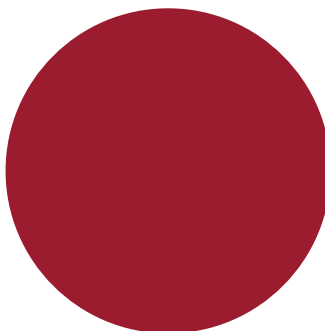
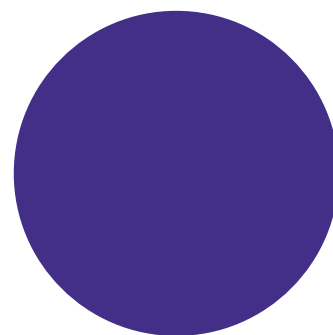
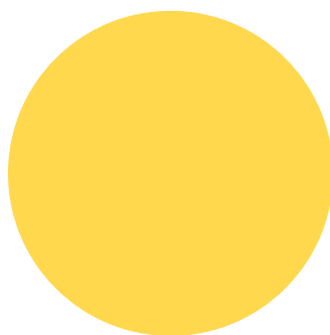
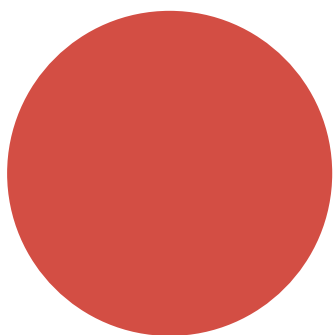
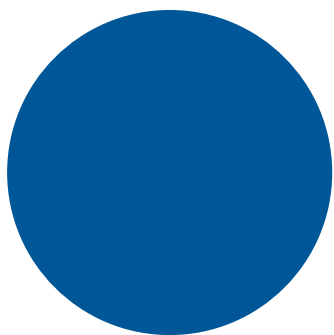
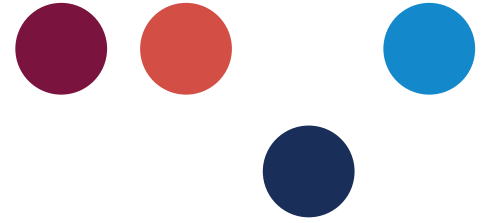

Seizing Ontario's Moment

2018 Pre-Budget Submission to the Ontario Government





Introduction

Over the past year, Ontario's universities have been engaging in a conversation about the future of the province. During the course of that conversation with students, parents, employers and policy makers, universities discovered Ontarians are generally positive about the future. While the province faces many challenges, there is optimism that we can meet them together.

As the province looks to the future by pursuing strong economic growth, supporting innovation and new industries, strengthening communities, embracing diversity, and pushing for environmental sustainability, universities remain committed partners in attracting and developing the talent and providing the research that are integral to achieving these goals.

Ontario's rich talent pool, strong research and innovation, and global reputation for excellent quality of life are drawing attention around the world. The time is now for Ontario to invest further in these strengths and seize its place as a global leader in the new economy.

Ontario's success in the future depends on its continued ability to attract and educate the broad range of talent that fuels innovation and prosperity across all sectors. From advanced manufacturing to mining, finance, information technology, the not-for-profit sector, and more, employers today need both electricians and engineers, data analysts and managers, marketing specialists and artificial intelligence experts, in order to thrive.

As highlighted in the bids submitted by Ontario cities for Amazon's second headquarters as well as in a recent report from the Institute for Competitiveness and Prosperity, universities play a vital role in feeding the talent pipeline that strengthens the province's key industries.¹ That same talent pipeline is what makes Ontario attractive to companies such as Uber and Thomson

Reuters, both of which recently expanded their operations in the province, thanks in part to the work of the provincial government. Ontario's universities are committed to continuing their vital role by educating the highly-skilled graduates who help the province prosper, innovate and grow.

Ontario today is not only an increasingly great place in which to invest and work – it is an exciting place to live. Urban and rural communities alike are looking to build new transit and other infrastructure to grow stronger and more connected. Ontario universities are partners in developing the talent and providing the research to support the province and its communities in these important projects.

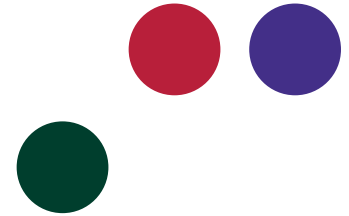


Ontario's rich talent pool, strong research and innovation, and global reputation for excellent quality of life are drawing attention around the world

The province's musicians, artists, designers and theatre companies are also integral to its vibrancy. They represent Ontario on the world stage with bold and imaginative creative and cultural industries, and keep Ontarians entertained and inspired at home. Many of these cultural visionaries are university graduates who were first educated and supported at campuses across the province. University graduates further contribute to deepening the social and cultural fabric of Ontario by acting as engaged citizens and bringing their talents and creativity to the service of their communities.

Talent, innovation and quality of life are the fundamental building blocks to a better future and they are among the great assets driving the success of the province. They are symbolized by the growth of Ontario's start-ups, the resilience of its core industries, and the province's leadership role in fostering inclusion, diversity and acceptance during a time of increased protectionism worldwide.

¹ Institute for Competitiveness and Prosperity. "Collaborating For Growth: Opportunities in Ontario." November 2016.



Thanks to all this work, many people are looking to Ontario as a land of opportunity and hope. International businesses and top talent are already looking to relocate and settle here. They are attracted to Ontario's thriving economy, its strong postsecondary institutions, and its diverse and respectful society.

Today, the world wants what Ontario is offering. But if we do not keep innovating and investing, we risk losing our momentum and being left behind. Ontario today has the opportunity to capitalize on its moment and become a global leader in the new economy. Doing so will require that the province build on its current strengths in three crucial ways:

1. Ontario needs to ensure that it has strong postsecondary institutions that adapt to changing needs, help develop the talent that drives Ontario's economy by offering robust experiential learning and other innovative initiatives for all students, and deliver on the province's strategic priorities. Achieving these goals requires ongoing investment.
2. Ontario needs to continue to invest in the modern classrooms, labs and other learning environments that help students achieve at their highest level and researchers produce groundbreaking research and innovation.
3. Ontario needs to continue building a sustainable society that encourages sectors across the province to pursue the highest energy efficiencies. Investing in postsecondary projects to reduce greenhouse gas emissions is essential to meeting this goal.

Over the last year, in conversations about the future, Ontario's universities heard repeated calls for the province's decision-makers to think big and develop solutions that will help the province's residents be ready for tomorrow.

Above all, Ontarians want policies and decisions to be based on partnerships. They expect institutions such as universities, colleges and hospitals to work hand in hand with governments, businesses, the not-for-profit sector, municipalities, planners and other stakeholders to create solutions that benefit everyone.

They want a society of partners, not a society of silos.

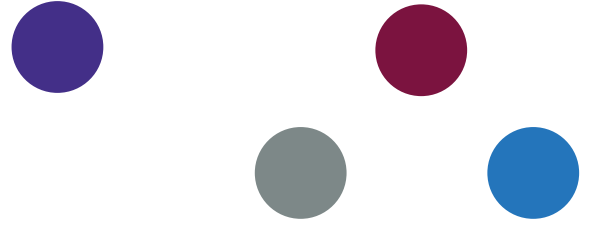
Ontario's universities are committed to ensuring students thrive, supporting vibrant communities and helping the province be an economic leader.

This submission details how government can ensure universities have the tools to achieve these goals. *Partnering for a Better Future for Ontario*, a report released by Ontario's universities outlining the insights Ontarians offered in conversations over the last year, details further ways in which universities are prepared to work with employers, students, government and communities to build a better future for the province.

Additionally, *In It Together*, a report written in partnership with Colleges Ontario, the Ontario Undergraduate Student Alliance, and the College Student Alliance, looks closely at student mental health and puts forward recommendations for how government can fill gaps in mental health care and work with universities, colleges, health-care providers and community organizations to ensure that every student who needs help has access to high-quality supports and services.

Ontario today stands at a critical juncture. By working together across sectors and making the right investments, the province can build a prosperous, sustainable, and fair future – a future in which Ontario seizes its moment and becomes an economic powerhouse and a global leader.

Budget Priorities



Ontario's universities offer the following recommendations for how government, employers and the postsecondary sector can work together to drive a growing, dynamic province.

① Ensure strong postsecondary institutions for a strong Ontario

Working together over the last decade, Ontario's universities, the government of Ontario, employers, colleges and other community partners have helped Ontario build up its core strengths: talent, innovation and quality of life.

Thanks to this work, companies from around the world are looking at the province to access its talented workforce, while innovative start-ups are taking advantage of the research being done at universities across the province. This same research is helping established industries, including finance and the life sciences, adapt and stay competitive in a disruptive economy.

Universities welcome the investments the government has made over the past decade and more to help lead Ontario to where it is today.

These investments have contributed to growth in Ontario university enrolment of more than 70 per cent since 2000, and have led to Ontario holding one of the highest postsecondary graduation rates around the world – a key factor in the province's reputation for talent. The recent transformation of OSAP in particular is vital to ensuring Ontario is a province where anyone who is willing and qualified can gain a postsecondary education. Universities strongly support the goals and accomplishments of this transformation. They are pleased to see that OSAP applications increased after the changes were put in place, and that more than 210,000 students will benefit from free tuition this school year.

As part of the drive toward excellence, Ontario's universities also support the collaborative approach undertaken by government in the development of the new funding model and in the strategic mandate agreements (SMAs). Universities are committed to the broad goal of putting the sector on track to more accountability with funding linked to outcomes. And they are committed to continuing to pursue differentiation, so that institutions can build on their core strengths as part of a postsecondary system that offers students the full range of opportunities needed in a rapidly changing economy.

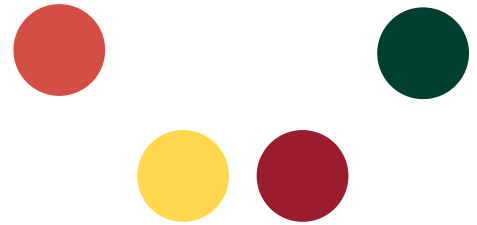
FUNDING ROBUST AND SUSTAINABLE PUBLIC UNIVERSITIES

Ontario's universities, however, also face significant cost pressures that put at risk institutions' abilities to sustain their high-quality educational programs and adapt to changing needs.

To truly ensure that university education in Ontario continues to be of the highest quality and keeps producing the talent and research that are vital to Ontario's development and prosperity universities need ongoing increases to operating funding. This is also essential if universities are to realize the goals of the government's new funding model and the priorities of the SMAs.

Ontario's universities continue to be the lowest funded of all universities in Canada on a per-student basis.² For many years, without recognition in government grants, costs within universities have been increasing, as they have in all broader public sector organizations. Universities have high costs for materials, equipment, and – as in all organizations relying on professional staff – compensation. Without recognition of these systemic pressures, universities run the risk of not maintaining quality or

² Including both operating grants from government and tuition. See "Interprovincial Comparison of University Revenue." Council of Ontario Universities, June 2012. COU has updated this analysis and will publish a report based on more recent data. The update will show that Ontario universities' revenue per student is still the lowest in Canada.



relevancy of programs for students, communities and the province.

Over many years, Ontario's universities have been able to develop programs, pursue quality improvements, and manage underlying cost increases because of new revenue that was generated through grants and tuition in response to enrolment growth. Changing demographics in Ontario make growth at the rate seen since 2000 no longer realistic.

The new university funding model responds to this demographic change by delivering a stable level of funding based on enrolment levels negotiated with the government through the SMAs. This change brings revenue stability, but it also means that universities cannot increase funding through enrolment growth to cover escalating costs.

“ Without recognition of the systemic pressures [of rising costs], universities run the risk of not maintaining quality or relevancy of programs for students, communities and the province. ”

At the same time, the SMAs set out a bold vision for improving the student experience, spurring innovations in teaching and learning, promoting access and equity, fostering research excellence, and contributing to the economic and community development of the province.

In order to fulfill this vision, Ontario's universities need an annual increase in operating funding that recognizes cost escalation (as the elementary and secondary education and health sectors have received). This approach would maintain the integrity and sustainability of the new funding model, recognize the limitations in future enrolment growth, and allow universities to deliver high quality

programs and supports as envisaged in the SMAs. It would help ensure that Ontario's world-class institutions remain robust and sustainable as they develop the talent and support the innovation that is vital in a technology-driven knowledge economy.

DEVELOPING A HIGHLY SKILLED WORKFORCE

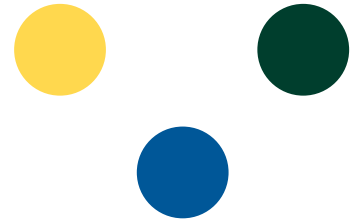
In today's world, talent is pivotal to Ontario's future. It is the backbone of the province's industries and its calling card to foreign investment. As a group of Ontario CEOs noted recently for a report from the Institute for Competitiveness and Prosperity: “Talent is Ontario's greatest strength.”³

In an economy driven by technological changes, where employers of all sizes increasingly look for workers with well-honed critical thinking, problem solving and communication skills, the question is not do we need to invest in talent. The question is: Can we afford not to invest further?

Universities play a key role in Ontario's talent pipeline by ensuring that students develop the mix of technical and transferable skills they need to master new challenges in changing workplaces. The talented graduates that universities produce are in high demand and are attracting companies like Google to invest in the province. They are the entrepreneurs who bring new research and ideas into the marketplace, the engineers who use the latest technology to make our cars, buildings, and communities more sustainable, the not-for-profit leaders who help make change in their communities every day, and the health-care workers who keep Ontarians strong and healthy.

Over the last decade, the government of Ontario has also shown a repeated commitment to further developing the province's highly skilled workforce. And it has indicated that doing so requires

³ Institute for Competitiveness and Prosperity. “The Future Is Not Destiny.” September 2017.



postsecondary institutions to expand key programs and initiatives.

Ontario's universities also recognize that today's economy requires innovation, adaptability and an educated workforce. That's why they strongly support the government's plan to expand graduation from STEM programs by 25 per cent over the next five years. Universities encourage the government to think broadly about STEM and include arts and design in this expansion. The core skills graduates from across these disciplines bring to the workforce are essential to fulfilling the needs of employers, from small businesses and start-ups to big banks and industry leaders. They are also vital to attracting international businesses to the province.

Similarly, Ontario's universities welcome the investments the government has made in experiential learning, Indigenous student supports, and entrepreneurship incubators and accelerators. Ontario will thrive by empowering Indigenous communities and by offering students a broad education that includes the opportunity to apply their knowledge and gain a stepping stone into the workforce.

SUPPORTING INNOVATION AND TRANSFORMATION

Each of these efforts, however, result in increased costs.

Expanding the number of STEM graduates will require investments through operating grants, and in facilities and equipment. Universities recommend that the government provide new investments over the next five years as part of its implementation plan to achieve the goal of a 25 per cent increase.

Similarly, Ontario's universities are, with the help of government, piloting and developing innovative

programs and partnerships on campuses to expand experiential learning and Indigenization. They are also, through the Campus-Linked Accelerator program, running world-renowned incubators that spur and support entrepreneurship. These incubators have helped create hundreds of start-ups that are driving innovation and creating jobs across the province. Without sustained funding, however, these incubators and other entrepreneurship programs are at risk of being lost, and universities will not be able to offer experiential learning opportunities or support Indigenization at the scale necessary to benefit all students.

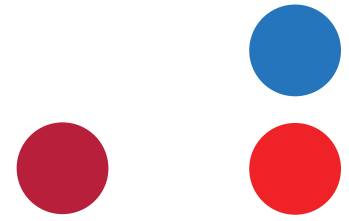


Ontario will thrive by empowering Indigenous communities and by offering students a broad education that includes the opportunity to apply their knowledge and gain a stepping stone into the workforce.

Ontario's universities also face the prospect of added costs due to government legislation such as Bill 148. Some of the provisions of Bill 148 would add cost pressures and liabilities that, if not addressed by increased funding from government, would compromise universities' ability to provide a quality educational experience for students.

The Council of Ontario Universities (COU) conducted a cost impact analysis of Bill 148's provisions and estimated that financial impacts of implementing the bill could exceed \$175M annually. This analysis is likely an underestimate of total impact because of uncertainty concerning how some provisions of the legislation would be interpreted. The true impact of the legislation on Ontario's universities could be significantly higher.

The Ontario government, through the SMAs and its various strategic priorities, has set a high bar for Ontario's universities. And Ontario's universities



have always set a high bar for themselves. Meeting and exceeding these expectations is essential to developing the talent and fostering the innovation that will drive Ontario's economy, and to ensuring Ontarians are prepared for the jobs of today and tomorrow. By continuing to work together, Ontario's universities and government can keep building a better future for Ontario, one in which all who call the province home have the skills, knowledge and experience they need to thrive.

RECOMMENDATIONS

- **Increase operating funding on an ongoing annual basis to recognize cost escalation and fulfill the important goals set out through the funding formula and SMAs.**
- **Provide new sustained funding to achieve a 25 per cent increase in STEM graduates over the next five years.**
- **Provide ongoing funding to scale up Indigenization initiatives, experiential learning programs, entrepreneurship programs and incubators, improvements in teaching and learning, and more.**
- **Provide funding for university costs associated with implementation of Bill 148.**

② Invest in modern learning environments for students, faculty, researchers and staff

A healthy, prosperous province depends on the state and strength of its infrastructure. Ontarians depend on the roads, bridges, and transit systems that connect them, the hospitals that keep them healthy, and the community, cultural and athletic centres that bring them together.

A strong talent pipeline is equally dependent on the state of university infrastructure. All students – from kindergarten to PhD – deserve safe and modern learning environments that equip them for success. Flexible classroom space ensures that academic staff can teach and approach their subject matter using a range of methods, depending on what the material and their students require. New classrooms can also be transformed to support group work and workplace simulation, and to develop the problem solving and critical skills employers are looking for in new hires. Modern labs and facilities, meanwhile, are integral to strong research. Without them, researchers are constrained as they conduct experiments and pursue the ideas that drive innovation.

At universities, students benefit if they have access to the latest technologies and improved connectivity. Researchers depend on the latest technology to keep ahead of global trends and pursue groundbreaking work. Technology, including mobile devices, can also be used to improve teaching and deepen student learning. Students benefit from increased access to higher education when universities have the capacity to offer online and virtual learning.

In 2014, the Ministry of Advanced Education and Skills Development announced that universities' share of the Facilities Renewal Program, designed to address building repairs, would grow from \$17.3 million to approximately \$60 million by 2019-20. Universities welcome and support this investment. Universities also welcome the government's recent reiteration of their commitment to invest \$190 billion in long-term infrastructure spending, as well as its recognition in its Long-Term Infrastructure Plan of the postsecondary sector, including the need to modernize classrooms and research spaces, and renew facilities, ensuring they have the latest technology.



The Long-Term Infrastructure Plan indicates that the average weighted age of university buildings is 45 years, and that their average condition is “poor.”⁴ As campus buildings age and technology becomes obsolete, the amount of funding needed to bring university campuses back into good repair is growing.

Universities contribute millions from their operating budgets annually to maintain facilities. The current backlog of deferred maintenance costs for universities stands at \$2.5 billion. COU estimates that universities require an investment of nearly \$360 million per year over ten years to maintain facilities in their current conditions. To bring facilities into good repair and address the backlog of deferred maintenance requires major additional investments.⁵

At the same time, starting in 2021, Ontario's demographic forecast shows significant growth in the university-aged population, which is projected to increase by 11 per cent by 2036. New facilities and digital infrastructure to accommodate this growth may be needed.

As is the case across the province, modern and sophisticated infrastructure is the bedrock of a well-running economy. Investing in campus renewal and university infrastructure projects will meet core government objectives by extending the life of existing assets, securing a strong return on investment by supporting a sector that has a \$115-billion impact on Ontario's economy, creating jobs in every region of the province, and ensuring that students, faculty and researchers continue to have the tools to succeed long into the future and drive a strong and growing economy.

RECOMMENDATION

- **Invest \$360 million annually in capital renewal funding to support improvements in the learning environment for students and the capital infrastructure that supports research and innovation.**

③ **Lead through improved energy efficiencies**

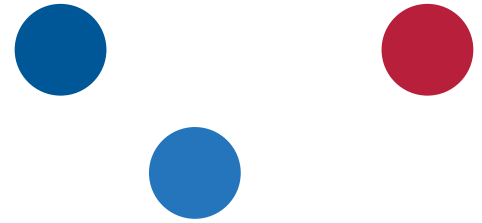
Ontario's universities are committed to bringing the world to Ontario, whether through research partnerships or recruitment of international students. But they know it's also vital for Ontario to be part of the global community, and to be an active partner in meeting global challenges.

This is particularly important when it comes to climate change, which is one of the biggest threats facing the planet today, setting challenges that affect every corner of the globe and demanding action from everyone on it.

Government efforts to fight climate change – from cap-and-trade to investments in renewable energy and technologies – have helped make Ontario a world leader in building a low-carbon, sustainable future.

Universities are also committed to doing their part. They are developing curriculum to teach students about ecological and environmental sustainability. They are supporting research into how Canadians will best be able to adapt to a changing climate, save energy in their homes, support locally produced food, drive cleaner cars, and produce renewable energy. They are also shrinking their campuses' carbon footprint and reducing greenhouse gas emissions by retrofitting old buildings

⁵ Average annual investments of \$693.9 million for ten years would be needed to address deferred maintenance and bring universities into good to excellent condition. Ontario Universities' Facilities Condition Assessment Program report, June 2015. <http://cou.on.ca/wp-content/uploads/2016/06/COU-Facilities-Condition-Assessment-Program-Report-2015.pdf>



to new standards, replacing inefficient equipment, and adopting smart energy technologies.

Universities are proud to help Ontario deliver on its promise of a green and sustainable future. And with further resources, they could continue this work at the scale that the challenge of climate change demands.

The benefits of this work, and of building a sustainable economy as a whole, are widespread. As the Federation of Canadian Municipalities has noted, “many businesses would benefit [from a green economy], not just traditionally ‘green’ businesses... And the benefits would be spread across Canada, in both large and small communities, rather than being isolated in one or a few pockets.”⁶

“**As the Federation of Canadian Municipalities has noted, “many businesses would benefit [from a green economy], not just traditionally ‘green’ businesses ... And the benefits would be spread across Canada, in both large and small communities, rather than being isolated in one or a few pockets.”**

Through the Postsecondary Greenhouse Gas Campus Retrofits Program (GGRP), the government’s Climate Change Action Plan (CCAP) dedicates funding to repair and retrofit aging infrastructure at postsecondary institutions. This

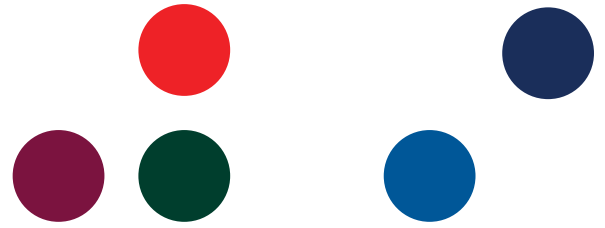
welcome investment will accelerate campus projects to reduce greenhouse gas emissions and simultaneously improve the learning environment for students. But allocating these funds across the postsecondary sector based on the level of greenhouse gas emissions would help further increase their impact.

Ontario’s leadership in protecting the environment is part of what draws people to live and work in the province. No matter if they are a recent immigrant or a lifelong resident, Ontarians know their province is building a sustainable future. Ontario’s commitment to sustainability sets it apart – but it has not happened by accident. Investments and policy decisions have helped build a green Ontario, and further investments are required in order to maintain this competitive advantage.

RECOMMENDATION

- **Continue investing in the Postsecondary Greenhouse Gas Campus Retrofits Program (GGRP) to improve energy efficiency and reduce emissions, with annual investments of at least \$500 million. Of that \$500 million in GGRP funding, provide \$400 million to universities in 2018–19 to reflect the universities’ share of emissions, and continue to base future allocations on share of emissions.**

⁶ Thompson, David and Shannon A. Joseph. “Building Canada’s Green Economy: The Municipal Role.” Federation of Canadian Municipalities, 2011.



Conclusion

The future looks bright for Ontario. The economy is growing, communities are flourishing, and international investors are taking a close look at the province, attracted by its talented workforce and its commitment to the environment and diversity.

Ontario has the opportunity to build on these successes and strengths and become a global hub for rich talent and groundbreaking innovation.

Making the most of this moment, however, won't just happen. It requires partnership among every part of the province: universities and colleges, small businesses and large corporations, cities and rural communities. And it requires the ongoing support of the provincial government.

By ensuring the strength and sustainability of the province's postsecondary institutions, the government of Ontario can make sure the province is prepared to make the most of the opportunities ahead and become a global leader.

This is Ontario's moment. Let's seize it together.

Appendix A: Budget Priorities – Summary of Recommendations



1. ENSURE STRONG POSTSECONDARY INSTITUTIONS FOR A STRONG ONTARIO

- Increase operating funding on an ongoing annual basis to recognize cost escalation and fulfill the important goals set out through the funding formula and SMAs.
- Provide new sustained funding to achieve a 25 per cent increase in STEM graduates over the next five years.
- Provide ongoing funding to scale up Indigenization initiatives, experiential learning programs, entrepreneurship programs and incubators, improvements in teaching and learning, and more.
- Provide funding for university costs associated with implementation of Bill 148.

2. INVEST IN MODERN LEARNING ENVIRONMENTS FOR STUDENTS, FACULTY, RESEARCHERS AND STAFF

- Invest \$360 million annually in capital renewal funding to support improvements in the learning environment for students and the capital infrastructure that supports research and innovation.

3. LEAD THROUGH IMPROVED ENERGY EFFICIENCIES

- Continue investing in the Postsecondary Greenhouse Gas Campus Retrofits Program (GGRP) to improve energy efficiency and reduce emissions, with annual investments of at least \$500 million.
Provide \$400 million to universities in 2018–19 from the GGRP to reflect the universities' share of emissions, and continue to base future allocations on share of emissions.



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