

May 12, 2023

Dr. Alan Harrison, Chair, Blue-Ribbon Panel  
315 Front Street, 17th Floor  
Toronto ON M5V 3A4

## **RE: Blue-Ribbon Panel on Financial Sustainability in the Post-Secondary Education Sector**

Dear Blue-Ribbon Panel,

For more than a century, the Ontario Chamber of Commerce (OCC) has supported economic growth in Ontario by advocating for business priorities at Queen's Park on behalf of our 60,000 members, including local chambers of commerce and boards of trades in over 157 communities.

On behalf of our members and the communities they serve, we thank you for your leadership in providing advice and recommendations to the Minister of Colleges and Universities on matters related to financial sustainability in the publicly-assisted post-secondary education sector.

### **Overview**

The post-secondary education sector is a pillar in Ontario communities, playing a pivotal role in preparing students for the jobs of today and tomorrow. According to Stokes Economics, over the next decade, Ontario will need more than 950,000 skilled trade and apprenticeship jobs, 146,000 of those vacancies will require a university education. Without a sustainable and thriving post-secondary education sector, those jobs will be left unfilled, undermining Ontario's economic growth and prosperity.

The OCC commends the Government of Ontario for appointing the Blue-Ribbon panel to highlight key issues facing the sector and develop recommendations. All stakeholders – including the government – play a role in keeping the postsecondary education sector financially strong and providing the best student experience possible.

To safeguard Ontario's future and labour market needs, ensure student access, and support the quality of the province's universities and colleges, the Minister of Colleges and Universities should support the sector by; removing the domestic student tuition freeze, increasing operating grants, investing in post-secondary institutional research and innovation, supporting international students, and creating a long-term Tuition Fee Framework (TFW).

## **1. Funding approaches and associated levers that best drive institutional excellence**

### **Labour market alignment**

Post-secondary institutions are continuing to look for ways to ensure their programming is aligned with market demands. Since 2010, university enrolment has increased by 68.1 percent in STEM programs and by 37.9 percent in health programs. Colleges and universities have also mobilized quickly to develop micro-credentials to reflect an evolving labour market.

To continue to pursue market-driven objectives, while meeting the needs of the labour market and the interests of students, the OCC recommends the following:

- Collaborate with the post-secondary education sector to drive differentiation among institutions through the Strategic Mandate Agreements and performance-based funding approaches.
- Develop a strategy, in consultation with the sector, to better leverage labour market information to help inform institutions development of post-secondary programming to ensure it is aligned with market demands and rewarded for meeting those demands.

## Research and innovation

Investing in research and innovation has been critical to Ontario's prosperity and economic development and post-secondary institutions are a critical part of Ontario's innovation ecosystem. Yet Ontario lags behind other provinces such as Québec and Alberta as it relates to investing in research and development. Ontario invests only \$495 per full-time enrollment (FTE) university student in research, compared to the national average of \$992.

To drive, diversify, and foster research and innovation excellence in Ontario, the OCC recommends:

- Increase the investment in research per FTE student.
- Increase investments in innovation and research funds such as the Biosciences Research Infrastructure Fund. This will promote economic growth and prosperity through the development of the biomanufacturing and life sciences sector.
- Assist Ontario post-secondary institutions in building a research and innovation support system for the development and commercialization of intellectual property, which assists SMEs to grow ideas into market-ready products.
- Maximize access to federal research and innovation grants through better coordination of matching funds, for Ontario post-secondary institutions.

## 2. Ensuring sustainability through sound institutional financial health practices, continuous improvement and healthy competition

### Operating Grants and Tuition Freeze

Post-secondary institutions effectively have three levers of revenue generation:

1. Domestic tuition (frozen since 2018-19)
2. Operating grants (frozen since 2006-07)
3. Tuition from international students

The Government of Ontario's operating grants per FTE student for universities have declined 31 percent between 2006-07 and 2021-22, while government revenue only accounts for 35 percent of college revenues in 2021-22 and 30 percent of total university operating revenue. Furthermore, performance metrics negotiated with the Province are not based on incentives but based on factors that post-secondary institutions cannot control such as market conditions.

To continue to support student success, while ensuring sustainability through sound institutional financial health practices, the OCC recommends:

- Ensure tuition flexibility and expand base funding to boost post-secondary institutions' financial sustainability.

- Reinvest in the post-secondary system through increases in operating grants to ensure post-secondary institutions have the financial maneuverability to respond to the needs of their students and communities.
- Update the Ministry of Colleges and Universities' metrics by removing factors and criteria that are out of colleges' control (i.e., labour market conditions).
  - a) Continue collaborative efforts with the Province on how best to achieve enhanced outcomes for post-secondary institutions.
- Ensure post-secondary students are rewarded for educating domestic students.

### Financial viability of post-secondary institutions

Post-secondary institutions remain committed to strong fiscal management, transparency, accountability and stewardship of the resources they receive while transforming and adapting to meet ever-changing labour market demands and student needs. Despite the sector adopting different program implementation and delivery strategies to match the needs of Ontario's economy, governmental oversight and fiduciary control impede the sector's ability to make nimble decisions to increase assets.

To ensure sustainability through sound institutional financial health practices, improvement and healthy competition, the OCC recommends:

- Reduce administrative burdens on colleges:
  - a) Remove the cumbersome and time-consuming approvals process under Section 28 of the *Finance Administration Act*, which does not allow colleges to purchase anything over \$1 million without government authorization.
- Provide post secondaries with financial support for capital repairs of equipment and facilities:
  - a) Increase funding for Facilities Renewal Program-eligible projects to maintain and modernize post-secondary infrastructure projects, including retrofits for existing buildings.
  - b) Address the backlog of deferred maintenance requests.
- Continue to work with universities to jointly develop and implement the financial accountability framework (i.e., metrics for early warning signs of the financial health of their institution).
- Increase funding for northern grants that have not been adjusted to ensure a vibrant and financially viable post-secondary sector in northern Ontario.

## 3. The long-term Tuition Fee Framework (TFF)

### Criteria and objectives for a long-term Tuition Fee Framework (TFF)

Despite the COVID-19 pandemic and an inflationary economy, post-secondary institutions continue to adapt, transform and evolve to find new and innovative ways to drive efficiencies and make education accessible for all those who seek it. Ontario universities alone have provided \$1.3 billion in financial support - more than the entire annual amount of OSAP support. Ontario colleges' allocation to scholarships more than doubled to \$77 million in 2021-22 from \$36 million in 2018-19. The post-secondary sector still requires support through provincial operating funding that has not kept pace with inflation, increases in enrolment rates, or the evolving supports that universities provide to students.

To create a long-term, sustainable Tuition Fee Framework that would address costs, affordability and access for students, the OCC recommends:

- Increase multi-year base operating funding and multi-year tuition flexibility. This will help facilitate long-term planning for post-secondary institutions to increase enrolment and meet labour market needs, foster ground-breaking research and development, and boost economic development throughout Ontario's communities.
- Remove the 10 percent tuition cut for all domestic students and the four-year tuition freeze for post-secondary institutions which has cost the university \$1.9 billion in foregone revenue since implementation.
- Reintroduce the former college endowment fund program that provides matching government funds against those raised by post-secondary institutions.
- Adjust the fees paid by apprentices for the in-school portion of college programs. This will help deliver high-quality in-school apprenticeship programs training with cutting-edge facilities and labs.

#### **4. The role international students play in economic growth and labour market demand**

Ontario is a leading destination for international students, with over 100,000 international students enrolled at Ontario post-secondary institutions during the 2021-22 academic year. Many international graduates will pursue a post-graduate work permit and possibly permanent residency, contributing to a more highly skilled workforce and a vibrant society. The increase in international student enrollment over the past decade has led to a higher proportion of revenues dependent on international fees.

To support international students in their education, while developing the local workforce and stimulating local economies, the OCC recommends:

- Reduce the recovery fee imposed on international students, supporting the competitiveness of programs in Ontario's post-secondary education system.
- Ensure post-secondary institutes have flexibility in setting tuition fees. This will bring balance to post-secondary funding levers while maintaining and expanding high-quality programming and culturally relevant services for students.

#### **Student housing for international students**

International students are important for supporting economic growth and prosperity while helping Ontario communities grow. Many rural and urban communities rely on international students to help fill labour supply gaps and stimulate local economies. However, the recent rapid expansion in international student enrolment has created a number of challenges (i.e., lack of student housing options, affordability issues, etc.) for the post-secondary education sector, students, and communities.

To help promote economic growth and prosperity in Ontario, student housing must be a policy priority. Ensuring adequate housing options for our student populations is paramount to fostering a continuum of community growth and meeting labour market needs. The OCC recommends:

- Engage in meaningful dialogue with post-secondary institutions to discuss student housing needs, including the expansion of student housing and accessibility of housing for international students.

## Conclusion

The Blue-Ribbon Panel consultations provide the Government of Ontario an opportunity to support the financial sustainability and prosperity of Ontario's post-secondary education sector. The Ministry of Colleges and Universities has a vital role to play in enhancing the student experience and access, rewarding excellence and financial sustainability, improving labour market alignment, promoting economic growth and prosperity, and keeping education accessible and affordable for lower and middle-income families. We encourage the Panel to draw on our submission's data points and recommendations to ensure Ontario has a sustainable and thriving post-secondary education sector.

Thank you for the opportunity for allowing the OCC's Workforce Development Council to provide input. The OCC and our members look forward to ongoing opportunities to engage with the government on this topic.

Sincerely,



Rocco Rossi  
*President and CEO*  
*Ontario Chamber of Commerce*