

## **Special Features of the University Sector in Ontario**

Edited Transcript of Remarks on  
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Let me congratulate the organizers of this conference. It is an honour to be asked to comment on the papers in this first session.

I will take an Ontario system-wide perspective and also the perspective of a former government administrator. To structure my remarks, I am going to speak directly to the staff of the Rae Review and the other provincial officials here at the conference. I want to help them interpret what they have heard this morning.

First, one must keep in mind the special features of Ontario's postsecondary system. The university sector in Ontario is different from that in most other jurisdictions by being at the high end and the low end of several indices of North American postsecondary education practice. It is at the high end of participation rate for postsecondary education and at the high end for projected enrolment. It is at the high end of the degree of self-regulation among its universities. As George Connell, also with us today, will remember from his time as president of the universities of Western Ontario and of Toronto, and as Frank Iacobucci is rapidly learning, Ontario university presidents spend more time together than their counterparts in any other jurisdiction I know of deliberating over issues of self-regulation and advice to government on policy design.

Why do they do that? I keep beside my office desk a 1966 speech that another conference participant, former Premier Bill Davis, gave at York University when he was the Minister responsible for universities. Davis said to the assembled university presidents:

*"There is, moreover, much evidence to indicate that provided the 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 evident, I cannot imagine that any society will want to stand idly by. For there will inevitably be a demand – there have been indications of this in other jurisdictions – that government move in and take over."*

For me, this is the enduring challenge: to maintain the best performance with the least government intervention.

Ontario has maintained its position at the low end of the degree of government intervention in academic administration. This is a good thing for all the reasons that Bill Davis envisaged and which Professor Milne and others have mentioned this morning. But we are also at the low end of the spectrum on per-student funding, and obviously that is a bad thing. Is it possible to maintain the low and efficient level of intervention while bringing per-student funding to the North American public university norm?

After listening to Professor Hayhoe's presentation on greater China, I would hope that Ontario would follow the example of Taiwan increasing our commitment to public higher education as we become more prosperous.

Hearing Professor Parker on Australian higher education policy reinforces for me the confusion and costs associated with overly ambitious and interventionist government initiatives in higher education. Australia now has increased regulatory burdens and diminished funding. Professor Milne's comparison of the relation between Canberra and the Australian university system to that between the Kremlin and a Soviet tractor factory is alarming.

One of the lessons I take from Professor Bekhradnia's presentation on recent events in the U.K. is that any government that almost gets defeated on a university bill in Parliament is going to feel strongly enough to consider interventions that really get under the skin of university administrators. If the stories I heard on my last visit to Oxford are any indication, many of the detailed regulatory measures introduced by the Blair government are being strongly resisted in many quarters.

Professor Sorensen reminded us of the continuing challenge to overcome the forces of parochialism. Without commenting on the intra-university aspects of this challenge, I would note that inter-university collaboration is one area where the Ontario model has worked well. All of those meetings that the presidents engage in have produced remarkable collective successes, such as the Ontario digital library whereby I can go into the system from my office computer and have virtually the same interface and access to electronic journals and the books of the Robarts Library as a professor at the University of Toronto or one at Lakehead University in Thunder Bay. Ontario universities have common financial reporting and statistical collection standards. There are numerous consortium arrangements for purchasing and for providing information to the schools and the public. Ontario universities use a common application timetable, and oversee a common application centre that processes essentially all undergraduate applications. There is a self-regulated quality assurance and approval process for all graduate programs and an audit process for undergraduate program reviews. The work of the Council and its affiliates has for decades helped universities achieve economies of scale and dissemination of best practices through meetings, seminars and collective research.

Professor Langenberg noted the historical importance of the land grant universities in the United States. This model was largely adopted in the development of universities in Western Canadian provinces. Ontario universities have a different history with many

evolving from religious institutions, and when the system was expanded in the 1960s, a century after the land grant legislation, a more autonomous model was adopted. American observers are often surprised to learn that many Ontario public universities have no government appointees on their governing boards. Professor Langenberg mentioned the potential move by some American public universities to become quasi independent non-profit organizations. In legal terms, that is what Ontario universities are now.

Professor Rosenstone has presented a wonderful paper describing the challenges facing American public universities in the context where private universities receive huge federal funding for research and student support, but without the debilitating effects of excessive regulation from a state government. I remember hearing Neil Rudenstine, a former president of Harvard University, make the case that some access objectives – particularly that of providing the high-quality university education that the high-income families demand and can afford while providing the same opportunities to gifted low-income students through scholarships – can be advanced through the private university system. He noted that Harvard started as a public university but, after a very few years, the Commonwealth of Massachusetts determined that it could not afford to meet the quality aspirations of the local population and privatized its university. Although one could debate the right balance between private and public universities in the United States, it is clear that private universities are no solution to the challenges of postsecondary education in Canada for the foreseeable future. In Ontario, all we have is our public universities, and it is there that society's effort has to be directed.

Ron Daniels and Michael Trebilcock provide a cogent review of the challenges facing Ontario universities and raise the question whether substantial improvement could be demonstrated if the government were substantially to increase its operating support. This is an important question but I would like to take issue with one of the proposed mechanisms – having the distribution of operating grants determined on the basis of government-administered performance measures at the program level.

Let me assert that, given Ontario's university history and political values, we just can't get there from here. Or, to be more precise, if we were to get there, we would not stay there for long. Nor should we.

I have tried to imagine what I would face if I were the unlucky government official charged with trying to implement such a scheme. I would know from the public administration literature that attempts to introduce results-based budgeting in a variety of sectors over the last half century by many governments around the world have never worked. I would know from Janice Stein's paper at this conference how illusive is the relation between academic quality and quantifiable indices. I would learn from Dan Lang's conference paper that many governments have attempted to tie operating funding to performance measures, and most have either abandoned the attempt or scaled back to affect a relatively small portion of overall budgets.

But, if I were instructed to introduce such a scheme for university operating grants in Ontario, this is how I would expect the scenario to unfold. The first thing that would happen is that the ministry and the universities would engage in a lengthy debate about fundamental public finance principles – whether public funds should be directed toward those programs with inherited advantages or whether they would be better invested in programs in need of improvement. Then we would have an extensive debate on how to specify the criteria for performance and how to relate measurable indicators to these criteria. Next we would debate the cost factors in achieving success on these performance measures in various areas of the province. During this period there would be a complete breakdown of the universities’ ability to provide coherent, consensus-based advice to government on a range of policy design issues.

Then, as we moved to the implementation phase, I would have to oversee the development of highly detailed form-filling regulations and add substantial ministry staff to monitor compliance and the influence of perverse incentives. All the while, I would be waiting with trepidation for the political fall-out from the first year’s calculation that would substantially reduce the relative per-student grant that a number of universities were to receive. The governing boards of the adversely affected institutions would introduce a dominant performance measure for the university president – to reverse the unfair impacts of the funding change. The president would mobilize the institution’s most able analysts, skilful advocates and most influential supporters to impress on mayors, local MPPs and cabinet ministers the arbitrary and conceptually flawed nature of the measurement system I had just introduced. Within a year, the adversely affected universities would have developed an equally compelling set of additional indicators that they would insist the government adopt to respond to special regional requirements, to meet the special requirements of the student body it serves and to correct historical inequities.

By that time, I mercifully would have moved on to other duties as would most of the public servants who helped me design the original scheme. What would remain is the politics of fair and equal funding for students taking the same program. In five or so years, there would be a serious conference like this to address the inequities, to reduce the monitoring costs, and to eliminate the perverse incentives that by then would be generally recognized as being associated with my performance measurement system. The conference would include a paper presenting recent research showing that the most important factors in enhancing university performance were leadership, professional pride, and passion for teaching and research. The paper would note that these factors were actually diminished by government-dictated performance measures.

Another paper would outline the competitive pressures in modern academic world and the impressive annual hours of work by the majority of the professoriate. It would show that these pressures and behaviours exist regardless of performance funding. A third paper would analyze the incentives for performance inherent in the complex governance system that universities have evolved over the decades. Paraphrasing Winston Churchill, the author would conclude that the governance system used in most Ontario universities is the “least efficient form of governance except for all those others that have been tried.”

But the most important paper would be the one demonstrating with charts, graphs and bullet lists that the most efficient way to allocate provincial operating support would also be the simplest – give the same amount of public money for each student, weighted by program. This would eliminate the regulatory costs and the perverse incentives, and would permit university administrators to invest these predictable funds in a strategic ways to take full advantage of the professional commitment of faculty to produce the best performance with the resources available.

Within a mere seven years, if we were lucky, we could be back to where we are now.

You can see that I think Ontario would be ill advised to start down such a path. But this does leave the Daniels-Trebilcock question: how can the Ontario government and its citizens be assured that substantial additional per-student funding would lead to substantial quality improvement?

I suggest that the most practical way would be to build on the approach used in the Quality Assurance Fund introduced by the Ontario government in 2003. Eligible expenditures for this fund include hiring faculty and staff; investment in student services and program development; and the purchase of print and electronic library materials, up-to-date information technology equipment, laboratory teaching equipment and the necessary infrastructure, computers and other learning materials. Each university presents a plan to use the funds and reports on their use. Universities have offered to develop quality benchmarks that would include student-faculty ratios and student-staff ratios, which would supplement the measures already being made on retention rates, graduation rates, and employment rates six months and two years after graduation.

It has been edifying this morning to see Ontario's university challenges in relation to those facing other jurisdictions. I am glad we do not have some of the systemic challenges that others face.

So, this is the conclusion that I believe that the Rae Review staff and the government officials in the audience should take from this morning's discussion: the basic design of the Ontario university sector is sound and that, relative to other jurisdictions, we are in a good position to move forward. What Ontario most needs to compete is per-student public funding that is comparable to that in other North American jurisdictions.

Thank you.