

# Preserving the quality of university education in Ontario

OCUFA's 2017 pre-budget submission

January 2017

# OCUFA

Ontario Confederation of University Faculty Associations  
Union des Associations des Professeurs des Universités de l'Ontario

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Ontario Confederation of University Faculty Associations (OCUFA)

The Ontario Confederation of University Faculty Associations has been the provincial voice of university faculty since 1964. OCUFA represents over 17,000 professors and academic librarians in 28 faculty associations across Ontario.

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## Summary of recommendations

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OCUFA's 2017-18 pre-budget recommendations are directed toward preserving the quality of university education in Ontario through increased public investment and government leadership on key issues, which are a necessary complement to ongoing government measures to improve access to postsecondary education.

We recommend that the Government of Ontario:

1. Increase per-student public investment in Ontario's universities to match the average for the rest of Canada by 2020-21.  
**Cost in 2017-18: A minimum of \$130 million would maintain current levels of per-student funding.**
2. Commit to supporting a faculty renewal strategy for Ontario universities that includes replacing retiring faculty members and increasing faculty hiring to bring Ontario's student-faculty ratio in line with the rest of Canada average by 2020-21.  
**Cost in 2017-18: \$197 million to support universities across the province in hiring 1,973 additional full-time faculty.**
3. Ensure fairness for contract faculty and support good jobs at Ontario universities by strengthening employment and labour law at the conclusion of the Changing Workplaces Review.  
**Cost in 2017-18: No additional cost.**
4. Reject the inclusion of punitive performance-based funding in the renewed university funding model. Such policies are counterproductive and may do real harm to the quality of university education in the province.  
**Cost in 2017-18: No additional cost.**
5. Establish a new higher education data agency mandated to collect, analyze, and disseminate key information on Ontario's universities.  
**Cost in 2017-18: No additional cost.**
6. Provide greater clarity about criteria for solvency exemption to support the success of a multi-employer jointly sponsored pension plan (JSPP) for the university sector.  
**Cost in 2017-18: No additional cost.**

## Preserving the quality of university education in Ontario

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Ontario's universities are vital institutions that inspire and expand student minds, helping them realize their potential. Their resources and facilities support scholars who develop cutting-edge research and innovations that fuel social and economic progress. By fostering vigorous debate and critical thought about pressing social issues, they strengthen democracy and support diverse communities. Universities are also economic hubs that provide good jobs in their communities. All this is possible because of a decades-long commitment to a system of public postsecondary education in Ontario. Strong public funding is the foundation upon which the province's universities will continue to thrive for the benefit of all Ontarians.

With the introduction of the Ontario Student Grant, the government has taken an important step towards addressing the financial barrier to education that has long been a concern for Ontario's faculty and students. OCUFA is pleased to see the government's commitment to improving access to postsecondary education for students from all socioeconomic backgrounds. However, while the new grant will improve access, government must not lose sight of the broader funding picture, since declining institutional funding will undermine the quality of the educational experience that students access.

To ensure that every university student in Ontario receives a high-quality postsecondary education, government must provide universities with robust financial support. For too long, Ontario has allowed its investment in universities to fall behind the rest of Canada. For seven consecutive years, Ontario has ranked last among all provinces in per-student funding, and the amount invested continues to shrink on a per-student basis. Ontario's faculty live this reality every day, striving to do more with less so that students receive the comprehensive education they deserve.

Skilled and dedicated faculty are key to ensuring the vitality of Ontario's universities. But in recent years, while student enrolment has increased, full-time faculty hiring has stagnated. It is time for the government to show leadership and make faculty renewal a priority. That means supporting universities in hiring full-time faculty and replacing retiring professors to close the gap between faculty hiring and enrolment growth. It also means a commitment to improving conditions for contract faculty who currently face job insecurity, low pay, and a lack of access to benefits. Faculty working conditions are students' learning environments, so faculty renewal is crucial for ensuring the educational continuity and mentorship that students deserve.

The university funding formula fundamentally shapes the ability of universities to provide a high-quality learning experience for every student in the province. Ontario's universities depend on stable and equitable funding allocations to support long-term planning and provide financial security. As

government moves forward with its renewal of the university funding formula, it must avoid shifting towards a model that ties funding to institutional — a strategy that jeopardizes the quality of education provided to Ontario's university students. Instead, government should focus on expanding the collection and publication of data about universities in Ontario to improve transparency and accountability and support well-informed policy-making in the higher education sector.

By providing universities with the stable public funding required to support world-leading research and deliver high-quality educational experiences, the provincial government can ensure the long-term well-being of Ontario's university system.

# The current state of public funding for Ontario's universities

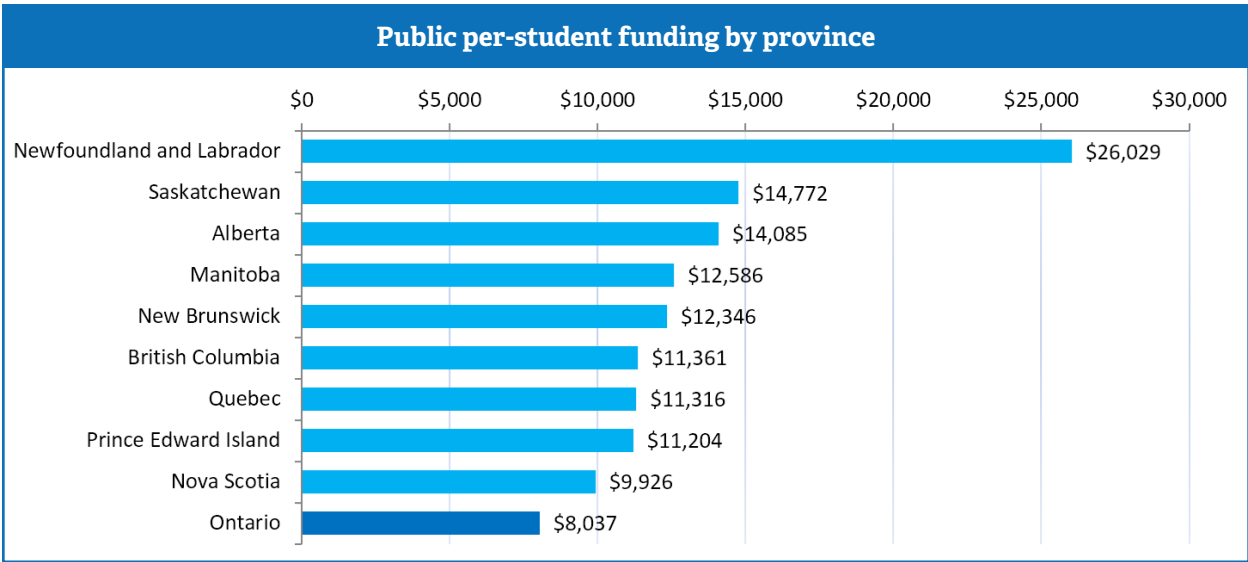
The vitality of Ontario's universities depends on a robust and stable system of public funding. For universities and students to continue to thrive, the provincial government must demonstrate that it is serious about delivering a high-quality postsecondary education for every student in Ontario by providing operating funding at a level that keeps pace with universities across Canada.

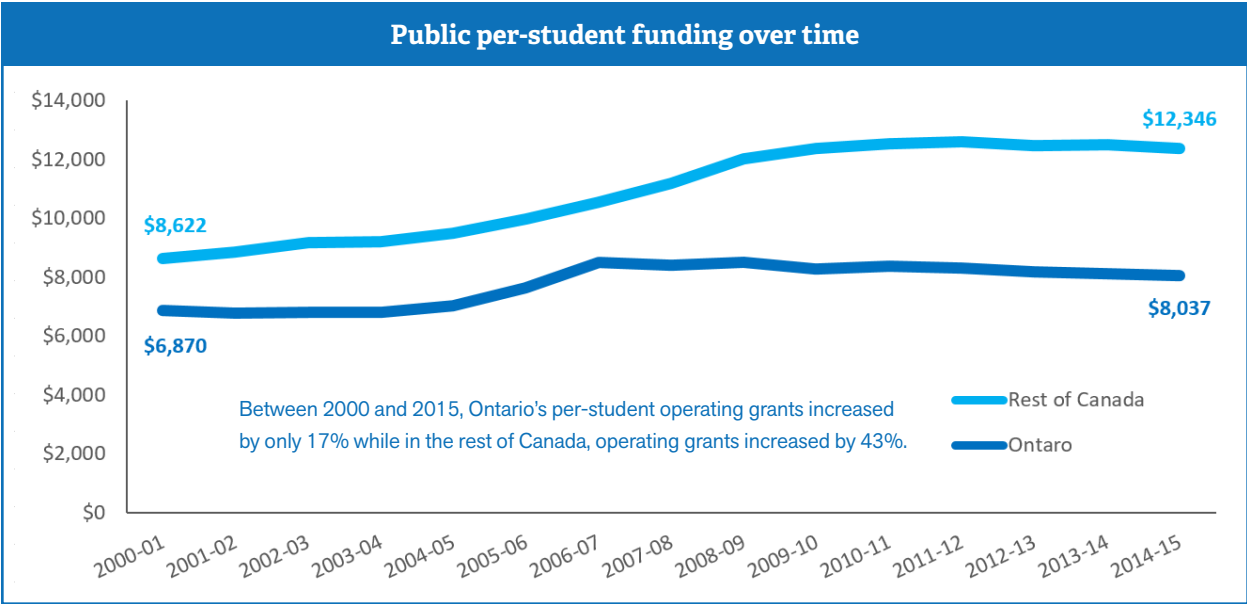
## Per-student funding

Since 2008, Ontario's universities have received the lowest level of per-student funding in all of Canada. That means that for seven consecutive years the province's universities have been falling further behind the rest of the country when it comes to being able to invest in the teaching and learning that is critical to the success of Ontario students.

In 2014-15, the most recent year for which data are available, Ontario's per-student operating grant amounted to \$8,037. That means that, for the second year in a row, Ontario's per-student funding was an astounding 35 per cent lower than the average for the rest of Canada, which was \$12,346 per student in 2014-15.

In fact, the data show that on a per-student basis, the operating funding Ontario universities receive has been declining in recent years. The amount Ontario universities received in 2014-15 was almost \$100 less per student than in 2013-14, which was itself a drop from the year before.





**Tuition fees as a stopgap measure**

For years, successive Ontario governments have attempted to make up for low levels of per-student public funding by hiking postsecondary tuition fees and relying on students and their families to pay the difference. Ontario currently has the highest fees in Canada – 70 per cent higher than the average for the rest of the country. In fact, tuition fees now make up more than 50 per cent of Ontario university operating revenue. But even when funding from tuition fees is accounted for, Ontario still remains near the bottom of the pack when it comes to per-student funding. The current funding model is simply not sustainable.

OCUFA has long argued that tuition fees are a barrier to access that prevent qualified students from pursuing a postsecondary education and should not be relied upon as a foundation for university funding. The introduction of the Ontario Student Grant and the government's ongoing reform of the student financial assistance system in Ontario represent an important step towards improving the accessibility of postsecondary education in Ontario – measures that OCUFA applauds.

However, while the new student assistance system will improve access, government must not lose sight of the need to maintain adequate levels of public funding for universities to ensure that every student in Ontario has access to a high-quality postsecondary educational experience. Inaction or inattention to issues of institutional funding will jeopardize the quality of education Ontario's universities are equipped to deliver.

**Unreasonable trade-offs**

As per-student funding continues to lag behind the rest of Canada, universities and the professors who work at them are forced to do more with less. No doubt, Ontario's postsecondary institutions continue to do amazing work – producing world-renowned research, innovative ideas, and exceptionally talented graduates – but existing resources are stretched thin.

Just as students shouldn't have to choose between buying groceries or paying for their education, universities shouldn't have to choose between keeping their library holdings up to date or hiring more faculty to ensure that students have access to a high-quality learning experience.

Comparative data demonstrate the level of investment being made by other provinces, and show that Ontario can and should do better. If not, the government risks compromising the financial and scholarly health of the province's postsecondary institutions.

**Investing in the future**

To bring Ontario's per-student funding in line with the average for the rest of the country, the government would need to invest an additional \$2.97 billion over the next four years. OCUFA recognizes that funding of this magnitude is unlikely in the short term, but it is critical that the government begin seriously considering the investment required to close this per-student funding gap so the quality of university in Ontario doesn't suffer compared to the opportunities and outcomes being offered in other parts of Canada.

**At an absolute minimum, the government must maintain current levels of per-student funding for Ontario's universities, so they don't fall even further behind. Anticipating enrolment and adjusting for inflation, this would require an additional \$130 million investment above what was allocated to universities in 2016-17.** Over the longer term, the government should plan to invest in a more robust system of public funding that doesn't compromise either access to, or the quality of a university education – particularly as the province's budget returns to balance following a lengthy period of significant fiscal constraint.

Cost of maintaining current levels of per-student funding				
	2017-18	2018-19	2019-2020	2020-2021
Annual increase	\$130 million	\$140 million	\$140 million	\$150 million
Cummulative increase	\$130 million	\$270 million	\$410 million	\$560 million

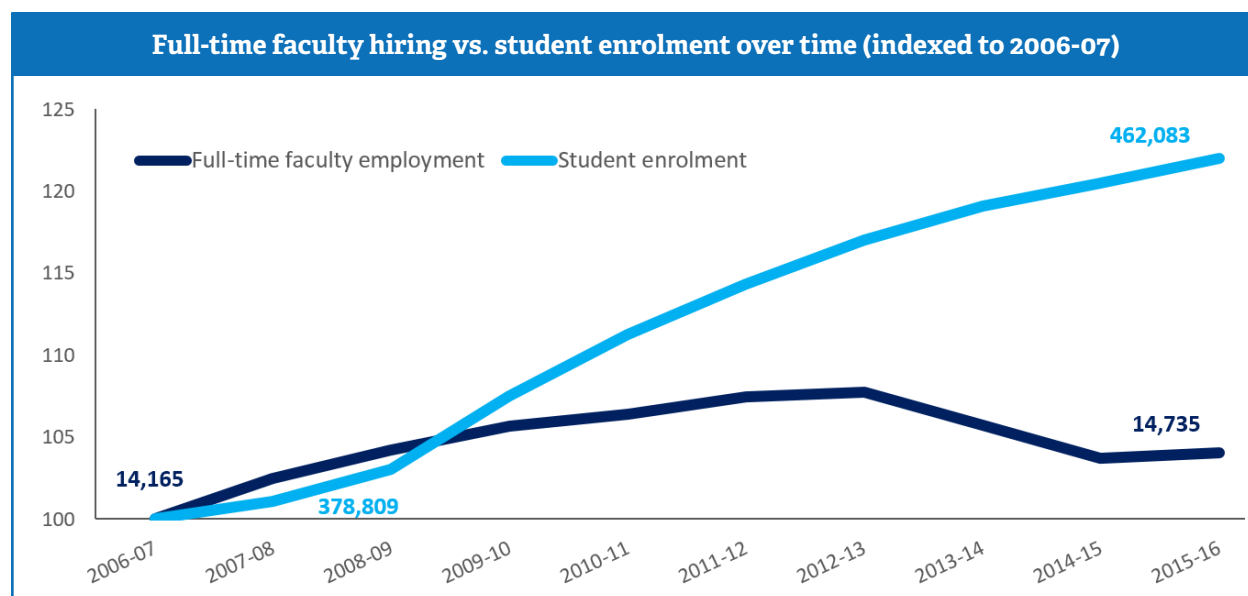


## Faculty renewal and fairness for contract faculty

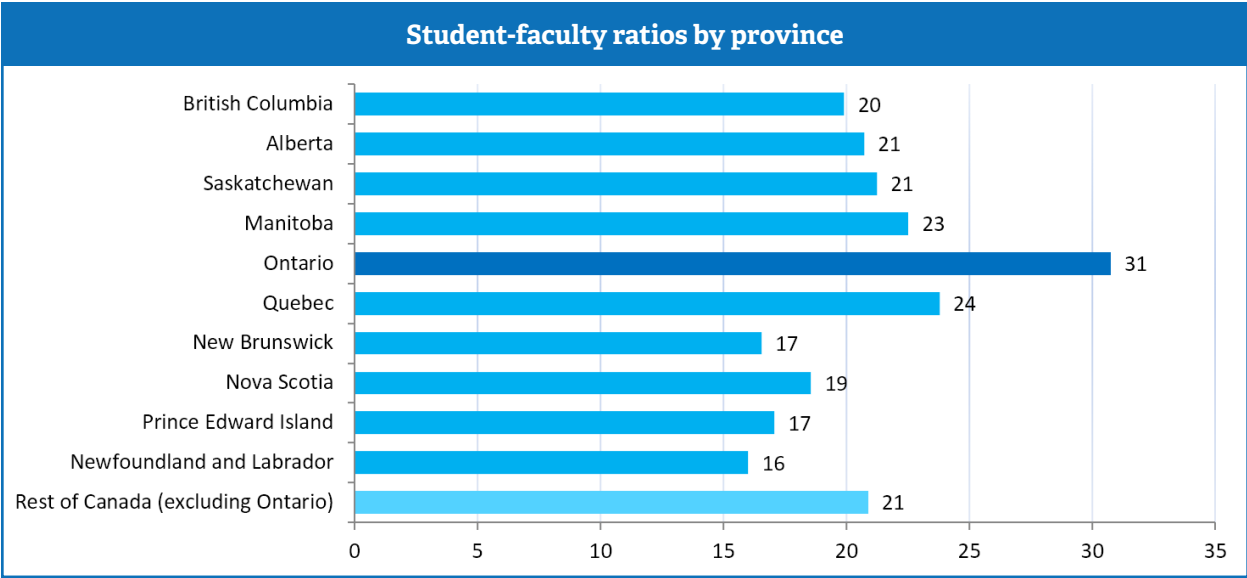
Professors and academic librarians play a central role in ensuring the vitality of Ontario's universities. Every student's learning experience and every university's capacity to produce research relies on faculty members who teach, research, and engage in their communities. But for more than a decade, the number of faculty available to do this foundational work has fallen far behind student enrolment as departments fail to replace retiring full-time professors and rely on part-time and contract faculty instead. The province must commit to faculty renewal through full-time faculty hiring to ensure a bright future for postsecondary education in Ontario.

### Full-time faculty hiring

In Ontario, full-time faculty hiring has not kept pace with student enrolment. In the last decade, full-time student enrolment increased by 22 per cent. Over the same period, the number of full-time faculty employed at Ontario universities increased by only four per cent. This means that since 2006, the rate of increase in student enrolment has been more than five times that of faculty hiring.



In the classroom, the gap between enrolment and faculty hiring has a dramatic impact. Ontario has the highest student-faculty ratio in Canada and class sizes are rising steadily. Since 2000, Ontario's student-faculty ratio has worsened substantially – increasing by 35 per cent. By 2014-15, there were 31 students for every full-time faculty member at an Ontario university compared to an average of 21 students for each faculty member across the rest of Canada. Ontario is far and away the worst on this measure – the next highest student-faculty ratio in the country is in Quebec with a ratio of 24 to 1.

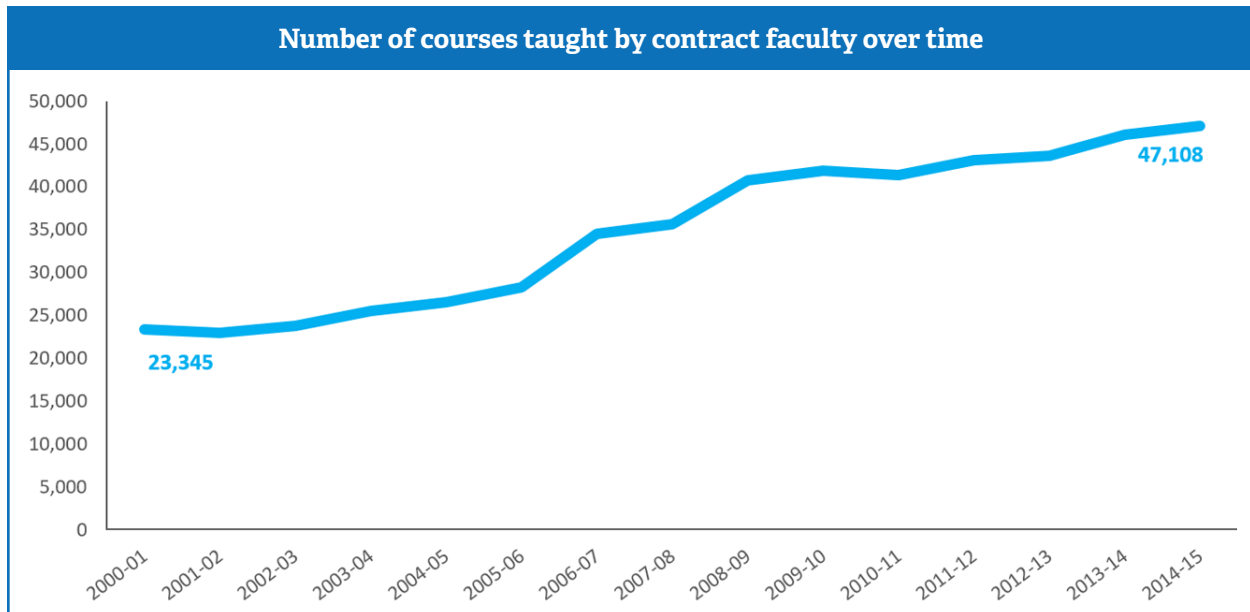


These trends have a negative impact on teaching and learning. More students and fewer professors leads to less one-on-one engagement, fewer opportunities for mentorship, and diminished chances for undergraduate students to be involved in the research projects of their professors.

**A troubling shift in the nature of academic work**

While full-time faculty hiring has stagnated, universities' reliance on contract faculty has increased dramatically. These contract professors are generally hired on either a limited-term contract or per-course basis and face unpredictable scheduling as well as job insecurity. While there is a lack of comprehensive province-wide data available, OCUFA estimates that the number of courses taught by contract faculty has doubled since 2000. Rather than serving as a temporary stopgap measure to accommodate significant enrolment increases in the early 2000s, the use of contract faculty has become an entrenched strategy in universities across Ontario, resulting in a dramatic and troubling shift in the nature of academic work.

Filling the gap between enrolment and full-time faculty hiring with more contract faculty in precarious jobs is not an acceptable path forward. While contract faculty are highly qualified teachers and researchers, their conditions of work do not allow them to contribute to their fullest potential in the classroom or provide the educational continuity that students deserve. Job insecurity reduces their ability to follow through with students (for example, through one-on-one mentoring or letters of recommendation for graduate school).



Furthermore, while many contract faculty do unpaid research to remain competitive for future positions, they do not have access to the same resources as their full-time tenure-stream colleagues. Universities' increasing reliance on contract faculty and the decline in institutional research capacity and impact on educational quality it entails is inconsistent with the government's vision of advancing a knowledge economy.

### **Making faculty renewal a priority**

Renewal of the full-time tenure-track faculty stream must be established as part of a broader government commitment to reversing the rise of precarious work and supporting good jobs in the university sector. While hiring decisions are made by each university, government can and must take leadership on this issue by setting a direction and encouraging universities to invest in hiring more full-time faculty. Action on this issue will ensure that the next generation of scholars is not denied the opportunity to contribute to our communities through research, teaching, and innovation.

An effective faculty renewal strategy must set universities on a path towards closing the gap between student enrolment and faculty hiring. As government makes important strides to increase the accessibility of postsecondary education in Ontario, measures that support faculty renewal will ensure that every student in Ontario has access to a high-quality postsecondary education.

Full-time faculty renewal at universities can be encouraged by a government commitment to increased faculty hiring across the province. To bring Ontario's student faculty ratio in line with the average for the rest of Canada, OCUFA estimates that **7,890 full-time professors would need to be hired between now and the beginning of the 2020 academic year, or 1,973 professors per annum.** Hiring at this level should be supported by increased public investment and would cost universities around \$197 million a year.

A more cost-neutral – but equally important – component of a faculty renewal strategy is ensuring that retiring full-time tenured faculty members are replaced with junior tenure-stream positions – a practice that occurs less frequently than it should. Instead, when full-time faculty members retire, departments will often turn to precariously employed contract faculty members to take over the teaching responsibilities of the recent retiree, and leave the remaining full-time faculty members to pick up the slack on university service responsibilities. This, in turn, limits the time faculty have available for teaching and research, which, in turn, provides justification for even further reliance on contract faculty members.

Moreover, without institutional assurances that retiring faculty will be replaced, the future of small departments and programs is often uncertain. Too often we hear retiring professors express concern that the quality or survival of their programs or departments will be jeopardized by their departure. It is against this background that eligible faculty are making decisions about when to retire.

**Government should take leadership by making a province-wide commitment to faculty renewal that includes replacing retiring faculty members and increasing full-time faculty hiring.** Support for faculty renewal will ensure that academic departments across the province have the resources they need to continue to support universities' core mission of teaching, research, and community engagement.

### **Setting a standard for good academic jobs**

Universities are not alone in their need to reverse the rise of precarious work. The interim report of the Changing Workplaces Review – a comprehensive government review of Ontario's employment and labour law – recognizes the growth of precarious work as “an urgent and serious threat to the well-being, not only of a significant number of workers in Ontario, but also to their families and Ontario society.”<sup>1</sup>

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<sup>1</sup> Mitchell, C. Michael & Murray, John C. (2016). Changing Workplaces Review Special Advisors' Interim Report. Ministry Ontario of Labour, Pg. 8.

There is broad public support for setting Ontario's universities on a path towards hiring faculty in secure, full-time positions that will provide the learning experience students deserve. A recent poll commissioned by OCUFA showed that 94 per cent of Ontarians believe universities should be model employers and support good jobs in their communities. Ontarians also support improvements to the working conditions of contract faculty – over 84 per cent think contract faculty should receive fair pay, access to benefits, and be converted into full-time positions.

The provincial government must take leadership and set a standard for the future of postsecondary education that recognizes the importance of decent, stable jobs at universities. **Legislative changes that raise minimum employment standards at the conclusion of the Changing Workplaces Review will be a key step forward**, but the province must also support full-time faculty hiring and replacement through the provision of adequate public funding for universities across the province. Professors' working conditions are students' learning environments and faculty renewal will ensure that every student in Ontario has access to a high-quality university education.

## A better university funding formula through better data

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The structure of the university funding model fundamentally shapes the capacity of universities to deploy government funding to support a high-quality learning experience for every student in the province. The government's ongoing university funding model review is therefore a crucial consideration in this year's budget cycle.

Provincial funding provides universities with the resources they need to support excellent teaching and learning as well as world-class research. But the capacity of public funding to support universities in doing this work is contingent upon a renewed funding model that ensures adequate, stable, and equitable funding allocations. Measures that support the financial stability of institutions as they face periods of enrolment stagnation or decline will be crucial. Shifting to a model of funding tied to institutional performance against a prescribed set of targets would work against this goal.

Since 2015 the Ministry of Advanced Education and Skills Development (MAESD) has been engaged in a review of the university funding formula and OCUFA has been an active participant in these ongoing conversations. To date, MAESD has indicated that the new funding model will include three key components: an enrolment based funding envelope, a special purpose grants envelope, and a differentiation/student success envelope.

The enrolment envelope will include funding based on an enrolment corridor designed to insulate institutions against potentially harmful financial impacts of enrolment decline. The special purpose grants envelope will consolidate and streamline all existing special purpose grants currently allocated to institutions.

However, the details of the policy goals, metrics, scope, and allocation mechanisms for the differentiation/student success envelope have yet to be worked out and a great deal of uncertainty remains regarding how this portion of the new funding model will be operationalized and implemented. The Ministry has indicated that the funding institutions receive through the student success/differentiation envelope will be at risk, but has not yet clarified what is meant by "risk" or what the associated accountabilities will be. The phase-in of this component of the new funding formula must be delayed until the important work of clarifying these uncertainties has been completed.

As government moves forward with its renewal of the funding formula, OCUFA is cautioning against "at-risk" university operating funding allocated based on performance against specific metrics. Government must focus instead on expanding the collection and publication of data about universities in Ontario, and leveraging that data as a powerful tool for improving outcomes and policy-making in the higher education sector.

## **Avoiding the damaging effects of performance funding**

OCUFA opposes the use of a punitive performance funding model, whereby a portion of the government's operating grant for a particular institution is dependent on whether that institution is able to meet a set of prescribed targets.

Performance funding is counterproductive. By design, it rewards those institutions that meet targets with additional resources and deprives institutions that do not meet these targets of the resources necessary for improvement. By withholding funding from those institutions that fail to meet prescribed targets, performance funding works against quality improvement rather than supporting it. Such an arrangement punishes the students who study at institutions that are unable to meet their targets, since declines in institutional funding will necessarily hamper the capacity of universities to deliver a high-quality learning experience. Government funding allocation mechanisms should not be structured in a way that harms students.

Further, there is a growing body of research that suggests performance funding models do not help jurisdictions meet the goals they set out to achieve. In the United States, performance funding models have typically been designed to address specific policy concerns, such as student retention and degree completion. However, recent studies found that performance funding had no discernible effects on retention or degree completion when compared with jurisdictions without performance funding mechanisms. In fact, it may even have had negative effects in some states.<sup>2</sup>

Moreover, there are inherent limitations associated with identifying a set of metrics that credibly reflects the breadth and depth of quality learning in higher education. Efforts to assess institutional performance often result in the use of the most accessible measurement criteria at the expense of accurately capturing educational quality. Relying on insufficient proxy measures will do little to improve student outcomes, while unfairly punishing institutions. **Tying funding to institutional performance on metrics is thus an unnecessarily risky and potentially destabilizing strategy that should not be pursued by government.**

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<sup>2</sup> Hillman, N.W. & Tandberg, D.A. (2013). State Performance Funding for Higher Education: Silver Bullet or Red Herring? [WISCAPE POLICY BRIEF] Madison: University of Wisconsin-Madison, Wisconsin Center for the Advancement of Higher Education [WISCAPE]; Hillman, N.W., Tandberg, D.A., & Fryar, A.H. (2015). Evaluating the Impacts of "New" Performance Funding in Higher Education. Educational Evaluation and Policy Analysis, January 13, 2015.

## **Improved data to improve policy-making and outcomes**

While OCUFA is opposed to punitive performance funding models, we share the provincial government's commitment to improving transparency and accountability in the university sector. As OCUFA has stated previously, the goals of transparency, accountability, and quality are best served by the creation of a new higher education data system designed to support informed policy-making through the provision of timely and useful data.

On its own, the disclosure of data on key metrics has the capacity to drive quality improvements. It is entirely reasonable to expect institutions to release useful public data as a condition of receiving public funding. Experience from other sectors suggests that the disclosure of data has the capacity to improve performance, even in the absence of financial penalties or incentives. Moreover, access to improved data promotes transparency and facilitates better-informed policy discussions and decision-making.

Currently, the university sector in Ontario is hampered by a lack of comprehensive, accessible, and comparable data on students, faculty, and institutions – a gap that was recognized in the report from the first round of consultations on the university funding model. While a large amount of data is produced by the university sector every year, it is often not collected and reported in an accessible format that facilitates comparison and analysis.

To address the inadequacies of the current higher education data environment in Ontario, **OCUFA recommends the establishment of a new higher education data system administered by an arm's length agency of the provincial government.** This new organization would be responsible for determining what data are needed by the sector to facilitate policy discussions and decision-making. It should be tasked with collecting, compiling, and disseminating a wide program of data on an annual basis. To be effective, this new agency should be guided by a representative body where all stakeholders – students, staff, faculty, administrators, and government – have a voice and a vote in determining current and future data requirements.

The creation of an Ontario Higher Education Data Agency could be cost neutral for government. The Higher Education Quality Council of Ontario (HEQCO), as it currently exists, does not have the capacity or the confidence of the sector to meet the Ontario higher education sector's data management and analysis needs. HEQCO's current operations, however, could be wrapped up and its funding (approximately \$5 million annually) could be redirected to support the creation of a new, impartial data agency.



## Clarity about funding requirements to support pension solutions in the university sector

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The sustainability of broader public sector pension plans has been a key priority for the Ontario government for several budget cycles. The 2012 budget highlighted the need to address pension affordability and sustainability. In 2013, the budget identified steps to improve broader public sector pension sustainability through pooled asset management or shifting to a model of joint pension sponsorship. The 2014 budget created the legislative framework needed to enable the transfer of assets from a single employer pension plan to a jointly sponsored pension plan.

OCUFA has taken these signals from government seriously and responded with strong action to address the adequacy and sustainability of pensions in the university sector. Our priority is to ensure that every faculty member in Ontario has access to adequate benefits, at a fair cost to members, delivered through stable and secure pension plans.

### **A pension solution that meets the needs of government, employers, and employees**

One solution OCUFA is pursuing to ensure fair and secure university pension plans today and into the future is the establishment of a multi-employer jointly sponsored pension plan (JSPP) for the university sector. With support from the Ministry of Advanced Education and Skills Development (MAESD), the University Pensions Project (UPP) is working to design a pension plan for the university sector that will achieve savings in plan administration costs, provide better returns on investments, and enhance plan stability.

Following years of intense consultation and collaboration involving university administrations, faculty associations, and unions, significant progress has been made towards finalizing the design framework of the UPP JSPP. If successful, this new JSPP represents a true win-win that will help the provincial government achieve its objectives, and will meet the needs of both employees and employers. This model offers a collective solution that will:

- Provide plan members with a high-quality, secure, sustainable defined benefit pension (based on earnings and years of service);
- Require employers and employees to share in plan governance and costs (including deficits and surpluses);
- Take advantage of economies and efficiencies of scale to reduce investment management fees, plan administration costs, and provide top-quality member services; and
- Allow universities to get out of the pension business so they can focus their time, energy and resources on delivering education, according to their mandates.

Plan participation will be open to all interested universities on a voluntary basis through collective bargaining and the formal consent process outlined in the Pension Benefits Act. The plan will allow the transfer of past service benefits from existing plans and will be fully funded at inception as described in the Council of Ontario Universities' and OCUFA's reports to the Ministry of Training, Colleges and Universities in 2015-16.

### **Clarity about solvency exemption to ensure the UPP's success**

To ensure the success of the multi-employer JSPP for the university sector, government support for the UPP will continue to be important in the coming budget cycle. In particular, clarity about the solvency exempt status of the new plan is critical.

For stakeholders to be able to make decisions about whether to participate in the UPP, they must know the long-term financial consequences entailed by their choices. In the absence of certainty about the funding requirements and status of a multi-employer JSPP for the university sector, stakeholders will not commit to this option and may instead pursue options that offer greater certainty around funding requirements.

The ongoing Marshall Review of pension solvency requirements in Ontario adds another layer of uncertainty for the UPP. The outcome of this review may lead to changes to the solvency funding requirements for all pension plans in Ontario, which in turn will modify the calculations university sector stakeholders make when considering whether to participate in a multi-employer JSPP for the university sector.

OCUFA's considered view is that the UPP cannot succeed unless stakeholders know with certainty at the outset what funding rules will apply to the proposed pension plan. In the current context, no university will expend resources to pursue a pension solution that does not have certainty about its funding rules. Given the work that has been done, the progress that has been made to date with the UPP, and the capacity of this project to address the goals of government, university administrations, and employee groups, government must address this need for clarity around a solvency funding exemption for a multi-employer JSPP in the university sector.

The guidelines for solvency exemption of a JSPP released by the Ministry of Finance in April 2015 fail to account for the uncertainties inherent in the development and creation of a university sector multi-employer JSPP. OCUFA agrees that exemption from solvency funding requirements should be based on an assessment of the risk of plan failure and other factors built in to a plan to mitigate that risk. Solvency funding requirements provide a tool that helps to ensure pension plans are funded at a

sufficient level to fulfill the promise of secure pension benefits for all plan members. Benefit security is a top priority for OCUFA, and while solvency funding requirements can ensure the security of pension benefits, it is certainly not the only tool for doing so effectively.

**To ensure the success of the UPP, the Ministry of Finance must work with project stakeholders to provide clarity and certainty around the solvency exempt status of a university sector multi-employer JSPP while also ensuring benefit security within the plan.**