



Policy Paper

System Vision

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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. Throughout the past decade, Ontario has seen unprecedented growth in undergraduate enrolment across universities and colleges, successfully achieving the highest provincial post-secondary attainment in Canada. OUSA is supportive of the Ontario government's work towards the goal of a more prosperous society and workforce.

However, these commitments have come at a price to students within the postsecondary system. While per-student operating grants have kept pace with increasing enrolment, provincial funding into postsecondary still falls dramatically behind all other provinces, both in terms of real dollars and percentage of GDP. Meanwhile, universities are experiencing unsustainable rising costs, particularly salaries and pensions, which threaten universities' and students' collective futures.

To address this unsettling combination of underfunding and skyrocketing costs, universities are forced to increase tuition annually, make cuts to faculties and services, raise revenues through individual ancillary services (bookstores, food services, etc.), and compromise quality of education. Underfunding and rising costs have resulted in real setbacks for affordability and quality of education.

Differentiation is a necessary process to avoid duplication of resources, and aims to make the postsecondary system more cost-effective for all. Students are appreciative of this goal, but openly question whether differentiation constitutes the 'silver bullet' necessary for the sector. Ontario institutions face many efficiency issues that require solutions beyond the current differentiation framework, necessitating additional action on the part of the province. In addition, differentiation brings up concerns regarding access for underrepresented groups, degree flexibility, and potential to create vertical hierarchy of universities.

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.

System Vision addresses six 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:

Differentiation

- Pursue a moderate degree of differentiation, where universities can pursue unique programs, mandates, and specializations, above and beyond a generally comprehensive slate of program offerings;
- Any differentiation must prioritize the opportunity for interdisciplinary learning and research across a variety of fields, regardless of that institution's specialty;
- Ensure that differentiation is pursued in a horizontal manner, and not in a vertical one;

- Link differentiation with changes to funding to be successful, accountable, and in the best interests of students;
- Differentiation should be pursued in parallel to other methods of system reform (such as rising cost accountability) to ensure the system moves toward sustainability.
- Ensure financial assistance for rural and northern students is a key priority in a differentiated system;
- Ensure geographic proximity of an alternative school heavily factors into decisions about the extent of specialization of any Ontario university;
- Prioritize the use of differentiation funding to promote pathways between institutions;
- Ensure quality of teaching and the student experience be maintained as a high priority at all institutions regardless of any differentiation;
- Provision of financial aid should not be used as a metric of differentiation;
- Provision of demographic-specific support services should not be used as a metric of differentiation;
- Differentiation should focus on academic growth, societal need and any external considerations must be limited to long-term societal need, rather than short-term labour market considerations;
- Universities must be given appropriate leeway, outside of funding structures and differentiation metrics, to pursue programs or priorities that they believe best for their institution;
- Government involvement in goal-setting and metrics must be based on outcomes, and not outputs.
- Students should be actively involved in any discussions about differentiation, including the negotiation or revision of strategic mandate agreements.

Satellite Campuses

- Satellite campuses should be pursued as a means of broadening student access and choice in the post-secondary system;
- Develop minimum standards for student services, course choice, and teaching quality;
- Continue to review and enforce a regulatory regime around satellite campuses and other major capital expansions;
- Provide tenured, or otherwise full-time and long-term staff, at satellite campuses.
- Continue to align policy decisions, including the Differentiation Framework, with the Major Capacity Expansion Framework.

Instructional Quality & Capacity

- New teaching-focused faculty should be hired, in the tenure-track stream, to reduce student-faculty ratios and to increase quality of teaching;
- Investigate strategies for reducing the compensation disparity between tenured and non-tenured faculty;
- Mandate across-the-board baselines for teaching loads;

- Introduce new system-wide policy levers to incentivize quality of education, including teaching chairs, teaching-stream faculty, teaching-loads, innovation funds, and envelopes for technology support units;
- Students should have assurances that their education will be protected in the event of a strike.

Campus Infrastructure

- Ensure instructional and student space is a targeted funding priority;
- 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;
- Target a certain degree of maintenance funding for repurposing of spaces to increase their viability in new pedagogies;
- Extend government funding available for capital investments to include residences and spaces associated with student support and services.

Addressing Cost Inflation:

- Mandate all university commitments to spending above existing resources be clearly and publicly reported, noting where cuts are occurring;
- Explore strategies to encourage faculty compensation restraint;
- Adopt an Ontario-wide pension plan for the post-secondary sector;
- Employ envelope and targeted funding to ensure resources meant to improve educational quality are not absorbed to support unsustainable cost structures;
- Move towards the eliminating merit-based financial assistance, reallocated existing funding towards needs-based bursaries.
- Create a task force to investigate cost inflation in post-secondary institutions, and suggest strategies for cost containment.

Funding:

- Raise per-student operating funding to the weighted national average;
- Increase base operating funding annually by a minimum of inflation;
- Review and amend the provincial funding formula to align with the Differentiation Framework and drive the priorities of the sector;
- Adopt a corridor model of funding based on system-wide growth projections;
- Employ envelope and performance-based funding aligned with sector objectives;
- Implement a transitional process in moving towards a new funding formula.

Section 1: Differentiation

PRINCIPLES

Principle One: 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 responsibilities are increasing and available resources are in decline. While the exact framework for differentiation is still being formulated, there is growing potential for the use of outcome-based metrics and the pursuit of moderate institutional diversity to improve the university sector. Whatever the specifics of the new framework, it is clear that the post-secondary sector must move away from a model that forces universities into a one-size-fits-all model, and that encourages enrollment growth as the only way to attain funding.

From the perspective of quality control, 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.”¹ 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.² All of these perspectives must be balanced and cautiously applied to differentiation, as the program moves forward.

Principle Two: Teaching and research should be viewed as equally valuable and important components of the university mission, and a choice between the two should not be the basis of differentiation in the province.

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. As well, universities cannot shirk one of their primary missions, the transfer of knowledge to students through quality teaching and engagement.

In order for universities to achieve their teaching missions while encouraging local economic development, innovative industries, and new jobs, research and teaching must not be distinguished all together. Rather, they must be integrated into the entire educational experience. This is a philosophy that Ontario should strive to maintain as metrics and desired outcomes are fully articulated by both the government and universities.

¹Weingarten, H.P. and Deller, F. The Benefits of Greater Differentiation of Ontario’s University Sector Final Report. (Toronto: HEQCO, 2010).

²Clark, Ian D., Greg Moran, Michael Skolnik, and David Trick. *Academic Transformation: the Forces Reshaping Higher Education in Ontario*. (Montreal: McGill-Queen's UP, 2009).

Principle Three: Differentiation should be horizontal; any measures that will create hierarchy between or within institutions has the potential to adversely affect educational quality.

Proponents of Differentiation discuss two iterations of it: vertical differentiation and horizontal differentiation. Horizontal differentiation entails a “coordinated system composed of institutions with a diversity of missions and mandates that are equally valued but that may serve different students in different ways.”³ This model is used in Alberta, with different institutions categorized by their institution type (i.e. university, college, trade school). This is contrasted with vertical differentiation, which refers to the ranking of institutions by some dimension (such as research activity) in a hierarchical manner. This is the approach taken by the Chinese higher education system, which addresses access agendas through a lower “tier” of university while restricting growth and access within an elite tier of research focused universities.

Students believe that the system should not be ordered hierarchically, with some institutions receiving priority (in terms of resources and supports) based on their position in the rankings or their stated missions. Instead, any differentiation must instead categorize or delineate different institutions on a horizontal level. That is not say, however, that the above-mentioned categorization should result in a ‘teaching’ category or a ‘research’ category for Ontario universities. Indeed, students believe that institutions should not vertically rank teaching and research, as discussed above, and must instead ensure a healthy minimum of each is pursued, regardless of that institution’s specific competency.

Student Access, Mobility, and Support

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

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 more differentiated, they should not lose their focus on recruiting and educating the best and brightest regardless of the barriers those students face on their pathway 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 Five: 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, or too

³ Weingarten, H.P. and Deller, F. The Benefits of Greater Differentiation of Ontario’s University Sector Final Report. (Toronto: HEQCO, 2010).

highly specialized. 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. This must also apply to support services offered specifically to demographic groups.

Principle Six: Students believe that differentiated systems should specifically account for geographic distance as a barrier to accessing university

A system in which universities are increasingly differentiated from one another poses challenges in the academic sense, but also in the physical sense. It is a well-established fact that geographic distance to a post-secondary institution is one of the major barriers to accessing university⁴. This, when coupled with the possibility that the nearest institution may have specialized away from a certain student's program of choice, creates significant access challenges. Put simply, students believe that a differentiated system should account for geographic distance as an access barrier, when negotiating differentiation with individual institutions. This fact must be taken into account when making policy decisions on student financial assistance, particularly regarding eligibility and amounts of distance grants for students.

Principle Seven: Student mobility must be an even greater priority in a differentiated system, to prevent students becoming stuck on 'islands' of unique programs.

As schools become increasingly unique or specialized in their academic, campus, and institutional offerings, a system of articulated and regulated credit transfer becomes more important. If a student enrolls in a university but is forced to transfer to another institution, the uniqueness or specialization of the sector must not prevent that student from having their prior education recognized in some form. To do so increases barriers to the attainment of an affordable education, as students, the government, and universities are forced to re-invest tuition dollars and living expenses to repeat prior learning.

Principle Eight: Differentiation must not mean differentiated financial aid effort; financial aid and its use in increasing accessibility must be a top priority for all publicly-funded and assisted universities in Ontario

In addition to support services, students attending any university in Ontario must have access to a robust system of financial aid. While it is acceptable for universities to differentiate academically, in some fashion, it is unacceptable for some universities to prioritize financial assistance and access above others, and to be formally incentivized to do so by the government. The provision of effective financial aid and the prioritization of assistance and access must be maintained at all publicly funded and assisted universities in Ontario.

Institutional Autonomy and Planning

Principle Nine: Institutional autonomy is important to preserve when constructing 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

⁴ Frenette, Marc. *Too far to go on? Distance to school and university participation*. Ottawa: Statistics Canada, 2002).

meeting those needs. It is important to allow administrators the flexibility required to allocate resources and make strategic decisions for their campuses.

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.

Principle Ten: Differentiation priorities should not be developed on the basis of labour market needs, and must instead take a more long-term approach based on the consideration of multiple factors.

Differentiation should focus on the creation of academic programs and courses that offer students and faculty the opportunity to conduct deep study of a subject area, skill, or program. As with any academic structure, this process must focus on the transfer of knowledge to the student, as well as the development of knowledge by the faculty. This work must support the creation of infrastructure to promote long-term growth and development to serve a variety of needs and interests, from the local to the global, and from the pursuit of basic knowledge to long-term research and development work. Society places value in the diverse work performed at universities, and students and employers value the transferable skills provided by a university education.

This is far more desirable than a system in which programs and courses are developed to meet immediate labour market needs, such as the need for more mechanical engineers in the short-term. This is to ensure that the university maintains its central mission to educate citizens and develop knowledge, instead of specializing as a professional training ground.

Program Offerings & Comprehensiveness

Principle Eleven: A broad course offering is an important part of ensuring students are empowered to attain a comprehensive and holistic education.

Broad course offerings empower students to develop an understanding of concepts and ideas outside of their field of study. When presented with (and often mandated to explore) a broad course offering, students from the arts are exposed to the scientific method, while engineers are exposed to the intricacies of communication and language. A broad and comprehensive course offering is integral to the success of a university in accomplishing their mandate of instilling students with higher-order thinking and civic skills.

Principle Twelve: Ontario's students should have the opportunity to enroll in an intensified degree program to gain exposure to the in-depth study of certain subjects.

Students believe that the creation of unique or specialized programs (such as Waterloo’s co-op program, Western’s Faculty of Information and Media Studies, McMaster’s Faculty of Health Sciences, Brock’s Labour Studies program) can create major benefits for students, the university, and broader society. In a system of moderate differentiation, the post-secondary sector should look to establish ‘flagship’ programs in certain areas at one or more universities, to provide students with an opportunity to delve into a subject area and come away with a high level of understanding, engagement and application..

Principle Thirteen: It is important that the quality of programs, research, and courses not suffer as a result of increased focus on an area of specialty.

Students believe that any move towards specialization or in-depth courses cannot come at the expense of existing programs or courses. The ability of a student to attain a high-quality education in the field of their choosing is significantly reduced if resources are transferred from more “common” programs towards an institution’s specialized programs. While the benefits of specialized programs is clear, it is important to recognize that the vast majority of students will still be enrolled in standard courses in the arts and sciences. It is a firm principle of OUSA’s that these students not experience a diminished quality of education, or that the future of these courses/programs be put under threat as a result of a more differentiated system.

Student Input in Planning

Principle Fourteen: Student input and feedback must be at the forefront of differentiation discussions at all levels, from provincial prioritization to university-level SMA discussions.

Any decision made in a post-secondary context will have some impact on a student’s educational experience. From course and program prioritization to research funding, from the provision of support services to credit transfer, students are impacted by decisions made by universities, and for universities. As such, it is important that students are represented in any discussion about a differentiated sector.

Differentiation in the Broader Context

Principle Fifteen: 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 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.⁵ Not only are these increases one of

⁵ 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.

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, pension, and space issues outside the typical purview of institutional mission statements.

CONCERNS

General Concerns

Concern One: Many 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. As such, the delineation between the two missions extant in earlier HEQCO reports are concerning to students.

As well, 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 Two: Some models of differentiation have espoused a vertical model, both within and between institutions.

In an earlier paper on what a differentiated system might look like, the Higher Education Quality Council of Ontario (HEQCO) recommended that a differentiated system in Ontario be organized vertically, with the University of Toronto being recognized as the flagship university in the province⁶. As the flagship university, U of T would be eligible for special research dollars to increase its competitiveness on the world stage. Combined with an external incentive structure that prioritizes research work above all other university activity, this system establishes a hierarchy within the public education sector. In prioritizing certain institutions above others, such a model would create permanent winners and losers among Ontario’s

⁶ Weingarten, H. Deller, F. *The Benefits of Greater Differentiation of Ontario’s University Sector*. The Higher Education Quality Council of Ontario. 2010.

universities. As our public universities serve important academic, economic, and societal purposes in their regions, this model creates a structure where students, businesses, and residents in some regions are underserved by their universities in comparison to other jurisdictions. In all, the creation of a strict and formal hierarchy in Ontario's public sector educational system can create significant limitations on how universities serve Ontario's various regions.

Student Access, Mobility, and Supports

Concern Three: The lack of a developed credit transfer system creates the risk of students becoming stranded on 'islands' of specialization, in a differentiated system.

In an increasingly differentiated system, the academic experiences of students will begin to differ across institutions. While this can provide students with opportunities for in-depth study, it makes articulating pathways between institutions more difficult. As the specialization and difficulty increases, so too does the ability of students to find equivalent courses at institutions around the province. As such, the current state of course-to-course mapping may not capture equivalencies between specialized courses or courses offered by institutions that claim a specialization.

Concern Four: Certain models of differentiation could diminish access to undergraduate university education and the university experience.

There is a fear that differentiation, particularly under some models of differentiation, could reduce the net number of undergraduate seats available, or available at particular institutions. 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.

Concern Five: Many discussions about differentiation have failed to signal any geographic access considerations in their vision for a differentiated sector. In particular, geographic distance and the density of universities in Ontario has been glossed over.

Access based on geographical location is a very 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 northern 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. Proper financial assistance for students who may have to relocate is also of critical importance.

Concern Six: The government's differentiation framework policy has included financial aid as a metric upon which universities can differentiate, raising concerns about the extent to which financial accessibility will be a priority across the sector.

In its recent Differentiation Framework Policy, the Government of Ontario signaled that the provision of financial aid is intended to be an area in which universities can specialize. This is concerning for OUSA, as OUSA believes priorities of access and affordability must be central to the missions of all universities in Ontario, and not just a focus at a select number of schools. The government must not create a perversely incented system, in which some schools choose not to prioritize accessibility, as other schools have differentiated to attract those with financial need. While some schools do informally provide larger financial aid packages as a recruitment tool, the formal enshrining of differentiated financial aid commitments as provincial policy only sets a negative precedent upon which to progress.

Concern Seven: The government's differentiation framework policy includes metrics on supports for aboriginal students and other demographics, raising concerns about the extent of choice available to students seeking both support services and specialized degree programs.

In the Differentiation Framework Policy, the government of Ontario signaled that another area of differentiation concerns student populations, particularly the proportion of aboriginal and international students that an institution enrolls. As well, the provision of support services to these groups is another area in which an institution may specialize.

While this initially sounds positive, it raises similar concerns to differentiation on the basis of financial aid. Students from specific demographic groups (particularly high-needs groups such as aboriginal students) must be able to expect strong supports and services regardless of the institution they attend. The formalization of a policy encouraging some institutions to focus on this area can create negative incentives for institutions. Namely, some universities will be incentivized to place less emphasis on access and support for certain demographics, as they will not "win" in this metric area, compared to other institutions.

As the system specializes in this manner, students from demographic groups may be presented with a significant challenge. Should they attend the institution that specializes in supporting their demographic, or go to the school that has the specialized degree program they are interested in? This case illustrates the importance of ensuring that all universities are incentivized to maintain adequate standards of student supports for all students, be they 'traditional' students or those from a certain demographic.

Program Offerings and Comprehensiveness

Concern Eight: Current levels of differentiation do not always allow for the development of intensified degree programs → universities focusing on everything broadly do not have the resources to develop many areas of study very in-depth

It is critical that the universities who pride themselves on providing a broad-based, generalist education, are not forgotten about in the differentiation discussion. It is unfairly burdensome for some universities to prioritize even 5-10 key priorities, as many Ontario universities have prided themselves on supporting a wide diversity of faculties, departments and faculty members

for the purposes of degree flexibility and encouraging students to broaden their horizons. OUSA believes that there is value to a broad education with diversity and degree flexibility, and that those universities who have prioritized this as a keystone for program provision do not lose out on continuing to provide a comprehensive education to students.

Concern Nine: Some models of differentiation have encouraged universities to cease offering courses in areas outside their core competencies or areas of specialization

Early discussions about differentiation encouraged universities to ‘cleave the fat’ by eliminating programs and courses that were not in their areas of strength or future specialization. These discussions have continued into today’s Differentiation debate, with some in the sector raising the very real possibility of asking universities to eliminate programs outside of their areas of strength. For example, a school heavily focused on STEM disciplines may be incentivized to eliminate its arts programs. This is obviously concerning to students, as this will reduce student choice and access, and will also quite simply reduce attainment levels, as the number of undergraduate seats in some areas is reduced. Similarly, Differentiation that promotes either teaching or research will similarly see the university lean away from the area in which it does not perform best (i.e. a research school reducing teaching loads or increasing class sizes), to better perform in its core areas.

Institutional Autonomy and Planning

Concern Ten: Certain processes for implementing differentiation may be overly restrictive to individual institutions, limiting their ability to respond to the specific needs of their campuses and local communities.

Throughout the differentiation process, students are concerned that universities may be losing some necessary autonomy and flexibility. In the current undifferentiated system, universities are already large, complex and often bureaucratic institutions; as such, changes in mandate or agenda are already significantly slow processes. Students are concerned that a differentiated system will restrict universities even further to responding to the needs of students, the community, or long-term trends.

Concern Eleven: In the past, the tying of sector funding to labour market needs has created negative incentives for universities, and exposed students and universities to undue risk.

It is a well-known fact that universities respond to funding incentives in a uniquely powerful way, when compared to the rest of the public sector. This is no surprise, given that the current funding model and fiscal context have resulted in universities having very little funding for new projects or initiatives. This ability to incent behavior is a powerful lever for the government, and can be used to direct universities towards societal needs, government priorities, and academic achievement.

However, in the past, this lever has been used to align universities with short-term labour market needs, to disastrous result. In the late 1990s, government funding was directed specifically towards the creation of computer science programs, in the Access to Opportunities program, to fill the quickly growing need for computer programmers during the online boom. Funding took the form of both an operating grant increase for high demand computer and engineering students, as well as a scheme matching private donations earmarked for the

creation of such programs⁷. As a result, many new computer science departments sprang up at universities that previously had not operated a computer science program. This resulted in unnecessary duplication of resources, and also in programs of lower quality being developed to fill short-term need.

In the early 2000s, the internet ‘bubble’ burst, and thousands of computer science students were suddenly unable to find work in their discipline. This example showcases the volatility of the labour market, and its propensity to change under the pressure of supply and demand. This example showcases the danger of tying sector funding to short-term market needs. Instead, a differentiated system must prioritize general quality of education, and ensure that students are graduating with a comprehensive set of transferable skills that will serve them in multiple job markets.

Student Input in Planning

Concern Twelve: The level of engagement between universities and student associations varied greatly between institutions during the last round of SMA updates.

The release of the Differentiation Framework policy necessitated the revision of existing Strategic Mandate Agreements, with universities identifying their areas of strength and future focus, as well as suggesting new metrics. While the original Strategic Mandate Agreements were drafted with student involvement, the experience of OUSA’s student leaders varied considerably during the revision process, from campus to campus. While some student associations were heavily involved in identifying priorities and areas of future growth, others were largely kept in the dark and only informed after the revised SMA had been sent to the Ministry. This precluded the inclusion of student input into the process of charting new directions at some of Ontario’s universities.

Differentiation in the Broader Context

Concern Thirteen: Differentiation cannot address all of the system’s structural faults, and should not be seen as a panacea to the system’s challenges.

Many observers have contended that a differentiated system can be free of many of the systemic pressures and faults that exist in the current post-secondary system. It is important to acknowledge, however, that differentiation cannot address all of these systemic challenges, as a single policy solution.

Students believe that differentiation must address the core issues that the system faces. These include ongoing shortfalls in basic operational funding for universities, which severely restricts universities’ abilities to meet many basic requirements of a truly high-quality education, and forces universities to annually raise tuition fees.

On top of this, the differentiation conversation must make some significant advances in addressing skyrocketing costs. For example, one significant pressure on the sector is the rising cost of compensation for faculty, which rises significantly higher than other areas of the university. In fact, York University recently completed a collective bargaining agreement that ensured 5 per cent increases in salary for faculty, a number which will put significant pressure

⁷ Ontario Ministry of Training, Colleges and Universities. *The Ontario Operating Funds Distribution Manual*, 2009. Toronto. Queen’s Park Printer.

on the rest of the university, and on students. University differentiation will never address the cost of faculty compensation, pension solvency, and the maintenance of infrastructure. Differentiation should not be seen as a silver bullet that will thrust the system into sustainability and efficiency.

RECOMMENDATIONS

Recommendation One: The government of Ontario should ensure that differentiation is pursued in a horizontal manner, and not in a vertical one.

OUSA recognizes that it is difficult to manage a system as complex as the post-secondary system in Ontario. Even the perception of a policy direction creating a hierarchy can be difficult to manage. As Ontario pursues a differentiation agenda, it is going to have to ensure system efficiency and cohesion while avoiding the very real possibility that not only is an institution going to move toward embracing what it sees as their core competencies within themselves, but also towards being the best in Ontario at those competencies.

It is promising, and certainly within the interests of differentiation and students for an institution to build leading capacity in a given discipline. However, resources and strategic planning must allow for the provision of an education that understands common barriers, including geography, cost and access. Further, that the province will fare better by having a strong *system* of universities as opposed to one or two institutions perceived to be elite. To that end, universities should be allocated resources and support in a way that encourages their contribution to a holistic system and that works to keep all schools in Ontario competitive in the provincial and world market. Institutions can certainly play to their strengths, and should be recognized for doing so, but where a program or course is offered it should be supported as fully as a “core” course.

Student Access, Mobility, and Support

Recommendation Two: Differentiation should be pursued mindful of the geographic access needs of 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 Three: In a differentiated system, financial assistance for rural and northern students must become a key priority for maintaining access to all Ontario universities.

If Ontario universities are to be sufficiently different in terms of degree offerings, access to a university education must be taken into account. Improving access for these underrepresented groups should manifest itself in terms of increasing eligibility and amounts of distance grants for students who must travel longer distances to and from campus. For example the current Ontario Distance Grant is only \$300 per academic year, which is highly unlikely to completely cover even one round trip for a student living in a remote location. A highly coordinated postsecondary system in Ontario should prioritize access for students who may end up having to travel even further distances to attend university in the near future.

Recommendation Four: The geographic proximity of an alternative school must heavily factor into decisions about the extent of specialization of any Ontario university.

In addition to being mindful of the specific needs of northern and rural communities, the government must assess whether an alternative university exists within a reasonable range when assessing the specialization of any university in Ontario. Research findings, and the government's own assessments, generally consider 40 to 80 kilometers to represent a geographic barrier to university participation⁸⁹.

For example, very deep specialization by York or Ottawa Universities is more acceptable than deep specialization by Western University, given the very close proximity of alternative institutions in Toronto and Ottawa. As geographically isolated universities play major roles in serving as affordable options for local students, they must maintain a certain level of comprehensiveness when compared to universities that are located just a few subway stops from alternatives.

Recommendation Five: The Ontario government should prioritize the use of differentiation funding to promote pathways between institutions.

To promote the development of credit transfer in Ontario, the government should prioritize the use of differentiation funding to reward those who join a formal transfer system in the near future. This can be done through the use of differentiation metrics and their associated institutional agreements, or a system-wide envelope for pathways enhancement. Funded activities can include articulation agreements, course mapping and regular review activities.

Recommendation Six: Quality of teaching 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

⁸ Frenette, Marc. *Too far to go on? Distance to school and university participation*. Ottawa: Statistics Canada, 2002).

⁹ Ontario Student Assistance Program. *Ontario Distance Grant*. 2014. Accessed at <https://osap.gov.on.ca/OSAPPortal/en/A-ZListofAid/PRDR007087.html>

force that will stand as paragons within the sector as those who benefited from exceptional in-class learning and outside-the-class experiences.

Recommendation Seven: The provision of financial aid should not be used as a metric of differentiation.

Put simply, the government must not use the provision of financial aid as a metric for differentiated growth in Ontario's university sector. The government, and every public institution in Ontario, has a responsibility to ensure equitable access to education. This is more than just access to a post-secondary institution, but to any institution that best supports their needs and ambitions.

A differentiation mandate, and associated funding, should never create a situation where a university is incentivized or able to rationalize diminishing its levels of institutional, needs-based financial assistance. OUSA appreciates the government acknowledging appropriate financial assistance as a key policy element in the PSE system of the future, but insists that it not be a differentiator among universities outside of providing appropriate resources toward meeting the unmet need of each institution's student populations.

Recommendation Eight: The provision of demographic-specific support services should not be used as a metric of differentiation.

As above, the government should be cautious in how it empowers institutions to differentiate based on the student populations that they serve. The government should establish envelope funds with funding tied specifically to the creation of support services for demographic groups present, or projected to be, at individual institutions. Under a differentiation mandate, universities shouldn't be allowed to divest themselves of contributing to a system-wide access agenda, nor from their individual commitments to reflect their local populous. In this model, universities will be incentivized to recruit, and provide services for, under-represented and vulnerable groups in a way appropriate to the broader mission of the Province as well as to their local needs. Simply put, the policy levers and funding incentives must strive to encourage measures to close participation gaps in all instances, and must only differentiate in so far as they provide appropriate supports on a school by school basis.

Institutional Autonomy and Planning

Recommendation Nine: Differentiation should focus on academic growth, societal need and any external considerations must be limited to long-term societal need, rather than short-term labour market considerations.

Students believe that any program-based differentiation or project funding should occur only to serve long-term regional needs and achieve academic goals. Differentiation should, first and foremost, focus on the academic growth that will increase student choice and the number of high-quality, deep-study programs available in Ontario. The nature of this work is inherently long-term, as the infrastructure to build unique programs and elite departments will necessitate investment and attention over a number of years. Secondly, Differentiation should also focus on serving the needs of the cities and regions in which the institution resides, and to also serve societal need in the long-term.

For example, an acceptable long-term focus for differentiation could revolve around an emerging new field of science, such as alternative energy engineering. A focus on special

programs to develop research and teach students in these fields is acceptable, as this work can create major benefits and new knowledge in years to come. This is in contrast to more short-term considerations, such as the need for mechanical engineers in the next five years.

As well, students believe that discussions around differentiation should formally involve students, universities, and government leaders, each representing one facet of the discussion. Any identification of priorities should involve student input, and also the input of university leaders (to identify academic priorities), and government officials (to identify societal need). Differentiation discussions should not occur outside of these considerations.

Recommendation Ten: Universities must be given appropriate leeway, outside of funding structures and differentiation metrics, to pursue programs or priorities that they believe best for their institution.

Differentiation, and any strategic planning that occurs outside of the context of differentiation, is going to be driven to a large degree by the realities and aspirations of a university. For this reason, Strategic Mandate Agreements, major capital expansions and other public policy mechanisms are negotiated between universities and government. Universities are uniquely positioned to represent their employees and students, and to plot their future in a way that is sensitive to those interests. Outside of the differentiation framework, and the expectations associated with universal funding, universities (in consultation with their students) should be allowed to make their case in the creation of courses and programs, the provision of new services, innovation and academic freedom for their staff and students.

This being said, any work by a university to create a new area of strategic focus or very niche program should be in line with the Strategic Mandate Agreement created between the university and the government. This is to ensure system-wide cohesion resulting in the best and most effective distribution of resources, to ensure existing resources meet student needs.

In summary, system wide demands are critical considerations in an efficient system that is meeting the needs of the public and students, but there is a line to be walked in eliminating redundancy while allowing institutions the latitude to innovate and meet institutional demands.

Recommendation Eleven: Government involvement in goal-setting and metrics must be based on outcomes, and not outputs.

Students understand that a more differentiated system inherently involves more government involvement in setting university priorities. However, to ensure that government remains high-level (and only represents societal interests), it is important that government involvement in goal-setting and assessment be based on outcomes, and not outputs. As such, any Key Performance Indicator (KPI) used to assess progress or performance should be based around outcomes, and not outputs.

Outputs are the processes, activities, and mechanisms used to achieve outcomes. For example, an output for OUSA is the number of meetings booked, media profiles achieved, and policy papers passed. Outcomes are inherently more nuanced, and involve assessing what kind of influence was achieved, how effective the training of student leaders was, and what the quality of media profiling was.

Similarly, at the university level, government should not be involved in dictating the number of new courses created, number of faculty hired or assigned to teaching or research. Rather, the

government should be assessing whether those decisions have achieved desired outcomes, and what ongoing outcomes are expected for the good of the system. Should all agree that improving access to professors is a priority, a university could hire professors, decrease class sizes, increase office hours or increase teaching loads. The government can, and should be, involved in facilitating discussions of best practices, as well as facilitating negotiations around ‘what’, ‘where’, ‘when’ and ‘why’, but should – where possible – leave the ‘how’ to universities.

Program Offerings and Comprehensiveness

Recommendation Twelve: The government and institutions should pursue a moderate degree of differentiation, where universities can pursue unique programs, mandates, and specializations, above and beyond a generally comprehensive slate of program offerings.

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 has been organic and it is time to capitalize on these organic differentiators by helping institutions to grow in areas that make sense for students, 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.

As such, universities should be allowed and encouraged to pursue specialties, in-depth programs, and unique mandates (such as a university-wide focus on co-op, or a university-wide focus on international exchanges), above a generally comprehensive slate of programs and offerings.

Recommendation Thirteen: In moving towards a more differentiated system, universities must maintain a general and comprehensive slate of program offerings, to empower students to attain a comprehensive education.

While finding efficiencies is going to be a benefit of differentiation, doing so should be secondary to maintaining or enhancing the student experience. Students are going to want to learn subjects beyond their intended major, or may even want to alter their educational plan, and should have a reasonable expectation of being able to do so at the same institution, campus, or region. There can be tremendous value, and efficiencies, in encouraging partnerships between nearby institutions that result in complementary program offerings and high transferability. Such partnerships should be rewarded through the differentiation framework.

As the sector moves towards a system of differentiated priorities amongst institutions, it is important that universities are expected to provide a comprehensive and interdisciplinary slate

of offerings that, at minimum, allows a student to experience some aspects of most areas of study. Similarly, universities must have the resources needed to offer such a comprehensive education. To this end, students in a program of specialization for one university should not have drastically different levels of funding than a student at another university in the same program but where it is not an ‘offering of focus’.

OUSA is hesitant to specify a minimum slate of program offerings, but asks the experts in the area consider a standard that: allows students to experience major areas of study within each significant faculty or area of study; that a student be able to qualify for most post-graduate programs within Ontario; and that a student have access to what are normally complementary majors and minors.

Recommendation Fourteen: Differentiation should occur by discipline and program strength, in so far as they build an area of institutional specialization above and beyond a generally comprehensive slate of programs.

Students, and the province as a whole, can benefit from institutions being empowered to establish specialized and advanced programs of study. Differentiation in Ontario should allow institutions to innovate by avoiding funding and policy levers that promote homogeneity or overly limit academic risk. Policy should also align with an access agenda that allows students to pursue unique programs at institutions that might be far away from them.

Through the negotiations that will define the differentiation and strategic mandate process, the province should recognize those that possess or aspire to institutional specialization with student support, resources and policy.

Recommendation Fifteen: Differentiation can also occur on the basis of a unique, university-wide mandate or area of strategic priority.

Differentiation will mean that universities will also choose to cater to broader missions of research, teaching, level of study, faculty focuses and recruitment strategies differently. The negotiation process must always prioritize student needs, a holistic strategy for mobility, a provincially ‘complete’ educational system, and an effective use of resources. Once those needs have been met however, the government must recognize that there is a space for different institutional missions with policy and long-term funding commitments that provide for universities to plan and execute those missions.

Recommendation Sixteen: Any differentiation must prioritize the opportunity for interdisciplinary learning and research across a variety of fields, regardless of that institution’s specialty.

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.

Student Input in Planning

Recommendation Seventeen: Students should be actively involved in any discussions about differentiation, including the negotiation or revision of strategic mandate agreements.

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.

Differentiation in the Broader Context

Recommendation Eighteen: Differentiation should be pursued in parallel to other methods of system reform (such as rising cost accountability) to ensure the system moves toward sustainability.

This paper addresses other methods of system reform; including increased basic funding, 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.

Recommendation Nineteen: Differentiation must be linked to funding models to be successful, accountable, and in the best interests of students.

Students acknowledge that differentiation has the potential to address at least some systemic challenges within post-secondary education while bringing a higher degree of coordination to credit transfer, access, sustainability and supply. In order to ensure that such a coordinated vision is achieved, the government must align public policy, accountability and funding mechanisms with the goals of differentiation.

These mechanisms, particularly funding measures, must be clearly articulated to all stakeholders so as ensure their effective use and alignment with the needs of students. In addition, a new funding model must include increasing current levels of funding for universities to address rising tuition and quality of education.

Section 2: Satellite Campuses

OUSA's following policy on satellite campuses refers to campuses placed within Ontario and operated by publically funded or certified universities.

PRINCIPLES

Principle Sixteen: Satellite campuses can be an important means of broadening access to post-secondary access in underserved areas.

There are many 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.¹⁰

Even in areas of relative density in Southwestern Ontario, students are more likely to go to school, and to do so in their hometown or city, if there is a university nearby. It is important, then, that the government recognizes the opportunity that satellite campuses can provide in broadening access to students in remote geographic areas.

In a similar vein, demographic patterns are changing and there are strong indicators that certain areas of Ontario will be experiencing greater demand for post-secondary education. It is just as important to consider the above local bias in the context of areas that are currently, or will be, underserved by existing institutions. In particular, the Greater Toronto Area will have to cope with some of the greatest demand for post-secondary education in the province – demand so great that existing Toronto institutions, already challenged by space constraints, will not be able to meet.

Principle Seventeen: 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 terms of the skills that it develops within a student, it has value to an employer in providing motivated critical thinking who are quick to adapt, and it has value to society in helping students to develop as good citizens. Regardless of whether a student attends a long established institution or a comparatively newer satellite campus, students should still receive a high quality education, with high standards of academic resources and student services.

¹⁰ Marc Frenette. *Too Far to Go On? Distance to School and University Participation*. (Ottawa: Statistics Canada, 2002, pg. 20).

Principle Eighteen: Students that attend any campus should have the information and assurances they need in order to fully complete their degree at their chosen campus.

When a student plans on attending a university they may only have a program or degree level understanding of what it is they hope to study or attain. Often, the course level details, or any specialization, minors or certificates are something that gets sorted out once they have arrived or even have attended for some time. Often satellite campuses are treated the same as a ‘main’ campus in most preparatory literature or course calendars, and so a student might not have a clear understanding of what courses, specializations or even programs are available at one campus versus another, or in a given year.

Students should be able to clearly articulate an educational path that results in the credential and area of study that they desire; and they should be able to do so in advance of attending a particular campus, and should have reasonable assurances that that path will remain available over the course of their studies.

CONCERNS

Concern Fourteen: 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 learning resources.

Universities may choose to focus a satellite campus on a distinct or select portion of academic programming. While new programming can have exciting outcomes for students, universities and employers alike, there are some potential problems that may arise from limited course availability on campus. 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 a student to access a holistic academic experience through the exploration of complementing minors or electives. In some cases it might even mean that a student is unable to even complete their degree at their selected campus.

There have been concerning examples in the past of higher than average student-to-faculty ratios, limited access to library materials and limited programming, both academic and support, at new and developing satellite campuses.¹¹ For example, Wilfrid Laurier University’s satellite campus in Brantford had a considerably higher student-to-faculty ratio for years after its opening, at 39:1, than the 23:1 to one at WLU’s Waterloo campus. While there are different student needs and usage patterns at satellite campus, it is irresponsible to commence educating at a satellite campus without teachers, courses and material supports of a similar caliber to those available at a parent campus.

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

Students attending satellite campuses have often expressed concern that student support services, such as counselling, health services, academic advising and tutoring, at satellite campuses can lag behind those that students can expect at more established parent campuses. For example, according to a report by OCUFA, services at Wilfrid Laurier University’s Brantford campus were not provided at “a level normally associated with university student services” until

¹¹ Ontario Consortium of University Faculty Associations. Policy Position on Satellite Campuses. (Toronto: OCUFA, June 2009).

six years after the creation of the campus.¹² Other campuses built around single, small programs – such as the University of Waterloo’s architecture campus in Cambridge or its digital media campus in Stratford – may never grow large enough to warrant a full complement of support services without regulation.

Universities in the process of expansion may find themselves with a relatively small student population but one that has a full spectrum of support needs. It might be tempting for an administration to answer budgetary pressures with limited support services and extra-curricular opportunities due to a perceived lower demand. Usage patterns of services at satellite campus may not reflect those at a parent campus, including usage cycles, types of services accessed and time of day.

Any reduction of certain areas of support presupposing that needs are the same is an assumptive bureaucratic exercise, and, given the role that support services can play in individual persistence, a dangerous game. For every year that a student attends university, he or she invests thousands of dollars 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 Sixteen: 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 increasingly important role in attracting satellite campuses; as acknowledged by the Ministry of Training, Colleges and Universities’ policy on Major Capacity Expansion.¹³ The economic benefits of having a university campus within a region or city are significant: the University of Waterloo estimates its annual economic impact at over 2.6 billion dollars¹⁴. Even a satellite campus of small-moderate size, such as the less than 1,500 student Wilfrid Laurier University Brantford Campus, generates hundreds of millions of dollars and creates hundreds of jobs.¹⁵ Just as importantly, municipalities and city service areas generally report positive outcomes in simply having university employees and students present.

Given such benefits, it is not surprising that municipalities devote considerable resources to attracting and facilitating university expansion. Brantford, for example, committed over \$14 million when seeking the expansion of Mohawk College, Nipissing University and Wilfrid Laurier University campuses within the city.¹⁶ 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.¹⁷ With such a significant stake in the presence of a satellite in a given region, there is a plenty of room for certain expectations from municipalities in the relationship between city and university administrators. Universities are viewed as opportunities to inject innovation, as a driver of population growth, and with associated steady benefits for the local economy, housing market, and municipal tax base, and so are often seen by municipalities in terms of what they can do to further interests in those areas.

The concern then is that these objectives might potentially compromise the experiences of students and the effectiveness of the system as a whole. While municipal support is a necessary

¹² Ibid

¹³ Ministry of Training, Colleges and Universities. 2013. *Major Capacity Expansion Policy Framework*. Queen’s Printer for Ontario.

¹⁴ University of Waterloo. *Economic Impact Study*. 2013

¹⁵ Grand River Educational Society. *Economic Analysis & Impact of Laurier Brantford, Nipissing-Brantford and Mohawk College in Brantford, Brant County & Other Local Regions*. Adventus Research (2012).

¹⁶ Invest Collingwood. *Funding Analysis for Post-Secondary Satellite Campuses in Ontario*. (March 2009).

¹⁷ Ibid.

condition for locating a satellite campus in a given community, it is not necessarily sufficient justification for creating a new a satellite for creating a new satellite, and may lead to satellite campuses with insufficient enrolment, academic quality, and student support services to maintain the standard of education expected of Ontario universities.

Concern Seventeen: At a satellite campus, having only a comparatively small numbers of tenured, or otherwise long-term, instructors can negatively impact student experiences.

Satellite campuses, particularly in their early years, often have their academic ranks filled by contract academic staff or otherwise short-term professors. Departments may have as few as one tenured professor, and they may be responsible for more administrative functions than academic pursuits. Such an arrangement, and lack of research supports, may make a satellite campus less attractive for career academic staff.

High turnover and reduced exposure to long-term or tenured professors can have an impact on students as well. There is no disputing that contract academic staff (CAS) can be effective instructors, but there are well recognized benefits that can come from having a professor who consistently teaches a course or subject area, who is familiar with the institution and its students, and who does not have to maintain a presence at several campuses or institutions.

Further, students benefit – personally, professionally and academically – from strong connections with faculty. For example, if a student is seeking a professional or academic reference for a job or advanced degree application, it is beneficial to have long standing relationships in which a faculty member and student understand each other’s strengths and personalities. If a student is hoping to undertake research, authoring a thesis or other capstone project they need support from long-term faculty. High turnover among faculty, limited tenured professors, and limited non-administrative time among professors can mean that such support may be difficult to find. Further to that point, limited access to tenured professors will necessarily mean that students will have less choice in research or thesis subjects, as their area of interest often depends on finding a similarly interested faculty member.

Concern Eighteen: Some students are having to take classes from another campus, or are facing an onerous scheduling burden, in order to complete their degrees.

When students enroll at certain campuses, they can be under the impression that the entire course catalogue of an institution will be available to them should they meet the relevant prerequisites. However, the courses available to students can vary quite a bit campus by campus even when the campuses are united under a single institution offering the course. Often it is unclear to students upon application, and even enrollment, that there is sometimes a degree of exclusivity to courses being offered in one site or another. This can mean that a student discovers, sometimes late in their degree, that a course that they want or even need cannot be taken at their local campus. Should it even be possible to satisfy a course requirement at another campus, a student will have to face additional cost and planning burdens in doing so. Online or tele-courses can help mitigate these barriers, but can mean added cost and lessened supports for participating students.

Other times, a course may be only made available temporarily or on a rotating schedule spanning years, making for difficult planning of a students’ educational pathway. This is a problem at any university, as course availability is sometimes dependent on the interests of a

single instructor, is prone to having its seats filled quickly or is subject to budgetary fortunes. However, these problems can be magnified at a satellite campus where turnover is higher, classes may be smaller and economies of scale are less pronounced. Students then may have to plan entire semesters or school years around the anticipated availability of a course or, even worse, may have to anticipate that a course will become available again before their expected graduation without knowing for sure. Further, satellite campuses are sensitive to the increasing problem of course calendar ‘clutter’, where the availability of a course or the criteria for the completion of a program may not be accurately reflected in some documents available to students prior to, or during study.

Concern Nineteen: Satellite campuses can be vulnerable to closure, impacting or even potentially ending a student’s education at that campus.

Satellite campuses, particularly smaller campuses built around a single or relatively few, highly specialized programs, can be especially vulnerable to changing financial realities or program reprioritization. When this does happen, universities may choose to respond by changing the mission of, or even closing, a satellite campus. Should an institution opt to substantially change or close a campus, students’ educations can be at risk.

At minimum, a student may find themselves with added stress and uncertainty, as well as unexpected barriers to completing their education. At worst, a student will find themselves unable to complete their preferred course of study. OUSA is concerned that the most innovative programs can be the most vulnerable, and that students might have to experience greater risk in pursuing them. Students who may be attending a satellite campus for geographical access reasons are similarly vulnerable.

RECOMMENDATIONS

Recommendation Twenty: Satellite campuses should be pursued as a means of broadening student access and choice in the post-secondary system.

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 have more incentives to expand than simply meeting shifting demand, offering differentiation and addressing space shortfalls at some parent institutions. OUSA recommends that satellite campus continue to be pursued because of what they can contribute to the strength of the system in terms of access and choice. It is important that future expansion not be pale copies of long-established campuses. Centers of learning, with established and unique cultures, and comprehensive supports and offerings, should continue to be supported and serve as examples for satellite campus development.

Geographic proximity to an institution is an important motivator for participation to a significant portion of the population, and so satellite campuses are an important strategy to overcoming a notable participation barrier. However, 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 Twenty-One: The Ontario government should develop minimum standards for student services, course choice, and teaching quality, 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 increased regulatory scrutiny over the past several years, both through the above mentioned Major Capacity Expansion, as well as a Ministry of Training, Colleges and Universities' memo on satellite campuses in 2011. Students are heartened that universities seeking to expand will be required to, according to the framework, plan to meet conditions around system need, quality, and strategic growth planning. In light of past regulatory gaps whereby 'campuses' were established largely on the wishes of an institution and then later subsidized by the government when they did not want to leave students unfunded, these steps are positive in ensuring some holistic strategy around expansion.

Students have long held that certain core provisions must be included in a minimum standard of service to be available for students at a campus from the very first day the campus is operational. OUSA recommends that the government, in consultation with students and university professionals, establish such a standard. Any standard should include broader learning and health services; such as on campus or nearby student healthcare (both mental and physical) as well as writing and learning services. Further, more specialized care, such as support for learning disabilities, and specialized counselling and safe spaces for under-represented groups or groups subject to unique barriers should be present. All of this should be in addition to clearly articulated pathways and the availability of a broad selection of courses and programs.

Recommendation Twenty-Two: The government should continue to review and enforce its regulatory regime around satellite campuses and other major capital expansions to ensure that they meet appropriate student needs and system demands.

The Ontario government has set an important policy direction regarding satellite campuses with its Major Capacity Framework, as well as an earlier memorandum indicating its desire to regulate major expansion projects by the province's universities. These measures have the potential to not only protect student interests in any major expansion, but to also provide important strategic directions to universities looking to meet localized and system-wide demand. This regulatory stance should be built upon so that future expansion is always in line intelligent and healthy system design, particularly regarding ensuring that student services are provided. Satellite campuses are a serious investment. When these projects, or any capital expansion, are undertaken it should be in order to address student access or shifting demographic demands, changing market considerations or the overall health of the university system.

Recommendation Twenty-Three: Every effort should be made to provide tenured, or otherwise full-time and long-term staff, at satellite campuses. These staff should, at minimum, be proportional to the number of students in a particular department.

OUSA has heard concerns about access to tenured, or even long-term, professors from students attending university at a satellite campus. Access to a tenured professor can have a significant impact on the educational experience of a student. Obtaining letters of reference, academic or pathways counselling and supervised capstone experiences all rely depend on relationships with a faculty member. If a satellite campus, and the programs within it, are largely staffed by

precarious or short-term labour then a student is less likely to reap the benefits and guidance of such relationships.

OUSA recommends that when planning and operating a satellite, an effort be made to provide for at least one long-term appointment in each department available at the satellite, and that where possible, appointments of long-term faculty remain proportional to the student population in each area of study.

Recommendation Twenty-Four: The government should continue to align policy decisions, including the Differentiation Framework, with the Major Capacity Expansion Framework.

Students are encouraged by regulatory direction set by the government with the release of the memorandum on satellite campuses in 2011, and further cemented in the recent Major Capacity Expansion Framework. Students strongly recommend that the MCE continue to be adhered to, and that it guide future policy exercises and decisions related to satellite campuses. OUSA has long had concerns about ‘program purpose’ campuses that house only one specific program. They’ve also had concerns that the establishment of relatively small campuses were often leading to insufficient investments in campus life and learning supports.

The Major Capacity Expansion framework, in tandem with the Ministry of Training, Colleges and Universities suspension of program approvals outside of the Differentiation Framework, will help to shine a light on the processes around establishment of satellite campuses. Making these expansions subject to specific approval will allow a public discourse around satellite campus planning, and should create accountabilities in the actual execution and operation of major capacity expansion.

Recommendation Twenty-Five: In the event of a satellite campus closing, currently enrolled students should be guaranteed the opportunity to complete their chosen course of study.

In the unfortunate event that a satellite campus should close, all efforts must be made to protect the educational experience, and well-being, of students at that campus. The best method of doing so is to commit to allowing all already enrolled students to complete their education (within normal completion schedules) at the campus before it closes. This will result in minimal disruption for the student, as well as allowing them to complete their chosen program of study, at their chosen location. At minimum, should it not be possible to keep a campus open long enough to graduate all enrolled cohorts, students should be guaranteed that all of their credits will transfer to another location of the same institution, and all possible accommodations should be made in having the students graduate with their chosen credential.

SECTION 3: INSTRUCTIONAL CAPACITY AND QUALITY

PRINCIPLES

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

It is widely recognized that both research and teaching are important to the mandate of the university system as a provider of higher education and as a vehicle of economic development. For investments in education by the government, taxpayers and students alike to be worthwhile, a healthy balance must be struck between research and learning such that the system is capable of providing meaningful and high-quality student experiences.

A considerable body of research supports the notion that teaching and research are strongest when pursued in tandem. As such, a holistic vision for a high-quality education system depends on universities existing as a space that allows students and professors to learn from one another through active dialogue on both new and old ideas. Improvements must be made to Ontario's post-secondary system in order to reincorporate the importance of teaching into dominant pedagogy. In order to encourage a learning environment in which teaching is engaging and active rather than passive, teaching ability must be regarded with equal importance as research is in considerations of tenure and hiring. Further, high-quality teaching is essential to producing students that are able to exploit the academic and practical applications of their degrees.

The responsibility for striking a balance between teaching and research must be assumed by institutions. The burden of balancing teaching and research should not rest on the shoulders individual faculty, whom operate under systemic 'publish or perish' pressures and whose livelihoods depend on success in the areas most incentivized by institutions. Instead, the institution should take leadership in this respect by aggregating resources in a manner conducive to success in areas of both teaching and research and which allows faculty to pursue the areas they are most skilled in.

Principle Twenty: Teaching is a fundamental component of a university's mission.

While current funding models heavily reward excellence in research through tenure and promotion systems, federal grant programs and university ranking systems, the importance of excellence in teaching must be reaffirmed. Research can only be effectively integrated into undergraduate classrooms that are led by competent and skilled instructors, and will only benefit students if classrooms are high-impact environments in which students are able to engage meaningfully with scholarly content.

Ontario's post-secondary system will only benefit the socio-economic vitality of the province so long as it is producing innovative and skilled students, equipped to succeed in the growing knowledge economy. The question of how much students are actually learning while acquiring their degree brings awareness to the reality that growing numbers of students are not gaining the skills with which universities are tasked with imparting.

A study of learning outcomes across 24 institutions in the United States examined students' performance in the areas of critical thinking, complex reasoning and written communication after attending university. Data from the Collegiate Learning Assessment (CLA) indicated that students' critical thinking aptitudes only increased by seven percentile points after three years of post-secondary education. This evidence suggests that while students may be developing subject-specific skills, they are not developing general analytic competencies up to desired standards.¹⁸ While similar data does not exist for the performance of students in Ontario, faculty members from Ontario's university system have reported declines in the levels of student

¹⁸ 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).

engagement and disappointing academic commitment on the part of students.¹⁹ A refocusing on teaching as the main mission of universities is essential to ensuring that the system is truly educating students in a way that is enriching, high-impact, and most importantly, that will allow them to contribute positively to the economy and to their communities.

Further, the concept of quality is too complex, rich and subjective to be reduced to simply an issue of funding and resources. Improving the experience of students and the productivity of universities relies not only on classrooms being well-funded, but also on institutions embodying an attitude and a culture that is conducive to and encourages high-quality learning. If institutions and teachers, respectively, make a clear commitment to teaching as a priority, students can only be expected to be more engaged and better positioned to benefit from instruction. Increasing the emphasis that universities place on high-quality teaching will only serve to bolster the academic commitment of students themselves, ensuring that learning inputs are producing the best possible results.

Principle Twenty-One: It is the role of the Ontario government to take proactive measures to prepare appropriate instructional capacity in recognition of the teaching mission of universities, future population and changing demand.

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.

In the context of both the government's differentiation framework, and likely changing patterns of demand, it is important the government work to ensure that institutions have appropriate resources in providing a quality education. This should be the case whether an institution is growing or not, and regardless of whatever strategy they take as it relates to the differentiation framework.

Principle Twenty-Two: As tuition fees are designed to cover core costs of education, students should not be expected to pay for education not received when faculty go on strike.

When faculty members strike, students often end up losing out in multiple ways. Strikes that go on for weeks end up wasting students' time in waiting for classes to resume. Oftentimes, classes end up getting pushed into the summer or completely cancelled. Delayed classes represent a negative opportunity cost for students who must work during the summer, while completely cancelled classes represent a complete loss of a semester's worth of learning. While losses in students' time cannot be retroactively addressed, OUSA firmly believes that students should not be required to pay for education that is not actually received upon strike conditions.

¹⁹ Ibid.

CONCERNS

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

Unprecedented enrolment growth over the past decade has placed considerable strain on the instructional capacity of Ontario's universities, leading to substantial increases in faculty to student ratios system wide. Moreover, existing faculty has been encouraged to devote more time and focus to the pursuit of research goals at the expense of the teaching component of their obligations. In 2011, the Ontario undergraduate education system was only delivering about 45 percent as much faculty teaching per student as it did two decades prior. When calculated, this represents a decline of 4 percent a year and assumes that the hours of teaching per course have remained the same.²⁰

Full-time faculty hiring has slowed; meanwhile each year, students contribute more to the system, in return for a reduction in per student teaching.²¹ Increasingly, adjunct and sessional professors are being hired to meet the growing demand for undergraduate teaching, a less-than-desirable trend as these instructors are generally less experienced than tenured faculty, are paid substantially less and report significantly lower job satisfaction.²² Given fiscal constraints, universities have been forced to respond to rapid enrolment growth in ways that are not conducive to the provision of a sustainable and high-quality instructional environment.

Concern Twenty-One: The unsustainable growth of compensation and benefits in universities has limited the ability of the system to hire new, full-time faculty.

While faculty shortages are presenting a significant challenge to the quality of higher education in Ontario, the portion of operating budgets devoted to academic salaries and pensions is increasing. Additional funding intended to benefit students by improving the quality of instruction has, in reality, been used to maintain the salaries and benefits of existing faculty and administrators, a practice that only further contributes to faculty shortages and rising costs in the post-secondary sector.

During the 'Reaching Higher' investments of the mid to late 2000s there were over five billion dollars invested into the Ontario post-secondary education system. Of those new dollars, nearly 70 per cent went to salaries and benefits for faculty and administration, and nearly half of that went to existing faculty²³. While recent trends have seen that proportion decline somewhat, existing faculty are still undertaking compensation negotiations from the position of those historic increases and laying claim to significant portions of tuition increases. Not only is this unsustainable, it limits the funds available for addressing students' key concerns about quality of education.

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

²⁰ Ibid.

²¹ Ibid.

²² Vajoczki, S, Fenton, N, Menard, K and Pollon, D. (2011). *Teaching Stream Faculty in Ontario Universities*. Toronto: Higher Education Quality Council of Ontario. → OUSA, Educated Reform, 18.

²³ Council of University Financial Officers. *Financial Information of Ontario's Universities*. 2003-2013. Council of Ontario Universities.

In recent years, the price of education has increased, but while students have made an increased commitment to finance the system, the quality of education they receive is declining. The ratio of full-time equivalent students to full-time faculty has increased from 17 to 25 over the last two decades.²⁴ Meanwhile, the average instructional load for full-time professors has actually declined over the same time frame, decreasing from an average 6 half-courses per year in 1988 to four in recent years. Student responses to this recent trend are clear: the majority of students surveyed by OUSA in 2011 stated they would prefer their university to hire six sessional instructors rather than two top research-oriented professors.²⁵ While class sizes are certainly not the only measure of quality, it is clear that students do feel that the higher student-faculty ratio negatively affects the impact and outcomes of their undergraduate learning experience.

Concern Twenty-Three: 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.

As mentioned above, the number of part-time contract faculty in Ontario has rapidly increased to compensate for declining instructional capacity in the current environment of limited funding. While comprehensive data from Ontario, detailing the proportion of part-time faculty, does not exist, post-secondary stakeholders assert that dramatic increases are in fact occurring.²⁶ Despite increased expenditures on academic faculty, most funding has been devoted to existing faculty salaries rather than the hiring of new tenure-track faculty. Meanwhile, increased enrolment has placed increased stress on the teaching capacity of universities, resulting in reliance on contract lecturers and part-time faculty to bear the burden of the undergraduate teaching load.

OUSA's concern with this method of addressing increased teaching loads centers on considerations of both quality and quantity. Firstly, non-tenure track faculty are often less experienced in their field, have less experience teaching and may be balancing multiple positions at various institutions, making them largely unavailable to consult with students outside of the classroom. Further, part-time and contract faculty have poor job security, are often under-compensated and report low levels of job satisfaction.²⁷ Due to the nature of sessional faculty appointments (and not merits of these individuals, many of whom could and should attain permanent positions), OUSA does not believe that non-tenure track faculty are a sustainable option for addressing faculty shortages.

Concern Twenty-Four: 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

²⁴ (2011). *OCUFA Briefing Note: Faculty Shortages*. Toronto: Ontario Confederation of University Faculty Associations. → (OUSA, *Educated Reform*, 2012)

²⁵ Clark, I.D., D. Trick and R. Van Loon. (2011). *Academic Reform: Policy Options for Improving the Quality and Cost-Effectiveness of Undergraduate Education in Ontario*. Montreal and Kingston: Queen's School of Policy Studies, McGill-Queen's University Press.

²⁶ Council of Ontario Universities. *Comparing Ontario and American Public Universities*. (Toronto: COU, 2000).

²⁷ Council of Ontario Universities. *Comparing Ontario and American Public Universities*. (Toronto: COU, 2000).

emphasize research in their strategic plans and spending.²⁸ Between 1999 and 2004, federal funding for research more than doubled.²⁹ The 2014 federal budget continued this trend by committing to an additional \$1.5 billion in new research funding, but no increase to the education and social transfer earmarked for universities.³⁰

A longer term examination of research funding has found that it has increased its share of university budgets from 14 to 21 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.³¹

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 nearly 2 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.³² 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.

Further, considerations of tenure, hiring and school rankings rely heavily on research records and current funding models overemphasize research funding while at the same time lacking incentives that reward excellence in teaching techniques. An overall higher student-to-faculty ratio, combined with a burdensome research agenda and other administrative priorities has left faculty with very little time to spend on teaching and mentoring students. The inequity between teaching and research is widely accepted by both student groups and faculty, and presents a significant challenge to the quality and caliber of learning occurring at Ontario's universities. Furthermore, faculty time constraints and lower faculty-student interaction are systemic issues that cannot be resolved through provincial/federal programs designed to combat indirect costs of research. Real solutions must address the expected balance of teaching and research and the chronic underfunding of universities to increase the faculty complement at Ontario universities.

Concern Twenty-Five: Workload pressures are causing faculty to alter their pedagogy and methods of assessment in ways that negatively affect the quality of undergraduate education.

An OCUFA survey from 2012 reflects that 73 per cent of surveyed faculty members felt their workload had increased since 2007, and a further 39 per cent felt that their workload was unmanageable.³³ The effects of this trend on the quality of instruction are clearly reflected in reports by faculty that they had to make negative changes to their pedagogy, such as reducing the number of writing assignments, interacting with students outside of the classroom less and resorting to more multiple-choice tests in order to cope with increasing workload pressures.

²⁸ 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).

²⁹ Canadian Association of University Teachers. *2010-2011 CAUT Almanac of Post-Secondary Education in Canada*. (Ottawa: CAUT, 2011).

³⁰ Ministry of Finance. *Canadian Federal Budget*. 2014. Government of Canada.

³¹ Snowdon & Associates. *Revisiting Ontario College and University Revenue Data*. (Toronto: Higher Education Quality Council of Ontario, 2009).

³² Association of Universities and Colleges of Canada. *Submission to the Federal Review of the Indirect Costs Program*. 2013.

³³ (2012). *OCUFA Faculty Survey: Views on University Quality and Faculty Priorities*. Toronto: Ontario Confederation of University Faculty Associations.

Faculty shortages are compromising the quality of instruction by forcing faculty to utilize ineffective pedagogical practices at the expense of the student experience.

Concern Twenty-Six: Faculty strikes disrupt classes and the overall academic experience for students, often leaving students paying for education they do not receive.

In recent years, long-lasting faculty strikes have caused strife for most involved, particularly students. Recent strikes at Mount Allison University, the University of New Brunswick, and St. Francis Xavier University resulted in multiple weeks of lost classes for undergraduate students; furthermore, faculty strikes in Ontario have lasted for multiple months, including a 2008-09 strike at York University. In most cases, student tuition fees were not reimbursed to students after the fact.

The 2014 Mount Allison faculty strike lasted for three weeks, resulting in approximately \$856,948 saved by the university in tenure faculty wages.³⁴ Throughout this period, faculty members were not teaching classes to students, and thus students were paying for an education that was not provided. To date, students have not been reimbursed for the lost educational opportunities resulting from the strike, despite past precedent for doing so at other similarly sized institutions at St. Thomas University and Acadia University in 2007, and a more recent faculty-strike tuition reimbursement at the University of New Brunswick during the 2013-2014 academic year.

RECOMMENDATIONS

Recommendation Twenty-Six: New teaching-focused faculty should be hired, in the tenure-track stream, to reduce student-faculty ratios and to increase quality of teaching

As detailed earlier in this section, it is clear that current numbers of faculty in Ontario's post-secondary system are not capable of meeting the instructional demands of current class sizes. The most sustainable solution to this problem is to hire more tenure-track faculty, ensuring high quality instruction for all students. In fact, if every university in Ontario were to convert 10 per cent of their full-time faculty positions into teaching stream appointments teaching three full course equivalents per academic year, OUSA estimates that the system could increase its productivity equivalent to a new investment \$300 million in new faculty.

Further, the post-secondary system is currently employing an incredibly expensive and inefficient instruction model. Much of Ontario's undergraduate education is delivered by full-time faculty who are expected to devote as much time to research as to teaching.³⁵ OUSA recommends that new tenure-track faculty be hired in a teaching-focused stream, allowing these faculty members to focus more resources on instruction while still pursuing research free from the extreme pressures to achieve scholarly excellence that faculty regularly experience. Tenure-track teaching-focused faculty will drastically improve students' university experience by lowering class sizes, increasing the instructional capacity of institutions and providing high-quality and focused instruction.

³⁴ Mount Allison Students' Union. *Tuition Rebate Proposal & 2014 Budget Submission*. (Sackville: Mount Allison University, 2014). <http://masu.ca/wp-content/uploads/2014/03/Masu-Tuition-Rebate-Proposal-Budget-Submission-2014.pdf>

³⁵ 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).

Recommendation Twenty-Seven: 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.

While system-wide data that accounts for all of the necessarily variables is limited, figures from twelve Ontario universities that publish Full-Time Equivalent (FTE) counts that include both full-time and part-time faculty members allows us reflect on the costs of instruction at these institutions. Between these universities, 11,995 full-time equivalents taught 21,686 courses in the fall term of 2009-10. Each faculty member bore a teaching load of approximately 1.8 courses per term. Calculations reveal that with operating expenditures at these universities totaling approximately \$4,080,543,000 in the same year, each course taught at these institutions cost approximately \$188,169 per credit course.³⁶ Holding salaries constant between traditional tenured faculty and teaching-focused faculty, it would approximately cost half as much for teaching-focused faculty to teach the same number of courses.

Constrained government funding and rapidly increasing tuition begs the question of how we can encourage universities to be more productive without the input of new resources. OUSA advocates for a vision of productivity that does not come at the expense of quality for students, nor fair working conditions for faculty. For this reason, we suggest a move away from the current norm of workloads that has faculty devoting 40 per cent of their time towards research, 40 per cent towards teaching and 20 per cent towards service to the community in favour of a model in which teaching-focused faculty allocate 60 per cent towards teaching and 20 per cent towards research and service, respectively. This will allow some professors to take on a greater responsibility for teaching while assuming slightly fewer research obligations. The creation of teaching-focused positions will create substantial cost savings all while lowering class sizes, and maintaining research productivity, making the system more productive while remaining sensitive to fiscal constraints.

Recommendation Twenty-Eight: The Ontario government should work with universities to set across-the-board baselines for teaching loads for unique faculty roles.

In an environment of shrinking resources, the most realistic option for preventing losses to the quality of education is to rethink how we use existing resources. The broad trend of reduced course-loads for faculty in favour of greater emphasis on research is unsustainable and an

³⁶ 2012. *Educated Reform: Striving for Higher Quality of Education at Ontario Universities*. Toronto: Ontario Undergraduate Student Alliance.

ineffective allocation of faculty resources. Encouraging faculty at the institutional level to assume a teaching-focus role and others to pursue a more traditional research-focused path would help solve many inefficiencies within the current system. Some faculty would be free to taking on larger course-loads while others could continue the research initiatives of the institution. 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 Twenty-Nine: University funding should utilize system-wide policy levers to incentivize quality of teaching through a variety of initiatives, including specialized funding for teaching chairs, standards and rewards for meeting defined teaching-loads, envelopes for pedagogical innovation, and specific support for technology support units.

This paper, as well as recommendations by experts across the sector, consistently express growing recognition of the need to renew focus and re-energize teaching quality in Ontario's universities. OUSA believes that envelope funding is an ideal way to institutionalize teaching quality on Ontario's campuses. A variety of separate envelopes could be created to provide financial incentive to encourage high-quality teaching. Technology support units, teaching quality enhancement initiatives, public assessment practices, and rigorous performance reviews could all be encouraged through a number of policy levers.³⁷ As teaching is essential on all campuses, the concern that envelope funding will encourage homogenization and duplication of resources across the system is not applicable here. The use of earmarked funding will instead promote higher standards of teaching quality while also providing funding for programs aimed at improving the instructional capacity of institutions. The creation of teaching chair positions could also be incentivized by the government, 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 such initiative 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 support for innovation in teaching.³⁸ It is critical that steps be taken to develop a comprehensive set of metrics for education quality, and the government should prioritize 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.

Recommendation Thirty: Universities should provide reimbursement and educational accommodations to students who experience a strike at their institutions that results in a closure or class cancellations.

Students spend significant amounts of resources pursuing an education, and a strike can represent both monetary stresses and a loss of opportunity for students. While students are hesitant to think of their education as a consumer relationship, they should be assured of some protections available to consumers. When a strike, particularly a longer one, results in lost time and money for a student they should be assured of some recourse. Students should receive a reimbursement equivalent to the tuition fees that would have paid for the lost instruction. Just

³⁷ 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).

³⁸ 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).

as important is that students receive accommodations in making up for lost academic time as well. Students plan their educational pathways, as well as work and other life considerations, around an expected school year. In the event that they lose educational time to a strike students should have access to appropriately compressed or accelerated coursework, modified coursework and evaluation weightings, or extra credit opportunities that allow them to return to their planned educational progression.

Section 4: Campus Infrastructure

PRINCIPLES

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

The quality of both teaching and research in Ontario's universities are being negatively affected by a lack of sufficient space and by the existence of spaces that are failing to adequately meet the needs of students and faculty.³⁹

Overall, there is less space per FTE student and per research staff member on post-secondary campuses today than there was in 1998-99. Data shows that an FTE student in 2010-11 had access to 22 per cent less space than an FTE student in 1998-99. Similarly, there has been an 18 per cent decline in research space per FTE researcher between 1998-99 and 2010-11.⁴⁰

The gap between the space required by students and faculty and the space that currently exists to meet their needs has widened substantially, placing increased pressure on the post-secondary system and inhibiting the ability of institutions to foster high-quality education and research on their campuses. Unprecedented enrollment growth over the past decade has led to dramatic decreases in the amount of physical space available per student.

Students believe that recent increases in 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 adequate investment is made in the physical infrastructure of university and colleges to meet the demands created by increased enrolment at post-secondary institutions,

³⁹ Council of Ontario Universities, *Inventory of Physical Facilities of Ontario Universities 2010-11*, June 2013.

⁴⁰ *Ibid.*

Principle Twenty-Four: Universities and governments have a responsibility to support all facets of student success 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 drop-out rates, and increase the graduation rate of at risk students.⁴¹ Any comprehensive planning for university infrastructure should take into account the need for space for non-academic activities and supports.

CONCERNS

Concern Twenty-Seven: Enrolment has increased at a rate that has been 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.⁴² 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 over \$2 billion in 2011-12.⁴³ A facilities condition index found that staggering 42 per cent 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 per cent of the Current Replacement Value (CRV).⁴⁴ In 2009-10, the allocation was reduced to \$17.3 million, which represents 0.10 per cent of the CRV. In contrast, the generally accepted minimum standard of building renewal is 1.5 per cent of CRV.

A number of aspects of deferred maintenance and current space allocations on Ontario's university campuses are troubling. Firstly, between 2007 and 2011 there was a 5.5 per cent increase in FTE faculty, while the number of FTE students increased by 9.7 per cent. Over that same period academic office space increased 10 per cent, but classroom space and research space increased by only 5.8 per cent.⁴⁵ Further, a major portion of existing campus infrastructure across institutions is at or near the end of its projected life cycle and in many cases, existing spaces do not adequately meet the needs of current research and instructional activities. The average age of university buildings in Ontario 34.2 years, with more than 35 per cent of them aged 40 years or more.⁴⁶ Even if we could assume that existing buildings had been properly maintained to this point, nearly \$250 million in funding a year would be required according to the minimum 1.5 per cent of CRV to keep these spaces at an acceptable standard.⁴⁷

⁴¹ 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).

⁴² Ontario Universities' Facilities Condition Assessment Program. *Inventory of Physical Facilities at Ontario Universities*. (Toronto: Council of Ontario Universities, 2013).

⁴³ Ibid.

⁴⁴ 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).

⁴⁵ Council of Ontario Universities. *Inventory of Physical Facilities of Ontario Universities*. 2013.

⁴⁶ Ibid

⁴⁷ Task Force of the Council of Senior Administrative Officers and the Ontario Association of Physical Plant Administrators. *Ontario Universities' Facilities Condition Assessment Program*. 2011. Council of Ontario Universities.

The major backlog of deferred maintenance costs, as well as lagging repurposing of campus spaces in order to address recent spikes in enrollment have led to a physical environment that hinders the competitive capacity of Ontario's universities. Funding for major capital renewal and is crucial in order to insure that campus spaces are kept up to pace with changing student needs. In June 2011, 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-Eight: The current funding regime in Ontario incentivizes enrolment growth as a budget-maximizing tool, leading to increasing pressures on classrooms and physical infrastructure.

The current funding formula for Ontario's universities has incentivized enrollment growth while failing to adequately fund the additional costs associated with growing numbers of students. University operating budgets are allocated according to a per-student formula and have actually declined over the past thirty years when adjusted for inflation. The current system does not include built-in mechanisms to account for inflation, creating a perverse incentive for universities to grow in order to increase their operating budgets. However, with growing enrollment has also come increased demand for housing, new faculty, support services, instructional and study spaces and support services. Unfortunately, institutional operating revenues have been unable to allocate funds for investments necessary to support growing numbers of students.

The provincial government has currently made a commitment to include investments in academic infrastructure within its ten-year \$60 billion infrastructure plan. Further, within the January 2009 Budget for Canadian universities and colleges, the federal government committed \$2 billion to upgrade and retrofit existing facilities. The Knowledge Infrastructure Program (KIP) in 2009 represents a significant investment in new buildings and renewal by the federal and provincial governments. Under KIP, Ontario universities received \$488 million in federal funding and \$607 million in provincial funding. Current research does not fully capture the impact of these investments on the effectiveness of physical resources at Ontario's universities.⁴⁸

OUSA recognizes that absent of additional funds to compensate for infrastructural inadequacies within the system, current funding practices are resulting in unsustainable growth and strain on the resources and spaces available to students. Universities cannot continue to have their operating revenues determined by enrollment figures without severe costs to the quality of post-secondary education and the satisfaction of students.

Concern Twenty-Nine: Existing spaces are not always conducive to the creation or 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 space may no longer be able to accommodate current class size requirements, new approaches to teaching and learning, or new technology for today's

⁴⁸ Council of Ontario Universities, *Inventory of Physical Facilities of Ontario Universities 2010-11*, June 2013.

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 Thirty: 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, and food services. 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 \$110.75 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.

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 the university for other uses (as was recently the case at the University of 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 important 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.

In 1998-99, student and central services accounted for 16.7 per cent of total space; by 2010 it declined to 14.1 per cent

Concern Thirty-One: Existing infrastructure requires updating to bring the accessibility of student spaces to a standard that increases access for students with disabilities.

Physical spaces on post-secondary campuses in Ontario have become more crowded and many facilities have not been retrofitted or updated to suit changing needs. Lack of space and poor quality of space adversely affect accessibility for people with disabilities, inhibiting their ability to thrive in the post-secondary environment.

Amendments made to the Ontario Building Code in December of 2013 stipulate that any new building or extensive renovations planned after January 2015 must comply with new standards of accessibility. These changes emanate from the Accessibility for Ontarians with Disabilities Act (AODA) as part of Ontario's goal of achieving an accessible province by 2025. New construction and renovations should continue to be pursued with accessibility for persons with disabilities in

mind.⁴⁹ Students are concerned that some spaces not falling under the requirements for mandatory retrofit will have renovations deprioritized or not addressed altogether.

Concern Thirty-Two: Heritage status of many campus buildings represents a barrier to retrofitting existing spaces in order to make them suitable for current academic needs.

As mentioned above, the average age of university buildings in Ontario 34.2 years, with more than 35 per cent of them aged 40 years or more. Buildings that possess heritage status, either municipally, provincially or federally, can be deemed exempt from required retrofits on the basis that the heritage characteristics or value of the building may suffer.

As increased enrollment has placed greater strain on existing infrastructure and campus spaces, many buildings need to be repurposed to meet academic needs or to suit new technologies and pedagogy. It is necessary that existing spaces not slated for, or exempt, from retrofit not be utilized as academic spaces unless the facility is still viable environment for learning or instruction.

RECOMMENDATIONS

Recommendation Thirty-One: 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 Thirty-Two: Government investments earmarked for deferred maintenance should 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.

⁴⁹ Ontario Ministry of Municipal Affairs and Housing, *Overview of Updated Accessibility Requirements*, <http://www.mah.gov.on.ca/Page10547.aspx>.

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

In *Taking Stock*, authors Dr. Julia Christensen Hughes and Dr. Joy Mighty 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”⁵⁰

Some institutions have shown 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 Thirty-Four: The government funding availability for capital investments should be 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. In 2011-12, the average Ontario student paid over \$110 annually to support construction costs of facilities including student centres, athletic and recreation facilities, study spaces and health centres.⁵¹

Students believe that government funding eligibility should be extended to student residences and support services, especially considering many of these buildings foster student development, health and wellness, and arts and culture, all of which are provincial, community and institutional goals. 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.”⁵² In June of 2011, 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.⁵³

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

⁵⁰Christensen 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).

⁵¹ OUSA, *Ancillary Fees*, 2013.

⁵² Courtyard Group. *Final Report of the MTCU/MEI Long-Term Capital Planning Project*. (Toronto: Courtyard Group, 2009).

⁵³St. Clair College. *HealthPlex Receives \$7.9 Million in Provincial Funding*.(June 27th, 2011). Accessed from: <http://www.stclaircollege.ca/news/healthplexfunding.html>

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.

Recommendation Thirty-Five: The government should implement a program matching some maintenance funds to private donations intended for renovation or retrofit.

New spaces continue to be a priority over renovations of existing spaces for universities, governments and donors. As a result, funds available for ongoing and deferred maintenance tend to be insufficient to meeting those obligations, going instead to new builds. As part of encouraging a cultural shift toward celebrating the renovation and retrofit of existing spaces on campus, the government should provide funds matching private contributions for such work. This increases the impact of both donor generosity and government investments, while also making contributions more desirable for both.

Section 5: Addressing Rising Costs

PRINCIPLES

Principle Twenty-Five: The Ontario post-secondary sector should operate under a stable and sustainable cost structure to ensure current and future prosperity.

The state of an institution's finances has a powerful impact on its ability to fulfill its educational mission. It is important that the system remain cognizant of the funding made available to Ontario institutions every year, as well factors impacting its allocation. In recognizing that universities often endeavor to budget for several years in advance during every budgeting cycle, consistency and predictability are enormous assets in ensuring effective strategic planning. Given the link between financial health and prosperity, an important element of visioning for the sector must include a thorough consideration of the sustainability and predictability of system funding.

Students believe the sector should work to minimize unhealthy cost pressures that drive unsustainable cost increases across the post-secondary system. This will ensure universities continue to receive sufficient funding, and that funding is allocated towards areas of priority. Beyond this, the sector should work to develop a funding formula that provides long-term predictability. In doing so, institutions will be able to engage in meaningful strategic planning and work towards system priorities in a purposeful and coordinated manner.

Principle Twenty-Six: Institutions should not commit to increases in spending in excess of the incremental revenue generated in a given year.

It is crucial that institutions operate within the scope of their resources. To maintain the quality of programs and services, growth in certain areas cannot exceed incremental revenue for a university. The practice of committing to expenditures in excess of new revenue in some areas of the budget diverts funding away from other parts of the university, and does not account for inflationary increase or the need for increased resources brought about by increases in enrolment. The result is resource starvation in all areas of an institution that are not subject to

unhealthy cost inflation, with general quality suffering to accommodate the shortfall caused by uncontrolled growth.

Particularly given that students have borne the burden of these new costs through increased tuition and fees, OUSA believes that new spending in any line item can only be justified if the revenue required to support it does not create unhealthy pressure on another area of the budget. Put simply, where institutions do not generate new revenue in excess of that which will cover normal inflation and enrolment growth across the university, it should not commit to substantial increase in any form of spending. Beyond this, the system should not turn to students to support new spending through increases in tuition and fees, particularly in a climate where unhealthy cost inflation has yet to be addressed.

Principle Twenty-Seven: The government and post-secondary institutions should have a comprehensive plan in place to address rising costs and to ensure that universities have the proper resources to provide a high-quality of education to students

Post-secondary education in Ontario is reaching more students than ever before. In the 2012-13 academic year, more than 460,000⁵⁴ students were enrolled in Ontario's universities, eclipsing enrolment levels from a decade earlier by more than 50 per cent. This increase in the student population has resulted in a paralleled increase in costs; in recent years the government has recognized the need to inject new funds into the system in an effort to accommodate a growing number of students and rapidly rising costs.

Ontario universities have more than doubled spending in the last decade, with yearly expenditures increasing from \$4 billion to nearly 8 billion since (2002-2003)⁵⁵. In practice, though, this increase in funding has barely kept pace with increased enrolment. Beyond this, the system has struggled to meet rapidly climbing inflationary costs, and institutional operating budgets are increasingly diverted towards covering these shortfalls. This has had a negative impact on the educational mission of Ontario universities, with funds that would typically be allocated towards improvements in the student learning experience being funneled towards the gaps created by uncontrolled cost pressures.

Students believe that it is important that the government continue to budget for inflation and other cost-pressures when planning future operating transfers to post-secondary institutions. However, considering the magnitude of cost inflation currently at play across the sector, public funding and student contributions are unprepared to meet the growing need. As such, OUSA believes the system requires a comprehensive plan outlining the sector's strategy to reduce current cost pressures, as well as ensure appropriate new investment into institutions. By creating a framework that assesses the amount of funding administered and reduces the proportion of funding diverted away from basic educational expenses, Ontario can move towards a more productive and prosperous post-secondary system.

CONCERNS

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

⁵⁴ Council of Ontario Universities. *Common University Data Report*. 2012-2013.

⁵⁵ Canadian Association of University Business Officers. *Financial Information of Universities and Colleges*. Taken from report years 2002 to 2012.

The Ontario government has made significant investments in post-secondary education in recent years, most notably with its Reaching Higher plan beginning in 2005. After adjusting for inflation, government operating revenue for universities in 2012 was 78 per cent higher than in 2002⁵⁶. When controlling for enrolment and inflation, government operating funding kept pace with growth and held constant at just over \$9,000 per full-time student. 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.

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 the reality that costs in the university sector are increasing more quickly than inflation in the broader economy, placing cost pressures on institutions that exceed yearly revenue and pose adverse impacts on educational quality.

The Higher Education Price Index (HEPI) provides a useful tool for measuring the level of inflation across the post-secondary sector, and can be juxtaposed against CPI to ascertain universities' cost pressures and changes in buying power on a year-to-year basis. HEPI offers an accurate measurement of increased cost inflation in the system because it is able to account for areas where yearly costs rise more rapidly than those measured in the CPI. In 2013, while the percentage of growth in both the HEPI and the CPI were similar (1.6 per cent and 1.7 per cent respectively), the relative amounts of growth over the preceding 30 years highlight the cost pressures of the universities. Compared to the 1983 baseline, in which both the CPI and HEPI are valued similarly, the value of the things that constitute the CPI have increased 235 per cent while the value of the HEPI basket of goods has increased by almost 300 per cent⁵⁷.

These pressures are even more exaggerated in the Canadian, and particularly the Ontarian, context. The self-referential nature of the HEPI, in which the salaries of staff within the basket are only compared to themselves, can be misleading in understanding the cost pressures. While salaries may be increasing 2 to 3 per cent within the HEPI (not incomparable with CPI), it is important to remember that these salaries are higher than the broader buying power considered in the CPI and so *represent* higher numbers. Further, in Ontario, staff and faculty salaries are subject to unique pressures and considerations beyond the HEPI. Salaries compose the largest part of any post-secondary price index (60 to 75 per cent in most measures), and so the Ontario salary context is important to consider. Ontario's senior university administrative staff have been operating under a compensation freeze for several years, and will be for the near future. Ontario's faculty, however, are among the highest paid in the world. Further, due to aggressive recruiting from outside of Ontario and the demands created by both 2003's double cohort and the government's growth agendas have offered faculty a unique bargaining position around salaries and benefits: this has meant that faculty were able to negotiate larger than average packages; have been able to use those historic negotiations in ongoing ones; and that even years where *percentage* salary increases have been comparable to general price indices, they have been comparably larger in terms of *magnitude*.

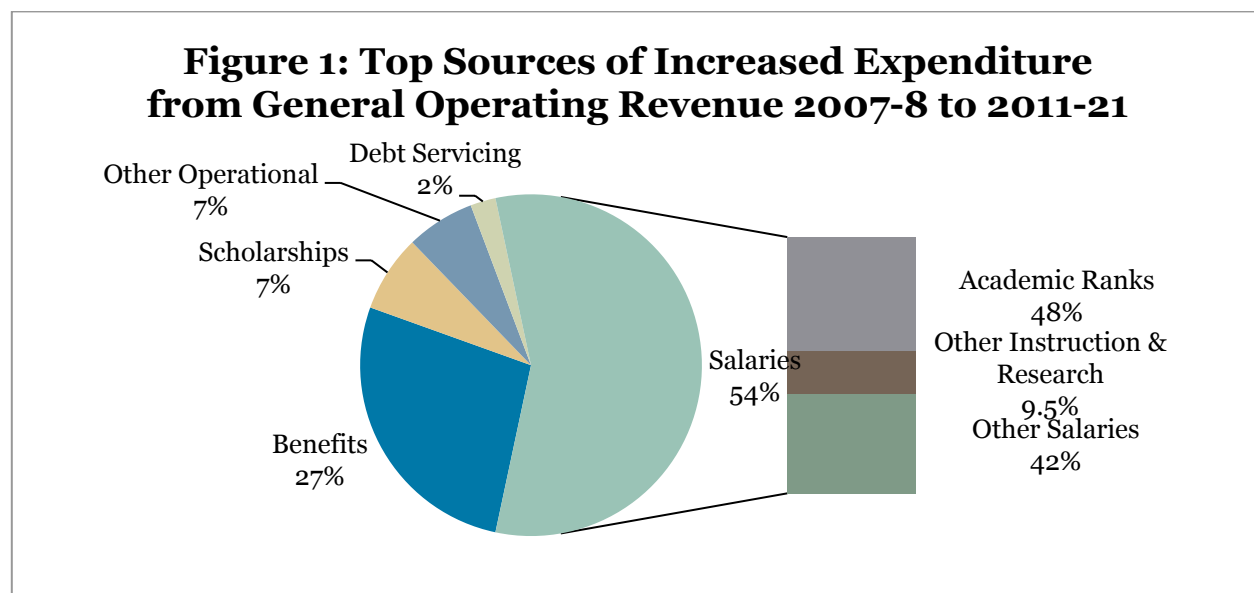
Students are concerned that this focus on increasing revenue ignores concerns that the cost of a post-secondary education has been rising by an unsustainable rate. While administrators may argue that they continue to face cost constraints in delivering a high quality education, students

⁵⁶ Canadian Association of University Business Officers. *Financial Information of Universities and Colleges*. Reports from 2002 and 2013.
⁵⁷ Commonfund Institute. *Higher Education Price Index*. 2013

continue to shoulder the burden of payment through increased tuition and fees. With the current 3 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 cannot be supported.

Concern Thirty-Four: 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.

A large proportion of 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 60 per cent of total university expenditure⁵⁸, and 70 cents out of every new dollar spent on per-student funding since 2007 has gone towards salary-related costs (see Figure 1)⁵⁹.



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 universities⁶⁰. 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 found that from 2004/05 to 2010/11 the number of faculty did not significantly increase, although compensation per faculty increased by just over \$30,000. 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.

In addition to academic salaries, salaries for senior administrators have also increased substantively over the past decade, before becoming subject to a freeze in recent years. Studies estimate that real compensation growth for administrators escalated to 5.2 per cent annually from 2002 to 2006. 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

⁵⁸ Council of Ontario Finance Officers. *Financial Report of Ontario Universities: Fiscal Year 2011-12. (2013)*. Council of Ontario Universities.

⁵⁹ Canadian Association of University Business Officers. *Financial Information of Universities and Colleges*. Taken from report years 2007 to 2012.

⁶⁰ Council of Ontario Finance Officers. *Financial Report of Ontario Universities: Fiscal Year 2011-12. (2013)*. Council of Ontario Universities.

average university president's salary increased from \$285,000 to \$355,000 per annum (excluding taxable benefits like housing and vehicle allowances). 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.

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 almost 175 per cent. Over the past five years, the portion of the general operating expenditure devoted to benefits has been increasing at approximately 9 per cent annually for a cumulative increase of 45 per cent over the last five years. While some evidence suggests that health plan premiums have been increasing over the past number 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.

The pension-funding crisis has significant implications for cost inflation because the operating budget is increasingly funneled towards eliminating the deficit. 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."⁶¹ 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.

Concern Thirty-Five: Faculty pension plans currently operate under a defined-benefit model, which not only drain universities of revenues, but are particularly subject to volatile markets.

University pension plans tend to be one of three types: defined benefit plans, in which a contributor is guaranteed a certain return on investment – usually determined by a formula considering value of contribution and years of pensionable service; defined contribution, where the value of an employer's and employee's contribution are defined, but the return is subject to the market performance of purchased annuities; and a hybrid model, with the option for an employee to avail themselves to a guaranteed defined benefit or to take the value of their pension fund and purchase a market-sensitive annuity or other pension plan.

At the Ontario universities that do offer pension plans, seven have hybrid plans, seven have defined benefit plans and four have defined contribution plans. Defined benefit plans are problematic, as they offer a guaranteed pay out regardless of the performance of the fund from which the benefits are drawn. This has meant that many universities are committed to spending on benefits that is unsupported by the available funds. In fact, among Ontario's universities that offer a defined benefit, the best performing funds still expect to fall 20 per cent short of their committed spending. Hybrid plans are subject to the same concerns, as the minimum guaranteed benefits contained within most hybrid agreements still commit universities to spending that is greater than available funds. In most hybrid plans, only those who have earned few pensionable years or who have managed to accumulate very significant funds are likely to choose to not take the minimum guaranteed benefit.

⁶¹ Council of Ontario Universities. *Final Report of the Working Group on University Pension Plans*. (Toronto, February 2010).

Defined contribution plans are much more sustainable, as the commitment is only equal to the market performance of the total funds contributed by the individual.

Concern Thirty-Six: Rising institutional expenditures on merit-based scholarships create a significant cost pressure without a corresponding expansion of access to post-secondary education in Ontario.

Students support investment and expenditure on financial assistance with the objective of reducing access barriers to post-secondary education. However, merit-based financial assistance does little to address the access barriers underrepresented groups must overcome to attain a degree. On the contrary, this funding tends to disproportionately benefit high-income students, and operates primarily as a recruitment tool for institutions.

This increase represents a significant driver of inflation within the university sector, and ultimately diverts resources away from other important facets of the student experience. Students are concerned by the unsustainable rate of growth in university expenditures on scholarships. Further, OUSA believes that financial assistance should fulfill the objective of ensuring all willing and qualified students have access to a post-secondary education. While merit-based awards provide incentive for students to attend a particular institution, they do little to ensure more students are able to attend post-secondary in general.

Concern Thirty-Seven: There is currently no coordinated, system-wide approach to mitigating the unsustainable cost inflation that exists within the Ontario post-secondary sector.

Students recognize that cost inflation is a system-wide problem affecting the entirety of the Ontario post-secondary sector. Universities have consistently struggled to address the cost pressures at play within their operating budgets, particularly given the difficulties associated with curbing compensation increase or growing merit-based financial assistance at an institutional level. While universities must continue work towards financial sustainability within the context of their individual institution, OUSA believes that a system-wide problem warrants a system-wide solution. While institutional approaches will form an important piece of a cohesive solution, the absence of a coordinated approach to reducing unhealthy cost inflation across Ontario universities is ultimately a threat to the system as a whole.

RECOMMENDATIONS

Recommendation Thirty-Six: If an institution commits to new spending over and above new resources available through operating funding or tuition and related fees, they must identify and publicly report where they are cutting programs or spending to be able to meet these new costs.

The funding supporting Ontario university operating budgets has been increasingly funneled towards costs such as salary and benefit increases for existing faculty and staff, diverting dollars away from those areas that would more directly impact the quality of the learning environment. Ultimately, the changes in university spending over the last decade have resulted in a narrowing margin of university revenue flowing back to students. Despite an influx in funding across the sector, students have yet to feel the direct benefit of this investment. Instead, the increasing size of restricted university funds, spending on capital indebtedness, and shifting

priorities have all contributed to the diversion of funding away from its fundamental purpose: the student learning experience.

Having institutions disclose when they have planned spending increases that exceed projected revenue will shed light on which parts of a university's operations may be driving cost inflation in an unsustainable way. Highlighting where they may have to cut spending to accommodate these costs will indicate institutional priorities and allow stakeholders to discuss whether these priorities are appropriate.

Given historically large increases in compensation, benefits, debt management and merit-based scholarships as a portion of increased spending, OUSA believes this emphasis on transparency and disclosure will result in strategies for managing consistent cost inflators.

Recommendation Thirty-Seven: 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, in a context where Canada's post-secondary expenditure leads the world, yet still struggles to invest adequately in quality for students, more must be done to bring inflating costs under control.

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.

Recommendation Thirty-Eight: The government should implement an Ontario-wide pension plan for the post-secondary sector.

The Province, in collaboration with faculty and universities, should institute an Ontario-wide pension plan for the university sector. This would serve to greatly increase the critical mass of the pension fund, opening up the door for improved investment opportunities and fund performance. It would also ensure greater oversight and accountability in the management of the pension plan and negotiations surrounding compensation. Overall, this would enhance the predictability and general performance of the fund, easing the pressure compensation increases have placed on university operating budgets across Ontario.

Recommendation Thirty-Nine: Envelope and targeted funding should be employed as a means of ensuring resources meant to improve educational quality are not absorbed to support unsustainable cost structures.

Students recognize that unrestricted grants are influenced by the cost pressures at play within university operating budgets. As a result, new funding is increasingly directed towards addressing the shortfalls caused by rampant inflation in certain areas of university budgets rather than supporting quality-enhancing initiatives. While any increased investment on the part of the province is welcome, students believe that - where possible - government funding should be specifically targeted towards initiatives that align with sector priorities. This accountability mechanism will reduce the impact of cost inflation on educational quality, and

will provide further encouragement to institutions to address the cost pressures placing restrictions on their operations.

Recommendation Forty: Institutions should move towards the elimination of merit-based financial assistance, reallocated existing funding towards needs-based bursaries.

Students recognize the important role financial assistance plays in improving access to post-secondary education. That being said, merit-based scholarships tend to disproportionately advantage students from high-income backgrounds, and do little to address the access barriers faced by underrepresented groups. According to OUSA's 2013 Post-Secondary Student Survey, only 15 per cent of institutional financial aid was needs-based⁶². Merit-based financial assistance also constitutes a significant driver of cost inflation, with merit-based scholarships constituting nearly 10 per cent of new spending at universities. Considering the tremendous impact this investment has had on university operating budgets, students believe it should be allocated in a way that substantively increases access to post-secondary education for underrepresented groups. As such, OUSA recommends that universities reallocate current merit-based financial assistance towards needs-based bursaries, and index future investments to inflation. Further, students encourage universities to work with donors to transition current and future donor-created scholarships towards needs-based bursaries.

66 per cent of first year students received merit based entrance scholarships, with the average value of such awards being \$1,822. On the other hand, only 15 per cent of students received needs based scholarships, with an average value of \$1,250. This is particularly troubling when considering that some 33,000 students (over 12 per cent of all OSAP recipients) report having some form of unmet need – with students reporting a median unmet need of almost \$3,000 dollars. Reallocating merit-based awards into need based would answer the unmet need among those with insufficient government aid.

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

Assuming continued constraints placed on public resources, balancing the accessibility and quality of the Ontario post-secondary system will continue to be a point of 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

⁶² Figures taken from OUSA's 2013 Ontario Post-Secondary Student Survey.

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 discussion will not be an easy one, but it will be a key component in ensuring a prosperous future for the post-secondary system.

Recommendation Forty-Two: University Academic Ranks should be added as a 'named group' to the Protecting Public Services Act, 2012 Schedule 1.

The 2012 *Protecting Public Services Act* contained an expanded *Public Sector Compensation Restraint Act*, which broadly empowered the Province to undertake a variety of measures to bring compensation for public sector employees in line with the province's goals for deficit reduction. These measures can make some elements of provincial funding contingent on certain compensation outcomes from negotiations. This Act also contains within it schedules that amend relevant collective bargaining acts; a pertinent example is the schedule amending arbitration rules within the *Colleges Collective Bargaining Act*. Although these sub-schedules can take different forms depending on the type of worker, the amendments generally allow for an arbitration decision to consider more than context (peer earnings) and historic contracts – including ability to pay. The 2012 update to the *Protecting Public Services Act* removed the blanket exemption concerning public sector employees represented by unions, such as those negotiating on behalf of professors, opening the way for an amendment to the bargaining regulations around faculty compensation processes.

OUSA recommends that the Act be amended to include Ontario's university academic ranks under the purview of the Act, and that a schedule be added to the Act reflecting amendments to any relevant collective bargaining act. The intention is not to hinder the ability of universities and faculty to negotiate mutually beneficial arrangements, but rather to allow those negotiations to occur in good faith for all stakeholders, including students and governments.

Section 6: University Funding

Principles

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

Universities in Ontario receive their operating funding through two primary sources: grants distributed by the provincial government, and fees paid by students. This system of cost sharing is employed around the globe in recognition of the high rate of return a post-secondary education offers to both students and the public, and in recognition that every willing and qualified student should be able to access education.

As the primary beneficiaries of a university degree, it is fair to expect that students should bear a portion of the costs associated with the provision of their education. On average, an Ontario university graduate will earn an additional \$1 million dollars over their lifetime as compared to an individual whose education did not progress past secondary school⁶³. At the time of graduation, a university student will have gained valuable knowledge and life skills; harvested

⁶³ TD Economics. *Post-Secondary Education is the Best Investment You Can Make*. 2011

relationships; and equipped themselves with the tools necessary to thrive in an evolving labour market. These accrued benefits are recognized through the payment of tuition.

At the same time, the public retains an important stake in the pursuit of a well-educated society. Individuals with a post-secondary credential live healthier and longer lives, have superior communication and problem-solving skills, and are less likely to commit crimes.^{64,65} Public investment into post-secondary education pays dividends in the form of a strengthened workforce and more prosperous society. Consequently, students believe that the government should be a major contributor to post-secondary education through the continued provision of operating funding.

OUSA believes in a system of responsible cost sharing for Ontario's universities whereby 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 societal benefit of a highly educated population is greater. Therefore, both provincial and federal governments 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 Twenty-Nine: Post-secondary operating funding should be provided primarily through an equitable combination of government funding and tuition, rather than the charging of ancillary fees or non-tuition private revenue.

In recognizing the positive impact post-secondary education offers to graduates and society, students are in support of a system of cost-sharing that sees university operating funding provided through a combination of tuition and government grants. Through its contribution to the operating budget, tuition revenue is a major financier of basic educational costs such as faculty and staff salaries, library acquisitions, utilities, information technology, and student services. This sees students contributing a predictable amount to areas directly impacting the quality of their classroom experience to reflect the benefit they receive from a high-quality education.

OUSA believes that operating funding should continue to stem from a fair balance of tuition and provincial grants rather than alternative revenue streams such as private donations and ancillary fees. While ancillary fees and donations may disproportionately burden students or external investors with university operating costs, tuition and government grants constitute a reasonable investment from the parties that will ultimately see direct returns.

Principle Thirty: The provincial funding formula for the post-secondary sector should reinforce the needs and priorities of the system.

The mechanism by which operating grants are distributed to universities plays a formative role in the evolution of the sector. Institutions are highly responsive to the incentives embedded in the provincial funding formula; as such, the formula should be reflective of a system vision for post-secondary education in Ontario.

The 2013 release of the Differentiation Framework outlined the government of Ontario's objective to create a differentiated university sector. Through this process, institutions were

⁶⁴ TD Economics, Investing in Postsecondary Education Delivers a Stellar Rate of Return, (Toronto :TD Canada, 2004)

⁶⁵ Berger, Motte, Parkin Ed: The Price of Knowledge. (Montreal: Canada Millennium Scholarship Foundation, 2009).

given the opportunity to delineate their strategic objectives in several areas of focus, and metrics were offered to evaluate progress towards this system goal. As a component of the framework, it was suggested that funding and policy levers would be aligned with the realization of institutional strategic mandates.

Students believe differentiation constitutes a path forward for Ontario's post-secondary institutions, and reflects the needs and priorities of the sector. As such, the funding formula for the province should be aligned by this objective, with provincial operating grants being distributed on the basis of the Differentiation Framework and associated Strategic Mandate Agreements. In attaching financial incentive to these areas of focus, the system can meaningfully progress towards the realization of its stated goals.

Principle Thirty-One: Targeted and performance-based funding constitute important mechanisms for ensuring institutions are accountable and responsive to public needs.

While students welcome any investment into Ontario's post-secondary system, it is important that appropriate mechanisms are in place to ensure the accountable and transparent use of new funding. Particularly given the cost pressures at play across the sector, the continued allocation of grants to support a variety of institutional priorities should be supported. Whereas general or unregulated investments into university operating budgets are likely to be consumed by the cost increases associated with compensation and other areas of inflated growth, targeted grants earmarked for other priority areas are essential in maintaining balanced evolution across the sector.

Envelope funding, or funding that is restricted for a specific purpose, is a mechanism allowing government investments in post-secondary education to develop the system in a controlled manner. 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 support for students requiring specialized accommodations to 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.

Whereas envelope funding is earmarked with the aim of carrying out a particular objective, performance-based funding is allocated in response to an objective being realized. Institutional outcomes are assessed on the basis of Key Performance Indicators, which operate as proxies for success in areas of strategic focus. This presents another avenue for aligning funding with the priorities of the sector through financial recognition of institutional achievement. Students are in support of performance-based funding that incentivizes positive outcomes in areas such as graduation rate, retention rate, and attainment of learning outcomes. Where Key Performance Indicators are chosen to reflect student participation and engagement in their education, performance-based funding is an important mechanism to underline the importance of educational quality in Ontario.

Principle Thirty-Two: While growth is an admirable goal for overall prosperity, universities should not have to rely on enrolment growth as base-level funding,

as this does little to alleviate the issues of access for underrepresented groups or quality of education.

The provincial government has prioritized growth over the last fifteen years in order to meet the demands of a new economy and establish Ontario as a leader in innovation. The attainment of higher education also has very tangible personal and social benefits, and so is a commendable goal for the province to have for its citizens.

However, recent funding models that have incentivized growth as the only means of meeting cost inflation have resulted in declining quality, space and resources per student. Just as concerning, current growth oriented strategies have actually led to increasing gaps in access to university for underrepresented groups.

While growth in participation will continue to be a strategic direction for certain universities, as well as the province as a whole, it should be incentivized as part of strategic mandate related approach and not a base level, growth oriented funding model. In order to further the principle of equitable access, growth funding should be tied to a more nuanced mission around increasing participation and persistence among underrepresented groups.

CONCERNS

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

Ontario lags behind the national average with respect to per student funding. As 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 1⁶⁶, and the proportion of the GDP being spent on post-secondary education has declined by approximately 15 per cent in the 15 years before 2010.

Table 1: Proportion of GDP spent on PSE 1992-2009

	NL	PEI	NS	NB	QC	ON	MB	SK	AB	BC	CAN
1992/93	2.53%	1.81%	2.18%	1.81%	2.18%	1.20%	1.24%	1.49%	1.37%	1.54%	1.54%
2008/09	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 in Canada, per student funding in Ontario was \$8926.92 in 2012-13. This represents the lowest per student investment in any province, and falls well below the national average of \$12,521. Many stakeholders in the post-secondary sector have raised concerns with this consistent shortfall, and have stipulated that the current level of funding is inadequate to maintain a high quality education.

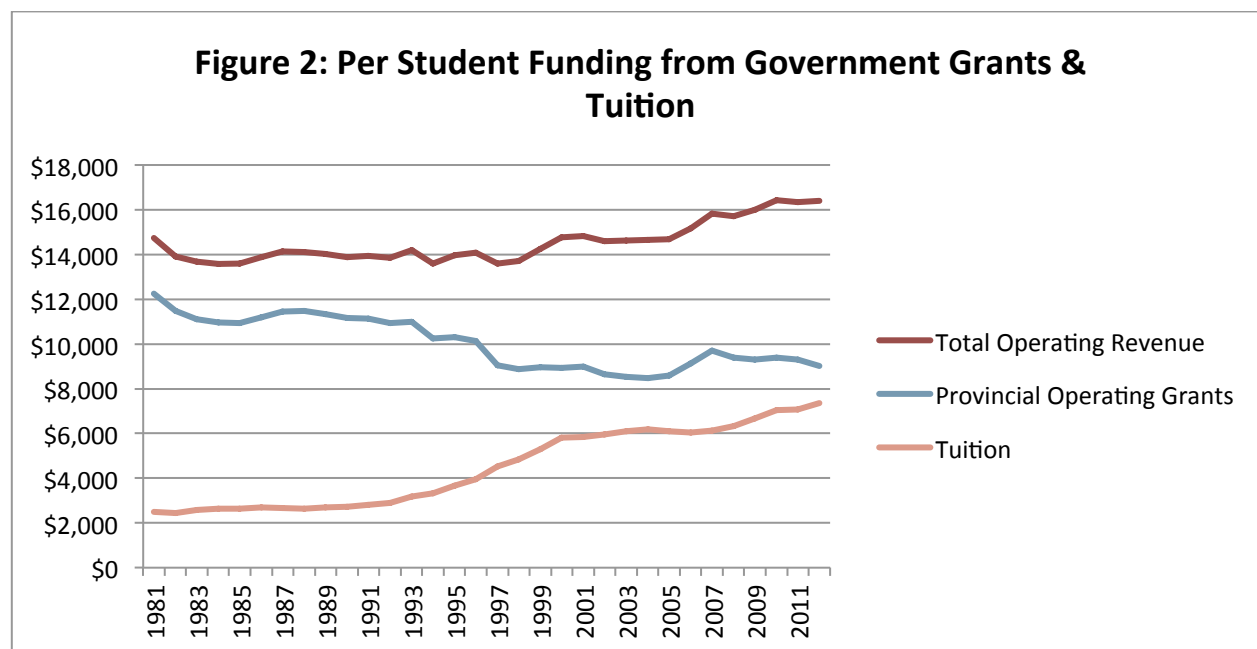
Moreover, insufficient provincial support has pressured institutions to find alternative funding. Over time this has led to higher tuition rates and ancillary fees, and, in some cases, has compromised the level of programming provided by universities. Ontario students are concerned about the absent assurance that new and existing student spaces will be provided with adequate funding from the provincial government to meet educational costs. At the end of

⁶⁶ Note: In 2010, Statistics Canada changed its reporting standard for GDP to a more internationally comparable measure. The first reports on this new standard will be available in 2014.

the day, insufficient funding will impact the ability of Ontario institutions to remain competitive in an expanding knowledge economy.

Concern Thirty-Nine: Under the current funding formula, 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 offerings. That being said, institutions have historically suffered from an absence of policy and political will to increase the actual value of per student funding. As Figure 2 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. Under the current climate, there is no mechanism to tie funding to additional costs associated with increased enrolment and inflation on a year-to-year basis.



Without built-in funding increases for inflation and with all new government revenue tied to enrolment growth, universities have predictably grown; they have effectively had no other choice. 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 Forty: The incentive structure imposed by the current system of BIU funding creates a barrier to achieving stated sector priorities.

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 FFTEs) 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 50 years, despite significant changes in the costs associated with educating students.⁶⁷

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. This has meant quite a bit of variability year over year, sometimes as much as five hundred dollars in a given year, as well as a gradual decline in the average value each year. 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.⁶⁸ 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 Forty-One: Due to inadequate government funding, institutions in Ontario rely on increasing tuition annually, and bolstering other private revenue sources, including ancillary fees, donations, and revenue-generating services on campuses.

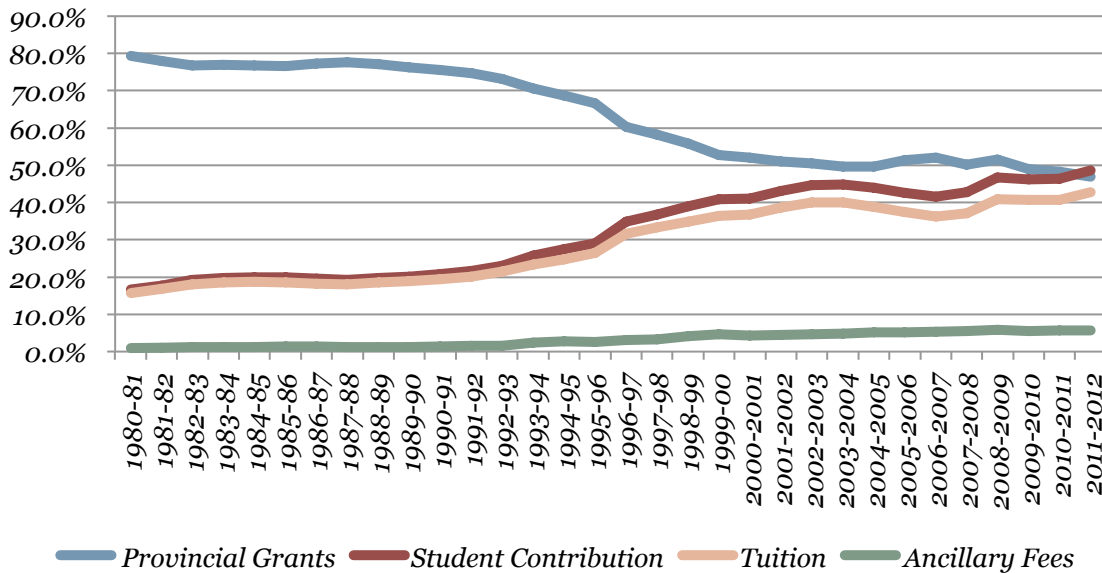
In the past 20 years, provincial operating grants as a proportion of the total operating revenue have declined from an average of approximately 80 per cent of operating revenue to an average of just under 50 per cent of operating revenue⁶⁹ (Figure 3).

⁶⁷ Postsecondary Finance & Information Management Branch Ministry of Training, Colleges and Universities. The Ontario Operating Funds Distribution Manual 2009-10 Fiscal Year. (Toronto, 2009).

⁶⁸ Postsecondary Finance & Information Management Branch Ministry of Training, Colleges and Universities. The Ontario Operating Funds Distribution Manual 2009-10 Fiscal Year. (Toronto, 2009).

⁶⁹ Council of Ontario Universities. *Common University Data Ontario*. 2013.

Figure 3: Student and Government Contributions To Ontario University Operating Budgets, 1980-2012



Since 1988 student contributions to university operating budgets have risen dramatically from 19 to around 50 per cent. This has resulted from tuition rising significantly both in absolute terms and proportion of the total operating budget. From 2006 to 2013, where increases to tuition were capped at 5 per cent annually for most undergraduates, the cost of an undergraduate education for an Arts & Science student had increased from \$5,155 to \$7,180⁷⁰, making Ontario the most expensive province in which to attend university. Tuition rates cannot continue to increase beyond inflation, particularly in a context where incomes have stagnated for many Ontario families.

Ancillary fees are often called upon as an alternative revenue stream to make up for inadequate funding through tuition and operating grants. Ancillary fees constitute additional investment on the part of students in excess of tuition payments to fund ancillary services, capital expenditures, and provisions such as 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 in assessments of financial need. 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 deemed 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 a valuable vehicle for meeting the costs of large capital construction projects or providing scholarship support for students, there are two major concerns in relying on this revenue to meet daily operating costs: fundraising and endowments are not predictable sources of income,

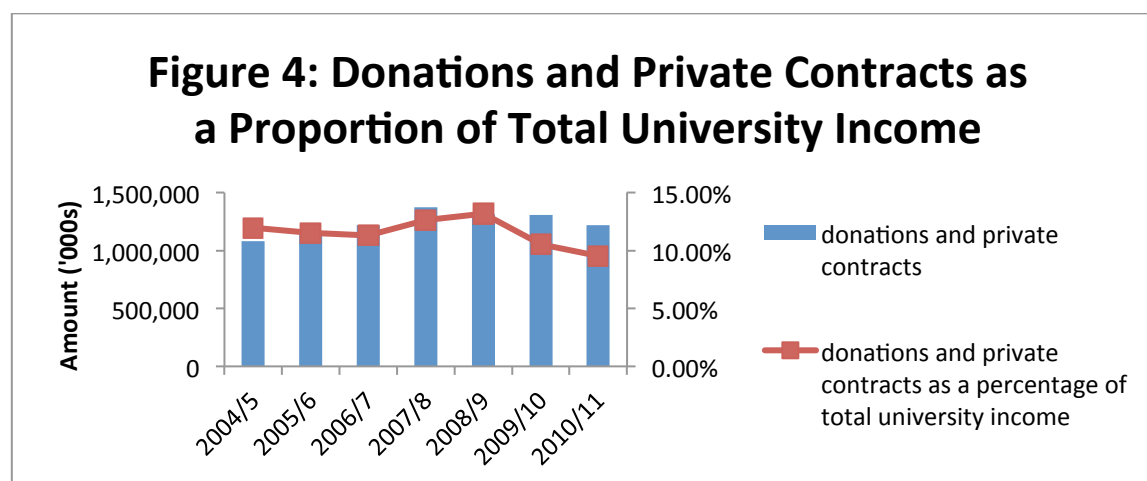
⁷⁰ Statistics Canada. *University Tuition Fees 2012-13*. 2013.

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. OUSA believes that to ensure institutions remain accountable to the public, reliance on private funding and donations for operating funding must be minimized.

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

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

In light of persistent funding constraints, there has been an increased emphasis at the institutional level on attracting private donations. Students are concerned that this renewed focus on advancement 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 senior administrators devoted to fundraising, and the cost associated with this increase has been largely borne by students. While private sector donations have held steady in recent years (see Figure 4⁷¹), there has been a shift in the effort and investment put into fundraising, marketing, branding, and soliciting private 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 a component 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 into the system rather than indirect investment through the corporate tax credits government provides

⁷¹ Canadian Association of University Business Officers. *Financial Reports of Canadian Universities, 2005-2014*.

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 concerns surrounding the predictability of the funding, private investment 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 Wilfrid Laurier University 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. Students believe that such encroachments from the private sector limit the ability of institutions to provide a balanced, high quality education that is free of external influence 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.

Concern Forty-Three: If executed ineffectively, targeted funding can create duplication in the system by encouraging the homogenization of institutions.

Envelope funding has been used as a means 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. 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. 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.

Concern Forty-Four: If Key Performance Indicators are not chosen carefully, performance-based funding can result in perverse outcomes that would be of detriment to students and the sector.

While performance-based funding provides an opportunity to incentivize and reward progress in areas of strategic focus, the funding framework and choice of Key Performance Indicators can have a powerful effect on the success of the program.

Key Performance Indicators should be chosen to reflect educational quality and student success. That being said, metrics such as attainment of a job in a chosen field or the GPA of students in a program can result in outcomes that are unaligned with the objectives they are meant to measure. For example, the allocation of funding based on GPA could result in grade inflation and weakened academic standards, and an emphasis on attainment of a job in a chosen field may be damaging to the growth of non-professional degree programs. In both cases, the incentives at play would serve to diminish educational quality rather than enhance it.

Performance-based funding can also pose a challenge to institutions if the funding is administered through a zero-sum mechanism. This results in competition between institutions for a finite pot of funding, and may see universities who have undertaken large improvements seeing no financial benefit. Institutions are unlikely to commit resources towards a priority area in the absence of financial recognition; thus, the system for distribution of funding should aim to recognize tangible progress on the part of all institutions.

Finally, where this specialized funding is not rewarded based on metrics that are flexible enough to recognize the diverse mandates and strategic priorities of institutions, performance-based funding may result in unhealthy homogenization of the sector. Similar to envelope funding, Key Performance Indicators that are not tailored to institutional strengths will create a barrier in allowing institutions to excel in their chosen areas of excellence. While general metrics that measure student success can be effectively applied across the sector, other metrics must be available on a university-specific basis to protect the diversity of the system.

RECOMMENDATIONS

Recommendation Forty-Three: 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 operating funding constitutes a critical element in addressing the current funding shortfall that threatens the future health of the post-secondary education system. OUSA recognizes that Ontario's per-student funding allocation is strained as a result of high participation rates and challenging financial circumstances in the provincial sphere, and this must be taken into account.

Students, therefore, believe the fairest solution is to raise provincial funding to match a national average weighted by provincial enrolment. Raising funding in Ontario from \$8,926.92 per student to the weighted national average of \$12,521.35 would cost the provincial government approximately 1.4 billion dollars⁷². This solution is mindful of the fact that system growth is slowing across Ontario, and allows for a one-time reinvestment - tied to inflation in the future - to ensure prosperity as participation begins to level off.

⁷² Canadian Association of University Business Officers. *Financial Information of Universities and Colleges*. 2012

Recommendation Forty-Four: To reflect reasonable cost increases, base operating funding should increase annually by a minimum of inflation.

The continued stagnation of per-student funding is having an impact on many elements of Ontario universities' operations. The current practice of addressing the resultant shortfall in operating revenue through increased tuition and ancillary 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 enrolment growth in some parts of the province while accounting for those in areas where population growth has stagnated. To ensure institutions receive the funding they require to meet basic year-to-year increases in cost as well as funded enrolment increase in some jurisdictions, the government must expand their contribution to the operating budgets of Ontario universities by indexing annual base operating funding per student to at least generalized inflation, and preferably a specialized higher education price index for Ontario.

Recommendation Forty-Five: The provincial government, in conjunction with institutions, faculty, and students, should review and amend the provincial funding formula to align with the Differentiation Framework and drive the priorities of the sector.

The method by which operating funding is distributed to universities is a powerful tool for articulating the priorities of, and shaping evolution across, the post-secondary sector. As such, any misalignment between the funding structure for Ontario universities and a vision for the system will create a fundamental barrier in allowing institutions to move forward. In recognizing differentiation as a defining policy priority for post-secondary education moving forward, students believe the provincial funding formula should be amended to reflect the details of that model. More specifically, funding incentives should be explicitly aligned with the desired outcomes delineated in the framework if it is to come to fruition.

The current BIU weighting system has given rise to concerns that academic programs are inappropriately funded, and that some programs may be subsidizing others as a result. This system has been the funding standard for half a century, and many of its program weights are reliant on antiquated cost estimates or relics of past provincial priorities. While the BIU system is intended to provide stability, equity, and predictability in the funding process, it fails to accomplish these policy objectives in the current provincial context. Beyond this, its singular incentive for uniform enrolment growth has fallen out of line with population patterns and system priorities.

Students believe that, until funding levers are aligned with the Differentiation Framework and the accompanying institutional Strategic Mandate Agreements, the system cannot move in a unified direction. Ultimately the pervasive incentive for enrolment increase is at odds with many segments of the Differentiation Framework, and until this discrepancy can be reconciled public resources are not being used effectively, putting the sector at risk of stagnating as a result.

Recommendation Forty-Six: 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 an effort to provide predictable and planned funding for Ontario universities in the context of waning population figures and a stagnant provincial budget, the reintroduction of a funding scheme that does not make enrollment growth the only source of funding increases is imperative. Students recommend that corridor funding be reinstated as the major, and as a matched to inflation, component of the provincial funding formula, operating as the determinant for the allocation of base operating grants to institutions. Particularly in the absence of resources to support appreciable growth across the sector, system planning should play a greater role in the distribution of new students.

A corridor funding model would enable the government to set differential targets for enrolment growth in alignment with the expected population growth in different regions of Ontario. The formulation of enrolment targets would be determined in partnership with institutions and students, providing a mechanism for ensuring the funding of new enrolment has a firm grounding in provincial priorities, careful institutional planning, and the needs of an evolving student population.

This would provide guaranteed and predictable funding for enrolment growth within a predetermined range (or corridor) of the agreed-upon enrolment target. If a university overshoots or undershoots its agreed-upon enrolment target, there will be financial penalties in the form of lower per-student operating grants. 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 enroll up to 6 per cent more students and receive funding for all of them. If, by some chance, enrolment were to decline slightly (but still within the corridor) 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. Overall, this constitutes a more effective mechanism for resource allocation by ensuring resources are distributed in alignment with a coordinated system vision and are effectively meeting the needs of students across the province.

Recommendation Forty-Seven: The government should employ envelope and performance-based funding in an effort to ensure funding levers are aligned with the objectives of the sector.

Students recommend that the government employ envelope and performance-based funding in tandem with the reintroduction of a corridor-funding model. In doing so, the sector can ensure institutions are growing in a coordinated fashion while balancing system-wide excellence with institution-specific priorities.

Envelope funding is an important tool in shaping the evolution of Ontario's post-secondary institutions. Students believe that envelope funding should be attached to general priorities and quality-enhancing initiatives that would see wide application across the sector, and should be made universally available. In allowing institutions to access general quality enhancing funding regardless of institutional strategic mandate, the province could encourage broad improvement in areas of focus without infringing on institutional autonomy. Teaching quality is an example of a priority that would be well suited to envelope funding: it is something that is necessary at each institution, and could apply a sector-wide benefit.

By contrast, there are other initiatives that may only be carried out on specific campuses. Students have recommended that the Strategic Mandate Agreement process be applied to

differentiation that exists in excess of the base complement of programs offered by all institutions, or that proposes a unique mandate for a particular university. In recognizing their institution-specific nature, these initiatives would be better suited to being funded through the strategic mandate negotiation process in the form of multi-year accountability agreements. These agreements should dictate specific Key Performance Indicators for every area of strategic priority, with targeted funding being allotted to success in each area. In doing so, the Province can ensure that each institution is able to progress towards its unique strategic mandate without risking duplication across the sector.

The availability of envelope and performance-based funding creates a financial incentive to support moderate differentiation. General envelopes would enact sector-wide priorities such as access and teaching quality, while targeted funding through multi-year accountability agreements would tie strategic mandates to funding levers. The result will allow each institution to develop its areas of unique strategic focus without compromising the general and holistic strength of the system.

Recommendation Forty-Eight: The Province should implement a transitional process in moving towards a new funding formula.

Students believe that the government should formulate a change management process to oversee the transition towards a new funding formula for post-secondary education. This should be constructed with the objective of minimizing disruption to institutional budgets and planning processes while still phasing in the incentives of the updated formula over a defined period of time.

To ensure universities are not negatively impacted from the outset, a 'hold harmless' process should be implemented whereby those universities that stand to lose under the new formula are provided temporary funding to rectify the discrepancy. In the first year of the transition process, this payment should cover the entirety of any loss that the institution stands to incur, allowing universities to see how they might perform under the updated model but insuring that quality is not compromised. Moving forward, the amount of funding allocated towards these payments should become increasingly variable, with those institutions that make substantial progress towards the priorities delineated through institutional Strategic Mandate Agreements and multi-year accountability agreements receiving full funding while less funding is allocated towards those that do not. At the end of the phase-in process, all institutions will be operating under the new funding formula. Theoretically, any institution that fully complies with the priorities as delineated through the differentiation and SMA process do not stand to lose, but may stand to gain.

In order to support this approach, existing growth oriented funding envelopes – which have largely been the source of funding increases to the PSE system – be used to fund hold harmless measures. This is not to say that growth should be limited, but rather that these funds subsidize the transitional process to differentiated planning, which may well involve strategic growth at some institutions. What is important is repurposing the mission of the envelope away from funding *any* growth and toward temporarily providing funds equivalent to growth to be used in approved institutional missions.

Students believe it is important that no new funding scheme inherently create winners and losers. However, the proposed system does not do that: the only instance of loss would be in the case that an institution chooses not to fulfill priorities and objectives laid out by the Province.

This would ensure universities see a smooth and effective transition towards a new model while still responding to its incentives.

System Vision Policy Statements

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 components of the university mission, and a choice between the two should not be the basis of differentiation in the province.

WHEREAS Differentiation should be horizontal; any measures that will create hierarchy between or within institutions as the potential to adversely affect educational quality.

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 Students believe that differentiated systems should specifically account for geographic distance as a barrier to accessing university.

WHEREAS Student mobility must be an even greater priority in a differentiated system, to prevent students becoming stuck on 'islands' of unique programs.

WHEREAS Differentiation must not mean differentiated financial aid effort; financial aid and its use in increasing accessibility must be a top priority for all publicly-funded and assisted universities in Ontario.

WHEREAS Institutional autonomy is important to preserve when constructing any model of differentiation.

WHEREAS Differentiation priorities should not be developed on the basis of labour market needs, and must instead take a more long-term approach based on the consideration of multiple factors.

WHEREAS A broad course offering is an important part of ensuring students are empowered to attain a comprehensive and holistic education.

WHEREAS Ontario's students should have the opportunity to enroll in an intensified degree program to gain exposure to the in-depth study of certain subjects.

WHEREAS It is important that the quality of programs, research, and courses not suffer as a result of increased focus on an area of specialty.

WHEREAS Student input and feedback must be at the forefront of differentiation discussions at all levels, from provincial prioritization to university-level SMA discussions.

WHEREAS Differentiation is not the sole solution to issues of system sustainability.

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

WHEREAS Some models of differentiation have espoused a vertical model, both within and between institutions.

WHEREAS The lack of a developed credit transfer system creates the risk of students becoming stranded on ‘islands’ of specialization, in a differentiated system.

WHEREAS Certain models of differentiation could diminish access to undergraduate university education and the university experience.

WHEREAS Many discussions about differentiation have failed to signal any geographic access considerations in their vision for a differentiated sector. In particular, geographic distance and the density of universities in Ontario has been glossed over.

WHEREAS The government’s differentiation framework policy has included financial aid as a metric upon which universities can differentiate, raising concerns about the extent to which financial accessibility will be a priority across the sector.

WHEREAS The government’s differentiation framework policy includes metrics on supports for aboriginal students and other demographics, raising concerns about the extent of choice available to students seeking both support services and specialized degree programs.

WHEREAS Current levels of differentiation do not always allow for the development of intensified degree programs → universities focusing on everything broadly do not have the resources to develop many areas of study very in-depth.

WHEREAS Some models of differentiation have encouraged universities to cease offering courses in areas outside their core competencies or areas of specialization.

WHEREAS Certain processes for implementing differentiation may be overly restrictive to individual institutions, limiting their ability to respond to the specific needs of their campuses and local communities.

WHEREAS In the past, the tying of sector funding to labour market needs has created negative incentives for universities, and exposed students and universities to undue risk.

WHEREAS The level of engagement between universities and student associations varied greatly between institutions during the last round of SMA updates.

WHEREAS Differentiation cannot address all of the system's structural faults, and should not be seen as a panacea to the system's challenges.

WHEREAS Satellite campuses can be an important means of broadening access to post-secondary access in underserved areas.

WHEREAS 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.

WHEREAS Students that attend any campus should have the information and assurances they need in order to fully complete their degree at their chosen campus.

WHEREAS 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 learning 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 At a satellite campus, having only a comparatively small numbers of tenured, or otherwise long-term, instructors can negatively impact student experiences.

WHEREAS Some students are having to take classes from another campus, or are facing an onerous scheduling burden, in order to complete their degrees.

WHEREAS Satellite campuses can be vulnerable to closure, impacting or even potentially ending a student's education at that campus.

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

WHEREAS Teaching is a fundamental component of a university's mission.

WHEREAS It is the role of the Ontario government to take proactive measures to prepare appropriate instructional capacity in recognition of the teaching mission of universities, future population and changing demand.

WHEREAS As tuition fees are designed to cover core costs of education, students should not be expected to pay for education not received when faculty go on strike.

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

WHEREAS The unsustainable growth of compensation and benefits in universities has limited the ability of the system to hire new, full-time faculty.

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 the 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.

WHEREAS Workload pressures are causing faculty to alter their pedagogy and methods of assessment in ways that negatively affect the quality of undergraduate education.

WHEREAS Faculty strikes disrupt classes and the overall academic experience for students, often leaving students paying for education they do not receive.

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 success while at university.

WHEREAS Enrolment has increased at a rate that has been faster than the expansion and repurposing of campus spaces.

WHEREAS The current funding regime in Ontario incentivizes enrolment growth as a budget-maximizing tool, leading to increasing pressures on classrooms and physical infrastructure.

WHEREAS Existing spaces are not always conducive to the creation or 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 Existing infrastructure requires updating to bring the accessibility of student spaces to a standard that increases access for students with disabilities.

WHEREAS Heritage status of many campus buildings represents a barrier to retrofitting existing spaces in order to make them suitable for current academic needs.

WHEREAS The Ontario post-secondary sector should operate under a stable and sustainable cost structure to ensure current and future prosperity.

WHEREAS Institutions should not commit to increases in spending in excess of the incremental revenue generated in a given year.

WHEREAS The government and post-secondary institutions should have a comprehensive plan in place to address rising costs and to ensure that universities have the proper resources to provide a high-quality of education to students.

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 Faculty pension plans currently operate under a defined-benefit model, which not only drain universities of revenues, but are particularly subject to volatile markets.

WHEREAS Rising institutional expenditures on merit-based scholarships create a significant cost pressure without a corresponding expansion of access to post-secondary education in Ontario.

WHEREAS There is currently no coordinated, system-wide approach to mitigating the unsustainable cost inflation that exists within the Ontario post-secondary sector.

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 an equitable combination of government funding and tuition, rather than the charging of ancillary fees or non-tuition private revenue.

WHEREAS The provincial funding formula for the post-secondary sector should reinforce the needs and priorities of the system

WHEREAS Targeted and performance-based funding constitute important mechanisms for ensuring institutions are accountable and responsive to public needs.

WHEREAS While growth is an admirable goal for overall prosperity, universities should not have to rely on enrolment growth as base-level funding, as this does little to alleviate the issues of access for underrepresented groups or quality of education

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

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

WHEREAS The incentive structure imposed by the current system of BIU funding creates a barrier to achieving stated sector priorities.

WHEREAS Due to inadequate government funding institutions in Ontario rely on increasing tuition annually, and bolstering other private revenue sources, including ancillary fees, donations, and revenue-generating services on campuses.

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 be expected to adequately address funding shortfalls.

WHEREAS If executed ineffectively, targeted funding can create duplication in the system by encouraging the homogenization of institutions.

WHEREAS If Key Performance Indicators are not chosen carefully, performance-based funding can result in perverse outcomes that would be of detriment to students and the sector.

BIRT The government of Ontario should ensure that differentiation is pursued in a horizontal manner, and not in a vertical one.

BIFRT Differentiation should be pursued mindful of the geographic access needs of northern and remote communities.

BIFRT In a differentiated system, financial assistance for rural and northern students must become a key priority for maintaining access to all Ontario universities.

BIFRT The geographic proximity of an alternative school must heavily factor into decisions about the extent of specialization of any Ontario university.

BIFRT The Ontario government should prioritize the use of differentiation funding to promote pathways between institutions.

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

BIFRT The provision of financial aid should not be used as a metric of differentiation.

BIFRT The provision of demographic-specific support services should not be used as a metric of differentiation.

BIFRT Differentiation should focus on academic growth, societal need and any external considerations must be limited to long-term societal need, rather than short-term labour market considerations.

BIFRT Universities must be given appropriate leeway, outside of funding structures and differentiation metrics, to pursue programs or priorities that they believe best for their institution.

BIFRT Government involvement in goal-setting and metrics must be based on outcomes, and not outputs.

BIFRT The government and institutions should pursue a moderate degree of differentiation, where universities can pursue unique programs, mandates, and specializations, above and beyond a generally comprehensive slate of program offerings.

BIFRT In moving towards a more differentiated system, Universities must maintain a general and comprehensive slate of program offerings, to empower students to attain a comprehensive education.

BIFRT Differentiation should occur by discipline and program strength, in so far as they build an area of institutional specialization above and beyond a generally comprehensive slate of programs.

BIFRT Differentiation can also occur on the basis of a unique, university-wide mandate or area of strategic priority.

BIFRT Any differentiation must prioritize the opportunity for interdisciplinary learning and research across a variety of fields, regardless of that institution's specialty.

BIFRT Students should be actively involved in any discussions about differentiation, including the negotiation or revision of strategic mandate agreements.

BIFRT Differentiation should be pursued in parallel to other methods of system reform (such as rising cost accountability) to ensure the system moves toward sustainability.

BIFRT Differentiation must be linked to funding models to be successful, accountable, and in the best interests of students.

BIFRT Satellite campuses should be pursued as a means of broadening student access and choice in the post-secondary system.

BIFRT The Ontario government should develop minimum standards for student services, course choice, and teaching quality, 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 review and enforce its regulatory regime around satellite campuses and other major capital expansions to ensure that they meet appropriate student needs and system demands.

BIFRT Every effort should be made to provide tenured, or otherwise full-time and long-term staff, at satellite campuses. These staff should, at minimum, be proportional to the number of students in a particular department.

BIFRT The government should continue to align policy decisions, including the Differentiation Framework, with the Major Capacity Expansion Framework.

BIFRT In the event of a satellite campus closing, currently enrolled students should be guaranteed the opportunity to complete their chosen course of study.

BIFRT New teaching-focused faculty should be hired, in the tenure-track stream, to reduce student-faculty ratios and to increase quality of teaching.

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 The Ontario government should work with universities to set across-the-board baselines for teaching loads for unique faculty roles.

BIFRT University funding should utilize system-wide policy levers to incentivize quality of teaching through a variety of initiatives, including specialized funding for teaching chairs, standards and rewards for meeting defined teaching-loads, envelopes for pedagogical innovation, and specific support for technology support units.

BIFRT Universities should provide compensation and educational accommodations to students who experience a faculty strike at their institutions.

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

BIFRT Government investments earmarked for deferred maintenance should be brought up to a level that is at least 1.5 per cent of the Current Replacement Value.

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 should be extended to include residences and spaces associated with student support and services.

BIFRT The government should implement a program matching some maintenance funds to private donations intended for renovation or retrofit.

BIFRT If an institution commits to new spending over and above new resources available through operating funding or tuition and related fees, they must identify and publicly report where they are cutting programs or spending to be able to meet these new costs.

BIFRT The government should explore strategies to encourage compensation restraint.

BIFRT The government should implement an Ontario-wide pension plan for the post-secondary sector.

BIFRT Envelope and targeted funding should be employed as a means of ensuring resources meant to improve educational quality are not absorbed to support unsustainable cost structures.

BIFRT Institutions should move towards the elimination of merit-based financial assistance, reallocated existing funding towards needs-based bursaries.

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

BIFRT University Academic Ranks should be added as a ‘named group’ to the Protecting Public Services Act, 2012 Schedule 1.

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 To reflect the reasonable cost increases, base operating funding should increase annually by a minimum of inflation.

BIFRT The provincial government, in conjunction with institutions, faculty, and students, should review and amend the provincial funding formula to align with the Differentiation Framework and drive the priorities of the sector.

BIFRT 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.

BIFRT The government should employ envelope and performance-based funding in an effort to ensure funding levers are aligned with the objectives of the sector.

BIFRT The Province should implement a transitional process in moving towards a new funding formula.

BIFRT Universities should provide reimbursement and educational accommodations to students who experience a strike at their institutions that results in a closure or class cancellations.