



**BRIEF TO THE STANDING COMMITTEE
ON FINANCE AND ECONOMIC AFFAIRS**

Pre-Budget Consultations
Ontario Confederation of University Faculty Associations (OCUFA)

January 18, 2005
Time of day: 9:30 am
Legislative Assembly, Committee Room No. 1

RECOMMENDATIONS

Make multi-year operating grant commitments to Ontario's universities, increasing provincial operating grants to bring Ontario per capita funding to the front of the pack in Canada and meet pressing needs within the university system, requiring a \$1.496 billion annual investment to be spent in the following way:

- Maintain the current university tuition freeze, develop a strategy to reduce tuition by at least 10 per cent, costing about \$150 million;
- Reform the Ontario Student Assistance Program, reinstating a broad program of needs-based grants and improving loan access. OSAP reform should focus on increasing loan amounts to reflect higher costs of living; increasing the emphasis on needs-based grants over repayable loans; improving loan forgiveness criteria; and increasing targeted assistance for students with dependents with special needs. Reform is estimated to cost \$170 million at full implementation;
- Eliminate mandatory retirement to stave off forced June 2005 university faculty retirements and meet teaching demand amid growing student enrolment;
- Create a "Brain Gain Recruitment Strategy" for our universities, including: \$420 million to hire more full-time university faculty; improve quality by reducing class sizes; work towards a hiring ratio of 70:30 between tenured and tenure-stream faculty positions and part-time, contractually limited positions; and double graduate enrolment at an estimated cost of \$406 million;
- Create 33,000 additional undergraduate university spaces, to accommodate growing demand for higher education, at an estimated cost of \$240 million;
- Reject matched funding models to meet capital and research needs, opting, instead, for a more comprehensive, stable approach to funding these requirements;
- Increase university library funding up to \$90 million to ensure up-to-date collections and the newest technologies to access scholarly materials;
- Set aside a special Northern universities fund of \$20 million to help remote universities get on par with Southern Ontario universities.

Furthermore, we recommend that the Provincial Government:

- Reinstating annual capital grants to pay for ongoing university facility renewal and to deal with the urgent need to fund at least \$1.5 billion in deferred maintenance, beginning with an initial commitment of \$260 million before deteriorating buildings cause health and safety problems on campuses.

Brief to the Standing Committee on Finance and Economic Affairs Pre-Budget Consultations

The Ontario Confederation of University Faculty Associations (OCUFA) represents 13,000 academic staff in Ontario's universities. OCUFA has been a longstanding and consistent advocate of a well-funded, high-quality, public post-secondary education system. We welcome this invitation to present our vision to the Standing Committee on Finance and Economic Affairs.

We applaud the Ontario government's desire to examine post-secondary education funding through what is widely known as the Rae Review. We trust the review by former Premier Bob Rae will provide the government with an excellent opportunity to make a difference. The review process has drawn submissions from organizations representing students, staff, professors, women, First Nations, franco-Ontarians, the hearing impaired, unions, colleges, universities, and even municipalities. They are united in highlighting the critical need for major investments in our universities.

We are encouraged that both the Premier and the Minister of Training, Colleges and Universities have stated their commitment to public education, and we are hopeful this budget year will reflect that commitment. The need to reinvest is urgent; last year's budget did little to reverse the pattern of underfunding that has been characteristic of universities in the last decade. Premier Dalton McGuinty promised during the 1999 provincial campaign to raise post-secondary education per capita funding to the national average over the course of his first term in government. This would require an increase of \$860 million a year. But consensus is emerging that an even greater funding commitment is required if Ontario is to achieve the goal of a first-class university system that rivals or surpasses top-notch universities in the rest of Canada and in peer U.S. jurisdictions.

No other province in Canada boasts as expansive a university and college system as Ontario, yet the provincial government invests less per student than other jurisdictions. Ontario's per-student operating grant is more than \$2,200 below the national average. Students, faculty, and academic staff have been left to fill the void. We need to reverse that trend.

Recent studies of Ontario's economic future, such as the Panel on the Role of Government in Ontario and the Task Force on Competitiveness, Productivity and Economic Progress, point to a growing need to set an ambitious target for greater achievement in our university sector. These studies support proposals for significantly increased public funding to enhance quality, increase enrolment, and better equip future generations with the knowledge needed to succeed in tomorrow's workplace.

The call for reinvestment in higher education has come from many quarters outside of the university community. The April 2004 report of the government-appointed Panel on the Role of Government in Ontario stated the province "should increase the amount of public money spent on university education until its spending is, on average, the highest per capita in

Canada on a per student basis.” This recommendation would cost well over \$1 billion annually, and it would help close the funding gap between Ontario and the rest of Canada.

We frequently talk about maintaining competitiveness with the United States, but research shows public universities in peer jurisdictions in the U.S. spend twice as much as we do. The province’s Task Force on Competitiveness, Productivity and Economic Progress concluded that, by investing \$450 per capita more in universities than Ontario does, our “peer group” of 14 U.S. states plus Quebec produces \$965 per capita more in GDP at purchasing power parity prices. Closing the prosperity gap by investing an extra \$1 billion into our universities could yield more than \$2 billion in GDP growth for Ontario.

One thing is clear: if we are to achieve the goal of supporting a first-class university system, increased public funding is not simply an option – it is critical.

With increased funding, Ontario universities could expand graduate and undergraduate enrolment, reduce class sizes, lower tuition, improve student aid, catch up in capital investment and deferred maintenance and take other steps to bolster quality. Our costing of these widely supported initiatives reflects the need for an annual increase in operating grants of \$1.496 billion, beginning this year.

Some would argue there is a lack of financial capability and desire on the part of the Ontario government to provide such an increase in funding. As we just indicated, investing in universities is good for Ontario’s economic health. Moreover, a stable economic outlook for the province lays waste the notion this government will lack the fiscal capacity to put Ontario at the front of the pack in terms of excellence in higher education. It is simply a question of political will. In lieu of increased funding, some would entertain alternative options, such as vouchers, income contingent loan repayment schemes, deregulation of tuition fees, and more private-public partnerships (P3s). OCUFA is opposed to these approaches; they are not the solution.

There is a reason why no Canadian provincial or federal government has created a full-fledged income contingent loan repayment system¹. The estimated start-up costs are too great, the administrative requirements too complex, the banks as partners too uncooperative, and federal government support too uncertain. In Australia, it resulted in reduced funding, dramatically increased tuition fees, and mounting student debt loads. In New Zealand concern is rising that its income contingent “Student Loan Scheme” is spurring a “brain drain” of graduates looking to avoid repayment. These are problems we don’t want to create in Ontario.

A debate on student assistance which embraces income contingent financial assistance as

¹ The government of Quebec announced on January 12, 2005 its intention to bring in new student loan repayment criterion that offer greater loan repayment, interest and debt forgiveness relief to low income graduates but details are pending public consultations. To date, it appears Quebec’s proposed new loan program focuses on debt management rather than debt reduction; it does nothing to address major cuts to the province’s grant system last year.

“the answer” shifts concerns from important public policy issues such as improving access to higher education by ensuring appropriate funding, easing student debt loads, and determining appropriate levels for personal and public financing of higher education.

Student tuition is at record high levels: average undergraduate tuition fees more than doubled in Ontario over the past decade, even when adjusting for inflation. According to Statistics Canada, average university undergraduate tuition fees in Ontario increased by 137.2 per cent. In 1993/94, average tuition was \$2,076; in 2003/04, average undergraduate tuition was \$4,923 (in current dollars).² Tuition represents 44.7 per cent of operating revenue within the system – up from 25.7 per cent 10 years earlier.³

With increased tuition comes the problem of a more restrictive OSAP. Changes by the previous government to the program made it more difficult for students to qualify for a loan. OCUFA encourages significant reform to OSAP to increase student access to grants and loans. OSAP reform should focus on increasing student access to loans; increasing loan amounts to reflect higher costs of living; increasing the emphasis on needs-based grants over repayable loans; improving loan forgiveness criteria; and increasing targeted assistance for students with dependents with special needs. Reform is estimated to cost \$170 million at full implementation.

Even in the face of rising tuition and student debt load, demand for post-secondary education keeps growing – and we can expect further growth as the economy places greater demands on our workforce. University enrolment is projected to increase by 33 per cent between 2001/02 and 2010/11.⁴ Premier McGuinty recently noted an estimated “60 per cent of new jobs will go to people who study beyond high school.”⁵ The need for a highly educated, well-qualified workforce to sustain a competitive economy is evident, but we are concerned about the sustainability of high tuition fees and insufficient government operating grants.

A survey by Ekos Research Associates found 89 per cent of Ontarians believe the cost of attending university in Ontario is too expensive. OCUFA’s own polling, conducted by Feedback Research Corp., found 77 per cent of Ontario parents are concerned their children may not be able to attend university; 51 per cent of them fear higher tuition and costs will pose a barrier.

Meanwhile, the quality of a university education is being jeopardized by chronic underfunding. Enrolment in Ontario’s universities increased by 14 per cent between 1992/93

² Statistics Canada, The Daily, www.statcan.ca/Daily/English/030812/d030812a.htm

³ Source: Council of Ontario Universities, “A Vision for Excellence: COU Response to the Postsecondary Review Discussion Paper,” October 29, 2004, table E-3, page 36.

⁴ Council of Ontario Universities, “A Vision for Excellence: COU Response to the Postsecondary Review Discussion Paper,” October 29, 2004, page 3.

⁵ “McGuinty Commits Government to Reach Excellence for Students,” Premier’s Office News Release, April 22, 2004. <http://www.premier.gov.on.ca/english/news/Literacy042204.asp>.

and 2002/03.⁶ At the same time, provincial operating grants were cut by 25 per cent (in real terms).⁷ Due to a shortfall in government operating grants, an estimated 18,805 students are unfunded within the university system.⁸ In 2002/03, unfunded students cost universities an estimated \$150 million.⁹ Typically, universities have cut departmental budgets and dropped programs to cope.

As student enrolment rises, so do class sizes. As a result, teaching loads have grown heavier and more duties have been shifted to part-time faculty and graduate students. Ontario has the highest student-faculty ratio in Canada at 24:1, up from 19:1 a decade ago. Ontario's ratio is 35 per cent higher than in peer jurisdictions in the United States.¹⁰ There are many ways to measure quality within an education system, but student-teacher ratio remains the gold standard. Reducing that ratio is a direct investment in quality education.

There is a further and unfortunate wrinkle to the mix of challenges faced by Ontario's post-secondary education system: within this decade, one-third of Ontario's faculty members are due to retire. Eliminating mandatory retirement will help alleviate the problem, reducing hiring needs by up to 15 per cent. OCUFA strongly supports eliminating mandatory retirement. There is no time to waste in implementing this policy change. Yet more will need to be done to address the pending faculty shortage in our universities.

The Rae Review noted that 11,000 full-time faculty will need to be hired by the end of the decade to address faculty retirements, enrolment growth, and the growing student/faculty ratio. OCUFA, and others in the university community, have for many years warned of a looming faculty shortage crisis. While new hiring is finally taking place – after a nine per cent decline in the number of university faculty between 1992/93 and 2002/03 – it does not come close to meeting the needs of our higher education system.

A concerted and sustained initiative is now required to address the hiring needs of our universities. The government has to provide the resources to allow universities to implement a creative faculty recruitment and retention strategy – a “Brain Gain Recruitment Strategy,” if you will. Funding is required to double enrolment in graduate programs, which are the source of future faculty. It will cost at least an extra \$400 million annually to hire more full-time faculty and \$406 million to double enrolment in graduate programs. This is a fraction of what is required to stem the looming crisis.

Similarly, the need to renew Ontario's declining university infrastructure is a pressing issue.

⁶ Council of Ontario Universities, “Enhancing Ontario's Competitiveness through Investment in Higher Education,” Spring 2004.

⁷ Council of Ontario Universities, “A Vision for Excellence: COU Response to the Postsecondary Review Discussion Paper,” October 29, 2004, page 4.

⁸ “Question #78. Ms. Scott – Enquiry of the Ministry” Tabled May 19, 2004.

⁹ Council of Ontario Universities, “A Vision for Excellence: COU Response to the Postsecondary Review Discussion Paper,” October 29, 2004, page 10.

¹⁰ Council of Ontario Universities, “A Vision for Excellence: COU Response to the Postsecondary Review Discussion Paper,” October 29, 2004, page 7.

Almost half of audited university buildings are considered to be in poor condition and require \$1.5 billion in capital repairs; an additional \$100 million a year is needed simply to maintain the status quo,¹¹ which is inadequate. Much more needs to be done. The Ontario government currently provides \$27 million a year for deferred maintenance costs but that only fills 12 per cent of the need.¹² The COU estimates an additional \$260 million annually would go a long way toward tackling the deferred maintenance price tag.¹³ An even greater investment is required to move beyond deferred maintenance issues and continue expanding facilities. SuperBuild helped fund facility expansion to accommodate the double cohort, but now that the program has been retired, a new strategy is in order.

OCUFA applauds the government for retiring the SuperBuild program, which required universities to provide matching funds for their capital projects. The SuperBuild program was flawed in more ways than one. The criteria to find matching funds put newer universities and Northern Ontario universities at a distinct disadvantage because of their smaller alumni and corporate bases. Although SuperBuild promised to deliver much-needed physical facilities to Ontario's university campuses, it did not address all of the problems associated with enrolment growth. It also favoured certain types of structures over others – penalizing social sciences and humanities programs in favour of engineering, business, and computer science.

With the end of SuperBuild, however, come more questions. The government has yet to announce how it intends to fund future capital projects and meet the funding shortfall to Ontario universities. We will be looking to this budget for the answer. For the record, OCUFA believes there is a role for the private sector in meeting infrastructure needs, but not through P3 arrangements. Past experience with P3s has proven it is an inefficient and costly method for financing public infrastructure.

Our concerns about matching funding criteria are just as relevant to research as they are to capital needs. The previous government's support for university research in Ontario was inadequate. Cutbacks to university operating grants dramatically affected the research capacity of Ontario universities. Their share of federal research funding declined from 45 per cent in the mid-1980s to about 38 per cent today. Adding to the problem, the previous government developed a research funding model premised on matched private sector funding and commercialization while moving away from supporting research through block operating grants. Provincial government funding for basic research costs dropped from 20 per cent to 15 per cent over the past decade.

We are very concerned the Ontario government intends to continue this trend. In the 2004 Ontario Budget, two initiatives were announced to promote the commercialization of

¹¹ Council of Ontario Universities, "A Vision for Excellence: COU Response to the Postsecondary Review Discussion Paper," October 29, 2004, page 13.

¹² Council of Ontario Universities, "Enhancing Ontario's Competitiveness Through Investments in Higher Education," Spring 2004.

¹³ Council of Ontario Universities, "A Vision for Excellence: COU Response to the Postsecondary Review Discussion Paper," October 29, 2004, page 14.

publicly-supported research and the Premier has announced more money will be invested in this manner as part of his government's "commercialization agenda." Such an approach diverts internal resources away from less "lucrative" basic research in all areas, including the social sciences and humanities – both of which are critical to the economic and social development of our province.

OCUFA supports private sector funding for research, but we remain critical of the narrow approach to research policy taken by governments in the name of the commercialization agenda. We share the conclusion advanced by Mike Lazaridis, who is the founder, president, and co-CEO of Research in Motion Ltd. In a presentation to the Fourth Annual RESEARCH MONEY Conference in November 2004,¹⁴ Mr. Lazaridis extolled the virtues of government support for basic research within our universities, warning a stronger focus on commercializing knowledge would be a "dreadful mistake." We are in complete agreement with this sentiment.

We have long been concerned that research funding recognizes the importance of basic research which has no immediate commercial application but is critical to future research innovation. We urge the Ontario government to develop a more comprehensive research policy for Ontario, as recommended by two previous government-commissioned reports (by David Smith and Heather Munroe-Blum).

We have outlined, in our recommendations section at the front of this submission, key initiatives the Ontario government should undertake to improve the quality of university education in this province, and to avert a faculty shortage crisis. Along with these recommendations, we submit estimated costs. We trust this committee will take these recommendations into consideration, and push for a stronger funding commitment to post-secondary education in Budget 2005. We are a prosperous province, and we have the economic capacity to build a rich educational environment in which the best and brightest can flourish. Ontarians can be confident that any investment in universities will yield significant and long-lasting benefits to our economy – for today's generation, and for generations to come. All it takes now is a plan, and that plan starts with Budget 2005.

¹⁴ "The Importance of Basic Research," Mike Lazaridis, November 9, 2004, Fourth Annual RESEARCH MONEY Conference, Ottawa.

Recommendations, costed out:

Add undergraduate spaces	\$240 million
Double graduate enrolment	\$406 million
Hire more faculty	\$420 million
Reduce tuition	\$150 million
Student aid reform	\$170 million
Libraries	\$ 90 million
Northern universities	\$ 20 million
Total operating increase	\$1.496 billion
Total capital increase	\$260 million

OCUFA represents 13,000 professors and academic librarians at Ontario universities. OCUFA's mandate is to express the views of university professors and academic librarians to the government and public, to maintain the quality of higher education in Ontario, and to advance the professional and economic interests of teachers, researchers, and librarians at Ontario universities.