
OCUFA

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Higher Education in Ontario
Charting a Path Forward

OCUFA Submission to the
Honourable Bob Rae, Advisor, Postsecondary Review

December 2004

EXECUTIVE SUMMARY

THE POSTSECONDARY REVIEW led by Bob Rae has presented a bracing diagnosis of a system he accurately describes as strong, but in serious jeopardy. OCUFA agrees that Ontario's community colleges and universities are "on the edge of the choice between steady decline and great improvement" and that making the choice for improvement "will require more resources as well as a will to change."

In other areas, Mr. Rae's framing of the questions suggests a direction OCUFA would find troubling. The Discussion Paper's section on "Accessibility" does not consider at all the financial barriers to participating in higher education. Instead, tuition and student aid are a major focus of the "Funding" section, pointing to an apparent belief that reformed student assistance accompanied by higher tuition fees could be a significant source of increased resources for community colleges and universities. In this submission, OCUFA calls attention to evidence from other jurisdictions that student aid innovations, in particular the "go now-pay later" example currently being exported from Australia to the United Kingdom, will not deliver the hoped-for salvation. Instead, we set out the case for significantly increased public funding for higher education. We have organized our submission along the five main themes set out in the Discussion Paper: accessibility, quality, system design, funding and accountability.

Accessibility: Mr. Rae's paper describes some of the barriers to increased participation rates in postsecondary education, but there is a glaring omission: the ever-higher cost of higher education to students and their families. Opinion research shows this is a major public concern, and no wonder in light of statistics showing skyrocketing tuition costs in the 1990s. Encouraging significantly more students from under-represented groups to aspire to and prepare for higher education will require energetic and imaginative actions from all sides. This would include, but is not limited to, keeping tuition costs under control. We should also remember that, if the effort is successful, it will be vital to ensure that the increased number of spaces in community colleges and universities is made available.

Quality: The Discussion Paper's section on quality puts more emphasis on how to measure quality in higher education, as opposed to how it should be improved. It is well worth the trouble to improve the accuracy and value of the measurements used to determine if higher education is accomplishing society's goals. Ontario's Key Performance Indicators have proved to be close to useless. In other jurisdictions, however, more sophisticated attempts to measure quality have shown a tendency to enormous cost and complexity, without escaping the danger that they could also be counterproductive. There is, however, a simple metric for quality: the student-faculty ratio. Ontario's is the worst in Canada and significantly behind peer jurisdictions in the United States. Meeting the need for future faculty will require a significant expansion of graduate programs and significant initiatives to address faculty renewal, recruitment and retention.

System Design: The basic framework of Ontario's postsecondary system was put in place in the 1960s, when the network of community colleges was created, new universities established and existing universities expanded. This system, with its

distinctive role for community colleges and its array of university styles, has served the province extremely well. In recent years, community colleges and universities have worked together to create innovative joint programs and to remove unnecessary barriers for students who can benefit from moving between institutions. These can be expanded, but without undermining the unique role that Ontario's community colleges have created for themselves over the past four decades. As to encouraging specialization, Ontario universities have recognized the value of developing and emphasizing what makes each distinctive. There is a balance to be struck, however, because each university also must be in a position to offer a basic range of programs at high quality to students who may not have the option of relocating to a different community for their undergraduate education.

Funding: Alarmingly, the Discussion Paper does not offer increased direct public funding even as one of several options for increasing resources for higher education. The benefits flowing from high quality teaching, research and community service in our postsecondary system extend to the entire population of the province. We believe this should be the foundation for the provincial government's willingness to invest tax dollars in community colleges and universities. Studies suggest that increased investment in Ontario universities would result in expanded economic growth resulting, in turn, in greater provincial revenues. Unfortunately, the "possible approaches to paying for higher education" as set out in the Discussion Paper are tilted from the start against public investment. The current student assistance arrangements are in desperate need of a total overhaul, but an examination of income contingent loan programs in other countries make clear that this is not the answer for Ontario.

Accountability: OCUFA supports creating a new institution, an Ontario University Advisory Board. If it works well, this body could provide a solid base for open debate and analysis, while giving faculty, staff, students, administrators and the broader community a forum to make their views known. We would not support giving such a body operational, decision-making responsibilities, which are properly the role of government. The Discussion Paper proposes creating an advisory and monitoring body that would span both the community colleges and universities. Such an organization would be large, but possibly workable. We would suggest setting it up so that, depending on the topic at hand, those members dealing with universities and community colleges could meet, discuss and develop recommendations either separately or together as one plenary group.

Despite our serious concerns about some of the directions Mr. Rae has put forward, both in the Discussion Paper and in his public comments, OCUFA remains encouraged by the tenor of the debate spurred by the Postsecondary Review and optimistic about the outcome. We see support building for government action to ward off the peril facing our community colleges and universities and to launch a new era of achievement and distinction. We believe this phase will prove to be the beginning, not the conclusion, of the debate, and we urge all Ontarians with an interest in higher education and in the future of the province to remain engaged in the discussion and supportive of improvements to higher education.

Higher Education in Ontario

CHARTING A PATH FORWARD

OCUFA SUBMISSION TO THE HON. BOB RAE, ADVISOR, POSTSECONDARY REVIEW

The Ontario Confederation of University Faculty Associations welcomes this opportunity to present its views and analysis on behalf of approximately 13,000 professors and academic staff in Ontario's universities. OCUFA, its member associations and many individual faculty also are participating actively in consultation sessions around the province. We believe the government's decision to commission this review is appropriate and timely. We are hopeful that the process will lead to broad support for steps to sustain, expand and improve a system of higher education that Mr. Rae has accurately described as strong, but in serious jeopardy.

The message from Mr. Rae that serves as an introduction to his Discussion Paper is an honest and bracing diagnosis of the chronic and increasingly aggravated ills of Ontario's postsecondary system. We agree that higher education is "at once a social good, a personal opportunity and an economic investment." We agree that the current level of funding will not deliver the results Ontarians expect and require for the future. We agree that community colleges and universities, as Mr. Rae says, are "on the edge of the choice between steady decline and great improvement" and that making the choice for improvement "will require more resources as well as a will to change."

The exact character of those needed changes is a fair and urgent subject for broad public debate. The Discussion Paper does not explicitly define which changes Mr. Rae considers, at this stage in his review, to be most appropriate for Ontario. In particular, the series of questions and multiple-choice answers set out in the "Response" section of the Discussion Paper and in the companion Workbook may not be indicative of the most significant and controversial choices that ultimately will face Mr. Rae as an advisor, the government as decision-maker and ultimately all of us, as members of the higher education community and as citizens. Notable among the questions not posed: How much money does the system require to achieve its

goals? Should the portion currently paid by students be raised, lowered or frozen? How much more financial support will have to come from government, and how quickly? It may well be that Mr. Rae expected to receive plentiful advice on such central questions no matter what the contents of his Discussion Paper and, if so, we do not expect him to be disappointed. For our part, OCUFA will take the opportunity here to spell out our views on those topics and outline the research that we believe supports our position.

In other areas, the Discussion Paper's brief sketch of the issues and its framing of the questions suggest a direction OCUFA would find troubling. There will be few who dispute Mr. Rae's description of the existing student aid system as chaotic, dysfunctional and desperately in need of a top-to-bottom overhaul. This might reasonably be part of the paper's section on improving accessibility to higher education for students from low-income families, but is not. Instead, student assistance is a major focus of the funding section, pointing to an apparent belief that reformed student assistance accompanied by higher tuition fees could be a significant source of increased resources for community colleges and universities. If the Ontario government, rather than commit to necessary public investments, looks mainly to student aid reform to save the postsecondary system from jeopardy caused by lack of funds, we believe it will be a prescription for turmoil and eventual failure. In this submission, OCUFA will call attention to evidence from other jurisdictions that student aid innovations, in particular the "go now-pay later" example currently being exported from Australia to the United Kingdom, will not deliver the hoped-for salvation.

Although the specific questions posed by the Discussion Paper are at times peripheral or anodyne (we will be surprised if many respondents answer "no" to the question on p. 33 about whether high school students should be provided with more and better information), the five main themes laid out in the paper

are well-chosen for organizing the debate: Accessibility, Quality, System Design, Funding, and Accountability. We have arrayed our responses in this submission in the same order, while often departing from the discussion questions as presented in order to focus attention on what we expect will be the most important and most contested issues emerging from Mr. Rae's final recommendations.

Accessibility

The Discussion Paper accurately states that increasing numbers of Ontario students desire and need higher education, and describes some of the barriers that stand in the way. There is one glaring omission from this section's analysis: the ever-higher cost of higher education to students and their families. There is no question that this is a major issue for the public. A survey by Ekos Research Associates found that 89 percent of Ontarians agreed with the statement "the cost of attending university in Ontario is becoming too expensive for most parents and students today." Polling for OCUFA by Feedback Research Corp. found that 77 percent of Ontario parents were concerned that their children might not be able to attend university, even if they were qualified and motivated. Of those concerned parents, 51 percent identified higher tuition and costs as the reason.

The source of these concerns is no mystery. The average undergraduate tuition fees more than doubled in Ontario between 1990 and 2000, even when adjusted for inflation (**See Table 1**). In professional and graduate programs, where fees were deregulated, the cost increases were even more striking. Tuition as a proportion of operating revenue has reached 44 percent on average in Ontario, exceeding 50 percent at some universities. In the face of mounting costs, the confusing and inadequate system of student aid, with responsibilities shared among institutions and provincial and federal governments, has led to debt loads that burden recent graduates and likely deter prospective students, particularly those who need the assistance the most.

The Ontario Liberal Party has been expressing concern over tuition levels for many years. In its 1999 election platform, it promised a 10 percent tuition reduction, along with an increase in provincial funding to raise Ontario to the national average. For the 2003 election, the Liberal election platform revised its approach, promising to freeze tuition "for at least two years" and to introduce a "tuition waiver" that would cover half the cost of tuition for the "neediest" 10

percent of students, at an estimated cost of \$82.5 million in the third year of the program. Since its election, the Liberal government has implemented the first two years of its tuition freeze, but has not yet

TABLE 1
Average Tuition Fees, Selected Programs
Ontario Universities, 1988-89 to 2003-04

| Actual Dollars | Bachelor of Arts | Bachelor of Engineering |
|---------------------------------|------------------|-------------------------|
| 1988-89 | \$1,397 | \$1,541 |
| 1989-90 | \$1,517 | \$1,673 |
| 1990-91 | \$1,639 | \$1,807 |
| 1991-92 | \$1,770 | \$1,950 |
| 1992-93 | \$1,894 | \$2,083 |
| 1993-94 | \$2,028 | \$2,229 |
| 1994-95 | \$2,225 | \$2,452 |
| 1995-96 | \$2,451 | \$2,626 |
| 1996-97 | \$9,920 | \$3,138 |
| 1997-98 | \$3,213 | \$3,455 |
| 1998-99 | \$3,495 | \$3,786 |
| 1999-00 | \$3,812 | \$4,262 |
| 2000-01 | \$3,919 | \$4,631 |
| 2001-02 | \$4,001 | \$4,836 |
| 2002-03 | \$4,079 | \$4,890 |
| 2003-04 | \$4,161 | \$5,006 |
| Constant 2003-04 Dollars | | |
| 1988-89 | \$2,006 | \$2,212 |
| 1989-90 | \$2,068 | \$2,281 |
| 1990-91 | \$2,126 | \$2,344 |
| 1991-92 | \$2,207 | \$2,432 |
| 1992-93 | \$2,323 | \$2,555 |
| 1993-94 | \$2,453 | \$2,699 |
| 1994-95 | \$2,678 | \$2,951 |
| 1995-96 | \$2,891 | \$3,097 |
| 1996-97 | \$3,382 | \$3,636 |
| 1997-98 | \$3,677 | \$3,955 |
| 1998-99 | \$3,960 | \$4,290 |
| 1999-00 | \$4,226 | \$4,724 |
| 2000-01 | \$4,227 | \$4,995 |
| 2001-02 | \$4,219 | \$5,100 |
| 2002-03 | \$4,176 | \$5,007 |
| 2003-04 | \$4,161 | \$5,006 |

Source: Council of Ontario Universities, 2004 Resource Document

moved forward on the promised tuition waiver. **(See Box 1)**

The Discussion Paper notes that lack of funding and concern about debt loads are barriers to participation by groups who are under-represented in higher education, specifying Aboriginal peoples, people living in northern Ontario, Francophones, persons with disabilities, low income persons and sole-support mothers. It is disappointing that the Discussion Paper's treatment of accessibility gives no consideration whatever to various options for directly reducing the costs faced by students, not even those to which the Liberal government is publicly committed. The Discussion Paper does not mention the tuition waiver nor the possible later years of the tuition freeze. We are not aware of any research into whether a targeted lower tuition level for the "neediest" 10 percent of students, as suggested by the Liberal election platform, could be expected to alleviate the affordability concerns of low-income families.

What the Discussion Paper puts forward as "possible approaches to improving access" are useful and modest

suggestions: an information clearinghouse; earlier and better career guidance and counseling; more attention to the supports students need to succeed. These ideas are worth pursuing, but more is needed to make a significant dent in the problem.

Encouraging significantly more students from under-represented groups to aspire to and prepare for higher education will require energetic and imaginative actions from all sides: primary and secondary schools, community activists, governments and the postsecondary institutions themselves. There are innovative models to look to in other jurisdictions, although few have been proven to work. After all, the tilting of university student populations to wealthier income groups is a global phenomenon. We should also remember that, if the effort is successful, it will be vital to ensure that the increased number of spaces in community colleges and universities is available – even more spaces than the tens of thousands that current demographic trends say will be needed.

Although never directly stated, it is reasonably clear from the Discussion Paper's structure and from Mr. Rae's public comments that he is looking to radical reshaping of student aid to achieve two goals at once: removing the perceived barrier of up-front tuition for low-income families and other under-represented groups while also allowing significant fee increases on those in higher income brackets to deliver resources to community colleges and universities. OCUFA believes the evidence does not support this approach, and will discuss the record of income contingent loan schemes in more detail in the "funding" section of this submission.

Some commentators appear to believe that there is evidence that low-income families are not at all deterred by higher tuition. A study often cited in this respect, but whose findings actually are not so clear, is an October 2003 paper for Statistics Canada by Miles Corak, Garth Lipps and John Zhao, called "Family income and participation in post-secondary education." The study does not find a decline in participation among students from low-income families, but there are limits to what conclusions can be drawn, especially for the Ontario context.

The study draws on two sets of data, of which the one that distinguishes between college and university attendance ends in 1997. Even for the year 1997, what is measured is the proportion of 18-24 year olds who, at that time, either were enrolled in university or had completed a university degree. Most of the group, therefore, would have started or even finished

BOX 1

**Ontario Liberal Party
2003 Election Platform
Postsecondary Education**

We have a long-term plan to expand capacity in our colleges and universities, make higher education more affordable and enhance the quality of our institutions.

- We will guarantee that no double cohort student will be shut out.
- We will expand our post-secondary capacity by at least 10 percent over five years.
- We will recruit new faculty for colleges and universities.
- We will invest in the next generation of researchers and professors by increasing graduate scholarships by 50 percent.
- We will immediately freeze college and university tuition for at least two years.
- We will improve financial help for students.
- We will offer a Pre-paid Tuition Program to make it easier for parents to save for their children's education.
- We will help Ontario's neediest students with tuition waivers.

Source: "Achieving our Potential: The Ontario Liberal Plan for Economic Growth," January 2003

university before the impact of the Conservative government's tuition increases began to take effect. According to Statistics Canada, the average tuition for an arts program in Ontario increased by 67.7 percent between 1996/97 and 2003/04. Tuition increases for deregulated programs such as medicine, law, or dentistry often were much higher.

What the Statistics Canada paper does demonstrate is that the participation rate for youth whose parents' annual income was under \$25,000 rose dramatically from 1984 (9 percent) to 1992 (19 percent), then levelled off, remaining about 19 percent in 1997. This may indicate that the more modest tuition increases of the early 1990s were enough to halt this long-term trend toward greater participation, but not reverse it. Meanwhile, the participation rate among youth whose parents' annual income was over \$75,000 peaked in 1991 and then declined significantly.

In short, it would be premature to suggest (as some have) that this study shows that the significant tuition increases of the late 1990s did not have a negative effect on university attendance among students from low-income families.

Quality

The Discussion Paper's section on Quality puts more emphasis on how quality in higher education should be measured, as opposed to how it should be improved. To a certain extent, this is because the real steps to better quality education are to be found in the Funding section of the report. There is a sound reason for this. The threats to quality that have developed in Ontario community colleges and universities have far more to do with shortfalls of resources than they do with any inadequacies that may exist in the measurements of quality that have been used to date.

Still, it is well worth the trouble to improve the accuracy and value of the measurements used to determine if higher education is accomplishing society's goals. For an example of what can happen when measurement tools are put into use rashly and without regard for consequences, we have the cautionary tale of Key Performance Indicators created by the Conservative government in the late 1990s. These indicators – which earmark a small portion of public funds based on how community colleges and universities match up on graduation rates, employment rates of graduates, student loan default ratios (and for community colleges, satisfaction expressed by students, graduates and employers) – have proved close to useless. In many cases, the difference between an

institution that was rewarded and another that was penalized turned out to be smaller than the margin of error in the survey that determined the rating.

It would certainly be possible to design a more sophisticated and nuanced measurement than the KPIs, but that path is not without dangers. Britain has invested enormous effort in a variety of arms-length assessment and regulatory bodies to oversee the quality of postsecondary education, with mixed results. Only recently, as reported in *The Guardian* on October 20, 2004, Anglia Polytechnic University became the first university to fail an inspection by Britain's Quality Assurance Agency. It turned out that the university was commended for its "strong emphasis on learning and teaching" but failed because of its system for monitoring awards, its methods of communicating procedures and policies and its "confusing" committee system.

Britain has had a longer experience with the Research Assessment Exercise, which has gone through several evolutions since its inception in 1986. Even after a thorough review and overhaul before the next scheduled round of assessments in 2008, the Association of University Teachers passed a resolution in March 2004 saying the RAE "has had deleterious effects on the nature of research and academic freedom. It has not improved research quality. It has undermined equal opportunities and has negatively affected the quality of teaching." To top it off, the head of the newest agency, the Office of the Independent Adjudicator, recently estimated that the postsecondary regulatory bodies in aggregate cost about 1 billion pounds (\$2.5 billion Canadian), roughly equal to the amount which Britain's hotly controversial tuition fees will bring in.

It is easy to see how a serious effort to judge quality in community colleges and universities can quickly become complex and expensive, because the essential elements being assessed are not simple. From one perspective, the success of a jurisdiction's universities can only really be judged a quarter-century later, when graduates are making full use of their educations in the broadest sense, and taking leading roles in society.

From another perspective, there is a brutally simple metric for quality in college or university education: the student-faculty ratio. After all, a central element of a quality postsecondary education is the interaction between students and faculty, both inside the classroom and out. In recent years, this relationship has come under serious stress as class sizes increased, teaching loads grew heavier and more duties were shifted to

part-time faculty and graduate students. Ontario has the highest student-faculty ratio in Canada at 24:1, up from 19:1 several years ago. Over the 1990s, the number of full-time faculty declined by 9 percent while student enrollment increased by 14 percent. A study by the Council of Universities – before the most recent changes – found Ontario’s ratio was already 36 percent higher than that of peer jurisdictions in the United States.

The situation could get even worse, as large-scale faculty retirements this decade coincide with projected enrollment increases – even before considering the government’s laudable intention of encouraging a greater proportion of Ontario’s youth to seek higher education. Currently one-third of faculty members in Ontario are between the ages of 55 and 64. Half of faculty are 50 years old or older and 30 percent will likely retire within this decade. Even with the elimination of mandatory retirement, which OCUFA supports, the majority of faculty can still be expected to retire before age 65. One recent study concluded that the elimination of mandatory retirement would only reduce hiring needs by about 15 percent. Evidence elsewhere – in Quebec, for example, which banned mandatory retirement 20 years ago – indicates that the effect could be even smaller. In short, this policy change will certainly be no panacea for the impending faculty shortage.

Meeting the need for future faculty will require significant expansion of graduate programs, and significant initiatives to address faculty renewal, recruitment and retention. With respect to graduate education, OCUFA supports the recommendation of a Council of Universities Task Force that has called for increasing capacity to 64,000 graduate students, almost double the current full-time equivalent enrolment. Even this dramatic step would only mean that Ontario’s production of PhDs per capita would catch up to where its peers in the United States are today.

The Discussion Paper asks specifically about creating a “Centre of Higher Education Teaching Excellence.” This is worth exploring as a means of supporting the projects that have been developed independently at most, if not all, Ontario universities in recent years. These include the Centre for Leadership in Learning at McMaster, the Instructional Development Centre at Queen’s, the Teaching Support Centre at Western, the Centre for the Support of Teaching at York and many more.

The Discussion Paper’s proposal for a “more strategic/focused approach” to fund research and

graduate studies only at a few institutions, however, would be extremely contentious. OCUFA supports a model of university education in which research and teaching support and nourish each other, both in large and small institutions. We think all Ontario university students benefit from contact with professors active in research and would oppose a “two-tier” system with teaching-only universities.

System Design

The basic framework of Ontario’s postsecondary system was put in place in the 1960s, when the network of community colleges was created, new universities established and existing universities expanded to accommodate the baby boom generation. This system, with its distinctive role for community colleges and its array of university styles, has served the province extremely well, at least until the recent funding crisis. In recent years, community colleges and universities have worked together to create innovative joint programs and to remove unnecessary barriers for students who can benefit from moving between institutions. These can be expanded, but without undermining the unique role that Ontario’s community colleges have created for themselves over the past four decades.

The Discussion Paper asks whether a body should be established to facilitate transferability by evaluating and giving credit, and notes the example of Ireland’s National Qualifications Authority. This is an idea worth examining in greater detail, with possible reference to other models such as the Alberta Council on Admissions and Transfer. A very different approach is being taken by the European Community through the European Credit Transfer System and the “diploma supplement,” which describes the course work accomplished in sufficient detail that the accepting institution finds it easier to assess what transfer credit may be appropriate. None of these models appears to offer a simple or inexpensive solution, however, so it is worth taking a cautious approach to any major new expenditure of public funds, especially given the urgent need to provide substantial increased funding to expand the system, overhaul student aid and shore up quality.

In addition, these efforts to eliminate unnecessary barriers to transfer of college credits to universities should not be based on misconceptions. If a decision is made to provide high-quality university-level courses in the community colleges, this will not necessarily be less expensive than providing those courses in universities. Alternatively, if college students are given transfer

credit for courses that are not of university quality, this could drop them unprepared into higher level university courses, setting them up for failure and disillusionment. The experience of the venture by many community colleges into Applied Degrees provides cause for concern. This project was supposedly started on a trial basis, but appears to have become permanent without a clear assessment of whether the Applied Degrees are in fact appropriate for students and employers.

As to encouraging specialization, Ontario universities have recognized the value of developing and emphasizing what makes each distinctive. There is a balance to be struck, however, because each university also must be in a position to offer a basic range of programs at high quality to students who may not have the option of relocating to a different community for undergraduate education. A review of the impressive variety already offered at Ontario's universities suggests there is no need for aggressive government action to enforce greater differentiation, although there may be value in steps to encourage unique initiatives from the universities.

Ontario universities have established stringent processes that must be followed before new programs are created, contrary to critics who have expressed concerns about unnecessary duplication in university courses of study. These processes assess the need for the program and the ability of the university to deliver it without impairing other objectives. All this is backed up by serious financial consequences for any university that finds itself offering programs or courses which don't attract enough students to pay the bills. Examples from Ryerson of the detailed procedures involved can be found for current programs at

<http://www.ryerson.ca/acadcouncil/current/pol126.pdf>

and for new programs at

<http://www.ryerson.ca/acadcouncil/current/pol112.pdf>

More generally, Ontario's universities have put in place a process, under the Undergraduate Program Review Committee, which ensures that each institution conducts comprehensive quality reviews on a regular schedule, following agreed-upon provincial guidelines.

The process for creating new graduate programs is even more restrictive, requiring approval from the Ontario Council for Graduate Studies. This council also conducts tough periodic quality reviews of existing graduate programs.

Funding

The Discussion Paper's section on funding presents

a reasonably clear picture of declining public funding for higher education over the past decade, offset to some extent by rising tuition. Alarmingly, however, it does not offer increased direct public funding even as one of several options to consider. It's not a matter of increased funding being theoretically desirable but politically unrealistic. Instead, in the following passage, the paper takes direct aim at the whole idea of government operating grants to community colleges and universities:

Public higher education funding should be targeted to students from low and middle-income families who need the help to attend. At present, however, major public expenditures on higher education are not being targeted on the basis of need. Most provincial spending on higher education is in the form of operating grants to institutions that tend to benefit individuals from higher-income families the most, since they are more likely to attend. (p. 26)

OCUFA disagrees fundamentally with this analysis. The benefits flowing from high quality teaching, research and community service in our postsecondary system are by no means limited to the students who attend. The benefits extend to the entire population of the province, broadly and deeply, for many years into the future. We believe this should be the foundation for the provincial government's willingness to invest taxpayers dollars – in their own interest – in community colleges and universities. If this principle is accepted, there is still room to discuss what proportion of new funding should go to student assistance, what proportion to increased operating grants and what proportion to targeted incentives. The points made in the Discussion Paper about the effects of some tax credits, for example, are well taken. But we strongly urge Mr. Rae and the Ontario government to reject the concept that postsecondary operating grants are intrinsically regressive.

The case for considering public funding of community colleges and universities as an overdue investment in the future of every citizen has only grown stronger in recent years with the release of a variety of research studies. Here are some examples:

- The Panel on the Role of Government in Ontario, appointed by Premier Mike Harris before he left office, issued its report in April 2004 saying 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. Ontario’s current per-student operating grant is more than \$2,200 below the national average and \$3,500 below the leading province, Newfoundland and Labrador. **(See Chart 1)**

- The province’s Task Force on Competitiveness, Productivity and Economic Progress, also appointed by the Harris government, reported in November 2003 that public universities in peer jurisdictions in the United States are able to spend more than twice as much as their Ontario counterparts. The task force concluded that Ontarians are \$965 per capita poorer as a result of investing \$425 per capita less in universities each year than their neighbours. Closing that gap completely to match the Americans would imply increased investments of more than \$4 billion, from both public and private sources.
- The Ontario Alternative Budget, a project of the Canadian Centre for Policy Alternatives

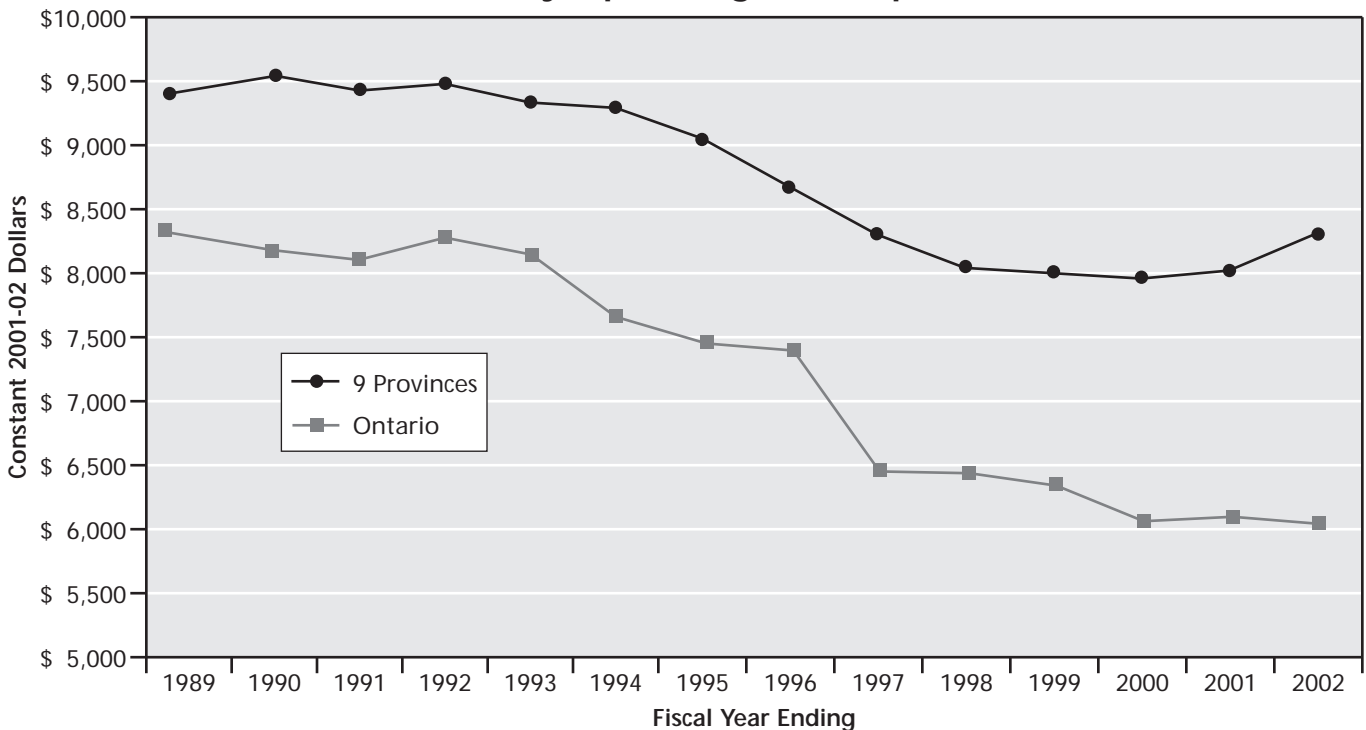
bringing together labour, social action, community and church groups, proposed in its 2004 edition that university spending should be increased by \$1.7 billion to sustain and improve quality while coping with the still-expanding student demand.

- Before any of these studies, then-opposition leader Dalton McGuinty promised during the 1999 provincial campaign that he would raise postsecondary education funding to the national average over the course of his first term in government. This would require an increase of more than \$850 million annually.

Studies also suggest that increased investment in Ontario universities would result in expanded economic growth, resulting in turn in greater provincial revenues.

The Ontario government’s Task Force on Competitiveness, Productivity and Economic Progress, cited above, 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 – the statistic the task force used to represent standard of living. By implication, if Ontario increased its

CHART 1
Ontario University Operating Grants per Full-Time Student



Source: Council of Ontario Universities, 2004 Resource Document

investment in universities by \$1 billion, the province's GDP should increase, eventually, by more than \$2 billion.

A study for the Council of Ontario Universities in 2001 looked in greater detail at the connections between Ontario's expenditures on universities and the payback to the provincial treasury. Based on 1998 data, it found the province investing a total of \$2.1 billion annually and reaping \$3.2 billion in direct and indirect returns. This study examined innovation benefits, the earning power of university degree holders, expenditures in the economy by out-of-province students and by the universities themselves, and costs the province avoids because of the greater propensity of university graduates to give to charities and do volunteer work.

In a similar vein, the Association of Colleges of Applied Arts and Technology of Ontario released a study in January 2004 finding that public investments in Ontario community colleges repay the taxpayer at an annual rate of 12.7 percent, counting the additional earnings of college graduates as well as improved health, reduced welfare, unemployment and crime.

Looking at both community colleges and universities, W. Craig Riddell, in a 2003 paper prepared for the Panel on the Role of Government in Ontario, reviewed the extensive literature, especially in the United States, on the social benefits of higher education. He concluded that a real return to society of 7 to 10 percent annually on the investment "is arguably a conservative estimate."

Looking at all the research, Ontarians can be very confident that if they muster the resources to increase their investment in universities, the benefits to our province will be significant and long-lasting. With increased funding, Ontario universities could expand graduate and undergraduate enrollment, reduce class sizes, lower tuition, improve student aid, catch up in capital investment and deferred maintenance and take other steps to bolster quality.

More information on these issues can be found in an OCUFA Research Report issued in June 2004, "Reaching for the Top: What results could well-funded Ontario universities achieve?" It is at www.ocufa.on.ca

Unfortunately, the "possible approaches to paying for higher education" as set out in the Discussion Paper are tilted from the start against public investment. "More progressive student assistance" is an avenue worth developing, but should not be considered a way to raise overall funding to the levels required. It is also worth pointing out that, since some of the most regressive

existing tax measures are in the federal jurisdiction, persuading a minority government in Ottawa to wipe out tax credits favouring upper-income voters is not an enterprise certain enough of success in a short time frame to be one of the foundations of an effective new provincial strategy for postsecondary funding.

The other options set out on p. 39 of the Discussion Paper can be characterized as: vouchers, income contingent loan repayment and deregulated tuition. OCUFA is opposed to these approaches.

Income contingent loan repayment schemes, in particular, are worth a skeptical inspection. There is no doubt at all that the current student assistance arrangements are in desperate need of a total overhaul. Both in the Discussion Paper and in his public comments, Mr. Rae has made clear his intense interest in a system where students repay their education loans only upon graduation and only when their income reaches a certain threshold. Administered through the income tax system, repayment is also designed to be income sensitive – the more one earns, the larger the repayment.

On the surface, such a system appears equitable and attractive. In reality, such programs are more problematic than they appear, particularly in a Canadian context, where there is a complex interplay between federal and provincial student assistance programs.

It is significant that no Canadian provincial or federal government has created an income contingent loan repayment system for student assistance despite consideration of such schemes by governments of various political persuasions, including the previous NDP and Conservative governments in Ontario and the federal Liberal government in Ottawa. The estimated start-up costs proved too great, the administrative requirements too complex, the banks as partners too uncooperative, and federal government support too uncertain. In other jurisdictions, such as Australia, that have implemented income contingent repayment plans, governments have used such plans to reduce their own funding of higher education and dramatically increase tuition fees, resulting in mounting student debt loads. **(See Chart 2)**

Moreover, in New Zealand concern is rising that its income contingent "Student Loan Scheme" is spurring a "brain drain" of graduates looking to avoid repayment. As of June 30, 2004, while only 6 percent of student loan borrowers were outside the country, 21.5 percent of all borrowers with overdue debt were overseas and

they accounted for 58 percent of all overdue loan payments. (See Table 2)

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

Accountability

OCUFA has called publicly for establishment of a new institution, an Ontario University Advisory Board. If it works well, this body could provide a solid base for open debate and analysis, while giving faculty, staff, students, administrators and the broader community a forum to make their views known. We would not support giving such a body operational, decision-making responsibilities, which are properly the role of government.

The Discussion Paper proposes creating an advisory and monitoring body that would span both the community colleges and universities. Such an

organization would be large, but possibly workable. We would suggest setting it up so that, depending on the topic at hand, those members dealing with universities and community colleges could meet, discuss and develop recommendations either separately or together as one plenary group.

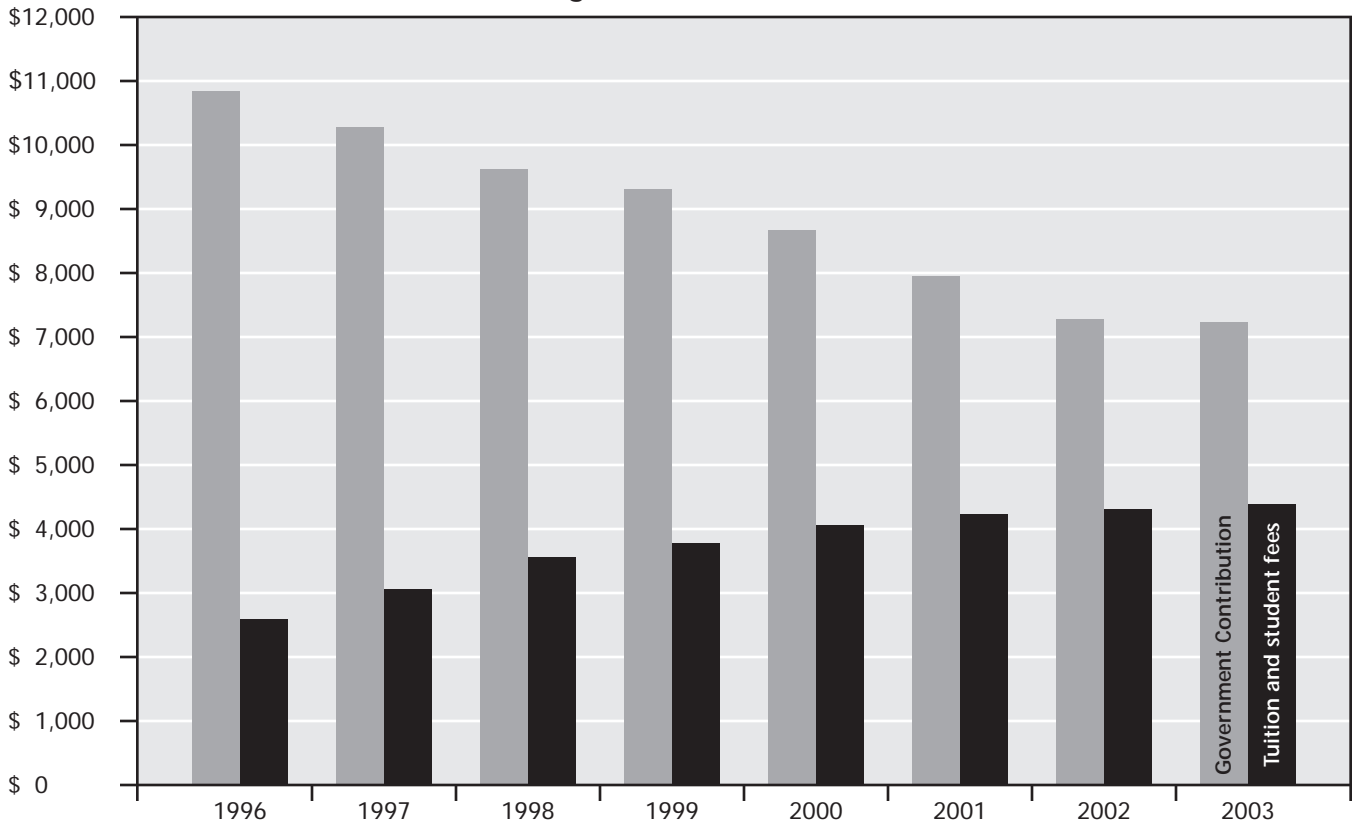
A recent OCUFA Research Report, “Overdue for Renewal,” reviews the different approaches that have been taken over the past 50 years, which have featured cycles of innovation, consolidation and termination. The study is on the OCUFA website at

<http://www.ocufa.on.ca/research/overdue.pdf>

Since 1996, Ontario has been working under a different model: direct government control of funding and reporting measures, with episodic involvement from the public or from favoured stakeholder organizations. The experience has highlighted the failings of this model, as decisions emerged from government ministries without a clear sense of who might have been able to influence them or how.

For faculty and others in the university community, the flaws of the current system were amply displayed over the past several years in the confusing preparations

CHART 2
Australia Universities
Funding Per Full-time Student



Source: National Tertiary Education Industry Union (Figures in Australian Dollars)

for a “double cohort” of students, as the final year of Grade 13 students started class at the same time as the first year of Grade 12 graduates. This could have been planned and executed well in advance, with cooperation from all sides. The reality was very different, as the government awarded capital grants and delayed operating funding in accordance with unrealistic projections developed in back rooms. Even today, the experience of overcrowded lecture halls belies the widespread sense that the double cohort issue has washed away.

If an advisory board of the kind we’re proposing had been in existence several years ago, government officials, university administrators, students, faculty and others could have spent this time working together to prepare, rather than engage in dueling news releases and press conferences.

The Ontario University Advisory Board that OCUFA is proposing would not be a new level of bureaucracy. Instead, representatives of students, faculty, staff, administrators and the public could work out their differences and unite their efforts on behalf of the broader university community. They could oversee the work of a small professional staff that would ensure that objective information was collected, analyzed and made available. This does not need to be an effort to re-invent the wheel. Similar bodies exist in Manitoba, Quebec and Nova Scotia, and there is also an advisory commission covering the three Maritime provinces.

Good policy decisions are dependent on good information and good advice. That is exactly what has been missing in Ontario and could be delivered by a well-designed advisory board.

An accountability issue not raised in the discussion paper is access to information at universities. The Liberal government has spoken at length about its desire to ensure accountability in government, and to

improve access to information about how public dollars are invested. OCUFA supports increasing accountability, including *Amendments to the Audit Act*, legislation introduced last fall which would substantially increase the powers of the provincial Auditor General to monitor public investment in Ontario universities.

A major step towards improving accountability would be to bring universities under the provincial Freedom of Information and Protection of Privacy Act (FIPPA), which has been in effect since January 1, 1988. Despite the fact that FIPPA applies to agencies such as community colleges and school boards, universities have never been included.

OCUFA is not the only body which believes universities should be required to meet provincial access to information standards. In her 2003 Annual Report, the provincial Information and Privacy Commissioner advocated that universities be subject to access to information laws. The legislature’s Standing Committee on the Legislative Assembly has twice recommended that universities be covered, during reviews of FIPPA in 1991, and the Municipal Freedom of Information and Protection of Privacy Act in 1993. Universities are subject to access and privacy legislation in other Canadian jurisdictions such as B.C., Quebec, Nova Scotia, Alberta and Newfoundland and Labrador.

In 1995, the Council of Ontario Universities formulated a common set of access to information guidelines which it encouraged member institutions to adopt. The guidelines are problematic for a number of reasons. Compliance is voluntary; and there is no right to an independent appeal, as the final authority usually rests with the President of the university. In addition, university FOI policies contain wide-ranging exemptions, offer no specified processing time lines, and are unclear in terms of application procedures.

TABLE 2
New Zealand Student Loan Scheme
Overdue Debt Statistics, June 30, 2004

| | | | | |
|---|---------|---|---|------------------------------------|
| NZ resident borrowers | 393,382 | | | |
| Borrowers overseas | 25,379 | | | |
| | | % of total borrowers with overdue debt | Amount overdue NZ\$ millions | % of total overdue debt |
| NZ residents with overdue debt | 41,638 | 78.5% | \$58.0 | 41.7% |
| Overseas borrowers with overdue debt | 11,437 | 21.5% | \$81.1 | 58.3% |

Source: Student Loan Scheme Annual Report to 30 June 2004, New Zealand

An OCUFA study released in August 2004 tested the voluntary system now in place and found it to be severely inadequate. Thirteen of the 20 universities sent a freedom-of-information request failed to provide any information at all. Only three responded fully to all elements of the request. The study, "Restricted Entry: Access to Information at Ontario Universities," is at www.ocufa.on.ca

OCUFA acknowledges that universities do collect and hold information which should remain private. FIPPA establishes privacy protection rules for personal information respecting its collection, use, disclosure, retention and disposal. Individuals may make appeals of denial of access to information and may make privacy complaints to the Information and Privacy Commissioner (IPC). There must also be special protection for such "academic specific" items as proprietary research and teaching materials. Indeed, if universities were covered by FIPPA without appropriate legislated exemptions the cure could wind up being a greater problem than the disease.

Management Board of Cabinet is currently reviewing FOI legislation to see how universities should be included, and the Minister of Training, College and Universities has indicated that she would support amendments to FIPPA to include universities.

Conclusion

For too long, Ontario has allowed its commitment to postsecondary education to slide. We have been living off the momentum of investments made by previous generations. This province's appropriate place is as a leader in Canada and North America, not as one of the laggards. Too much is at stake, both for the students of today and tomorrow, and for the well-being of society-at-large, to allow the decline to continue. The Postsecondary Review marks the best occasion we are likely to see for Ontarians to join together to rebuild and renew our system of higher education.

Despite our serious concerns about some of the directions Mr. Rae has put forward, both in the Discussion Paper and in his public comments, OCUFA remains encouraged by the tenor of the debate spurred by the Postsecondary Review and optimistic about the outcome. We see support building for government action to ward off the peril facing our community colleges and universities and to launch a new era of achievement and distinction. We believe this phase will prove to be the beginning, not the conclusion, of the debate, and we urge all Ontarians with an interest in higher education and in the future of the province to remain engaged in the discussion and supportive of improvements to higher education.

OCUFA

Ontario Confederation of University Faculty Associations
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OCUFA represents some 13,000 members of faculty associations 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 in Ontario universities.

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