

## **Ontario Higher Education Reform, 1995–2003: From Modest Modifications to Policy Reform**

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### **ABSTRACT**

Ontario higher education system has moved far and fast in the past decade. The early 1990s saw “modest modifications and structural stability.” Since 1995, under a neo-liberal government in Ontario, major policy initiatives, with objectives not unlike those already at large in western Europe and most of the United States, have quickly followed one another. The author proposes an explanation of the timing and dynamics of the Ontario reforms, describing the driving forces behind reform.

### **RÉSUMÉ**

Le système ontarien d'enseignement supérieur a beaucoup évolué au cours des dix dernières années. Au début des années 1990, il était question de le “modifier modestement en retenant les structures de base.” Depuis 1995, sous un gouvernement néo-libéral en Ontario, de nouvelles politiques importantes, analogues aux politiques déjà en vigueur en Europe

de l'ouest et aux Etats-Unis, se sont multipliées. L'auteur propose une explication de la cadence et des dynamiques des réformes ontariennes, en décrivant leurs forces motrices.

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## INTRODUCTION

Comparative studies of higher education policy published in the early 1990s have documented significant restructuring at system-level in many jurisdictions. The 1980s and early 1990s had been a period of dramatic higher education reform, especially in such English-speaking nations as Australia, New Zealand, and the United Kingdom, but also in certain jurisdictions of continental Europe and Southeast Asia. In contrast to many other jurisdictions, Ontario's system-level higher education policy environment had been comparatively stable since the early 1970s. In the midst of an international trend to large-scale system reform, Ontario (and Canada for that matter) was often seen as an "exception" characterized by modest policy changes within a structure that had been in place for two decades.

In 1995, the higher education policy environment in Ontario began to change. The election of a new Progressive Conservative government under Premier Mike Harris signalled the beginning of the "Common Sense Revolution," a platform of policy change designed to address the province's provincial deficit by reducing government expenditures while simultaneously reducing government revenues through cuts to provincial taxes. There have been substantive policy reforms introduced in Ontario's higher education sector, and frequently underscoring the analysis of these changes is the assumption that the province is now following along the well-traveled pathway associated with neo-liberal policy reform.

This article briefly reviews the higher education policy environment of the early 1990s, a period previously described in terms of "modest modifications and structural stability" (Jones, 1991), and revisits the question of why Ontario did not follow broader policy trends that had come to dominate international discussions of higher education. It then

describes major policy changes since 1995, and discusses the real and probable impact of these changes. The article then contemplates (and speculates) on why these changes occurred when they did, that is, to try to answer the question of “why now?”

### **MODEST MODIFICATIONS: 1970 TO 1995**

In the early 1990s, I worked in two international-comparative projects on higher education policy (Goedegebuure, Kaiser, Maasen, Meek, van Vught & de Weert, 1994; Meek & Goedegebuure, 1991). Both projects brought together experts from a variety of jurisdictions to discuss and compare national case studies of the “state” of higher education policy, and I prepared the Ontario case (Jones, 1991; 1993; 1994). These projects contributed a great deal to my understanding of higher education policy in Ontario and Canada, raising the question why Ontario did not fit neatly into broad, international trends of structural reform. Three of these trends, or phases of reform, are of particular importance.

In the 1970s, after post-war expansion, many jurisdictions pursued policy reforms aimed at “rationalization” during an economic recession. Teichler (1988) argued that economic problems led to new university-government relations, often noticeable in structural and policy reforms. Although Ontario considered major reforms (Commission on Post-Secondary Education in Ontario, 1972; Royce, 1998) as did other provinces (Jones, 1996a), there were no significant structural reforms, and nothing that could be described as system-level rationalization.

In the 1980s, many governments turned their attention to issues of accountability, especially in the development of performance measures and other mechanisms designed to encourage institutions to be accountable for the quality of their activities. There were dramatic reforms in the United Kingdom, Australia, and many American states, including the development of performance funding mechanisms. Once again, although complementary discussions took place in Ontario (Cutt & Dobell, 1992; Royce, 1998), no substantive steps were taken to link performance to funding, and changes to the existing accountability regime were generally modest.

Finally, Slaughter and Leslie (1997), in their analysis of the changing government environment in Australia, the United States, the United Kingdom, and Canada, discuss broader developments in the role of government in higher education policy. The term “academic capitalism” was an attempt to capture a combination of policy shifts, including significant changes in the level and form of research funding, and an increasing emphasis on marketization and market approaches. Of the four, Canada was viewed as the “odd country out.”

There are at least three important reasons why Ontario higher education did not follow these broader international patterns. First, a major objective of policy reforms in many jurisdictions, especially in the 1980s, was to facilitate the transition from elite to mass higher education (Fulton, 1991; Meek, 2002). Participation rates in Canadian postsecondary education increased without dramatic system-level reforms, largely because of previous structural changes in the 1960s. By 1990, participation rates in Canadian higher education were among the highest in the world (see, for example, Lynd, 1994).

Second, many of the reforms came from system-level agencies or government departments as part of broader system or sectoral planning (Carrier & van Vught, 1989). In other words, these reforms became mechanisms for transforming higher education based on a view of what the sector should be accomplishing. In many respects there has been little system or sectoral planning in Ontario, and little emphasis has been placed on policy giving a clear direction to Ontario’s colleges and universities.

Finally, a theme underscoring at least some of these major reforms, especially those in continental Europe, was to strengthen the managerial capacity of individual institutions so they could respond to new economic circumstances and socio-economic requirements (Amaral, Jones, & Karseth, 2002; Amaral, Meek, & Larsen, 2003). As highly autonomous institutions, Canadian universities already managed their own operations. During this time period, Ontario (and other provinces) generally decreased operating grants to institutions as a mechanism of addressing provincial

financial difficulties, and these institutions “managed” (though not without complaint) within a new environment of decreasing government revenues. Regardless of whether government leaders believed that universities (or colleges) made “good” decisions, their strategy for financial restraint in this sector assumed that institutions of higher education had the managerial capacity to deal with reductions in government grants.

The Ontario higher education policy environment included a binary structure composed of universities and of colleges of applied arts and technology. Each sector operated within distinct regulatory environments with little cross-sector coordination (Cameron & Royce, 1996; Jones, 1997). The need to clarify the relationship between the two sectors (especially issues of credit recognition and student mobility) was viewed as a major policy issue (Vision 2000, 1990).

Ontario universities had a public monopoly over degree-granting under provincial legislation (Skolnik, 1987). The ability of out-of-province universities to offer degree programmes in Ontario was regulated. Ontario Colleges of Applied Arts and Technology [CAAT] offered certificate and diploma programmes ranging from one to three years in duration, but did not have the legal ability to offer degrees.

There was no formal institutional differentiation within sectors. Universities were funded on the basis of a common allocation formula that, while seeking to take into account differences in cost by programme, treated all institutions as equals. CAATs operated under common regulations and were funded under a common formula. This is not to suggest there were no differences between institutions, but on the other hand, no hierarchical assumptions were built into government policy or funding (Jones, 1996b; Skolnik, 1986). Tuition fees in both sectors were tightly regulated under the terms of the allocative funding formula.

The structure of the Ontario higher education “system” had been relatively stable since the early 1970s. Government received advice from an intermediary body in each sector (the Ontario Council on University Affairs and the Council of Regents) and institutional interests were

frequently represented through the work of a voluntary association (the Council of Ontario Universities; the Association of Colleges of Applied Arts and Technology in Ontario). Government initiatives could be “characterized as attempts to initiate or stimulate change within the boundaries and constraints associated with a relatively stable structure, to tinker with the rules rather than change the game” (Jones, 1991, p. 573).

## **Reforms Since 1995**

There were signs of change in Ontario higher education policy beginning in the early 1990s, but fundamental changes occurred after the election of the Harris government in 1995. These changes, and their impact, fall under four heads: privatization and marketization; blurring boundaries of the binary structure; institutional differentiation; and system expansion.

### ***Privatization and marketization***

In its first budget, the new government announced that it would be decreasing operating grants to Ontario’s universities and colleges by over 15% (\$280 million) in 1996-97. These massive reductions in government grants were accompanied by increases in tuition, and greater institutional flexibility in determining tuition levels. The tuition for general arts and science students was increased by 10%, and institutions were given the discretion to increase fees by an additional 10%. Tuition fees for professional and graduate programmes were “deregulated,” or to be more precise “re-regulated” in that institutions now had the freedom to establish fees levels, but did so under a new regulatory regime, including the requirement that 30% of the increased fee (above a formula level) be directed to need-based student aid (Lang, House, Young, & Jones, 2000).

This form of privatization, the shift in balance of support from public (government) to private (students and their families) sources became a key theme of Ontario higher education reforms during this period. Although tuition fees increased substantially in all programmes (though more

modestly in the run-up to the 2003 election under the brief Premiership of Ernie Eves), the most significant changes took place in the re-regulated tuition programmes. At the University of Toronto, the fee for new students in medicine in 1997–98 was \$4,844; by 2000–2001 it was \$14,000. In law, the fee increased from \$3,808 to \$10,000. Professional programmes became increasingly privatized and competitive, especially since for the first time, the new arrangements allowed institutions to go in quite different directions in terms of their tuition strategy. The new regulations also effectively assigned the universities a new role in terms of student aid, since they were required to use a component of increased tuition (private) revenue to address the financial support needs of students.

Stacey Young (2001, 2002) notes that marketization was a key theme of government policy during this period:

Recent policy changes in Ontario derive coherence from the market paradigm, and provide fertile ground for viewing the differences among the variants adopted in various countries. ... marketization is a relative concept, implying a process whereby university income and its many sources are increasingly determined on a competitive basis, with an increasingly important role by private sources. As a cluster, it would be difficult to argue that many of the policy changes introduced in Ontario don't meet the criteria of marketization, although some of the policies ... contain elements of both 'more regulation' as well as 'more market.' (Young, 2001, p. 214).

Although Ontario developed matching grant programmes designed to encourage private sector participation in university-based research in the 1980s, the Harris government dramatically extended the range of such programmes. The Ontario Student Opportunity Trust Fund was designed to increase the level of university endowment funds available for student financial assistance. By raising private donations, institutions could access public matching funds. Young's analysis of the programme demonstrates that there were substantive differences in the level of private funds raised

by different universities, and that each institution's share of new support for student aid was not related to its share of provincial-loan dependent students (2002). The allocation of funds under this programme was determined by the market.

In its Access to Opportunities Program, the Harris government applied similar principles to stimulate enrolment growth in academic programmes associated with information technology (IT). Originally proposed by a network of IT companies, the government eventually allocated over \$225 million to encourage and support the expansion of the number of student spaces available in IT programmes. In order to access these funds, institutions were responsible for raising their assigned share of private-sector support for these initiatives. These funds were directed towards the expansion of the physical infrastructure needed for doubling the number of new student spaces, and, in return for meeting their requirements under the programme, institutions were given the flexibility to determine the level of tuition fees in IT programmes.

Privatization and marketization were key elements of many of the new policy initiatives associated with the Harris government, signalling a change in direction in higher education policy. Key Performance Indicators were introduced in both the university and college sectors, and KPIs now determine a modest component of each institution's operating grant. The university and college sectors became increasingly competitive, and competition came to imply the struggle to maximize both public and private sources of revenue.

### ***Blurring boundaries of the binary structure***

When the government passed the *Post-Secondary Education Choice and Excellence Act* most of the public attention focused on the fact that the new legislation provided a mechanism for the approval and establishment of private universities. The new Act replaced the former *Degree-Granting Act*, the legislation that confirmed the public monopoly assigned to Ontario universities to grant degrees. The new legislation created a Post-Secondary



Education and Quality Assessment Board that was assigned responsibility for reviewing applications for degree-granting status, including out-of-province institutions that wanted to offer degrees in Ontario. No new private universities have been approved since the Act was passed. Receiving far less public attention was the fact that the legislation allowed Ontario CAATs to offer applied degrees subject to ministerial approval based on the advice of the new Board.

Given that one of the defining differences between the two sectors within Ontario's binary structure was the monopoly assigned to universities over degree-granting status, the emergence of applied degree programmes signals an important blurring of the boundaries between the two sectors. Over thirty new four-year, specialized applied degree programmes have now been approved.

As already noted, the strong binary division in Ontario higher education has been viewed as an important policy issue for some time, especially in terms of issues of articulation and student transfer between universities and CAATs. The emergence of applied degree programmes in the colleges has changed the parameters of the debate, but universities and colleges have also been actively encouraged to work together and strengthen the level of programmatic articulation. Joint projects were encouraged under the SuperBuild programme, which supported major capital construction initiatives. New hybrid partnerships involving colleges and universities have emerged, including initiatives where university degree programmes are offered on college campuses or offered in combination with college diploma programmes. Ontario's new university, the University of Ontario Institute of Technology, was essentially a project of Durham College. The relationships between the two sectors have shifted since 1995, and the boundaries between the two sectors have blurred.

### ***Institutional differentiation***

Perhaps the most explicit example of institutional differentiation was the decision to rename a small number of CAATs as Institutes of Technology and Advanced Learning. While the new name is linked to the

magnitude of applied degree programme activities at these institutions, it also signals a hierarchical differentiation between institutions in the CAAT sector.

For the most part, however, institutional differentiation is the result not of formal decree, but of competition and of the government's differential treatment of selected programmes and activities. Tuition re-regulation of professional programmes, for example, provides institutions that offer a wide range of professional degree programmes with more flexibility than institutions that focus primarily on undergraduate arts and science. Research initiatives (at both the provincial, and federal levels) have tended to favour certain areas of research activity, and therefore favour institutions with strong research programmes in those areas. By definition, competition creates winners and losers, and it is no longer the case that government policy generally treats all institutions within each sector as equals.

### ***System expansion***

The final theme in recent Ontario government policy has been expansion. When the government reformed the secondary school curriculum, it essentially removed the thirteenth year of schooling and created a standardized curriculum where high school ended at grade 12. The curriculum was implemented on a year-by-year basis, creating a situation where the last year of graduates in the old curriculum exited the schools in the same year as the first year of graduates of the new curriculum. This was the "double-cohort" that entered Ontario's postsecondary system in September of 2003. The double-cohort phenomenon received considerable media attention, especially concerns over whether there would be enough spaces in Ontario colleges and universities. Demographic data also suggest that the demand for higher education will continue to increase as the baby-boom echo works its way through the school system.

Expansion became an important theme in Ontario higher education policy during this period. As already noted, the number of spaces in IT

programmes was increased as a function of a rather unique government initiative, and a new publicly-supported University was created. The SuperBuild programme provided capital support for the physical expansion of many universities and colleges. Perhaps most important, however, was the government's decision, finalized in 2003 with Ernie Eves as the new Premier following Harris's resignation, to provide the operating support necessary for the expansion of student numbers associated with the double-cohort.

The new era was signalled by a dramatic reduction in postsecondary funding in 1995. Eight years later, the Ontario higher education system is experiencing the greatest expansion in enrolment in more than thirty years.

### **Why Now?**

Why did so many changes in Ontario higher education policy take place during this time period? The most obvious answer is the election of a provincial government that had a clear neo-liberal reform agenda. The "Common Sense Revolution" was designed to reduce the size and role of government through significant modifications to the welfare state and public services, increase privatization and the role of the market, and reduce government income through tax cuts. Many of the reforms in the higher education sector were components of macro-level government restructuring; in the initial budget cuts, for example, the universities and colleges were treated in much the same way as other components of the broader public sector (Lang, House, Young, & Jones, 2000). It is also important to remember that the Government of Canada was taking steps to eliminate the federal deficit, and the Harris Government's agenda in Ontario was undoubtedly reinforced by the substantial reductions in federal transfers that occurred early in its first mandate.

It would be a mistake to think these policy changes were solely the work of a new government intent on reform. A number of university presidents had been advocating tuition deregulation, especially for

professional programmes, and at least one university business school was trying to position itself as an independent private institution so it need not be subject to tuition regulation. The notion of providing colleges with some form of degree-granting status was far from new; the Vision 2000 (1990) review had recommended the creation of a new institute to award degrees if the province's universities did not address the issue of CAAT credit recognition and student mobility. The Alberta Government had already approved selected proposals for colleges to award applied-degrees, and several college presidents had been advocating for similar changes in Ontario (Drea, 2003).

As Diana Royce has noted in her thoughtful, detailed analysis of university coordination in Ontario (1998), substantive reforms to the university sector had been seriously considered by several previous governments, but these initiatives had been thwarted by issues of timing and regional interests. The NDP government under Premier Bob Rae was considering a complete restructuring of university funding arrangements, but these plans were interrupted by the 1995 election. It takes time to develop a new policy agenda that extends beyond the initial election platform and, with two consecutive majority governments, the Harris government had the time to both develop and implement policy change in a way that had not been true for the previous Rae and Peterson (Liberal) governments.

Meanwhile there were important changes in the higher education "policy network" in Ontario. The university-sector intermediary body, the Ontario Council on University Affairs (OCUA), was abolished in 1996. OCUA had served as an advisory body on sector policy, and while its advice to government on the level of grants that should be allocated to institutions was seldom followed, the Council had provided a forum for decision-making in the sector, including designing or revising allocative mechanisms for operating and targeted grants. The previous NDP government had created a super-Ministry combining responsibility for education, skills development,

and colleges and universities. The Ministry was reorganized again in the early years of the Harris government, and then split to create a separate Ministry of Training, Colleges and Universities. There were changes in personnel associated with each reorganization, and a number of key policy advisors in the higher education area retired or were repositioned. The Council of Ontario Universities was substantively reorganized and took on a somewhat different mission (and came to employ a quite different approach in terms of advocacy). The Association of Colleges of Applied Arts and Technology of Ontario took on an important role in advocating for greater CAAT autonomy and differentiation which eventually led to the creation of the new college charter. All of these changes shifted the balance of relationships within the policy network and had an impact on the policy capacity (and I would argue institutional/policy memory) of the sector. It was not just government that changed in the mid-1990s; many key players in the higher education policy arena were moving in new directions and, perhaps more importantly, OCUA and a number of longstanding policy advisors and advocates were no longer in place.

There were substantial changes in higher education policy in Ontario during the period from 1995 to 2003. There is little doubt that many of these policy initiatives were a function of the neo-liberal political ideology of the Harris government, though it would be going too far to suggest that these were entirely top-down reforms, since many initiatives can be traced to positions advocated by institutional leaders before 1995. The government listened to old ideas in new ways, and changes in the Ministry and the higher education policy community may have had an impact on how these messages were received and interpreted.

The question now is whether the direction of reform will shift under the new Liberal government elected in 2003. The government has already announced a tuition freeze signaling a quite different view of the public/private balance in funding higher education. On the other hand, the new government will have to govern a sector where there has never been a plan

or a clear vision of what Ontario higher education should or could be, and at the same time contend with the forces of inter-institutional competition for resources, concerns about access to high-tuition programmes, continuing pressure to differentiate institutions within each sector, and demands for further expansion of student spaces. ❁

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