response paper

an analysis of the final report of the Postsecondary Review
ONTARIO: A LEADER IN LEARNING

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introduction
Over the past year, Ontario embarked upon a journey to review its higher education system, led by former Premier Bob Rae. Its main goal was to develop a long-term plan that would provide recommendations on system design, funding, access, accountability and quality for implementation by the current provincial government. That journey is now complete.

On February 7th, 2005, the final report of the Postsecondary Review was delivered to the province following an intense period of research, consultation and discussion. The response was generally quite positive, but there was certainly a diverse range of opinions on its potential impact on students and the province.

Following that early chorus of supporters and naysayers, it was felt that a dispassionate analysis should be conducted in order to provide the provincial government with a student perspective on the content of the report. This paper will offer a macro- and micro-analysis of Ontario: A Leader in Learning through an examination of the proposed overarching strategies and an assessment of each of the recommendations contained within the report.

It should be noted that this analysis does not prioritize recommendations or strategies. For a description of OUSA’s pre-budget priorities, please read Building A Bright Future, our submission to the Standing Committee on Finance and Economic Affairs.

examining the overarching strategies
This section will offer an examination of the overarching strategies that guide the recommendations of the report from the Postsecondary Review. It will also present a gap analysis in order to identify broad areas that were absent from the final report.

Ontario: A Leader in Learning groups its recommendations for reform of Ontario’s university system into seven broad strategies. The following section evaluates each of these strategies in terms of its ability to accomplish its goals given the scope and depth of the recommendations it contains.

GOAL: GREAT EDUCATION

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<tr>
<th>STRATEGY ONE: Clearly state the mission and purpose of Ontario’s public higher education sector and its institutions.</th>
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<td>This strategy may be the most important long-term contribution of the Postsecondary Review to the future of higher education in the province. A new legislative framework, a commitment to collaboration, an emphasis on francophone education, a clarified college mandate, and a recognition of the role of apprentices will all be effective tools to facilitate this strategy.</td>
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Unfortunately, the report fell short of outlining what the mission and purpose of higher education might be, or what the basic design and parameters of student assistance, tuition and institutional revenue should look like in the long-term. This presents a short-term challenge for government, as well as for students and other stakeholders who will need a starting point for discussion on these fundamental issues.

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<th>STRATEGY TWO: Pursue quality and innovation to make the student experience rewarding and successful.</th>
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<td>This strategy outlines an excellent plan for providing resources that would allow Ontario’s universities and colleges to make the student experience rewarding and successful. For example, a $700 million investment in academic renewal would signify an unprecedented move to provide meaningful contact between teachers and learners. A strategy that focuses on the student experience also recognizes the value of producing students with the right skills and abilities to succeed, as opposed to graduates with degrees. Although there was an associated recommendation for an international grant program, the strategy did not go far enough to suggest specific initiatives or programs that could improve the student experience.</td>
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GOAL: OPPORTUNITIES FOR MORE PEOPLE

STRATEGY THREE: Reach out to and expand the opportunities for those capable of participating in higher education.

This strategy recognizes an important gap in higher education in Ontario — many Ontarians are unable to access higher education in the province because of their economic, family, geographic or personal circumstances. For example, it was noted that over 10,000 Aboriginal students across Canada are not able to access sufficient funding to allow them to go on to post-secondary education. This strategy is also well developed in terms of associated recommendations which target groups and specific initiatives to reach out and expand opportunities for underrepresented groups.

STRATEGY FOUR: Make Higher Education affordable for students and their families.

This strategy effectively addresses the need for significant reform to the financial aid system to improve student access. The up-front grant program, enhanced loan access, repayment assistance, improved service and an overall investment in student assistance will go a long way in ensuring Ontario’s financial aid framework meets the real needs of the province’s students.

However, this strategy did not address one of the central methods for ensuring affordable higher education—controlling costs. Any strategy for enhancing the affordability of the province’s universities must make provision for the careful regulation of tuition by the provincial government in order to be considered complete. As such, this strategy does not go far enough to guarantee equitable financial access to Ontario’s institutions.

STRATEGY FIVE: Ensure that the capacity of the system meets Ontario’s growth priorities.

The three recommendations laid out in this strategy—expanded graduate education, investment in capital needs and a new council to administer research priorities—are all effective means to plug the province’s universities into Ontario’s future economic development. In addition, the proposed recommendations will also provide greater opportunities to undergraduates within the university system while enhancing the overall quality of education offered.

However, some of the recommendations may be at odds with several avowed goals of the provincial government. For example, by focusing the expansion of graduate capacity at institutions with established graduate schools, growth will be concentrated in the urban centres of Southern Ontario. Care must be taken to ensure that northern and rural students also have access to geographically-convenient and regionally-relevant graduate education. Also, the provincial government must also ensure that universities do not become completely subservient to the economic agenda of Ontario, to the detriment of less-profitable but socially vital programs in the arts and pure sciences.

GOAL: A SECURE FUTURE FOR HIGHER EDUCATION

STRATEGY SIX: Ensure sustainable revenues for higher education through a responsible funding partnership of the provincial and federal governments, the students, the institutions and private donors.

This strategy contains many provisions that will ensure adequate funding for Ontario’s universities and colleges. The most important of these is the recommendation that $1.3 billion be invested in the post-secondary sector, and that the provincial government must commit to the ‘stretch target’ of $2.2 billion to meet North American peer jurisdictions average per-student funding amounts. In addition, the development of a new cost-sharing framework is vital to the long-term financial success of the post-secondary system.

However, this strategy is also incomplete. It does not adequately describe the mechanics of this new revenue framework. More alarming to students, this strategy does not explicitly call for public regulation of tuition fees in Ontario, something absolutely necessary to maintain the accessibility and affordability of higher education in Ontario.
STRATEGY SEVEN: Require tangible commitments from governments and the institutions in support of higher education, and continually evaluate and review progress.

This strategy could provide students, institutions and the government with predictability and stability that has been missing from the system over the past decade and more. Moreover, it will be important for the province to evaluate and review the progress of individual institutions to ensure that they are meeting the needs of students and the province as a whole. These tangible commitments must involve student input in the development of the multi-year plans through the recognized student association.

GAP ANALYSIS

The report lays out an ambitious and comprehensive plan. Its strategies and associated recommendations could represent a turning point for higher education, and indeed, for the province as a whole. But there are missing pieces to the report that would make a strategy for higher education in Ontario complete.

There was no overarching strategy to link post-secondary education with other public policy priorities, such as economic development or the growing cities agenda. There was a hint in the introduction from Mr. Rae stating that, “The evidence is overwhelming that thriving and vital post-secondary institutions are a critical element in community economic development.” However, this statement was not followed with a strategic aim or recommendation. There are a number of reasons for building these linkages as a key strategic aim. It is mutually beneficial. Those cities that wish to succeed in an increasingly globally competitive environment, where regions play a key role over states and provinces, will have to recognize the importance of higher education to their overall success. Moreover, the integration of institutions with their communities may also provide an impetus for more public participation in the activities of the university. Consequently, this could help build public support and understanding of the issues that universities face.

There was also no overarching strategy to provide students with opportunities that will build on the classroom experience to provide students with the skills and abilities to succeed in their future endeavours. Arguably, Strategy Two aims to pursue quality and innovation to make the student experience more rewarding. But that strategy does not provide the link beyond the classroom or graduation. One associated recommendation suggests an international study grant program, but it is clear that Ontario must go much further. We must develop specific, province-wide initiatives that create globally-aware, locally-active learners with experiences that will meet their educational or career goals, and will provide Ontario with citizens that will be active participants on the world stage. Some of these initiatives include undergraduate research opportunities programs, service learning, experiential learning opportunities, and student innovation centres that drive the traditional and social entrepreneurial ideas of students.

One of the key failings of the sector is that its vision remains inward. Post-secondary institutions must move outward in terms of their broader purpose, community linkages and educational experiences. If our colleges and universities can build this connectivity, they will flourish as institutions which are vital to their communities.

Ontario: A Leader in Learning correctly identifies the shared responsibility for funding higher education in Ontario between the citizens of Ontario through the provincial government, students and the private sector. The report also highlights the need for a framework for administering this tripartite arrangement. However, the report does not lay out the mechanics of a responsible cost-sharing framework, specifically the proportion of cost to be borne by each participant and the means by which the framework is to be maintained.

In its submission to the Postsecondary Review, OUSA clearly lays out a student-positive design for responsible cost-sharing in Ontario. The provincial government and students are the primary participants, contributing 70 per cent and 30 per cent respectively towards the total operating cost of the university system. The government contribution is a guaranteed maximum, while the student portion is a guaranteed maximum. The private sector is a limited partner in the system, providing project-specific and infrastructural support on top of the student and government contributions. Student contribution would be made through carefully regulated tuition fees, and equitable access would be guaranteed through a robust financial aid system. To ensure stability, this arrangement would be enshrined in a new

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act of legislation. More details on OUSA’s plan for responsible cost-sharing can be found in Our Bright Future: A New Vision for Higher Education in Ontario.

The final gap can be seen in the planning horizon and perspective of each of the strategies and recommendations. It is a decidedly short-term plan. Perhaps this is a feature of the major goal of the Postsecondary Review, which was to present realistic suggestions for the upcoming provincial budget as well as the current government. There is also a great deal that is left in the hands of institutions to decide their own direction with little or no guidance from the report or the province as a whole. Although the report could not be prescriptive, it did not answer or even pose questions that will be fundamental to the system in the short term. For example, what does Ontario want out of its post-secondary education system? What is its defining purpose? These are considerably difficult questions to answer, and perhaps there will be some form of response realized in the new legislation, but that is unlikely.

It is an excellent response to the problems of the here and now, but it does not provide a picture of our system of training, colleges and universities a decade from today. If we are truly to build a high quality, accessible, affordable and accountable higher education system that will allow Ontario to be a global leader in learning, we must set a long-term plan for the province. Our vision must be far-reaching, and beyond the partisan priorities of any government in power. Our future depends on it.

RECOMMENDATIONS FOR IMPLEMENTATION

The Ontario Undergraduate Student Alliance commends Bob Rae, the Advisory Panel and the entire Postsecondary Review for its responsiveness to the needs of Ontario’s students. This sensitivity is reflected in the large number of recommendations directly in line with OUSA’s own policies.

As such, OUSA strongly urges the following recommendations be immediately implemented by the provincial government as outlined in Ontario: A Leader in Learning. To facilitate analysis, each recommendation is broken into its constituent parts. Any recommendations not included in this list will be analyzed in later sections of this paper.

STRATEGY ONE

Recommendation Three (Pg. 43): Establish an advisory committee to the Minister of Training, Colleges and Universities on francophone post-secondary education, and provide incremental funding to institutions to better support [their] mission.

Recommendation Four A: (Pg. 45): Reaffirm the mandate of colleges to focus on occupational education and labour market needs, while continuing to allow applied degrees and institutional evolution through:

Recommendation Four B: Mandating colleges to reach out to the 50 per cent of high school students not going on to further studies.

Recommendation Five A (Pg. 48): Recognize apprenticeship as a post-secondary destination.

Recommendation Five B: Treating apprenticeship programming delivered by colleges as a core business.

Recommendation Five C: Assigning to colleges the government’s role in administration and outreach to employers.

Recommendation Five D: Reaffirming the role of union training centres.

STRATEGY TWO

Recommendation Six † (Pg. 51): Establish a Council on Higher Education, reporting to the Minister of Training, Colleges and Universities to: advise government on how to achieve its learning mission, set targets and measures for improvement, monitor and report on performance and outcomes, co-ordinate research on higher education, and encourage best practices.

Recommendation Seven A† (Pg. 53): Direct new investment of $700 million towards teaching excellence and educational innovation so that students have increased opportunities for meaningful contact with faculty, and better facilities and equipment.
Recommendation Seven B: A single Ontario digital library should be developed.

Recommendation Eight A (Pg. 54): Establish quality standards and measures to ensure improvements are made at the sector, institution, program and student level.

Recommendation Eight B (Pg. 54): Implement the National Survey of Student Engagement at every university in 2006/07 and 2007/08.

Recommendation Eight E (Pg. 55): The Higher Education Council should develop the new quality assurance framework, select appropriate measures, advise on institutional-level measures, and ensure the necessary capacity for data collection and analysis. The work should encompass both qualitative and quantitative indicators of quality.

Recommendation Nine (Pg. 56): In co-operation with the institutions and with the support of the private sector, establish an Ontario International Study Program to increase the opportunities for Ontario students to complete a portion of their studies abroad.

Recommendation Ten A (Pg. 57): Pursue marketing efforts, jointly with the sector and the federal government to ensure that Ontario remains an important ‘educational destination’ for international students.

Recommendation Ten B: Encourage the federal government to allow international students in Ontario to obtain off-campus work permits.

STRATEGY THREE

Recommendation Eleven (Pg. 59): Set up and maintain a consumer-friendly web portal for domestic and international students and their families as a source of current information on the labour market, postsecondary institutions and programs, admissions and student aid.

Recommendation Twelve (Pg. 61): Set medium- and long-term targets for growth in participation in higher education, including the participation of students from under-represented groups.

Recommendation Thirteen A (Pg. 63): Increase the investment under the Aboriginal Education and Training Strategy immediately by $7 million, and a further $8 million by 2007/08.

Recommendation Thirteen B (Pg. 63): The federal government should begin allocating its $700 million commitment to promote aboriginal health care and expand educational opportunities for health care workers.

Recommendation Thirteen C (Pg. 64): Provide new funding to Aboriginal Institutes and to work with them and other institutions to deliver postsecondary education.

Recommendation Thirteen D (Pg. 64): Create a new Advisory Committee on Aboriginal Postsecondary Education.

Recommendation Fourteen (Pg. 65): The provincial government should develop a “first generation” strategy that includes:
   a. a system of student ambassadors to visit schools as role models and academic tutors with funding support from the Ontario Work Study Program (OWSP);
   b. providing $5 million per year beginning in 2005/06 to implement the First Generation Strategy; and
   c. reaching out to provide donors and corporations already involved in local level programs to determine how best to support comprehensive approaches in communities across Ontario.

Recommendation Fifteen A (Pg. 68): Require institutions to reach out to students with disabilities at their schools and in their communities to ease the transition to postsecondary education.

Recommendation Fifteen B: Provide funding for enhanced academic and career counseling on campus.

Recommendation Fifteen C: Allow for the evolution of centres of research and service excellence.

Recommendation Fifteen D: Distribute funding to institutions for supports and services on the basis of the size of a given institution’s population of students with disabilities.
Recommendation 17 B (Pg. 72): Institutions which charge more than $6,000 a year in tuition and compulsory tuition fees would be required to cover the additional charges for students in need.

Recommendation 17 C*: The Federal Government must recognize student living costs fully and introduce a substantial program of federal grants towards living expenses for low-income students, high need students and students with dependents.

Recommendation 17 D*: The provincial government should start providing better support to Ontario Works (OW) recipients who enroll in post-secondary education, allowing sole support and married OW recipients to continue to receive income support and associated benefits while in school.

Recommendation 18 A (Pg. 75)*: Increasing the total loan amount available to students to better recognize living and education costs.

Recommendation 18 B (Pg. 75): Increasing provincial student loan limits to cover the first $6,000 of tuition and compulsory ancillary fees for students who have financial need but are not eligible for the new provincial grants, and requiring institutions that charge more to provide grants to students who do not have the financial resources to cover the additional costs.

Recommendation 18 C*: Reducing the contribution parents are expected to make towards their children’s education when determining eligibility for Canada and Ontario Student Loans.

Recommendation 19 A (Pg. 79)*: Increasing help for students in repaying their loans and forgiving more debt for those students whose income does not allow them to repay their full loan.

Recommendation 19 B*: The federal government must reduce the interest rate on Canada Student Loans from prime plus 2.5 per cent to prime plus 1 per cent.

Recommendation 20 (Pg. 81): Bring together the myriad of student assistance programs by encouraging registrar, student aid and disability offices in institutions to work more closely together so that all students receive a comprehensive admissions and aid package.

Recommendation 22 (Pg. 84)*: Invest $300 million a year to support the recommended program changes and enhancements that make higher education affordable for students.

STRATEGY FIVE

Recommendation 23 B (Pg. 87): Doubling graduate enrolment to 60,000 in ten years.

Recommendation 24 (Pg. 88)*: Over a 10 year period, make available to institutions up to $200 million per year for facility renewal and up to $300 million per year for new facilities and equipment for increased enrolment.

STRATEGY SIX

Recommendation 26 A (Pg. 92)*: Enshrining the principle of shared contribution in the post-secondary system, where the province, federal government, institutions and students all contribute in a predictable and responsible manner.

Recommendation 26 C*: Invest a total of $1.3 billion in new base funding.

Recommendation 26 D*: Allocate provincial funding in a transparent formula composed of base funding and strategic funding envelopes tied to results.

Recommendation 26 E*: The establishment of stretch targets, whereby by 2007-2008 funding should be at the Canadian national average, while in the longer term, funding should be at the level of peer jurisdictions in the USA (approximately $2.2 billion in additional funding per year).

Recommendation 27 B (Pg. 99)*: Any changes to tuition must be preceded by financial aid reform and a new revenue framework.
### Recommendation 28 A (Pg. 104):
Set out provincial funding commitments to institutions on a multi-year basis.

### Recommendation 28 C (Pg. 104):
A Standing Committee of the Legislature should conduct periodic reviews of individual institutions’ multi-year plans and performance.

Denotes a recommendation which has a direct OUSA policy correlation, from *Building a Bright Future: Submission to the Standing Committee on Finance and Economic Affairs 2005, Our Bright Future: A New Vision for Higher Education in Ontario* or extant policy documents passed over the past three years.

### RECOMMENDATIONS FOR IMPLEMENTATION WITH CONDITIONS

The following recommendations contained within *Ontario: A Leader in Learning* either require modification or clarification before they are implemented by the provincial government. This section aims to put forward the changes required to make these recommendations acceptable to Ontario’s students.

### Recommendation One (Pg. 39):
The provincial government should create a new Higher Education Act with the following characteristics:

- a system mission which articulates a commitment to ensured access, quality, autonomy and shared responsibility;
- a framework for new structures including a Council on Higher Education; and
- the basic design and parameters of its student assistance, institutional revenue, tuition framework, and accountability and reporting frameworks.

A new Higher Education Act could serve as a defining legislative feature of the government’s renewed commitment to training, colleges and universities in the province. The benefits of this recommendation are clear. A system vision with clear commitments, a framework for new structures, and basic design and parameters for student assistance, funding, tuition and accountability frameworks could provide students and institutions with the predictability and stability that has been absent over the past ten to twenty years.

However, there are major challenges to the creation of a new Higher Education Act. The new legislation cannot be completely prescriptive, nor cannot continue to obfuscate the government’s responsibility to higher education. There must be clear lines of responsibility and accountability for the government and institutions for meeting the new system mission. The new framework for funding, tuition, financial assistance and accountability must also clearly establish the shared responsibility of stakeholders for the system. There must be some recourse if the government or institutions do not meet the vision or fulfill their commitment to the new framework. Ideally, this approach would stem the tide of two major risks to this kind of legislation: that it is too vague, or the province does not follow the legislation and subsequently amends it to meet its budgetary needs or political positioning of the day.

Another major challenge for the development of a new Higher Education Act will be the constantly changing public policy environment that faces higher education. Although it must clearly outline lines of responsibility and accountability, the legislation must also allow institutions and the province to adapt and respond to the educational needs of students and the province as a whole. Factors including educational and non-educational costs, learning resources and skill requirements are highly changeable, which can affect any new framework of student assistance, funding or accountability. In order to ensure the legislation remains adaptable and responsive, the Act should be regularly reviewed by a standing committee of the Legislature in order to ensure that it remains an effective tool for Ontario to meet its goals for higher education. These reviews could be supported by the new Council on Higher Education.

Beyond these challenges of development, it is patently clear that the impact of a new Higher Education Act is wholly dependent on its content. Although a brief description was provided in the report, a full assessment of this recommendation cannot be rendered without a sense of how the legislation will be structured.

Two models are suggested that may provide insight into potential legislation, including Alberta’s Post-Secondary Learning Act, 2003 and Education Code of the Texas Legislature. The Alberta legislation seems quite promising as it is quite similar to the proposed format described in the report. The regulatory framework for tuition fees outlined in
this report could also serve as a model for Ontario. However, it would appear that the legislation assumes responsibility for governance over all institutions in the province. It is felt that, as mentioned in the report, the new Act should not replace the existing independent Acts for Ontario’s universities. Moreover, the legislation should not provide the provincial government with the right of establishment or authority over student associations.

The utility of the Education Code from the state of Texas is unclear. The legislation is quite similar to what already exists in Ontario, albeit in less detail. Moreover, the legislative framework for the establishment of tuition fees is not a model that the province should emulate. Essentially, the state allows institutions to deregulate fees with the approval of a small Legislative Oversight Committee consisting of representatives from the House and Senate. Although this provides a line of accountability to the Legislature, it does not ensure that the government in power retains responsibility to students and the public over fee levels or increases.

One clear condition for implementation of this Act would be that the province retains regulatory authority over the establishment of tuition fees. According to current legislation as found in the Ministry of Training, Colleges and Universities Act,

The Minister may establish and charge fees in respect of anything done in connection with this Act or any other Act to which subsection 2 (2) applies. 2000, c. 36, s. 3 (5).

Arguably, this legislation supersedes that which governs individual institutions as it provides direction for the entire system. The legislation that provides powers to individual institutions and grants them status as degree-granting post-secondary institutions in the province is also enacted by the Legislative Assembly of the Province of Ontario. If they are chartered by the legislature, then their powers, including the establishment of fees, should be subject to the approval or determination of the government. The provincial government must retain the role of chief regulator for tuition fees.

**Recommendation Two A (Pg. 41):** Encourage the distinct evolution of each institution and promote differentiation through the tuition framework, accountability arrangements and the design of the province’s funding formula.

Institutions already have the ability to develop specialized and distinctive missions. There may be utility in driving further evolution through accountability arrangements and the funding formula. However, the province must also ensure that, in the context of increased specialization, all individuals are able to advance into the program of their choice. The province would also have to ensure that any evolution does not limit the breadth of programs offered at individual institutions. Although it may strengthen certain programs, it could also limit the academic perspective of graduates from Ontario. It is widely known that academic departments have a dominant ideology or school of thought. If the diversity of these departments were limited, the diversity of opinion may also be stifled.

It is also clear that Ontario should not foster the evolution of its institutions through further differentiation of tuition fees. This recommendation seems to be linked to suggestions of increased flexibility on fees and is based on the regulations of other provinces.

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6 As seen in the acts respecting each of the universities in Ontario. The most common preface to these acts is as follows: “Therefore, Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enact as follows…”

7 It should be noted that the powers over post-secondary institutions in the province are derived from the Constitution Act, 1867. Essentially, universities are wards of the province, which similar to the position that cities hold. [Source: Government of Canada. The Constitution Act, 1867. Section 91-93.]
belief that fee increases will increase quality or provide the opportunity for more effective “evolution.” There is no link between fee increases and increases to the quality of education provided. Many institutions have, and would continue to, set fees in order to bolster the financial situation of other programs, out of a need to build reputation, or a need to appear that the fees levied were congruent with the quality provided by programs at other institutions.

**Recommendation Two B (Pg. 41): Require that colleges and universities recognize each other’s related programming to create clear and efficient pathways for students.**

There is a definite need for more effective mechanisms of transfer within and between colleges and universities for those students who wish to change their program or institution. This can be facilitated through the efforts of the College-University Consortium Council or the new Council on Higher Education. Individual institutions should, however, retain control over admissions and acceptance standards. Compensatory funding would also need to be provided to universities for college students who transfer into upper-year programs, given the disparity in tuition fees.

**Recommendation Four C (Pg. 46): Forming K-16 Councils to promote learning and facilitate the transition to higher education.**

Organizations across the province already exist to effectively bring together government, industry and education stakeholders from elementary, secondary and post-secondary institutions. These organizations include industry-education councils and training boards. The provincial government could consider providing funding to these existing bodies to provide programming that would facilitate the transition to higher education.

**Recommendation Eight D (Pg. 54): A new, robust quality assurance framework should be implemented.**

Ontario does not currently have a comprehensive or effective framework of quality assurance at a system-level. There is a clear need for a new approach. A number of considerations should guide the development of this new approach. First, the provincial government would have to ensure that the new quality assurance framework was cost-effective, and did not draw resources away from operating funding. We must avoid the mistakes of other countries, including the United Kingdom, which designed and implemented a quality assurance framework in the late nineties that cost millions of pounds with limited results.

Second, the new quality assurance framework must also be able to effectively manage information so that it may be used for improvement at a system-, institution- and program-level. This can be achieved through the implementation of a Higher Education Management Information System (HEMIS), similar to the system that has been implemented in Australia and has been recommended for implementation in China. Although it will be crucial to collect new data, a great deal of effort should be made to ensure that this new information and reporting framework does not create an onerous environment of reporting for institutions.

Third, students must be involved in the new framework in at least two capacities. First, students must be involved in the development and maintenance of the system through provincial and institutional consultation. Second, the framework should include tools to measure student engagement and perceptions about the quality, accessibility and affordability of their education.

Finally, and perhaps most importantly, the quality assurance framework should foster a culture of continuous, formative improvement. Our current framework of summative evaluation at a system- and institutional-level rewards stagnation, ensuring that those who are successful remain at the top, and those who are unsuccessful remain at the bottom. In a dynamic environment where knowledge and methods change rapidly, we must pursue improvement.

For more information on OUSA’s plan for a quality assurance framework for Ontario, please read *Governance, Accountability and Assessment in Higher Education*.

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Recommendation 17 A (Pg. 72): Introducing a provincial grant for low-income students to cover tuition and compulsory ancillary fees for the first four years of study to a maximum of $6,000 per year.

Generally speaking, OUSA is extremely pleased with this recommendation. Grants for low-income and otherwise financially vulnerable students has been put forward in numerous OUSA policies, and is a central tenet of the financial aid reforms outlined in our submission to the Postsecondary Review, Our Bright Future and our 2005 submission to the Standing Committee on Economic and Financial Affairs.

However, care must be taken to ensure that low-income grants are not the only forms of non-repayable assistance available to Ontario’s students. In addition, grants must still be available to the province’s middle-income individuals. To these ends, OUSA recommends the following:

- The proposed low-income grant not be used as a replacement for the Ontario Student Opportunity Grant (OSOG).
- The OSOG program be expanded and reformed by:
  - Ensuring OSOG continues to remit 25 per cent of a student’s debt if the overall size of the loan package increases; and
  - Apply OSOG to a student’s total accumulated debt, not their yearly loan.
- The system of effective grants available to Ontario students if expanded and improved by:
  - Reducing the interest paid on OSAP loans to prime +1, as outlined by Bob Rae in Recommendation 19 B of Ontario: A Leader in Learning.
  - Providing a more easily accessible program of Interest Relief to graduates who experience difficulty in repaying their financial assistance, as outlined in Recommendation A of Ontario: A Leader in Learning.
  - Creating a more accessible and robust program of debt forgiveness for graduates who are unable to pay off their debt, as outlined in Recommendation A of Ontario: A Leader in Learning.

Undeniably, the proposed low-income grant is an excellent means to facilitate access to higher education for vulnerable students. However, only in concert with a robust system of non-repayable assistance will this measure be a truly effective means of guaranteeing equitable university for all students without imposing an unmanageable debt burden.

Recommendation 21 (Pg. 83): Re-establishing of the Ontario Student Opportunity Trust Fund (OSOTF) as a permanent program, enhancing the matched funding to institutions whose OSOTF endowment is less than $1,000 per year.

OUSA agrees with Ontario: A Leader in Learning that the OSOTF program is in need of reform to create a more equitable and sustainable program. Indeed, enhancing the government matched funding available to institutions who have difficulty leveraging private donations is an excellent first step. However, Rae’s report does not lay out specific measures for increasing the OSOTF’s success in facilitating private support for effective student aid. In our 2005 policy paper, Fixing the Ontario Student Opportunity Trust Fund, OUSA recommends:

- Two-thirds of the remaining yearly expenditure on OSOTF must be invested in government administered non-repayable forms of financial support aimed at students in need.
- The remaining third of the remaining yearly expenditure on OSOTF be rolled into a new, long-term program aimed at encouraging private investment in student financial aid while ensuring an equitable distribution of funds among universities.

By enhancing matched-funding for institutions in difficulty, rolling greater funds into provincially administered non-repayable assistance programs, and re-designing OSOTF as a smaller, more sustainable program, OSOTF itself will play a more effective role in Ontario’s student financial aid system. It will help encourage private investment in non-repayable assistance at all Ontario universities, while not draining funds from publicly-administered programs—the preferred means of disbursing financial aid to Ontario’s students.
Recommendation 23 A (Pg. 87): An expansion of graduate enrolment at institutions with proven graduate capacity, with additional funding disbursed on a proposal basis rather than the distribution formula.

While OUSA is broadly in favour of expanding graduate enrolment in Ontario, the mechanism proposed by the Postsecondary Review has the potential to disadvantage many students who wish to pursue advanced studies.

The requirement that additional funding for graduates studies go to “institutions with proven graduate capacity” will literally put graduate education out of reach for many students. All of Ontario’s established graduate universities (the University of Toronto, Queen’s University, the University of Western Ontario, the University of Ottawa and McMaster University) are located in predominantly urban areas in the south of the province. As demonstrated by an increasingly large body of research, the geographic distance of these schools from rural and northern communities will block students from these areas from pursuing graduate education. Students who live within a 40 km radius of an institution (urban residency) participate in university education twice as often as students who live over 80 km away (rural residency). Moreover, this disparity in participation rates is exacerbated by family income. The top income tier in an urban area has a university participation rate 10 times greater than the bottom rural tier. Although there is no specific data on access to graduate education for students from rural or northern regions, it is reasonable to assume distance is an equally powerful deterrent. By concentrating Ontario’s graduate education into a handful of universities, an effective barrier to equitable student access is created.

Further, restricting funding for graduate education to schools with extant programs is an undesirable intrusion into the educational autonomy of individual institutions. If any school decides expanded graduate enrolment serves its mandate, students and community, then it should have equal access to additional funding dollars.

Thus, to ensure equitable access for all of Ontario’s undergraduate students and to preserve institutional academic autonomy, graduate enrolment must be expanded at all of the province’s universities. While a proposal mechanism may still be an appropriate means to decide which institutions receive the additional funds, the criteria for awarding this support cannot include ‘proven graduate capacity’.

Recommendation 25 (Pg. 89): The creation of a council which will advise on and co-ordinate research priorities and allocate provincial funding in partnership will federal partners.

While the idea of an Ontario research council is attractive, there are some notable pitfalls that must be avoided to ensure positive results from this kind of central funding body. Namely, the kinds of research priorities established by this body must reflect the needs and aspirations of all Ontarians, and not be subject to undue private-sector influence and be dominated by strictly economic concerns.

This can be ensured in two ways. First, the composition of the proposed council must reflect all parts of the Ontario community, not just the segments primarily engaged in private enterprise. In this holistic conception, students must be given an appropriate level of representation to ensure the council’s funding allocations are commensurate with their educational aspirations.

Second, this council must operate within a broader societal understanding that all the elements of higher education—including arts, humanities and the social sciences—are important to the social and economic vitality of Ontario. In other words, research funding must not be only directed to technology and applied science.

Recommendation 26 B (Pg. 92): Obtain a commitment from the federal government to become a full funding partner in base operations and priorities such as apprenticeship, immigration, research and graduate education in a predictable and responsible manner.

Just as students and the citizens of Ontario are responsible for the university system on the basis of the benefits they derive, the federal government likewise has a role to play in financing the system. From increased tax revenue to the economic benefits of university level research and development to increased overall prosperity, the citizens of Canada have much to gain from well-funded, broadly accessible provincial university systems. As such, the Federal government must contribute towards the overall funding package provided to institutions.

OUSA, in partnership with the Canadian Alliance of Student Associations (CASA), advocates for the creation of a dedicated Canadian Education Transfer (CET) from the federal government to the provinces.\(^{11}\)

The new CET would have the following characteristics:\(^{12}\)

1. A requirement that all money in the CET be applied to post-secondary education; and
2. An initial funding level of $3.99 billion in annual cash transfers, increased annually according to annual inflation and demographic growth; and
3. An agreement with the provinces and territories stipulating they will not decrease their own post-secondary education spending when additional federal funding is provided.

OUSA strongly supports the CASA proposal for a dedicated post-secondary transfer, and believes such a program must be immediately implemented by the federal government. The CET would increase overall funding in Ontario's universities, improve quality and help guarantee equitable access for all students.

However, if the federal government does not come through with increased funding, the provincial government must not use this as an excuse to not re-invest in the university system. Ultimately, the responsibility for the quality and accessibility of the university system lies in Queen's Park. If federal dollars are not forthcoming, then the province must explore other ways of facilitating re-investment in the university system.

**Recommendation 27 A (Pg. 99): The establishment of a regulatory framework enshrined in legislation to guide institutions in setting tuition fees.**

OUSA fully supports the development of new regulatory framework for tuition in Ontario. Unfortunately, *Ontario: A Leader in Learning* does not indicate how such a framework should be structured. Invariably, with any proposed regulatory framework, the devil is in the details. As such, OUSA proposes the following regulatory framework, based upon research and recommendations contained in *Our Bright Future: A New Vision for Higher Education in Ontario*.

The first step in developing a regulatory framework which works for Ontario students is setting fair contribution caps. To determine what exactly constitutes an appropriate student contribution towards post-secondary education, OUSA examined peer jurisdictions in Canada and around the world. Students from nations in the Organization for Economic Co-operation and Development pay for an average of 21.4 per cent of the total cost of their education, while students from other Canadian provinces pay 30.6 per cent.\(^ {13,14}\) Ontario students pay for a much greater proportion of their education, with an average contribution of 44.1 per cent.\(^ {15}\) Based on these figures, OUSA believes that students in Ontario must not pay for more than 30 per cent of the total cost of their education, and that this contribution cap must be guaranteed in an act of legislation. It should also be noted that the 30 per cent figure is a *maximum*. Tuition fees can be set at any level by an individual institution, provided they do not exceed the cap.

\(^{11}\) Canadian Alliance of Student Associations. *Think Education: Bigger Picture, Brighter Future*. Ottawa: Canadian Alliance of Student Associations, 2004, 6.

\(^{12}\) Ibid, 6.


\(^{15}\) Ibid, 16.
Once the 30 per cent contribution cap has been established, tuition fees should be further regulated by separating tuition fees into a series of bands. It is difficult to deny that different programs cost different amounts of money to operate. An engineering program, for example, has resource requirements far beyond the needs of a history department. This differential cost of delivery is already recognized by the provincial government through the weighting of BIUs. While an arts student is worth a single BIU, an engineering student is worth two, a medical student is worth five, and an individual pursuing a PhD is worth six basic income units. Since these programs cost more to deliver, it is reasonable to expect students to contribute more in tuition fees in accordance with the 30 per cent maximum contribution requirement. The different fee bands could roughly break down into the following categories: general arts and science; applied science, fine/performing arts and commerce; professional programs (law, medicine, nursing, dentistry and MBAs); and graduate programs. Each band would have a different fee level, developed by the provincial government in consultation with the universities. Again, these fee levels would be capped maximums, and each institutions would be able to set fees at any level up to the maximum amount.

A banded fee structure would allow the provincial government to leverage additional student support of expensive or resource-intensive programs while affording students the protection of predictable, regulated fees that will never exceed the 30 per cent contribution cap. Moreover, while there would still be differential fees in Ontario, the banding of tuition would see a reduction in most currently deregulated fees.

OUSA believes a statutory contribution cap and a banded tuition fee structure would form the basis of an effective tuition fee regulatory structure, providing appropriate guidance to institutions while protecting students from disproportionately high fees. For more information of OUSA’s proposals around tuition regulation, please consult Our Bright Future: A New Vision for Higher Education in Ontario.

As a final caveat, no changes to the tuition fee structure should be made until the provincial government makes an appropriate re-investment in higher education as outlined in Ontario: A Leader in Learning. Effective reforms cannot be made in the context of an underfunded system.

Recommendation 27 D (Pg. 99): Fee increases must be tied to tangible increases in quality for students.

In general terms, ensuring that students receive a high quality education through tangible measures would be a positive innovation within Ontario’s university system. However, OUSA is highly uncomfortable with the suggestion of a tuition increase, particularly on the heels of a decade of unprecedented tuition increases and government cuts to university funding. To ensure world-class quality at provincial institutions, the Ontario government must make a substantial re-investment in the province’s system of higher education. Sorely needed quality enhancements must not come on the backs of students who already contribute a disproportionately high amount towards their education.

In the longer term, the rising cost of providing a quality university education may increase. Commensurate with the 30 per cent maximum student contribution cap, students may thus be required to pay more. However, in the current context, it is irresponsible to discuss a tuition fee increase until the government re-invests in the university system and substantial reforms of the financial aid system are implemented.

Recommendation Twenty-Eight B (Pg. 104): Institutions need to prepare multi-year plans that set-out:

- the mission and program focus of the institution
- enrolment targets, commitments to access, and tuition guarantees
- planned improvements to quality
- transferability of credits
- revenue requirements and how they will be met through provincial transfers, tuition and other sources
- the results and measures that will be used to demonstrate progress against multi-year commitments

The major condition for implementation of this recommendation would be student involvement. The province must recognize the importance of students having a seat at the table as decisions regarding these plans are taking place.

The value of student involvement was recognized in the report, which stated that: “There must also be a mechanism to ensure that representative student organizations at the campus level are fully consulted in the preparation of multi-year plans.”17

RECOMMENDATIONS THAT SHOULD NOT BE IMPLEMENTED

For all the good contained in Ontario: A Leader in Learning, there are a few recommendations which would negatively impact Ontario’s students and the university system as a whole. The following proposals run contrary to OUSA’s stated policies, and must not be implemented by the provincial government.

Recommendation Eight C (Pg. 55): Continue to collect, publish and utilize the existing key performance indicators.

The current key performance indicator framework does not meet the needs of Ontario’s students or the province as a whole. First, it is evident that the program does not reward improvement, but the attainment of benchmarks relative to other institutions. Ideally, improvement would be achieved in the context of a fund that targets performance. Second, there is not a great deal of variance among institutions, particularly when examining employment rates.18 For example, aside from one or two outliers, the vast majority of institutions have between 92 and 98 per cent employment rates two years following graduation.19 This becomes particularly problematic in the distribution of funding to institutions. For example, Queen’s University receives roughly three times the level of per student funding as York University. However, the difference between employment rates is quite limited, at an average of 2.2 per cent difference for both indicators.20 The difference between graduation rates is greater, at 23.1 per cent in favour of Queen’s.21 However, it is clear that these differences should not translate into an allocation of almost three times as much funding. The provincial government did attempt to address the issue of disproportionate funding by introducing benchmark thresholds and enrolment into the calculation. However, it would appear that the disparity remains.22

Third, the efficacy of these indicators to gauge quality or performance is limited in scope. These indicators focus greatly on one outcome of higher education: employment. This is clearly a limited view that excludes other factors including skill acquisition, engagement and student satisfaction. Finally, there was limited stakeholder involvement in the development and review of the key performance indicators. This is particularly true for students and student organizations. Students are, however, notably involved in their development and review in the college sector in Ontario through the College KPI Steering Committee.

Recommendation 16 (Pg. 70): The development of an Ontario Learning Bond for low-income families which would be a parallel program to the Canada Learning Bond, providing $500 in the first year, and $100 in subsequent years until the child turns 15.

There are a number of problems with the proposal for a new Ontario Learning Bond for low-income families. Theoretically, these bonds would serve two major purposes. First, they would act to complement and encourage savings by low-income families. Second, the bond would act as a means to encourage access by providing up-front financial resources that would allow these students to attend. However, this plan cannot achieve those aims.

First, low-income families do not have the financial resources to contribute to savings for the future education of their children. They are statistically much less likely to save. Less than one-fifth of families with incomes of less than $30,000 are saving for higher education for their children, whereas two-thirds of families with incomes above $80,000

19 Ibid.
20 Ibid.
21 Ibid.
22 Paul, Ross. “III. Revenues.” Operating Budget 2001-2002. Windsor: University of Windsor, 2001. According to this report, the provincial government introduced changes that involved the creation of a benchmark of 10% per cent below the system average for any indicator. Any institution at or above the benchmark would be eligible for funding based on its performance and size.
are doing so. This is not an issue of differing financial priorities, but a changing dynamic among low-income families. For example, between the mid-eighties and turn of the century, low-income families became less likely to own a home and the proportion of total equity contained within these homes increased tremendously. The proportion of home ownership has decreased from one in three to one in four families holding a residence as an asset. Moreover, although the proportion of low-income families with financial assets has increased, the average value of those assets has decreased by over one-third. Fewer low-income families have the liquid financial resources to place into savings for their children's education.

Second, even if families were able to take advantage of the program, the level of support is an inadequate means of encouraging access. The total support maximum provided would only be a fraction of what is required for tuition fees for one year of study. The maximum available funding for a family would equal $1,900. Even at a rate of tuition fee increases of 2.5 per cent per year, average tuition fees for undergraduates will be $7,547 per year by the time the first children are able to take advantage of the program. This means that the total value of the bond would only be able to cover a quarter of the cost of tuition for one year of study.

Recommendation 18 D (Pg. 75): Extending supplemental loans to help parents meet their expected contribution, up to the full amount of tuition and compulsory ancillary fees; in cases where parents refuse to provide the required assistance, the loan may be transferred to the student upon appeal.

The development of a parental loan program is inadvisable for several reasons:

- By layering another program upon an already complex financial aid system, this recommendation has the potential to further complicate an already cluttered financial aid system.
- The lack of interest-subsidies and debt relief/reduction provisions makes the proposed parental loan an essentially private form of repayable financial assistance. OUSA firmly believes all aspects of the financial aid system should be publicly administered with full student and graduate protections.
- By providing loans to parents, this proposal will distribute debt across generations. Rather than imposing an additional debt burden on parents, financial aid adequate to meet all educational and cost-of-living costs should be provided directly to students and complemented with robust grants and graduate protections. Further, the cost of education must be kept reasonable to negate the need for additional loans to parents.

Thus, OUSA is opposed to the development of a parallel parental loan scheme in Ontario.

Recommendation 19 C (Pg. 79): Working with the federal government and other provinces to make it possible for students to pay for their education after graduation through a payment option that is geared to income and administered through payroll deductions.

At least from a theoretical perspective, OUSA believes it is possible to design an income-contingent repayment program (ICRP) that actually works for students. As Dr. Bruce Johnstone, Director of the International Comparative Higher Education Finance and Accessibility Project, notes, “the principle of income contingency makes sense, if only to provide some guaranteed protection to the student borrower who has trouble making loan payments because of low earnings and who does not want to default and incur damage to his or her credit rating.”

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25 Ibid.
26 Given that average tuition fees in Ontario are $4,960, a 2.5 per cent increase to this amount per year compounded over sixteen years would mean that tuition fees would be $7,547.23 by the time the bond became usable.
However, just because it is possible to design a student-friendly program, does ICRP make sense for Ontario’s students? To answer this question it is important to consider both the discreet benefits of ICRP and the overall political and financial context of Ontario’s university system. Unquestionably, ICRP makes monthly loan repayments more convenient for students. Further, almost all of the potentially negative aspects are controllable through carefully applied policy measures.

ICRP becomes considerably more problematic when placed within the broader economic and political realities of Ontario. In particular, OUSA is concerned about the following:

1. **The expense of the program.** In order to create a system that ensures the best results for students, a massive up-front investment and additional back-end funding would be required. A successful ICRP would require robust interest subsidization, debt forgiveness and targeted forms of non-repayable assistance to alleviate the potentially regressive aspects of the program. In the United Kingdom, interest subsidies alone cost the government £800 million a year.28

As private capital is both conceptually undesirable and practically difficult to ensure due to the lending risks associated with student loans, this funding would have to come from the public purse. Unfortunately, Ontario is currently experiencing a kind of creeping austerity in the university sector, “occasioned by a natural underlying higher educational cost trajectory, driven by rising unit cost pressures and magnified…by enrolment increases, tending consistently to outrun the likely increase in public revenues.”29 In an environment of fiscal austerity and a large provincial deficit, OUSA is concerned this investment would pull money away from the funding of institutions already critically short of operating funds. Moreover, the lack of public dollars may lead to the implementation of an ICRP without proper graduate protection and corresponding negative individual impacts, or the rationing of the program leading to overly stringent eligibility requirements and insufficient financial support packages.

2. **The persistent problem of wage inequity.** As long as entrenched wage inequities continue in Canadian society, it will cause problems in the equity of any income-contingent repayment program. Under an ICRP, this workplace bias would translate into longer repayment periods. Add interest into the mix, and individuals from affected groups would end up paying considerably more to service their loan than those not disadvantaged by wage inequities. According to the Canadian Federation of Students (CFS) projection model, a woman with a $25,000 debt, at a 6.5 per cent interest rate, will end up paying $55,000, while a man with the same loan will only pay $42,000.30

Wage inequities have persisted in Canadian society since the CFS released its projection model in 1997. Indeed, the problem seems to have gotten worse. In 1995, the average income of a woman with a university degree was 70 per cent of a male counterpart. In 2000, the average income of a university educated woman had declined to only 67.5 per cent of a man’s average salary.31

New Zealand’s ICRP program provides an evocative demonstration of the dangers of income-contingent repayment. On average, women take almost three years longer to repay their debt than men, and individuals of non-European origin take over two years longer to pay off their loan than European graduates.32

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30 Ibid, 35.
In this context of wage inequity, ICRP is problematic. However, there are still policy tools to help ameliorate the effect of wage inequities on income-contingent assistance programs. By subsidizing interest rates, the financial penalties associated with longer repayment could be largely removed depending on the overall amount of the subsidy. Moreover, a debt forgiveness provision would assist those with systemically lower salaries by not allowing interest to accumulate on unpaid principle for an unreasonable period of time. A final measure would be to offer proportionally greater post-study debt remission for disadvantaged groups. However, these programs are expensive, and would erode the cost-recovery potential of an ICRP program.

It is OUSA’s opinion that the problem of wage inequities is more cheaply and effectively salved through a conventional loan program, particular through income-based remission programs.

3. The political problem. Even if the system is introduced within the context of controlled tuition and legislative guarantees, there is still a risk the ICRP will be hijacked by a subsequent government to help shift more cost onto students. In OUSA’s opinion, this is an unacceptable risk to bear.

For these reasons, the Ontario Undergraduate Student Alliance recommends against the development and implementation of an income-contingent repayment scheme in Ontario. A more thorough discussion of OUSA’s position on ICRP can be found in The Hot Potato: Income-Contingent Repayment Policy, included as an appendix to Our Bright Future: A New Vision for Higher Education in Ontario.

Recommendation 27 C (Pg. 99): Institutions to be given autonomy to set fees.

As a matter of both principle and policy, OUSA is opposed to the deregulation of university tuition fees in Ontario. Control over the cost of higher education in Ontario must remain in public hands.

Between at least the late-sixties and the mid-nineties, the provincial government enforced a kind of de facto regulation over all tuition fees at Ontario’s universities.33 This did not necessarily mean that they set tuition fee levels for all programs at all institutions. Rather, the government set the maximum rate of increase and each institution adjusted their fees to that amount as they saw fit. For example, between 1995/96 and 1997/98, all programs were able to increase by 10 per cent per year.34

On December 15th, 1997, it was announced that the government would no longer regulate tuition fees, aside from undergraduate arts and science programs.35 It should be noted that there were some loose requirements imposed by the provincial government over newly deregulated programs. For example, institutions that wished to deregulate engineering programs needed to demonstrate that they were meeting broad employment needs and increasing spaces with the additional funds.36 Following the deregulation announcement, some fees skyrocketed while regulated fees followed the same yearly 10 per cent increase path as they had since 1995-96. Regulations were further loosened on tuition-controlled programs in 1998/99 and 1999/2000, and undergraduate arts and sciences programs were allowed to increase by up to 10 per cent per year.37

Also included with the announcement of deregulation was the requirement for a proportion of the increase to be set-aside for financial aid. Institutions were required to set-aside 30 per cent of any increase to institutional student aid programs, such as work-study or bursaries.38

36 Ibid.
This system remained in place until the official tuition freeze announcement in the 2003 Throne Speech, when all programs, aside from international student fees, were essentially regulated so that they could not increase over a two-year period.\textsuperscript{39}

This decade-long experiment with limited deregulation in Ontario has not been a success for Ontario’s students. Fees have skyrocketed, and average graduate debt levels have followed suit. Worse, students face yearly financial insecurity, constantly worried that tuition increases will put university education out of their reach.

From OUSA’s perspective, there are five compelling reasons why government must regain and retain control over all tuition fees in Ontario:

1. \textbf{Control student cost.} Tuition is the single largest expense faced by students, accounting for 24 per cent of a student’s total cost of schooling.\textsuperscript{40} Fluctuations in fees therefore have the potential to seriously impact the financial sustainability of attending higher education. Unfortunately, it is impossible to deny that student costs have spiraled out of control over the past decade. Average tuition in Ontario has ballooned by 139 per cent, and debt levels have followed suit. The average Ontario graduate who received OSAP support now owes $22,700—the highest debt level in the country.\textsuperscript{41,42}

As disturbing as these figures are, things are much worse in currently deregulated programs. Tuition has more than tripled, rising 261 per cent since 1993. While there is no specific debt data for graduates in these programs, it is reasonable to assume they owe considerably more than peers who graduated from regulated programs.

There are two essential problems with rising tuition and debt. First, higher up-front costs may serve as an obstacle to individuals from lower-income backgrounds. These individuals may lack the up-front resources necessary to attend university, and may not wish to incur a significant debt load to access higher education. As seen earlier in this paper, the lower participation in higher education by socio-economically disadvantaged groups remains a persistent problem in Ontario. The increase in fees has had notable impacts on the accessibility of de-regulated programs. An accessibility study conducted by the Social Programs Evaluation Group at Queen’s University of accessibility at Ontario’s six law schools revealed that tuition liberalization had created a five per cent increase in enrolment for students from families in the top 40 per cent of the income distribution, and a participation decline for individuals from the middle 20 per cent.\textsuperscript{43} Decreases in enrolment were also seen for students from French-speaking backgrounds and from Northern Ontario.\textsuperscript{44}

Second, high debt poses a serious financial burden for graduates. It limits career and life choices, and can lead to severe financial consequences if a graduate defaults on their student loans. Worst of all, student debt unfairly penalizes those most unable to pay for a university education—students from lower socio-economic backgrounds. Forced to borrow high amounts of money, these students will end up paying much more for their education than individuals with relatively low debt. A $28,000 loan paid back over ten years will cost a student $42,563 in total.

\begin{itemize}
  \item \textsuperscript{40} International Comparative Higher Education Finance and Accessibility Project. Higher Education Expenses Borne by Parents and Students, Canadian Colleges and Universities, First Degree, [Academic] Year 2001-02. http://www.gse.buffalo.edu/\textasciitilde inthigherfinance/canada\_table.htm
  \item \textsuperscript{41} Statistics Canada, “University Tuition Fees.” The Daily. September 2, 2004 http://www.statcan.ca/Daily/English/040902/d040902a.htm
  \item \textsuperscript{42} Canada Millennium Scholarship Foundation. The Price of Knowledge: Access and Student Finance in Canada. Ottawa: Canada Millennium Scholarship Foundation, 2002, 186.
  \item \textsuperscript{44} Ibid.
\end{itemize}
payments, with monthly payments of over $350 dollars.45 Although paying the same loan back in five years reduces the total cost to $34,874, the monthly payments for such a plan are a punishing $581 dollars a month.

By using tuition regulation as a policy means to control student cost, the provincial government puts itself in a position to both manage financial barriers to higher education and reduce the overall indebtedness of its university graduates. In short, the provincial government will be in a better position to ensure the equitable access of its university system.

2. Prevent unfair distortions in fee levels. There are strong indications that underfunded institutions in Ontario are using deregulated fees to subsidize the operating budget of the entire university, not just the program in which the deregulation has occurred. Consider the case of law tuition. Under the BIU formula, an arts student is worth one unit, while law students are worth 1.5. Based on this data, it is reasonable to assume it costs roughly 50 per cent more per student to educate a lawyer than it does a bachelor of arts. However, average arts tuition in Ontario is $4,161, while average law tuition is 151 per cent higher at $10,483. It is difficult to avoid the conclusion that law tuition, like the tuition in many deregulated programs, is going to shore up the operating budgets of other departments.

OUSA believes the practice of extreme tuition differentiation for the purpose of leveraging additional revenue beyond program costs in unfair to students. Regulation, and a new tuition fee structure (see Recommendation Thirteen in Our Bright Future), would eliminate this inequity.

3. Ensure the predictability of student cost. In order to plan their finances effectively, it is important for students to know how much they will pay in tuition over the course of their program of study. Deregulated fees can rise sharply from year to year, making it difficult for a student to create an effective strategy. Moreover, once a student is in-study, a sharp increase in tuition could well push university beyond their financial reach, forcing them to withdraw from the program.

Total fee regulation is necessary in ensuring stable fees around which students and their families can plan. Allowing heavy fluctuation in tuition from year to year is irresponsible and harmful to the affordability of the system.

4. Preserve funding commitments. Tuition regulation is an important part of fulfilling the funding requirements and maintaining the student contribution cap described elsewhere in this paper. By imposing a 30 per cent maximum student contribution, the provincial government will be obligated to regulate tuition to ensure its financial commitments are maintained as specified by legislative act.

5. Ensure the stability and efficacy of the financial aid program. From a financial aid perspective, there are two very compelling reasons to regulate tuition. First, by controlling costs, students will borrow less money and graduate debt will be reduced. Second, by regulating tuition fees, governments make an investment in the long-term sustainability of their financial aid systems. In order to remain student-friendly, financial aid programs must make provision for accompanying grant assistance, interest rate control, interest relief, debt reduction and ultimate debt forgiveness. These programs cost money. As fees rise, more students will need to borrow more money from the aid program. As a result, the cost of all the above debt control measures begins to increase. In relatively short order, deregulated fees will drive the expense beyond the government's ability to pay. The programs must then be rolled back or eliminated altogether, with correspondingly negative graduate impacts. Debt, already enlarged by inflated fees, will constitute a huge burden in the absence of any control and reduction programs.

Moreover, if fees are deregulated the cost of education may end up outstripping the ability of the aid program to effectively cover student costs. Indeed, the Ontario example demonstrates the grim possibilities of this scenario. Since 1994, average undergraduate tuition has increased by 137 per cent. Tuition in deregulated programs has literally

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45 Ontario Student Assistance Program. Repaying Your Loan. As found on: http://osap.gov.on.ca/eng/not_secure/repay.htm.
exploded, rising 261 per cent from $2,076 in 1993 to an average of over $7,500 in 2003.\textsuperscript{46,47} Students in programs like law, medicine and dentistry pay even more—$10,483, $14,355 and $17,087 respectively.\textsuperscript{48} Conversely, the maximum OSAP package—$9,350—has not increased since the same year. In fact, due to inflation, the maximum aid is actually worth less now than the early nineties. Clearly, deregulation in Ontario has severely undermined the effectiveness of the OSAP system in meeting student needs.

The difficulty in maintaining a sound financial aid system in the context of deregulated fees is evocatively demonstrated by the American example. At private institutions with deregulated fees, student loan default rates are a staggering 45.5 per cent, as compared to 29.6 per cent for public institutions with much lower fees.\textsuperscript{49}

The time has come to end the debate over tuition deregulation. To enhance the accessibility and affordability of the university system, the provincial government must aggressively re-regulate tuition in currently deregulated programs and adjust the fees in compliance with the 30 per cent maximum student contribution cap. Further, all tuition in regulated programs must remain under government control. These provisions are absolutely essential to creating and maintaining a regime of responsible cost sharing.

\textbf{conclusion}

Ontario’s universities are at a turning point.

Bob Rae’s greatest service to the people of Ontario may well have been his recognition of this simple fact. As a province, we can choose to recognize the vital importance universities play in the social and economic vitality of Ontario, or we can continue to allow them to decline. Indeed, if we choose the latter, “we risk romancing mediocrity”.\textsuperscript{50}

Rae’s report is an excellent first step in fixing Ontario’s university system. With unique insight, it lays out the challenges facing higher education, and provides bold solutions to create a university system which works for all Ontarians. He and his Advisory Panel are to be commended for their vision and willingness to listen to all stakeholders.

Now the task of remaking the university system falls to the provincial government. It is their Herculean task to sift through the Rae report, making the necessary commitments to the positive recommendations and discarding those not in the best interest of students. As with many public policy challenges, the government must also be prepared to make an adequate investment in the long term health of higher education in Ontario.

It is OUSA’s sincere hope this document has provided insight into how the recommendations of \textit{Ontario: A Leader in Learning} should be implemented to ensure a student-friendly result. We remain committed to working with the provincial government to create a higher education system of which we can all be proud.

\textsuperscript{46} Statistics Canada. “University Tuition Fees.” The Daily August 12, 2003
http://www.statcan.ca/Daily/English/030812/d030812a.htm

\textsuperscript{47} Based on Council of Ontario Universities Survey of Fees 2003.


\textsuperscript{50} Rae, 8.