

Advancing opportunity and prosperity through education.



COLLEGES | COLLÈGES
ONTARIO | ONTARIO

**ADVANCING ONTARIO'S ECONOMY:
INVESTING IN COLLEGE EDUCATION AND TRAINING**

Colleges Ontario's Submission for 2009 Ontario Budget

December 2008

Table of contents

- Introduction
- The economic downturn
- Ontario's colleges
- The 2009 budget submission:
 - I) Innovation
 - II) Infrastructure
 - III) Skills and Knowledge
- Results for the sector for 2013-14
- Conclusion





Introduction

Today's global crisis poses unprecedented challenges for virtually all economies. Restoring economic stability and long-term growth will require new thinking and new ideas – old solutions will not work.

For Ontario to effectively compete in the new economy, it will need to increase its innovation efforts in areas that are essential to long-term economic stability and growth. It will need to strengthen the knowledge and skills of the workforce in ways that far surpass our achievements to date.

Ontario's 24 publicly funded colleges will be essential to the success of these efforts. Much of the education and training that will be required in the years ahead will be in programs best delivered by the public colleges.

Ontario's 24 colleges are uniquely positioned to assist the province in:

- Building a highly skilled workforce, including establishing new programs to train workers for a greener economy and developing new ways of reaching students for whom traditional classrooms may not always be the right answer.
- Advancing an effective and efficient postsecondary system that meets the needs of students, supports success and increases enrolment and graduations.
- Bringing the skills and knowledge of highly trained faculty to the table to help business innovate and commercialize in order to be globally competitive.

Colleges have already made progress in these areas with the Reaching Higher investments, but in today's economic climate more needs to be done. This requires new thinking and new ideas.

This submission recommends new ideas for addressing these challenges and proposes modest investments that will produce significant returns.



*"There's one investment that has always, always paid off, in good times and in challenging times.
And that's investing in our people."*

- Premier Dalton McGuinty
Nov. 28, 2008

The Economic Downturn

Ontario's economy is being challenged by a myriad of factors that include the recent "meltdown" of the global financial markets, the worldwide recession, competition from new and emerging economic and political powers, skills shortages and poverty.

Ontario has a solid foundation in place to address these challenges. The government's five-point plan for promoting economic growth is a prudent and balanced approach to the immediate economic challenges and to strengthening the province's economy over the long term.

Moving forward, Ontario must bolster its five-point plan, implementing new ideas and strategies to significantly advance the plan's objectives.

Investing in the advanced education and training of Ontario's workforce must remain a key objective. Indeed, producing a workforce that is educated well beyond any of the province's achievements to date must be a priority.

Ontario must also embrace the innovation agenda in a bold, new way. Businesses and educators must become serious players in the commercialization of research developed in Ontario.

Ontario's colleges

Ontario's 24 colleges will be instrumental in the success of the province's economic strategy.

Colleges already provide opportunities for people from all walks of life and backgrounds, including immigrants, disabled individuals, aboriginals, and people from low-income families.

Each year, about 45,000 college graduates enter the Ontario labour force. More than 90 per cent of those graduates find jobs within six months of graduation and more than 93 per cent of employers report being satisfied with the quality of the graduates hired.

As Ontario moves forward with its economic strategy, it will be necessary for the province to implement a proactive strategy to increase enrolment and produce new college graduates, particularly among socioeconomic groups that have been traditionally under-represented in our postsecondary system. Ontario must provide retraining opportunities to greater numbers of people already in the workforce, and provide the training to produce new career opportunities for people who have lost their jobs.

This means Ontario must be flexible in exploring the ways in which higher education and training is provided.

Ontario must also take much better advantage of the strong relationships that exist between colleges, businesses and industry. Colleges are flexible, market-driven institutions that work in partnership with local employers to ensure programs are relevant and meet workplace demands. These partnerships give Ontario a head-start in pursuing opportunities to strengthen the province's competitiveness.

The 2009 budget submission

To support Ontario's plan to address the economic downturn and to produce a stronger economy over the longer term, Ontario's colleges are recommending new ideas in three key areas:

- I) Innovation
- II) Infrastructure
- III) Skills and Knowledge

I) Innovation

Even in this current economy, Ontario has some affordable and real opportunities to embrace the innovation agenda. Expanding college-based industry innovation centres will result in many more small- and medium-sized businesses across the province sustaining and creating jobs and competing on the world stage. The college record is strong: an Ontario Centres of Excellence analysis found 80 per cent of funded projects involving colleges were actively pursuing commercialization – a very high rate. Colleges have helped both start-ups and existing firms grow quickly, often through more exports.

Applied Research and Innovation

Currently, government and industry spend \$5 billion annually on research in Ontario, representing only one per cent of the world's spending on research. Less than two per cent of Ontario employers do any research, a figure that has not budged for decades.

Two per cent is no longer good enough when China has tripled its spending on postsecondary education in the past decade and has attracted over 600 foreign corporations to set up applied R&D facilities. Ontario needs to do more if it is to succeed on the world stage.

For Ontario to succeed in the global economy, we must broaden our approach to research and innovation and explore new and creative opportunities to foster economic growth. Strong economic growth depends on small business having full access to the tools they need to innovate and create new jobs.

Ontario colleges have been engaged in some applied research and innovation projects with business through the College Network for Industry Innovation (CONII), a pilot project funded by the Ministry of Research and Innovation (MRI). The funding, which ends in 2009-10, has supported 10 college-based industry innovation centres.

CONII has helped small- and medium-sized enterprises (SMES) solve technical problems, adapt new technologies for the marketplace, and develop new or improved products and processes. Individual colleges operate as specialized resources of “nodes” in sectors key to Ontario's economy including alternative and renewable energy, digital media, environmental technologies, and health and life sciences.

“The experience has been fantastic. The partnerships with the colleges are very important because the type of people and teachers they recruit actually gear themselves more towards commercialization of technology.”

• Jeff Nesbitt
Director of Co-development Partnerships
Agfa Health Care

Building upon the CONII model, we are proposing Ontario move to a full network of college-based industry innovation centres to assist SMEs across the province.

This proposal would not be a replication of the ideas-based research conducted at universities. Instead, the goal is to help SMEs solve immediate problems and meet specific real-time needs in the marketplace, through practical, applied, market-driven R&D and commercialization, technology transfer and implementation expertise.

Ontario colleges request the government invest \$3 million in this coming year and \$20 million over five years, growing to \$65 million over 10 years, to establish a full network of college-based industry innovation centres.

Cash and in-kind contributions from innovation partners, colleges and other funding sources will more than double the government's investment in innovation opportunities, while the practical, results-oriented approach of industrial partners and colleges will result in rapid translation of ideas to job creation across the province.

Student Mobility and Credit Transfer

“To increase the educational advantage, students need to be able to move seamlessly between institutions by giving them a pathway into further studies. Therefore, college-to-college, college-to-university, and university-to-college transfers are vital to the establishment of an open, accessible and seamless education system.”

- Seamless Pathways to Lifelong Learning
College Student Alliance report
2007

In today’s global marketplace, it is essential that we have a workforce with theoretical knowledge and practical skills that are second to none. Employers are demanding that students have both theory and practical training and students are demanding more choice to assist them in being more marketable.

The system for transferring completed postsecondary credits in Ontario from one institution to another is arbitrary, rather than system-wide. Rather than facilitating seamless transitions between systems, the current approach imposes barriers. Students do not have access to clear information about credit recognition and usually face uncertain outcomes when they apply to transfer completed credits to another institution. In cases where students transfer credits, the transfer system is based on a limited number of program-specific institution-to-institution agreements or personal relationships.

Far too often, students are required to repeat courses already completed in one institution when they move to another. Requiring students to repeat courses they have already completed is an inefficient use of taxpayers’ and students’ dollars and discourages some students from pursuing the full education and training they need to become effective members of the workforce.

In most jurisdictions, there are clear processes in place to support college and university students who transfer to other institutions. Most jurisdictions have clear guidelines that help students to know how many completed credits will be recognized by the new college or university when the student transfers.

In British Columbia, an organization called the British Columbia Council on Admissions and Transfers manages this process, ensuring the transfer system is transparent, robust and regularly updated. In Europe, through the Bologna process, a great deal of focus is being placed on increasing student mobility and transfer of credits across postsecondary institutions in the E.U.

In the United States, credit transfer is integrated into the design of the postsecondary education system and this is reflected in transfer rates. For example, California’s transfer rate exceeds 65 per cent for those who were considered “transfer ready.”

Unfortunately, the current postsecondary structure in Ontario does not support such students. People seeking to transfer credits from one institution to another face unnecessary barriers as the transfer structure is arbitrary and inconsistent.

Ontario requires a systematized credit transfer strategy to:

- support students moving between institutions to further their education,
- meet labour market needs, and
- create a more cost effective, flexible and efficient post secondary sector.

Over the past year, Colleges Ontario and The Council of Ontario Universities have been working to find a way forward on this issue, and there is an emerging consensus about how best to proceed.

The colleges believe that important strides are possible in the coming year, but this will require funding to support significant pilot projects focused on credit transfer, and incentives to move postsecondary institutions towards this goal more quickly than might otherwise be the case.

A robust credit transfer system would represent an important next step in phase two of the Reaching Higher plan.

The colleges recommend Ontario invest \$2 million to develop and promote an effective, system-wide credit transfer process in Ontario.

A \$2 million investment would supplement funds already available through the College University Consortium Council, to incent colleges and universities to develop and promote an effective, system-wide credit transfer process in Ontario.

With leadership from the government and a relatively modest amount of funding, Ontario can affect transformational change in the postsecondary education system. Ontario will be able to better support the learning objectives of our students and the growing requirements of employers for a highly educated workforce. This change is fundamental if the province is going to achieve its goal of having the most highly skilled and educated people in the world.



II) Infrastructure

Investing significant resources in deferred maintenance and campus renewal projects in colleges would provide a major stimulus to the economy and create jobs. A major capital investment program will create significant, long-term benefits for the province's colleges and their students. New capital funding will not only address a broad range of major outstanding capital deficiencies but also enable the renovation and upgrading of facilities.

Investing in college deferred maintenance and renewal projects is an effective response to counter the effects of the economic downturn. As the Conference Board of Canada stated in its Dec. 16 report on the economic downturn, investments in infrastructure projects that can be initiated and completed quickly are an excellent way to stimulate the economy and create jobs locally.

Early in 2008, the Ontario government commissioned the Courtyard Group to look at capital requirements at colleges and universities. This work is nearing completion and it provides the government with a very strong argument for the need to invest in the infrastructure of our postsecondary institutions.

Our sector is well-positioned to support this critical initiative and help the government deliver the kind of economic stimulus from infrastructure construction that will produce immediate and long-term results. As many deferred maintenance and renewal projects can only be done in the summer (when there are fewer students on campus), it is critical that government make announcements early in the year.

In 2007, Educational Consulting Services Corporation assessed college facility needs and determined the college sector was in dire need of investment in deferred maintenance. The report concluded a \$700-million cash infusion was needed to deal with the deferred maintenance backlog. The report also concluded that \$80 million annually would be needed once the backlog of renewal projects had been addressed.

Recent investments by government in this area have begun to address this critical issue. A new and significant provincial investment in college deferred maintenance would solve many of the remaining serious and long-standing infrastructure deficiencies. Major systems such as water, sewer, mechanical, electrical and HVAC are in need of renewal.

Building repairs, such as replacing and upgrading the roofing, are long overdue in many colleges. It is necessary to deal with health and safety issues, asbestos removal and facility modifications to improve access for disabled students. Finally, additional capital funding will enable colleges to implement energy conservation measures which will assist in reducing future energy costs.

Students are too often forced to learn in cramped spaces that have not had the benefit of investment since the creation of the college system. This is not an atmosphere that is conducive to learning and it discourages students from enrolling in college. A significant investment in this area by government will support the long-term health of our public institutions, ensure that students have a healthy and safe learning environment, support environmental sustainability and put large numbers of Ontarians to work on critical construction projects.

This investment, coupled with the government's commitment to the Apprenticeship Enhancement Fund and the College Equipment and Renewal Fund, will greatly enhance the province's ability to realize its goals for Ontario's future workforce, while creating jobs now.

It is recommended the government implement the Courtyard Group recommendations by investing significant resources in capital renewal projects at colleges and universities that can be advanced quickly.

III) Skills and Knowledge

To its credit, the McGuinty government recognized in its early days of governing that it was essential to invest in higher education and training.

During its first term, the government made an important commitment to the education and training of Ontarians with the implementation of the Reaching Higher plan.

The multi-year Reaching Higher funding allowed colleges to improve access, quality and accountability. Colleges used the additional funding to develop new programs, improve learning facilities and student services, improve the accessibility of college education and much more.

In fact, in the period from 2004-05 (the base year for Reaching Higher) to 2007-08, the Key Performance Indicators (KPIs) for colleges have seen improvements in graduation rates, graduate employment rates, and graduate, employer and student satisfaction.

Table 1. Improvements in Key Performance Indicators		
Key Performance Indicator	Reporting Year	
	2004-05	2007-08
Graduation Rate (%)	58.5	64.9
Graduate Employment Rate (%)	88.0	90.5
Graduate Satisfaction Rate (%)*	80.5	82.8
Employer Satisfaction Rate (%)*	92.7	93.1
Student Satisfaction Rate (%)*	76.3	77.9

* Satisfied or very satisfied.

And, after increasing significantly last year, college enrolments are up again this year. First-year enrolment in 2008-09 is up over five per cent from last year.

The challenge, moving forward, is to sustain the many achievements of the Reaching Higher plan in a prudent manner that is sensitive to the fiscal challenges facing the province.

Operating pressures

Ontario's colleges are among the most cost-effective education institutions in Canada. The colleges have a proven record of finding cost efficiencies.

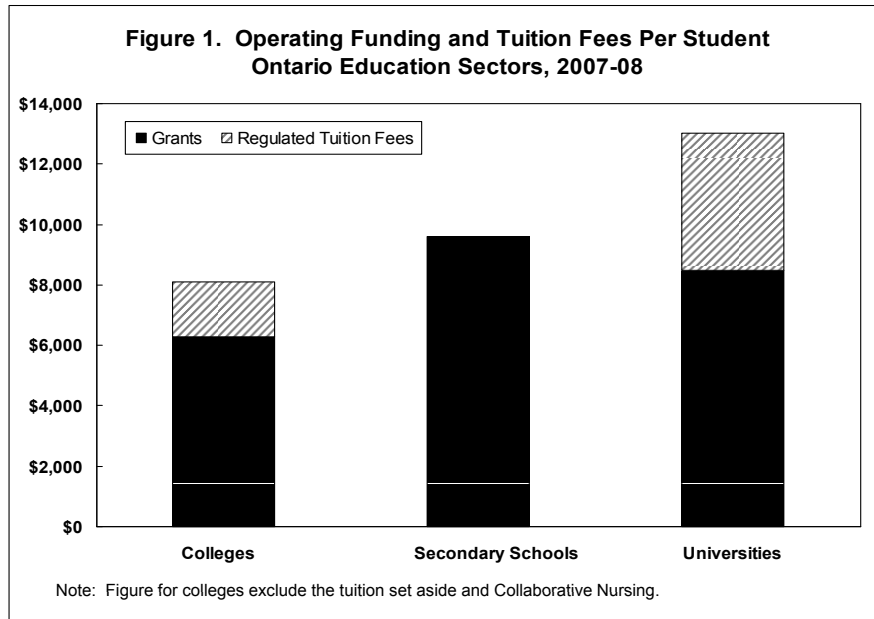
For example, the college system was the first public sector system in Ontario to launch (in 2006) an energy secretariat to coordinate energy conservation efforts at the colleges. The Ontario Power Authority and OntarioBuys, which helped fund this initiative, have been pleased with the results.

Yet while expenditure efficiencies have been achieved, Ontario's colleges face revenue pressures that cannot be entirely managed through efficiencies.

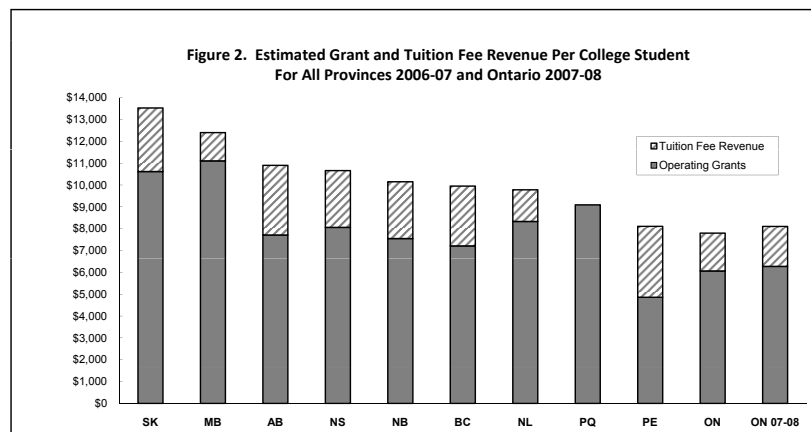
Ontario colleges currently receive lower revenues per student from operating grants and tuition fees than Ontario secondary schools and universities. Per student revenues for colleges are about 38 per cent lower than those for universities.

While the Reaching Higher funding was an improvement for colleges, it did not fully address the years of under-funding that preceded Reaching Higher. Many colleges remain in financial difficulty, with about half of Ontario's 24 colleges projecting an in-year operating deficit for 2008-09. Colleges are not immune from increasing cost pressures, such as the provincially arbitrated salary increases for full-time faculty.





Ontario colleges also continue to operate with less revenue per student from operating grants and tuition fees than colleges in other provinces (Figure 1).



In 2009-10, compensation costs for the college sector will likely exceed \$1.8 billion. And these cost projections do not account for the implementation of Bill 90, the *Colleges Collective Bargaining Act, 2008*, which gives part-time employees the right to organize.

Colleges face an increase of at least \$130 million in their operating costs next year. While tuition revenues are expected to be about \$35 million higher in 2009-10, the colleges still face a funding gap of about \$95 million (not including any costs for Bill 90).

Naturally, the colleges are not the only members of the broader public service facing challenges. And everyone recognizes the province faces serious fiscal pressures. Ontario's colleges recommend the government provide adequate funding to sustain some of the core gains from Reaching Higher, balanced against the need for fiscal prudence.

Colleges are requesting a \$75 million increase to their core operating grants in 2009-10. This level of investment would enable colleges to sustain the enhancements initiated under Reaching Higher and meet cost pressures. Funds to support enrolment growth and clinical education are also included in this component of the funding request.

The proposed investments outlined above do not constitute a request for new funds in a year that has proven to be very challenging for the government. Rather we urge the government to flow the \$198 million committed for college and university operating grant by Reaching Higher for 2009-10 and to ensure that the colleges receive their fair share of this funding.

The 2007 federal budget provided an \$800 million annual increase in the Canada Social Transfer (CST) for postsecondary education beginning in 2008-09, with an annual escalator of three per cent. Ontario's annual share of that funding would be in excess of \$300 million. The federal budget also provided \$500 million per year for labour market programs. Ontario will receive about \$1.2 billion of this funding over six years, starting with \$194 million in 2008-09. With access to these federal resources, Ontario has the fiscal capacity to ensure that sufficient new investments are provided to colleges to enable them to fully support the province's economic recovery.

Results for the sector for 2013-14

Ontario's colleges are committed to ensuring the funding and policy changes recommended in this proposal achieve results.

Table 2 describes the results colleges can achieve with improved operating and capital funding. The results would include improved access for under-represented groups, with enrolment increases and higher retention rates. Colleges also expect improvements in the quality of their programs and services, as demonstrated by a higher graduate employment rate and increased employer, graduate and student satisfaction.

Table 2. College System Goals for 2013-14		
	2007-08	2013-14
First Year Students*	101,319	129,000
Immigrants	15,451	21,000
Special Needs Students	6,332	8,600
Aboriginal Students	5,117	7,000
Number of Graduates**	60,406	77,000
Graduation Rate (%)	64.9	67.0
Graduate Employment Rate (%)	90.5	91.5
Employer Satisfaction (%)***	93.1	94.0
Graduate Satisfaction (%)***	82.8	85.0
Student Satisfaction (%)***	77.9	80.0

* Intake data for population subgroups are estimates based on the average percent representation of each subgroup in the 2006 and 2007 College Applicant Surveys. Figures for population subgroups are not mutually exclusive.

** KPI data are based on the 2007-08 reporting year (i.e. graduate data represent graduates of the previous academic year).

*** Satisfied or very satisfied.

Note: Achievement of targets dependent upon adequate operating and capital funding.

Conclusion

The economic downturn presents significant challenges for the Ontario government and its partners in 2009-10.

Through strategic investments in construction and renewal at this time, Ontario can stimulate the economy and create new jobs. At the same time, forward-thinking new policies can enhance the innovation research taking place in this province and create new opportunities for businesses.

And strategic policy decisions and investments into higher education can produce a stronger workforce, for today and tomorrow.

Ontario can provide new hope to laid-off workers by training them for the many sectors that are struggling – even in this economy – to fill vacant positions. Ontario can provide higher education and training to greater numbers of people from disadvantaged groups, so that more will achieve success in the workplace. Ontario can produce the leading-edge workforce that will be essential to our prosperity over the long term.

Ontario's colleges have provided budget recommendations that are both prudent and forward-thinking. The proposals are sensitive to the challenges faced by the government and the broader public sector, while at the same time providing ideas to stimulate growth and build on the strong foundations already in place.

Ontario's colleges urge the government to implement the following recommendations, as described in this budget proposal:

- Invest \$3 million in this coming year and \$20 million over five years, growing to \$65 million over 10 years, for college-based applied research to establish a full network of college-based industry innovation centres.
- Invest \$2 million to incent colleges and universities to develop and promote an effective, systemwide credit transfer process in Ontario.
- Implement the Courtyard Group recommendations for capital renewal projects at colleges that create jobs immediately.
- Increase core operating grants for colleges by \$75 million so that college sector can build upon the achievements of Reaching Higher and help the government achieve the goal of having the most highly skilled and educated people in the world.



COLLEGES | COLLÈGES
ONTARIO | ONTARIO

655 Bay Street, Suite 1010, Toronto, ON, M5G 2K4
T: 416.596.0744 F: 416.596.2364
www.collegesontario.org