CREATING GREATER OPPORTUNITIES FOR ALL

The Ontario colleges’ submission for the 2015 Ontario Budget

DECEMBER 2014
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As Ontario continues striving to recover from the economic downturn, there are heightened demands on the province’s post-secondary system.

Students, parents, employers and society at large expect higher education to prepare students for long-term career success once they graduate. The expectation is that post-secondary education will provide people with the qualifications, talents and skills to succeed in a more challenging and innovative economy.

Ontario’s colleges are well aware of this fundamental shift in expectations. There is a growing demand for access to the colleges’ career-specific programs as part of a student’s post-secondary education. In fact, the number of university graduates enrolled in college programs has increased more than 40 per cent from five years ago.

Employers are calling for the apprenticeship system to be strengthened in order to produce increased numbers of highly skilled journey-people.

And there is recognition that higher education must reach a broader range of students – particularly from groups that have traditionally been underrepresented in post-secondary education. To effectively lift greater numbers of people out of poverty, more people must be armed with the credentials and skills to pursue meaningful employment.

The challenge is significant. Youth unemployment in Ontario remains stubbornly high at about 16 per cent, which is well above the national average and more than 2.5 times higher than the rate for adults over the age of 25. The youth unemployment rate has remained too high for far too long.

Adding to the challenge is the serious underemployment problem in Ontario.

In many cases, young people who have found work are employed in jobs that don’t properly utilize their abilities and strengths. And this is at a time when many employers offering well-paying jobs can’t fill the positions because the applicants aren’t qualified.

Ontarians are calling for educators and government to place a greater emphasis on young people’s career success. Polling research that was done for Ontario’s colleges in 2013 found about two-thirds of Ontarians say the main purpose of post-secondary education should be to teach specific skills and knowledge that can be used in the workplace.

Ontario’s economic future is linked to its ability to be a global leader in career-specific post-secondary education and training. More students must get access to the career-focused programs at Ontario’s 24 colleges.

This is particularly true as Ontario strives to increase the post-secondary attainment rate. Many of the students who wouldn’t have traditionally pursued higher learning are most likely to enrol in college programs.

With affordable tuition levels and campuses throughout the province, the college system has been effective in reaching students from lower-income families and socio-culturally diverse backgrounds. More than half of college applicants come from households with a total income of less than $60,000.

Investing in college education yields high rates of return for both students and the government. A recent study found students receive an internal rate of return of

Table 1. Per cent of college applicants by household income quartile, 2011

<table>
<thead>
<tr>
<th>Household Income Bracket</th>
<th>Per cent</th>
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</thead>
<tbody>
<tr>
<td>Under $30,000</td>
<td>27%</td>
</tr>
<tr>
<td>$30,000-$60,000</td>
<td>28%</td>
</tr>
<tr>
<td>$60,001-90,000</td>
<td>21%</td>
</tr>
<tr>
<td>Over $90,000</td>
<td>24%</td>
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</tbody>
</table>

Source: 2011 Applicant Survey (Academica Group Inc.)
14.3 per cent for the time and money they invest in an Ontario college education. The benefit to the Ontario government is even higher – it receives an internal rate of return of 20.4 per cent on its investment in the Ontario colleges.

The colleges recognize the importance of the province’s differentiation policy and the critical role of the strategic mandate agreements in framing the evolution of institutional roles.

In their strategic mandate agreements, colleges have identified their areas of program strength. It will be important to strike the right balance between the government’s desire to see growth in these program areas and the importance of ensuring colleges have the flexibility to effectively respond to changing needs in the labour market.

To produce a stronger and more effective workforce, the province must ensure that all qualified students can acquire a post-secondary education that will help them find rewarding careers and make a meaningful contribution to economic growth and improved public services.

In this submission, colleges are recommending proposals to help the government fulfil its commitments to the citizens of Ontario. The recommendations include:

- Continuing to battle poverty by supporting projects that improve post-secondary graduation rates and give all students the qualifications and skills to succeed.
- Connecting young people to work opportunities by investing in college programs that help link more graduates with employers.
- Improving the apprenticeship system for students and businesses by making the application process easier and more transparent and improving the fiscal sustainability of apprenticeship programs.
- Putting the colleges’ strategic mandates to work by creating applied research experts.

Outdated biases about the post-secondary system must end. Colleges, universities, public and separate school educators, and government must work together to address the challenges in providing quality programs to the full spectrum of today’s students.

In its 2015 Ontario Budget, the government must place a greater emphasis on college education.

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**Figure 1. Unemployment rates by educational attainment, youth aged 15-24, Ontario 2013**

![Unemployment rates by educational attainment](image)

Employers from all sectors — including business, engineering and technology, community services, health care, marketing, film, IT, hospitality, construction and much more — benefit from the skills and talents of college graduates.

Colleges work with program advisory committees that are comprised of business and industry leaders to ensure that college programs are relevant and effective as the economy evolves. In the last three years, colleges have developed many new programs throughout the province that respond to new labour-market demands in their communities. Those programs include analytics for business decision-making, mobile marketing, small business ventures, and the art and business of animation.

“With sales doubling over the last five years, Impacto was looking for dynamic, educated employees to continue our growth moving forward. Loyalist College graduates have been an excellent addition to the Impacto team.”
— Eric Lehtinen, President of Impacto Protective Products Inc.

“Suncor is proud to partner with Lambton College in its mission to provide career-focused education that serves the needs of students, industry and the community of Sarnia-Lambton. As the only post-secondary institution in the heart of the region’s energy and technical sector, the college has excelled at working with industry to develop innovative, leading-edge technical programs that give students the skills they need to pursue meaningful careers.”
— Mark Hiseler, VP, Suncor, Sarnia Refinery

More than 80,000 people graduate from the full-time programs each year, with the qualifications and skills to pursue rewarding careers. In spite of the difficult economy, more than 83 per cent of college graduates find employment within six months of graduation.

“Georgian College is helping to drive economic development across our region, providing industry with job-ready graduates and supporting new and existing enterprises. PowerStream is proud of our long and rich history with the college. Of our 500 plus employees, close to 80 are Georgian College graduates.”
— Mark Henderson, Executive Vice President and Chief Operating Officer, Powerstream Inc.

“Developed over more than a decade, our partnership with Humber continues to benefit not only students, faculty and graduates in Humber’s hospitality and tourism programs but our operations as well. Woodbine employs between four and six interns each year, and has hired several Humber graduates upon successful completion of their program.”
— Woodbine Entertainment Group

It is critical for Ontario to understand what occupations and skills employers will need in the future. In 2013, the Conference Board of Canada released a report, called The Cost of Ontario’s Skills Gap, which included responses from employers about the occupations where it will be difficult to fill vacant positions in the coming years. The most frequently cited occupations were engineering occupations, followed by electrical trades and professions, information and network technology professions, and skilled labour and trades in general.

Employers were also asked about the specific educational credentials they will look for in the future. The report said more employers will be looking for college graduates than university graduates.

For colleges to be able to fulfill their key role in meeting labour-market demands for a highly skilled workforce, they require stable and predictable investments.

Table 2. 2013 Key Performance Indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Graduate employment rate</td>
<td>83.4%</td>
</tr>
<tr>
<td>(six months after graduation)</td>
<td></td>
</tr>
<tr>
<td>Employer satisfaction rate</td>
<td>92.2%</td>
</tr>
<tr>
<td>Graduate satisfaction rate</td>
<td>80.1%</td>
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</table>
The challenge is to ensure that Ontario’s colleges are adequately funded to provide the quality programs that are essential to the province’s economic growth.

Ontario’s colleges currently face a very difficult fiscal environment.

Although the 2014 Ontario Budget provided increases in the operating funding for colleges, the total operating funding envelope in 2015-16 is expected to be just 1.9 per cent higher than in 2014-15 (this excludes additional funding that had been announced but not allocated by sector at the time of the 2014 budget, such as funding for mental health, online learning, and for services for students with disabilities). Any positive benefit from the anticipated increase in funding is more than offset by the increasing costs that colleges face to provide students with a high-quality learning experience.

As shown in Figure 2, real operating grants to colleges on a per student basis peaked in 2007-08 and have fallen since then. In 2013-14, real operating grants per student were more than $900 – or 16 per cent – lower than in 2007-08.

While increases in tuition fee revenues helped to offset some of this decline, the combined revenues from net tuition fees and operating grants per student in real terms are still more than $600 – or eight per cent – lower than they were in 2007-08.

The funding for college education in Ontario continues to be less per student (from both operating grants and tuition revenues) than the amounts provided to universities and high schools. Ontario’s colleges also receive the lowest per-student revenue of any province in Canada.

Figure 2. Enrolment and revenue changes, 1998-99 to 2013-14 (indexed to 1998-99)

Sources: Ontario Ministries of Training, Colleges and Universities and Finance, Statistics Canada and Colleges Ontario.

Note: Revenue figures are in constant 2002 dollars. Figures exclude tuition set-aside, collaborative and second-entry nursing and clinical education funding for collaborative nursing. Regulated tuition fees.
The college sector was hit particularly hard by the funding decisions in the 2012 Ontario Budget. As colleges have pointed out in past submissions to the government, the college sector was allocated a disproportionately large share of the total funding cuts for the post-secondary sector. Those funding restraints remain in place.

Furthermore, the government announced a multi-year tuition framework in 2013 that limits tuition-fee increases to a maximum of three per cent per year for the period from 2013-14 to 2016-17. This is lower than the increases allowed by the previous framework and will result in lower growth in tuition revenues.

In 2015-16, revenues will be further affected as colleges implement the other tuition-related policy changes mandated by the government in areas such as deferral fees and late fees. The revenue loss to colleges is estimated to be $10 million annually.

To meet the current cost pressures and to maintain balanced budgets, colleges will need to review their programs and services.

While the goal of colleges will always be to first focus on achieving administrative savings and productivity improvements, there may be little scope for finding any new savings in these areas. Colleges are already prudent fiscal managers and collaborate on a number of fronts to achieve administrative savings.
Certainly, Ontario’s colleges share the government’s commitment to finding new efficiencies. However, it is important to remember that colleges are already among the most efficient members of the broader public sector.

Colleges have a proven record as excellent stewards of public dollars. Over the years, the colleges have employed a number of collaborative approaches to find efficiencies and improve productivity. These include a provincewide approach to collective bargaining and a single defined benefit pension plan for the entire college sector.

Last August, the colleges’ collective agreement with faculty – which provided no across-the-board salary increases – came to an end. The parties successfully negotiated a new agreement that provides only modest, across-the-board increases. For faculty, the average annual increase over the life of the agreement was 1.5 per cent, and for support staff it was one per cent.

The CAAT Pension Plan, which is jointly sponsored by colleges (employers) and plan members, is a plan that has the risks and costs of providing pensions shared equally between the colleges and the members. This structure ensures that all stakeholders appreciate the costs and risks of delivering pensions, which helps align their interests towards a common goal.

Other collaborative approaches that have resulted in administrative efficiencies and productivity improvements include a centralized student application service and shared support services for libraries and resource centres. Colleges also commissioned a study to look for new opportunities for shared services to achieve additional cost savings and eliminate duplication across the system. The findings supported the development of proposals that were subsequently funded through the Productivity and Innovation Fund.

Colleges already participate in collaborative purchasing through partnerships with other colleges and with other partners in their local community. All 24 colleges also participate in the Ontario Education Collaborative Marketplace.

Beyond sharing administrative costs, colleges also share academic programs and services. As well, colleges have been collaborating in online education through OntarioLearn, a consortium in which all 24 colleges participate.
Investing in post-secondary programs that lead to rewarding careers

To create economic growth and new jobs, it is essential for the government to invest in quality programs at the colleges.

Ontario can be the leading jurisdiction in North America when it comes to the talent, skills and competencies of its workforce. Ontario can help greater numbers of people – particularly young people – find meaningful careers. The government can ensure there are opportunities for all, especially the province’s most vulnerable citizens.

The results that colleges can achieve are highlighted in Table 3 below. Meeting those goals will depend on improved operating and capital funding.

The priority must be to invest in career-focused post-secondary programs that are accessible to all and that effectively prepare people for rewarding careers. Ontario must invest in strong, leading-edge college education.

Colleges will need additional funding to meet ongoing expenditure pressures. The outlook for college system costs and revenues is presented in Table 4 on Page 9.

Without additional funding, it will be difficult for many colleges to support the government’s policy objectives for post-secondary education.

“Today’s Family Early Learning and Child Care is proud to be a longstanding partner with Mohawk College. As a proud Mohawk graduate, I know exactly what to expect when fellow alumni join our agency and help serve more than 4,000 children and families. Quality programs require quality people and many of those people at Today’s Family are Mohawk graduates committed to helping children every step of the way.”
- Marni Flaherty, Chief Executive Officer, Today’s Family Early Learning and Child Care

Whether joining us as health-care, IT or finance professionals, St. Lawrence College graduates bring excellent technical, clinical and communication skills, a collaborative team approach and a passion for patients. We know that many SLC grads have chosen to stay in Kingston and apply their education within our organization, making them a valuable asset to our patients, families and greater KGH community.”
- Leslee Thompson, President and CEO, Kingston General Hospital

Table 3. College sector goals for 2018-19

<table>
<thead>
<tr>
<th></th>
<th>2013-14</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-secondary enrolment (full-time FTE)</td>
<td>204,900</td>
<td>214,000</td>
</tr>
<tr>
<td>Immigrants</td>
<td>32,800</td>
<td>36,000</td>
</tr>
<tr>
<td>Students with special needs</td>
<td>28,500</td>
<td>31,000</td>
</tr>
<tr>
<td>Aboriginal students</td>
<td>8,200</td>
<td>9,000</td>
</tr>
<tr>
<td>Number of graduates*</td>
<td>87,100</td>
<td>97,000</td>
</tr>
<tr>
<td>Graduation rate</td>
<td>65.4%</td>
<td>70.0%</td>
</tr>
<tr>
<td>Graduation employment rate (six months after graduation)</td>
<td>83.4%</td>
<td>90.0%</td>
</tr>
</tbody>
</table>

Source: MTCU (Full-time, funded FTEs). Population subgroup data are estimates based on the average per cent representation of each subgroup in the recent College Applicant Survey (immigrants and aboriginal students) and the KPI Student Satisfaction Survey (students with special needs). Figures for population subgroups are not mutually exclusive. * KPI data are based on the 2013-14 reporting year (i.e., data represent graduates of the previous academic year).
System-wide costs for college operations are expected to be $127 million higher in 2015-16. Even taking into account the expected increases in tuition fee revenues that will help offset the anticipated cost increases, the college system faces a net cost pressure of $103 million in 2015-16. There are also significant local costs that vary by college and must continue to be addressed.

Table 4. Anticipated increases in college system costs and revenues in 2015-16

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected increases in system-wide costs *</td>
<td>$127 M</td>
</tr>
<tr>
<td>Projected increases in tuition revenues **</td>
<td>$24 M</td>
</tr>
<tr>
<td>Funding gap</td>
<td>$103 M</td>
</tr>
</tbody>
</table>

* Costs are prorated to reflect only the portion that can be attributed to post-secondary enrolments.
** Does not account for enrolment growth.

The college sector’s investment proposals for 2015-16 to advance the government’s economic and social equity goals are provided in Table 5 below.

Ontario’s colleges believe the sector’s requests for additional operating and capital funding represent an investment in the social and economic well-being of the people and the province, and that investing in colleges must become a higher priority within the post-secondary funding envelope.

Table 5. College sector funding needs for 2015-16

<table>
<thead>
<tr>
<th>AREAS OF INVESTMENT</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING FUNDING</td>
<td></td>
</tr>
<tr>
<td>- Core operating funding increase (net of committed increase for enrolment growth)</td>
<td>$67 M</td>
</tr>
<tr>
<td>- Retention initiatives for at-risk students</td>
<td>$14 M</td>
</tr>
<tr>
<td>- Graduate transition to the workplace</td>
<td>$10 M</td>
</tr>
<tr>
<td>- Increasing internationalization</td>
<td>$3 M</td>
</tr>
<tr>
<td>- Innovation and applied research</td>
<td>$2 M</td>
</tr>
<tr>
<td>- College sustainability</td>
<td>$5 M</td>
</tr>
<tr>
<td>CAPITAL FUNDING</td>
<td></td>
</tr>
<tr>
<td>- Facilities renewal (deferred maintenance)</td>
<td>$70 M</td>
</tr>
<tr>
<td>- Instructional equipment (CERF and AEF) increase</td>
<td>$10 M</td>
</tr>
</tbody>
</table>
A government commitment to provide stable and predictable investments in operating grants is critical for colleges to be able to meet labour-market demands for a more highly skilled workforce.

While it is recognized that the government faces fiscal pressures, the colleges are also facing considerable financial challenges. As was previously mentioned, the per-student funding for colleges (from government grants and tuition revenues) is lower than the amounts provided to universities and high schools.

Colleges serve proportionately greater numbers of at-risk students than universities. Colleges have also had to absorb a greater share of the post-secondary funding cuts in the last few years than universities. And after many years of implementing restraint measures and collaborative activities to reduce costs, colleges are coming to the end of their ability to absorb further cuts without significantly impacting quality.

As was shown in Table 4, colleges require an additional investment of $103 million in 2015-16 just to maintain the current levels of operations and to preserve the quality of programs and services provided to students.

The colleges recognize that the 2014 budget committed to providing an increase of $36 million in 2015-16 to support enrolment growth in the college sector. Therefore, colleges are proposing the government increase core operating funding for the sector by an additional net amount of $67 million.

Retention initiatives for at-risk students

Improving college access and retention, particularly for underrepresented groups, are important goals that colleges share with the government. Colleges are accessible to students from a broad range of economic and socio-culturally diverse backgrounds, and to students with varying degrees of physical and other abilities.

Colleges draw students in roughly equal proportions from each of the income quartiles, with 55 per cent of college applicants reporting household incomes of less than $60,000.

A significant number of college applicants are immigrants (16 per cent) and about one-fifth of college students report a mother tongue other than English or French.

The number of college students who self-identify as aboriginal is proportional to the Ontario population.

As well, about 20 per cent of college students report having a physical, intellectual, mental health or learning disability.

Colleges play a major role in educating students who – without college programs and services – would not succeed in the post-secondary system because of the barriers and challenges they face.

These students may have weak academic preparation or have learning, physical or other disabilities. Or they could be from other underrepresented groups that typically have low levels of post-secondary attainment. These students often face multiple risks to completing their credentials, unless they receive additional supports from colleges.

A report by Deloitte said college programs and services for at-risk students increase their graduation rates by an estimated 35 percentage points. Higher graduation rates mean that more of these individuals have an improved likelihood of being employed and earning good incomes, and avoid falling into poverty.

The Deloitte report also said that colleges are spending more than $100 million each year above the amounts provided by government for supports and services for these students. Colleges must divert funds from other programs to maintain the supports and services for at-risk students.
While it has been demonstrated that college programs and services improve graduation rates for at-risk students, the overall graduation rate has been hovering at about 65 per cent since 2006-07.

To change this pattern and stimulate an increase in college graduation rates, colleges are proposing the government provide a new investment of $14 million in 2015-16 and beyond. The new funding would allow colleges to establish pilot projects to review and enhance the current academic and other supports for students who are at risk of dropping out. While this funding will not completely solve the retention challenge, the pilots will help colleges identify the best initiatives in which to invest government funds to improve retention and completion rates.

**Graduate transition to the workplace**

Along with providing students with supports that facilitate their entry to college and ensure their success while they are completing their education, colleges also provide services to help graduating students to find employment. These services include assistance with resumés and cover letters, job-search strategies, interview simulations and techniques to help them with networking events.

Given that the economy is still not operating at full capacity and youth unemployment remains stubbornly high, there is likely to be more and more pressure placed on such services. This is particularly true for students from lower-income backgrounds, whose families don’t necessarily have the same workplace connections, peer networks and mentoring support as students from higher-income families.

The colleges are proposing that a new special purpose grant — the Graduate Transition to the Workplace Grant — be established to supplement the investments currently made by colleges, and to expand the range of employment programs and services that colleges provide to their graduating students. An investment of $10 million is being requested for this new funding.

“For our industry, being able to attract and retain talent is key to our success. Sault College of Applied Arts & Technology offers northern Ontario a high-quality education that is second to none, giving their graduates the skills to not only enter our industry, but excel.”

- Chris Belsito, Communications Canada, Tenaris
Increasing internationalization

While they are here, international students add to the cultural enrichment of local communities and help provide an enhanced classroom experience for domestic students by exposing them to a more diverse and global set of perspectives.

International students also make a strong contribution to the Ontario economy. A study conducted for the Department of Foreign Affairs, Trade and Development Canada estimated the total expenditure of long-term international students (those staying for at least six months) in Ontario amounted to $2.9 billion in 2010.

“Cambrian College is a valued partner to the mining industry not only in the north, but around the world. In Cambrian, Vale has found a trusted training partner and labour market supplier for our local and international operations. Whether it is providing skilled employees, helping us meet our corporate training needs, or collaborating in the community, Cambrian remains an integral part of Vale’s future.”
- Kelly Strong, Vice President, Ontario & UK Operations, Vale

“Goldcorp at Porcupine Gold Mines has been successful in hiring many Northern College graduates to help fulfil our workforce requirements. Goldcorp will continue to look to Northern College for qualified graduates for future job opportunities.”
- Cheryl Monahan, Senior H. R. Coordinator, Goldcorp Canada Ltd., Porcupine Gold Mines

When international students return to their home countries, they help to create international networks that strengthen Canada’s and Ontario’s economic, social and scientific linkages with those countries. These students facilitate linkages to international export markets and help attract international businesses to the province.

The quality and range of educational and training opportunities provided by colleges continues to attract an ever-increasing number of international students.

As of September 2014, almost 28,000 international students were enrolled in Ontario colleges – an increase of 20 per cent over the previous year.

The largest numbers of international students were from India and China – these two countries alone accounted for 58 per cent of students studying at Ontario colleges. These countries also have the largest populations and are among the largest economies of the emerging nations and offer significant trade opportunities.

But much like the concentration of source countries, the destination choices of international students are highly concentrated.

Almost two-thirds (63.4 per cent) of international students are enrolled in just five colleges – Centennial, George Brown, Humber, Seneca and Sheridan – all of which are in the Greater Toronto Area. In contrast, only about five per cent of international students are choosing to study in one of the six northern colleges. It is important to ensure that all communities and colleges have access to the opportunities that internationalization brings – be they economic, cultural or enriched classroom experiences for students.

However, many of the colleges that are not currently attracting significant numbers of international students – particularly the small, northern and rural colleges – need to build their capacity to market to and recruit international students. Their delivery of higher education and services for students must also be adapted to support international students.

Such colleges would benefit by partnering with the larger colleges that have considerable experience attracting, educating and settling international students. Colleges are proposing that the government provide a new investment of $8 million over three years to help facilitate the expansion of international enrolments at Ontario colleges. Of the proposed investment, only $2 million would flow in 2015-16, the first year of the initiative.

Attracting international students to Ontario is only one aspect of internationalization.

While Ontario has been successful in encouraging international students to come to this province to study
and broaden their perspectives, there are few opportunities for Ontario college students to study abroad.

Gaining an international perspective is important. In its 2012 report, the Advisory Panel on Canada’s International Education Strategy said that Canada lags behind its competitors in international mobility for domestic students – only three per cent of Canadian university students and only 1.5 per cent of college students study/work abroad. Study/work-abroad programs are important because they provide opportunities for students to experience different cultures and societies and to become global citizens.

Colleges are recommending that the government provide study-abroad scholarships for students in career-based programs so that they have the same opportunities as students from other countries to benefit from a global experience.

The amount of the scholarship should be sufficient to cover travel costs to most places in the world. It should also provide students with some funding to cover the costs for accommodation and food for the first few days that students are in the new country, and to help them navigate the new educational institution and their living arrangements for the duration of their stay abroad.

The college sector is proposing the government provide an initial amount of $1 million for study-abroad scholarships for college students in 2015-16. The amount should increase to $2 million per year as the program gets established and student interest in going abroad rises. It is being further recommended that the amount of the scholarship should be $3,500 per student.

In total, the colleges are proposing an investment of $3 million in 2015-16 for the two new international initiatives discussed above – to increase the capacity of the colleges to expand international enrolments and to increase opportunities for students in career-based programs to study abroad.

Finally, the colleges continue to argue that the government should abandon its plans to apply the International Student Recovery Fee to offshore activity.

The recovery fee was announced in the 2012 Ontario Budget. At that time, the budget said the fee was to be applied to international student enrolments in Ontario-based programs and programs operated in other jurisdictions. While the government has implemented the recovery fee for programs that are based in Ontario, it has been delaying the application of the fee to offshore activity.

The offshore activity proposal should be permanently dropped. Many of the overseas markets, partner institutions and funding models cannot support a major fee increase. As well, programs abroad range widely in terms of fees, length, credential and contractual partnership arrangements. And students abroad do not have access to services and facilities that are equivalent to what is provided to students who come to Ontario.

As well, if the fee is applied to overseas activity, many of the international partnerships will end. Colleges will lose important opportunities and the flow of international students to Ontario will be negatively impacted. Furthermore, Ontario’s attempts to expand trading partnerships and attract international businesses could also be impacted. In the increasingly global world, applying such a fee sends the wrong message to Ontario’s prospective partners.
Ontario’s skilled tradespersons are fundamental to the province’s continued economic growth. They are critical to the recovery and the growth of export-oriented sectors such as advanced manufacturing, agrifood, mining, forest industries and hospitality.

The construction trades are central to advancing the province’s ambitious infrastructure agenda. The trades are also well represented in industries as diverse as energy, environment, health care and municipal employment.

Trades certification offers interesting and challenging career paths for students. About one in seven tradespersons in Ontario are entrepreneurs with their own businesses, and many more have managerial positions in larger businesses.

Premier Kathleen Wynne has stressed the importance of addressing the shortage of skilled workers for the trades and, in particular, the need to get more women and people from underrepresented groups into the trades. For example, Ontario must build on the work being done to train Aboriginal Peoples for the trades as the province develops the Ring of Fire.

Ontario’s colleges deliver about 90 per cent of the province’s in-school training and are fully committed to building the apprenticeship system as the third pillar of post-secondary education.

“Hydro Ottawa is proud to partner with Algonquin College in the delivery of a two-year powerline technician diploma program. At a time when the electricity sector is struggling with the prospect of significant retirements across Canada, this award-winning initiative has not only put a spotlight on the importance of apprenticeship and trades training within our province, it has also become a shining example of how effectively colleges and private sector employers can work together in shaping the next generation of skilled workers within Ontario.”

- Bryce Conrad, President and Chief Executive Officer, Hydro Ottawa

"Thanks to the quality of the professors and learning environment, Collège Boréale graduates truly contribute to increasing our company’s competitive edge throughout the world.”

- Carriere Industrial Supply Limited

However, there are significant challenges that must be addressed to strengthen the system.

It is widely agreed that new measures are needed to improve the application process for apprenticeship training and to improve apprenticeship completion rates. There is also a pressing need to address the way that apprenticeship programs are funded.

Finally, Ontario must create better pathways between apprenticeship and college programs. Post-secondary students who have fulfilled some or all of the in-school requirements for an apprenticeship program should be given full credit for their achievements, without needing to repeat courses if they pursue further studies.

The issues about funding apprenticeship training are especially urgent. Currently, colleges are subsidizing apprenticeship training by diverting funding from other areas.

This isn’t sustainable. Many colleges are reviewing whether they can afford to continue offering their current level of apprenticeship programs, and some programs have already been cancelled.

The provincial operating grant – through the per diem – has been constant since 2008-09 and the student classroom fee has not been increased since it was introduced in 2002-03. When inflation is taken into account, the resources available to colleges for apprenticeship delivery have dropped by more than 10 per cent since 2008-09.
A recent financial analysis of apprenticeship programs at five colleges, based on 2013-14 data, shows that the average costs for apprenticeship programs significantly exceeded the funding provided (per diem plus student-paid fees).

The chart below (Figure 4) illustrates, for six large apprenticeship programs, the extent to which costs per student (vertical bars) exceeded revenues (horizontal line). The expenditures include the direct delivery costs plus the colleges’ normal indirect costs.

An increase in the classroom fee of approximately $8 would be needed to restore total apprenticeship resources to 2008-09 levels. This increase should be implemented over the next two years – 50 per cent of the increase would be in 2015-16 and the other 50 per cent the following year.

The current fee represents approximately 15 per cent of total revenue. The proposal to increase the fee would result in apprentices paying approximately 25 per cent of the program costs.

In addition to adjusting the classroom fee levels, the province needs to explore and consider other fiscal strategies to ensure the long-term fiscal sustainability of apprenticeship programs.

The government should consider implementing a new training tax to both incent employers to invest in skills development (a rebate would be provided to employers that provide training) and to collect new revenues to invest in skills development and apprenticeship training. The province should also engage in discussions with the federal government about allocating a small portion of the Canada Job Grant funds to support apprenticeship delivery.

Further, colleges are recommending the Ministry of Training, Colleges and Universities establish a joint task force with the colleges to review the long-term fiscal sustainability of college apprenticeship programs.

**Figure 4. Comparison of 2013-14 college apprenticeship expenditure and revenue**

Source: Based upon apprenticeship training expenditure data (2013-14) submitted to MTCU. Data are based upon five major colleges and six major trades. Per diem cost of teaching includes both direct costs such as faculty and technician salaries, instructional supplies and equipment maintenance as well as overhead costs based on a per cent of direct costs.
Many commentators have pointed to Ontario’s poor innovation track record compared to international standards. Indeed, less than three per cent of Ontario businesses perform any research, and the record suggests their performance on other innovation indicators is also lacking.

In a tougher world economy, there is a growing need for employers to innovate to be competitive.

Colleges have been working with small- and medium-sized enterprises on applied research projects that help businesses to grow and create new jobs. A survey undertaken by Colleges and Institutes Canada (CICan) found that:

- Each year, Ontario colleges work with more than 500 companies to pursue market-driven applied research activities and with about 1,200 organizations on social innovation research.

- Half of the companies stated they are interested in pursuing further applied research with colleges, and significant numbers report new job creation, higher sales, and improved products and production as a result of their college collaboration.

In 2011, the Conference Board of Canada reported that college-based applied research activity is a catalyst for driving innovation and productivity, particularly for businesses that don’t have the resources to conduct the research on their own. The applied research that Ontario’s colleges conduct in partnership with businesses and industry will be central to Ontario’s success in international markets.

The applied research partnerships between colleges and businesses lead to innovations in a wide range of areas, from the creation of new computer software to innovations in 3D technology, biotechnology and the health sciences.

Applied research partnerships between businesses and colleges also provide students with unique opportunities to get hands-on experience in the development of real-world innovations. The same CICan survey cited previously found that about 1,500 students participated in paid applied research projects, and many more participated in applied research as part of their classroom activities.

“Bombardier Aerospace has a very strong, ongoing partnership with Centennial College and has entered into a long-term strategic partnership with Centennial as our ‘trainer of choice’ in the GTA. We have built this relationship to address an impending skills gap which could arise when our current hourly workforce (with an average age of over 54 years old) begins to retire.”

- Jonathan Hack, Strategic Technology, University, College and Government Relations, Bombardier Aerospace – Toronto

Some of the successful partnerships have included:

- In the Greater Sudbury Area, Collège Boréal worked with EACOM Timber Corporation, a national forestry company, to use the company’s wood-based ash as a new product to promote plant growth. Forestry researchers and students from the college set up a six-month plot sample with various soil conditions in the college’s greenhouse. The result is the company has generated new sales from ash that was previously going to landfill sites.

- Humber College in Toronto worked with Ooya-vah, Inc, to develop the Pryzma, an iPad case that integrates 3D lens technology. Nine students from the college’s school of applied technology and the school of media studies and information technology designed and prototyped the case, developed the Pryzma interface, conducted market research and prepared materials for the market launch. The technology allows architects and others to benefit from the ability to see images on their iPad in 3D.

- Niagara College worked with MADD Virgin Drinks to create a tasty craft beer that is alcohol-free. The first batch of MADD Virgin Craft Brewed Lager was manufactured in April 2014 by Waterloo’s Brick Brewing and more than 11,000 cases have been sold, generating more than $500,000 in sales.
In addition to sales in Canada, the non-alcoholic craft beer is sold at more than 2,500 Walgreens stores in the U.S.

“We’re delighted and proud to be working with Niagara College on this unique initiative, helping them showcase the scope and capabilities of their curriculum to a North American audience.”
- Brian Bolshin, President & CEO of MADD Virgin Drinks

The province must focus even more on applied research activity in smaller- and medium-sized companies to help businesses to grow, take new products to market, and create new economic opportunities and new jobs.

In order to support competitiveness and job creation in key industry clusters, the province needs to establish a new $30-million competitive fund for college-based industry experts. These experts will allow colleges to work with key industry clusters (including industry suppliers and major customers) for five years to solve industry-defined applied research challenges. This market-driven applied research will result in new products and processes that support provincial priorities and the competitiveness of the cluster.

The projects will involve multi-industry partners. By working together with multiple firms and potentially bringing competitors together, colleges will contribute to innovation through collaboration. College-industry applied research projects will also strengthen the province’s export opportunities.

Industry partners should be required to match government funding (cash and in-kind) and will directly participate in each funded project. The projects will engage professors, industry/suppliers/customers and students. Funding would cover the release costs of college-based applied researchers and ancillary costs, such as equipment, new curriculum development, and overhead.

It is recommended that up to $1 million be awarded per college-industry collaboration and that $10 million in awards be announced in each of the next three fiscal years. Of the proposed total government investment of $30 million, an estimated $9 million would flow in the first three years and only $2 million in 2015-16.

“Graduates of Durham College possess the job-ready skills needed by the market of today. From energy to health care, the school adds value both locally and globally through both its innovative educational programs and through the applied research carried out in partnership with corporations such as our own. The impact of Durham College goes beyond its core function, as it touches virtually every facet of our community.”
- Pierre Tremblay, President, Canadian Nuclear Partners, Ontario Power Generation

**College sustainability**

As discussed above, it will be difficult for many colleges to deliver on their mandates and meet the government’s policy objectives for post-secondary education.

Some colleges were receiving support from the College Financial Health and Sustainability Grant, which provided $10 million over two years to help eligible colleges develop and implement financial sustainability strategies and focus resources on the core priorities of the college. However, that grant ends in 2014-15.

The grant has provided a useful bridge for colleges and needs to be continued for another two years until the issues of sustainability can be dealt with in a more systematic way through the reform of the college funding model. Specifically, colleges are proposing that government provide an investment of $5 million in 2015-16.

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Colleges are also calling for the Ministry of Training, Colleges and Universities to consult with the sector on the selection criteria that will be used to allocate future funding for this purpose.
In addition to the quality of programs and services that colleges provide for their students, the quality of the learning environments in which college students are taught is also important. Learning environments need to reflect current academic delivery practices and the standards of industry, particularly for equipment and technology.

Ontario colleges support the government’s plan to take a principled, evidence-based and strategic long-term approach to infrastructure planning and budgeting through the Infrastructure for Jobs and Prosperity Act, 2014. Colleges look forward to working with the Ministry of Training, Colleges and Universities and the Ministry of Economic Development, Employment and Infrastructure to develop a long-term capital planning process to promote innovation and productivity improvements essential to competitiveness.

Facilities renewal

In its 2014 Ontario Budget, the government recognized that maintaining college and university facilities is essential to promoting safe and effective learning environments for post-secondary students. Ontario’s colleges are pleased the government has committed to providing additional funding of almost $500 million over the next 10 years to address critical maintenance repairs in the post-secondary sector.

This increase in funding is an important first step towards an evidence-based infrastructure plan. By increasing annual funding for critical repairs, fewer facilities will deteriorate to the point that very expensive structural repairs are required.

Colleges look forward to working with the government to determine a new approach to support the critical infrastructure needs at colleges and universities.

While the announced funding will address critical repairs and upgrades to existing buildings, it will not fully address the deferred maintenance backlog. The 2010 report of the Auditor General of Ontario observed that the deferred maintenance backlog at colleges was in the $568 million to $745 million range and had been increasing annually.

In addition to addressing the backlog, it is critical to ensure the backlog does not get larger. It is important to invest in college facilities on an ongoing basis in order to avoid further deterioration.

The auditor general’s report also noted that although deferring maintenance saves money in the short term, it creates a future liability that could increase over time. Delaying routine repairs and upkeep leads to a higher risk of damage to related systems, and delays can also create other problems, including increased costs to correct the deficiencies, safety hazards from faulty components, or the premature – and expensive – replacement of assets. Neglecting aging infrastructure also increases operating costs in areas such as heating.

According to industry standards, the annual investment required for infrastructure renewal is between 1.5 to 2.5 per cent of the current replacement value. A study undertaken by the college sector, with the support of the Ministry of Training, Colleges and Universities, found the college system occupies and manages a physical space of inventory of about 26-million square feet, with an estimated current replacement value of about $8 billion (the $8 billion replacement value is an estimate derived on the basis of an average cost per square foot of about $325).

Using the lower end of the range of the accepted level of investment required for facilities maintenance (1.5 per cent) suggests that colleges require an annual investment well in excess of $100 million for infrastructure renewal, which is in line with the recommendation of the auditor general.

Indications are that the backlog has increased since the auditor general’s report was issued. The college sector has been working closely with the Ministry of Training, Colleges and Universities on an inventory that provides an independent assessment of the valuation, age and condition of college infrastructure assets.
The preliminary findings to date suggest the deferred maintenance backlog may now be as high as $1 billion.

Given the annual amount of funding that colleges have been receiving for deferred maintenance – $8.7 million – it is not at all surprising that the backlog has increased. This level of funding is not even sufficient to address the $70 million worth of college capital repairs identified by the auditor general as falling in the critical category.

Colleges must be provided with adequate funding to ensure there is a safe and effective learning environment for students.

While college facilities must be reliable, safe and code-compliant, the college sector understands the government may not be in a position to immediately provide the level of funding required to fully address the deferred maintenance backlog, or even to fully cover the amount of annual investment required to ensure that college facilities do not deteriorate further.

In the absence of the final results from the ministry-led project on the stock and physical condition of college facilities, the colleges are proposing that the government provide a minimum level of $70 million of funding in 2015-16 to address the immediate critical capital repairs as identified by the auditor general.

**Instructional equipment**

Using instructional equipment that meets industry standards to educate and train students is critical for colleges to be able to produce job-ready graduates who can operate the machinery and equipment being used in today’s workplaces with minimal additional training. This ensures Ontario has an effective workforce and saves time and money for employers.

In addition to equipment that reflects industry requirements, colleges need to be at the forefront of teaching excellence, which frequently involves new technology to support digital delivery (online, remote and blended learning), simulators, and software designed to help address the needs of students with learning challenges. As Ontario Online is rolled out and colleges increase the delivery of technology-enabled education and services, there is a requirement for additional resources.

In 2014, colleges were allocated $20 million for instructional equipment through the College Equipment Renewal Fund (CERF) and the Apprenticeship Enhancement Fund (AEF).

To ensure that colleges are able to educate and train students using appropriate instructional equipment, the college sector is proposing the government maintain the $20 million provided last year for instructional equipment. In addition, colleges are proposing the government provide an enhancement of $10 million in the CERF program for IT infrastructure and equipment to support the implementation of digital strategies.

**Funding for new capital projects**

With funding support from the ministry, Colleges Ontario has completed an evidence-based analysis of the space requirements in the college system. This analysis was conducted by Education Consulting Services. The study points to an overall 18 per cent shortfall of space in Ontario’s colleges – or 4.7 million square feet – measured against college minimum standards and an even larger shortfall when measured against university actual space per student (not including university facilities devoted to research).

The shortfall in college space is particularly acute in the classroom and learner support spaces that contribute to student success and program completion. This results in poor timetables and insufficient access to critical learning spaces such as labs and learning resource centres, which can be particularly difficult for students with jobs or with children. It is essential for the government to budget for capital improvements at colleges that will give the colleges more flexibility to accommodate students’ needs.
Currently, the Ministry of Training, Colleges and Universities is expecting to use its entire 10-year capital budget (beyond already allocated projects) exclusively on new satellite campuses. The teaching and learning environment is severely constrained in many colleges and this seven-year freeze on new capital funding will perpetuate these unacceptable conditions for college students.

Colleges recognize that in the current financial climate, it is not practical to plan for more than a very modest beginning to the funding required to close the space gap.

Colleges are proposing that, in the event that either the Ontario government or the federal government budgets for an infrastructure program in 2015-16, an investment of $250 million over three years in college capital take the highest priority, to reflect the role of college graduates in advancing Ontario’s economic recovery and growth.
In its 2014 speech from the throne, the Ontario government said it has “brought forward a plan designed to grow the economy and support all people of the province by investing in education and the skills training necessary for new growth.” Clearly, the government’s plan to rebuild the economy and create jobs in every region of the province does not focus on businesses alone. Rather, it encompasses strategic public investments that generate lasting benefits for individuals, families and communities.

Lifting children out of poverty, sending more young people to post-secondary education and helping businesses become more globally competitive are laudable goals that all Ontarians can support.

Ontario’s colleges have a central role to play in helping the government build an educated, prosperous and skilled labour force. Colleges have been helping young people acquire the skills that they need to find that critical first job and avoid unemployment.

College programs and services help at-risk students obtain a college credential and avoid falling into poverty.

Colleges help businesses by ensuring that they have access to a highly skilled workforce. And the colleges’ applied research activities help smaller- and medium-sized companies to grow, take new products to market, and create new economic opportunities and new jobs.

Through their internationalization activities, colleges are supporting the government’s efforts to attract international investment and increase trade with external partners.

However, with their increasingly constrained fiscal situations, colleges are going to be more and more challenged to deliver on their mandates, let alone assist the government in moving Ontario forward.

To be a world leader, Ontario must have the most competitive workforce in the world. Helping more students get access to the professional and technical programs at Ontario’s colleges is central to that effort.

With the kinds of new investments that have been highlighted in this submission, colleges can help Ontario produce a stronger economy, help more young people find rewarding careers, and help create a province with greater social equity and opportunities for all.