

Investing for the Future

**OCUFA's 2014 Pre-Budget Submission
to the Standing Committee on Finance and
Economic Affairs**



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

SUMMARY OF RECOMMENDATIONS

The OCUFA plan aims to enhance the quality and affordability of university education in Ontario by 2020 through increased government investment. We are sensitive to the province's fiscal circumstances, but believe that investment – at any level – will help our universities and the province to thrive. As such, our recommendations reflect an estimated minimum and maximum cost of the proposal or are cost neutral. The Government of Ontario can make smaller investments as finances dictate, but we can't afford not to invest in our universities.

We recommend:

1. Increasing per-student public investment in universities to the national average by 2020.
Cost in 2014-15: A minimum of \$120 million and a maximum of \$240 million
2. Bringing the student faculty ratio in line with the national average by 2020 by hiring 9,300 new full-time faculty members.
Cost in 2014-15: \$117 million
3. Funding an impartial body to undertake a study looking at precarious academic workers to establish baseline data on contract faculty in Ontario.
4. Ensuring that faculty concerns and interests are reflected in framework legislation and regulations pertaining to the transfer of assets from a single employer pension to a jointly sponsored pension plan.
5. Increasing research funding to universities by reducing or phasing out ineffective tax credits for private sector research and development
Cost in 2014-15: No additional cost
6. Restoring per-student funding for teacher training programs in Ontario's public universities
Cost in 2014-15: \$14 million

INVESTING FOR THE FUTURE

Ontario's economic recovery depends on sustained investment in our province's infrastructure. The economic importance of certain kinds of infrastructure – such as roads, bridges, airports, and public utilities – are easy to see and straightforward to understand. But another category of infrastructure exists, harder to see but just as critical to the strength of our economy. This category reflects our *social* infrastructure – including our healthcare system, our social safety net, our schools, and our universities.

Ontario's universities are an essential component of our social infrastructure. As our economy shifts from manufacturing- to knowledge-based enterprise, universities are becoming increasingly vital to the success of our province. Universities support our economy in many ways. They educate the young people who will become Ontario's front-line doers, thinkers, leaders, and innovators. They generate the research and knowledge that create new businesses and improve the quality of our lives. Universities also help create the informed and engaged citizenry that our democracy needs, without which there can be no real economic success.

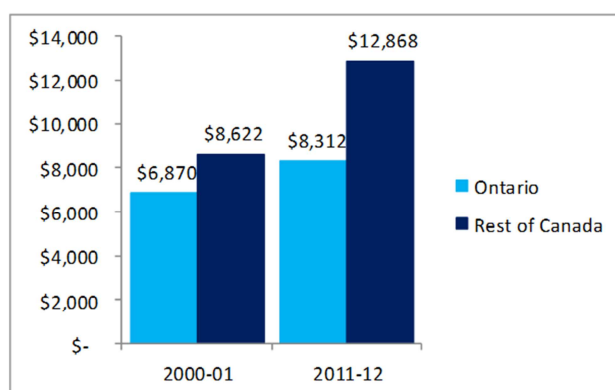
Ontario's universities are at a turning point. We have built and accomplished much to be proud of, but much more needs to be done. Ontario currently provides the lowest level of per-student university funding in Canada. Hiring of full-time professors – the key to a high quality university education – has not kept pace with rising enrolment, leading to large classes and less student contact with faculty. Our universities have managed to cope with these challenges, and are now some of the most efficient and productive institutions in Canada, if not the world. However, the strains are now showing. As enrolment continues to rise, greater investment will be needed to maintain and expand the quality of our institutions. We have done well so far. But imagine what we could do if we give our universities the funding and resources they need to truly excel.

Ontario's professors and academic librarians understand that the province's finances make it difficult to make large investments in our social infrastructure. However, these investments still need to be made. Without them, our economic recovery will be slow, and Ontario's citizens will continue to struggle with unemployment and stagnant wages. Investing in universities will create a more dynamic and competitive economy, one geared to the challenges of tomorrow. And, as a key component of our social infrastructure, renewed universities will help create the healthy and engaged citizens that will make Ontario a vital place to live for decades to come. Some would argue that Ontario can't afford to invest in universities. We argue that the only thing we can't afford is to neglect them.

FUNDING ISSUES

Robust public funding is the foundation of a high quality university sector. Unfortunately, Ontario's universities do not receive the public funding our students and institutions need in order to excel. Ontario's universities currently receive the lowest level of per-student funding in all of Canada. Despite increased investments in the early 2000s under the Reaching Higher plan, Ontario has been at

Provincial Operating Grants per student FTE



From 2000-01 to 2011-12, per-student operating grants in Ontario increased by 21% from \$6,870 to \$8,312. In the rest of Canada, operating grants increased by 49% from \$8,622 to \$12,868.

Today, operating grants per student are 35% lower than the rest of Canada average. In 2000-01, they were 21% lower than the rest of Canada.

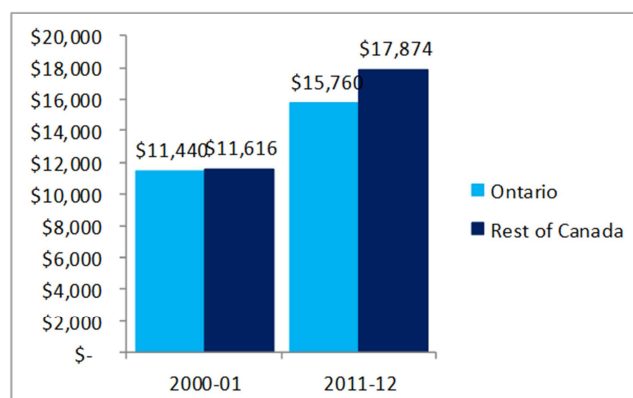
the back of the national pack for over a decade – and we're falling further behind. At \$8,312 in 2011-12 Ontario's per student operating grants were 35% behind the rest of Canada average of \$12,868 per student.

This funding gap cannot be closed by increased

efficiencies or productivity gains. Ontario's universities and their faculty are highly productive by any measure. In terms of the number of students taught, graduation rates and research output, Ontario's universities and professors are leaders in Canada. And they do it on the tightest budget in the country.

Despite having the highest tuition fees in Canada, combined operating grants and net student fees in Ontario are the lowest in the country, at \$15,760 per student, compared to

Net student tuition fees and provincial operating funding per student FTE



Today, combined funding and fees in Ontario are 12% lower than the rest of Canada. In 2000-01, Ontario was on par with the rest of the country at only 1% behind.

Between 2000-01 to 2011-12, combined funding and fees per student in Ontario increased by 37%. In the rest of Canada, they increased by 54%.

in the rest of Canada. This means that our universities are trying to provide a high quality learning experience with far fewer dollars per student than comparable institutions in other provinces.

Our institutions have been doing more with less for years. Stretching our institutions to their limit will harm the quality of education our students receive. Ontario's universities are already under stress. It's time for government to make the kind of investments in social infrastructure that will enable our universities to thrive and excel.

Bringing per-student funding of Ontario's universities in line with the rest of Canada average would require a cumulative investment of \$2.76 billion from 2014-15 to 2020-21 as outlined in the table below:

Funding above 2013-14 Levels Required to Bring Ontario Per-Student Funding to the National Average							
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Annual Increase	\$240 million	\$260 million	\$290 million	\$335 million	\$405 million	\$520 million	\$710 million
Cumulative	\$240 million	\$500 million	\$790 million	\$1.125 billion	\$1.53 billion	\$2.05 billion	\$2.76 billion

OCUFA recognizes that the province's finances are constrained and that investment of this magnitude may not be currently possible. The important thing is that the province begin the process of reinvestment in the social infrastructure that will protect the quality of Ontario's universities. Any movement toward increased per-student funding will help to ensure that Ontario's universities don't fall even further behind our provincial counterparts.

At an absolute minimum, the government must maintain investment at the current level of per-student funding. With anticipated enrolment increases and adjusting for inflation, **investment on this scale would require an additional \$120 million in 2014-15 above the \$3.46 billion that was allocated to universities in 2013-14** and outlined in the table below:

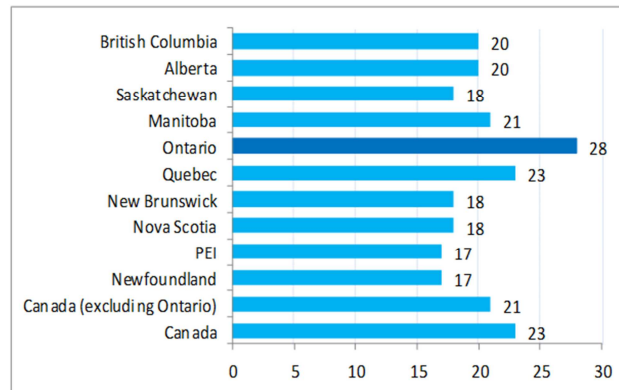
Cost of maintaining current (2013-14) level of per-student funding							
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Annual Increase	\$120 million	\$130 million	\$140 million	\$140 million	\$150 million	\$160 million	\$170 million
Cumulative	\$120 million	\$250 million	\$390 million	\$530 million	\$680 million	\$840 million	\$1.01 billion

Holding the line on per-student funding in order to maintain the current level of investment in higher education until more substantial investments can be made will allow our universities to hold their ground and help to preserve the quality of education that our students receive.

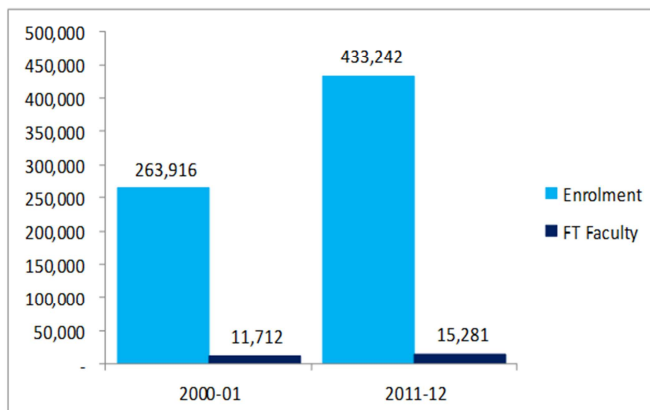
FACULTY HIRING

Together with robust public funding, high quality university education relies on high quality university educators who are able to spend time supporting and mentoring their students. Ontario's universities have the highest student-faculty ratio in the country, at 28-to-1 compared to 21-to-1 in the rest of Canada. A higher student-faculty ratio means that students are learning in larger classes, with fewer course options, and with fewer opportunities for meaningful interaction with their professors – a key indicator of student success.

Student-Faculty Ratios in Canada, 2010-11



Enrolment and Full-Time Faculty



The student faculty ratio in Ontario is so high because full-time faculty hiring has failed to keep pace with enrolment increases over the past decade. Between 2000-01 and 2011-12, enrolment in Ontario's universities increased by 64 per cent but full time faculty hiring only increased by 30 per cent.

Over this period, part-time and contract faculty were hired to offset the ongoing failure to hire adequate numbers of full-time faculty. While there are no publicly available province-wide data tracking the use of contract faculty,

OCUFA estimates that the number of part-time faculty in Ontario rose by about 78 per cent between 2000-01 and 2010-11. Rather than being used as a temporary stop-gap to accommodate a one-time surge in undergraduate enrolment, the use of part-time contract faculty has become an entrenched strategy.

The increasing reliance on contract faculty to carry out a significant portion of university teaching will have serious consequences for higher education in Ontario. Part-time and contract faculty are excellent teachers and researchers, but they lack the job security and institutional resources they need to be successful and to ensure the success of their students.

OCUFA believes that all academic jobs should be good jobs. We are calling on the Government of Ontario to **fund an impartial body to undertake a study looking at precarious academic workers in the province** in order to establish a baseline understanding of the state of contract faculty in Ontario. This data is an important first step toward ensuring that all university educators enjoy good working conditions and fair compensation. Without it, it will be impossible to make informed policy related to faculty hiring.

In addition to collecting better data on contract faculty, **the province must invest in hiring more full-time faculty**. This is the best way to improve quality at Ontario's universities. More full-time faculty would facilitate greater student-faculty interaction and an enhanced learning experience for all of our students. OCUFA estimates that **an additional 9,300 full-time professors, or around 1,300 new faculty members per year, would need to be hired between now and 2020-21 in order to bring Ontario's student-faculty ratio in line with the national average**. Hiring at this level would require an annual investment of an additional \$117 million every year.

PENSIONS

In the last two provincial budgets, the Government of Ontario identified the sustainability of broader public sector pensions, including the single employer plans at Ontario's universities, as a key priority. Ontario's faculty recognize that pensions are an important issue and have responded to these signals with strong action. Our priority is to ensure adequate benefits, at a fair cost to members delivered through stable and sustainable pension plans. Collaborating with unions and employers across the sector as well as with the Ministries of Finance and Training, Colleges, and Universities, we are working together to find solutions that provide good pension plans that work for everyone.

OCUFA is currently engaged in a research project funded by the Ministry of Training, Colleges and Universities to assess the sustainability of current plans and to present options for moving forward. One of the options we are working on is the development of a model Jointly Sponsored Pension Plan (JSPP) for the university sector. Should such a plan be established, participation in the plan would need to be voluntary and established through a process of negotiation between the parties who will be joining the plan. One of OCUFA's key expectations, should a university sector JSPP be established, is that it would be exempt from solvency valuations and funding, as is the case for other JSPPs. This provision would need to be outlined in Ministry of Finance framework legislation and regulations pertaining to the transfer of pension plan assets from a Single Employer Pension Plan (SEPP) to a JSPP. The implementation of this framework is essential to the sector's ability to move forward with made-in-the-sector pension solutions and to the government's ability to achieve its goals relating to broader public sector pensions.

OCUFA has communicated with the Ministry of Finance regarding the development of this legislation. To date, we have articulated three specific issues of concern that we would like to see addressed in the framework legislation and regulations. First, upon transfer of assets from a SEPP to a JSPP, previously earned benefits must be maintained or replicated. Second, employers must be required as a contractual term to fund any deficiencies on wind-up of the plan, since this protection is provided in SEPPs but is not required for JSPPs under the Pension Benefits Act. Third, trade union and employee association costs incurred in connection with the transition from a SEPP to a JSPP must be covered by the pension plan. And as noted above, the framework legislation and regulations must ensure that a university sector JSPP would be exempt from solvency valuations and funding. The issues that will need to be addressed in this framework are many and complex and OCUFA will continue to work with the Ministry of Finance to address them.

FUNDING FOR UNIVERSITY BASED RESEARCH

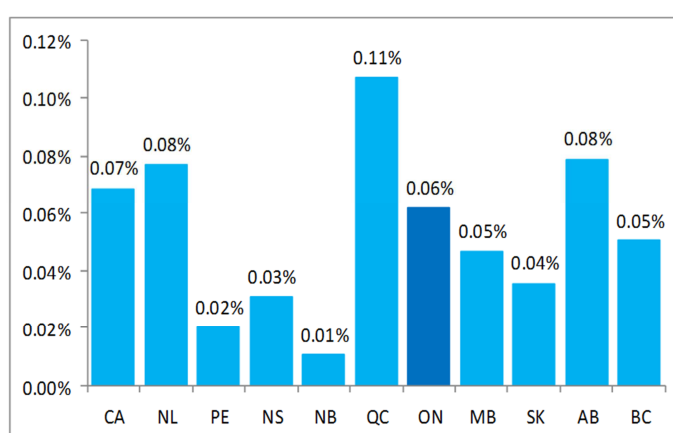
Provincial funding for university based research allows the government to support and promote a more dynamic, innovative and prosperous Ontario. OCUFA acknowledges the province's recent announcement that an additional \$190 million will be invested in research programs over the next six years. However, this investment must only be a first step toward increasing provincial funding for university based research across disciplines.

As a percentage of GDP, Ontario invests less in research and development in the higher education sector than Newfoundland, Quebec and Alberta and our level of investment is below the Canadian average.

Ontario's investment in higher education research and development as a percentage of GDP must be brought in line with the rest of the country. This

would require investments between \$77 million and \$297 million, as outlined in the table below:

Provincial funding for higher education research as % of GDP (2011)



Provincial funding for higher education research and development (2011)

	Ontario	Newfoundland	Quebec	Alberta	Canada
As % of GDP	0.06%	0.08%	0.11%	0.08%	0.07%
ON increase to meet	N/A	\$98 million	\$297 million	\$111 million	\$77 million

Funding for this additional investment could be made cost neutral, by reducing or phasing out corporate tax credits for private sector research and reallocating those funds to university-based research funding programs. In 2013-14, corporate tax credits for private sector research, including innovation, business research institutions and research and development tax credits accounted for \$457 million in government expenditures. The 2012 Drummond commission report noted that there is little evidence that these tax credits are an effective tool for increasing private sector research and development. OCUFA believes that these expenditures would be better spent funding university-based basic research at a level that would bring Ontario's investments in higher education research and development in line with leading provinces in the rest of Canada.

FUNDING FOR FACULTIES OF EDUCATION

In June of 2013, the Government of Ontario announced significant changes to teacher education programs in the province. Changes included doubling the length of teacher education from one year to two years, reducing enrolment from 9,000 to 4,500 places, and cutting per-student funding by one third. The enrolment and per-student funding cuts came as a surprise to the sector and have left universities scrambling.

The reduction in per-student funding for education programs coupled with the rapid shift to a new two-year teacher certification program will have a significant financial impact on those universities with a higher proportion of enrolment in education programs. This will ultimately hurt students, as their programs struggle to provide a quality experience with drastically reduced resources or are eliminated altogether.

Based on 2012-13 reporting of enrolment in consecutive B. Ed. programs, we estimate that the cost of restoring the per-student funding value at the current enrollment level would be approximately \$28 million. Given that the government's proposed changes to teacher training include a 50 per cent cut in enrollment, however, moving forward the overall cost of restoring the per-student funding value for consecutive B. Ed. programs would be approximately \$14 million.

OCUFA urges the Government of Ontario to **restore per-student funding for teacher training programs in Ontario's public universities to their previous level to allow for an orderly transition to the new two-year teacher certification program.**

THE OCUFA PLAN

OCUFA is committed to ensuring that Ontario's universities can excel. When the provincial government invests in high quality universities focused on student success, connected to their communities and integral to economic growth, the entire province will enjoy the benefits. The recommendations contained in this brief are all designed to increase government investment in the social infrastructure of higher education. Reinvesting in social infrastructure like our universities will help to grow the economy and allow the province to thrive. OCUFA recognizes that the province's finances make it difficult to make large investments, but investment at some level must be made. We recommend:

- That the Government of Ontario immediately begin moving per-student public investment in universities towards the national average.
- That the Government of Ontario commit to providing funding to hire new full time faculty members, reducing the province's student-faculty ratio toward the national average.
- That the Government of Ontario collect better and more comprehensive data on contract faculty, beginning by funding an impartial body to undertake a study looking at precarious academic workers.
- That faculty concerns and interests be reflected in framework legislation and regulations for the transfer of assets from a single employer pension to a jointly sponsored pension plan.
- That support for university-based research be further enhanced.
- That per-student funding for teacher training programs be restored.

Many of these recommendations would require significant financial commitments; moving aggressively towards a better funded, higher quality university system would cost \$371 million in 2014-15. While aware of the province's fiscal constraints, we nonetheless urge the Government of Ontario to begin the process of reinvestment now. Our universities have delivered a high-quality education with limited resources for years. Imagine what they could do if we gave our universities the resources they need to truly excel. Any new investment will help move us toward a more thriving university sector – and a more prosperous Ontario.