

INTRODUCTION

AIM OF THIS STUDY

This book is a public policy analysis of undergraduate education in Ontario.

We argue that there is now sufficient evidence about worrisome trends in the quality of learning and in the cost-effectiveness of the undergraduate teaching model in Ontario to warrant substantial reform. We believe that change in government policy is a necessary condition for such reform, and we provide policy options for consideration by those responsible for higher education policy in Ontario.

Our study is intended to be useful to policy-makers. We hope it will also be of interest to readers within and outside the academy who care about the quality and cost-effectiveness of undergraduate education. Because many of the province's higher education challenges are shared by other jurisdictions in North America and other countries in the Organisation for Economic Co-operation and Development (OECD), much of our analysis should also be relevant to higher education policy outside Ontario.

Many in the academy believe that government should have little or no role in determining how best to educate undergraduates and that government is most effective when it provides predictable multi-year funding for institutions with little or no regulation. We understand this view and recognize that poorly designed and poorly executed funding and regulatory interventions by government can cause more harm than good, particularly in institutions with long-established conventions typical of traditional universities.

But there are growing calls for reform from outside and inside the academy. The nature of the problems and the current design of the

2 Introduction

post-secondary education system in Ontario mean that only government can provide the framework for reform.

OUR ARGUMENT

The argument we will put forward may be summarized as follows:

- By several measures, Ontario currently has a good higher education system.
- It depends on a binary model, increasingly rare in the world, with quite separate components: the universities and the Colleges of Applied Arts and Technology (CAATs).
- Its largest component, the university sector, is entirely characterized by the highest cost model for undergraduate education, the research university model.
- Monies ostensibly intended to support undergraduate education are used to subsidize the research enterprise.
- Ontario universities do not spend much effort evaluating the actual learning of undergraduates, but we do know that the university model used in Ontario is one that does not maximize the factors that lead to the best learning outcomes for students.
- The costs of the core activities of universities have been increasing at a rate substantially faster than the Consumer Price Index (CPI), but government grants per student are not increasing at the same pace. In addition to increasing tuition, universities are forced to cope by using more and more part-time staff and further increasing class sizes. Even so, many universities are now operating in deficit positions.
- The fiscal situation of Ontario combined with other demands on the treasury will sharply constrain additional public money available to higher education in the province.
- Enrolment growth of between 50,000 and 104,000 baccalaureate spaces will have to be accommodated in the next 14 years, mostly in the Greater Toronto Area (GTA).
- Increases in government grants and tuition are unlikely to be adequate to enable institutions operating on the research university model to cope with increasing enrolment numbers while also maintaining and improving the quality of undergraduate instruction.
- The existing GTA universities are unlikely to be able to expand sufficiently to accommodate the influx of students. Some GTA students will choose non-GTA universities, but many will not, for financial or other reasons.
- To deal with the situation, we need new-to-Ontario types of institutions, new-to-Ontario ways of accommodating undergraduate

students in existing institutions, and new-to-Ontario ways of evaluating how those students are doing.

- The new institutions should be devoted to undergraduate instruction and to research on ways to improve this instruction.
- The existing institutions on both sides of the binary divide must cooperate better and develop new pathways and credentials to allow students to move between them.
- There are well-functioning examples of everything we recommend in other good higher education systems in societies like ours. We draw our recommendations from them.
- Our approach, which outlines the shape of new institutions and pathways and suggests how to improve undergraduate education in existing institutions, is affordable and will not harm the solid research capacity built up in Ontario universities.
- These reforms must be led by clear and consistent actions by the government of Ontario in concert with the current institutions of higher education in the province.

OUTLINE

Chapter 1 sets out the case for reform in Ontario's post-secondary system to increase the quality and cost-effectiveness of undergraduate education. We describe why this should be viewed as a policy problem—requiring comprehensive action by the government—and not just a pedagogical challenge to be addressed within the academy. We summarize Ontario's higher education record to date and suggest that the many accomplishments can lead to complacency about the underlying trends in costs and teaching effort. We review the long-standing criticisms of the incentives in Canadian and American universities that divert faculty effort from teaching and that may have diminished the quality of undergraduate education. Recent research, such as that described by Arum and Roksa (2011), suggests that many students in American universities show little improvement in critical thinking, complex reasoning, or writing skills during their undergraduate years and put less effort into their studies than their predecessors. There is no reason to think that this is not also the case in Canada (Coates and Morrison, 2011).

We then examine the trends in the cost-effectiveness of Ontario undergraduate teaching, which is based on a 40-40-20 allocation of faculty effort among teaching, research, and service. Contrary to common assumption, there is no correlation one way or the other between teaching effectiveness and research productivity. This means that it should be possible to develop teaching-focused institutions that could simultaneously provide higher-quality and more cost-effective undergraduate education.

Next we review the fiscal prospects for the province. Ontario, as almost all governments in the developed world, will have to place a higher priority on improving the cost-effectiveness of public expenditures. We review the public management principles developed by international bodies such as the International Monetary Fund (IMF) and the OECD to cope with tightened fiscal conditions and identify those that are most applicable to the higher education sector. We then examine the challenge of university quality and cost-effectiveness in the context of the more general principles of public management and conclude that, for Ontario undergraduate education, the five most important principles are: a) focusing on core functions, b) specialization and differentiation, c) market-sensitive compensation, d) performance measurement and management, and e) transparency and public accountability.

All this leads to the conclusion that the principal objective of reform should be *to increase the time that most faculty members devote to undergraduate education and to increase the proportion of students and government resources going to institutions that focus on undergraduate education, without diminishing Ontario's ability to attract and retain the highest-performing university researchers.*

We conclude the first chapter with a summary of our analytic approach in this study. We will make realistic assumptions about individual and institutional behaviour. We will build our options on policy opportunities—by learning from the experience of other jurisdictions, by separating the funding of teaching and research, by taking advantage of the new resources already committed for enrolment growth, and by benefitting from the dedication of university educators to improve the core functions of Ontario higher education. We will be forthright about the complexity of the task, the absence of magic bullets, the measurement challenges, and the costs and disruptions associated with reform. We hope we can recognize political challenges on the path of academic reform and propose a flexible and experimental approach to policy change. Finally, we will stay focused on the central reform objective noted above.

The next two chapters examine reform ideas and experiences from a variety of sources. Chapter 2 reviews ideas from studies by international bodies, government agencies, and independent research institutes as well as advice from higher education associations. Chapter 3 examines a number of interrelated instruments for improving the quality and cost-effectiveness of undergraduate education in Ontario—teaching improvement and assessment, academic standards and quality assurance, assessment of outcomes, performance measurement and public reporting, and performance funding and accountability agreements—and draws lessons from best practices in Ontario and other jurisdictions. We develop policy options for Ontario under each of these instruments.

Chapter 4 deals with the need for a plan. Ontario has been exceptionally reticent—relative to almost all other jurisdictions—to undertake

substantive reforms in its higher education system since the major design initiatives of the 1960s. We describe the twin goals of higher education planning—access and quality—and the relationship between them. We examine projections for the demand for university spaces in the various regions of the province and analyze the available supply of spaces. We then look at the demand for and supply of spaces in graduate and professional programs as well as the pathways among various components of the post-secondary education system. We review the challenges of securing sustainable funding for both access and quality, and then advance options for improving the pathways for students to move among various parts of the higher education system.

Chapter 5 develops a model for undergraduate teaching-oriented universities in Ontario. We compare the financial and academic characteristics of the new institutions with the status quo strategy of expanding existing universities and building satellite campuses. We show that new institutions could be designed to provide substantially more undergraduate education per grant and tuition dollar than traditional universities.

In Chapter 6, we examine the funding—by students and government—of Ontario universities and analyze approaches that would improve the quality and cost-effectiveness of undergraduate education. We propose options with regard to tuition policy, the funding of teaching, the funding of research, and performance funding.

Every jurisdiction in the developed world faces affordability, accessibility, and quality challenges in post-secondary education. In Chapter 7, we review the post-secondary education systems and recent reforms in jurisdictions that we believe are most relevant to Ontario to draw lessons about the options outlined in chapters 3, 4, 5, and 6.

In our final chapter, we summarize the options and the nature of the strategic choices facing a government interested in improving the quality and cost-effectiveness of undergraduate education in Ontario.

CONVENTIONS AND SOURCES

Studies of higher education cannot avoid acronyms. We spell out terms that are used only a few times, but we cannot avoid acronyms entirely. All acronyms can be found in the Glossary of Acronyms and Terms.

All currencies used are home currencies. For much of the period of review, Canadian, US, and Australian dollars were close to the same value. Over the last decade, the British pound ranged from 1.5 to 2.5 Canadian dollars and the euro from 1.3 to 1.7 Canadian dollars.

We hope colleagues in other universities will forgive the extensive use of University of Toronto examples where we document internal processes. We have done this because one of us is familiar with the processes, being

subject to them, and because the University of Toronto is good at providing publicly accessible records of such processes.

We have drawn extensively on the scholarly literature, but where possible, we use sources that have public Web links so that readers without university library privileges can access the sourced material with ease.