Ontario Reticence in Higher Education

Is it time to contemplate major system reform?

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Ontario exceptionalism

Ontario was once at the leading edge of change in higher education policy. But over the last several decades – as the postsecondary systems in England, Australia, many American states, Germany, Scandinavia and some Canadian provinces have been dramatically overhauled – the basic structure of Ontario’s university and college system has stayed the same.

In this essay we look at what other governments have been doing to re-design their postsecondary education systems and then raise some of the pros and cons of undertaking major reform of the Ontario’s higher education system. We build on the findings of recent research sponsored by the Higher Education Quality Council of Ontario and published as Academic Transformation: The Forces Reshaping Higher Education in Ontario.2

In 1964 William G. Davis (BA, U of T, 1951) was anything but reticent about higher education planning. He had been Minister of Education for two years when he was given the additional responsibility of Minister of University Affairs. Mr. Davis and his colleagues in the government of Premier John Robarts led reforms in the primary and secondary school systems and introduced substantial changes to postsecondary education, establishing new universities (Brock, Guelph and Trent) and a whole system of new colleges of applied arts and technology.

The design of the system introduced in the 1960s remains almost unchanged today.

Since the 1960s the nature of university education in all advanced countries has been transformed, primarily as a result of two forces: the transition from “elite” to “mass” higher education (from educating 5 per cent of the population aged 18-24 to educating 50 per cent of them); and the increased expectation by governments that universities will engage in research that will enhance the jurisdiction’s global competitiveness. This transformation places ever-
growing demands on public finances, and has led most governments to introduce system reforms to improve the cost-effectiveness of higher education teaching and research and often to inject more private money – primarily through higher tuition fees – into their systems.

Calls for reform to produce more cost-effective undergraduate education have been re-enforced by the profound change that the recent financial crisis has imposed on the fiscal environment in most countries for the indefinite future. Although Canada is in better fiscal shape than many others in the G-20, the coming budget pressures facing most Canadian governments could be as severe as those of the early 1990s – an era of wage freezes, program wind-ups and transfer payment reductions – and these fiscal hard times could last for years to come.3

Reforms in other jurisdictions

In almost all OECD countries, governments have been re-assessing the public purpose of higher education and how to adapt public policy so that universities and colleges can meet collective goals within the level of funding available. The solutions they are adopting are specific to the circumstances of each country, and many would not be right for Ontario. Yet we are struck by the willingness of governments in other countries to reform policies from earlier decades so as to meet the needs of a near-universal system of higher education.

For example, the start of 2011 finds higher education in England facing major changes for the second time in five years. The first set of changes came with the very large increase in tuition fees (now called “graduation fees”), capped at a maximum of £3,250 under Tony Blair’s Labour government. The second set, this time under the Cameron coalition government, was recommended by a review panel initiated by the preceding Labour government and led by former BP CEO, Lord Browne of Madingsley:

seeks to replace one model of higher education, a statist model, with an alternative one, that of a self-regulated market in which the students rather than the state provide the dynamic that powers the higher education system ... The central insight ... is that it is not possible to have a system of world class universities unless the role of the state is drastically reduced and the principle of parity of esteem abandoned. Browne’s leitmotif is diversity.4

These reforms – specific to only England, not the United Kingdom –were outlined in a speech to the House of Commons by the Universities and Science Minister, David Willetts, on November

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3, 2010. They attempt to achieve diversity of mission between those institutions devoted largely to teaching and those with a predominately research presence. This is to be accompanied by improved access for students from lower income backgrounds, improved efficiency, higher quality and, not least, a sharp reduction in direct government funding. The driving force is to be “student choices” as students respond to a doubling of tuition fees, accompanied by a major increase in loan-based student support that will make the cost of education “free” at the point of entry. At the same time, the government will reduce the portion of its funding that covers “teaching and learning” by two-thirds, or £4.3 billion. According to Lord Browne this will: “put students at the heart of the system. Popular [higher education institutions] will be able to expand to meet student demand. Student…choices will shape the landscape of higher education.”

Tuition will be allowed to rise to between £6,000 (with institutions keeping all of the revenue) to £9,000, subject to a steep reduction rate for the institutions with the “tax-back” going to national scholarships for low income students or other outreach programs. Those universities charging higher fees will also be subject to more stringent requirements to demonstrate instructional quality and employment outcomes for graduates.

The increased tuition will be offset by universal availability of a non-income tested loan to cover fees up to £6,000 and living expenses up to £3,750 and, for lower income students, by a grant of up to £3,250. Loans will bear no interest above inflation until after graduation when they will begin to bear interest at 2.2 per cent above CPI. Repayment will begin at £21,000 of annual income with the payments ramping up gradually to reach a maximum of 9 per cent of income at £60,000. Unlike the current system, part-time students will be eligible for support.

Grants will be available to institutions only for programs with higher instructional costs which are also deemed desirable by the government for social or economic reasons. Bench science, engineering, clinical medicine and teacher training are cited as examples. Universities will sign contracts setting out their general approach and areas of specialization with the Higher Education Funding Council of England. If all of Browne’s recommendations are followed this council would absorb the quality control and accessibility functions now performed by nominally separate agencies and be renamed the Higher Education Council. Research funding and graduate studies were not covered in Mr. Willetts’ statement or the Browne review nor was a final decision about the Higher Education Council outlined by Mr. Willetts. The changes will be implemented over a two-year period but significant reductions in funding will occur starting in 2011.

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5 The ministerial statement is summarized in “Progressive plans for higher education”, UK Department of Business Innovation and Skills, November 3, 2010. The government accepted almost all of Lord Browne’s report Securing a Sustainable Future for Higher Education, which is available at www.independent.gov.uk/browne-report.

6 Browne 2010, p.4.
Not surprisingly, the changes are highly controversial. There have been major demonstrations by students over the tuition increases and cuts to funding for Arts, Humanities and Social Sciences. Vice Chancellors (England’s equivalent to North American university presidents) may appreciate the larger and largely unregulated tuition fees but are certainly unhappy with government grant cuts and the apparent devaluing of many disciplines. Others are displeased that the level of bureaucratic oversight, which many think is already excessive, will not only remain in place but, under the new Higher Education Council, may well increase. Still, for better or worse, the UK government has defined a set of problems with English higher education and has not hesitated to put in place a set of major reforms.

Australia has taken a different tack. Unlike England and most other OECD countries, public expenditure reduction is not one of the objectives of Australian reforms. In its 2009 Budget, the government of Australia declared:

The Government is proposing a landmark reform agenda for higher education and research that will transform the scale, potential and quality of the nation’s universities and open the doors of higher education to a new generation of Australians.

The changes announced in the 2009 Budget will be rolled out over the next four years. As in England, they were foreshadowed by a major “Review of Australian Higher Education.” However, unlike England where the review was led by a denizen of the private sector, the Australian review was led by Professor Denise Bradley, former Vice Chancellor of the University of South Australia. The Commonwealth government in Australia has effectively taken over almost all responsibility for higher education, even though the Australian constitution defines it as an area of state jurisdiction. Over the next five years, the Commonwealth government will increase funding by AUS$5 billion and has committed itself to no net increases in tuition fees during that period. A generous, income contingent repayment loan scheme is already in place and will be maintained with some improvements for lower income students.

The ostensible purpose of reform is two-fold: to increase levels of participation by removing any supply constraint on the availability of instruction, and to create a system in which students will drive quality by choosing programs most likely to suit their needs, which is commonly assumed to secure respectable employment after graduation.

An assumed corollary of the student choice model in both England and Australia is a need for a stronger degree of quality control and greater availability of information for students. In both countries, enhanced quality control is considered to benefit both students and future employers.

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8 Transforming Australia’s Higher Education System, Commonwealth of Australia, 2009, p. 4
who should be able to have a better idea of the qualifications which graduates will bring to the job. To this end, in Australia a new quality assurance body to be called the Tertiary Education Quality and Standards Agency is to be created. Among other things, this agency will begin to accredit Australian universities which, up to now, have been considered “self-accrediting institutions” – meaning that they alone have had responsibility for accrediting their own programs, subject only to external audit of internal processes by the Australian Universities Quality Agency. The government takes as an article of faith that if an institution is to offer degrees and have the title “university” it must have a strong research presence and must conduct substantial research in any area in which it offers degrees. This would seem to drive the Australian system in a direction away from the type of differentiation which is being espoused in the UK.

There are several other components of the reform including a commitment to fund 50 per cent of the amount of research grants as indirect costs of research, a modest increase in performance funding, and a more rigorous process for reaching contracts between individual institutions and the government.

Compared to England, criticism of the Australian reform package has been relatively muted; funding increases and tuition freezes are an effective balm. But at least two areas of concern have emerged. Not surprisingly, Vice Chancellors have grave reservations about new requirements for outside accreditation of their institutions and have succeeded in delaying the legislation creating the Tertiary Education Quality and Standards Agency until at least the fall of 2011. And some Vice Chancellors have recognized that the requirement for every university to be broadly research intensive will drive up costs and may make the system unaffordable in the long run. Overall, however, it is a substantial reform agenda, one which will see Australian universities undergo major changes over the coming years.

Returning again to Europe, higher education in Germany is also in the midst of change. From the end of the Second World War until the turn of the century the key word in German higher education was “equality.” The German degree structure, consisting of a five year Diploma and a further, usually three year, Doctorat was different from most of the rest of the world. All universities were considered equal, all faculty were on the same pay scale, and a graduate’s Diploma was not specific to or identified with a particular institution. Tuition was free.

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After Germany signed the Bologna Accord in 1999, all of this began to change. In response to concerns that there were no identifiably world-class German universities, Berlin began to fund university-based Centres of Excellence. The degree structure began to change to the Bologna standard. Fachhochschulen (technical universities specializing in instruction in areas such as engineering or business) were nominally made equal to full universities, ostensibly to increase competition within the system. Many states (Länder), which in Germany have the primary administrative responsibility for universities, began to impose tuition fees, now typically around €1,500. More onerous accreditation and quality assurance mechanisms were put in place.

Governments in Germany have not espoused the student-market-driven model applied most clearly in England, Australia and, it could be argued, in all other Anglophone jurisdictions. But the combination of the commitment to create a much more diversified system simultaneously with a fundamental change in degree structure means that German higher education has been subject to more policy changes that almost any other system so it is not surprising that the changes have been controversial. There is much discontent over onerous accreditation procedures. The revised degree structure is moving ahead but the great majority of students are still in the older Diploma structured programs. The objective to be fully Bologna compliant by 2010 was not met. Centres of Excellence are established and research funding is increasingly asymmetrical but it is too soon to say that these changes will place German universities among world research leaders. Students do not like the tuition fees and since the student loan and support system is undeveloped many now face financial hardship. Students in Bologna-structured programs, which often try to compress nearly five years worth of study into three, are overloaded both financially and academically. Fachhochschulen are funded at much lower levels (€4,300 per student place versus €7,400) so the competitive playing field is hardly level and, if the intention is to reward higher teaching loads as generously as research (Fachhochschulen faculty normally teach 18 hours per week versus 6 for university faculty) the financial system is not appropriate.

These are very large changes applied in a society with an egalitarian university culture and deeply conservative institutions. German governments may not yet have achieved all they hoped for with higher education reform but, for better or worse, the system will emerge substantially changed.

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11 The Bologna Accord was signed by 29 European nations in June 1999. It committed them to a common (3-year bachelors’, 2-year masters’) degree structure and was intended to increase the portability of credentials across the European Union. It now has 46 signatories.

12 There are only four German universities listed among the Times Higher Education top 200 and the highest ranked is at number 61. In contrast Canada, with only 40 per cent of Germany’s population has seven in the top 200 and three which rank well above the “best” German entry.

In summary, we can see three different highly developed systems all undertaking major reforms but moving in rather different directions. Two have tied themselves to student-market-driven models but one (England) has sharply cut public funding while allowing very large tuition fee increases and the other (Australia) has promised major increases in government funding but no net increase in tuition fees. All three talk of differentiation among universities but their starting points are very different with one system (Germany) having a long tradition of strict equality among institutions and the other two some tradition of different missions and accomplishments. One (Australia) seems to have adopted some precepts which will make further differentiation at least along lines of research intensivity more difficult to achieve.

It is interesting to observe that, while the political stripe of a government may play some role in the nature of recent reforms, governments of all partisan identifications have felt them important. Perhaps more surprising is just how little reform directions have actually changed when governments have changed. The current British reforms under the Conservative-led coalition have their roots in recommendations from a review started by a Labour government. The Australian reforms were started under the majority Labour administration of Kevin Rudd and have proceeded unchanged under the successor minority Labour government of Julia Gillard (who was Minister of Education in the Rudd government). The German reforms have continued in the same direction through three elections resulting in three different coalitions with two different leaders, one a Christian Democrat and one a Social Democrat.

Jumping across the Atlantic, North America is also grappling with problems in higher education. Books with titles like Our Underachieving Colleges: A Candid Look at How Much Students Learn and Why They Should Be Learning More, Reform and Resistance in the American University, How Colleges are Wasting Our Money and Failing Our Kids and What We Can Do About It, Academically Adrift: Limited Learning on College Campuses, have recommended changes to the research university model. The authors, like those of the earlier studies Reinventing Undergraduate Education: A Blueprint for America’s Research Universities and

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18 Shirley Strum Kenny et al. (1998). Reinventing Undergraduate Education: A Blueprint for America’s Research Universities. (Stony Brook, NY: The Boyer Commission on Educating Undergraduates in the Research University)
No Place to Learn: Why Universities Aren’t Working, argue that undergraduate education is being short-changed by a system where incentives favour research over teaching.

The bleak fiscal situation in most American states, which produced hiring freezes and program closures on many campuses, is leading to more radical reform proposals. For example, the Center for College Affordability and Productivity’s September 2010 policy paper entitled “25 Ways to Reduce the Cost of College” includes proposals to “change academic employment policies,” “increase teaching loads” and “eliminate excessive academic research.”

Closer to home, several Canadian provinces have made or are contemplating substantial changes to the design of their higher education systems, and these initiatives warrant careful study to draw possible lessons for Ontario. For example, the Government of Alberta issued in November 2007 its “Roles and Mandates Policy Framework for Alberta’s Publicly Funded Advanced Education System” that established clear categories of higher education institutions in the province and in 2009 two of its “Baccalaureate and Applied Studies Institutions,” Mount Royal and Grant MacEwan, became universities. In British Columbia, responding to the 2007 review led by former Attorney General, Geoff Plant, the government amended the University Act and associated orders to create a separate governance and funding regime for “special purpose teaching universities” created from existing colleges, university colleges and special purpose institutions. In Nova Scotia the government is considering options in light of the Report on the University System prepared by former bank economist, Tim O’Neill.

Certainly no one reform set outlined here presents a model suitable for direct application to Ontario but each, with further study, may have lessons for us.

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23 These institutions are described on the web site of the new association created to represent their interests, the BC Association of Institutes and Universities, at http://bcaiu.com/. The four longer standing universities in the province have created a separate institution, The Research Universities’ Council of British Columbia, http://www.rucbc.ca/.

Reticence and institutional autonomy

Ontario has been much more reticent than other jurisdictions in proposing design changes to its higher education system. Yet we face many of the same fiscal and economic challenges that others do. Arguably the challenges for Ontario are even greater, because the number of young people wanting to attend university or college in Ontario continues to grow. Within the next decade or so, Ontario will need about 25 per cent more university and college spaces than it has today. That is about 100,000 more spaces for baccalaureate students and 60,000 more spaces for college diploma students.25

It might be argued that Ontario’s reticence reflects an exceptionally high regard by government for the power of each university to determine its own goals and programs and the means by which its goals and programs will be pursued. But history shows that governments over the decades have been ambivalent about university autonomy – respecting it where possible, but challenging it when necessary to meet public goals.26

In a widely-reported public lecture at York University in 1966, Mr. Davis gave the fullest public articulation of the government’s ambivalence about university autonomy. While defending academic freedom and acknowledging the desirability of maintaining a high level of university autonomy, he noted that the obligations of universities to the public extended far beyond simple financial accountability. He raised concerns about universities launching new programs without regard to the availability of funding, universities competing among themselves to attract good students by offering scholarships based on marks, unnecessary duplicating of library resources and graduate programs, and unwillingness to cooperate with the colleges. Diplomatically but unmistakably, Mr. Davis made it clear that public support for universities would hinge on the willingness of universities to recognize and meet their public responsibilities:

… [P]rovided that universities can meet the responsibilities of our times we should undoubtedly be better off if they were allowed to operate with … autonomy. On the other hand, if they cannot or will not accept those responsibilities, and if, for example, large numbers of able students must be turned away because the university is not prepared to accept them, or if, as another example, some of the less glamorous disciplines are ignored despite pressing demands for graduates in those areas, or if costly duplication of effort is

25 Clark, Moran, Skolnik and Trick (2009), chapter 2.

26 University autonomy is different from academic freedom. University autonomy means the right of each university to set its own goals and programs and determine how it will use resources to achieve them. By contrast, academic freedom has been defined as the “freedom of the individual scholar in his/her teaching and research to pursue truth wherever it seems to lead without fear of punishment or termination of employment for having offended some political, religious or scholarly orthodoxy.” See Robert O. Berdahl, “Universities and societies: Mutual obligations,” in David Conklin and Thomas Courchene (eds.), Ontario’s universities: Access, operations and funding (Toronto: Ontario Economic Council. 3-23; quotation at 7).
evident, I cannot imagine that any society will want to stand idly by. For there will inevitably be a demand … that government move in and take over.27

Mr. Davis’s address captured the determination of the provincial government – re-affirmed by subsequent governments – to retain policy tools that would allow them to help meet the public’s goals for the higher education system. The norm has been to exercise these powers in consultation with the universities, whose expertise and advice governments have valued. Governments have rarely involved themselves in how universities should carry out their objectives – lacking the capacity and perhaps the desire to do so – and they have been reluctant to limit universities’ goals or to de-fund specific programs when resources became tight. But the principle of university autonomy has been less dear to governments than the goals of expanding access and promoting economic prosperity in a globalized economy.

To date, governments have achieved these goals primarily through financial incentives and financial constraints. These financial tools have almost always been applied across the board, so that every university has been formally treated equally. For example, Bob Rae’s government applied the Social Contract constraints equally to all universities; Mike Harris’s government applied the Common Sense Revolution reductions to all universities and then gave all universities incentives to grow to meet the enrolment increase caused by the double cohort when the elimination of Grade 13 led to two secondary school graduating classes apply for university in the same year; and Dalton McGuinty’s government has provided further increases to all universities to accommodate growing enrolments. Similarly, policies in the college sector have also been applied uniformly to all institutions, with modest exceptions.

Governments have not tried to achieve their goals by changing the structure of the system of 24 colleges and 20 universities. The extensive review by former premier Bob Rae, in 200528 did not recommend changes to this basic design despite his mandate to provide recommendations on “the design of a publicly funded postsecondary system offering services in both official languages …” and on “funding model(s) that link provincial funding to government objectives for postsecondary education …”. Mr. Rae made welcome recommendations on funding levels and he proposed a new quality assurance council to monitor and assess academic performance, which came to life in 2006 as the Higher Education Quality Council of Ontario. A modest step towards recognizing differences in universities’ research roles was taken in the government’s 2009 decision on allocating funding for new graduate spaces, but the government was not


explicit about its intentions. In response to a request in 2010 from the deputy minister of Training, Colleges and Universities, the Higher Education Quality Council of Ontario convened a working group of university presidents and government officials to explore “whether a more strongly differentiated set of universities would help improve the overall performance and sustainability of the system.” The results of this deliberation were published in the October 2010 report, *The Benefits of Greater Differentiation of Ontario’s University Sector.* The response received a somewhat surprising, if cautious, welcome from the Council of Ontario Universities and a highly critical response from the Ontario Confederation of University Faculty Associations.

Many faculty members and university administrators fear that reform would involve a stronger role for government and that this would be a threat to institutional autonomy. But it is important to remember that in no jurisdiction are publicly financed universities totally autonomous, and in most there is substantially more oversight than in Ontario. All governments set the legal framework within which universities operate and most governments tie funding to specific uses and set regulations on a wide range of matters from tuition to treatment of underrepresented groups.

So there is no doubt that the Ontario government would be well within international norms, let alone its constitutional authority and historical precedent, if it chose to take a strong role in reforming the province’s higher education system. But would it be a good idea?

**The sustainability problem**

After all, the Ontario university system has historically performed well by many indicators.

All Ontario universities have teaching and graduating standards that allow students gaining a baccalaureate to compete successfully for positions at the best graduate schools. The Ontario system has produced one of the best records of any jurisdiction in terms of access for qualified students in all regions. The system proved sufficiently responsive to accommodate the double cohort in 2003 and the enrolment expansion that continued after the double cohort had graduated.

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from university. Undergraduate enrolment in Ontario universities in 2009-10 was 368,000 compared with 245,000 in 2000-01.\textsuperscript{32} Ontario has one university – Toronto – that ranks in the top twenty in the Times Higher Education World University Rankings and in the top thirty in the Shanghai Jiao Tong University Academic Ranking of World Universities. Ontario universities gain economies of scale through longstanding collaborative arrangements such as a common application service, sharing of library facilities and digital platforms, and purchasing cooperatives. The Ontario system is efficient by many standards: the universities have in the past estimated that their funding from government per full-time equivalent student was 20 per cent lower than the Canadian average (although their average undergraduate tuition is higher than the average).\textsuperscript{33}

So, what’s the problem?

The problem is that the model of undergraduate education in Ontario is no longer sustainable. The model relies on a theory that students should be taught only by faculty members who are actively engaged in original research. Such full-time faculty are expected to spend about 40 per cent of their time and effort on research, 40 per cent on teaching, and 20 per cent on service to the university and the community. The expectation that full-time faculty should also produce high-quality research means that a typical professor teaches four one-semester courses per year. Such a model may have been feasible when only a small portion of young people attended university, although faculty teaching loads were normally 5 or 6 courses. But with foreseeable levels of government funding and tuition, it is simply not affordable to have a near-universal system of higher education where undergraduates are taught only by faculty who devote the same amount of time to research as to teaching. The result is that many students are taught by part-time faculty who have little or no time or support for research and often in very large classes.\textsuperscript{34} The model also implicitly suggests that the quantity of research in the province should increase at the same rate and in the same disciplines as student participation – an unexamined and questionable assumption.

But don’t faculty members have to be active researchers to be effective teachers? There has been extensive international research on this question and the answer is a resounding “no.” Based upon a meta-analysis of 58 studies of the relationship between teaching effectiveness and research productivity, Hattie and Marsh found the correlation between these phenomena to be


\textsuperscript{33} The most recent operating grant comparison is for 2003-04. Council of Ontario Universities, \textit{Resource Document} (Toronto, March 2007), Table 2.3.

\textsuperscript{34} Although precise numbers on the use of part-time and temporary faculty are difficult to acquire, the review of available data made in \textit{Academic Transformation} (p. 103, 108) suggests that it is likely that they account for half or more of all undergraduate teaching in some of the largest university faculties today.
zero. They concluded that “the common belief that research and teaching are inextricably entwined is an enduring myth.”

We believe that the fiscal crunch will force most Canadian governments, and certainly Ontario, to start demanding that all public sector activities – including those in higher education – provide greater value for money. The most obvious ways to do this are 1) to replace one-size-fits-all programs with measures that are tailored to the specific needs of the people who are being served, and 2) to pay what is required – but not more – to secure the best inputs needed to deliver programs. In some cases there may also be a need to replace government funding with user fees (primarily tuition), accompanied by measures to ensure that financial barriers do not preclude access by qualified lower income students. But this should not be a substitute for improving value-for-money.

Progress in both of these areas – program differentiation and cost control – will require a larger role for the provincial government. At present all of Ontario’s universities are, or are seeking to become, comprehensive research universities. Provincial governments over the years have never defined distinctive roles for each university. On the contrary, they have provided financial incentives that are the same for each university and therefore encourage sameness. These incentives support cultural norms within the academy that assign more prestige to research than to teaching. The result is the high-cost model in which Ontario tries to provide high levels of accessibility to universities where all full-time faculty have relatively light teaching loads. Only the government can change this.

Effective cost control will also require government leadership. Most university administrators estimate that inflation in the universities runs at about 5 per cent per year. In other words, government grants and student tuition fees need to grow by about 5 per cent simply to teach the same number of students in the same way as last year. Since grants and fees have not grown at this pace, the most common response to date has been to increase class sizes and make greater use of part-time and temporary faculty. If continued indefinitely, these responses will be unlikely to provide a high-quality education to the increasing number of students seeking a baccalaureate education. This trend is what makes the status quo unsustainable.

Salaries and benefits account for about three-quarters of university spending. Many of the conditions that encourage responsible collective bargaining in other settings do not apply in a university. Faculty have a more significant role in managing the production activities of their enterprise than do unionized employees in most other settings. University governance requires a president to be the leader of the faculty as well as the CEO, and a president who faces a long strike knows that it may in effect lead to the end of his or her administration. Faculty can strike

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for higher compensation without fear of losing employment, since their students have no prospect of transferring to another university *en masse* (what Ontario university would have room for them?), and in any event tenured faculty are protected from job loss in all but the direst financial circumstances. These realities are not the fault of anyone at the universities, but they are the realities nevertheless.

If the institutions acting autonomously cannot produce cost-effective outcomes in these two areas, does it not make sense for the government to try to improve value-for-money through system reforms? These reforms would likely include creating a more differentiated system whereby a significant fraction of Ontario university faculty members spend more effort on teaching than on research. This might mean creating teaching-oriented universities, encouraging every university to make it possible for some faculty to focus on teaching rather than research, or both. It might also mean assigning a larger role for baccalaureate education to colleges, where faculty time and effort are focused primarily on teaching. The reforms should also create a compensation regime that better reflects the realities of supply and demand – including the reality that a large number of new PhDs are trained at public expense every year that are unable to find full-time university positions.

**Costs versus gains from reform**

Reforms to address these issues would themselves have costs. System changes generate one-time transition costs, both in terms of budget dollars for items like early retirement incentives, and in terms of disruption and confusion as people and processes adjust to the new regime. Policies to create and sustain institutional differentiation and to achieve better control of inflation would also add ongoing overhead costs.

To be compelling, a reform should envisage longer term cost savings that are substantially greater than the transition and overhead costs of implementing the new policy. Let us suggest a threshold for a reform proposal: there should be a strong prospect of improving cost effectiveness in the areas affected by at least 10 per cent. This is an arbitrary number, but it protects us from pseudo-reforms that would generate much turbulence for modest long-term benefit.

Perhaps the most important objective for reform in Ontario higher education is to enable more teaching of undergraduates by full-time faculty since the average undergraduate in Ontario may have less engagement with full-time faculty undergraduates in any other large jurisdiction in the world. This is because Ontario is virtually unique in having almost all its undergraduate education conducted in institutions where full-time faculty devote only 40 per cent of their time to teaching.

Can we imagine reforms that could produce more than 10 per cent cost-effectiveness improvements?
We certainly can. Ontario needs to create about 100,000 more undergraduate spaces over the next ten years or so. The rapid growth in undergraduate enrolment means that significantly more public money needs to be spent on universities in the coming decade to hire more full-time faculty. But it should be possible to institute reforms to ensure that this increased expenditure would improve the system’s overall teaching per dollar ratio. If a system redesign could increase the average teaching load of a substantial proportion of full-time faculty from 2 courses per semester to 3 per semester – which was the norm in many university programs 20 years ago – this would constitute a 50 per cent gain in student teaching per faculty compensation dollar.

One would not want to increase the teaching load for all faculty members. Indeed, there are many faculty members who, by winning competitive research grants or other measures of research performance, could demonstrate that their teaching loads should be reduced in order to make time for valued research. The government might consider providing special funding to reduce teaching loads for such faculty and give them extra time to devote to research. The government could also fully fund the infrastructure that supports university research, including that not covered by federal granting councils, so that these costs are not taken from teaching budgets. Even with these allowances, raising teaching loads for a substantial portion of Ontario university faculty to 3 courses per semester should dramatically improve the learning environment for the growing numbers of undergraduate students.

A parallel reform initiative would be to create new teaching-oriented institutions where faculty teach 4 courses per semester, this would constitute a 100 per cent gain in teaching per faculty compensation dollar compared with Ontario’s traditional universities today.

Against this, one would want to take into account that the faculty at teaching-oriented institutions would be doing less research than they would do at a traditional university. But such changes would happen at the margin, as the university system grows to meet student demand. Ontario would still have 20 traditional universities where most full-time faculty were active researchers. The total volume of research in Ontario would likely not decline. New PhDs could apply for positions at a traditional university or a teaching-oriented university, while recognizing that no PhD graduate is guaranteed a full-time university position in any jurisdiction.

Students and their parents correctly sense that a post-secondary education – be it university, college or apprenticeship – is the price of entry to careers with the possibility of reasonably secure employment and career advancement. If the price of giving students these opportunities is a university system that is balanced more towards teaching than it is today, we think this is a price worth paying.

**Conclusions**

We have illustrated that Ontario has been exceptional in its reluctance to contemplate changes to its higher education structure. We have also suggested that there are likely to be system reforms
that could generate significant improvements in the value that students and the public receive for their higher education dollars.

Our purpose here is not to advocate any specific reform, but to show that options for improving the status quo are available and will increasingly become essential. We think it is time to begin a public discussion about the higher education system Ontarians want and need.