.

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- Strengthen Ontario's competitive position through development of an international strategy that caps the International Student Recovery program at its 2015-16 levels and allows tuition growth. The strategy could include encouraging international research partnerships, joint programming, internationalizing curriculum, student attraction and services.
- Match federal funds for research, infrastructure and student internship programs to ensure Ontario universities maintain a competitive position in research and the preparation of talent for the workforce.
- Ensure Ontario remains the destination of choice for students with advanced talents by increasing the number of Ontario Graduate Scholarships, and the value of each award which has not increased since 2001.

## Educating Talent for Today's Jobs and Tomorrow's Careers

Innovation in the educational experience of university students is contributing to the continued achievement of employment outcomes and earnings for graduates that are better than for those with any other level of education. Those benefits accrue to students from all cultural groups, students with disabilities, first-generation students whose parents did not attend university, as well as Aboriginal learners. Universities are cultivating new leaders and role models through the education of students who mirror the diversity of the province and inspire the next generation by demonstrating the capacity of education to transform lives.

Students want to be successful in their lives and adaptable to new careers emerging through innovation and technological change. Universities are fostering that capacity by transforming educational approaches to enhance the skills of graduates. These new approaches include technology-enhanced learning, work-integrated learning, research opportunities, entrepreneurship skills development and the internationalization of curriculum.

**Six months after graduation, the average employment rate for graduates of university undergraduate programs was 87.6 per cent. After two years, it was 93.6 per cent.<sup>1</sup>**

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<sup>1</sup> The 2014 Graduates Survey conducted by CCI Research Inc. for Ontario's Ministry of Training, Colleges and Universities and Statistics Canada.

The result is new generations of graduates with the creativity and problem solving skills to contribute to business development; to the creation of new products, services and companies; and to enhance the operation of community agencies. Universities are providing Ontarians with highly skilled people who go on to work and contribute locally, to the province, and to the world.

**Recent Ontario university graduates earn more than other postsecondary graduates - an average of 33 per cent more.<sup>2</sup>**

Ontario and, indeed, countries around the world are also counting on the development of advanced skills, fostered through graduate education, to address the innovation needs of the new economy. The Institute for Competitiveness and Prosperity has long said that Ontario does not have enough graduate degree holders. On a proportional basis, there are fewer people with doctoral degrees in Ontario than in U.S. jurisdictions.

The attraction and nurturing of talent is also important at the graduate level where Ontario no longer has a competitive support system for attracting the best graduate students. The value of Ontario Graduate Scholarships has remained at \$15,000 since 2001-02 and the number of awards has not expanded in line with the expansion of graduate spaces in the sector. This puts Ontario at a disadvantage to its provincial peers with fewer graduate students supported.

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<sup>2</sup> Statistics Canada, National Graduate Survey, 2013

## Strengthening International Ties

Higher education in Ontario is part of a global landscape involved in fostering international perspectives in students to create an internationally competitive workforce, and globally engaged citizenry. Universities contribute by providing domestic students with the global

**Ontario's more than 54,000 international students account for 11 per cent of all university students in Ontario and, collectively, Ontario universities welcome more than one-third of all international students coming to Canada.<sup>3</sup>**

knowledge and learning opportunities that will position them for careers in any sector around the world, and in attracting international students to the province to enrich campus life, sustain high-caliber graduate studies, and enhance our research efforts. International research partnerships bring new knowledge and talent to the province and augment business ties the province is seeking to enhance.

Ontario's higher education institutions have robust two-way exchanges of students and

research with countries around the world, but the global environment has become increasingly competitive. Ontario competes with institutions in other provinces and from around the world and is the only province in Canada without some form of support for international students. In fact, universities are taxed by the provincial

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<sup>3</sup> Council of Ontario Universities based on MTCU Enrolment Database



government for the attraction of international students through the International Student Recovery program.

In the coming months, the province will be considering development of a new international strategy. Fostering even broader and deeper relationships around the world is an important provincial objective. To strengthen Ontario's competitive position, we suggest the government cap the International Student Recovery program at its 2015-16 levels and allow tuition growth beyond that to support provincial and differentiated institutional goals. These would include encouraging international research partnerships, joint programming, internationalizing curriculum, student attraction and services.

## Conducting Research to Drive Ontario Forward

University research generates many benefits for the province. It attracts talented people from around the world and helps to develop the inquiring minds of students here. Expertise from international students strengthens research at our universities, leads to creation of new products for commercialization and helps make Ontario

**In 2015, there were four Ontario universities in the Top-100 of the internationally focused National Taiwan University (NTU) rankings.**

businesses more efficient and competitive. Research is helpful in attracting businesses and investment from other places in the province, and the country, as well as from international sources to feed off the talent and innovation emanating from university labs and classrooms. Universities also contribute research about public policy to help Ontario and other

governments address priority issues in a wide range of areas such as health innovation, the sharing economy and climate change.

Ontarians can be proud of the research conducted here, which wins many national and international awards. Most recently, Queen's University Professor Emeritus Arthur McDonald won the Nobel Prize in Physics for his work in the field of particle astrophysics. The Nobel Committee indicated that his discovery has "changed our understanding of the innermost working of matter and can prove crucial to our view of the universe." McDonald was also one of the winners of the \$3-million 2016 Breakthrough Prize in Fundamental

Physics with five teams conducting experiments (three in Japan, one in China and one at SNOLAB, a laboratory two kilometres underground in an old mine in Sudbury). Carleton University, Laurentian University, Queen's University, the University of Guelph and the University of British Columbia are all partners in SNOLAB. The collaboration of research teams across universities is critical to the advancement of knowledge as well as to the development of talent.

Ontario universities not only compete nationally but they compete and partner on research on a global basis. The federal government has recently provided additional resources to research through the establishment of Canada First Research Excellence Fund (CFREF), which provides \$1.5 billion over ten years to support postsecondary institutions in becoming global research leaders. University research will need the continued support from both federal and provincial governments to ensure Ontario has the basic and applied research that will help it remain globally competitive with other jurisdictions, some of which are investing heavily.

**Nine Ontario universities are listed as the Top-25 research universities in Canada, and 18 are in the Top-50,<sup>4</sup> which demonstrates the breadth and depth of the research strength of the province's universities.**

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<sup>4</sup> "Canada's Top 50 Research Universities 2015." Research Infosource Inc.

## Building Communities Up

Universities are contributing to the economic and social development of their communities through a wide range of initiatives and partnerships to address local needs. Students are tutoring elementary school students, mentoring Aboriginal learners, teaching youth from low-income neighbourhoods, encouraging urban farming and engaging in many other community projects. Health and law professionals are using their skills to provide services through clinics to vulnerable communities.

Faculty members devote about 20 per cent of their work hours to service and some of that involves providing their expertise and time to enhancing community development both locally and internationally. For example, they are leading initiatives to provide matchmaking services for international professionals, providing online and on-site courses in refugee camps, and developing co-operatives in Africa. Most recently, the focus has been on working with their local communities in supporting the settlement and education of Syrian refugees.

The social benefits that universities deliver are highly valuable but incalculable. The economic impact is more tangible. The Conference Board of Canada reported that the economic impact of postsecondary institutions was more than \$55 billion for universities in Canada, with almost 7,500 direct and indirect jobs attributable to them. Ontario universities are building Ontario up in many ways and having a profound impact on its citizens along the way.

## The Most Efficient Universities in the Country

Universities are being creative in the adoption of solutions to modernize systems and become more productive. Re-engineering processes and using technology are helping to reduce costs while partnerships are helping universities save money and work smarter by leveraging collective expertise, and become more efficient by employing innovative technology.

**Universities are being creative in the adoption of solutions to modernize systems and become more productive.**

Recent efficiency initiatives were supported by the Productivity and Innovation Fund (PIF), which provided \$47.5 million to support 88 institutional and 31 multi-institutional projects in a wide range of collaborative projects. Sharing space in the cloud for library materials, new procurement models for construction management, and online systems for expense processing are just a few of the

projects that are saving money and increasing productivity across the sector. Ontario universities have celebrated these and other efficiency initiatives in a report called *The Bottom Line: Cheaper, Faster, Smarter*. A summit called *Innovative Ideas: 2.0* was organized by the university sector to bring together others in the broader public sector to share best practices.

Despite best efforts to reduce costs while maintaining quality, additional revenue will be needed to ensure the academic experience of Ontario students keeps pace with that offered by universities across Canada and around the world.

Without additional support in the form of government operating grants, universities will need to rely more and more on tuition fees as a source of revenue to meet the needs of students, expanding mandates from government and long-term commitments to new talent for the knowledge economy. Since they are inter-dependent, government needs to acknowledge the impact that any reduction in grants or tuition would make to the capacity of universities to address their mandates and protect their financial sustainability.

## Provincial Fiscal and Economic Challenges

Ontario universities understand the provincial government's fiscal challenges and economic obstacles. Universities face similar challenges. Over the years, universities have taken on an expanded series of mandates to support students, and every operating dollar or dollar of tuition is stretched further and further. From academic counselling to health and wellness, career services to work-integrated learning initiatives and business incubators, universities have a huge suite of services to meet increasing student needs.

Not only are universities delivering more and more services, they are doing so in aging infrastructure that requires the diversion of financial resources to maintenance. As well, the administrative burden of increasing reporting requirements needs to be streamlined in the same way that the government is modernizing reporting in the social service area, and reducing red tape for business. Universities understand their responsibilities for public accountability, but welcome dialogue on how processes can be streamlined to avoid creating additional administrative burdens and diverting resources from front-line services delivered to students.

Protecting the financial sustainability of universities is critical to the innovative and productive capacity that universities bring to the province. In the words of Premier Wynne, "our universities are important to our economic growth. If we don't have an educated workforce, we are not going to leverage all those things we have put in place." Other stakeholders recognize this too. In its latest blueprint for spurring growth and prosperity, the Ontario Chamber of Commerce focuses on building a 21<sup>st</sup>-century workforce and fostering a culture of innovation and smart risk-taking to become a productivity

leader. These are roles to which universities are making significant contributions.

Universities will continue to seek efficiencies and to respect the fiscal challenges of government. As government meets its commitment to balance the budget in 2017-18, universities believe that it will be time for the Ontario government to acknowledge that spending on postsecondary education is an investment in the fundamentals of economic growth – talent and innovation. Universities will need further investment to deliver on the province’s aspirations for innovation and growth and to address the increasing needs of students and policy priorities of government in future.





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