

May 12, 2023

Dr. Alan Harrison
Blue Ribbon Panel on Financial Sustainability in the Post-Secondary Education Sector
315 Front Street, 17th floor
Toronto, ON
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CC:

Doug Brewer, Chief of Staff, Minister's Office
Deputy Minister Shannon Fuller, Ministry of Colleges and Universities
Paddy Buckley, Executive Lead, Blue Ribbon Panel, and Laurentian University Secretariat, Ministry of Colleges and Universities

RE: OUSA's Written Submission to the Blue Ribbon Panel

Dear Dr. Harrison,

On behalf of over 160,000 undergraduate, professional, full- and part-time students, please accept this submission to the Blue Ribbon Panel from the Ontario Undergraduate Student Alliance (OUSA). OUSA represents the interests of students at our nine member institutions and advocates for an accessible, affordable, accountable, and high quality post-secondary education in the province.

The post-secondary sector has been experiencing financial strains due to years of cutbacks by the provincial government. Paired with reduced student financial aid, students have been shouldering the cost of funding post-secondary in Ontario leading to a system that is unaffordable, inaccessible, and unsustainable. As a stakeholder that is highly invested in the viability of the sector, we are pleased to respond to the following four questions posed by the Panel in order to inform their recommendations on best practices for financial sustainability and student success to the Ministry of Colleges and Universities.

How could the Ministry of Colleges and Universities' ("the ministry's") funding approach and associated levers (including operating and special purpose grants, student financial assistance, performance-based funding and Strategic Mandate Agreements) best drive institutional excellence?

One approach to reconfigure the Ministry's funding formula would be to rebalance the proportion of funding distributed through performance-based funding and special purposes grants. As it stands, 25% of funding to universities will be contingent on performance-based metrics, up from 1.4%.¹ OUSA is concerned about the weight allocated to this envelope because of its punitive nature towards institutional outcomes. Globally, performance-based funding has not proven to be beneficial for institutions. There are a variety of factors outside of an institution's control that can influence the outcomes being measured wherein institutions are unable to meet their allowable performance targets. If institutions fail to meet their target, they only receive the proportion of funding equivalent to the success rate in said metric (e.g. if they reach 80% of their target, they receive 80% of their funding).² This undermines the institution's full funding

¹ Ministry of Colleges and Universities, "College and university Strategic Mandate Agreements," *Government of Ontario*, November 22, 2022, <https://www.ontario.ca/page/all-college-and-university-strategic-mandate-agreements#performance-metrics>

² Ministry of Training, Colleges and Universities, "Ontario's Postsecondary Education System Performance/Outcomes Based Funding – Technical Manual," Version 1.0, *Government of Ontario*, September 2019, https://www.uwindsor.ca/strategic-mandate-agreement/sites/uwindsor.ca/strategic-mandate-agreement/files/performance_outcomes-based_funding_technical_manual_-_v1.0_-_final_september_419_en_o.pdf

capacity and thus, their ability to carry out various services and operations. OUSA is also concerned about the implications of performance-based funding on equitable access to higher education. Studies from the United States where performance-based funding is active have suggested that institutions can be more selective about who they admit in order to guarantee a higher graduation rate that would help them achieve their targets.³ Access to post-secondary is already strained for students from marginalized backgrounds, and a system that is designed to continuously exclude them will only perpetuate low rates of educational attainment and thus, cycles of poverty. **OUSA would like to see this funding model rebalanced so that the special purposes grants carry an increased proportion towards institutional funding over performance-based metrics.** Special purposes grants are intended to address an institution's system priorities, making it a useful mechanism for differentiation. Many of the projects and initiatives funded by special purposes grants support students and their services in-study, particularly those from underrepresented groups such as Indigenous, disabled, and Francophone students.⁴ Currently, 7% of institutional funding is being allocated towards these grants.⁵ Given that this funding envelope allows institutions to better enhance the student experience in a way that is tailored to the needs of their campus, we feel that the funding formula should reduce the proportion allocated to performance-based measures and increase it within special purposes grants. With this restructuring, the province would not have to increase the amount of funding they have set aside per institution since it is simply being pulled from one envelope towards another.

Additionally, OUSA would also like to see increased operating grants through a fairer cost-sharing model, whereby students are contributing no more than a third towards institutional operating budgets. As seen in the graph, provincial contributions to operating revenue

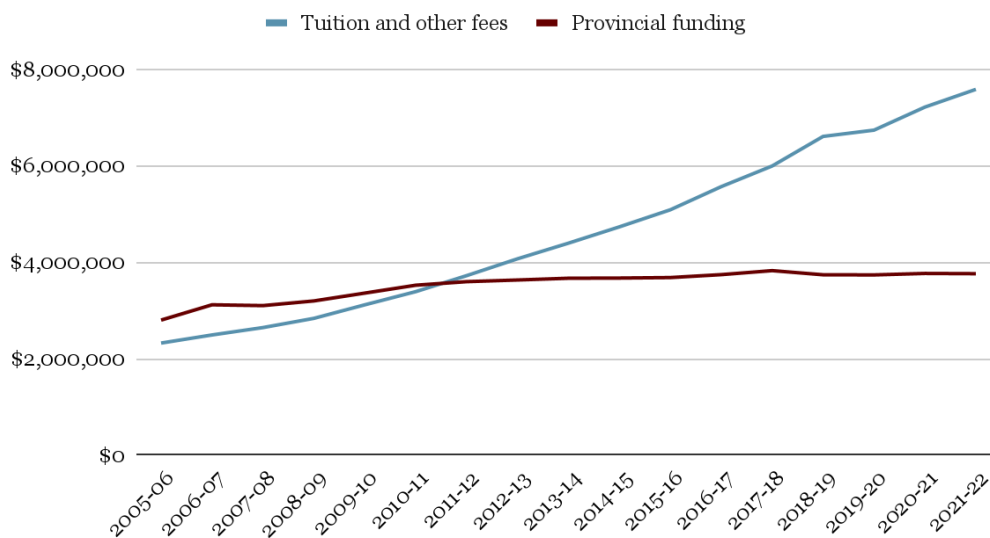
have remained stagnant for several years, while student contributions through tuition and other fees have surpassed

government grants for just over a decade.⁶

As of the 2021-22 year, student dollars comprised 65% of operating revenue while government funding comprised 32%.⁷

The continuation of this trend will download the costs of funding post-secondary

Institutional Operating Revenue by Source (x \$1,000)



³ Justin C. Ortagus, Robert Kelchen, Kelly Rosinger, and Nicholas Voorhees, "Performance-based Funding in American Higher Education: A Systemic Synthesis of the Intended and Unintended Consequences," *Educational Evaluation and Policy Analysis* 42, no.4 (2020): 520-550, doi: 10.3102/0162373720953128

⁴ Ministry of Training, Colleges and Universities, "Ontario's Postsecondary Education System Performance/Outcomes Based Funding – Technical Manual," Version 1.0, *Government of Ontario*, September 2019, https://www.uwindsor.ca/strategic-mandate-agreement/sites/uwindsor.ca/strategic-mandate-agreement/files/performance_outcomes-based_funding_technical_manual_-_v1.0_-_final_september_419_en_o.pdf

⁵ Ibid.

⁶ The Council of Finance Officers, "Table 3: Operating Revenue - General Expendable Funds by Source of Fund, 2000-01 - 2021-22," *Council of Ontario Universities*, <https://ontariosuniversities.ca/resources/data/multi-year-data/funding>

⁷ Ibid.

education onto students, making it more unaffordable and inaccessible. Increased operating grants would relieve the pressure on students as well as on performance-based funding metrics, allowing institutions to operate with more capacity and help drive institutional excellence.

The focus on supporting labour market demands, while important, undervalues most disciplines and makes the transition to the workforce difficult for graduates. The government has already made many investments within the healthcare, automotive, and veterinary medicine industries. **We would like to see pre-existing funding levers, such as the Career Ready Fund and the Co-operative Education Tax Credit, be optimized to provide students from all programs with experiential learning opportunities**, which would still include those in high-demand fields. The Career Ready Fund should be revitalized to its original setup by providing funding to increase work-integrated learning in disciplines where such opportunities are currently lacking (as opposed to the current Auto Stream), and more funding should be invested in the Co-operative Education Tax Credit so that employers are able to claim up to 30% of a students' average salary. This provides an avenue for students from all disciplines to earn extra income to help pay for their education, as well as improve their employability for post-graduation outcomes.

What are the criteria and objectives for a long-term tuition fee framework (TFF)? How can a TFF balance student and institutional needs? What other measures, outside of tuition, could be used to address costs, affordability and access for students?

Since 2019, the Ontario government has frozen domestic tuition for post-secondary students. As a measure to make education more affordable for students, this is a move that has been welcomed by OUSA. However, the tuition freeze has disproportionately impacted international students as institutions rely on the unregulated nature of their fees to supplement lost revenue from domestic tuition. **We have, and will continue to recommend that freezing domestic tuition should occur in tandem with increased operating grants and student financial aid.**⁸ This is the most ideal way for the TFF to balance student and institutional needs, as all students get access to a more affordable education without jeopardizing institutional revenue. This would be especially beneficial for international students; in the 2022-23 academic year alone, international tuition increased 8.4% from the year prior.⁹ Since 2015-16, international tuition has risen 6.4% or just over \$17,500.¹⁰ This is an astronomical increase in 7 years and unfairly burdens international students with financing the post-secondary sector. International students have financial concerns of their own - in OUSA's 2020 student survey, 56% of international students expressed that they were struggling to pay for their education.¹¹ To continue establishing Ontario as a top destination for international education, it is important that our government make education accessible and affordable for these students and thus, better encourage and facilitate their retention post-graduation. Specifically, **the Ministry of Colleges and Universities should regulate international tuition at a maximum of 5% per year for incoming students and a maximum of 3% per year for in-cohort increases.**

Student financial aid is another incredibly important measure that will support student access and affordability. While tuition has been frozen, continuous cuts to OSAP have been counterproductive in providing any direct financial relief to students. In the 2019 budget, the provincial government cut \$700

⁸ OUSA's responses to domestic tuition freeze announcements: [2023](#), [2022](#), [2021](#), [2019](#)

⁹ Statistics Canada, "Table 37-10-0045-01 Canadian and international tuition fees by level of study (current dollars)," *Government of Canada*, September 7, 2022, <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3710004501>

¹⁰ Ibid.

¹¹ Britney De Costa and Malika Dhanani, *Affordability: Results from the 2020 Ontario Undergraduate Student Survey*, Research Report (Toronto: Ontario Undergraduate Student Alliance, 2021),

https://assets.nationbuilder.com/ousa/pages/2129/attachments/original/1643742275/OUSA_Affordability_2020_Results_from_Ontario_Undergraduate_Student_Survey_document.pdf?1643742275

million from OSAP funding, and has continued to underspend in the program since then.¹² One student in our 2020 survey stated, “Between first and second year my OSAP got cut in half but tuition only dropped by \$1000ish [sic].”¹³ Notably, when the federal government announced a doubling of the Canada Student Grants in 2020 as a part of COVID-relief efforts, the province clawed back \$400 million as a cost-savings mechanism to reduce their own contributions to OSAP.¹⁴ Reinvesting this money back into OSAP and spending the full amount budgeted every year will greatly support the affordability of post-secondary education for students. **To ensure total spending of budgeted OSAP, the disbursement structure of OSAP should be modified so that low- and middle-income students receive only grants, while high-income students receive a mix of mostly grants and some loans.** During the 2017 OSAP transformation, where low-income students’ cost of education was covered by OSAP through grants, the government saw a 20%, 35%, and 32% increase in applications from low-income, Indigenous, and mature students, respectively.¹⁵ This is indicative of the ways in which the grants to loans ratio plays a key role in access to higher education for students, particularly those from underrepresented groups. However when this ratio was altered as a part of the 2019 OSAP changes, students were left with limited access to financial aid; about 24,000 less students received OSAP in 2019-20 and another 7,000 students less the year after.¹⁶ Students have deeply felt the impact of these cuts, with one respondent from our 2022 student survey stating “[The] cost of food, fuel, rent, materials has gone up but OSAP has not so I have to work much more to be able to make enough money to live.”¹⁷ Another student noted “OSAP realistically doesn't give that much money and it's all a student loan for me. So I already have \$12,000 in debt and I'm only in 3rd year. Also OSAP funding doesn't cover that much - I get around 4k and I have to pay AT LEAST 8k per year for tuition not to mention all these other expenses.”¹⁸ Therefore, a tuition freeze without increased student financial aid does very little to make education more affordable for students, especially when that financial aid must be repaid with interest. Spending the whole amount budgeted per year towards student financial assistance would equip the government to allocate more funding towards grants over loans. As another way to modify OSAP that would address affordability for students, **OUSA recommends that interest be removed from the provincial portion of students’ OSAP funding.** In 2019, British Columbia eliminated interest on their student loans which has since saved students \$40 million.¹⁹ This is money that students can spend in other areas of the economy, further contributing to the growth of local communities. It is also a tangible, direct action that addresses students’ affordability concerns. Given that the Government of Canada recently eliminated interest on federal student loans, this provides an opportune time for the province to follow suit and further alleviate the financial pressures students are under. Should the TFF anticipate a return to annual domestic tuition increases under regulated caps, student financial aid will be crucial to reduce the affordability gap that exists between the total cost of education and student financial aid.

What changes to the funding approach could support greater sustainability for northern institutions and students, as well as support specialized institutional excellence amongst northern institutions? In addition to funding considerations, are there innovative delivery/institutional models that should be considered?

¹² Victor Fedeli, *Protecting What Matters Most*, Government of Ontario (Queen’s Printer for Ontario: Ontario), 2019, <https://budget.ontario.ca/pdf/2019/2019-ontario-budget-en.pdf>

¹³ Unpublished student quote gathered from OUSA’s 2020 Ontario Undergraduate Student Survey.

¹⁴ Peter Bethlenfalvy, *Ontario’s Action Plan: Protecting People’s Health and Our Economy*, Government of Ontario (Queen’s Printer for Ontario: Ontario), 2021, p. 174, <https://budget.ontario.ca/2021/pdf/2021-ontario-budget-en.pdf>

¹⁵ Ministry of Advanced Education and Skills Development, “OSAP Transformation: Student Support Service Providers,” *Government of Ontario*, February 2018

¹⁶ Information provided through a data request to the Ministry of Colleges and Universities.

¹⁷ Unpublished student quote gathered from OUSA’s 2022 Ontario Undergraduate Student Survey.

¹⁸ Ibid.

¹⁹ Post-Secondary Education and Future Skills, “B.C. increases student financial aid, eases repayment,” *Government of British Columbia*, April 11, 2023, <https://news.gov.bc.ca/releases/2023PSFS0023-000475>

OUSA believes that expanding access to education through remote and distance learning options will support greater sustainability for northern institutions and students as well as drive their institutional excellence. The remoteness of northern institutions makes it difficult for students to relocate given the scarceness of diverse resources and communities. Transportation to these regions is also a barrier - over the past few years, many bus and train lines that connected northern Ontario to southern regions have been reduced or eliminated leaving commuters to rely mostly on cars for efficient transit, which is an unaffordable option for students.²⁰

These obstacles should not pose any accessibility barriers and/or disincentivize students who wish to study at a northern institution, especially if they offer unique programming not available elsewhere. For example, before staffing and program cuts downsized many of their offerings, Laurentian University was the only school in Canada to offer a bilingual midwifery program, which has yet to be relocated in the North.²¹ A way to mitigate these barriers would be through broadening distance learning options available to students. **We recommend that the province continue funding Contact North and eCampus Ontario to support greater online and remote access to courses for students attending northern postsecondary institutions.** This would allow students to remain in the region of their choice while still having access to their desired program. As such, more students would be inclined to enroll at northern institutions thereby generating increased revenue for these universities. It would also promote and value differentiation across northern institutions to offer specialized programming since students would have easier access to their education. The rapid transition to remote learning at the onset of the COVID-19 pandemic demonstrates that with adequate funding and support, institutions have the capacity to deliver post-secondary education in a manner that is more accessible to students, making this delivery model beneficial for both students and institutions.

What is the role of international students within a sustainable and thriving postsecondary sector? Consideration should be given to the overall quality of the student experience including housing, as well as an assessment of the benefits, risks and opportunities for institutions and the province.

The recruitment and retention of international students in Ontario is critical. The talent, skills, and life experiences that they bring diversifies local communities and enriches the cultural fabric of society. Additionally, international students contribute greatly to the economy during their studies - in 2018, they spent about \$12.3 billion and contributed \$3.7 billion in tax revenue.²² As such, a well-rounded and supportive education will motivate their desire to apply for permanent residency and settle in the province post-graduation. One of the ways to facilitate this is through providing international students with sufficient Canadian work experience to improve their employability within the labour market. OUSA's 2020 student survey found that among international students who planned to return to their home country after graduating, about 29% cited a lack of career opportunities as the main reason for doing so.²³ A Statistics Canada study found that Canadian work experience was a key predictor of international students' post-

²⁰ Sean Marshall, "Planes, trains, and automobiles (sort of): Getting to and around northern Ontario without a car," *TVO Today*, September 10, 2019, <https://www.tvo.org/article/planes-trains-and-automobiles-sort-of-getting-to-and-around-northern-ontario-without-a-car>

²¹ Kristin Rushowy, "Bilingual midwifery program, axed by Laurentian University, will be saved, province says," *The Toronto Star*, April 30, 2021, <https://www.thestar.com/politics/provincial/2021/04/30/midwifery-program-axed-by-laurentian-will-be-saved-province-says.htm>

²² Canmac Economics Limited, "Economic Impact Of International Education In Canada - 2020 Update Final Report," *International Affairs Canada*, August 2020, https://www.international.gc.ca/education/assets/pdfs/economic_impact_international_education_canada_2017_2018.pdf

²³ Britney De Costa, Malika Dhanani, and Shemar Hackett, *Quality: Results from the 2020 Ontario Undergraduate Student Survey*, Research Report (Toronto: Ontario Undergraduate Student Alliance, 2022), https://assets.nationbuilder.com/ousa/pages/2146/attachments/original/1649092001/2022-02_-_Quality_OUSS_2022_document.pdf?1649092001

graduation earnings, which in turn, is a predictor for permanent residency applications.²⁴ Consequently, the role of international students in a sustainable and thriving post-secondary sector is that of gaining relevant work experience in order to gain more prospective employment outcomes. OUSA believes this can occur in various ways, one of which would be **policy changes to pre-existing programs such as adding international students as an Express Entry stream through the Ontario Immigrant Nominee Program, and providing employers with tax credits to help them sponsor graduates through said program.** Enhancing their access to work experience and making the process more equitable with their domestic counterparts can ease their concerns about attaining a job post-graduation. This also provides a readily available stream of income for international students who, as previously mentioned, have substantially higher tuition rates to pay. The Canadian Bureau for International Education found that about 33% of international students pay for their education through off-campus work income;²⁵ finding ways to support this source of funding is a critical step to easing international students' affordability concerns.

The experience of international students is affected by various facets of post-secondary and there are other measures to be taken in order to help them fulfill their role within the sector. Firstly and as stated before, affordability poses a huge concern for international students due to high tuition fees. In line with our recommendation to regulate international tuition, **we would also like to see increased financial aid for international students through a tuition set-aside policy** (similar to that of the domestic tuition policy). International students are worried about post-secondary affordability like their domestic counterparts but have higher tuition to pay and limited financial aid. Secondly, international students could benefit from improved orientation and settlement services as they transition to post-secondary in Ontario. Our 2020 student survey found that among international students who attended their orientation, one in four did not find it useful.²⁶ Research also shows that an increased motivation to acculturate is linked with international students' intentions to apply for permanent residency. In particular, a student's perception of their university and their associated attachment to it are predictive of their drive to acculturate; as such, the resources provided by an institution to support international students are crucial to establish a good relationship with university culture and adjustment.²⁷ Thirdly, healthcare services, including mental health care, are vital to sustain international students as they adjust to a new social, cultural, and academic environment. Access to healthcare for international students, while available through the University Health Insurance Plan, can often present obstacles if providers do not recognize the plan as valid insurance when charging students. Further, international students face unique challenges in adjusting to university (via settlement processes, linguistic barriers, culture shock, academic difficulties, etc), but do not receive adequate mental health care to address these challenges. A lack of comprehensive resources that sustain the livelihood of international students is necessary to demonstrate our province's support for their wellbeing. All that said, these three areas of post-secondary warrant attention to collectively improve international students' educational experience, and thus, encourage their retention in Ontario to enrich our institutions, communities, and workforce.

Sincerely,

The Ontario Undergraduate Student Alliance

²⁴ Eden Crossman and Feng Hou, "International students as a source of labour supply: Pre-immigration study in Canada and post-immigration earnings," *Statistics Canada (Government of Canada)*, February 23, 2022, <https://www150.statcan.gc.ca/n1/pub/36-28-0001/2022002/article/00004-eng.htm>; Youjin Choi, Eden Crossman, and Feng Hou, "International students as a source of labour supply: Transition to permanent residency," *Statistics Canada (Government of Canada)*, June 23, 2021, <https://www150.statcan.gc.ca/n1/pub/36-28-0001/2021006/article/00002-eng.htm>

²⁵ Canadian Bureau for International Education, "The Student Voice: National Results of the 2021 CBIE International Student Survey," *Canadian Bureau for International Education*, n.d.

²⁶ De Costa, Dhanani, and Hackett, *Quality: Results from the 2020 Ontario Undergraduate Student Survey*

²⁷ Stella Dentakos et al., "Acculturation Motivation in International Student Adjustment and Permanent Residency Intentions: A Mixed-Methods Approach," *Emerging Adulthood* 5, no.1 (2017): 27-41, doi: 10.1177/2167696816643628.