



PATHS TO PROSPERITY

HIGHER LEARNING FOR BETTER JOBS

An Ontario PC Caucus White Paper
February 2013



Post-secondary education is the great equalizer. It gives us all a chance to reach higher no matter where we come from or whatever our background. Both of my parents came from very modest upbringings and saw a university degree as a ticket to a good job and an entry to Ontario's middle class. They, in turn, placed a high importance on post-secondary education and encouraged my sister and I to follow in their footsteps.

There is a lot about Ontario's colleges and universities that we can be proud of, but we need to ensure our students are getting the best value for their tuition. In Ontario today, we see far too many students graduate with degrees and deep debts who can't find a job.

We are spending a lot more money as a province, but we aren't seeing the results. Government funding has increased by 84% since 2003, yet Ontario universities are slipping in international rankings, tuition keeps rising, new graduates keep heading out West and there are many jobs in the skilled trades that can't be filled.

This has got to change. We need to make the necessary changes to ensure our schools are the best in the world at preparing students for a career. The key will be incenting excellence, harnessing market forces, encouraging specialization and being honest.

We cannot ignore the fact that increasingly university students end up in colleges, after accumulating significant student debt. We need a culture shift in our system. Promoting a 'College First' approach in our high schools will recognize the hundreds of thousands of jobs in the skilled trades and applied learning at risk of going unfilled and will help alleviate pressure on our universities while preparing those students who decide to continue on to pursue a university degree.

We also cannot ignore the fact that our university rankings on the global stage have been slipping for some time. Our universities should be focused on quality, not quantity. Allowing undergraduate instructors to focus on teaching full time will improve the student experience by incenting excellence in teaching.

Let us make no mistake about the promise we can offer our young graduates and the taxpayers who fund the system. A purposeful evolution of post-secondary education has the potential to do more for the long term health of Ontario than any other program or policy imaginable.

Ontario should be home to the best programs, the best professors and the best post-secondary institutions. We owe it to our students to ensure they are prepared to take on the challenges and succeed in a globally competitive market. And we owe it to the people of Ontario who are counting on our colleges and universities to develop the next generation of entrepreneurs, builders, innovators, scientists, technicians, engineers and leaders to propel our province forward to a new age of prosperity.



Tim Hudak
Leader of the Official Opposition



Rob Leone, MPP

MPP FOR CAMBRIDGE

One thing that has become clear to me over the course of learning and working within the post-secondary education system in Ontario and then meeting with stakeholders in my current role as Critic, is that better higher learning institutions lead to better jobs. When developing this white paper, I asked myself a simple question: What are the jobs of today and the future, and is our post-secondary education system equipped to meet our current and future needs? Increasingly, we find that our current system is growing out of sync with the needs of a modern economy, and the current government is much more interested in playing bumper-sticker politics with our higher learning institutions than dealing with the real issues that are holding our schools back. Good policy has been replaced by gimmicky hash tags and the sector as a whole hangs in the balance.

Our goal is simple. We want the best universities and colleges with the best professors and the best students right here in Ontario. It's a goal shared by university and college administrators, faculty and students alike. If we want the best for our students in Ontario, we must focus on quality as the main concern facing the sector. Only when we improve quality in our post-secondary sector will we be able to confidently position our schools to maximize their ability to contribute to our economy in the short, medium and long term.

This white paper is a by-product of extensive stakeholder input and feedback. I have met with a number of university and college administrators, faculty and students. The ideas we express in this white paper largely reflect a widespread belief that quality in our post-secondary institutions is lagging. While we believe there to be widespread agreement on the problem with quality, it is to be expected that many of our proposals in this paper will not be universally well-received or endorsed. As is true with the Ontario PC Caucus' previous white papers, this paper presents a bold vision. This vision outlines how our Caucus believes we can improve our colleges and universities and even defines a role for private career colleges.

I was extremely pleased to be appointed the Critic for Training, Colleges and Universities. Prior to entering politics, I was an Assistant Professor first in political science and then in leadership and journalism at Wilfrid Laurier University. I come to this white paper with a great deal of front-line experience and some of the items we address in the pages that follow reflect my experience in the sector. In addition, being a fairly recent graduate myself has allowed me to build a good rapport with students and has given me a good understanding of what they experience as they undertake their academic training.

In the end, we need students to find good jobs as quickly and efficiently as possible. Our economic success will be inextricably tied to our ability to coordinate the economic needs of the twenty-first century and the kind of students we graduate. We must remain mission focused.

Please let us know what you think about the proposals laid out in this white paper, *Paths to Prosperity: Higher Learning for Better Jobs* – the eleventh in a series – by emailing me at rob.leone@pc.ola.org or by phone at **416-325-8451** (Queen's Park).

A stylized, handwritten signature in dark ink, appearing to be 'Rob Leone'.

Rob Leone
Ontario PC Caucus Critic for Training, Colleges and Universities

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INTRODUCTION

A twenty-first century post-secondary education system must meet the needs of a twenty-first century economy. The make-up of our higher learning system in Ontario must reflect the requirements of the jobs of the present and future, improve its quality through knowledge creation and position itself to reflect economic realities.

We are moving toward an innovation and knowledge-based economy, yet our post-secondary education system, in many important ways, remains unchanged. This is reflected in labour shortages across Ontario and Canada. In fact, by 2020, Canada will be facing a labour shortage of nearly 1 million workers. Right here in Ontario, Ministry of Finance data shows that by 2031, the “projected shortfall in the availability of workers” could be as high as 1.8 million.

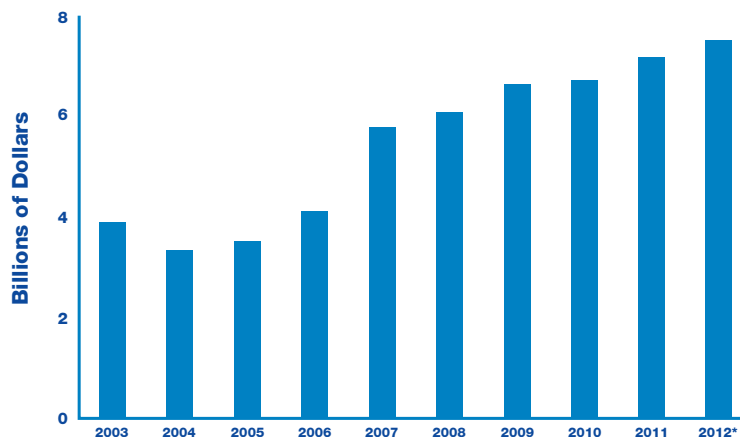
If governments are going to continue to invest billions of dollars into the system and continue asking students to take on a greater portion of the cost, then colleges and universities must become more nimble to economic

realities. Students need to believe that they will benefit from a high quality education in exchange for the price they pay. They need to believe they will see a return on their investments. Beyond the students, Ontarians need to believe that the substantial investment in post-secondary education they make through their tax dollars is contributing to a stronger, more productive economy in the province. The Ministry of Training, Colleges and Universities spends more money on the sector every year, tuition is constantly rising and yet quality is not improving. Students and faculty have identified a marked decline and our universities are slipping when it comes to international rankings.

“ The province’s economic growth and competitiveness will need to rely considerably on the ability of the post-secondary system to continue offering high-quality education, while accommodating significant enrolment increases. ”

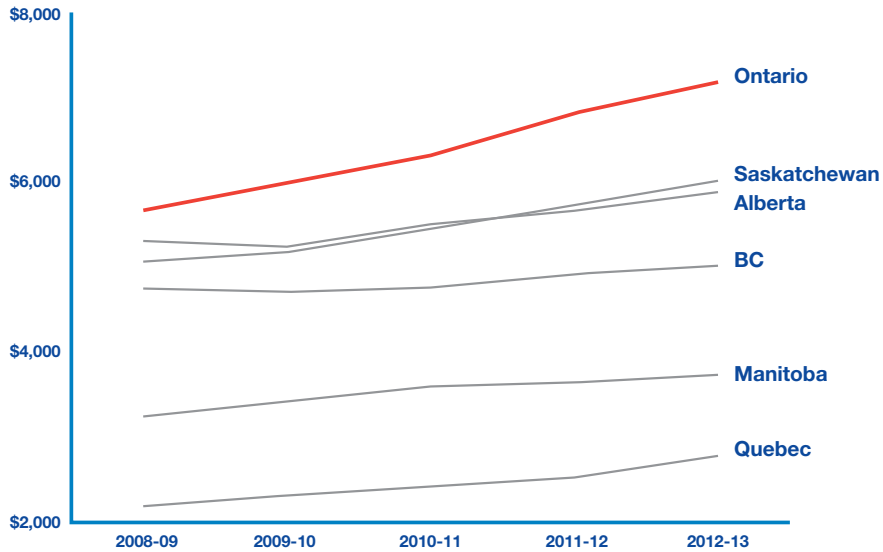
– Don Drummond report, Commission on the Reform of Ontario’s Public Services, page 239.

Ministry of Training, Colleges and Universities Spending



*2012-2013 Projected
Source: Various Ontario Budgets, 2003-2012.

Cost of Tuition



Source: StatsCan.

We all want the same things for our children. We want our kids to get a good education and we want them to be able to get a good job when they are done so they venture out on their own and pursue rewarding careers. It is essential to the success and vitality of our system that we do what we can to get our children to a place they and all of society want them to be.

We have identified problem areas within the post-secondary education sector that we feel need to be addressed. In this white paper, we will delve deeper to reveal the possible causes of these problems and suggest “paths” that we believe can fix them.



A CULTURE SHIFT: A 'COLLEGE FIRST' STRATEGY

It is widely acknowledged that colleges and universities can offer excellent education. The methods of educating college students, however, are different from those used in universities, as are the expected outcomes.

A 'College First' Strategy

- Encourage high school students to enter into skilled trades and applied learning
- Promote college credits in high school
- Facilitate students transferring between colleges and universities and having credits recognized
- Allow colleges to offer some applied three-year degrees

The reality is that colleges and universities are becoming more similar than they are different. The applied learning emphasis in colleges is being transferred to universities in the form of experiential learning, and the research aspects of universities are now beginning to be applied to colleges. In some cases, colleges are competing with universities for research resources and trying to engage in applied research, resulting in the blurring and weakening of Ontario's college system's mandate of strong teaching and job preparation. It has also become increasingly more common that many students who go to university end up in the college system.

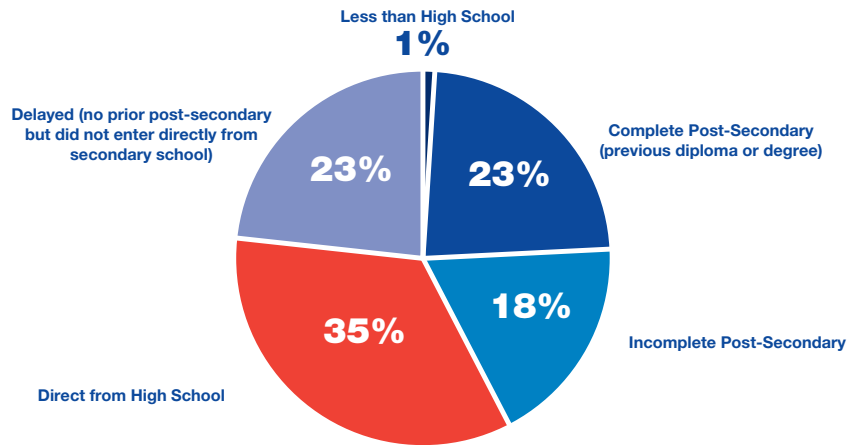
What is of particular concern is that many students go to university and accumulate student debt, only to drop out of their program or complete a degree and find the prospect of getting a good job to pay for that debt daunting. They are then forced, often due to a lack of employability, to gain some applied learning by going to college to get a certificate or diploma. A study done for the Ministry of Training, Colleges and Universities predicted that in the years preceding the 2008 recession, 35 percent of all new jobs would go to college graduates and apprentices and only 26 percent would go to university graduates. Many of these students wind up in the college system after learning how adept it is at teaching job-ready skills. Even when students finish a degree, they often follow it up with a diploma or graduate certificate from college.

This is not to say that the university system can't also adapt to the changing job market. Many universities are embracing experiential learning or co-op programs and developing great regional economic development partnerships. We want to encourage this.

Students recognize that an academic education is often not enough and more directly employable skills are also required. Some 80 percent of college applicants cite "career preparation" as a major reason for enrolment, something they may not have realized when they were making their post-secondary choices in high school. This process is inefficient both for the student and the taxpayer. The path from high school graduation to employment is often far longer and more expensive than it needs to be. The lines between high school and college, high school and university and college and university are blurring. High school students are earning college and university credits before graduating. And last year, 41 percent of college students entered their programs having already earned some amount of post-secondary education. So long as this blurring is properly managed and paths are efficient, it can be a positive force in the sector.

We need to encourage students to seek the least expensive and most employable programs first and foremost. Data shows that the average weekly earnings for skilled trades workers and college diploma holders

Level of Education of College Entrants



Source: *Student and Graduate Profiles, Colleges Ontario, 2012*

have been increasing at a faster rate than for bachelor's degree graduates. Unfortunately, the culture among many parents has been to think of the university system as the first and only place for their child to be. A recent study showed that university is the first choice for 58 percent of youth, and 53 percent of parents say university is their first choice. Simultaneously, universities have been expanding enrolment at ever greater numbers. This means more students are going to university today than a generation ago.

One way we can begin to address this problem is to start early. Dual credit programs, for example, allow students to take courses in high school that satisfy both high school and college credits. This shows them what career paths may interest them and gives them a leg up with a few college credits, making the choice to go there much easier. This program often includes students who otherwise would likely not have graduated high school. We will encourage and support the proliferation of these programs. Colleges in Ontario are often able to offer a valuable education at a better cost, yet the number of applicants to Ontario colleges only grew by 0.4 percent last year.

To encourage more students to choose college first, we must create more options and paths for college students and improve the credit transfer system in Ontario. This would be done in three important and distinct ways. First, we would encourage regional relationships through articulation agreements between colleges and universities. This provides an opportunity for institutions that are regionally situated to offer collaborative programs. Part of the degree is done at the college level and part of the education is delivered through a university. These relationships already exist

in parts of the province and we would encourage more to develop.

The second way we would improve the credit transfer system is by using online education to create bridging courses between institutions so that students who take a course at one institution can be brought up to speed at another, thereby smoothing the transition between institutions that deliver different course content. The online courses will be designed to assess whether students meet the standard at the new institution, whether they are moving from a college to a university or from a university to another university.

Finally, we believe future growth in university enrolment should be tied to creating paths for transferring college students. By creating this incentive for growth, we believe universities will become more interested in and innovative with facilitating credit transfer for students.

As colleges and universities adapt to meet the changing needs of students, thought leaders in the sector continue to offer alternative methods of post-secondary education delivery. One of the options on the table is three-year degrees. While many colleges offer three-year advanced diplomas and many universities used to offer three-year degrees, there is currently a dearth in the system of applied, career-oriented, three-year degree programs.

While some have suggested that universities should get back into the business of delivering these programs, their lack of interest is understandable. When Ontario Academic Credits (OACs) were eliminated and high school in Ontario began to take only four years to complete, students entering university demonstrated

“Efficiencies might... be obtained by encouraging various players in the post-secondary system to work more closely together for the benefit of the students.”

– Rick Miner’s report, *People Without Jobs, Jobs Without People*, February 2010.

a desire for more four-year university degree options and the trend has continued ever since.

The logical providers of these shorter degrees, then, are the institutions already offering three-year applied programs in the form of advanced diplomas: the colleges. Many of these programs already exist or are in development with the express purpose of suiting economic needs. Some of these programs designed for the technology industry, health and geriatric care, construction management, etc., are degree programs at the international level and our students should have their qualifications designated as such. While we maintain that colleges should stick to their mandate of delivering applied learning and continue to offer the quality diplomas, we should also encourage them to offer three-year degrees in the areas where demand for those skills exist. We will ensure that the expansion of these degrees at the college level is properly managed to maintain a high degree of quality. We will review the Postsecondary Education Quality Assurance Board

to determine how it can better assess degree granting in Ontario’s colleges.

As important sectors in the province face skill shortages, many youth and recent graduates are without work. As a result of the government mandating enrolment on the front end and neglecting results and employability, students waste their own time and money trying out programs, often choosing university before college, only to drop out or settle on the second or third program they try. Many students start with university when they could have gone to college first. This adds unnecessarily to the cost of education for both the student and the taxpayer. These proposed changes, complimented by the Ontario PC Caucus’ focus on supporting the skilled trades and apprenticeship reform, will instigate a culture shift and refocus the purpose of college education.

PATH 1

Bias enrolment growth towards colleges and recognize that growth in university enrolment should not continue endlessly. We should simultaneously encourage high school students to consider careers in the skilled trades and applied learning programs.

PATH 2

Facilitate credit transfer so college graduates can achieve degrees in less time and with less money. We would encourage regional relationships through articulation agreements between colleges and universities, use online education to create bridging courses between institutions and tie future growth in universities to creating paths for transferring college students. Where there is growth in the university sector, spaces need to be saved for college graduates who want to transfer their credits and adapt their skills.

PATH 3

While there is clearly a market for three-year degrees, it is becoming clear that colleges, not universities, are best suited to deliver them. We should allow and encourage colleges to offer *applied* three-year degrees and limit the proliferation of four-year degrees in the college system. For example, a Bachelor of Applied Technology Degree is designed to teach leadership roles in the construction industry, is a program that meets a job market need, and is clearly suited to the college sector. Encouraging more three-year degrees like this one would allow colleges to cater to a student market looking for strong credentials without creeping into the degree market best served by universities.

PATH 4

We should expand the “dual credit” program, where students obtain credit toward their high school diploma and their college education simultaneously, and use this program as a tool to get more high school students to think about going to college first.



BOOSTING QUALITY LEADS TO BETTER UNIVERSITIES

Quality is the major issue we confront in this discussion paper because we believe it is the dominant problem confronting our post-secondary education system today.

While government claims that the province’s post-secondary education is world class, the fact is Ontario’s universities have not reached their potential on the international stage. Prominent international rankings for 2012 put the University of Toronto at 21st, McMaster University at 88th, and takes Queen’s University out of the top 400, all down from last year’s rankings. While still impressive, our schools can do better. Ontario is capable of boasting some of the best universities in the world that produce some of the most knowledgeable students – students who will contribute to the twenty-first century economy. However, to achieve this goal the government cannot ignore the eroding quality of higher learning. We cannot continue to ignore the fact that our university rankings have slipped.

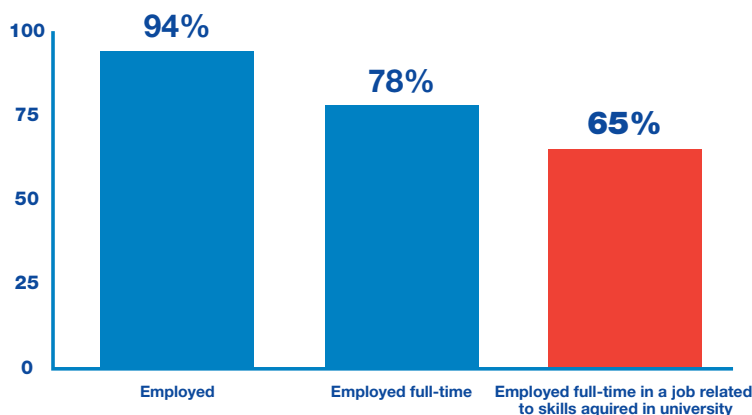
There have been many concerns expressed over the quality of education in universities by students, faculty and employers. Students have argued that quality and value is declining because successive governments have emphasized expansion and growth over quality control and innovation. Students have also expressed concern that their professors are not always the best teachers or they cannot commit enough to the learning process because they work part-time, their class sizes

are too big, or both. These factors decrease the quality of education in our post-secondary sector. Finally, there are concerns about the outcomes for university-educated graduates. While common surveys note that the vast majority of university students are employed, the Auditor General’s breakdown of data from the Ministry of Training, Colleges and Universities shows that in fact, only 65 percent of university graduates are employed full-time in a job related to the skills they acquired in university. That means almost one third of our university students entering the workforce are not able to obtain the good, full-time jobs they want within two years of graduation.

Faculty have expressed a number of concerns with quality, citing tight budgets and growing class sizes. Employers have voiced concerns that graduating students require extra training in order to carry out the specific tasks the employer requires, which raises the question of whether we are correctly measuring outputs and outcomes.

In response to government pressures to grow, universities have been taking in large numbers of students in the first year even though many of those

Employment Situation of Ontario’s 2008 Graduation Class Two Years After Graduation



Source: 2012 Auditor General’s report, page 289.

students will not follow through to graduation. While university administrators are encountering a great deal of red tape and paperwork on the front end (when it comes to program development, strategic direction, etc.), they are not being held accountable for learning outcomes or employment and retention rates – the products that really matter to students and their parents. Future enrolment increases in universities must be tied to meeting or exceeding high retention benchmarks. Universities must show a genuine interest in seeing their students through to graduation in order to increase the number of students attending their institutions. Robust program reviews should ensure learning outcomes are achieved and that mark inflation does not skew which institutions receive a greater share of future enrolment growth.

We should also examine the concern about the declining number of full-time faculty teaching students. Universities are home to some of Ontario’s best and brightest minds. In some universities, professors are still expected to engage in 40 percent teaching, 40 percent research and 20 percent service to the university and broader community. This has been the standard for a long time and while there has been some consideration of adapting the balance, we need to encourage more. The 40-40-20 split between research, teaching and service has never been a hard and fast rule since professors with extensive research studies and grants

are able to reduce their teaching in order to take on a greater research workload. The same flexibility should exist for phenomenal teachers.

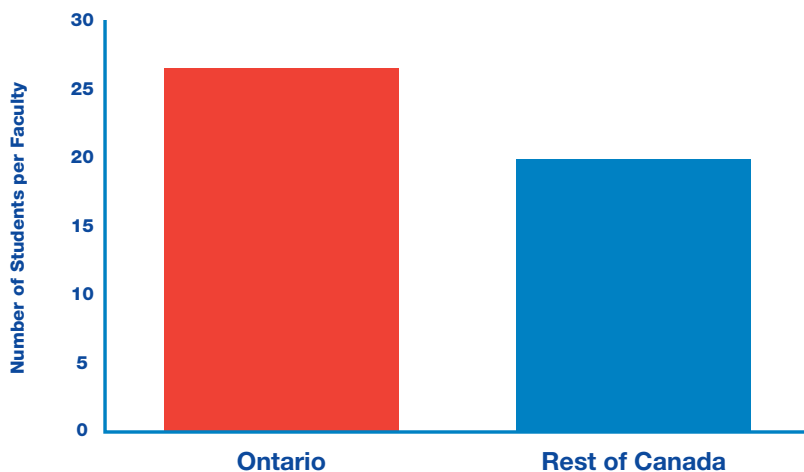
As class sizes have increased over the last decade, many university faculty members have advocated for system-wide reductions in course loads. While student enrolment has gone up by 60 percent since 2000, universities only hired 28 percent more professors in the same time period. At 26 to 1, Ontario now has the worst student-to-professor ratio in Canada. Whereas in the late 1980s, full-time faculty would have been teaching an average of six half-courses, they now teach an average of four. To make up for the fact that full-time faculty are teaching fewer courses, universities have been employing more part-time instructors. These part-time instructors are a quick and convenient way for university administrators to save money when high-salaried full professors retire. Quality does not erode because part-time faculty do not produce good work. It is simply that temporary professors can be harder for students to access and, most importantly, cannot provide program stability to the institution over time.

We should encourage universities to embrace the effectiveness of full-time, teaching-only faculty members at the undergraduate level. By improving teaching quality in universities, we will improve the quality of education for students. It does not make

“ Ontario’s student-to-faculty ratio is the highest in Canada. ”

–2012 Auditor General’s Report, page 276.

Average Student to Faculty Ratios



Source: Ontario Confederation of University Faculty Associations.

sense that while exceptional researchers are able to spend more time researching by buying out their teaching responsibilities, exceptional teachers are still required to spend a great deal of their time researching. There are exceptional educators in our universities who prefer to be in a lecture hall or seminar room imparting their considerable knowledge to students instead of researching, but they are prevented from doing so because the current incentives revolve around research productivity.

To help resolve this issue, we must re-evaluate the tenure and promotion system in universities so that teaching quality and output are considered to be as important as research. In his recommendations to the province of Ontario, Don Drummond underlined the importance of this shift. Student groups such as the Ontario Undergraduate Student Alliance also consider teaching-focused faculty to be a priority. Assistant professors who are identified as superior researchers should be promoted as such and have their teaching loads reduced to reflect their talent. Assistant professors who have stronger teaching records should be promoted on the basis of their teaching talent and should be teaching more classes as a result. We should

Collaboration between post-secondary institutions and the communities they affect can go a long way to fostering better quality in institutions. In the Ontario PC Caucus white paper *An Agenda for Growth*, we recommend facilitating closer interaction between industry leaders, our post-secondary institutions and Ontario start-ups to make sure we are helping students with the imagination and energy to turn Ontario's best ideas into new businesses and potential employers. The development of successful incubators is vital to commercializing Ontario's innovations, creating jobs and growing the economy. As policy makers, we play a critical role in facilitating this culture shift. Government should not only ask our universities how many of their students found a job within six months of graduating, but how many of their students started a company within six months of graduating. How many students hired an employee within two years of graduating? In short, we need to do a better job assessing outcomes and adjusting our institutions to meet society's expectations of quality.

This is not to say we would pressure universities to move away from traditional academic pursuits, but we should encourage them to embrace entrepreneurship as

“ Teachers should... be rewarded for developing innovative methods of teaching and learning, with tenure and promotion linked to innovation. ”

–Don Drummond report, page 249.

encourage universities to hire full-time teaching faculty who can focus on what they are good at doing. These teaching-only faculty members should be required to undergo professional development to ensure they are up-to-date in the subject matter they teach and be assured that they will have a similar status as research-tenured faculty in the university.

The Ontario PC Caucus strongly believes we need to re-evaluate outcomes to ensure students are not only employable, but are job creators. In order to ensure greater quality for employers looking to hire recent graduates, there needs to be a closer relationship between industry and government.

a profession worth teaching. The Ontario PC Caucus wants to develop a new generation of academic programs that aren't only committed to graduating students with a degree, but graduating our students with a degree and a business. A culture that invites inventiveness, encourages students to build something and embraces failure as part of a process that will be good for our children and good for our province. Universities must also continue to offer new and innovative programming that meets economic needs, and expand in areas where the economy needs more graduates such as in science, technology, engineering and math – the so-called STEM subjects. Professional graduate programs in these areas are also desirable.

PATH 5

Unfettered enrolment growth is eroding quality in our universities as class sizes and reliance on part-time instructors have increased to meet internal budget needs. The government must stop mandating growth across the board. Enrolment growth should be tied to meeting or exceeding high retention benchmarks and stronger employment outcomes.

PATH 6

The old 40 percent teaching, 40 percent research and 20 percent service to the university and broader community balance must be re-assessed and tenure and promotion systems must be designed to reward good teaching as well as strong research. Universities should embrace teaching-only faculty as a means of improving learning quality and the student experience.

PATH 7

Our priorities include creating more paths for college students, improving on specific outcomes such as student retention and graduation rates, and creating exciting new programs and learning hubs that meet the needs of a twenty-first century economy.



AN ACCESS GUARANTEE THAT ENSURES NO QUALIFIED STUDENT IS LEFT BEHIND

Affordability is an ongoing issue for college and university students. At the same time, universities and colleges are also struggling to afford the increased costs associated with running their institutions.

When governments freeze tuition, the net result is that quality in our institutions is diminished. Administrators have to cut corners, which means class sizes are now bigger and full-time tenured faculty teach fewer courses - due to their increased number of students - so they still have time to devote time to their own research. This has a negative effect on quality.

The government has responded to this dilemma in a peculiar way. They initially froze tuition, and then capped tuition growth, which has had long-lasting effects on quality in post-secondary education as university budgets have been squeezed. At the beginning of 2012, the government then created the Ontario Tuition Grant (OTG), which gave a rebate to some students of up to \$1,600 at an enormous cost: approximately \$2 billion over four years. However, the problem is that this money went directly to students and did not have any effect on improving quality. Since then, some members of the government have begun to discuss “no-money-down” tuition. It is this kind of bumper sticker politics that does not get to the root of the problem.

the government cut a number of more targeted, effective grants. The Ontario Trust for Student Support that allowed universities and colleges to match private sector donations to boost endowment funds, the Textbook and Technology Grant and the Queen Elizabeth II scholarship were all cut in order to pay for a flashy election promise that did not deliver. The much discussed Ontario Tuition Grant amounts to a simple shifting of funds within the Ministry which served to benefit few. We believe that the government has cut these worthwhile programs in order to fix an accessibility problem that does not exist. The reason is simple: it has been demonstrated that cost and income are not real barriers to post-secondary education.

While it may be true that individuals from higher income families are more likely to choose university, the gradual rise of tuition has not increased the disparity between students from higher income families and those from lower income families in choosing university. In fact, in the United Kingdom, where average tuition fees rose by 158 percent in 2012, admission for low-income

“Students are concerned that the Liberal tuition fee grant excludes two-thirds of students in Ontario.”

–Canadian Federation of Students, Briefing Note: The 30 Percent Tuition Fee Grant.

The government tells us that the Ontario Tuition Grant was partially instituted to make university more affordable and accessible to students and their families. The grant was sold as a policy that would help all students receive 30 percent relief on their tuition. In reality, it was not an across-the-board reduction in tuition and the vast majority of students in our schools do not actually receive the grant. Of about 600,000 students in our colleges and universities, only 200,000 received the grant this year. Many students most in need of funding, such as single parents taking classes part-time for example, did not receive the grant.

Additionally, in order to pay for the grant, at least in part,

students did not drop relative to students from other income brackets. Admissions levels for low income students have been gradually rising and are actually at an all-time high. Cultural influences, such as level of parental education, have far more bearing on education choices. For example, of families earning between \$5,000 and \$25,000, 39 percent of Ontarians go to university as opposed to 18 percent in Quebec even though tuition is significantly lower there. The Ontario Tuition Grant can thus simply be summed as an idea sold as a benefit to all students, when only a fraction receive it, and that over \$400 million was spent on fixing a problem that doesn't exist.

We believe a better approach than the OTG is to create a “No Qualified Student Left Behind” policy and empower colleges and universities to administer a student financial aid system that grows as tuition increases. A recent University of Toronto study demonstrates what happens when tuition rises. In effect, as tuition rises, the amount of money that universities set aside to offer bursaries for students who come from lower income families also goes up. For nearly half of the students who receive financial aid at the University of Toronto, tuition cost is less than half of the sticker price. In this system, bursaries are replacing the total tuition cost. We recommend amplifying this practice. In the University of Toronto study, 10 percent of students who were most in need paid no tuition or negative tuition (received more money than the cost of tuition). In other words, when gross tuition rises, net tuition continues to be low.

Our policy will be aimed at institutionalizing the practice of schools managing their financial aid program so students who cannot afford to attend university simply do not pay tuition or reduce the total fees owed to the college or university. It’s a policy designed to tackle the accumulation of student debt for students who cannot otherwise afford it.

In addition, we feel it is prudent to inject the student financial aid system with more market discipline. Decisions about who should receive loans and how much money is to be awarded should involve assessments of future employability and should reward good academic behaviour. Rewarding good behaviour means not only making the smart and efficient choice about where to go to school, but also keeping students accountable for how they choose to spend the money the government is lending them. To maintain aid, students must demonstrate a minimum level of academic success. Too often, our loans and grants programs reward mediocrity. Universities and colleges should be able to make student financial aid decisions on the basis of rewarding success and good behaviour rather than mediocrity. More funds should flow to the students who continue to demonstrate they need and deserve it.

Once again, while the government is trying to fix a problem that doesn’t exist, they have completely ignored a major issue: namely, the unchecked growth of college and university budgets. The Council of Ontario Universities suggest that university inflation is higher than the Consumer Price Index, which they claim is the same trend we experience with highly skilled workers across the economy.

The Ontario PC Caucus remains behind students and parents who want the assurance that the increasing amount of money they are spending goes towards a better education. The current government has failed students by allowing tuition to increase and quality to deteriorate. We believe tuition increases should be tied to quality improvements.

Through our consultations with students, we can generalize that their expectations for paying tuition falls in one of the following four groups. The first group wishes to pay little to no tuition. For this group, we believe there should be free, open-source learning for students in Ontario who wish to upgrade their skills and knowledge but are not concerned about receiving credits or a degree for their studies. The open-source education movement is already gaining steam in the United States, and Ontario forums could be modelled after American examples such as EdEx and Coursera.

Open-source online learning would be an opportunity for Ontario colleges and universities to market to the broader provincial, national, and international communities and offer students a way to learn at very

“ **Of late, [massive open online course] MOOCs have dominated the conversation around online learning. They drastically change distance learning, breaking down barriers of geography and fees, while connecting students across the globe with each other and with some of the world’s top teaching talents.** ”

– Globe and Mail, October 7, 2012.



little cost. Additionally, it would help residents in remote communities gain knowledge with the convenience of online learning. We must leverage the impressive online learning platforms, that are being developed right here in Ontario. The movement toward digital badging (an early form of recognition by employers) shows the potential for a different, modern credential in an online environment. Not only is online learning an innovative way to gain knowledge, it's starting to have real value in the job market. A consortium of institutions would design and run the open-source education, with support from the provincial government. Second, we believe online learning should be used to help ease credit transfer within Ontario's post-secondary education system by providing bridging courses and streamlining paths to desired credentials.

A second group of students want a good education, a recognized credential, and want to get a job as soon as possible. They also would like their fees to be lower than they are paying for a university degree today. Our push toward expanding three-year degree programs to the colleges is the way we envision addressing this concern.

A third group of students find they are paying an adequate amount for their school, but wish they were getting better quality for it. For this group, we would limit tuition increases to five percent over the next three years, and tie these increases to improving quality. A

three-year window would give universities and colleges the opportunity to make adjustments and report their improvements on quality and access. We believe colleges and universities have to demonstrate that the increased costs associated with tuition fee increases must demonstrate to students and their families that they are getting some value for the extra money they are spending. Institutions must demonstrate this to students if we are to give them more autonomy to set fees in the future. To help with this, the Ontario PC Caucus has policies regarding the reform of the arbitration system, an across-the-board wage freeze, and pension reform that will help alleviate some of the negative budgetary pressures our institutions are currently facing. Students need to know that their government is behind them, and the PC Caucus is ready to help them improve quality.

The final group of students are looking for elite programs. These are students who are generally attracted to the array of deregulated programs already available in Ontario, or they are leaving Ontario for Ivy League schools in the United States or even going to Europe. We believe that Ontario should be home to the best students, the best professors and the best programs right around the world. For these students, we propose to offer a greater choice of elite programs right here in this province.

We will do this by engaging in a discussion with our colleges and universities with respect to their core strengths and the niche programs they are able to offer. How do we anticipate defining niche programs? The discussion will centre on the institution's cornerstone programs. Some characteristics include the following:

- Higher than normal entrance averages
- A competitive program where there is a large pool of qualified applicants who did not gain admission
- A provincial, national, or internationally acclaimed department based on reputable rankings and/or statistics
- Programs that focus on niche research areas and/or unique teaching pedagogies such as experiential learning and co-operative education and/or programs that are important to local economic development
- Very high employability among graduates
- Graduates who receive higher than average incomes upon graduation

We believe that when many of these characteristics are present, the basis for an elite program is formed. With these programs, we are inclined to allow institutions to set a market rate for the tuition that is charged. Access will be guaranteed by the “No Qualified Student Left Behind” policy. Higher than average employment averages reinforces our belief that better education leads to better jobs, and it serves the added benefit of allowing students to more easily pay down any extra debt they incur.

For institutions who often find resources from other departments being starved in order to support such cornerstone programs, these non-niche programs will benefit as well. The reason for this is that the institution will be able to properly fund the cornerstone program with added revenue instead of taking resources from other areas. This will thus have a positive ripple effect of raising the quality of education right across the institution.

Creating these different avenues will help institutions deal with some of the pressures they are under. They will also help students in creating greater choice for different programs at different price points. It will also help the system as a whole as it moves toward differentiating and building on each institution's strengths for better economic development.

PATH 8

Create a “No Qualified Student Left Behind” policy and empower colleges and universities to administer a student financial aid system that grows as tuition increases. Be unapologetically behind students who want their tuition increases to go toward a better education by making university and college administrators earn the right to increase tuition through quality and accessibility improvements.

PATH 9

The student financial aid system in Ontario must be guided by two principles: merit and access. We should bias current and future student financial aid to targeted bursaries that advance these principles rather than encouraging students to incur more debt. Market discipline is also necessary when it comes to student financial aid to ensure money is being spent on bettering a student's education and that students are getting the best value for their borrowed money.

PATH 10

We need to create programs that meet the expectations of students at the price point they desire. We would facilitate the creation of open-source, online post-secondary education to allow universal access to sophisticated higher learning and create elite programs available in Ontario so our brightest students do not have to look abroad for such programs.

PROTECTING STUDENT INVESTMENT THROUGH GREATER ACCOUNTABILITY AND TRANSPARENCY

We need to ensure accountability within the post-secondary education sector in a variety of ways. First, as has already been addressed in this paper, government has a responsibility to ensure that taxpayer money is being spent on its priority areas and that those priorities are being met.

Second, and equally important, government also has a role to play in ensuring that every dollar students invest in their education is being spent properly and not being wasted on non-essentials.

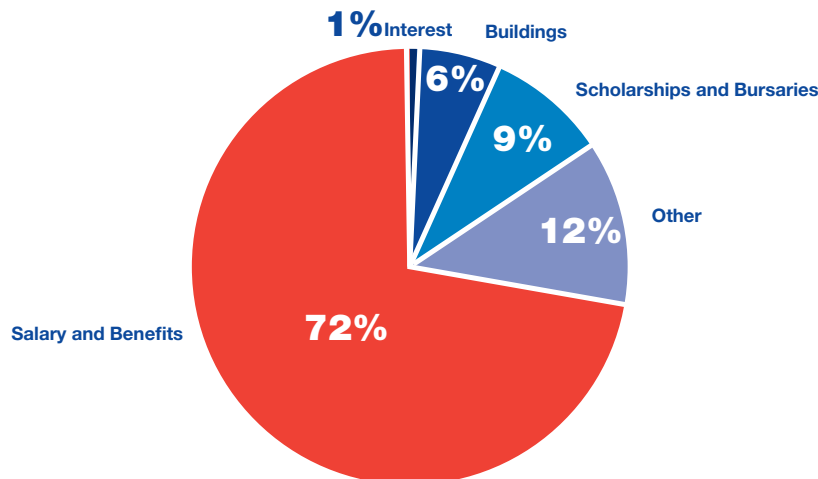
We also know there is a major problem with public sector pensions in universities. The defined-benefit pensions that are part of most Ontario universities have

College and university administrators should not be increasing tuition if that increase is not improving quality in those institutions. It is the responsibility of government to help reduce the kind of uncontrolled, excessive spending that can occur without legislative mechanisms to protect against it. University operating budgets grow at a rate higher than inflation and this is largely due to increases in salaries and benefits. The Ontario PC Caucus plans to address this issue, which is problematic across Ontario's public sector in two ways. A two-year freeze on public sector pay as well as arbitration reform will get compensation back in line with the private sector and contribute significantly to more manageable university and college budgets. These two policy pieces are expanded upon in the PC Caucus white paper *Paths to Prosperity: A New Deal for the Public Sector*.

“ **Salaries, wages and benefits now account for about three-quarters of university and college expenditures, with annual cost inflation in the sector projected at three to five per cent.** ”

–Don Drummond report, page 245.

**Increase in Total Expenditure per Fiscal Full-Time Equivalent (FTEE) in Ontario Universities
2004 to 2009**



Source: Drummond Report, Page 246.

all been hit hard by the economic downturn. *Paths to Prosperity: Sustainable Retirement Security* noted that 13 of Ontario's universities face an unfunded liability with their pension plans. As a result, tens of millions of dollars are being pulled out of education just to sustain pensions. These costs are affecting the quality of education for students. Reform is necessary, and we must engage in a discussion with the sector on how we can eliminate the problem.

In this discussion paper, we have outlined other ways to reduce cost pressures, such as hiring more teaching-only faculty, which can effectively double the amount of teaching by full-time faculty members. This would also maximize the dollars spent in the system and help relieve budgetary pressures.

Government must be willing to step in when it comes to protecting its investment in our schools, and more importantly, protecting the investments of students and their families. That must include protecting the investment students are paying in non-tuition fees they pay when they go to university or college. University and college administrations, as well as student unions, need to be more accountable to students and taxpayers. While it may be appropriate that post-secondary education costs as much as it does, it is crucial that as costs rise, students and taxpayers know and approve of how their money is being spent whether it's through taxes, tuition or fees. As mentioned earlier in this paper, administration's operating budgets will be tied to measurable outcomes with a focus on retention rates and employment outcomes for graduating students.

Student unions and associations must be held responsible for the increasingly high fees they collect from students. There are too many examples of politicized student unions collecting exorbitantly high fees and either funding political activities or incurring expenses that the average student would never choose to partake. For example, the York Federation of Students donated \$2,500 to CUPE employees on strike, likely contributing to a prolonged strike, to which many students were opposed. Not only is this kind of expenditure of little interest to the students who pay for it, but worse than that, in many cases their money

is also going to support a cause they as individuals actually *oppose*. A further example shows that in the midst of requesting a 43 percent hike in fees, the McMaster Part-Time Student Association failed to submit a signed financial statement despite accusations it used student funds to pay for personal parties and vacations, office decorations, iPads, video games, BlackBerrys, laptops, a van, an espresso machine and a flat screen TV. Finally, the Trent Central Student Association overspent student fees by \$10,000 in its 2011 budget. These examples of misappropriation of student fees are appearing in the media more and more frequently.

Student unions have a great deal of power and ability to increase the expense of a post-secondary education. They must be held to a stricter standard. Student union fees should not be used for any activity or expense which may be construed as not being in the interest of all students. In order to ensure that students know where their money is going, unions must disclose their yearly expenses publicly and in detail. If student unions fail to be transparent and accountable for the money they are spending, we will enact legislation to protect a student's financial investment. Our expectation is that student union dues are going to administer the services of a student union and to improve the student experience in a fiscally responsible manner.

Such legislation will force university and college administrators, as well as student unions, to better explain how they are spending money. Government can step in when a college or university administration is found wasting money, but student unions are responsible to their student members. If a student union fails in its responsibility to its members, we will include a provision that will allow the broader student body to engage in a referendum on holding student unions accountable. The possible sanctions would range from censure, opting out of fees that go toward political advocacy, and making student union membership a voluntary choice, rather than mandatory, at their college or university. This legislative tool is necessary to compel student unions to be responsible and accountable to their student body or face consequences.

PATH 11

Student unions as well as administrations should be held accountable for their expenditures and better explain them to students. Administration's funding will be tied to measurable outcomes for students and the taxpayer and student union fees will be tied to transparent disclosure of non-political expenses. Students should be allowed to opt-out of paying fees that go toward political advocacy. Failure to properly manage student funds could lead to a referendum on voluntary student unionism at the college or university.

INCENTING BUSINESSES TO GET INVOLVED IN LIFE-LONG LEARNING

Businesses in Ontario are innovators. They know how to make a product or deliver a service. With businesses facing skill shortages and inadequacies in the labour market, they must think about different and better ways to encourage a more professional and highly trained workforce.

Unfortunately, businesses have not been as good at retraining employees as they could be. Training of employees sponsored by business has not increased over the last couple decades and data shows that industry in the United States is better at retraining its workforce than businesses in Canada. This needs to change.

It is far more efficient to retrain and upgrade workers' skills while they are working than to upgrade skills for people once they become unemployed. The government must consider ways to support businesses to upgrade the skills of workers, particularly with respect to literacy and numeracy skills that are necessary to learn and be productive members of society. Productivity is a major issue facing our economy. A TD Bank Financial Group report, citing data from Statistics Canada, found that increasing literacy scores by 1 percent could lift

labour productivity by 2.5 percent and raise output per capita by 1.5 percent. In some cases, close to half the Canadian population does not have adequate literacy skills. The report concludes by suggesting that higher literacy rates should be a goal of businesses that need to be champions of literacy as it can raise productivity and profitability.

There may be opportunities for employers to partner with a college or career college to encourage skills upgrading while on the job. Government spends a great deal of money through the Second Career program training people to re-enter the work force. While this is certainly a worthy goal, funding for Employment Ontario must be directed in a leaner, more proactive way. In our dynamic economy, it is difficult for workers to upgrade their skills without great cost in time and money to themselves and the taxpayer.

PATH 12

Existing government funding for skills-upgrading should move away from being a reactive program, responding after a worker has lost his or her job, and become more proactive, rewarding businesses for upgrading their workers' skills on the job. Repurposing existing funds, such as a portion of the Second Career program funding, can achieve this goal.



A ROLE FOR CAREER COLLEGES

Registered private career colleges have a long history in Ontario. In fact, the first career college was set up in the nineteenth century.

These educational institutions often offer what the traditional college and universities systems cannot. Career Colleges are well-equipped to provide workers with the kind of intensive training and retraining they might need if their current employment terminates. As our economy adapts over time, skill requirements change, plants close and jobs are often lost. Career Colleges are perfectly positioned to help Ontarians adapt to these changes as quickly as possible. From fashion and beauty to the culinary arts, from truck driving to pre-apprenticeship training, career colleges offer a number of different career paths for students. They often cater to a student body that is older, on average, than students who attend university or college.

The reason Career Colleges are able to provide training so efficiently is because they are often successful and nimble small businesses that fulfill a crucial market need for timely training. Unfortunately, the current government has failed to recognize the contribution that career colleges can provide to lifelong learning in the province. Rather than letting a few bad apples spoil the bunch, the Ministry of Training, Colleges and Universities should treat those institutions with a long track record of success with the respect they deserve. These Career Colleges do not require funding

The government has historically viewed Career Colleges through a suspicious lens and has treated them accordingly. It is certainly crucial to protect against schools that take advantage of the system and run away with a student's money, but this should not be done at the expense of the entire sector. The government must strike a balance between punishing non-compliant institutions and suffocating the good ones with daunting regulatory burden and red tape.

We propose that the government focus regulation and supervision on the quality of education provided in Career Colleges rather than their management, administration and business operations. With respect to business viability and health, career colleges in Ontario can self-regulate. Through self-regulation, the sector would take responsibility for policing itself and would have the option of organizing through their associations to keep one another accountable to the group. The Ministry has a role to play ensuring quality education for students, but the focus should be to eliminate bad apples, if they exist, without spoiling the entire sector.

We also need to eliminate the discrimination in second career funding between Career Colleges and

“ **After considerable growth, career colleges now train over 60,000 Ontarians every year.** ”

—Ontario Association of Career Colleges website.

to build classrooms, as these are generated by private businesses. From the perspective of a cash-strapped government, this should be considered indispensable to the province.

Ontario's community colleges. We must stop punishing established Career Colleges, many of which are great businesses that deliver education to Ontarians well, faster, and with a high degree of quality.

PATH 13

Career Colleges, among our province's most efficient paths to employment, with strong, proven track records, should be rewarded by a reduction in the costly and time-consuming regulatory burden they currently experience on a regular basis so that they can be freer to take on students looking to gain access to the job market.

CONCLUSION

The Ontario PC Caucus is strongly committed to improving post-secondary education because it is intricately related to improved economic development for the entire province. We believe that government has a role to play in the sector with respect to ensuring our priorities of meeting the economic needs of today and the future, encouraging greater paths for our college students, and ensuring that taxpayer and student investment in the sector improves the education experience.

The Ontario PC Caucus has consistently said that we cannot cut our way to prosperity. This white paper is further proof that we have bold ideas and a plan that will get Ontario out of our current economic malaise without further worsening our fiscal crisis.

What is clear is that the sector is looking for direction and some assurance that there is a longer-term plan to improve our system. This is in contrast to the current government's approach which has not established a long-lasting policy framework. This has left students, faculty and administrators hanging in the balance.

Better colleges and universities will lead to better jobs. As Ontario is in the midst of an unprecedented jobs crisis, it is our responsibility to come up with sensible solutions to address the problem. Quite simply, the status quo is no longer acceptable.

The paths outlined in this report ensure we will have better schools. We believe we need to address some of

the inefficiencies that are inherent in the post-secondary education system and inject more market discipline in how we orient the policies that enable improvement.

We believe that merit and access should be dominant themes that underlie decisions regarding student financial aid, and we believe that we will need to improve quality in our schools. We owe it to students to get them to a place they want to be, which is gainfully employed and as a contributing member to society. We owe it to faculty who want to be proud contributors to the best post-secondary education system in the world. We owe it to administrators to collectively think of ways we can ensure that funding is dedicated to improving education. We owe it to the people of Ontario who are counting on our colleges and universities to be the drivers of future economic growth.



PATHS TO PROSPERITY

HIGHER LEARNING FOR BETTER JOBS

PATH 1

Bias enrolment growth towards colleges and recognize that growth in university enrolment should not continue endlessly. We should simultaneously encourage high school students to consider careers in the skilled trades and applied learning programs.

PATH 2

Facilitate credit transfer so college graduates can achieve degrees in less time and with less money. We would encourage regional relationships through articulation agreements between colleges and universities, use online education to create bridging courses between institutions and tie future growth in universities to creating paths for transferring college students. Where there is growth in the university sector, spaces need to be saved for college graduates who want to transfer their credits and adapt their skills.

PATH 3

While there is clearly a market for three-year degrees, it is becoming clear that colleges, not universities, are best suited to deliver them. We should allow and encourage colleges to offer applied three-year degrees and limit the proliferation of four-year degrees in the college system. For example, a Bachelor of Applied Technology Degree is designed to teach leadership roles in the construction industry, is a program that meets a job market need, and is clearly suited to the college sector. Encouraging more three-year degrees like this one would allow colleges to cater to a student market looking for strong credentials without creeping into the degree market best served by universities.

PATH 4

We should expand the “dual credit” program, where students obtain credit toward their high school diploma and their college education simultaneously, and use this program as a tool to get more high school students to think about going to college first.

PATH 5

Unfettered enrolment growth is eroding quality in our universities as class sizes and reliance on part-time instructors have increased to meet internal budget needs. The government must stop mandating growth across the board. Enrolment growth should be tied to meeting or exceeding high retention benchmarks and stronger employment outcomes.

PATH 6

The old 40 percent teaching, 40 percent research and 20 percent service to the university and broader community balance must be re-assessed and tenure and promotion systems must be designed to reward good teaching as well as strong research. Universities should embrace teaching-only faculty as a means of improving learning quality and the student experience.

PATH 7

Our priorities include creating more paths for college students, improving on specific outcomes such as student retention and graduation rates, and creating exciting new programs and learning hubs that meet the needs of a twenty-first century economy.

PATH 8

Create a “No Qualified Student Left Behind” policy and empower colleges and universities to administer a student financial aid system that grows as tuition increases. Be unapologetically behind students who want their tuition increases to go toward a better education by making university and college administrators earn the right to increase tuition through quality and accessibility improvements.

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