



## Policy Paper

---

### System Growth

November 2011

Prepared by:

Natalie Cockburn, Vice President Education  
Federation of Students, University of Waterloo

Sean Madden, Vice President: University Affairs  
Wilfrid Laurier University Students' Union

Kristen Leal  
Federation of Students, University of Waterloo

Luke Dotto  
Wilfrid Laurier University Students' Union

Laura Pin, Research Analyst  
Ontario Undergraduate Student Alliance

## Glossary

*Terms are listed alphabetically, and correspond to the definition of the term used in the policy paper.*

**Ancillary Fees** refers to fees administered by universities or student unions, in addition to tuition, for activities that are not directly related to teaching and learning, including student support services, athletic facilities, health facilities, and student clubs.

**Basic Income Units (BIUs)** refers to a weighting system used to assign operating funding to institutions. Different BIU weights, ranging from 1.0 to 7.5 are assigned to individuals studying in different programs, and different levels. For example, a first time Arts and Science student has a BIU weight of 1.0, while a doctoral student has a BIU weight of 7.5. Each BIU is worth a specific amount of government funding each year, determined by the total amount of funding available for the system as a whole.

**Corridor Funding** refers to a model of funding enrolment where institutions have preexisting targets for enrolment growth and enrolment growth is only funded when it falls within the set targets. During the 1990s, growth was funded through the corridor system.

**Cost Inflation** refers to increases in the amount of money it takes to maintain an accessible, affordable, high quality post-secondary education system in Ontario. It encompasses both increases in the cost of educating an individual student, and also system wide cost-pressure related to increased enrolment.

**Current Replacement Value (CRV)** is a measure used to determine how much money buildings need for maintenance each year; it is generally accepted that 1.5 per cent of the amount of money it would presently cost to replace the facility should be budgeted for maintenance.

**Differentiation** is the idea that institutions should develop different areas of specialization to maximize the efficiency of the post-secondary system. There are many types of differentiation including differentiation by teaching and research, by program or discipline, and by enrolment size.

**Fiscal Full Time Equivalent (FFTE)** is a measurement of the number of students whose study loads in a given fiscal year is equal to the normal full-time study load for his or her program in the academic year. Part-time students are counted using a partial FFTE equivalency based on absolute numbers or course-enrolment.

**Funding** refers to how universities obtain revenue to carry out their operations. The main sources of funding for Ontario universities are tuition fees, ancillary fees, provincial government grants, federal government grants, private donations and endowments. Because of the constitutional responsibilities of Federal and Provincial governments, the majority of funding grants come from the provincial government. The federal government contributes most significantly through research grants.

**Funding Envelope** is a portion of money distributed to institutions for a specific purpose that has its use restricted to this specific purpose or objective. Funding envelopes have been used by the government as a way of influencing university priorities.

**Infrastructure** refers to the physical buildings on university campuses, including academic buildings, student centers, athletic facilities, and any other space used for learning, socializing or research.

**Instructional Capacity** refers to the ability of the university system to meet the instruction demands of the student population, generally done through a combination of tenure-track faculty and sessional teaching faculty.

**Operating Expenditure** is an unrestricted fund that accounts for the institution's primary operating activities of instruction and research (other than sponsored research), academic support services, library, student services, administrative services, plant maintenance, external relations and other day to day operating expenses. Fund income includes provincial operating grants, student tuition and other fees, and any other unrestricted income from private sources.

**Operating Grant (or Basic Operating Grants Envelope)** refers to an unrestricted grant that the provincial government gives each institution to cover day to day teaching and research expenses of universities. The operating grant is calculated by multiplying the enrolment of an institution as measured in FTEs by the BIU count.

**The Ontario Online Institute (OOI)** is a government initiative in the process of being implemented which will provide an online portal through which students can take online courses from many different universities and colleges in Ontario. The final details of the project are still being worked out.

**Pathways** refer to the different educational paths a student may take through post-secondary education, including transfer between colleges and universities.

**Public Post-Secondary Institution** refers to a university or college which receives more than half its funding directly from government sources and is accountable to the government and general public for the service it provides.

**Satellite Campuses** are a learning environment that is a branch or offshoot of another, usually pre-existing and larger, campus in different geographic location.

**Sponsored Research Fund:** is a restricted fund to support research paid either in the form of a grant or by means of a contract from a source external to the institution. Income sources include government (the federal Indirect Costs of Research, Canada Foundation for Innovation, and Canada Research Chairs funding), private industry and donors.

**Strategic Mandate Process** is the process through which institutions and the government are currently negotiating long-term plans for the future direction of individual universities, based on institutional strengths, objectives and goals.

**Sustainability** refers to the ability of the post-secondary system to mobilize sufficient financial and non-financial resources and use these effectively to meet the needs of students and the public over the long-term.

**System Growth** refers to how the Ontario post-secondary system as a whole, including universities, colleges, and apprenticeship programs, will have to grow and change to accommodate future population growth and the projected labour demands of the Ontario economy.

**Total Expenditure** refers to all money that universities spend in a given year on all activities, including those that may not be directly related to the costs of educating students, including capital investments, endowment funds and sponsored research grants.

## Executive Summary

OUSA's policy on system growth is a broad based look at the future structure and function of Ontario's post-secondary system going-forward. Our positions are built with recognition of expected growth, and aim to identify public policy options that will not only sustain but also strengthen the overall health of the post-secondary education system in Ontario in this context of growth. At the heart of our paper is a vision for a public system of post-secondary education, which prioritizes the accessibility, affordability and quality of education. Resource allocation, student experience, government contribution, and desire for a clear direction forward for the entire Ontario system are themes embedded in our policy position.

The policy addresses eight broad areas of the Ontario post-secondary system, making clear suggestions to the government on how students believe current challenges to system growth and sustainability should be addressed:

### Funding

- Raise per student operating funding to the weighted national average;
- Review and amend the BIU weighting system to better reflect costs;
- Tie per student BIU funding to increase at minimum by the rate of inflation;
- Apply envelope funding primarily to initiatives that apply at all campuses;
- Expand mission-related envelope funding through strategic mandates;
- Adopt the corridor funding model to accommodate for changes in student population.

### Cost-Inflation

- Create a task force to address cost inflation at post-secondary institutions;
- Explore strategies for reducing faculty and administrative compensation disparity;
- Encourage compensation restraint by establishing a policy to not fund salary increases beyond a fixed percentage.

### Differentiation

- Pursue a moderate level of differentiation based on discipline/program strengths, through the strategic mandate process between institutions and the government;
- Ensure access to post-secondary education, especially in rural and northern communities is not compromised through any type of differentiation;
- Ensure any degree of differentiation still entails access to a comprehensive education including course selection and cross-disciplinary learning;
- Actively involve students in discussions about differentiation and strategic mandates
- Retain and enhance student support services and quality of teaching in a differentiated system

### Satellite Campuses

- Pursue satellite campuses as a means of broadening access and choice, but should not be viewed as a replacement for traditional campuses;
- Develop minimum standards for student services, course selection, and quality to ensure satellite campuses provide a high standard of education;
- Continue to develop its regulatory regime for the establishment of satellite campuses to ensure campuses are developed where there is appropriate student demand and financial support.

## Online Learning

- Continue to develop the Ontario Online Institute as a means of offering high quality online education.

## Pathways

- Pursue hybrid degree/diploma programs with colleges, but maintain universities as the sole bodies with degree granting authority;
- Improve the credit transfer system to ensure that students do not unnecessarily duplicate learning when transferring between institutions;
- Research the viability of offering full time three year degrees to ensure that they will not compromise quality or access for underrepresented groups.

## Infrastructure

- Make funding for instructional space a priority for government investment;
- Commit to investment in the creation and maintenance of infrastructure in response to efforts to grow the student population in Ontario;
- Increase government investment in deferred maintenance costs;
- Target some elements of maintenance funding to repurposing space to increase their viability for new instructional techniques and learning needs;
- Extend government funding availability to cover residences and other student support services.

## Instructional Capacity & Quality

- Hire new tenure-track faculty to address student-faculty ratios;
- Re-evaluate current faculty teaching loads to determine if faculty resources are being effectively utilized;
- Create teaching focused positions at all universities as a means of reducing the per-unit cost of instruction;
- Incentivize teaching quality through envelope funding

## Introduction

Ontario's post-secondary system has existed in its modern form since the 1960s. In the 1960s, however, post-secondary enrolment was largely limited to a narrow stratum society, and many individuals transitioned directly from secondary school to the workforce. Since then, the structure of Ontario's colleges and universities has remained largely the same, while enrolment has increased dramatically, with many commentators heralding the transition to "universal" post-secondary education. Increased enrolment in post-secondary studies makes sense in light of demographic and economic trends: the population of Ontario has more than doubled in the last 50 years, and more and more jobs require a post-secondary credential. With the expansion of university education have come concerns about the accessibility, affordability, and quality of the post-secondary system. Over the next fifteen years, a combination of population growth and increased participation rates will continue to fuel the expansion of Ontario's university system. Students believe it is important that post-secondary institutions and the government, in conjunction with faculty and students, have a plan in place to address the expected growth of the post-secondary system. This paper is committed to addressing key issues that arise as a consequence of system growth, including funding, cost-inflation, differentiation, satellite campuses, online education, pathways, infrastructure, and instructional capacity and quality. With careful planning, the Ontario post-secondary system can continue to grow, while moving towards a more accessible, affordable and high quality education for students.

**Principle One: All willing and qualified students must be able to access post-secondary education in Ontario.**

A core principle that underlies much of OUSA's policy is that all willing and qualified students must be able to access post-secondary education. In other words, any student who wishes to attend a post-secondary institution and meets the entrance requirements should have the opportunity to enter post-secondary studies. An accessible post-secondary education system is vital to creating a more equitable society, and one which is able to meet the economic needs of the future knowledge based economy. Students believe that any strategic plan for system growth and change must bear in mind the importance of maintaining an accessible and affordable post-secondary system.

## Funding

### Principles

**Principle Two: The post-secondary system in Ontario should continue to grow in light of expected demographic and economic trends, and government goals for post-secondary attainment.**

Enrolment growth in postsecondary education should continue to be a priority for the government. The economic future of Ontario will require a workforce with a postsecondary education attainment rate of over 70 per cent, and Ontario risks a labour shortage of over a million qualified employees by 2030 if steps are not taken to increase participation in postsecondary education.<sup>1</sup> In recognition of this concern, the provincial government has committed to sustained and significant growth in the recent past, including funding 60,000 new post-secondary spaces by 2015.

As the post-secondary system grows, the government must plan effectively around projected trends in population growth, concentration and diversity. Growth in the university system will have to be responsive to demands of population, and provide training to a standard that produces effective and innovative workers. As the government moves forward balancing the priorities of the economy, demographics and quality of education, it is of the utmost importance that any sustained postsecondary system growth be accompanied by a predictable and adequate funding commitment that is sufficient to the government's goals and cognizant of environmental pressures and demands.

---

<sup>1</sup> The Canadian Chamber of Commerce, *Downturn, Recovery and the Future Evolution of the Labour Market* (Toronto: CCC, Feb. 2010). <http://www.chamber.ca/images/uploads/Reports/2010/Labour-Market-220210.pdf>

Well-planned enrolment growth is essential for maintaining an accessible system for willing and qualified applicants, and equipping Ontario for the future, knowledge-based, economy.

**Principle Three: Post-secondary education in Ontario should be delivered through public institutions that receive public funding.**

Universities in Ontario receive their operating funding from two primary sources: grants distributed by the provincial government, and fees paid by students. This 'cost-sharing' system is used around the globe on the belief that because there is a high rate of return to higher education, it is fair to expect that recipients of university education should share the costs associated with that education by paying some tuition. On average, an Ontario university graduate will earn over \$1 million dollars more over their lifetime, than someone who did not pursue education past secondary school.<sup>2</sup> For the student who participates, they have learned valuable knowledge and life skills, harvested relationships, and equipped themselves with the tools necessary to thrive in the changing labour market. At the same time, there is a substantial public benefit in having a well-educated society: individuals with a post-secondary credential who live healthier and longer lives, have better communication and problem-solving skills and self-confidence, and are less likely to commit crimes.<sup>3</sup> Consequently students believe that the government should also be a major contributor to post-secondary education through public funding.

OUSA believes in a system of responsible cost sharing for Ontario's universities where the level of private contribution in the form tuition and fees of should not account for more than one third of the operating costs of universities. While post-secondary education is beneficial to the individual, the benefit to society of having a highly educated population is greater. Therefore, each level of government should contribute one dollar for every dollar of tuition or student fees. To maintain and improve upon the quality of our universities, long-term public investment from the provincial government is necessary.

**Principle Four: Post-secondary operating funding should be provided primarily through a combination of government funding and tuition, not through the charging of ancillary fees or non-tuition private revenue.**

Students accept their responsibility to contribute financially to their post-secondary education; however, are concerned about the recent trend of increasing reliance on ancillary fees and their contribution to university operating budgets. Ancillary fees are often called upon as an alternative revenue stream to make up for inadequate funding through tuition and operating grants. They are also often used to fund capital expenditures for necessary buildings for student health, athletics, and recreational services. This dependence on ancillary fees is problematic for students because it significantly raises the overall cost of education outside of their tuition, makes educational costs less predictable, and is often not accounted for with respect to access to student financial aid. Students believe that ancillary fees should not be viewed as an alternative revenue stream to account for operating funding shortfalls, and should only be called upon for auxiliary student services that students have determined necessary on campus.

Another area of concern is the increased reliance on non-tuition private revenue, including fundraising and endowments for university operating costs. While these private sources are valuable as a strategy for meeting the costs of large capital constructions or providing scholarship support for students, there two major concerns in relying on this revenue to meet daily operating costs: fundraising and endowments are not predictable sources of income, and fluctuate substantially when changes in the economy occur; and the involvement of private donors in the day to day teaching and research of the institution can compromise academic freedom and integrity.<sup>4</sup> OUSA believes that to ensure institutions remain accountable to the public, reliance on private funding and donations for operating funding must be minimized.

---

<sup>2</sup> TD Economics. *Investing in a post-secondary education delivers a stellar rate of return.* (Toronto: TD Economics, 2004).

<sup>3</sup> Ibid.

<sup>4</sup> For example, there have been substantive concerns regarding academic freedom and faculty appointments surrounding the Munk School of Global Affairs and the University of Toronto, which was funded by a private donor.

**Principle Five: Envelope funding is an important mechanism for ensuring institutions are accountable and responsive to public needs.**

While any investment in the post-secondary education system in Ontario is welcome, it is that accountability and transparency are present in how funding is used. Envelope funding, or funding that is restricted for a specific purpose or aim, is a mechanism that allows government investments in post-secondary education to develop the system in a controlled way. Having funding earmarked for specific services or areas of growth can aid in measuring the effectiveness of those investments, and targeting institutions that are falling behind in specific areas. For example, envelope funding for students with disabilities has been relatively successful in ensuring that all institutions have a minimal level of supports for students with disabilities who participate in university. Further, funding envelopes also provide a framework through which the post-secondary system is responsive to the needs of the public. Students believe that specific initiatives related to the demographic, economic and support pressures of the system can be addressed more directly, and accountably, through the use of envelope funding, rather than unregulated investments to general operating budgets.

### Concerns

**Concern One: Under the current Basic Income Unit (BIU) funding system, program weights are arbitrary and may create perverse incentives.**

The Basic Income Unit (BIU) system provides enrolment-based funding through a weighting scheme in which different funding values are assigned by program and year of study. The system assigns each student a weight ranging from 1.0 to 7.5 based on estimates of the relative costs of different programs and different levels of study. Operating funding for a university is then calculated by multiplying enrolment (as measured by Fiscal Full-Time Equivalents or FTEs) by appropriate program weights.

Students are concerned that BIU weights do not represent a fair and accurate assessment of the cost of educating different students. The BIU system has remained virtually unchanged over the past 40 years, despite significant changes in the costs associated with educating students.<sup>5</sup> Moreover, base BIU values fluctuate from year to year: the value of one BIU is dependent on the amount of total system funding available in that year, not the actual cost of educating a student. Further, the weighting of programs based on their “estimated” costs of education has historically been an exercise with less consistency than the BIU system had intended. For example, students registered in an honours program are assigned a higher funding value than those in a three year general degree, despite the costs and content of their programming being virtually indistinguishable for the first two or even three years.<sup>6</sup> This has incentivized universities registering all or most of their students in honours programs and has contributed to the phasing out, of the three-year degree.

**Concern Two: Under the current funding system, per-student funding does not increase with inflation each year, incentivizing enrolment growth as a means of meeting rising costs.**

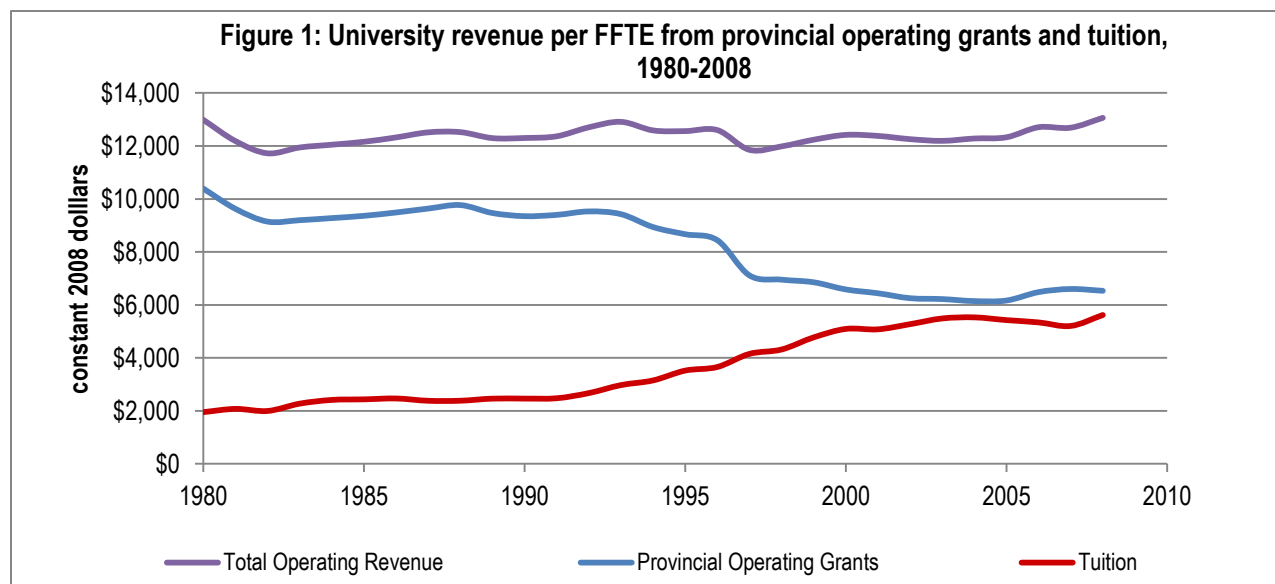
University budgets are dependent on per-student operating funding to maintain and expand their institutions. However, historically there has been no policy, and little political will, to increase the actual value of per student funding from year to year to meet additional costs associated with increased enrolment and inflation: as Figure 17, displays the amount of per-student funding provided through provincial operating grants, including the BIU, has declined over the past 30 years, when adjusted for inflation.

<sup>5</sup> Postsecondary Finance & Information Management Branch Ministry of Training, Colleges and Universities. *The Ontario Operating Funds Distribution Manual 2009-10 Fiscal Year*. (Toronto, 2009).

<sup>6</sup> Postsecondary Finance & Information Management Branch Ministry of Training, Colleges and Universities. *The Ontario Operating Funds Distribution Manual 2009-10 Fiscal Year*. (Toronto, 2009).

<sup>7</sup> Snowdon & Associates. *Revisiting Ontario College and University Revenue Data*. (Toronto: Higher Education Quality Council of Ontario, 2009).

Without built-in funding increases for inflation and other costs and with all new government revenue tied to enrolment growth, universities have predictably grown; they have effectively had no other choice.<sup>8</sup> This practice is unsustainable, and one that ultimately encourages universities to engage in practices that limit the portion of their operating budgets actually spent on students. This reality derives largely from the fact that students do not simply bring more revenue. Students require housing, instruction, support services, quality classrooms, study facilities and



increasing amounts of sophisticated technology to be satisfied with their post-secondary experience. Unfortunately, total institutional operating revenue has remained roughly the same per-student since 2008, while university expenditures related to salaries, student support services and merit-based scholarships have all increased per-student. The result has been smaller portions of new system revenue available for the kinds of new investments needed to adequately support new students. Without new, per-student funding, universities will only be able to increase their revenue through growth.

**Concern Three: Many institutions in Ontario receive more than half their operating budget through tuition and other private revenue sources; including ancillary fees, donations and revenue generating services on campuses.**

In the past 20 years, provincial operating grants as a proportion of the total operating revenue have declined from an average of approximately 80 per cent of operating revenue to an average of just over 50 per cent of operating revenue (Figure 1). Since 1988 student contributions to university operating budgets have risen dramatically from 19 to 43 per cent. As a result the cost of tuition has risen significantly both in absolute terms and proportion of the total operating budget. Since the implementation of the current tuition framework in 2006, where increases to tuition are capped at 5 per cent annually for most undergraduates<sup>9</sup>, the cost of an undergraduate education for an Arts & Science student has increased from \$5,155 to \$6,640 (2011-2012), making Ontario the most expensive province in which to attend university. Tuition rates cannot continue to increase at over double inflation, particularly in a context where incomes have stagnated for many Ontario families. At the same time, in the absence of increased government investment in operating budgets, institutions are concerned about having enough funding to provide a high quality education. Students are concerned that the continuation of this trend towards more than a third of institutional costs

<sup>8</sup> Clark, Ian D., Greg Moran, Michael Skolnik, and David Trick. *Academic Transformation: the Forces Reshaping Higher Education in Ontario*. (Montreal: McGill-Queen's UP, 2009).

<sup>9</sup> Professional undergraduate programs (ex. law, commerce, engineering) are capped at 8 per cent in the first year and 4 per cent each of the following years.

being met through tuition, ancillary fees, donations and revenue generating services will jeopardize the sustainability of the post-secondary education system because of its impact on affordability and accessibility.

**Concern Four: Direct per-student funding in Ontario is the lowest of any Canadian province, and the current level of funding is inadequate.**

Ontario lags behind most other provinces and the national average with respect to both per student funding. Compared to other provinces, Ontario has the second lowest expenditure on post-secondary education as a percentage of the Gross Domestic Product (GDP) as displayed in Table 1<sup>10</sup>, and the proportion of the GDP being spent on post-secondary education in Ontario has declined by approximately 15 per cent in the last 15 years.

**Table 1: Provincial expenditure on post-secondary education as a percentage of provincial GDP**

	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC	CAN
<b>1992/93</b>	2.53%	1.81%	2.18%	1.81%	2.18%	1.20%	1.24%	1.49%	1.37%	1.54%	1.54%
<b>2008/09</b>	1.10%	1.45%	2.07%	0.94%	1.60%	1.00%	1.14%	1.10%	1.16%	1.20%	1.20%

Despite having the largest student population out of all the provinces, per student funding in Ontario was \$10,222 per FTE in 2010-11, the lowest of all Canadian provinces and well below the national average of \$15,771.<sup>11</sup> Many stakeholders in the post-secondary education sector have raised concerns that the current level of funding is inadequate to maintain a high quality education.<sup>12</sup> Moreover, insufficient provincial support has pressured institutions to find alternative funding, leading to higher tuition rates and in some cases compromised programming from institutions. While the government has committed to funding enrolment growth for 60,000 new spaces, Ontario students are concerned about the absent assurance that new and existing student spaces will be provided with adequate funding from the provincial government to meet educational costs.

**Concern Five: If executed ineffectively, envelope funding can create duplication in the system by encouraging the homogenization of institutions.**

Envelope funding has been used as a way of ensuring that institutions meet funding demands in the areas of strategic priority for the provincial government. In many cases, envelopes tend to be based on trends in post-secondary education that the government wishes to capitalize on, which can lead to the emergence of similar projects or programs on different campuses. There is concern that the funding of these projects can take money out of the operating budget for areas of core functionality or higher priority for the institutions. Further, there is concern that envelopes, if targeted inappropriately, encourage the development of the same strategic areas on campus, and in some cases can result in unnecessary duplication and homogenization. For example, in 1998 under the Access to Opportunities Program envelope there was the establishment of a fund for increasing enrolment in computer science and high-demand engineering programs at universities and colleges.<sup>13</sup> This resulted in many institutions, some of which had not previously specialized in computer science, developing academic programs to access the funding envelope. The objective of the ATOP program was to double entry-level domestic student enrolment over 1995-96, however, the collapse of the IT sector in the early 2000s led to serious job concerns for graduates in these fields.

<sup>10</sup> Adapted from: Canadian Association of University Teachers. *2010-2011 CAUT Almanac of Post-Secondary Education in Canada*. (Ottawa: CAUT, 2011).

<sup>11</sup> Calculated from: Canadian Association of University Teachers. *2010-2011 CAUT Almanac of Post-Secondary Education in Canada*. (Ottawa: CAUT, 2011). The funding per student in each province was calculated by dividing total operating funding from the provincial government by enrolment, as measured by FTE. The measure of average funding per student includes both undergraduate and graduate students.

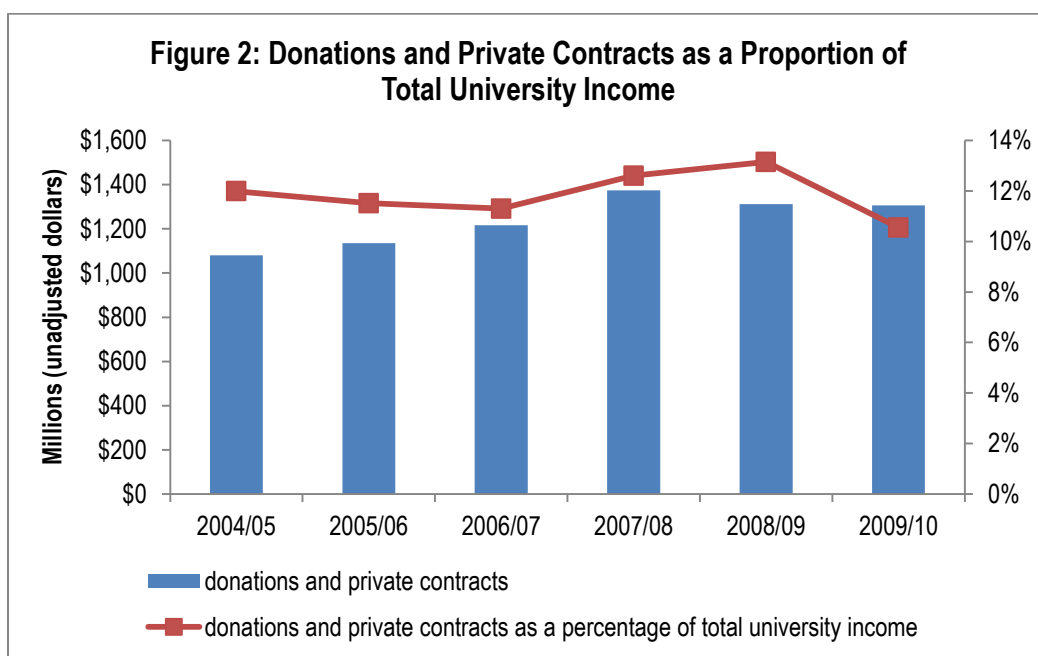
<sup>12</sup> For example: Ontario Confederation of University Faculty Associations. *Leading Higher: Funding for Ontario Universities*. (Toronto: OCUFA, 2007).

<sup>13</sup> Postsecondary Finance & Information Management Branch Ministry of Training, Colleges and Universities. *The Ontario Operating Funds Distribution Manual 2009-10 Fiscal Year*. (Toronto: 2009).

Another example is the Graduate Expansion envelope, which has incentivized institutions that had not historically had large graduate programs to expand graduate studies to access this funding, whether or not the institution has the infrastructure in place to create a high quality graduate program, or deal with the indirect costs of research.<sup>14</sup>

**Concern Six: The use of private revenue to fund academic programs may undermine institutional autonomy and erode the quality of the undergraduate student experience, and cannot adequately address funding shortfalls.**

In light of funding constraints, there has been an increased emphasis at the institutional level on attracting private donations. Students are concerned that this is a misplaced and inefficient use of university resources. There is some evidence to suggest that there is a relationship between the emphasis on fundraising and the recent increase in expenditure on number of senior administrators devoted to fundraising.<sup>15</sup> While private sector donations have held steady over the last six years (see Figure 2<sup>16</sup>), there has been a shift in the effort and investment put into fundraising, marketing, branding, and soliciting private donations.<sup>17</sup>



It is important to consider that private donations have held steady throughout a major economic downturn throughout 2008 and 2009, which is a likely explanation for why increased efforts have not yielded major increases in donations. Students are concerned that private donations are not yielding a high return on investment for universities when the administrative time and salary costs are considered as part of the overall equation.

Additionally, private donations to universities end up being heavily subsidized by the Ontario government as a result of generous tax credits. While this is positive with respect to philanthropy and corporate social responsibility, it is the position of students that the post-secondary education system in Ontario would benefit more from direct investment

<sup>14</sup> Clark, Ian D., Greg Moran, Michael Skolnik, and David Trick. *Academic Transformation: the Forces Reshaping Higher Education in Ontario*. (Montreal: McGill-Queen's UP, 2009).

<sup>15</sup> Essaji, Azim and Horton, Sue. (2010). Silent escalation: salaries of senior university administrators in Ontario, 1996–2006. *Higher Education*. 59: 303–322.

<sup>16</sup> Calculated from: Canadian Associations of University Business Officers. *Financial Information of Universities and Colleges*. (Ottawa: CAUBO, 2004/05 to 2009/10).

<sup>17</sup> Essaji, Azim and Horton, Sue. (2010). Silent escalation: salaries of senior university administrators in Ontario, 1996–2006. *Higher Education*. 59: 303–322.

into the system rather than indirect investment through the corporate tax credits government provides to help subsidize corporate investment. Finally, heavy reliance on private donations leads to less predictability for funding during an instable economy, calling into question its use as a long-term strategy.

In addition to return on investment and predictability concerns, private funding also raises a number of questions around institutional autonomy, academic freedom and quality. Heavy reliance on private donations leads to less autonomy for the use of funding, which means that institutional needs and priorities could be neglected because they are not viewed as important or beneficial to the donor. The Balsillie School of International Affairs at the University of Waterloo, and the Munk School of Global Affairs at the University of Toronto, are two examples of private funding intervening on the home institutions' ability to remain autonomous. In these cases the donors not only dictate where the money is invested, but also intervened in the basic policies and operations of the institution by participating in the hiring process of faculty and administrators.<sup>18</sup> Students believe that such encroachments from the private sector limit the ability of institutions to provide a balanced, high quality education to students.

OUSA recognizes that private revenue is an important component of overall funding for institutions, as well as stakeholder and industry relationships. That being said, there are instances where this funding is not appropriate, such as those that deal directly with academic program design. We do not seek to have the government implement limitations and restrictions on the amount of funding that can be accessed from private sources, but we urge the government to recognize that private revenue is not a suitable alternative to public funding or a solution to system sustainability.

## Recommendations

**Recommendation One: The government should raise per-student operating funding to the weighted national average, to better reflect the costs of providing a high quality post-secondary education.**

An increase in per student funding is critical to addressing current funding shortfalls, public ownership, and the future health of the post secondary education system. OUSA recognizes that Ontario's per student funding allocation is strained because of our higher enrolment numbers relative to other provinces, and that this must be taken into account. Students, therefore, believe the fairest, affordable and equitable solution is to raise provincial funding to match a national average weighted by provincial enrolment. Raising funding in Ontario from \$10,222 per student to the weighted national average of \$13,309 would cost the provincial government approximately \$680 million dollars.<sup>19</sup> This solution is mindful of the fact that Ontario wishes to continue to increase enrolment in the short term, and allows for this increase to happen without creating undue financial strain on the provincial government.

**Recommendation Two: The provincial government, in conjunction with institutions, faculty and students, should review and amend the BIU weighting system to better reflect the actual costs of educating students in different programs and years of study.**

The somewhat arbitrary nature of the BIU weighting system has given rise to concerns that the programs are inappropriately funded, and that some programs may be subsidizing others. The BIU system has been the funding standard for over 40 years, and many of its programming estimates are out of date. As the BIU system is intended to provide stability, equity and predictability in the funding process the government should embark on a review of the weightings to ensure that the actual costs of educating a student in different programs and levels are accurately reflected by the funding formula. This review process should involve all stakeholders, including administrators, the government, faculty and students.

**Recommendation Three: To reflect reasonable cost increases, per-student BIU funding should increase annually by a minimum of inflation.**

<sup>18</sup> Caplan, Gerald. *Money really can buy anything – even at the University of Toronto*. (Toronto: The Globe and Mail, December 17<sup>th</sup>, 2010).

<sup>19</sup> Based on data from the Canadian Association of University Business Officers for the 2009/2010 academic year.

With the BIU comprising the bulk of an institution's base operating budget, the continued stagnation of per-student funding is having an impact on many elements of universities' operations. Expecting that the shortfall in operating revenue will be addressed through an increasing reliance on tuition fees, not only places an unfair burden on students, but is also complicated by expected regimes of tuition regulation. As the government moves forward with a system designed around intelligent growth it will have to accommodate institutions experiencing large enrolment growth, as well as those in areas where population growth has stagnated. To provide all institutions an alternative to enrollment growth driven funding, as well as accommodate for inflationary cost-increases, the government must expand their contribution to the operating budgets of Ontario universities by indexing annual BIU weightings to at least inflation.

**Recommendation Four: To avoid the homogenizing effect of universal envelopes, most envelope funding should primarily be used to encourage initiatives that apply to all institutions, regardless of strategic mandate.**

Envelope funding is an important tool available to the province to shape institutional behaviour. It is important that strategic mandates and the desire for moderate levels of differentiation be carefully considered in evaluating which areas are targeted through envelope funding so as to avoid unnecessary duplication of resources and homogenization on university campuses. Envelope funding should be dedicated primarily to those areas that are of importance on all campuses regardless of the institutions strategic mandate. Teaching quality is an example of an area that would be well suited to envelope funding, because it is something that is necessary on all campuses, regardless of what programs are excelling, where growth is targeted, number of students, and so on. By contrast, there are other initiatives that may be more applicable or efficient on specific campuses, such as a technology envelope. These initiatives would be better suited to being funded through the process of negotiation of strategic mandates, and tied to the operating budget in that way.

**Recommendation Five: The government should continue to use the mission-related envelope to support differentiation as outlined through each institution's strategic mandate.**

As part of its slate of funding envelopes, the Ontario government offers a set of mission-related grants. These are grants designed to offset additional costs that an institution may face in fulfilling a government mandate; this might be a mission to provide access for targeted demographics like rural or northern students, maintaining bilingual services and education offerings or some elements of differentiation. This practice provides some accountability through maintaining a silo of funding that should be used only in fulfillment of its mission, and serves as a foundation for future handling of mandate driven funding. Concerns around the use of investments to the base operating budgets on administration and faculty salary and benefits indicate the need for clearly structured use of resources. Differentiation envelopes tied to the fulfillment of the strategic mandates negotiated with the institutions would ensure that investments made to the system are best used in support of its students and in support of the system-wide vision of the government. For this reason, OUSA recommends that mission related envelopes be the method by which strategically mandated differentiation is supported by the government, discussed further in the differentiation section.

**Recommendation Six: The government should develop mechanisms to ensure a consistent vision and timeline for envelope funding, including a guaranteed lifespan for the funding to better facilitate long-term planning at the institutional level.**

Because of the potential for accountable and effective investments offered by enveloped funding the government should work to enhance the process in order to mitigate universities' concerns around their viability for institutional initiatives. Chief to be addressed are consistency of timeline, implementation and application processes, and including some guarantees around the lifespan of the programming.

As the government moves forward with introducing mechanisms to improve and build upon the existing envelope funding it should consider the granting of an envelope within the comprehensive vision of a university's strategic mandate in order to ensure that it adds the maximum value. As has been the case with research driven funding regimes, or enrolment growth as a method to compensate for operating shortfalls, university administrations will pursue nearly any avenue of funding. Future envelope granting schemes will have to be appropriate for the project and institutions involved; the lifespan and monies provided by the envelope should fully fund the intended mission over a workable period of time while governed by clear, agreeable and measurable expectations.

**Recommendation Seven: The government should adopt a corridor model of funding to accommodate changes in the student population in different regions, based on system-wide growth projections and input from institutional planners.**

In order to provide predictable, planned funding of new enrolment spaces at Ontario's universities, the government should renew its commitment to corridor funding, which has been made obsolete by growth incentives. This would enable the government to set differential targets for enrolment growth, in conjunction with the different expectations of population growth in different regions of Ontario. For example, institutions in the GTA, where substantial population growth is expected in the near future could have a higher enrolment target than institutions in northern areas where the population is expected to stagnate or decline. The government would then agree to fund institutions' enrolment growth, as long as it stayed within a certain range (or corridor) of the enrolment target. For example, if the University of Waterloo's enrolment growth target is a 4 per cent increase in enrolment, and the corridor is 2 per cent, UW could enrol up to 6 per cent more students and receive funding for all of them. If, by some chance, enrolment were to decline slightly or stagnate, a constant level of funding would be guaranteed. This would provide institutions with stability and predictability in funding, and the use of differential targets would avoid penalizing those institutions that do not experience strong enrolment growth.

## Cost Inflation

### Principles

**Principle Six: The government and post-secondary institutions need to have a plan in place to deal with rising costs, particularly in the context of projected increased enrolment.**

Post-secondary education in Ontario is reaching more students than ever before. In the 2010/11 academic year, more than 420,000 students were enrolled in Ontario's universities, eclipsing university enrolment a decade earlier by more than 50 per cent.<sup>20</sup> Given predictions that over 70 per cent of future jobs will require a post-secondary credential, as well as the Ontario government's commitment to reaching this target, there has been a need to inject new funds into the system to accommodate the growth.<sup>21</sup> Over the last decade, Ontario universities nearly doubled spending from \$3 billion to \$6 billion, yet this increase in funding was barely enough to keep pace with increased enrolment, let alone increase per-student funding to meet inflationary costs.<sup>22</sup> Projected future enrolment growth will necessitate the continued investment of new money into the Ontario post-secondary system, to maintain a high quality, affordable system. Recognizing this, the current government has committed to funding 60,000 new post-secondary spaces over the next five years. It is important that the government continue to plan for enrolment growth, as well as budget for inflation and other cost-pressures, when planning for future operating transfers to post-secondary institutions.

---

<sup>20</sup> Calculated from: Council of Ontario Universities, *Common University Data Ontario* (Toronto: COU, 2010).

<sup>21</sup> Government of Ontario. *Speech from the throne: Open Ontario Plan*. (Toronto: Government of Ontario, 2010).

<sup>22</sup> Snowdon & Associates. *Revisiting Ontario College and University Revenue Data*. (Toronto: Higher Education Quality Council of Ontario, 2009).

**Concern Seven: The cost of providing a high quality post-secondary education is rising at an unsustainable rate.**

The Ontario government has made significant investments in post-secondary education, most notably with its Reaching Higher plan beginning in 2005. After adjusting for inflation, government operating revenue for universities in 2010 was 50 per cent higher than in 2000. When controlling for enrolment and inflation, government operating funding kept pace with growth and held constant at just over \$8,500 per full-time student.<sup>23</sup> In addition to the recent influx of government funds, the other major revenue source for universities – tuition and other student fees – has also increased substantially over the past decade. Largely due to these tuition increases, institutional revenue per-student has increased by more than \$1,000 after adjusting for inflation since 2000.<sup>24</sup>

Despite the recent investments in higher education by government and students, many institutions argue that universities continue to face severe cost constraints in delivering a high quality post-secondary education. The crux of these arguments hinges on two issues: the need for increased resources to accommodate an increasing numbers of students, and the reality that costs in the university sector are increasing more quickly than inflation in the broader economy.

Students are concerned that this focus on increasing revenue ignores concerns that the cost of a post-secondary education has been rising by an unsustainable rate. While administrators may argue that they continue to face cost constraints in delivering a high quality education, students are hard-pressed to cover rising tuition costs. In addition, in the current climate of fiscal constraint, the government is unlikely to have the capacity substantially increase per-student operating funding. With the current 5 per cent annual increase in tuition being unsustainable for students, and no substantive new funding available from the provincial government in the foreseeable future, the current rate of cost-inflation at Ontario institutions is unsustainable.

**Concern Eight: Salary, pension and benefit costs have risen substantially in the past ten years, necessitating a greater portion of funding be used to meet these costs.**

To a large degree, any increase in funding that has occurred over the past five years has been used to meet rising salary and benefit costs at universities. Expenditure on salaries comprises 57 per cent of total university expenditure, and 72 cents out of every new dollar spent on per-student funding since 2005 has gone towards salary-related costs (see Figure 3<sup>25</sup>). The majority of this increase has been in academic salaries and benefit costs. Academic salaries comprise approximately 70 per cent of all salary spending at Ontario universities. In addition, evidence suggests that increased expenditure has by and large not been used to hire increased faculty to accommodate for increased enrolment. A survey of 12 Ontario faculty counts, displayed in Figure 4<sup>26</sup> found that from 2004/05 to 2009/10 the number of faculty did not increase, although compensation per faculty increased by just over \$20,000. While it is clear that the expenditure on academic salaries is increasing, it is less clear how much of the increase is for more faculty members, perhaps needed to accommodate the increased enrolment at Ontario universities, and how much is going to increased compensation of current faculty.

---

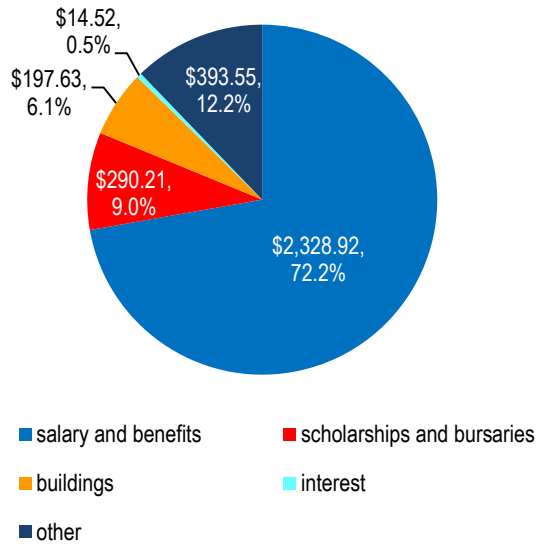
<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

<sup>25</sup> Calculated from: Canadian Associations of University Business Officers. *Financial Information of Universities and Colleges*. (Ottawa: CAUBO, 2004/05 to 2009/10).

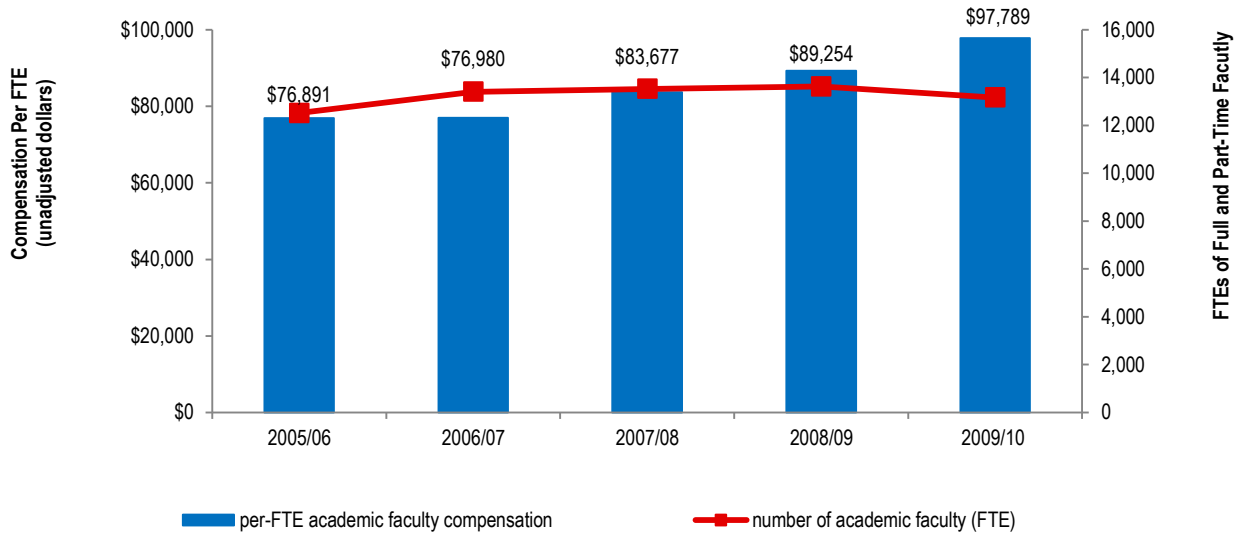
<sup>26</sup> Ibid. Excludes institutions that did not have information available on part-time faculty (Western, McMaster, Windsor, Queen's, Guelph, Algoma, OCAD, UOIT).

**Figure 3: Increase in total expenditure per FTE from 2004/05 to 2009/10**



In addition to academic salaries, salaries for senior administrators have also increased substantively over the past decade years. Studies estimate that real compensation growth for administrators escalated to 5.2 per cent annually from 2002 to 2006.<sup>27</sup> Analysis of salary data from 2005 to 2010 shows the average earnings the average salary of university vice presidents increased from \$200,000 to \$260,000 while the average university president's salary increased from \$285,000 to \$355,000 per annum (excluding taxable benefits like housing and vehicle allowances).<sup>28</sup> In addition to per-administrator salary increases, there is also evidence suggesting the number of senior administrators has increased over the past decade, with some studies suggesting the number of senior and other administrators has doubled from 2000 to 2009.<sup>29</sup>

**Figure 4: Per-FTE academic faculty compensation at select Ontario universities from 2005/06 to 2009/10**



<sup>27</sup> Essaji, Azim and Horton, Sue. (2010). Silent escalation: salaries of senior university administrators in Ontario, 1996–2006. *Higher Education*. 59: 303–322.

<sup>28</sup> Calculated from: Government of Ontario. (2005 to 2011). *Public Sector Salary Disclosure*. Toronto: Queen's Printer for Ontario. Calculations excluded administrators beginning or leaving a position in a given year, interim and temporary appointments. Calculations also exclude taxable benefits, like accommodation and car allowances.

<sup>29</sup> Ontario Confederation of University Faculty Associations. *Data Check: Admin numbers and salary soaring*. (Toronto: OCUFA, 2009).

Finally, benefit costs are another area that has had substantive cost-inflation in recent years. Since 1987-88, total expenditure on university benefits has risen approximately 147 per cent.<sup>30</sup> Over the past five years, the portion of the general operating expenditure devoted to benefits has been increasing at approximately 12.5 per cent annually for a cumulative increase of 55.7 per cent over the last five years.<sup>31</sup> While some evidence suggests that health plan premiums have been increasing over the past of the years, the bulk of the increase has generally been attributed to pension costs. In recent years, several trends in the university sector have contributed to a pension shortfall including the use of pension surplus funds to compensation for operating funding shortfalls in the 1990s, the elimination of mandatory retirement, and the poor market performance of pension funds in 2007 and 2008.<sup>32</sup>

The pension-funding crisis has significant implications for cost inflation because additional funds needed to eliminate the deficit will come from the operating budget. The COU puts it bluntly stating, “With tight operating budgets and little capacity to generate additional revenue, the outcome is very direct—any additional pension costs divert spending from educating students”.<sup>33</sup> These issues have begun to be addressed through solvency relieve plans for universities, and increases in the employee contributions in pension plans, but continue to exert cost pressures on university budgets.

---

**Recommendation Eight: The government should create a task force to investigate cost inflation at post-secondary institutions, and suggest strategies for cost containment.**

If public resources are going to continue to be restrained, balancing the accessibility and quality of the system will continue to be a tension moving forward. Most of the recent discussion about university costs has focused on how to increase revenue, rather than how costs can be contained, yet given the current fiscal environment it seems unlikely that there will be an increase in public resources for post-secondary education. Continual reliance on increased revenue through tuition is an unacceptable solution. Gaining a strong understanding of the key drivers of cost inflation in the university sector can help students, government, institutions, faculty and other stakeholders develop strategies for a more effective and efficient use of resources. This in turn will ensure that our system can achieve the goal that all stakeholders aspire to: delivering a high quality education to all willing and qualified students in Ontario.

The Ontario government should create a taskforce, composed of all stakeholders in post-secondary education, including students, faculty, administrators and support staff, to investigate cost inflation at Ontario universities and suggest strategies for cost-containment. This should not be construed as a statement that current university funding is adequate, or that all rising costs are unjustified. However, for public investment to be truly impactful, the sector must learn to better optimize resources than is currently the case. Students look to government to kick-start a discussion on cost-containment in the Ontario university sector. This will unlikely be an easy discussion, but it is absolutely necessary.

**Recommendation Nine: The government should explore strategies to encourage compensation restraint**

In many ways, the current rate of administrative and faculty salary rise across institutions has been passed onto students in the form of increasing tuition. This is not to say that professors or executive heads are overpaid or undeserving of competitive compensation. However, the in a context where Canada’s post-secondary expenditure leads the world<sup>34</sup>, yet still struggles to invest adequately in quality for students, more must be done to bring inflating costs under control.

---

<sup>30</sup> Council of Ontario Universities. *Ontario Universities Resource Document*. (Toronto: COU, 2007).

<sup>31</sup> Calculated from: Canadian Associations of University Business Officers. *Financial Information of Universities and Colleges*. (Ottawa: CAUBO, 2004/05 to 2009/10).

<sup>32</sup> Council of Ontario Universities. *Final Report of the Working Group on University Pension Plans*. (Toronto: COU, 2010).

<sup>33</sup> *Ibid.*

<sup>34</sup> Organization for Economic Cooperation and Development. *Education at a Glance 2010: OECD Indicators*, Table B2.1. (Paris: OECD, 2010).

To encourage compensation restraint, the government should investigate strategies to limit the increases in salary scales. These strategies could take a number of forms, and different options should be explored with regards to both faculty compensation packages and administrative compensation packages, with input from students, faculty and administrators about what is realistic, fair and workable.

## Differentiation

### Principles

**Principle Seven: Moderate strategic differentiation is important in the university system to ensure institutional diversity, clarity of student choices and individual program quality.**

There is growing concern over the sustainability of the Ontario post-secondary education system; both from the perspective of the student experience and quality of education, as well as the resource availability and allocation perspective whereby government commitments are increasing and available resources are in decline. While the exact formula for differentiation varies in definition, there is growing recognition that differentiation if executed effectively and carefully, of Ontario's university sector can provide clear and tangible benefits for students, institutions and governments.

From the student perspective, HEQCO notes that, "greater differentiation offers clearer choices from a larger number of higher quality programs, clarifies the institutions that best serve their career and personal aspirations, and facilitates mobility and transitions between institutions in Ontario's postsecondary system."<sup>35</sup> From the government perspective, increased differentiation is a partial solution for massive resource constraints, can reduce existing duplication from the system, allows for better tools to achieve public goals, and puts the government in a better position to begin to address issues of quality in the system. Finally, from the institutional perspective, differentiation allows for institutions to focus on the areas of greatest interest and performance, dedicating more resources to these causes, and provide higher quality experiences both inside and outside the classroom.<sup>36</sup>

**Principle Eight: Teaching and research should be viewed as equally valuable and important in planning for growth.**

Teaching and research are inextricably linked. Separating teaching and research entirely through differentiation raises questions about quality, as it is important for students to have access to leading research, and have opportunities to develop their research potential in an environment that relates and develops research effectively. In order for universities to continue to spawn local economic development, innovative industries, and new jobs, research and teaching must not be distinguished all together, but rather integrated into the entire educational experience. This is a philosophy that Ontario should strive to maintain as different concepts of differentiation are explored. Differentiation should be horizontal; any measures that will create hierarchy or incentivize either teaching or research above the other has the potential to adversely affect education quality.

**Principle Nine: Any further differentiation of the university system should not diminish student access to university education.**

---

<sup>35</sup>Weingarten, H.P. and Deller, F. The Benefits of Greater Differentiation of Ontario's University Sector Final Report. (Toronto: HEQCO, 2010).

<sup>36</sup> Clark, Ian D., Greg Moran, Michael Skolnik, and David Trick. *Academic Transformation: the Forces Reshaping Higher Education in Ontario*. (Montreal: McGill-Queen's UP, 2009).

Any further differentiation in the system should not compromise the philosophy that all willing and qualified students in Ontario should have access to a high quality, affordable post-secondary education system. Social barriers, economic barriers, locational barriers, and systemic barriers all stand in the way of many highly qualified students from pursuing their desired stream of specialized education. As the system develops and as institutions become moderately differentiated they should not lose their focus on recruiting and educating the best and brightest regardless of the barriers on the pathways to education. The differentiation process should always be cognizant of barriers that exist for students to post-secondary education and should not exacerbate existing ones. The net number of spaces available should not be limited, and the degree of choice available to students should be maintained to the greatest extent possible.

**Principle Ten: Differentiation should not mean differentiated levels of student support; all institutions should maintain robust student support services that contribute to a high quality student experience.**

Robust student support services exist to provide students with a safe and empowering campus environment that enables them to pursue their education as successfully as possible. Student support services should not be affected by any method to which differentiation is approached. While it may be appropriate for an institution to become differentiated academically from other institutions, the support services available to students should not be adversely affected. The support given to students during their time at university is invaluable to their development and success; It should not be affected by any changes in differentiation made at an institution.

**Principle Eleven: Differentiation is not the sole solution to issues of system sustainability.**

Differentiation is an incremental step toward system reform that will improve sustainability. In the short term, moderate levels of differentiation must be pursued in parallel with other policies that will strengthen the sustainability of the system such as increased funding, examination of faculty compensation and teaching loads, and other measures of reducing rapidly increasing costs. In the long term, OUSA strongly believes that the level of differentiation that would be appropriate for the system will not sufficiently address the funding and sustainability pressures that are currently being faced by the system. While the system-wide march towards homogeneity and research and graduate education could be brought under control by a process of differentiation, many of the operating expenses associated described in this report would continue to inflate regardless of the content of an institutional mission statement. For example, academic salaries have risen at an average rate of 4.07% per annum.<sup>37</sup> Not only are these increases one of the primary drivers of cost inflation, but also the collective bargaining process limits the authority of the provincial government to regulate them. Regardless of any potential differentiation process, professors will continue to teach classes and support staff will continue to be needed at universities. These employee units will all continue to bargain collectively. To date, the portion of overall cost inflation driven by salaries has resisted any sort of government control, a trend unlikely to be changed dramatically by government-mandated shifts to university mission statements.

Potential relationships between differentiation and cost inflation have yet to be fully explored. Broadly however, it can be said that differentiation has some potential to address cost inflation, but is unlikely to be a silver bullet. Many of the trends revealed in this expenditure-side analysis stem from salary and space issues outside the typical purview of institutional mission statements.

**Principle Twelve: Institutional autonomy is important in any model of differentiation.**

University administrators, faculty and students at a given institution are in uniquely positioned to identify the needs of their respective institutions and how to achieve them. They are keenly aware of the specific needs of their student population, faculty, communities and their role in meeting those needs. It is important to allow administrators the flexibility required to allocate resources and make strategic decisions for their campuses.

---

<sup>37</sup> Data compiled from six annual editions of the "Salaries and Salary-Scales of Full-Time Teaching Staff At Canadian Universities" report put out by Statistics Canada.

That said, there is a place for government involvement in the overall design of the higher education system, especially in the context of achieving differentiation. Collaboration between governments and institutions will allow for the needs and priorities of both parties to be reflected in the strategic mandate process, and the identification of their direction in a differentiated system. This should take place at the very highest level, with all operational and execution related activities left to the institutions themselves. Accountability measures must be put in place in order to provide institutions with a level of autonomy which allows them to execute the priorities of their campus without unnecessary interference from the government, but while also providing assurance that progress is being made on the agreed upon direction for the institution in order to ensure a sustainable system working towards common goals.

## Concerns

**Concern Nine: The current university system may not be sufficiently differentiated to make the most effective use of resources.**

Equality is the underpinning philosophy of the current funding model in Ontario. Decisions of resource allocation are based on ensuring that all institutions have equal access to pools of funding and expansion opportunities. While equality is an admirable goal and a necessary consideration for the system going forward, in its current form the goal of equality has created problems of resource duplication and ineffective resource allocation amongst universities.

Equality does not necessarily mean making identical opportunities available on all campuses, but rather could involve differentiated opportunities available to certain campuses based on areas of traditional and targeted strength. Similarly, budget cuts have been applied relatively equally across all universities and across the same areas on these campuses. OUSA believes that this is an overly simplistic approach to university funding and planning. A more nuanced approach would ask universities to focus on the areas that they can excel in, and to cut from those areas that are not part of the institutions targeted growth.

Currently there are limited incentives at the provincial level to create differentiation. In 2010/11 eight of twenty universities received some type of mission related grant, and of \$3.3 billion in total operating funds approximately \$60 million was allocated through mission related grants. Table 2<sup>38</sup> illustrates the level of mission related operating funds that are currently being allocated in Ontario. There are two key issues with the current practice: first and foremost, the current level of mission related funding is insufficient to pursue effective differentiation. Secondly, mission related funding packages are not being allocated consistently across the system, meaning that some institutions are being incentivized to pursue differentiated, while others are not. Beyond these grants, the differentiation that has taken place thus far has been largely organic, and prioritized at the institutional level rather than through strategic and collaborative dialogue between institutions and the government.

**Table 2: Total Mission Related Grants 2010/11 at Ontario Universities**

Institutions	Bilingualism Grants	Differentiation Grants	Northern Ontario Grants	Total Mission Related Grants
Algoma			\$607,779	\$607,779
Lakehead			\$6,793,298	\$6,793,298
Laurentian	\$8,313,792		\$6,170,376	\$14,484,168
Hearst <sup>39</sup>	\$802,557		\$483,179	\$1,285,736
Nipissing		\$535,300	\$1,871,140	\$2,406,440
O.C.A.D.		\$2,000,000		\$2,000,000

<sup>38</sup> Final 2010-11 Operating Grants to Universities Provided by the Ministry of Training, Colleges and Universities (MTCU).

<sup>39</sup> A French language college affiliated with Laurentian University.

Ottawa	\$22,053,482			\$22,053,482
Trent		\$4,359,460		\$4,359,460
York	\$3,186,966			\$3,186,966
Dominicain <sup>40</sup>	\$87,440			\$87,440
<b>Total</b>	<b>\$34,444,237</b>	<b>\$6,894,760</b>	<b>\$15,925,772</b>	<b>\$57,264,769</b>

**Concern Ten: Current discussions of differentiation have been based largely on prioritizing between teaching and research.**

Differentiation does not necessarily have to entail creating separate “teaching” and “research” universities. It’s been a longstanding philosophy of OUSA’s that quality teaching and research should be balanced in the classroom. OUSA fears that if conversations remain focused on institutions taking either a research approach or a teaching approach as a way of solving resource allocation pressures in the Ontario system, that the quality of education could be compromised, and that research may receive greater focus because of the existing funding incentives to excel at research at the federal, provincial and institutional levels.

Students are concerned that the lack of a more nuanced approach to differentiation compromises the ability for growth and progress to be made in improving research and teaching alike. Encouraging schools to differentiate by teaching versus research intuitions may mean that the sector will overlook the importance of differentiating strategically by program and discipline strength.

**Concern Eleven: Certain models of differentiation could diminish access to undergraduate university education and the university experience, and may be overly restrictive to individual institutions, limiting their ability to respond to the specific needs of their campuses and local communities.**

There is a fear that differentiation, particularly under some of the models of that are being discussed, could reduce the net number of undergraduate seats available. This would reverse some of the great progress that has been made with respect to access, and would run counter to the participation and attainment rates that have been set out by the province. For example, if an institution were to begin to differentiate based on a focus on research over instruction, it would in all likelihood pursue more graduate students and allocate more of its resources to research faculty/staff; ultimately reducing the number of undergraduate seats available, and undermining principles of access.

Access based on geographical location is another important consideration. For many students there are barriers that prevent them from re-locating to pursue post-secondary education. If a model is adopted whereby a full range of degree and program offerings are not available within a reasonable geographic distance, some students may be prevented from studying in their field of preference. By extension, industry would be affected in these more remote areas, creating the need for relocation incentives that cost the government. Particularly given the geography of northern Ontario, where universities are few and far between, it is important that institutions continue to offer a full range of undergraduate and graduate programs to maintain access to university for those from northern communities who may be unable to relocate to pursue post-secondary studies.

## Recommendations

**Recommendation Ten: The government and institutions should pursue a moderate degree of differentiation, based on differentiation by discipline/program strengths.**

<sup>40</sup> A French language college affiliated with the University of Ottawa.

The post-secondary system in Ontario has reached a point where it must improve the ways in which resources are allocated in order to better serve government mandates, institutional priorities, and students in the system. Currently, institutions are competing for the same pools of research funding, despite the fact that it may or may not support the long-term strategic direction of the organization. The net effect of this is tremendous waste of resources in a system that cannot afford it. Any recognition for institutions in particular areas of disciplinary strength have been organic and it is time to capitalize on these organic differentiators by helping institutions to grow in areas that make sense for them, their communities, and local industries, and government objectives.

A programmatic and disciplined approach avoids incentivizing any kind of hierarchy in the system, and moves the concept of differentiation away from the simple research and teaching distinction. It supports all areas of post-secondary education, supports the mandate for improved quality, and makes better use of system resources while avoiding some of the potentially negative side effects of other, less nuanced approaches to differentiating the system. It allows individual institutions to be involved in setting out their strategic direction, and to pursue that strategy with a more appropriate and flexible resource allocation.

**Recommendation Eleven: Differentiation should be pursued through the strategic mandate process, in conjunction with appropriate envelope funding.**

OUSA believes that the strategic mandating process is the most appropriate vehicle by which to achieve appropriate levels of differentiation. Strategic mandates will allow institutions and government the opportunity to work together to determine the most logical and beneficial areas for institutional focus and investment, and can provide appropriate accountability mechanisms while still allowing institutions to exercise autonomy.

In a differentiated system the role of envelope funding would be, at least in part, altered to achieve strategic mandates. Rather than all institutions competing for the same pool of available envelopes, envelope funding could be targeted differently from institution to institution, based on their strategic goals. If progress were made toward the strategic mandates, then envelopes would be made available to the institutions.

An example of how this could work in practice would be the process suggested by HEQCO whereby institutional autonomy is respected, but governments are simultaneously afforded the opportunity to help shape strategic direction and ensure the overall health of the system.<sup>41</sup>

OUSA views this as an integrated five-phase process beginning with the collaborative development of the strategic mandates for each institution, leading to integration with the Multi-Year Accountability Agreements and their reporting process, ending with realization of funding for the institutions. This process involves significant changes to the way that envelope funding is currently allocated and administered within the system; including competition and application overhead, universal application, predictability of available envelope funds, and reporting mechanisms.

### **Figure 5.0: Sample Programmatic Differentiation Process at University X**

**Phase 1:** Institutions and the Ministry negotiate Strategic Mandates for the future direction of the university based on system

**Phase 2:** Based on the strategic mandate, institutions set different goals within the Multi-Year Accountability Agreement metrics

**Phase 3:** Mission related envelope funding is allocated as a way of incentivizing progress toward strategic objectives. This will be different at every institution based on their strategic mandate

---

<sup>41</sup> Weingarten, H.P. and Deller, F. The Benefits of Greater Differentiation of Ontario's University Sector Final Report. (Toronto: HEQCO, 2010).

**Phase 4:** The reporting structure directed by the MYAA framework provides metrics to assess and demonstrate institutional progress toward strategic objectives

**Phase 5:** Institutions receive funding based on progress toward strategic objectives



**Recommendation Twelve: Differentiation should be pursued mindful of the needs of geographically northern and remote communities.**

Differentiation should not create more barriers to receiving a high-quality and affordable education than already exist. It is vital that any model of differentiation that is pursued not jeopardize access to education by underrepresented groups or lower income families. In the case of differentiation according to discipline and program, availability of a wide range of choice and access to both teaching and research must remain a possibility for those students who are not able to access institutions in central and south-western Ontario. In the short term, the strategic mandating process is a vehicle to achieve this assurance. The strategic mandating process must truly be done on an individual institutional basis, and must be mindful of the government commitments, investments and objectives that precede them, including those around access. The outcome and objectives for rural and northern campuses should look different for rural and northern campuses in order to ensure that access to a wide range of programs remains intact. As investment into rural and northern campuses evolves, differentiation can evolve alongside it.

**Recommendation Thirteen: Any further differentiation must still entail access to a high quality education including broad course selection, opportunities for inter-disciplinary learning, and mobility within the system and institution.**

Differentiation must not result in any negative impacts on quality. If executed effectively, differentiation should lead to improved teaching quality by improving the disciplinary reputation of certain institutions for certain programs, improve funding available, and allow for institutions to develop best practices for teaching in their strategic disciplines. That being said, there are also potential executions that could see teaching quality sacrificed. Any of these options would be considered unacceptable to OUSA.

Additionally, course offerings and course diversity should be maintained as much as possible. Opportunity for cross-disciplinary learning is one of the key strengths in today's undifferentiated model. There is a high degree of student choice, and potential to select a holistic education that leaves students well prepared for the demands of the Ontario workforce. For example, in industry, business people will be required to support the technology industry, and so on. If exposure to these disciplines is overly restricted the quality of the educational experience and the future strength of industry and workplaces are at risk. Adequate course selection should be maintained such that the quality of the experience and the degree of choice is kept relatively intact.

**Recommendation Fourteen: Students should be actively involved in any discussions about differentiation, including the negotiation of the strategic mandates.**

OUSA understands that, when it comes to strategic mandates and accountability agreements, the conversation is primarily between senior administrators and the government. That said, we believe it is vital to include major stakeholders in the conversation in order to create common ground and ensure that the needs of all stakeholders are met through the strategic mandate process, as well as to avoid resource duplication at the micro level

As major financial contributors, students are an important stakeholder group to include in the negotiation of strategic mandates, and the how differentiation will play out on individual campuses. Including students in the dialogue ensures that student needs are met through the strategic mandate negotiation process, and any changes that are made as a result of that process. It also makes collecting feedback about the efficacy of differentiation, in particular the effects on quality, much simpler when students are aware of and in support of the strategic mandate process and what it looks like at their respective institutions.

**Recommendation Fifteen: Quality of teaching, student supports, and the student experience should be maintained as a high priority at all institutions regardless of any differentiation.**

Differentiation should not be mistaken for an increased focus on academics while pushing the student experience to the periphery. A student's success at university is defined by the broader learning environment and a holistic education. Students will still need writing centres and counselling services, they will still need opportunities for social interaction and opportunities to volunteer in the community, and they will still need forward-thinking teachers that react to the changes in how young people learn and teach accordingly. Differentiation without a supportive and experiential university environment will only serve to graduate students without the transferable skills and the wisdom required to compete in an ever-diversifying market. Alternatively, robust student support services and a holistic student experience that is tempered with differentiation will graduate highly-skilled and highly-trained young people into the work force that will stand as paragons within the sector as those who benefited from exceptional in-class learning and outside-the-class experiences.

**Recommendation Sixteen: Differentiation should be pursued in parallel to other methods of system reform to ensure the system moves toward sustainability.**

This paper addresses other methods of system reform; including alterations to the funding formula, addressing sources of cost inflation, extending online access, the role of satellite campuses and colleges, and addressing instructional capacity. The reforms must be pursued in conjunction with one another in order to mitigate potential shocks to the system and address the complexity of overall system reform. No single public policy decision will fully address system sustainability, and this paper aims to provide a holistic program to make progress toward achieving a sustainable system. Undoubtedly more strategies will need to be identified going forward. In the long-term we must evaluate the impact of these preliminary measures and continue to develop new strategies that promote system health.

## Satellite Campuses

### Principles

**Principle Thirteen: Satellite campuses can be an important means of broadening access to post-secondary access in remote geographic areas.**

There are several indications that a university education has social and economic benefits for individuals and their communities. At the same time, there is evidence to say that a student's distance from a post-secondary institution can deter their participation in university. In fact students living more than 80km from a university are only 58 per cent as likely to attend university as those who live within 40km.<sup>42</sup> It is important, then, that the government recognizes the opportunity that satellite campuses provide in broadening access to students in remote geographic areas.

**Principle Fourteen: All students, regardless of whether they attend a satellite campus, participate in online learning, or attend an established campus should have access to a high quality education.**

A high quality university education has personal value in the skills that it develops within a student, it has value to employer in providing motivated critical thinkers who are quick to learn, and it has value to society in helping students develop as good citizens. Regardless of whether a student attends a long-established institution or satellite campus, students should still receive a high quality education, with similar minimum standards of academics resources and student support services available to all students.

### Concerns

**Concern Twelve: Although there has been an increase in the number of satellite campuses in Ontario, there are few rules in place governing the establishment and operation.**

The growth of satellite campuses is a strategy that allows increases in student population and accessibility. However, there are concerns about the lack of rules in place to govern the creation and operation of satellite campuses. In the past, satellite campus location and growth have been determined by the willingness of the parent institutions and the desires of the target municipalities. This has sometimes led to less than ideal site, or planning that is insufficient to the needs of local students or the system as a whole. In some cases it has been necessary for the government to intervene in order to ensure appropriate funding or functioning at a satellite. It is our concern that lax regulations around satellite expansion can lead to wasteful infrastructure development, compromise the health of the post-secondary system, and negatively impact the student experience of students attending poorly planned satellites.

**Concern Thirteen: Some satellite campuses may provide a lesser quality education compared to established campuses, in terms of course availability and selection, access to professors, and access to**

---

<sup>42</sup> Marc Frenette. *Too Far to Go On? Distance to School and University Participation*. (Ottawa: Statistics Canada, 2002, pg. 20).

### **library resources.**

Universities may choose to focus a satellite campus on a distinct or select portion of academic programming. While this is an advantage for some students there are some potential problems that may arise from limited course availability on campuses. For instance, universities not inclined to duplicate offerings at all of its campuses will limit the elective or supporting courses that a student might have available to them, compromising the ability of the student to access a holistic academic experience through the exploration of complementing minors or electives. There have been concerning examples in the past of higher than average student to faculty ratios, limited access to library materials and limited programming at new and developing satellite campuses.<sup>43</sup> For example, Wilfrid Laurier University's satellite campus in Brantford has a higher student to faculty ratio at 39:1 than the 23:1 that is experienced at WLU's Waterloo campus.<sup>44</sup> While there are different student needs and resource usage patterns at satellite campuses, it is irresponsible to commence educating at a satellite campus without teachers, courses and material supports of a similar calibre to those available at a parent campus.

### **Concern Fourteen: Students at satellite campuses may not have access to adequate student support services.**

There is evidence to suggest that the growth of student support services, like counselling, health services, and academic tutoring, at satellite campuses can lag behind those that students can expect from more established parent campuses. For example, according to a report by OCUFA, at Wilfrid Laurier's Brantford campus, student support services were not provided at a "level normally associated with university student services" until six years after the campus' creation.<sup>45</sup>

Universities in the process of expansion may find themselves with a relatively small student population but one that has a full slate of support needs. It might be tempting for an administration to answer budgetary pressures by limiting student support services and extra-curricular opportunities available on a satellite campus because of perceived lower demand. Usage patterns of support services at a satellite campus may not reflect those of the parent institution, making any reduction in certain areas of student support a simple estimation of what that campus' needs might be. Given the important role student support services have in promoting student persistence, this is a dangerous game. To prevent this from occurring, every student should be assured that help be available when they need it. For every year a student attends university, the provincial government invests nearly \$10,000 in their education. Consequently, investing in student persistence, by ensuring adequate resources are available at satellite institutions should be a key priority not just for students, but for the government and administrators as well.

### **Concern Fifteen: The establishment of satellite campuses may reflect municipal and private sector objectives rather than the needs of students and the post-secondary system as a whole.**

Municipalities are playing an increasing role in attracting satellite campuses because of the perceived economic benefits of having a university campus within their city or region. Brantford's municipal government, for example, committed over \$14 million when seeking the expansion of Mohawk College, Nipissing University and Wilfrid Laurier University campuses within their city.<sup>46</sup> Stratford's municipal government offered land and 10 million dollars in financial commitments to the University of Waterloo when negotiating satellite expansion in that community.<sup>47</sup> With such significant stake in the presence of a satellite in a given region, there is plenty of room for certain expectations of city participation to be at play in the relationship between university and municipal administrations; universities are viewed as opportunities to inject innovation into a community, as a driver of population growth, with the associated economic benefits for the local economy, housing market, and municipal tax base.

<sup>43</sup> Ontario Consortium of University Faculty Associations. Policy Position on Satellite Campuses. (Toronto: OCUFA, June 2009).

<sup>44</sup> Ibid.

<sup>45</sup> Ibid.

<sup>46</sup> Invest Collingwood. *Funding Analysis for Post-Secondary Satellite Campuses in Ontario*. (March 2009).

<sup>47</sup> Ibid.

Satellite campuses are often perceived by municipalities or private donors in terms of what they can do to further their interests in these areas. The concern, then, is that these objectives might potentially compromise the experience of students and the effectiveness of the system as a whole. While municipal support is a necessary condition for locating a satellite campus in a given community, it is not necessarily sufficient justification for creating a new satellite, and may lead to satellites with insufficient enrolment, academic quality, and student support services to maintain the standard of education expected of Ontario universities.

## Recommendations

**Recommendation Seventeen: Satellite campuses should be pursued as a means of broadening student access and choice in the post-secondary system, but not as a replacement to providing students with the opportunity to study at a long-established campus.**

Satellite campuses can spur local economic development, provide increased revenue and have the potential to build on a university's brand. As such, they will likely continue to expand as a means to offer differentiation and address space shortfalls at some parent institutions. OUSA recommends that satellite campuses continue to be pursued because of what they can contribute to the strength of the system in terms of access and choice. However, it is important that future expansion diminish the importance of the long-established campus. Centers of learning, with established cultures, and comprehensive supports and offerings, should continue to be supported and serve as examples for satellite campus development. While still acknowledging that this geographic proximity is an important incentive to a significant portion of the population, students should continue to be offered sufficient financial and informational resources to have the choice of attending any institution that they qualify for and that suits their needs, regardless of geographic proximity to satellites.

**Recommendation Eighteen: Minimum standards for student services, course choice, and teaching quality should be developed by the government, in consultation with institutions, faculty and students, to ensure satellite campuses provide a standard of education comparable to that offered at long-established institutions.**

Satellite campuses have long existed in something of a policy vacuum, but have recently been subject to regulatory scrutiny with the Ministry of Training, Colleges and Universities' memorandum on satellite campuses.<sup>48</sup> As the government moves forward in its treatment of satellite campuses it needs to develop robust policy around ensuring that the educational and social experience of students is of the highest degree regardless of where they choose to go to school.

Satellite campuses have an unfortunate history of lagging behind in offering comprehensive support services to its students. Students should also have a reasonable selection of course offerings available on each campus so as to have a full educational experience in terms of major, minor or electives and that supporting resources and materials such as library services are robust. Extensive consultation with students, faculty and administrations should be done in order to set acceptable standards for academic and non-academic life for students at a new or expanding campus.

**Recommendation Nineteen: The government should continue to develop its regulatory regime around the establishment of new satellite campuses to ensure that satellite campuses are only established where there is appropriate student and system demand.**

---

<sup>48</sup> Academia Group Inc. *Ontario developing policy to govern approval of new satellite campuses*. (June 1<sup>st</sup>, 2011). Accessed from: <http://www.academica.ca/top10/stories/13014>

The Ontario government has set an important policy direction with its recent memorandum mandating that university expansion through satellite campuses will be subject to government approval and will happen only at approved sites or risk not qualifying for funding. This regulatory stance should continue so that future expansion is always in line with intelligent and healthy system growth. Satellite campuses are a serious investment. When these projects are approved it should be in order to address student access or shifting demographic demand, changing market considerations or the overall health of the university system. The government should apply regulations to satellite campuses in communities outside of the previously established institution, but should also be mindful of desire to expand campuses within their current community. In several Ontario communities where established post-secondary institutions exist certain programs are being moved into the downtown cores. Regulations should exist to ensure that resources are being allocated efficiently and student needs are being met through these investments.

## Online Learning

### Principles

**Principle Fifteen: The Ontario Online Institute is an important part of a strategy to address expected enrolment increases in post-secondary education, student demand for flexible learning, as well as access to post-secondary education for underrepresented groups.**

Ontario students are supportive of the provincial government's recent decision to create an Ontario Online Institute, which will provide a collaborative forum for institutions to offer courses and degrees online. Online education is an important part of a strategy to address enrolment increases and provide students increased flexibility in their post-secondary pathway. In addition, this endeavour could significantly advance access, especially for traditionally underrepresented groups facing financial, physical, social, cultural, and geographic barriers which prevent them from attending a long-established post-secondary institution. In particular, Aboriginal students, rural and northern students, students with disabilities, first-generation students, students with dependants, and students from low-income backgrounds often face barriers which prevent them from physically attending a post-secondary institution. For instance, young people hailing from rural and northern parts of Ontario often live beyond commuting distance from a post-secondary institution (80 kilometres or more) and are only half as likely to attend university as those living within 40 kilometres of an institution.<sup>49</sup> The Ontario Online Institute could provide these students with a much-needed alternative pathway to a diploma or degree, by providing the option of an entirely online degree, or reducing the time that must be spent away from home at a campus through hybrid online/campus-based programs.

**Principle Sixteen: Online education is not a substitute for traditional in-classroom models of post-secondary education but should be understood as a compliment to in-classroom education and a way of providing more flexibility and student choice.**

While online education has strong potential to expand the accessibility of post-secondary education to groups traditionally underrepresented at colleges and universities, it should not replace proactive measures to enable and encourage participation of these groups in an "on-campus" university education. Every willing and qualified student in Ontario should have the option to attend a post-secondary institution. The existence of the Ontario Online Institute should not detract from the importance of financial assistance programs or student support services designed to enable students from rural and remote areas to attend post-secondary institutions. Rather, the Ontario Online Institute should provide more flexibility and choice for those students who may wish to pursue higher education through distance education.

---

<sup>49</sup> Marc Frenette. *Too Far to Go On? Distance to School and University Participation*. (Ottawa: Statistics Canada, June 2002, pg. 20).

## Concerns

**Concern Sixteen: Online education is not always developed in a way that ensures a high quality student experience.**

One of undergraduate students' chief concerns with the Ontario Online Institute is that, for a variety of reasons, the quality of education may be lower than what is found in a traditional university setting. While there is great potential in online learning, it will only be realized if the academic experience is properly designed. Students studying online must receive the same level of interaction with their instructors and peers as they would receive at a traditional institution, though this interaction might necessarily come in different forms. Online courses cannot simply be on-campus courses delivered remotely. Rather, courses need to be designed in such a way as to maximize flexibility for a diverse group of learners. Dropout rates for online learning tend to be quite high; however, there is evidence to suggest that a strong set of student support services will improve persistence.<sup>50</sup> Because many online learners face additional barriers to education, support programs for these students are particularly important. Academic support and IT support are particularly important, though personal supports, such as counselling services, disability services, and career services, must also be available.

In the past, online course and programming has not always involved comprehensive student support services. For example, Contact North/elearnnetwork.ca does provide some technical support to students between 7:30AM and 11:00PM. However, technical support staff does not have access to the learning platforms, and students in need of academic or other supports must again go through the institutions that provide their courses. This lack of integrated support is problematic for students taking courses from multiple institutions. Moreover, because it must respect the academic autonomy of the providing institutions, Contact North/elearnnetwork.ca has no leverage to impose a quality assurance mechanism on its partner institutions. Students are concerned that without adequate student supports and quality assurance mechanisms, the Ontario Online Institute will provide an inferior academic experience.

**Concern Seventeen: Some institutions charge fees for online courses that are not proportional to the education or support services received by the student, and may be higher than the fees for comparable courses offered in-classroom.**

In comparing online learning to traditional classroom learning at the same institutions, the Campus Computing Survey revealed that one-third of campuses charge the same amount of tuition, one-fifth charge less tuition for students in online programs, and almost half of the institutions surveyed charge higher tuition for online students.<sup>40</sup> In some cases, students in online programs paid tuition fees of 10% or more than on-campus students in parallel programs, a trend that appears to be reflected in Canadian online institutions. For instance, tuition and ancillary fees for Alberta students at Athabasca University total \$646 per course or \$6,460 per year – nearly \$1,000 more than the average undergraduate tuition fees in Alberta. Students from elsewhere in Canada pay even more at \$7,510 per year.<sup>41</sup>

With Ontario's students already paying the highest tuition fees in Canada, OUSA categorically rejects the idea that tuition fees at the Ontario Online Institute could or should be higher than fees for the same course at a traditional institution, particularly given that students taking online courses may not have access to the same support services and infrastructure as those studying in a physical classroom.

## Recommendations

**Recommendation Twenty: The Ontario government should continue to develop the Ontario Online Institute**

---

<sup>50</sup> Educational Policy Institute. Access, Persistence, and Barriers in Postsecondary Education: A Literature Review and Outline of Future Research. Toronto: Higher Education Quality Council of Ontario, 2008.

**as a means of offering high quality online education to post-secondary students. Development should include a quality assurance framework and regular external reviews.**

Students support the development of the Ontario Online Institute as a means of providing high quality online education. The Institute should be tasked with conducting research on improving online pedagogy and developing the quality of instruction through the creation of a Centre for Online Teaching and Learning. Additionally, ways of providing support services centrally should be investigated, to ensure consistent service availability and quality.

In addition, like the online Athabasca University in Alberta, any online institute in Ontario must be governed by the same quality and accountability structures as their traditional counterparts: program and degree offerings must be approved by the provincial government. To ensure the Ontario Online Institute is providing a high-quality education, provider institutions should be asked to collaborate on quality assurance framework targeted specifically to online education, and the Institute should be tasked with insuring that all providers are abiding by the framework. The Institute itself should also undergo regular external reviews.

**Recommendation Twenty-One: Tuition fees for online courses should be no more than what is charged for an equivalent class-based course and, if savings are realized, these must be passed on to the student.**

Courses offered through post-secondary institutions, and the Ontario Online Institute should be subject to the same tuition limitations as similar class-based courses. Students do not directly pay for pedagogical development of classroom technology, thus it is unreasonable to expect students to contribute, beyond their regular tuition, fees for the development of online courses: this is an institutional responsibility. In addition, charging full course fees for an online course, and tacking on an additional “technology” or “online” fee is unfair to students, given that the institution realizes some cost savings from offering online courses. While there may be additional costs associated with online courses, including those for technological infrastructure and support, the savings on institutional infrastructure and materials should more than offset any additional costs. Students should be charged no more than what is charged for a similar class-based course, and if any savings are realized through the offering of online education, these should be passed onto students.

## Pathways

### Principles

**Principle Seventeen: Colleges and universities serve different, but equally valuable purposes.**

Currently, universities and colleges co-exist in the Ontario post-secondary education system with minimal overlap. Broadly speaking, colleges are viewed as the avenue for more applied and hands on skill development, while universities are more theoretical in their approach, and focus on critical thinking and learning development. Both have merit and value with respect to industry/labour demands, and they each fill different needs from the student perspective. Neither colleges nor universities should be favoured over the other, and recognition of the different educational needs they fill within the system is important going forward. The value propositions offered by universities and colleges should remain clear in order to avoid any further duplication in the system, and to ensure that students are fully aware of the decisions they are making with regard to their post-secondary education.

**Principle Eighteen: Transfer pathways between different types of post-secondary institutions should be fluid, and avoid the duplication of prior learning.**

The transfer from college to university or university to college can sometimes be inundated by unnecessary duplication. There is inconsistency across Ontario institutions as to what will qualify as acceptable credits to be

recognized at different institutions, leading to a student potentially having to duplicate a course, waste their time and money, lack of clarity for students, and unnecessary cost and duplication for the institution. The process by which a student can move between the sectors of PSE should be fluid and accessible; the transfer process should in no way be a deterrent for those considering a different PSE pathway. Both college and university provide students with valuable learning experiences and the movement between both types of institutions should be as fluid as possible, allowing for as much carry over as possible, so students can continue their higher education without worry.

**Principle Nineteen: Universities should be the primary degree-granting institutions in the Ontario post-secondary system.**

OUSA believes that degree-granting authority should remain with Universities. A great deal of money has been expended in growing universities over the past decade to meet the growing demand for degree-level education in Ontario. In the last budget, the provincial government committed to growing the system by a further 60,000 students, a figure in line with current enrolment projections. With such considerable efforts underway to expand the size, scope and quality of undergraduate education in Ontario, expanding degree-granting authority to colleges is an unnecessary duplication of effort. Students understand first-hand how universities can oftentimes be slow to change or adapt to modern realities and that colleges are potentially more adaptive to regulatory regimes and quality assurance. However, policymakers would do well to note that expanding degree granting to colleges would do nothing to enhance quality at universities. Rather, it is far more likely to create unnecessary competition between the two systems of higher education.

### Concerns

**Concern Eighteen: There has been discussion about extending degree-granting authority to colleges as a cost-savings mechanism.**

There has been extensive discussion around the possibility of providing colleges with degree granting authority as a way of reducing costs for both the government, and for the students in the system. Although OUSA appreciates the need to find cost-savings, students do not believe that providing colleges with degree granting authority is an appropriate vehicle for achieving this goal. This will only add further duplication to the system, diminish the value proposition offered by both colleges and universities, and create confusion for students looking to enter the system.

**Concern Nineteen: There is unnecessary duplication as students travel between pathways in the post-secondary education system.**

When a student decides to change PSE pathways, it can often be a demanding process. Since there exists no system within the sector to equalize all similar courses between all institutions, there can often be unnecessary duplication when a student transfers institutions. A course may have the same name and may have very similar course material, but often times the credit will not count if a student decides to switch institutions. There exists no mandate to ensure that Psychology 101 at the University of Waterloo is equal to Psychology 101 at Wilfred Laurier University and as such, there can be duplication of the course if a student decides to transfer school. This unnecessary complication and confusion can be a deterrent for a student considering a switch, ultimately providing a barrier for a student to access the quality education of their choice.

### Recommendations

**Recommendation Twenty-Two: Colleges should not be given independent degree granting authority. Instead, collaborative or hybrid programs between colleges and universities should be pursued.**

As an alternative to providing colleges with degree granting authority, OUSA believes that hybrid programs should be pursued. Hybrid programs are a method to integrate the hands-on, skilled learning of college with the theoretical

learning of university through collaborative programs. This would allow students to be exposed to both learning environments while still receiving a quality education. Hybrid programs are also a way to reduce duplication of resources between institutions. By working in collaboration, universities and colleges can tailor various elements of transfer programs to the strengths of each institution rather than attempting to do everything at both. For example, at McMaster University, there are several collaborative programs with neighbouring colleges, including a partnership with Mohawk College for the Nursing and Bachelor of, Technology program. These programs to help foster different types of learning, specifically in the more applied fields with both applied and theoretical components, and expose students to both types of institutions, ultimately providing students with a well rounded education.

OUSA believes that college-university transfer pathways are best developed at a grassroots level, driven by institutions enthusiastic to participate with one another.

**Recommendation Twenty-Three: More research should be done into offering full-time three year degrees at institutions; however, such programs should only be offered if it is clear that they will not compromise quality or access to education for underrepresented groups.**

OUSA understands and respects the desire to make better use of campus facilities, alleviate space pressures, and reduce maintenance and infrastructure costs by using these facilities year-round for academic purposes. The main concern we have with this approach is that it will create access issues for those students who must work on their off terms in order to afford tuition for their academic terms. Many students take advantage of their non-academic terms to generate revenue to fund their tuition. We would therefore recommend that, at least in the short term, three-year degree programs only be offered if the traditional method of eight months of study is also made available as an alternative. Students should not be required to attend school for twelve months consecutively, as many of them will require the time to work to fund their academic terms.

Another concern that exists with this approach is the potential consequences to overall student experience. There is concern that students will experience study-fatigue if they are expected to attend school twelve months per year, and will not perform well as a result of this. Students will also miss out on potentially valuable work experiences and opportunities for work-integrated and experiential learning, which can have a profound positive impact on the overall value of education received.

## Infrastructure

### Principles

**Principle Twenty: Sustained population growth in Ontario's post-secondary education system must be matched by growth in the space available to undergraduate students.**

As previously mentioned, the number of students at Ontario's post-secondary institutions has increased significantly over the past decade, and the Ontario government plans to increase enrolment at college and university by a further 60,000 spaces by 2015/16. Students believe that increased enrolment growth must be matched by growth in the space available to students. Adequate classroom facilities, study space, library resources, laboratories and residence spaces are essential to ensuring that students are successful in their post-secondary studies. Well-designed classrooms allow students to engage with new learning pedagogies, such as problem-based learning, active learning, and technology-assisted learning, which have been proven to be more effective than the traditional lecture style of teaching. The availability of specialized classroom space, like intimate tutorial rooms, discipline-specific libraries, and up-to-date laboratory facilities, greatly enhances the quality of education. Students must have physical infrastructure that upholds a certain standard of quality and functionality to maintain the reputation and standards of Ontario's post-secondary system.

A lack of appropriate learning space can limit the use of innovative technologies in the classroom and detract from student satisfaction, which in turn can lead to lower levels of student retention and graduation. Consequently, it is important that as enrolment at post-secondary institutions increases, adequate investment is made in the physical infrastructure of university and colleges.

**Principle Twenty-One: Universities and governments have a responsibility to support all facets of student life while at university.**

Students require adequate infrastructure beyond the standard academic spaces, like classrooms, laboratories and faculty offices. Universities and governments have a responsibility to ensure that physical space is available for residence buildings, student support services, and student unions. The latter contribute strongly to the quality of student experience while they are at a post-secondary institution, and are crucial for student success. In particular student support services have been shown to decrease the drop-out rate, and increase the graduate rate of at risk students.<sup>51</sup> Any comprehensive planning for university infrastructure should take into account the need for space for non-academic activities and supports.

## Concerns

**Concern Twenty: Enrolment is increasing at a rate that is faster than the expansion and repurposing of campus spaces.**

The Council of Ontario Universities estimated that in 2007 our universities had only 73 per cent of the space needed to support the current number of students, faculty and staff.<sup>52</sup> Given current enrolment is projected to increase, this is concerning. Moreover, between 2007 and 2010, the audited value of deferred maintenance jumped from \$1.6 billion to \$1.97 billion.<sup>53</sup> A facilities condition index found that staggering 42% of buildings were found to be in poor condition, requiring maintenance. Currently, institutions only receive a marginal amount of funding for maintenance, resulting in universities often deferring this important work. Ontario universities, typically, receive only \$27 million annually, which represents 0.16% of the Current Replacement Value (CRV).<sup>54</sup> In 2009-10, the allocation was reduced to \$17.3 million, which represents 0.10% of the CRV. In contrast, the generally accepted minimum standard of building renewal is 1.5% of CRV.

In June, the Ontario government announced \$600 million for investment in infrastructure at Ontario universities as part of the governments' three year infrastructure plan *Building Together*. This money will go towards much needed investments in new student learning space, as well as the refurbishment of existing space. However given the estimate of deferred maintenance needs alone at nearly \$2 billion students are concerned that this is not enough money to meet the capacity needs of increased enrolment and the maintenance needs of existing buildings.

**Concern Twenty-One: Existing spaces are not always conducive to the creation and implementation of new and innovative approaches to learning.**

Approximately 65 per cent of useable space at Ontario's post-secondary institutions is over 30 years old. As a result, some of the space is unusable or underutilized, because it has reached the end of its useful life. For example, this

<sup>51</sup> Kuh, George D., Jillian Kinzie, Jennifer A. Buckley, Brian K. Bridges, and John C. Hayek. Piecing Together the Student Success Puzzle: Research, Propositions and Recommendations. *ASHE Higher Education Report*, 32.5 (2007).

<sup>52</sup> Ontario Universities' Facilities Condition Assessment Program. *Task Force of the Council of Senior Administrative Officers and the Ontario Association of Physical Plant Administrators*. (Toronto: Council of Ontario Universities, March 2007).

<sup>53</sup>Ibid.

<sup>54</sup> Council of Ontario Universities. *Council of Ontario Universities Submission Ministry of Energy and Infrastructure Consultations on the 10-year Infrastructure Plan*. (Toronto: Council of Ontario Universities, August 2010).

space may no longer be able to accommodate current class size requirements, new approaches to teaching and learning, or new technology for today's courses. In addition, there is 31 per cent less space per-student than there was 5 years ago and the amount of per-student space is expected to continue to decline, making it difficult to utilize create learning strategies that require a flexible use of space.

**Concern Twenty-Two: Government funding priorities have been around classrooms, faculty offices and class labs, not residences or associated student service space.**

Priorities for previous capital funding have been classrooms, faculty offices, and class laboratories. No government funding is typically provided for residences and associated student service space, including recreation, athletics, food service. The lack of government funding for non-academic student space is problematic for several reasons. Students often end up paying capital construction costs for athletics and student centres out of pocket: in the context of rising tuition this creates an additional financial burden on students. Universities rely very heavily on students to fund these infrastructure projects through ancillary fees, a trend which continues to be a point of concern for students. With an average capital ancillary fee of \$72 across Ontario universities, students are rightfully questioning why the provincial government chooses not to support student and recreational facilities used by faculty, staff and the broader communities that campuses situate themselves in. At Queen's University, for example, undergraduate students are paying an ancillary fee of over \$140 per year to fund their new athletics and student life complex.

Furthermore, many students may pay construction costs on a future building they never actually get to use, and there is no guarantee that these student-funded buildings will not later be repurposed by university for other uses (as was recently the case at Waterloo). Another issues is that often student centres end up being funded through private partnerships with multinational corporations, in exchange for long, monopolistic contracts to provide specific services on campus, often for 10 or 20 years. This leads to a reduction in student choice on campus, as well as the increased prices associated with a monopoly for students purchasing products on campus. Finally importance services which require space but only serve a limited population, for example women's centres or Aboriginal student centres, may have difficulty in convincing the general student population to raise adequate funds to construct and maintain facilities.

## Recommendations

**Recommendation Twenty-Four: Governments and universities should make instructional and student space a targeted funding priority.**

Governments and universities should ensure that instructional and student space is a targeted funding priority when infrastructure funding becomes available. Both enhancing capacity through renovations and new buildings, and the allocation of funds to deferred maintenance are important. The latter is particularly crucial given that deferred maintenance costs continue to increase the longer repairs are delayed.

Moreover, investments are needed to repurpose existing classrooms so that they are able to support new methods of teaching and learning. There is a growing recognition in the sector that the traditional lecture method of teaching is inferior to active and collaborative teaching pedagogies. Unfortunately, classrooms have been built in a way that facilitates the lecture method and prevents the broad use of new techniques, such as problem-based learning and learning communities. To encourage this transformation and improve the quality of education and future productivity of our students, our universities must have adequate funding to repurpose existing space.

**Recommendation Twenty-Five: Any sustained effort to grow student population in Ontario must be matched by a commitment to invest in the creation and maintenance of infrastructure that addresses physical space and modern learning needs.**

Sustained future efforts to increase the student population in Ontario must be matched by a commitment to invest in the necessary infrastructure funding, as well as deferred maintenance funds. This will ensure that Ontario students continue to receive a high quality education, where students are able to engage with innovative, diverse learning pedagogies, and have adequate study and laboratory space. Continuing to target enrolment growth without the necessary infrastructure and deferred maintenance investments will disadvantage students studying at Ontario institutions, and negatively impact student success, graduation rates, and retention.

**Recommendation Twenty-Six: Government investments earmarked for deferred maintenance be brought up to a level that is at least 1.5 per cent of the Current Replacement Value.**

To avoid the exacerbation of the current backlog in deferred maintenance funding, and prevent a similar situation from arising in the future, government investments earmarked for deferred maintenance at post-secondary institutions should be increased to a level that is at least 1.5 per cent of CRV, which is the generally accepted standard for buildings. This objective could be accomplished through the creation of a CRV envelope fund.

**Recommendation Twenty-Seven: Some elements of maintenance funding should be targeted at the repurposing of spaces to increase their viability in new pedagogy.**

In *Taking Stock* the authors note that “Physical infrastructure inside and outside the classroom is often not designed to support active learning. Institutions could do a much better job of providing classrooms that are conducive to collaborative learning (e.g., with tables and chairs on castors), as well as space outside of class that promotes student interaction”<sup>55</sup>

Some institutions have shown incredible leadership through the provision of learning space tailored to support collaborative learning. For example, learning commons space has been established in a number of university libraries across Ontario. Some of these spaces have been constructed with funds provided by the recent federal and provincial infrastructure programs, such as the Lakehead Learning Commons.

For schools seeking to show leadership through the promotion of collaborative and community based learning, efforts to provide the necessary infrastructure should be supported provincially. This will not only provide institutions another incentive to move to a collaborative teaching model, but would give them the resources to do it effectively.

**Recommendation Twenty-Eight: The government funding availability for capital investments is extended to include residences and spaces associated with student support and services**

The student experience is heavily dependent on student centres and athletic facilities, which currently are not eligible for funding from the government. Without capital funding from the government, students are left to pay for large portions of these buildings through compulsory ancillary fees.

Students believe that government funding eligibility should be extended to student residences and support services. This position is supported by a recommendation in the final report of the MTCU/MEI Long-Term Capital Planning Project, compiled by the Courtyard Group in 2009, which states, “funding should be extended to traditional ‘ancillary’ projects which demonstrate significant contribution to student development.”<sup>56</sup> This June, the government did announce funding for a mixed-use academic and health facility at St. Clair College, we are hopeful that this will mark the beginning of an ongoing trend.<sup>57</sup>

<sup>55</sup>Christensen Hughes, J. and Mighty, J. (eds.). *Taking Stock: Research on Teaching and Learning in Higher Education* (Montreal QC and Kingston ON: McGill-Queen’s University Press, 2010, pg 271).

<sup>56</sup> Courtyard Group. *Final Report of the MTCU/MEI Long-Term Capital Planning Project*. (Toronto: Courtyard Group, 2009).

<sup>57</sup>St. Clair College. *HealthPlex Receives \$7.9 Million in Provincial Funding*. (June 27<sup>th</sup>, 2011). Accessed from: <http://www.stclaircollege.ca/news/healthplexfunding.html>

Recognition should be made for services managed by Student Associations on campus and their role in determining what is relevant for students. As such, Student Associations should be eligible to participate in the process for creating new spaces. Student Associations should have the opportunity to apply individually to the government for capital projects, and should also have the opportunity to partner with institutions in this process to ensure that student needs are met.

## Instructional Capacity and Quality

### Principles

**Principle Twenty-Two: Every student in an Ontario post-secondary education institution should receive a high quality education that includes both teaching and research.**

Post-secondary education is a tremendous investment for students, families, and the government, and for this investment to be worthwhile, students must receive a high quality education. Too often the discussion around quality of education focuses on graduation and employment rates. While these are undoubtedly important, a holistic student success vision that includes an emphasis on improving the experiences provided by the in-class experience, the broader learning environment and student support services. There is sweeping recognition from the government, institutions and students alike that measures need to be taken to improve and ensure high quality education is being offered.

A great deal of research has concluded that teaching and research are stronger when integrated. The most constructive environment for both students and teachers is a forum that allows both groups to learn from each other through a constructive dialogue and sharing of research results. Education policy researcher Jane Harrison sums up this process of mutual discovery saying, “the student learns within and is inspired by an environment of enquiry and creativity; while faculty are re-energized and revitalized by the act of teaching through which they gain new perspectives on old ideas.”<sup>58</sup> If Ontario is to offer a high quality educational experience, the prevailing university pedagogy must incorporate these new ideas.

**Principle Twenty-Three: It is the role of the Ontario government to take proactive measures to prepare appropriate instructional capacity for the economic and demographic trends of post secondary attainment.**

The provincial government has set out clear objectives for the direction of economic growth and post-secondary attainment, stating that 70 per cent of new jobs in Ontario will require a post-secondary degree. As we push to widen access, participation and attainment, we must not lose sight of the instructional and quality considerations that accompany those goals. It is not enough to simply create more spaces and bring more students into the system; instructional capacity must grow in parallel with the increasing student population such that the quality of education received is not compromised.

### Concerns

**Concern Twenty-Three: There is a significant faculty shortage and insufficient funding to bridge the gap.**

In 2005, as part of his review of the post secondary education system, Bob Rae indicated that 11,000 new faculty would be needed to meet the Ministry’s enrolment projections.<sup>59</sup> The projections indicated that by 2010 there would be 333,000 students in Ontario post-secondary institutions, a number which significantly underestimated enrolment

---

<sup>58</sup> Nat please cite

<sup>59</sup> Rae, Bob. *Ontario, a leader in learning: report and recommendations*. (Toronto: Queen’s Printer for Ontario, 2005).

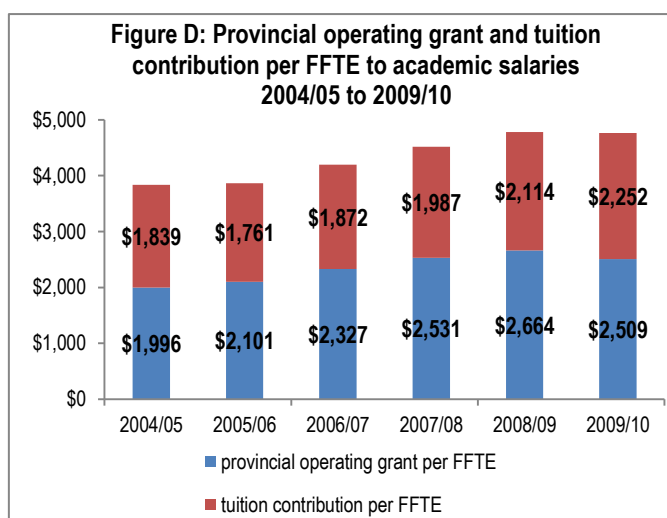
growth and had already been attained by 2004.<sup>60</sup> The increase in faculty that Mr. Rae called for in 2005 have still not entered the system, and each year enrolment continues to grow at unprecedented rates, leading to the declining student-faculty ratios described in Table 3.<sup>61</sup> Since 1990, the faculty to student ratio has increased from 18:1 to 27:1.<sup>62</sup> Moreover, this does not accurately actually capture changes class sizes, since it does not account for how much faculty time is being spent performing the research and service components of their job duties. This has caused a major strain on the instructional capacity at Ontario institutions, and has caused universities to respond in a variety of ways to meet the teaching requirements.

**Table 3: Trends in Student-Faculty Ratios at Ontario Universities**

Year	Number of Full-Time Faculty	Student FTE per Faculty
1990	13,717	18
2000	11,700	22
2001	11,833	23
2002	12,246	24
2003	12,820	26
2005	13,557	27
2006	14,148	27
2007	14,359	26
2008	14,511	27
2009	14,679	27

**Concern Twenty-Four: Faculty compensation has grown at an unsustainable rate, limiting the funding available for new faculty to grow instructional capacity.**

Faculty compensation is a major driver of faculty shortage. As discussed in more detail in the cost-inflation section, salaries and pensions for faculty are the single biggest driver of cost in university operating budgets. A survey of 12 Ontario faculty counts, found that from 2004/05 to 2009/10 the number of faculty did not increase, although compensation per faculty increased by just over \$20,000.<sup>63</sup> On a per-student basis, tuition contributions to academic salaries increased from \$1,839 in 2004/05 to a total of \$2,252 in 2009/10, an increase of \$413. Over the same time frame, provincial operating funds dedicated to academic salaries increased by \$514 per student, from \$1,995 to \$2,509 (see Figure D<sup>64</sup>). Despite this significant funding



<sup>60</sup> Ibid.

<sup>61</sup> Ontario Confederation of University Faculty Associations. *OCUFA Briefing Note, Issue: Faculty Shortages*. (Toronto: OCUFA, August 2011). It is important to note that FFTE: full time faculty ratios do not reflect actual class sizes, since this measure does not include information about teaching loads.

<sup>62</sup> Ibid.

<sup>63</sup> Ibid. Excludes institutions that did not have information available on part-time faculty (Western, McMaster, Windsor, Queen's, Guelph, Algoma, OCAD, UOIT).

<sup>64</sup> Calculated from: Canadian Associations of University Business Officers. *Financial Information of Universities and Colleges*. (Ottawa: CAUBO, 2004/05 to 2009/10).

increase, students have not fully reaped the benefits of their increased investment into faculty because their money is not going to new faculty or smaller class sizes, but rather to maintaining the salaries and benefits of existing faculty and administrators.

---

**Concern Twenty-Five: Declining instructional loads for faculty are contributing to larger classes.**

There is concern that declining instructional loads for faculty in recent years are both contributing to larger class sizes and also increasing the burden of academic salaries on the operating budget. The traditional model for faculty workloads involves dedicating 40 per cent of their time toward teaching, 40 per cent towards research, and 20 per cent to institutional service, such as community and committee work. Historically, this has meant that most faculty taught five or six half-credit courses per year. Evidence strongly suggests that there has been a shift today moving the average faculty teaching load closer to 4 half-credit courses per year.<sup>65</sup> Declining instructional loads have been incentivized by large increases in federal research funding, as well as the prioritization of research over teaching in decisions about tenure in promotion. According to the COU there has also been a shift toward research in recent years because external ranking systems tend to place a high priority on the number of research grants and chairs an institution holds.<sup>66</sup>

Simultaneously, there has been a shift towards larger class sizes. Given that research demands have significantly increased in recent years, it is likely that this ratio under-represents increases in class sizes since on average faculty members are doing less teaching than they were in 1990. Students are concerned that the increase in class sizes, while not an absolute proxy for quality, negatively impacts the student experience and student learning outcomes. US peer institutions perform better than Ontario institutions on the student-faculty interaction benchmark of the NSSE. OCUFA argues that this is because US peer institutions have a much lower student-faculty ratio than Ontario institutions.<sup>67</sup> Students have less opportunity to interact with their instructor, and it often is more difficult to engage in active learning pedagogies with large classes. Moreover, the emphasis on research has disincentivized instructors to focus on improvements and innovations in pedagogy.

**Concern Twenty-Six: Part-time faculty are being too heavily relied on to take on teaching responsibilities, potentially compromising the quality and sustainability of the education system, and faculty-student engagement.**

The number of part-time contract faculty has increased dramatically over the past decade. Data for the United States suggests that the proportion of part-time faculty rose from 30.2 per cent to 50.3 per cent from 1975 to 2007.<sup>68</sup> While comprehensive data is unavailable for Ontario, post-secondary stakeholders agree that similar trends are occurring here.<sup>69</sup> As mentioned earlier, institutional data suggests that despite increased expenditure on academic faculty, little of this money has been used to hire new tenure-track faculty, and most of the increase has gone to existing faculty salaries. The fact that enrolment has increased without substantive increases in teaching faculty numbers in from 2005 to 2010 reflects the increased reliance on undercompensated contract lecturers for more of the undergraduate teaching load. The central concern with the current use of part-time and contract faculty is that is an unsustainable way to address the system's need from both a quantity and quality perspective. Students appreciate the role of non-tenure track, particularly with respect to industry expertise; however, the current system is significantly over reliant on contract faculty, which OUSA does not believe is a sustainable way to address faculty shortages.

---

<sup>65</sup> Clark, Ian D., Greg Moran, Michael Skolnik, and David Trick. *Academic Transformation: the Forces Reshaping Higher Education in Ontario*. (Montreal: McGill-Queen's UP, 2009, pg. 100).

<sup>66</sup> Sanders, L. *Teaching Stream Positions: Some Implications*. (Toronto: Council of Ontario Universities, April 2011).

<sup>67</sup> Ontario Confederation of University Faculty Associations. *OCUFA Briefing Note, Issue: Faculty Shortages*. (Toronto: OCUFA, August 2011).

<sup>68</sup> Ibid.

<sup>69</sup> Council of Ontario Universities. *Comparing Ontario and American Public Universities*. (Toronto: COU, 2000).

Furthermore this reliance raises significant equity and quality of education concerns: these individuals may have fewer qualifications than tenured faculty, they may be juggling jobs at multiple campuses and unavailable to meet with students outside of classroom hours, and they have poor job security.<sup>70</sup>

**Concern Twenty-Seven: Research is too heavily incentivized both internally at institutions and externally by the government, leading to faculty putting greater focus and energy into their research duties than their teaching duties.**

After reducing transfer payments for post-secondary education in the mid-1990s, the federal government decided to direct funding into research initiatives at Canadian universities, creating the Canada Foundation for Innovation, the Canada Research Chairs and expanding the federal granting agencies. The infusion of federal money for research incentivized institutions to emphasize research in their strategic plans and spending.<sup>71</sup> Between 1999 and 2004, federal funding for research more than doubled.<sup>72</sup>

A longer term examination of research funding has found that it has increased its share of university budgets from 14 to 19 per cent in Ontario, while the proportion of the total budget consumed by operating expenses has decreased from 82 to 75 per cent, indicating that proportionally more resources are being devoted to research and fewer to the day to day operations of the university.<sup>73</sup>

This increased research funding has several implications for undergraduate students. Indirect costs of research, including faculty time, grant applications, and reporting requirements, draw institutional resources away from teaching and learning activities. Unfunded indirect costs of sponsored research have been estimated by the Association of Universities and Colleges of Canada (AUCC) to be \$1.7 billion nationally. While a federal Indirect Costs Program (ICP) exists to help mitigate the unfunded costs of research, some estimate that ICP funding only covers one half the estimated indirect costs of conducting research.<sup>74</sup> In addition, matching requirements of much federal funding, including the Canadian Foundation for Innovation, have placed a funding burden on the province and institutions, diverting resources from other operational areas in this time of strained finances.

## Recommendations

**Recommendation Twenty-Nine: New tenure-track faculty should be hired to reduce student-faculty ratios and to prepare for more students to enter the system.**

It is clear that the current number of faculty in the system cannot match the instructional demands that will be put on the system in the next five to ten years. New tenure-track faculty must be hired to ensure that students continue to receive a high quality education. Tenure track faculty are guaranteed academic freedom, are more likely to make a single campus their home for many years and are more useful for helping students achieve future academic aspirations through reference letters for graduate school.

However, this is unlikely to happen without some revision to how tenure-track faculty are utilized in the university system. In order to facilitate this growth in the short term, faculty salaries and benefit packages must be examined to

---

<sup>70</sup> Ontario Confederation of University Faculty Associations. *Trends in Faculty Hiring at Ontario Universities*. (Toronto: OCUFA, 2009).

<sup>71</sup> Snowdon, Ken. "The public funding of higher education: is it sustainable?" *2010 Ontario Confederation of University Faculty Associations (OCUFA) Conference: Financing Higher Education in the Current Economic Climate*. (Toronto: OCUFA, 2010).

<sup>72</sup> Canadian Association of University Teachers. *2010-2011 CAUT Almanac of Post-Secondary Education in Canada*. (Ottawa: CAUT, 2011).

<sup>73</sup> Snowdon & Associates. *Revisiting Ontario College and University Revenue Data*. (Toronto: Higher Education Quality Council of Ontario, 2009).

<sup>74</sup> Polster, Clair. *The Public Funding of Canadian Higher Education: How Corporatization Undermines Sustainability*. *2010 Ontario Confederation of University Faculty Associations (OCUFA) Conference: Financing Higher Education in the Current Economic Climate*. (Toronto: OCUFA, 2010).

ensure that they are being compensated fairly while still allowing for additional faculty to enter the system. Additionally, additional teaching responsibilities must be placed on tenure track faculty in order to facilitate the kind of interaction that can make or break a student's perception of their university experience.

**Recommendation Thirty: Strategies for reducing the compensation disparity between tenured and non-tenured faculty should be investigated, including limiting post-retirement teaching contracts, compensation ceilings, and reducing the reliance on non-tenure-track faculty.**

Most of the increased expenditure on salaries has gone to existing faculty, rather than being used to hire new faculty. In the context of increased enrolment, this has led to an increased reliance on non-tenured contract faculty. Students are concerned about this negatively impacts quality of education.

Strategies for reducing the reliance on contract faculty, and enabling universities to hire new full-time faculty to teach students should be investigated. These could include limiting post-retirement teaching contracts to ensure that retired professors do not draw a pension and also collect a salary, and establishing compensation ceilings for existing faculty to ensure that more funding is available for the hiring of new recruits.

**Recommendation Thirty-One: Current faculty teaching loads should be re-evaluated to determine if current faculty resources are being used most effectively.**

Current faculty teaching loads must be re-evaluated to determine if current faculty resources are being used effectively. In particular the emphasis on research for all faculty should be revisited. While it may make sense for top researchers to have a reduced course load, the broader reduction in course-load for faculty is unsustainable and alternatives including reducing the research load of some faculty should be investigated. While faculty teaching loads are negotiated at the institutional level, and not through collective agreements, the government could have a role in setting floors and ceilings on teaching loads, as well as defining best practices.

**Recommendation Thirty-Two: The creation of teaching-focused positions at all universities should be encouraged as a means of reducing per-unit cost of instruction.**

The creation of teaching focused faculty positions at all universities should be encouraged as a means of reducing per-unit cost of instruction. Teaching focused faculty will be able to carry higher instructional loads, which will lower the per-unit cost of instruction. Additionally, the creation of teaching focused positions would begin to equalize the incentives that have historically been provided to research above teaching, and renew a focus on teaching quality. These professors would still undertake some research duties, including research focused on best practices in teaching and pedagogy, learning and skill development and student engagement. Additionally their traditional workload of 40 teaching: 40 research: 20 service would be revisited, adjusted to reflect a greater emphasis on teaching, for example by reallocating the workload to be 60 teaching: 20 research: 20 service.

**Recommendation Thirty-Three: Teaching quality should be incentivized through envelope funding.**

There is growing recognition for the need to renew focus on teaching quality on Ontario university campuses. Envelope funding is an ideal way to institutionalize teaching quality on Ontario campuses. Earlier in the paper concern was raised over envelope funding as a conduit to duplication of resources and homogenization of campuses. Teaching quality lends itself well to envelope funding because it is required on all campuses. Earmarking funding for quality through envelopes would also allow the provincial government to put standards around teaching quality and programs aimed at improving teaching quality. The envelope funding could be dedicated to programs such as lecturer and teaching assistant training programs that would provide instructors and faculty with training. The creation of Teaching Chair positions could also be incentivized through envelope funding, which would provide instructors with teaching quality resources, leadership and mentorship as well as allow for research and development of best

practices and expertise with respect to curriculum changes. Another opportunity for this funding would be a teaching quality envelope could also incentivize broader systemic change in teaching loads. A minimum threshold on the average faculty teaching load could be set, and institutions who meet this threshold could receive additional funds to support innovation in teaching.<sup>75</sup> It is critical that steps be taken to develop a comprehensive set of metrics for education quality, in the short term a quality envelope could fund the development of these metrics. This would help reverse the decline in teaching loads for professors, and provide institutions with resources to improve teaching quality.

---

<sup>75</sup> Clark, Ian. *Initial Thoughts on Academic Reform: Policy Options for Improving the Quality and Cost-effectiveness of Undergraduate Education in Ontario*. (Toronto: Massey Senior Fellows Luncheon, April 20, 2011).

## System Growth Policy Statement

---

**WHEREAS** all willing and qualified students must be able to access post-secondary education in Ontario.

**WHEREAS** the post-secondary system in Ontario should continue to grow in light of expected demographic and economic trends, and government goals for post-secondary attainment.

**WHEREAS** post-secondary education in Ontario should be delivered through public institutions that receive public funding.

**WHEREAS** post-secondary operating funding should be provided primarily through a combination of government funding and tuition, not through the charging of ancillary fees or non-tuition private revenue.

**WHEREAS** envelope funding is an important mechanism for ensuring institutions are accountable and responsive to public needs.

**WHEREAS** the government and post-secondary institutions need to have a plan in place to deal with rising costs, particularly in the context of projected increased enrolment.

**WHEREAS** moderate strategic differentiation is important in the university system to ensure institutional diversity, clarity of student choices and individual program quality.

**WHEREAS** teaching and research should be viewed as equally valuable and important in planning for growth

**WHEREAS** any further differentiation of the university system should not diminish student access to university education

**WHEREAS** differentiation should not mean differentiated levels of student support; all institutions should maintain robust student support services that contribute to a high quality student experience.

**WHEREAS** differentiation is not the sole solution to issues of system sustainability

**WHEREAS** institutional autonomy is important in any model of differentiation

**WHEREAS** satellite campuses can be an important means broadening access to post-secondary access in remote geographic areas.

**WHEREAS** all students, regardless of whether they attend a satellite campus, participate in online learning, or attend a established campus should have access to a high quality education.

**WHEREAS** satellite campuses can be an important means broadening access to post-secondary access in remote geographic areas.

**WHEREAS** all students, regardless of whether they attend a satellite campus, participate in online learning, or attend a long established campus should have access to the same high quality education.

**WHEREAS** the Ontario Online Institute is an important part of a strategy to address expected enrolment increases in post-secondary education, student demand for flexible learning, as well as access to post-secondary education for underrepresented groups.

**WHEREAS** online education is not a substitute for traditional in-classroom models of post-secondary education but should be understood as a compliment to in-classroom education and a way of providing more flexibility and student choice.

**WHEREAS** colleges and universities serve different, but equally valuable purposes.

**WHEREAS** transfer pathways between different types of post-secondary institutions should be fluid, and avoid the duplication of prior learning.

**WHEREAS** universities should be the primary degree-granting institutions in the Ontario post-secondary system.

**WHEREAS** sustained population growth in Ontario's post-secondary education system must be matched by growth in the space available to undergraduate students.

**WHEREAS** universities and governments have a responsibility to support all facets of student life while at university

**WHEREAS** every student in an Ontario post-secondary education institution should receive a high quality education that includes both teaching and research.

**WHEREAS** it is the role of the Ontario government to take proactive measures to prepare appropriate instructional capacity for the economic and demographic trends of post secondary attainment.

**WHEREAS** under the current Basic Income Unit (BIU) funding system, program weights are arbitrary and may create perverse incentives.

**WHEREAS** under the current funding system, per-student funding does not increase with inflation each year, incentivizing enrolment growth as a means of meeting rising costs.

**WHEREAS** many institutions in Ontario receive more than half their operating budget through tuition and other private revenue sources; including ancillary fees, donations and revenue generating services on campuses.

**WHEREAS** direct per-student funding in Ontario is the lowest of any Canadian province, and the current level of funding is inadequate.

**WHEREAS** if executed ineffectively, envelope funding can create duplication in the system by encouraging the homogenization of institutions.

**WHEREAS** the use of private revenue to fund academic programs may undermine institutional autonomy and erode the quality of the undergraduate student experience, and cannot adequately address funding shortfalls.

**WHEREAS** the cost of providing a high quality post-secondary education is rising at an unsustainable rate.

**WHEREAS** salary, pension and benefit costs have risen substantially in the past ten years, necessitating a greater portion of funding be used to meet these costs.

**WHEREAS** the current university system may not be sufficiently differentiated to make the most effective use of resources.

**WHEREAS** current discussions of differentiation have been based largely on prioritizing between teaching and research.

**WHEREAS** certain models of differentiation could diminish access to undergraduate university education and the university experience, and may be overly restrictive to individual institutions, limiting their ability to respond to the specific needs of their campuses and local communities.

**WHEREAS** although there has been an increase in the number of satellite campuses in Ontario, there are few rules in place governing the establishment and operation.

**WHEREAS** some satellite campuses may provide a lesser quality education compared to long established campuses, in terms of course availability and selection, access to professors, and access to library resources.

**WHEREAS** students at satellite campuses may not have access to adequate student support services.

**WHEREAS** although there has been an increase in the number of satellite campuses in Ontario, there are few rules in place governing the establishment and operation.

**WHEREAS** some satellite campuses may face challenges in providing course availability and selection, access to professors, and access to library resources.

**WHEREAS** students at satellite campuses may not have access to adequate student support services.

**WHEREAS** the establishment of satellite campuses may reflect municipal and private sector objectives rather than the needs of students and the post-secondary system as a whole.

**WHEREAS** online education is not always developed in a way that ensures a high quality student experience.

**WHEREAS** some institutions charge fees for online courses that are not proportional to the education or support services received by the student, and may be higher than the fees for comparable courses offered in-classroom.

**WHEREAS** there has been discussion about extending degree-granting authority to colleges as a cost-savings mechanism.

**WHEREAS** there is unnecessary duplication as students travel between pathways in the post-secondary education system.

**WHEREAS** enrolment is increasing at a rate that is faster than the expansion and repurposing of campus spaces.

**WHEREAS** existing spaces are not always conducive to the creation and implementation of new and innovative approaches to learning.

**WHEREAS** government funding priorities have been around classrooms, faculty offices and class labs, not residences or associated student service space.

**WHEREAS** there is a significant faculty shortage and insufficient funding to bridge the gap.

**WHEREAS** faculty compensation has grown at an unsustainable rate, limiting the funding available for new faculty to grow instructional capacity.

**WHEREAS** declining instructional loads for faculty are contributing to larger classes.

**WHEREAS** part-time faculty are being too heavily relied on to take on teaching responsibilities, potentially compromising the quality and sustainability of education system, and faculty-student engagement.

**WHEREAS** research is too heavily incentivized both internally at institutions and externally by the government, leading to faculty putting greater focus and energy into their research duties than their teaching duties.

**BIFRT** the government should raise per-student operating funding to the weighted national average, to better reflect the costs of providing a high quality post-secondary education.

**BIFRT** the provincial government, in conjunction with institutions, faculty and students, should review and amend the BIU weighting system to better reflect the actual costs of educating students in different programs and years of study.

**BIFRT** to reflect reasonable cost increases, per-student BIU funding should increase annually by a minimum of inflation.

**BIFRT** to avoid the homogenizing effect of universal envelopes, most envelope funding should primarily be used to encourage initiatives that apply to all institutions, regardless of strategic mandate.

**BIFRT** the government should continue to use the mission-related envelope to support differentiation as outlined through each institution's strategic mandate.

**BIFRT** the government should develop mechanisms to ensure a consistent vision and timeline for envelope funding, including a guaranteed lifespan for the funding to better facilitate long-term planning at the institutional level.

**BIFRT** the government should adopt a corridor model of funding to accommodate changes in the student population in different regions, based system wide growth projections and input from institutional planners.

**BIFRT** the government should create a task force to investigate cost inflation at post-secondary institutions, and suggest strategies for cost containment.

**BIFRT** the government should explore strategies to encourage compensation restraint

**BIFRT** the government and institutions should pursue a moderate degree of differentiation, based on differentiation by discipline/program strengths

**BIFRT** differentiation should be pursued through the strategic mandate process, in conjunction with appropriate envelope funding.

**BIFRT** differentiation should be pursued mindful of the needs of geographically northern and remote communities.

**BIFRT** any further differentiation must still entail access to a high quality education including broad course selection, opportunities for inter-disciplinary learning, and mobility within the system and institution.

**BIFRT** students should be actively involved in any discussions about differentiation, including the negotiation of the strategic mandates.

**BIFRT** quality of teaching, student supports, and the student experience should be maintained as a high priority at all institutions regardless of any differentiation.

**BIFRT** differentiation should be pursued in parallel to other methods of system reform to ensure the system moves toward sustainability.

**BIFRT** satellite campuses should be pursued as a means of broadening student access and choice in the post-secondary system, but not as a replacement to providing students with the opportunity to study at a long-established campus.

**BIFRT** minimum standards for student services, course choice, and teaching quality should be developed by the government, in consultation with institutions, faculty and students, to ensure satellite campuses provide a standard of education comparable to that offered at long-established institutions.

**BIFRT** the government should continue to develop its regulatory regime around the establishment of new satellite campuses to ensure that satellite campuses are only established where there is appropriate student and system demand.

**BIFRT** satellite campuses should be pursued as a means of broadening student access and choice in the post-secondary system, but not as a replacement to providing students with the opportunity to study at previously established campuses.

**BIFRT** minimum standards for student services, course choice, and teaching quality should be developed by the government, in consultation with institutions, faculty and students, to ensure satellite campuses provide a standard of education comparable to that offered at previously established campuses.

**BIFRT** the government should continue to develop its regulatory regime around the establishment of new satellite campuses to ensure that satellite campuses are only established where there is appropriate student and system demand.

**BIFRT** the Ontario government should continue to develop the Ontario Online Institute as a means of offering high quality online education to post-secondary students. Development should include a quality assurance framework, and regular external reviews.

**BIFRT** tuition fees for online courses should be no more than what is charged for an equivalent class-based course and, if savings are realized, these must be passed on to the student.

**BIFRT** colleges should not be given independent degree granting authority. Instead, collaborative or hybrid programs between colleges and universities should be pursued.

**BIFRT** more research should be done into offering full time three year degrees at institutions; however, such programs should only be offered if it is clear that they will not compromise quality or access to education for underrepresented groups.

**BIFRT** governments and universities should make instructional and student space a targeted funding priority.

**BIFRT** any sustained effort to grow student population in Ontario must be matched by a commitment to invest in the creation and maintenance of infrastructure that addresses physical space and modern learning needs.

**BIFRT** government investments earmarked for deferred maintenance be brought up to a level that is at least 1.5 per cent of CRV.

**BIFRT** some elements of maintenance funding should be targeted at the repurposing of spaces to increase their viability in new pedagogy.

**BIFRT** the government funding availability for capital investments is extended to include residences and spaces associated with student support and services

**BIFRT** new tenure-track faculty should be hired to reduce student-faculty ratios and to prepare for more students to enter the system.

**BIFRT** strategies for reducing the compensation disparity between tenured and non-tenured faculty should be investigated, including limiting post-retirement teaching contracts, compensation ceilings, and reducing the reliance on non-tenure-track faculty.

**BIFRT** current faculty teaching loads should be re-evaluated to determine if current faculty resources are being used most effectively.

**BIFRT** the creation of teaching focused positions at all universities should be encouraged as a means of reducing per-unit cost of instruction.

**BIFRT** teaching quality should be incentivized through envelope funding.