

2012 Provincial Pre-Budget Submission

Ontario Universities: Building the Foundation for the Future

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Council of Ontario Universities
Conseil des universités de l'Ontario
180 Dundas Street West, Suite 1100
Toronto, Ontario M5G 1Z8
www.cou.on.ca

For more information contact:
Bonnie M. Patterson
President & CEO
416-979-2165 ext. 256
bpatterson@cou.on.ca

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SUMMARY OF RECOMMENDATIONS

Ontario universities are proud partners with the Ontario government in building a strong future for our province: the talent and research produced by universities creates a healthier, more prosperous society for the benefit of all Ontarians. The Council of Ontario Universities (COU) makes the following seven recommendations that balance consideration for the difficult economic situation faced by the province and the need to build on the historic investments this government has made in postsecondary education:

1. **Maintain access to university education:** COU recommends that the Ontario government maintain its commitment to fully fund the 41,000 new spaces for university students by 2015-16.
2. **Tuition framework:** COU recommends that the Ontario government maintain increases in the tuition framework at the current level so that universities can continue to deliver quality programs to students.
3. **Pension consideration:** COU recommends that the Ontario government provide Ontario universities with a permanent pension solvency exemption as other provinces have done.
4. **Capital investment rollout:** COU recommends that the Ontario government give priority to university proposals for the early roll-out of the 10-year *Building Together* plan in order to address the space needs created by the significant increase in student growth and the challenges posed by the stock of aging infrastructure.
5. **Graduate education:** COU recommends that the Ontario government invest in further expansion of graduate spaces at Ontario universities to assist in driving the province's economic recovery.
6. **Research funding:** COU recommends that the Ontario government continue to fulfill its commitment to invest in research and innovation, particularly by continuing to provide matching research infrastructure dollars for CFI competitions.
7. **Flexibility and administrative burdens:** COU recommends that the Ontario government ensure universities have the flexibility to make the best use of their financial resources across programs and activities, and design accountability measures to allow flexibility. We also recommend that the Ontario government review its reporting requirements to eliminate undue administrative burdens.

ONTARIO GOVERNMENT'S LEADERSHIP IN HIGHER EDUCATION

The Ontario government has made postsecondary education a centrepiece of its economic policy. Education underpins a strong workforce, which the Premier most recently called one of the four economic fundamentals for building growth and prosperity in the province.

This government has been a leader in its commitment to higher education. Over the past two mandates, it has made significant investments to improve access to higher education, enhance student financial aid, increase the number of advanced degree holders, improve academic infrastructure and support research.

Most recently, the government made a significant investment through the Ontario Tuition Grant that is helping to make university education more affordable for students.

We appreciate the government's continued commitment to the sector and in turn, are proud of the efforts universities have made to accommodate over 150,000 new students since 2000, a 60 per cent increase. Universities' commitment to this massive expansion of educational opportunities has contributed to the government's goal of a more highly educated workforce.

UNIVERSITIES BUILD A STRONG FOUNDATION FOR THE FUTURE

Ontario universities have demonstrated leadership through an impressive number of initiatives this past year that reflect our commitment to student success, quality and efficiency. Universities have:

- Implemented a new [Quality Assurance Framework](#) built on learning outcomes and third-party scrutiny, augmenting 40 years of practice in this area.
- Defined degree-level expectations and learning outcomes so students and others know what knowledge and skills graduates acquire from their degrees, as explained in the report, [Ensuring the Value of University Degrees in Ontario](#).
- Made [teaching and learning](#) activities a high priority by sharing best practices, celebrating exceptional teachers and exploring ways to evaluate learning outcomes, in order to enhance the learning experience for students.
- Maintained a robust pipeline of research – from discovery to applied research – that is driving business activity and social development, and contributing to the government's priorities in green technology, digital media, health and biosciences.
- Recognized the fiscal restraints of the province by responding quickly to implement the government's 10% reduction in executive office expenses and other obligations under the new legislation and government directives.
- Negotiated responsible agreements with faculty and staff to bring salary changes into alignment with other public sector employees.
- Found financial and administrative efficiencies across the sector and shared cost-saving practices in a report called [Innovative Ideas: Improving Efficiency at Ontario Universities](#) and at the [Innovative Ideas Forum](#) hosted by universities for the broader public sector.

- Took steps to address the sustainability of university pension plans.
- Implemented a variety of environmental sustainability measures on our campuses that have led to substantial improvements across the sector, as reported in our annual [Going Greener Report](#).
- Advanced the government's agenda to make Ontario more accessible to persons with disabilities by developing [common tools and resources](#) and promoting action across the sector.

SUCCESS DEMONSTRATED BY RESULTS

Record number of students: Students continue to apply to Ontario universities in record numbers as they and their families recognize the contribution a university education will make to their career opportunities and income. The number of high school students applying to university for the fall of 2012 was 90,889, a 1.9 per cent increase over the previous year¹. This increase continues a trend that has seen applications increase by 50 per cent since 2000.

High student satisfaction: Student satisfaction measures are also strong, which indicates that students are getting the education they are looking for at Ontario universities. In a Globe and Mail survey, students gave Ontario universities an A or B on the quality of teaching and learning. Results from the National Survey on Student Engagement (NSSE) show that over 80 per cent of students in Ontario universities continue to consider that their education is good or excellent.

High graduation and employment rates: University graduation rates remain high at 80 per cent compared to college graduation rates of 65 per cent. Moreover, university graduates continue to have success in the job market as evidenced by survey results from over 19,000 students graduating in 2008, the depth of the recession. Over 91 per cent of university students found employment within six months of graduation, and over 93 per cent found employment within two years, with over 83 per cent indicating that their employment is related to their studies.²

More jobs for university graduates: More jobs are being created for people with university degrees: jobs grew by 28 per cent for university graduates between 2004 and 2010, 17 per cent for college graduates and only 4 per cent for those with a high school education.³ There are also long-term advantages for university graduates including increased lifetime earnings, better health and increased civic engagement.

¹ Ontario Universities' Application Centre: http://www.ouac.on.ca/statistics/ugrad-app-stats/uapp_feb/

² Council of Ontario Universities, *2010 Survey Highlights: Employment Outcomes of 2008 Graduates of Ontario University Undergraduate Programs*.

³ AUCC, *Trends in Higher Education, Volume 1 – Enrolment* (2011) 34.

NAVIGATING THE NEXT DECADE

Ontario universities will continue to build on the progress that has been made in improving access for students, delivering a high quality education and demonstrating leadership in being efficient and accountable.

Delivering a high quality education: Ontario universities need to remain both competitive and efficient while at the same time making quality a priority at all institutions. There is more emphasis than ever before on teaching excellence, sharing best practices and using technology and new approaches to inspire learning. Undergraduates are being exposed to more research opportunities, an experience that was once available only to graduate students. Universities are taking a more interdisciplinary approach to teaching across traditionally distinct academic fields. They are also introducing principles of entrepreneurship into programs beyond business.

Supporting students: Universities have significantly expanded support for students by expanding the range of student services they offer and through new academic and teaching approaches. Universities are proactively engaging students in counseling services by monitoring their academic results early on in their studies, thus improving academic outcomes. Many universities use small group seminars to support larger classes and team teach to provide students with different approaches to materials. They provide co-op programs, internships, international placements and service-learning opportunities to allow students to apply course concepts with local businesses or community service organizations.

Leading in 'efficiency innovations': These are challenging fiscal times and universities have demonstrated remarkable leadership in enhancing their efficiency over the past few years. Ontario's universities are already among the most efficient in the country, educating the most students with the least amount of per-student revenue in Canada. Universities have been implementing constraints in their budgets to contain costs as well as seeking new ways to achieve operational savings. A report called [*Innovative Ideas: Improving Efficiency at Ontario Universities*](#) highlighted many of these efforts. An accompanying [*Innovative Ideas Forum*](#) provided an opportunity to share best practices with others in the broader public sector. The report highlighted achievements in streamlining operational processes, technological re-engineering, energy conservation, and smarter purchasing.

It has been a challenge to maintain quality while absorbing a nearly 60 per cent increase in enrolment growth. In response, there is added attention both inside and outside institutions to improving the quality of the experience within a high-growth environment. While the commitment to finding different ways to address student learning is strong, it also takes time and resources.

BUILDING A BETTER FUTURE FOR STUDENTS AND THE PROVINCE: PRINCIPLES FOR SUCCESS

As the government and the sector move forward, it is worth considering a number of principles to ensure that Ontario universities continue to be successful in providing the highly skilled personnel and research the province needs:

Quality: There is a strong shared commitment by faculty and staff to advance innovative approaches that provide a high quality educational experience for students. Technology-enhanced pedagogy and complementing course teachings with opportunities to apply concepts in the workforce or community are some examples of the many changes that are underway. Universities have been making changes to address student and societal needs for decades. Ontario is home to modern universities that will continue to evolve so long as they have stable and predictable financial resources.

Flexibility: The many demands on universities to accommodate growth, improve quality and find efficiencies needs to be balanced by allowing universities the flexibility to use their resources most effectively. It is important that accountability does not add unnecessary administrative burdens and costs to running institutions.

Partnership: In the context of fiscal restraint, partnerships are more important than ever. Universities are partners in education and research with many different stakeholders, including not-for-profit groups on growing numbers of community service learning projects for students, for-profit organizations on contract research, community leaders on economic development opportunities, and alumni on helping to strengthen university facilities and programming. Our partnerships with colleges provide over 500 agreements to facilitate transfer of students into university programs. Government is a key partner in developing policies and practices and implementing regulation that allow our universities to deliver a high quality education. By working closely together, this partnership will build a strong future for our students and the province.

COU RECOMMENDATIONS

The Ontario government understands that postsecondary education is both a personal and a public good. A strong economy is dependent upon the contributions of university graduates who are in high demand in the labour market, with trends rising upward. They contribute the largest portion of the tax base: in Ontario, they comprise 27 per cent of the population but contribute more than 50 per cent of the tax base⁴, allowing the province to provide essential supports and services for all Ontarians.

The report from the *Commission on the Reform of Ontario's Public Services* has set out options for the government to consider in addressing current economic realities. Universities understand the demand of this fiscal environment. While continuing to look for efficiencies and enhance quality, we remain committed to accommodating the government's growth plans for postsecondary education. Improved access helps to meet Ontario's need for a knowledge-based

⁴ Ontario Undergraduate Student Alliance, from Statistics Canada Survey of Labour and Income Dynamics.

workforce and provides economic benefits to all. We are also committed to the preservation of research infrastructure, a critical component that drives the pipeline of research to support both the economy and social development.

In recognition of the difficult economic context facing the government, COU is proposing strategies that do not require expenditure by the province in the immediate future. However, these recommendations are critical to the financial sustainability of our universities and their ability to prepare students for success.

Maintain Access to University Education

The Ontario government projected that student enrolment in universities would increase by 41,000 by 2015-16. Its 2011 budget committed funding to meet that goal. Enhanced access to university has been a fundamental goal of the government, and universities will continue to work hard to accommodate the growing number of new students. We recognize the importance of improved access to the creation of a better educated work force and therefore, we urge the government to maintain its commitment to this growth.

RECOMMENDATION 1:

COU recommends that the Ontario government maintain its commitment to fully fund the 41,000 new spaces for university students by 2015-16.

The Tuition Framework

The Ontario government has significantly increased access to university through investments in student financial aid and most recently, through the Ontario Tuition Grant. Any willing and qualified individual can attend university in Ontario, no matter what their financial situation. Indeed, Ontario's student financial assistance is the most generous in Canada, although evidence suggests that cultural factors and parents' level of education are stronger factors in a student's decision to attend postsecondary than the cost of tuition.

To protect and enhance the educational experience for students, universities need sufficient revenue. Among the most efficient universities in the country, Ontario institutions teach more students with less revenue per student than institutions elsewhere. On a per student basis, Ontario's operating grants from government are the lowest in Canada. Even when tuition revenue is included, Ontario universities have the second lowest operating revenue per student in Canada.

In the interest of preserving quality programs for students, maintaining the tuition fee framework is essential. Provincial operating grants have not been adjusted to address increasing costs, in contrast to government funding for other public sectors. On average, tuition fees account for about half of Ontario universities' operating revenue. Universities are also required to set aside a percentage of tuition revenue to be used for student financial assistance. As a result, the current cap of five per cent on tuition fees results in an increase of about two per cent to overall operating revenue.

Driven by competition and talent mobility, costs in the sector increase annually by four to five per cent. Our annual increases in revenue on a per student basis are lower than the increase in our costs, and as a result, universities have been constraining operating budgets significantly over the last few years. While controlling costs, universities are also trying to improve the student experience despite the financial constraints. We urge the government to maintain the tuition framework to enable universities to address quality issues resulting from accommodating the increased growth of students over the past five years and the five to come.

RECOMMENDATION 2:

COU recommends that the Ontario government maintain increases in the tuition framework at the current level so that universities can continue to deliver quality programs to students.

Pension Consideration

Ontario universities appreciated the government's introduction of temporary solvency relief for pension plans. Institutions have taken steps to move towards sustainability of their plans over the longer term. However, the continuing volatility in the markets coupled with historically low long-term interest rates means that pension funding will remain a significant challenge for universities.

Ontario universities firmly believe that scarce financial resources should not be used to fund pension solvency payments. Universities are unique among other broader public sector or private sector employers in that were there to be a plan wind-up due to institutional closure, the considerable land and capital assets of universities would be able to defray any pension obligations. Several provinces including Manitoba, New Brunswick, Newfoundland, Alberta and Quebec have recognized the distinct nature of universities and have implemented permanent exemptions from solvency funding. Permanent exemption would ensure that universities do not have to divert government operating grants away from student programs to fund solvency valuations and would also ensure that universities could focus on the going concern aspect of their pension plans.

Universities are exploring ways to achieve efficiencies in the management of pension assets. Universities would need to secure funding from government to retain expert advisors to analyze the potential cost savings/opportunities for enhanced investment returns and the governance issues related to the university Board's fiduciary responsibilities for pension plans.

RECOMMENDATION 3:

COU recommends that the Ontario government provide Ontario universities with a permanent pension solvency exemption as other provinces have done.

Capital Investment Rollout

Accommodating the significant growth in student enrolment over the past decade has placed pressure on university infrastructure. At the same time, many universities have older buildings that are not suited for technological advancements, new teaching approaches, or configurations of both larger groups and break-out sessions. Ontario universities have a backlog of deferred maintenance totalling \$1.97 billion. The federal and provincial governments' significant investment through the Knowledge Infrastructure Program and the Strategic Capital Infrastructure Program were appreciated by the sector and universities have done much to celebrate the impact that those investments have had across the province. However, infrastructure investments in the higher education sector have not kept pace with other sectors or with the demand for space created by the enormous growth in student populations.

Universities are also grateful for the Ontario government's commitment to include universities in its 10-year *Building Together* plan and hope that university allocations will be made early in the roll-out. This would help address the significant pressure caused by enrolment growth and the need to replace and refurbish buildings no longer suitable for current teaching and learning demands.

The Ontario government is also contemplating the addition of three undergraduate campuses after a formal Request for Proposal process. Universities look forward to seeing clear guidelines concerning government objectives for these campuses and a transparent process of selection.

RECOMMENDATION 4:

COU recommends that the Ontario government give priority to university proposals for the early roll-out of the 10-year *Building Together* plan in order to address the space needs created by the significant increase in student growth and the challenges posed by the stock of aging infrastructure.

Graduate Education

Ontario universities welcomed the investments the government made to expand graduate education under the Reaching Higher plan as well as its commitment to add 6,000 new graduate student spaces by 2016.

Advanced degree holders are a critical success factor in a knowledge-based economy and Ontario lags competitive jurisdictions in graduate education. Graduates of advanced research and professional programs develop skills that are not only in high demand in the current marketplace but are also necessary to fuel future innovation and the creation of new organizations in the fields of business, sciences, arts and culture. As such, advanced degree holders have an important impact on the economic success of local communities, and the province as a whole.

Ontario will need to further expand graduate programs in order to support innovation in Ontario and improve the province's position globally. The report of the *Commission on Reform of Ontario's Public Services* indicates that: "Higher priority should be assigned to programs and activities that invest in the future as opposed to those that serve the current status quo. This is

never easy: the status quo has plenty of advocates; the future does not. It is up to government to fill this breach.” Graduate education is part of that future.

RECOMMENDATION 5:

COU recommends that the Ontario government invest in further expansion of graduate spaces at Ontario universities to assist in driving the province’s economic recovery.

Research Funding

Universities are where the “rubber hits the road” for research and innovation policy. Through the development of critical thinking and skill development, universities grow talent – many different kinds of it: engineers, lawyers, doctors, physiotherapists, entrepreneurs, marketers, administrators, scientists, journalists, teachers, financial and accounting professionals and historians, to name but a few. Students leave our labs and classrooms armed with the expertise and know-how that is required to support Ontario’s ongoing social and economic prosperity. People are Ontario’s greatest natural resource; the preparation and development of the next generation of innovators, entrepreneurs and educators is critical to Ontario’s future. Programs such as the Ontario Research Fund and the Early Researcher Awards play an important role in attracting, supporting and keeping this talent.

In addition to our role as educators of Ontario’s future talent, we are also highly engaged in the advancement of research excellence. This research can take many forms. Some of our research is driven by a passion for invention or discovery research that ultimately pushes the boundaries of our thinking and experience far beyond what’s known in our world of today. Other research is driven by a desire to enable innovation that results in the more immediate development of new processes, policies, products, and services. No matter where research falls along the discovery-to-innovation continuum, it always has an underlying intent to benefit society and organizations within it.

In particular, research excellence plays a critical role in building and maintaining Ontario’s economic development system. It supports the development of talent, attracts investment to Ontario communities (through both talent and infrastructure), creates the next generation of small and medium sized enterprises, develops new opportunities to keep Ontario’s economic pipeline healthy, builds creative and caring communities that are magnets for talent and investment, and eases the burden on public resources.

Maintaining Ontario’s competitive edge in research excellence requires more than just human brain power; leading edge research also requires leading edge infrastructure. Well equipped labs and facilities are essential to attracting talent and business investment. The Ontario government’s ongoing investment in infrastructure is critical to Ontario’s success in research and innovation.

In particular, the funding that it provides to match infrastructure dollars from the Canada Foundation for Innovation (CFI) is essential.

RECOMMENDATION 6:

COU recommends that the Ontario government continue to fulfill its commitment to invest in research and innovation, particularly by continuing to provide matching research infrastructure dollars for CFI competitions.

Flexibility and Administrative Burdens

Ontario universities are fully committed to being accountable for the use of public funds as well as other resources from students and benefactors. Each year, universities complete Multi-Year Accountability Agreements, which require universities to report on 15 key performance indicators. Universities also submit in excess of 50 separate reports annually on a wide range of operational functions in order to comply with the government's accountability requirements.

Accountability is important in order to ensure that universities effectively manage resources. It is also important, however, that reports for accountability do not add unnecessary administrative burden and costs. Streamlining of reporting, avoiding the duplication of reporting requirements, and more alignment with university operating cycles would ensure that universities could meet accountability responsibilities more cost-effectively.

Delivering education efficiently and effectively also requires sufficient flexibility for universities to leverage their resources across programs and activities. As students' needs differ from institution to institution, and university missions are differentiated across the sector, it is important to allow institutions the flexibility to maximize their individual efforts to address student needs on their campuses most appropriately.

RECOMMENDATION 7:

COU recommends that the Ontario government ensure universities have the flexibility to make the best use of their financial resources across programs and activities, and design accountability measures to allow flexibility. We also recommend that the government review its reporting requirements to eliminate undue administrative burdens.

CONCLUSION

Our universities will continue to promote access to higher education, are committed to student success by providing a high quality education that prepares students for the knowledge economy, and will continue to demonstrate leadership in finding financial efficiencies in a transparent and accountable way.

We look forward to continuing to work with the government to preserve the historic and continuing investments that have been made in our universities.