

Canadian Federation of Students-Ontario

Funding a Stronger Post-Secondary Education System

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The Canadian Federation of Students-Ontario
36 Member Students' Unions
300,000 University and College Students

Algoma University Students' Union
Atkinson Students' Association
Brock University Graduate Students' Association
Carleton University Students' Association
Carleton University Graduate Students' Association
Association étudiante de La Cité collégiale
Student Association of George Brown College
Glendon College Student Union
University of Guelph Central Student Association
University of Guelph Graduate Students' Association
Lakehead University Student Union
Laurentian Association of Mature and Part-time Students
Laurentian University Graduate Students' Association
Laurentian University Students' General Association
Association des étudiantes et étudiants francophones de l'Université Laurentienne
McMaster University Graduate Students' Association
Nipissing University Student Union
Ontario College of Art and Design Student Union
Graduate Students' Association des étudiant(e)s diplômé(e)s de l'Université d'Ottawa
Queen's University Society of Graduate and Professional Students
Ryerson University Students' Union
Continuing Education Students' Association of Ryerson
Saint Paul University Students' Association
Scarborough Campus Students' Union, University of Toronto
University of Toronto Graduate Students' Union
University of Toronto Students' Union
Association of Part-Time Undergraduate Students of the University of Toronto
Trent University Central Student Association
Trent University Graduate Student Association
University of Western Ontario Society of Graduate Students
Wilfrid Laurier University Graduate Students' Association
University of Windsor Students' Alliance
University of Windsor Graduate Student Society
University of Windsor Organisation of Part-time University Students
York Federation of Students
York University Graduate Students' Association

Executive Summary

Access to education is more important than ever to enhancing Ontario's competitiveness, increasing its standard of living, and reducing socio-economic inequalities. Yet, access to post-secondary education continues to be undermined by high tuition fees and student debt.

Successfully reducing financial barriers to university and college will require the Government of Ontario to, in close cooperation with the federal government, develop strategies that both increase financial commitments and make them count.

This document examines the dramatic government divestment from post-secondary education in the past fifteen years, its impact on access, and policy changes that will restore affordable and high-quality post-secondary education.

Students' priority recommendations are as follows:

1. The Ontario government should roll-back tuition fees, freeze them at 2004-2005 levels for all students and fund a corresponding public re-investment in colleges and universities.
2. The Ontario government should immediately enforce the Minister of Training, Colleges and Universities' "Binding Policy Directive" that prohibits colleges and universities from collecting tuition-related ancillary fees and adopt the ancillary fees regulation proposed by the Canadian Federation of Students. Beginning immediately, \$50 million per year should be allocated to replace the revenue colleges are generating through the collection of prohibited ancillary fees.
3. The Ontario government should restore Ontario Health Insurance Program coverage for international students.
4. The Ontario government should fund the \$2.1 billion in deferred maintenance at Ontario colleges and universities with environmental sustainability as a core principle.
5. The Ontario government should create a centralised, province-wide credit evaluation and transfer facilitation system in order to ensure accountability in transferring credits between public post-secondary education institutions and to realise significant cost-savings.

Access to Post-Secondary Education

Ontario's Policy on Tuition Fees: A History of Increasing Barriers

Under the Ontario framework for tuition fee increases introduced in the 2005 Ontario Budget¹ and implemented in 2006, fees for undergraduate arts and sciences programmes at Ontario universities have been allowed to increase to \$5,381. Ontario's average undergraduate tuition fees are now the third highest in Canada, up from the fourth highest in 2005, and more than triple what was charged in 1990-1991.² During the past 15 years, average tuition fees charged by Ontario's colleges have more than doubled.³ At the same time, tuition fees for graduate, professional, and post-diploma programmes have increased at four times the rate of inflation.

If left unaddressed, the current plan is to allow average college and university tuition fees to increase by 5 per cent per year. Tuition fees for certain programmes are permitted to increase by as much as 8 per cent per year. These hikes will translate into fee increases of between 20 per cent and 36 per cent over the course of a four-year programme. By 2009-2010, average fee increases of 5 per cent per year will result in average undergraduate tuition fees of nearly \$6,000. Fees to attend one year of medical school at the University of Toronto will be allowed to increase to nearly \$20,000—\$3,400 more than in 2005-2006 and four times more than in 1998.

The Government of Ontario's policy of tuition fee increases is particularly poor when considered in the context of post-secondary education participation rates. Despite overcrowded classrooms, the fact remains that approximately

40 per cent of those between the ages of 25 and 35 are unable to participate in higher education.⁴ Students coming from families in the top quarter of income in Canada are twice as likely to attend university as those from the bottom income quarter.⁵ Participation rates are considerably worse for those who live in rural and remote communities, where students from wealthy families are 5.6 times more likely to attend university than their low-income neighbours.⁶

Despite rhetoric to the contrary, during the periods of the sharpest tuition fee increases, between 1993-1994 and 1998-1999, university enrolment in Canada actually declined. The rate of increase in college enrolment has declined consistently almost every year since.⁷ Tuition fee increases undermine equality and discriminate against those who are already economically disadvantaged.

Ontario Budget 2008

The 2008 Ontario budget, *Growing a Stronger Ontario*, contained only modest new access initiatives and maintained the current framework that allows tuition fees and student debt to increase annually. Most of the new spending for post-secondary education came under an initiative called the Skills to Jobs Action Plan. Specifically, the Skills to Jobs Action Plan includes \$1.5 billion that is to be spend over three years as follows:

- \$970 million over three years in infrastructure investment;

4. Statistics Canada, "University enrolment 2001/02," The Daily 20 Jul. 2004. <<http://www.statcan.ca/Daily/English/040730/d040730b.htm>>.

5. Statistics Canada, "Paying for higher education: Characteristics of postsecondary students in 2002," Education Matters 9 Sep. 2004. <<http://www.statcan.ca/English/freepub/81-004-XIE/200409/peps.htm>>.

6. Statistics Canada, "Access to college and university: Does distance matter?" The Daily 4 Jun. 2003. <<http://www.statcan.ca/Daily/English/030604/d030604b.htm>>.

7. Association of Colleges of Applied Arts and Technology of Ontario (ACAATO): 2001 Environmental Scan, Jan. 2001, Figure 4.4, College System Revenue.

1. Government of Ontario, "Reaching Higher: The McGuinty Government Plan For Post-Secondary Education," 2005 Ontario Budget. <<http://www.fin.gov.on.ca/english/budget/ontariobudgets/2005/pdf/bke1.pdf>>

2. Statistics Canada, "University Tuition Fees," October. 18 2007. <<http://www.statcan.ca/Daily/English/071018/d071018b.htm>>

3. Colleges Ontario, 2007 Environmental Scan, Chapter 5: College Resources, Appendix 3 Operating grant and regulated tuition fee revenue per FTE 1992-93 to 2006-07

- \$385 million over three years for an annual Textbook and Technology Grant, or \$300 per student annually when fully in place;
- \$355 million over three years for a Second Career Strategy to help 20,000 unemployed workers obtain long-term training for new careers;
- \$75 million over three years to expand apprenticeship programs;
- \$27 million over three years for a new Distance Grant to assist with travel costs for post-secondary students from remote and rural areas; and
- more than \$7 million over three years for an International Ontario Strategy to attract post-secondary students from around the world.

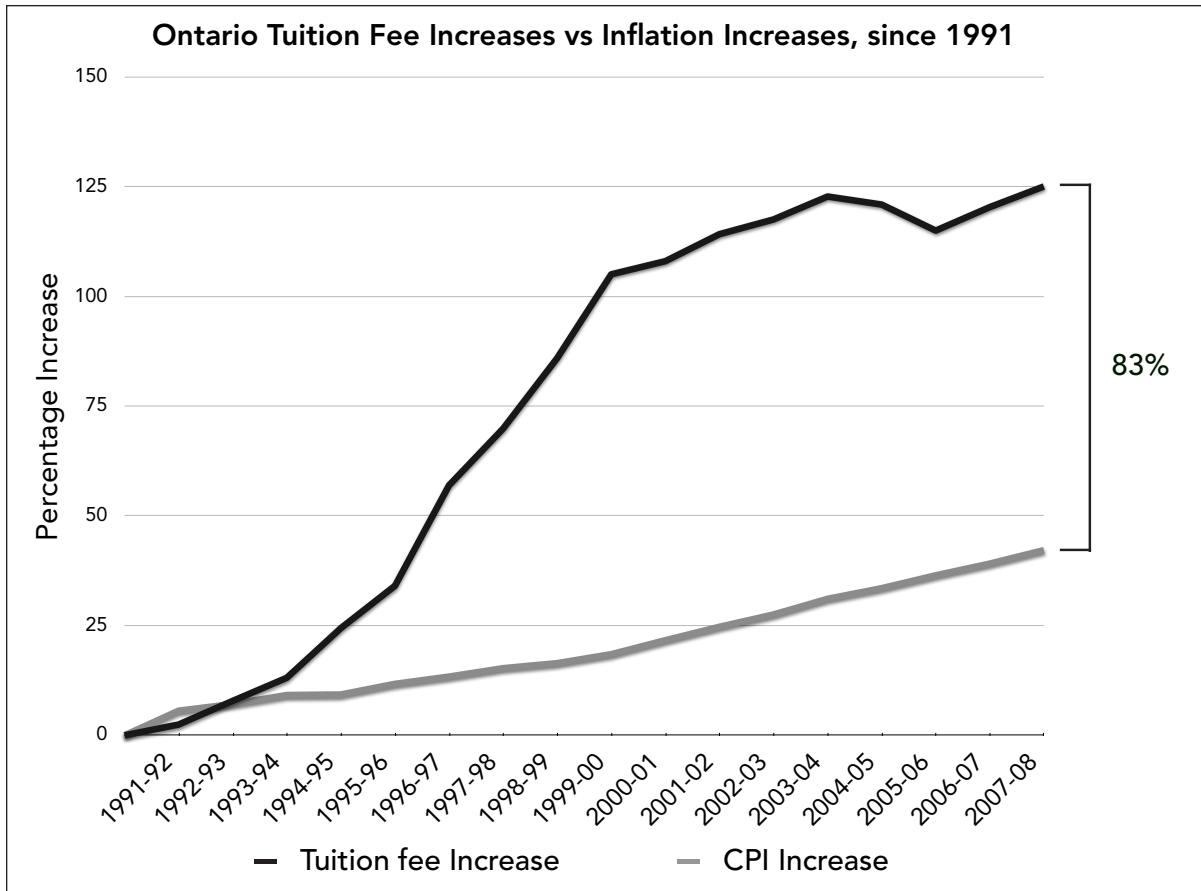
Graduate students across the province are concerned that all of the support for graduate students that was included in the budget came in the form of Research and Innovation initiatives which were targeted to commercially-oriented research initiatives. The budget announced \$17 million for 2007-2008 for a research internship program for graduate students with business partners. Unfortunately the budget did not announce any expansion of the Ontario Graduate Scholarship Program that supports graduate students doing a wide range of research projects in the Social Sciences, Arts, Humanities and the Natural and Applied Sciences. Other commercially oriented research initiatives include a number of funding initiatives to target research to those areas determined by the government's "innovation" agenda. The government is also favouring the commercialisation of research by providing a 10 year income tax exemption for new corporations that commercialise intellectual property developed in universities, colleges and research institutes.

While these funding announcements seem substantive, they are at most an attempt to apply measures to a post-secondary education system that is increasingly inaccessible to many under-represented groups. Since The Ontario government cancelled the tuition fee freeze in 2005 and announced a framework that permits tuition fee increases as high as 36% over the following four years, more than 50,000 petition signatures from students and their families were submitted in support of a reduction of tuition fees. However, rather than responding to the concerns raised by Ontario voters, the 2008 Ontario budget offered no new funding to curb the rising fees or substantively improve financial assistance. According to Statistics Canada, average annual undergraduate tuition fees in Ontario have increased by \$448 between 2005 and 2007 and will continue to rise unless the government freezes or reduces tuition fees. The textbook and technology grant, at its highest level, will only be \$300 which does not even cover the costs of the fee increases.

A projected budget surplus of \$600 million and an increase of \$473 million above the previously estimated amount of Ontario's share of the Canada Health Transfer and the Canada Social Transfer announced in the 2008 Ontario budget have provided the provincial government with the revenue needed to reduce tuition fees and make a corresponding public investment. Data from the Council of Ontario Universities suggest that, between 2005 and 2007, there was an additional \$490 million in the university sector resulting from tuition fee increases and enrolment growth.⁸ This means that tuition fee increases paid by university students alone have subsidised the Ontario government's surpluses by over \$400 million between 2005 and 2007.

The government continues to promote its *Reaching Higher* plan as the most significant investment in post-secondary education in 40 years. While new investment is welcome, the plan's impact

8. Council of Ontario Universities, Fact Sheet on the Financial Implications of the Reaching Higher Plan, March 2006



fails to make up for years of under-funding and it will only bring Ontario up from second last place to the middle of the pack. For this reason, students are looking to the government to move beyond the *Reaching Higher* plan, the funding associated with which will be exhausted by 2009. The government must make a substantial commitment towards reducing tuition fees and student debt while increasing Ontario's per-student investment in post-secondary education.

Reduce Ontario's Reliance on College and University User Fees

If they had risen only by the rate of inflation since 1990-1991, average undergraduate tuition fees in Ontario would be \$2,490, less than half the current cost. It would take 40 years, until the academic year 2048-2049, for inflation to catch up to the average undergraduate tuition

fees that are being charged in Ontario this year.⁹ Even by the most conservative standards, students deserve a tuition fee freeze.

Today's high tuition fees are symptomatic of the significant cuts to funding for post-secondary education that were made by the Government of Ontario, and the Government of Canada, during the last decade and a half. Tuition fees now represent approximately 40 per cent of the operating revenues of universities, up from less than 20 per cent in 1990.¹⁰ Many studies have documented the decline in public funding for universities and colleges over the same period. This government's policy of permitting tuition fee increases while restoring funding to, at best, only the national average by the time the *Reaching Higher* plan is fully implemented, is an

9. Based on historical tuition fees data from Statistics Canada and assuming 2 per cent per year inflation going forward.
 10. The Canadian Association of University Teachers Almanac 2007, "Finance" Figure 1.2; page 3.

endorsement of all of the previous fee increases and funding cuts. Students look forward to this government's new "activist" approach and propose affordable changes to the province's policy on tuition fees—changes that are well-supported by the majority of Ontario voters.

Priority Recommendation #1

The Ontario government should roll-back tuition fees, freeze them at 2004-2005 levels for all students and fund a corresponding public re-investment in colleges and universities.

Stop Prohibited Ancillary Fees

Ancillary fees are charged to students for supplementary services and are in addition to tuition fees. The Ministry of Training, Colleges and Universities does not allow universities to charge tuition-related compulsory ancillary fees, which it defines as fees for items normally paid for out of:

- operating revenue (prohibited since May 1, 1987); or
- capital grants (prohibited since September 1, 1991).¹¹

According to the Ministry, both prohibitions were put in place to prevent post-secondary institutions from charging fees in excess of the standard tuition fees for essentially academic costs of education.

As well, the Ministry's policy clearly states that: "Colleges are not to establish additional fees for items considered to be covered by tuition fees for any programmes and courses eligible and reported for funding through the general purpose operating grant." Funding for the colleges' operations is expected to be from the operating grants provided by the provincial government to

the colleges annually, similar capital grants and/or tuition fees.¹²

However, despite the clear restrictions, the Government of Ontario has allowed colleges to collect prohibited fees for items or services such as information technology, labs, libraries and capital upgrades as a universal practice. The most common type of prohibited ancillary fee being charged is for information technology. For the 2005-2006 academic year, the average annual ancillary fee charged for IT was more than \$130—almost 20 per cent of the total average ancillary fees paid by each full-time college student in Ontario.

Between the 1995-1996 and 2003-2004 academic years, Ontario colleges reported a near 240 per cent increase in revenue generated from ancillary fees. According to the latest data available, in 2005-2006, average annual ancillary fees had risen to just over \$670 per full-time college student. Ancillary fees represent approximately 23 per cent of the overall fees that each full-time college student paid in 2005-2006. Data for university students is more up-to-date. Full-time Ontario undergraduate university students each paid \$729 in ancillary fees, on average, in 2006-2007. That amount is equal to 12 per cent of the overall fees university students were charged. The rapid growth of ancillary fees, particularly those charged by the colleges, is in large part due to the practice of charging improper ancillary fees to attempt to fill the gaps left by insufficient government funding.

In 2004, the Algonquin College Students' Association agreed to allow the college to implement an ancillary fee that would be used to support capital, infrastructural, and other core spending initiatives. According to the College Registrar, this 'Student Priority Fee' "... acknowledge[d] the College's need for assistance and the realization that [the College is] unable to continue to provide all services given the \$7

11. Issue Note, *UOIT and Durham College - \$1 Million Student Contribution to Campus Library*, Ministry of Training, Colleges and Universities, April 14, 2004; page 1.

12. *Minister's Binding Policy Directive: Tuition and Ancillary Fees*, Ministry of Training, Colleges and Universities, Issued: April 1, 2003, Revised September 1, 2004; page 8.

million shortfall that [it is] facing ongoing into the budget process.”¹³

On June 6, 2007 two former students, acting on behalf of the hundreds of thousands of other college students in Ontario, launched a \$200 million class action lawsuit against the 24 public colleges in the province. The lawsuit claimed that certain types of prohibited ancillary fees have been collected illegally and sought an end to such back-door tuition fee increases as well as financial compensation for all of the current and former students who were charged the illegal fees since 2003.¹⁴

On March 28, 2008 Madam Justice Joan L. Lax of the Ontario Superior Court of Justice dismissed the lawsuit. The Reasons for Judgment explained that:

- though the Binding Policy Directive is binding on the colleges, only the Minister may enforce it; and
- the students who have paid prohibited ancillary fees are considered third parties and have no right to seek enforcement of the Directive through the courts.

Since then, the former representative plaintiffs have formally indicated their intention not to pursue an appeal of the judge’s ruling. Therefore the government has absolutely no reason to delay and must enforce the Minister’s Binding Policy Directive.

The government’s policy on ancillary fees is not working. Three successive Ministers of Training, Colleges and Universities under the McGuinty government have failed to enforce the rules yet the Court has made it clear that the Minister is the only protection available to students.

13. Minutes, Algonquin College Board of Governors, Meeting 395, February 9, 2004.

14. Ontario Superior Court of Justice, Amended Statement of Claim Between Amanda Hassum and Daniel Roffey -and- the Conestoga College Institute of Technology and Advanced Learning and the George Brown College of Applied Arts and Technology, Court File No. 07-CV-334131CP; December 21, 2007

To establish rules governing ancillary fees that are fair, transparent and enforceable even if the government fails to act, the Canadian Federation of Students has drafted an ancillary fees regulation that will codify the prohibition of tuition-related ancillary fees and set a clear threshold and process for students’ approval of legitimate ancillary fees.

Priority Recommendation #2

The Ontario government should immediately enforce the Minister of Training, Colleges and Universities’ “Binding Policy Directive” that prohibits colleges and universities from collecting tuition-related ancillary fees and adopt the ancillary fees regulation proposed by the Canadian Federation of Students. Beginning immediately, \$50 million per year should be allocated to replace the revenue colleges are generating through the collection of prohibited ancillary fees.

Reduce Fees for International Students

International college and university students are required to pay tuition fees that are generally three to four times as much as the fees paid by their domestic counterparts. Tuition fees charged to international students who attend Ontario’s public post-secondary institutions remain completely unregulated by the government and are highly susceptible to ‘market trends’. University administrators have taken advantage of this by increasing tuition fees for international students to, on average, approximately \$13,000.¹⁵

Ontario’s high tuition fees for international students mean that, disproportionately, it is students from high-income backgrounds who have the ability to study here. Many who do manage the high fees face hardship while trying to study.

15. Association of Universities and Colleges in Canada, University tuition fees for full-time Canadian and international students in an arts program at the undergraduate level at AUCC member institutions, 2006 – 2007, <http://www.aucc.ca/policy/research/tuition_e.html>

In the early 1990s, the Ontario government disqualified international students from being eligible for the Ontario Health Insurance Program (OHIP). The University Health Insurance Plan (UHIP) was created to offer health insurance to non-resident students. As a result, international students must now pay additional fees of approximately \$800 per year, and students with two or more dependants can be required to pay over \$3,000 in mandatory hospital insurance fees. In some instances, such fees have increased by more than 30 per cent in a single year.

International students play an important role in the diverse learning environment that all students have come to expect that Ontario's colleges and universities will provide. While many Canadian-educated international students use their knowledge and training to improve their home countries, many more choose to stay in Canada to raise their families and contribute to the Canadian economy and society. The Department of Foreign Affairs and International Trade estimated that, in 2004, international students across Canada made a \$4 billion contribution to the economy.

Improving access to education and opportunity for international students is important for the future of Ontario and the success of our economy.

The Federation recommends that the Ontario government immediately regulate tuition and ancillary fees for international students. The government should reduce tuition fees that are charged to international students and provide corresponding public re-investments to universities and colleges.

Priority Recommendation #3

The Ontario government should restore Ontario Health Insurance Program coverage for international students.

Increase Up-Front, Need-Based Grants

The dramatic tuition fee increases introduced in September 2006 were accompanied by modest enhancements to student financial assistance. Some of these changes, such as increases to the eligible loan amounts, will further burden students and their families with debt. Even recent enhancements to funding for need-based grants will be undermined by tuition fee increases. Students have long been recommending that the Government of Ontario use a two-pronged approach to guarantee improvements to access to post-secondary education: reduce tuition fees and provide student financial assistance that is based on a system of up-front, need-based grants instead of repayable loan debt.

While the Ontario government has budgeted for an additional \$358 million in student assistance (over 2003-2004 levels) to be phased in by 2009-2010, this money will be clawed back through tuition fee increases. In fact, if tuition fees continue to rise by 5 per cent each year until 2009-2010, then for every dollar allocated by the government for student aid, more than \$1.30 will be clawed back through tuition fee increases.

Students supported the re-introduction of need-based grants into Ontario's post-secondary education system in the 2005 Ontario Budget as a positive first step. In the first year they were implemented, the Ontario Access Grants were valued at a maximum of \$3,000 or 50 per cent of tuition fees, with the average value being \$1,600, but only servicing less than 5 per cent of students in Ontario. The obvious inadequacy of this programme, combined with the unpopularity of the 2006 tuition fee increases and a strong public lobby resulted in an extension of eligibility for the Ontario up-front grant programme.

Even under the new eligibility scheme, grants are still only available to first and second-year students, though recent changes allow families with incomes of \$89,000 or less per year to qualify for some portion of grants. The average value of the Ontario Access Grant in 2006-2007

was just \$1,400. This measure brought the total number of grant recipients to about 54,000, or less than 10 per cent of the student population. The remaining 90 per cent of students who did not qualify for grants are still be expected to pay the much higher tuition fees up-front or through larger debt loads.

Students pursuing more costly second entry programmes like dentistry, law, and medicine remain ineligible for the grants, despite the fact that they will be paying much higher fees and accumulating more debt. Moreover, not a single international student or part-time student is able to qualify for need-based grants.

When the Ontario government announced the Reaching Higher plan it promoted a statement it called a Student Access Guarantee rather than tuition fee decreases and grants as its strategy to address concerns about equality of access. The statement was lauded as a safeguard against students having to leave colleges and universities as a result of the unaffordable cost of pursuing post-secondary education in Ontario. The government stated that “no qualified Ontario student will be prevented from attending Ontario’s public colleges and universities due to a lack of financial support programs and students in need will have access to the resources they need for their tuition, books and mandatory fees.”¹⁶ To meet the promises made in the statement, the government required multi-year agreements between the post-secondary education institutions and the Ministry of Training, Colleges and Universities whereby institutions would provide financial assistance to students.

The current provisions and mechanisms for the enforcement of the so-called Student Access Guarantee are unclear. As a programme, the government’s access statement lacks clear benchmarks in terms of assessing its operations and

the extent to which it achieves its overall objective of ensuring that Ontarians are not prevented from participating in post-secondary education. The extent to which the access statement is a success or a failure is unknown because the onus is on each institution to ensure that students’ financial needs are met. Additionally, it is unclear how the government is monitoring whether students who are not found to be qualified for financial assistance by the Ontario Student Assistance Program (OSAP) are guaranteed access to college or university. The government’s access statement relies upon institutions establishing and setting up local financial assistance programmes and downloads a potentially infinite amount of students’ financial need to institutions that have no doubt been provided with a finite amount of funding, if any, from the government for this purpose.

The most effective method for guaranteeing access is to reduce the costs that students face up-front through tuition fees and increase the financial resources available for students through a comprehensive government need-based grant programme.

The Federation recommends that the Ontario government centralise responsibility for financial support under any “access guarantee” statement through a comprehensive need-based grants programme that should be administered through the Ontario Student Assistance Program (OSAP).

The Federation recommends that the Ontario government double the number of need-based grants.

The Federation recommends that the Ontario government expand eligibility provisions for Ontario’s need-based grants to include graduate, professional, international, and part-time students.

16. Government of Ontario, Ministry of Training Colleges and Universities, Record-breaking Enrolments Expected At Ontario Colleges And Universities, Media Release, September 6, 2006 <http://ogov.newswire.ca/ontario/GPOE/2006/09/06/c3301.html?lmatch=&lang=_e.html>

Reduce the Burden of Student Debt

While students have welcomed the re-introduction of a modest need-based grants programme in Ontario, the fact remains that for the vast majority of students in the province “student assistance” means debt.

Students and alumni continue to suffer under the increasing burden of student debt. This problem has been compounded by a recent government decision to increase student loan limit maximums coupled with dramatic increases in tuition fees. The resulting increased cost will guarantee that more students require financial assistance and ensure that more borrowers will be eligible for the maximum. Ultimately, such changes to financial aid do not accomplish their stated objective of improving accessibility.

From the early 1990s until 2001, average student debt increased by over 300 per cent, bringing it to \$25,000. Today, after tuition fee hikes and increases to student loan limits, average student debt is set to reach nearly \$28,000 for four years of undergraduate study.¹⁷ Although government loans with in-study, interest-free subsidies are superior to private bank loans (upon which students already rely far too heavily), student loan recipients continue to pay significantly more for their education.

While student loans remain a problematic and sub-standard way of distributing financial aid, they have also proved to be a more costly and less administratively efficient use of public money than up-front, need-based grants. Subsidised student loans require added bureaucracy to monitor students and graduates through years of borrowing and repayment. Interest subsidies also result in government costs. In 2005-2006 alone, the Government of Ontario spent more than \$20 million to pay the in-study interest on student

loans.¹⁸ As tuition fees increase, so too will the costs of maintaining the loan system.

Replacing the loan-based system of student financial assistance with a more robust system of up-front, need-based grants would avoid these problems.

The Federation recommends that the Ontario government introduce a plan to shift the Ontario Student Assistance Program from a loan-based to a grant-based system of student financial assistance within four years.

The Federation recommends that the Ontario government immediately eliminate interest on student loans in order to improve debt management and minimise economic discrimination.

Reject Income Contingent Loan Repayment Schemes

Income Contingent Loan Repayment (ICLR) schemes have been discredited in Canada as not being debt-reduction measures. Instead, ICLR schemes are a mechanism to use tuition fees as a primary funding base for post-secondary education.

In countries where ICLR schemes have been implemented, tuition fees have sky-rocketed, resulting in even greater debt loads for graduating students.

ICLR schemes ultimately hurt students who come from lower socio-economic backgrounds and require more financial assistance. Due to the extended repayment periods that are fundamental to ICLR schemes, students who earn less after graduation pay more interest than graduates with higher incomes who can pay off their loans quickly. This basic fact means that the poorest—those who must borrow the most to pay for their education—will always pay more for their education than their high-income

17. Average student debt calculated based on the impact of the Richer Higher plan tuition fee increases of 5 to 8 per cent per year.

18. Email correspondence from the director of the Student Support Branch, Ministry of Training, Colleges and Universities, RE: request for information; November 9, 2006.

counterparts. The result is a differential impact on students based on their ethnicity, gender and socio-economic background, since all of these factors can contribute to lower post-graduation income.

Additionally, repayment periods for those in low-paying jobs or for women and minorities who still suffer from wage inequity would be further penalised as the interest payments on their extended loan terms would result in higher overall costs.

The Federation recommends that the Ontario government reject all Income Contingent Loan Repayment schemes and any other financial aid measures designed to enable tuition fee increases.

Financial Assistance for Part-time Students

An adaptable, well-educated work force requires flexible post-secondary education options for students of all ages. Mature student enrolment at Ontario universities has declined significantly over the past 10 years.

Eighteen to 24 year olds are the only growing demographic within the undergraduate, part-time student population. From 1997-1998 to 2000-2001 the rate at which part-time enrolment grew among this age group was five-times faster than the enrolment growth rate of their full-time counterparts. Tuition fees in Canada increased 19 per cent during that period, and 127 per cent throughout the 1990s—four times faster than the rate of inflation.

These data suggest that an increasing number of young students are being shut out of full-time studies because of high tuition fees. Further, experiential evidence indicates that restrictions which disqualify part-time students from accessing the Ontario Student Assistance Program are a significant problem for mature students who have been prevented from pursuing higher education.

The Federation recommends that the Ontario government make the Ontario Student Assistance Program, and student financial assistance programmes in general, accessible to part-time students.

Increase Funding, Grants and Scholarships for Graduate Students

Ontario needs to expand graduate student spaces if we are going to promote our research capacity and replenish retiring faculty members. In addition, as the double cohort moves through the system, there are a record number of students seeking a limited number of spaces in graduate programmes.

In anticipation of these issues, the Ontario government announced intentions to increase graduate enrolment from 12,000 to 14,000 by 2009-2010. However, with an expansion of graduate spaces, students are concerned about greater competition for the same number of supervising faculty, scholarships, and research grants.

The Ontario Graduate Scholarship (OGS) is one of very few provincial forms of financial relief for graduate students who face some of the highest fees in Ontario. With 2,000 of these scholarships available, only 5 per cent of graduate students are currently able to access an OGS.¹⁹ Only 60 international graduate students are eligible for an OGS. If the number of Ontario Graduate Scholarships is not increased, and graduate student enrolment rises according to the current projections, less than 4 per cent of graduate students will have access to these scholarships by 2010.

Many graduate students often begin their second or third degrees with debt loads over \$25,000. Grants and scholarships are vital for graduate students to be able to continue their academic pursuits and complete their studies. Graduate

19. Ontario Graduate Scholarship Program website, Number of Scholarships Awarded <http://osap.gov.on.ca/eng/not_secure/OGS.htm#Eligibility%20and%20Conditions>

students rely heavily on stipends and other forms of financial support so they can devote sufficient time to conduct high quality, original research.

The government has not increased its funding for graduate student financial support, despite its pledge to create thousands of graduate student spaces. In the meantime, it has announced that it will allow tuition fee increases of up to 8 per cent for next year's graduate students.

In one research report about graduate studies, retention rates in some Canadian universities range from 34 percent to 54 percent.²⁰ High tuition fees, the lack of funding opportunities and debt servicing issues contribute to the problem of attrition. The unacceptably high rates of attrition mean a lost investment by the system and students as well as loss of skilled innovators for the labour market. The renewal of the faculty-base that is urgently needed to provide high-quality education at Ontario's universities and colleges is undermined by low completion rates.

The Federation recommends that the Ontario government eliminate higher tuition fees for graduate and professional programmes.

The Federation recommends that the Ontario government extend eligibility provisions for Ontario's need-based grants to include all graduate students.

The Federation recommends that the Ontario government double the number of Ontario Graduate Scholarships and OGS eligibility provisions to include international students.

The Federation recommends that the Ontario government provide additional funding to universities to cover the costs of requirements associated with increases to graduate level enrolment that are currently not accounted for, such as expansion of the faculty complement to teach and supervise graduate students.

20. Canadian Association of Graduate Studies, *The Completion of Graduate Studies in Canadian Universities: Report and Recommendations*, October 2004 (Revised November 2004)

Re-introduce Post-Residency Fees

Graduate students in the thesis-writing phase of their degrees require fewer university resources and provide enhanced teaching and research contributions to the institution.

These students are particularly susceptible to financial pressures which are compounded by years of deferred income, paying tuition fees, and borrowing. Often family obligations also factor heavily into the financial burden of graduate students who are in the final stages of their programmes.

To account for the special circumstances of graduate students in the advanced stages of their degrees a system of reduced fees, called post-residency fees, used to be in place in Ontario. Post-residency fees were systematically eliminated at virtually all Ontario universities during the 1990s. Today universities in many other provinces continue to maintain post-residency fees that are almost 50 per cent lower than regular tuition fees for graduate programmes.

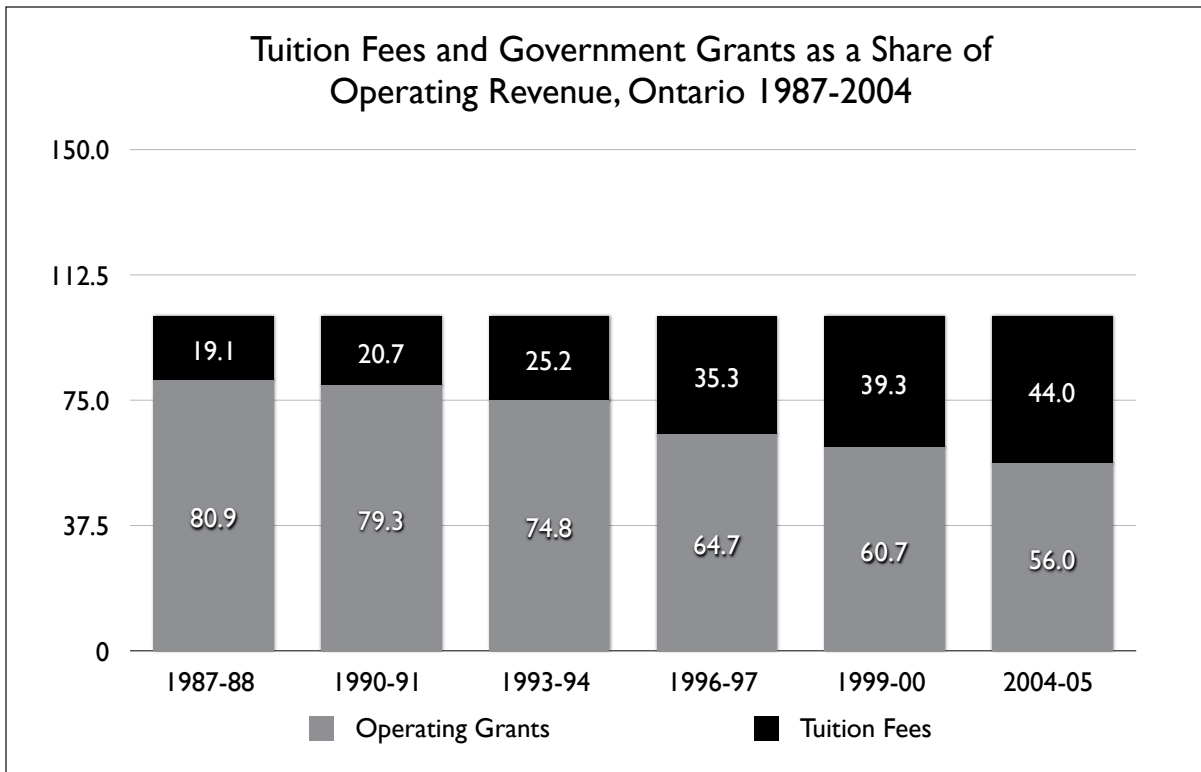
The Federation recommends that the Ontario government reinstate post-residency fees equal to 50 per cent of regular fees for graduate students who are in the thesis writing stage of their programmes.

Funding for Post-Secondary Education

Funding Access and Quality

Ontario's post-secondary education students are being short-changed by the third lowest rates of per-capita funding in all of North America.²¹ Even with the modest funding increases announced previously, Ontario's 2006 funding per student fell to eighth place from fifth in 1993. After adjusting for enrolment growth and inflation, overall grants to universities will be 9 per cent

21. Canadian Association of University Teachers, *Almanac 2007*, Figure 1.4, "Provincial Government Transfers to Colleges and Universities per FTE Student Enrolments", 1992-1993 to 2004-2005, p. 1



less than they were in 2004-2005²² and funding is \$2,600 less per student, or 21 per cent lower, than it had been in 1990-1991.²³

The investments in post-secondary education that were announced as the Reaching Higher plan do not address the under-funding that has affected the system for the past decade. Once inflation and enrolment increases are taken into account, the operating funding per university full-time equivalent (FTE) will essentially remain unchanged from 2004-2005 funding levels with an increase of only 1.4 per cent.²⁴ In the college sector, per student funding was 9.1 per cent lower in 2004-2005 than in 1988-1989. Between 1992-1993 and 2006-2007, total operating grants per FTE (in constant dollars) in the college

sector decreased by 17.2 per cent and tuition fee revenue per student increased by 69.5 per cent.²⁵

The failure to restore general operating funding that was cut in the 1990s and fund Ontario's colleges and universities at a level comparable to other provinces, and other jurisdictions in the developed world, has put pressure on college and university administrations to seek additional private, non-governmental forms of funding, like tuition fees and corporate sponsorship.

The Federation recommends that the Ontario government increase average per student funding by \$2,600 in order to improve quality and reduce the reliance on private funding sources.

22. Council of Ontario Universities. "Financial Implications of the Reaching Higher Plan." March 2006; <<http://cou.on.ca/content/objects/Fact%20Sheet%20Reaching%20Higher.pdf>>

23. Ontario Confederation of University Faculty Associations, "Quality in the Balance: Undergraduate Education in Ontario at Risk." May 14, 2007; <<http://www.ocufa.on.ca/research/index.asp>>

24. Ontario Confederation of University Faculty Associations. *Leading Higher: Funding for Ontario Universities*, OCUFA Research Paper Series, October 1, 2007.

25. Colleges Ontario 2007 Environmental Scan, Chapter 5: College Resources, Appendix 3 Operating grant and regulated tuition fee revenue per FTE 1992-93 to 2006-07

Support the Creation of a Dedicated Federal Cash Transfer Payment for Post-Secondary Education

Despite the fact that post-secondary education falls within the jurisdiction of the provinces, the federal government plays a vital role by funding post-secondary education, research and student-financial assistance. Without a dedicated transfer payment for post-secondary education, it is difficult to track the source of funding based on government announcements and, in some cases, provincial investments appeared to have been paid for by federal dollars. Students are concerned that there have been occasions when two levels of government have taken credit for the same dollars, without the second government providing a net benefit to students.

The Canadian Federation of Students' most recent submission to the House of Commons Standing Committee on Finance called on the federal government to, in cooperation with the provinces, create a post-secondary education cash transfer payment for the purposes of reducing tuition fees and improving quality at universities and colleges. Ontario students have asked the McGuinty government to support their recommendation that Prime Minister Stephen Harper follow through on his party's 2006 federal election promise to:

In cooperation with the provinces, remove postsecondary education funding from the Canada Social Transfer and create an independent Canada Education and Training Transfer to ensure that there is dedicated funding for postsecondary education and training.²⁶

The Federation recommends that the Ontario government announce its formal support for a dedicated transfer payment for post-secondary education in the 2008 budget.

26. *Conservative Party of Canada Federal Election Platform 2006*, Support for students and families with students, The plan, p. 32; January 13, 2006.

The Federation recommends that the Ontario government present its plans to spend all of the announced increases in federal funding for post-secondary education on the province's public post-secondary institutions in the 2008 budget and that the expenditure of such funding be in addition to all of the Reaching Higher and other previous provincial spending commitments.

Establish a Tuition Fee Increase Prevention Fund

Ontario's share of the federal government's Infrastructure Trust Fund, valued at \$390 million, was allocated in the 2007 Ontario Budget. The stated goal was to support quality improvements in Ontario's post-secondary education system. To date, no such support has been budgeted for financial accessibility.

Federal Budget 2007 announced an additional \$800 million per year in transfers to the provinces and territories for post-secondary education. It also committed that federal support will grow by at least 3 per cent every year thereafter. Ontario's portion of the \$800 million year-over-year increase will be approximately \$315 million. The Federation proposes the establishment of a Tuition Fee Increase Protection Fund that would use this new federal money to increase general purpose operating funding for public post-secondary education institutions in order to prevent tuition fee increases while improving quality and competitiveness. Keeping this new money in such a trust fund would be a transparent use of federal funding. Ontario can afford to do even better and should further contribute to such a fund for the purpose of reducing the up-front financial barriers that hinder Ontario students' ability to access the higher education they require to be competitive in the knowledge economy.

The Federation recommends that the Ontario government establish a Tuition Fee Increase Prevention Fund to account for increases to federal post-secondary education transfers.

The Federation recommends that the Ontario government match federal funding in a Tuition Fee Increase Prevention Fund and expend monies from such a fund to prevent tuition fee increases by increasing general purpose operating grants to colleges and universities.

Use of Training, Colleges and Universities Money Not Spent by Year-End

The Government of Ontario has booked significant surpluses in recent years. The surpluses have been underwritten students in two ways:

- by high tuition fees that mask insufficient provincial government funding for public colleges and universities; and
- by the under-spending of monies allocated to the Ministry of Training, Colleges and Universities in some years.

During the 2006 budget year, \$4.819 billion was allocated for Training, Colleges and Universities, but only \$4.714 billion was spent, leaving \$105 million at year-end to presumably fund the provincial surplus. Because even the most detailed documents on provincial government spending that are presented to the Standing Committee on Estimates do not provide sufficient detail about under-spending, students want a mechanism to ensure that all money promised for post-secondary education is in fact spent on post-secondary education.

The Ontario government should, immediately and on an annual basis thereafter, transfer any money that is allocated for Training, Colleges and Universities but not spent by year-end (and is not otherwise mandated beyond the control of the Government of Ontario to be retained for a specific purpose) to a Tuition Fee Increase Prevention Fund.

Accounting for the Revenue of Colleges and Universities

As a measure of basic accountability, all revenues collected by public universities and colleges should be included in the provincial budget.

To participate in the education and develop the skills that are demanded by the Ontario labour market, students generally attend public post-secondary institutions in the province. Tuition and ancillary fees are user fees that students must pay to utilise the public post-secondary education system. The fees are essentially a flat tax levied upon students whether or not they have the resources to pay and these fees can displace the government transfers to universities and colleges.

The exclusion of the revenue collected by public colleges and universities from the provincial budget implies that Ontario's post-secondary education institutions are not in fact public. According to Generally Accepted Accounting Principles (GAAP), the test for determining whether to include public institutions' revenue in a government budget is based on financial accountability and dependency as well as ownership or control. The Government of Ontario regulates universities and colleges on a number of different levels, from their very establishment to their governance and finances. Public colleges and universities are controlled by and accountable to the provincial government in many ways and certainly to the extent that it is reasonable to expect an annual accounting of their revenues as a component of the Public Accounts of Ontario.

Some examples of the significant subordinate relationship that exists between the Government of Ontario and the public universities and colleges include:

- the *Public Sector Accountability Act* which prevents public sector institutions like universities and colleges from running deficits;

- the annual operating grants from the Government which are the primary source of revenue for colleges and universities;
- the Government's regulation of the second-largest funding mechanism for universities and colleges (tuition and ancillary fees);
- the Ministry of Training, Colleges and Universities' (MTCU) general accountability framework that requires the colleges and universities to regularly report their expenses and revenues.

The government's current financial oversight of public post-secondary education institutions through the MTCU is not transparent to the general public. Even the Members of Provincial Parliament who comprise the Ontario Legislative Assembly's Standing Committee on Estimates are not presented complete information about the revenues collected by public colleges and universities. Reporting the revenues generated by public post-secondary education institutions in the province's major financial accountability documents would rectify this deficiency.

The inclusion of the revenues of public post-secondary education institutions in the provincial budget would not infringe upon the self-governance that currently exists for Ontario universities. It would achieve greater transparency that will bolster public confidence in these public institutions and help to clearly delineate the mechanisms for accountability, thereby strengthening the well-respected arms-length autonomy that is crucial for the ongoing protection of academic freedom.

British Columbia is one example of a Canadian province, and perhaps the most recent, that has incorporated the revenue of colleges and universities into its budget.

The Ontario government should immediately develop a plan to include the revenues of all public colleges and universities in the Ontario budget and financial statements beginning in 2009.

Full Per-Student Funding for Northern and Rural Institutions

As a means of accommodating the increased enrolment caused by the double cohort, Northern and rural institutions have accepted even more students without dedicated funding. As a result of funding shortages in the past and current high levels of enrolment, a significant number of students at Northern and rural institutions are "unfunded." Historically, this has resulted in unfair and uneven funding practices between urban and rural post-secondary institutions, and Northern and Southern institutions. In 2006, the Government of Ontario announced funding of \$10 million for the 2005-2006 academic year and \$20 million for 2007-2008. This funding was to supplement existing northern and rural funding for colleges of \$38.4 million in 2004-2005 and \$41.7 million in 2005-2006.²⁷

The historical under-funding and any currently remaining funding inequities should be rectified by ensuring that all Ontario post-secondary institutions receive proper per-student funding so that all students receive the same high-quality education.

The Federation recommends that the Ontario government allocate funds for Northern and rural institutions to make up for years of under-funding.

The Federation recommends that the Ontario government provide full and equitable per-student funding for all of Ontario's public colleges and universities.

Public Funding to Prevent Privatisation

Privatisation can take many forms on campuses, including the greater reliance on private donations and contracts, the contracting out of services, the creation of private programmes within existing public universities and colleges, and the establishment of fully private institutions. As public funding for colleges and universities

27. Ministry of Training, Colleges and Universities media release, *McGuinty Government To Provide New Funding To Small, Northern And Rural Colleges*, February 17, 2006 <http://ogov.newswire.ca/ontario/GPOE/2006/02/17/c3863.html?lmatch=&lang=_e.html>.

diminishes, more pressure is placed on individual institutions to expand resources by fundraising from the private sector.

The proliferation of public-private partnerships within Ontario's colleges and universities over the past decade have delivered infrastructure funding that is skewed towards market-driven programmes and has resulted in the relative starvation of programmes that are not deemed attractive by the private sector.

The Federation recommends that the Ontario government replace public-private partnerships with adequate core funding that will allow public institutions themselves to determine educational and research priorities.

High-Quality Education for Ontario

Restoring Education Quality

Investments in quality and affordability are both necessary in order to make meaningful improvements to the post-secondary education system. The international evidence fails to provide examples where rising tuition fees have led to increased public funding in a manner that addressed the growing demand for high quality post-secondary education.²⁸

Improving the Student-Faculty Ratio

The student-faculty ratio is one of the only reliable measurements of quality. This ratio is strongly correlated to: class size, course selection, student to teacher interaction, institutional research output and student research opportunities. The perceived downward trend in quality²⁹ is often informed by growing student to faculty ratios in colleges and universities. During the 15 years preceding 2003-2004 for every 2 per cent increase in college enrolment, the number of full-time faculty teaching has declined by 1 per cent.³⁰ According to college instructors, the

faculty to student ratio in colleges was 24:1 in 2005, double that of 1988.³¹

Ontario's university classrooms are also in need of drastic improvement. At 27:1, Ontario's student-faculty ratio is the worst in Canada—15 per cent higher than anywhere else in the country.³² This ratio is up from 19:1 in 1995. In programmes that require intensive student-faculty interaction, a student in 2004-2005 spent one-quarter less time with faculty than a student in 1995-1996.³³

The Federation recommends that the Ontario government fund a strategy to improve the quality of post-secondary education and Ontario's competitiveness with other provinces and jurisdictions in the United States by achieving a 15-to-1 student-faculty ratio.

Deferred Maintenance and Environmental Upgrades to Campus Infrastructure

The average age of a university building in Ontario is 30 years, and many facilities are desperately in need of repair. Until January 2008, only \$27 million for facilities renewal was allocated. Recent government infrastructure announcements include \$200 million dollar targeted funding for improving energy efficiency, campus safety and the renewal and repair of existing infrastructure; and budget announcements of \$1.5 billion for infrastructure for colleges and universities. However, audits of the system have confirmed that a remaining \$2.1 billion is needed overall to address the remaining deferred maintenance.³⁴

Priority Recommendation #4

The Federation recommends that the Ontario government introduce a plan to fund the \$2.1 billion in deferred maintenance at Ontario colleges and universities with environmental sustainability as a core principle.

31. Ontario Public Service Employees Union, March 16, 2005.

32. Ontario Confederation of University Faculty Associations, November 2007.

33. Ontario Confederation of University Faculty Associations, Quality at Risk: An Assessment of the Ontario Government's Plans for Graduate Education, March 12, 2007 <http://www.ocufa.on.ca/research/graduate_education.pdf>.

34. Auditor General of Ontario, 2007 Annual Report, Chapter 3 Section 3.14 Universities—Management of Facilities, 2007, and Colleges Ontario, 2007 Environmental Scan.

28. Canadian Federation of Students, Discussion Paper: Low Tuition Fees for Lower Student Debt, October 2004.

29. Feedback Research Corporation, public opinion poll data, September 2006.

30. Colleges Ontario, Colleges, An Investment in Ontario's Future, February 2005.

Improving System Design

Student Mobility and a Cost-Saving Credit Transfer System

Increasing mobility between colleges and universities is a key component to strengthening and enhancing efficiencies in Ontario's post-secondary education system. Credit transfer between equivalent institutions is difficult enough, but there are almost no system-wide mechanisms for credit transfer between colleges and universities. Increasing mobility between colleges and universities would establish clear pathways, thereby reducing costs for the system and students. Costs for students would be less because they would have more flexibility to move through the system more efficiently. In jurisdictions where credit transfer regimes exist, savings for the system are realised through shorter times to completion.

The Federation estimates that credit transfer improvements would save the Ontario public post-secondary education system roughly \$100 million per year alone in government grants, just by allowing students to apply some of their credits to second degrees. Total cumulative savings to students themselves would total approximately \$40 million.

Improvements to credit transfer would enable students who begin a programme of study to transfer those credits to any institution in Ontario in which they can complete a programme in that specific discipline. Standards would be established to stipulate which credits satisfy the transfer requirements for all programmes. Receiving institutions, in turn, should be able to accept these credits, regardless of the institution type, knowing that each programme meets a certain standard of quality. A formal credit transfer system will provide students with greater choice and fewer obstacles to accessing education. Additionally, a more integrated credit transfer system would create opportunities for greater access in northern Ontario and rural regions

where community colleges would serve as a point of entry into the entire post-secondary education system.

The need for a comprehensive credit transfer system is further evidenced by the proliferation of bilateral credit transfer agreements in Ontario. In 2007, there were approximately 271 such agreements between colleges and universities, an increase from 220 agreements in 2004.³⁵ A survey of college graduates conducted in 2007 showed that 8.7 per cent of graduates furthered their education at a university in 2004-2005.³⁶ The graduates of several institutions reported high transfer rates between college and university including Canadore College (16 per cent) and La Cité collégiale (15 per cent).³⁷ In 2005-2006, approximately 7.5 per cent of university students transferred to colleges after graduation.³⁸ Programmes that have the highest transfer activity include Applied Arts and Business. The main reasons graduates decided to continue their education were to resume earlier studies and improve their careers.³⁹

The College-University Consortium Council (CUCC) in Ontario has made modest enhancements to college-university cooperation, but has failed to provide the kind of system-wide solutions to credit transfers that are required for an efficient, integrated, and user-friendly system. The establishment of the Higher Education Quality Council in Ontario (HEQCO) provides an opportunity to act in an advisory capacity on system planning including encouragement for inter-institutional transfer.

Improving credit transfer through the creation of a centralised credit transfer system such as the British Columbia Credit Transfer Guide would allow for students to become informed of their options as they tailor their education paths to

35. Higher Education Quality Council of Ontario, *Research and Review Plan*, 2007.

36. College-University Consortium Council, *College-University Transferability Study*, March 21, 2007.

37. *Ibid.*

38. *Ibid.*

39. *Ibid.*

meet their needs. Students need a guarantee that, as they move between institutions, the standards and quality will be equivalent. In essence, a student should not be penalised in terms of preparation, for beginning their studies at one type of institution and then completing or augmenting them at another. The province should provide funding to remove any obstacles that may prevent an enhanced transfer system.

Priority Recommendation #5

The Ontario government should create a centralised, province-wide credit evaluation and transfer facilitation system in order to ensure accountability in transferring credits between public post-secondary education institutions and to realise significant cost-savings.