



EDUCATION WORKS

*Envisioning a Fairer Society for
Ontario's Youth*

2014 Ontario Budget Submission
January 2014

OUSA

Ontario Undergraduate Student Alliance

ABOUT OUSA

OUSA represents the interests of over 140,000 professional and undergraduate, full-time and part-time university students at seven institutions across Ontario. Our vision is for an accessible, affordable, accountable and high quality post-secondary education in Ontario. To achieve this vision we've come together to develop solutions to challenges facing higher education, build broad consensus for our policy options, and lobby government to implement them.

CONTENTS

EXECUTIVE SUMMARY	6
INTRODUCTION	8
IMPROVING FINANCIAL ASSISTANCE IN ONTARIO	9
<i>Recommendation: The government should cease issuing new tuition and education tax credits and allocate year-to-year savings into currently existing financial assistance programs or reductions in tuition;</i>	12
<i>Recommendation: Increase the amount of tuition offset by the 30%-Off Ontario Tuition Grant to 35 per cent;</i>	12
<i>Recommendation: Extend Aboriginal students' and students with dependants' eligibility for the 30-off Ontario Tuition Grant to 4 years regardless of high school graduation date;</i>	12
<i>Recommendation: The Ontario Student Loan assessment must reduce its expected parental contribution by harmonizing with the federal contribution criteria;</i>	13
<i>Recommendation: Progressively lower the Ontario Student Opportunity Grant 'debt cap' to \$6300;</i>	14
<i>Recommendation: Increase the monthly OSAP living allowance by \$250 per month in order to align it with the after-tax low-income cut-off.</i>	14
EXPANDING CO-OPERATIVE EDUCATION LEARNING	16
<i>Recommendation: Invest in the creation of informational resources to help more employers understand the benefits of participating in co-operative learning opportunities;</i>	17
<i>Recommendation: The Province should set a target to increase co-op placement opportunities by 10 per cent in underrepresented disciplines over the next five years;</i>	18
<i>Strategy One: Create new financial resources for employers seeking to create or expand paid co-operative learning offerings to students in underrepresented disciplines;</i>	18
<i>Strategy Two: Provide new financial resources for universities seeking to expand their co-operative learning offerings in underrepresented disciplines.</i>	20
IMPROVING TEACHING QUALITY	22
<i>Recommendation: To expand the number of teaching focused faculty in the province, the government should provide funding to create 200 new teaching focused faculty positions across Ontario, distributed proportionally based on undergraduate enrolment numbers, with a minimum of 5 at each institution.</i>	23
CONCLUSION	25
ENDNOTES	26

EXECUTIVE SUMMARY

6/

OUSA's 2014 Budget Submission is focused on how the government can leverage post-secondary education to help achieve its vision of creating a fairer society. Despite the current discourse questioning the value of post-secondary education, the evidence demonstrates that attaining a post-secondary credential can significantly change a recipient's social, economic, and health outcomes for the better.

However, to be able to achieve these ends, we must ensure that access to post-secondary is fair, that students have equal opportunities for success upon graduation, and that while students are in post-secondary, their educational experience is equivalent to their increasing investment.

To achieve this, our recommendations aim to make financial aid investments more fair and efficient, opportunities in-study that enhance employability upon graduation more fairly distributed, and ensure that students and faculty are getting a fair deal as students' investment increases and system priorities shift.

ENSURING ONTARIO'S FINANCIAL ASSISTANCE INVESTMENTS ASSIST THOSE WITH THE MOST NEED

Students have significant concerns about the utility of the investment made in Ontario's tuition and education tax credits. In 2013, the Province projects that it will spend \$340 million on these credits, making the program the second largest investment that Ontario makes in financial assistance. However, students have significant concerns about this program, which they believe to be inefficient and ineffective. The problem is that based on the credits' design, they do not make post-secondary more meaningfully affordable: they provide most benefit to students with the least need, do not come at the right time to help students meet their costs when those costs arise, and are too poorly understood to impact potential students' calculation of post-secondary cost or affordability.

RECOMMENDATION: The government should cease issuing new tuition and education tax credits and allocate year-to-year savings into currently existing financial assistance programs or reductions in tuition.

AVAILABLE FUNDS GENERATED THROUGH TAX CREDIT ELIMINATION: \$340M

With these available funds, students have designed a package that will ensure that our financial aid system treats all students more fairly, that will ensure that students receive financial support more closely matched to their actual needs, and do this while reducing average public debt in Ontario.

RECOMMENDATION: Increase the amount of tuition offset by the 30%-Off Ontario Tuition Grant to 35 per cent.

ESTIMATED COST: \$70M

RECOMMENDATION: Extend Aboriginal students' and students with dependants' eligibility for the 30-Off Ontario Tuition Grant to 4 years regardless of high school graduation date.

ESTIMATED COST: Aboriginal Students: \$4M; Students with Dependants: \$15M

RECOMMENDATION: The Ontario Student Loan assessment must reduce its expected parental contribution by harmonizing with the federal contribution criteria.

ESTIMATED COST: \$40M

Recommendation: Progressively lower the Ontario Student Opportunity Grant 'debt cap' to \$6300.

ESTIMATED COST: \$121M

Recommendation: Increase the monthly OSAP living allowance by \$250 per month in

in order to align it with the after-tax low-income cut-off.

ESTIMATED COST: \$90M

EXPANDING AND EQUALIZING IN-STUDY CO-OPERATIVE EDUCATION OPPORTUNITIES THAT EASE GRADUATES' TRANSITIONS INTO THE LABOUR MARKET

Co-operative educational opportunities are demonstrated to improve employment outcomes and earning potential for students who receive them, but these opportunities are not equally distributed throughout the disciplines. The result is that many students who could be providing significant benefits to employers, while gaining practical skills that increase their employment prospects, are losing out. To both encourage employers to increase their contribution to training, and improve efficiencies in labour market transitions, OUSA makes the following recommendations:

RECOMMENDATION: Invest in the creation of informational resources to help more employers understand the benefits of participating in co-operative learning opportunities.

ESTIMATED COST: \$100,000

RECOMMENDATION: The Province should set a target to increase co-op placement opportunities by 10 per cent in underrepresented disciplines over the next five years.

STRATEGY ONE: Create new financial resources for employers seeking to create or expand co-operative learning offerings to students in underrepresented disciplines.

ESTIMATED COST AT FULL IMPLEMENTATION: \$70M

STRATEGY TWO: Provide new financial resources for universities seeking to expand their co-operative learning offerings in underrepresented disciplines.

ESTIMATED COST AT FULL IMPLEMENTATION: \$8.7M

ADDRESSING STUDENTS' DESIRE FOR QUALITY TEACHING AND FAIR EMPLOYMENT OPPORTUNITIES FOR FACULTY

Over the past decade, students have seen their contributions to post-secondary costs increase significantly, without seeing a commensurate increasing in the quality of education they receive. The increasing emphasis on research at our institutions has led to faculty teaching fewer hours, and an increasing reliance on sessional and part-time instructors. This has not only meant that students have seen teaching quality suffer, but that our institutions are creating more teaching positions that are impermanent and insecure. Students believe this trend must be addressed, with teaching quality given the focus that it deserves, and great teachers the possibility of full-time, secure work.

RECOMMENDATION: To expand the number of teaching focused faculty in the province, the government should provide funding to create 200 new teaching focused faculty positions across Ontario, distributed proportionally based on undergraduate enrolment numbers, with a minimum of 5 at each institution.

ESTIMATED COST: \$18M Annually

INTRODUCTION

8 /

On February 19, 2013, Lieutenant Governor of Ontario, the Honourable David C. Onley, read the Throne Speech to the Legislative Assembly of Ontario on behalf of the Honourable Kathleen Wynne and her Executive Council. In the speech, Premier Wynne committed the Province to building a stronger economy and fairer society for all Ontarians. It is through this lens that the Ontario Undergraduate Student Alliance (OUSA), a student advocacy organization representing over 140,000 full- and part-time undergraduate and professional students at seven universities, makes its recommendations for the 2014 Ontario Budget.

Students believe that addressing the accessibility, affordability, accountability and quality of Ontario's post-secondary education (PSE) system are critical to realizing Premier Wynne's envisioned fair society for the province. A post-secondary education not only benefits students, but Ontario's citizens and our province's economy.

OUSA has developed a number of strategies that students believe could assist Premier Wynne in realizing the fairer society she spoke of in her Throne Speech. Students believe that the government must work to ensure that Ontario's investments in post-secondary financial assistance are fair, effective and will equalize post-secondary participation rates, ensure that all students are exposed to co-operative learning experiences in-study that will increase their success upon graduation, and prioritize teaching quality at Ontario's institutions by ensuring excellent teachers are treated just as equitably as excellent researchers.

Students believe that supporting more Ontarians in achieving a post-secondary education is the most sustainable way to make our society fairer and our economy stronger: the benefits of a post-secondary credential to an individual are massive, and the benefit to the Province of an educated populace is just as significant. Post-secondary graduates not only fare better in the job market,¹ but pay more taxes, use less government services and are less likely to commit

crimes.² If the Province can make post-secondary a more affordable, higher quality experience, and a more rapid path to employment, it is imperative that it take steps to do so.

A fair society is one in which the most disadvantaged are provided the financial support to be able to access PSE, particularly for Ontarians from communities that are underrepresented within our university communities. Students believe that while Ontario's financial assistance system is strong, it can be improved, using existing expenditures on tuition and education tax credits, credits that fail to reach students with the highest need when that need arises.

A fair society is also one in which recent graduates have had equal opportunity to prepare for labour market success. The Province must ensure that there is a fair employment market available to students after they graduate, and that we are providing equitable opportunities for students to participate in experiences in-study that will improve their employment prospects upon graduation. The promise of post-secondary education remains true in the long-term, but the Province must work with employers to help students make the transition into the labour market, which is proving more difficult than it has been in the past. This transition requires that employers make a fair contribution to training the workforce of today and tomorrow, but the data makes clear that employers' contributions are becoming increasingly unfair.

Students also believe that given the significant financial contribution³ they make towards the cost of their education, it is only fair for undergraduates to expect high-quality teaching during the course of their degree. Undergraduate students should not suffer from poor quality teaching because of an overemphasis on research at our post-secondary institutions. In this same vein, we must ensure that faculty who are excellent teachers are welcomed into the academy, and provided the same job security and prestige as excellent researchers.

IMPROVING FINANCIAL ASSISTANCE IN ONTARIO

Over the past decade, Ontario has seen a significant increase in post-secondary participation at its colleges and universities. This increase is laudable, and has meant that more and more Ontarians have been able to access the benefits that come with a post-secondary education. Increased post-secondary enrolment rates have also meant that the Province is getting closer to the 70 per cent post-secondary participation rate target that it projected our economy will need for sustained economic growth by 2020.⁴ Unfortunately, this increase in Ontario's post-secondary participation rate has not been felt equally, with particular groups of Ontarians left out as more privileged members of our society have seen their participation rates drastically increase. For example, as Figure 1 demonstrates, the participation gap between students from the lowest and highest income groups has in fact widened: from a ten percentage point gap in 1999 to an eighteen point gap in 2009.

As noted in the introduction, post-secondary participation has a number of positive social and economic benefits for those who attain a credential. Particularly, in the context of the current high youth

unemployment rate, evidence demonstrates that completing some form of PSE leads to increased lifetime earnings and allows for more stable employment, with university attainment leading to the best outcomes.⁵ However, there are a number of other benefits for graduates worth noting: PSE graduates are more likely to volunteer within their communities, pay considerably more taxes, are less likely to receive government transfers, are healthier, and commit fewer crimes.⁶

A 2012 report from the Higher Education Quality Council of Ontario (HEQCO) looks more closely at post-secondary participation by population type. The HEQCO study confirms the significant gap in post-secondary participation by income, most pronounced with regards to university participation. Ontario continues to have a significant participation gap in Aboriginal post-secondary enrolment rates: while Aboriginal participation in college is slightly above the provincial average, Aboriginal participation in university is over 20 per cent lower than that of the general population. Given that this is a sizeable and growing segment of our population, this is particularly concerning. Gaps remain in first

FIGURE 1: UNIVERSITY PARTICIPATION RATE BY FAMILY INCOME, 18-24 YEAR OLDS, 1999-2009 WEIGHTED⁷

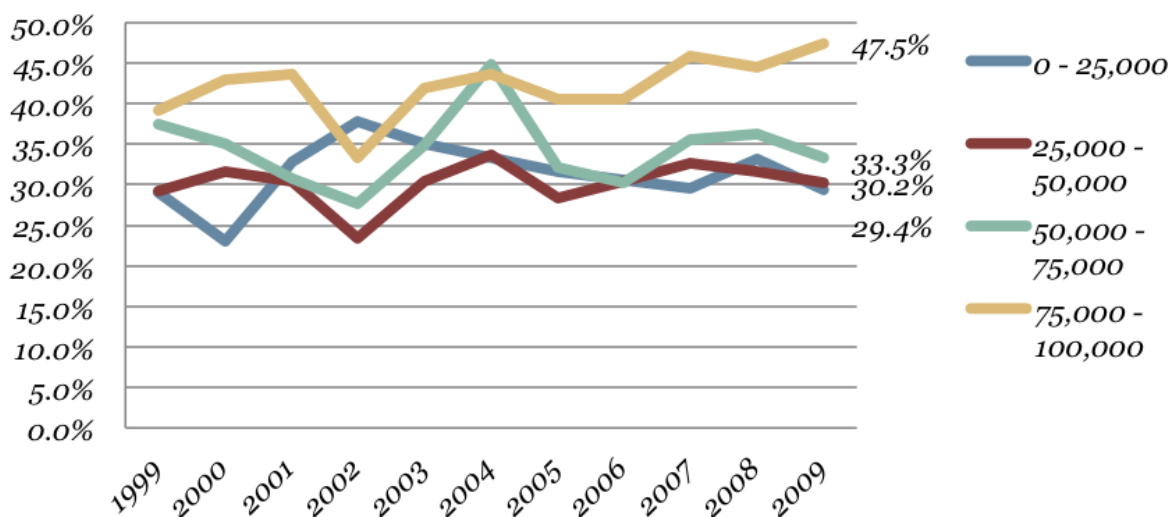
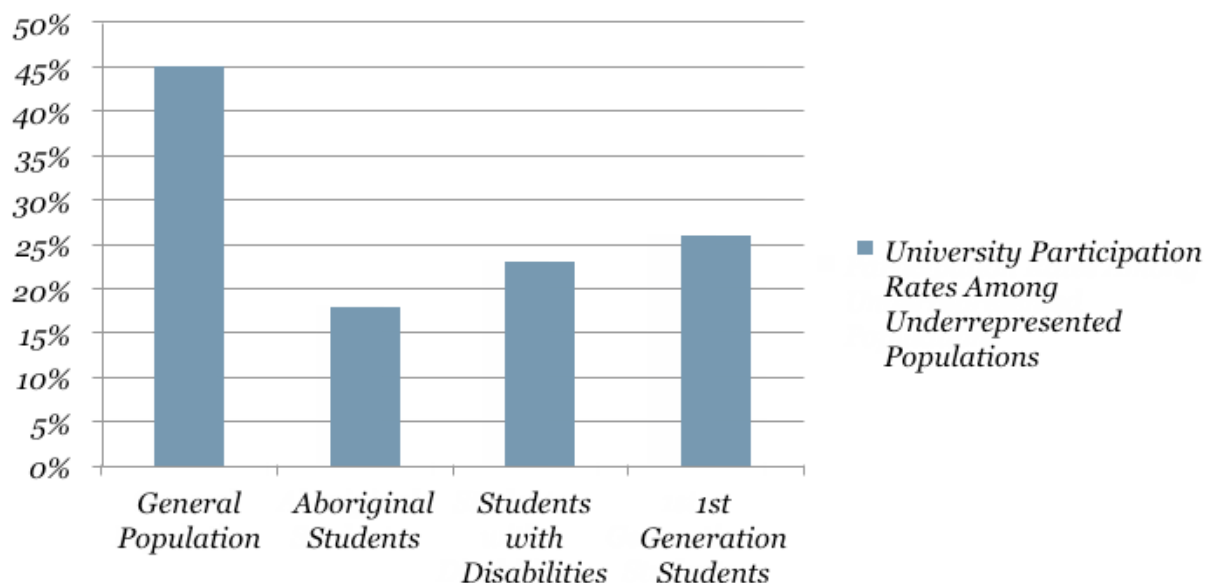


FIGURE 2: UNIVERSITY PARTICIPATION RATES AMONG UNDERREPRESENTED POPULATIONS



generation student participation and for students with disabilities, most noticeable in significantly lower university participation rates than those of province's overall population: nearly 20 and 15 per cent lower than the general population, respectively.⁸ As these aforementioned groups constitute significant portions of our population, it is clear that Ontario still has work to do on the issue of access to post-secondary education, if we wish to both make our society fairer, and ensure the province's economic growth in the future.

If the province wishes to create a fairer society, post-secondary education is by far the most effective equalization tool at the government's disposal. However, in order to achieve these benefits, we must ensure more equitable access to post-secondary education.

The true and perceived costs of post-secondary education are consistently identified as barriers to post-secondary participation, which undoubtedly contributes to the post-secondary attainment gaps based on income that persist within our higher education system. Despite Ontario's generous

financial aid system, 11 per cent of students still find themselves without sufficient financial assistance to meet their needs.⁹ Evidence also demonstrates that many potential students from underrepresented groups overestimate the cost of post-secondary education, and underestimate the resources available to meet these costs.¹⁰

It is in this context that Ontario's investments in financial assistance must be carefully evaluated. While the majority of Ontario's financial assistance investments, while not perfect, help to increase the affordability of post-secondary education for those with the highest need, one program in particular is a considerable financial investment that is significantly flawed: Ontario's tuition and education tax credits. Tuition and education tax credits represent Ontario's second-largest expenditure on financial assistance. In 2013, the province expects to spend \$340M dollars on this financial assistance program, despite the fact that it provides the greatest assistance to those with the least need, while also failing to provide significant benefit to Ontarians who struggle to find the resources required to meet their tuition and living costs.

Students believe there are a number of reasons why Ontario's tuition and education tax credits are a deeply flawed system of financial assistance:

TUITION AND EDUCATION TAX CREDITS PRIMARILY BENEFIT HIGH-INCOME STUDENTS

Tuition and education tax credits are structured in such a way that they perpetuate Ontario's PSE access gap based on income, as they make it more advantageous for a high-income student to pursue a post-secondary education, while providing little benefit for low-income students.

The most recent estimates of tuition and education tax credit claims by income show that high-income families receive an average annual benefit of \$2,000, while low-income families receive an average of only \$520. Tuition and education tax credits are a huge investment in financial assistance, but they fail in their mission, as they provide the most assistance to students with the least financial need.

MOST STUDENTS DO NOT EARN ENOUGH INCOME TO BENEFIT FROM TAX CREDITS DURING THE COURSE OF THEIR STUDIES

As tuition and education tax credits are non-refundable, a student must earn sufficient income to pay enough tax to be able to claim any of the credit. Unfortunately, only one in three students earn enough income to make use of the tax credit.¹¹ Simply put, for the majority of students they provide no assistance when need arises.

TUITION AND EDUCATION TAX CREDITS COME TOO LATE IN THE YEAR, IF THEY COME AT ALL

Even if a student is one of the fortunate one in three who earns sufficient income to be able to claim the credit, tuition and education tax credits are not disbursed at a time useful to them. As the credits are disbursed in the spring, they do little to assist students who are paying tuition in early August or September, and who have living expenses throughout

the academic year.

TAX CREDITS ARE POORLY UNDERSTOOD AND DO NOT INCREASE THE PERCEIVED AFFORDABILITY OF POST-SECONDARY EDUCATION

As previously noted, it is well understood that informational barriers to accessing post-secondary education, as well as debt aversion, contribute to poor post-secondary participation amongst underrepresented groups. In this context, the question arises of whether tuition and education tax credits are impacting students' perceptions of the cost and affordability of post-secondary education. OUSA's 2011 Post-Secondary Student Survey found that only 45 per cent of first year students were aware of these credits,¹² and as a recent report from the C.D. Howe Institute demonstrates, these credits are failing to improve the perceived affordability of post-secondary education amongst students.¹³

THE POLICY ANALYSIS IS CLEAR: FUNDS SPENT ON TUITION AND EDUCATION TAX CREDITS COULD BE PUT TO MORE EFFECTIVE USE

Given the inadequacies of tuition and education tax credits, it should not come as a surprise that policy researchers who have evaluated tuition and education tax credits have come to the same conclusion: tax credits are an inefficient use of resources that do not achieve a financial assistance program's objective of increasing affordability or expanding PSE access. In the last few months, two separate research and policy organizations have released reports calling on the government to shift spending on tuition and education tax credits towards programs that provide more targeted and/or timely assistance to students with the highest need.

In their October 2013 report titled *Taxing for Growth: A close look at tax policy in Ontario*, the Institute for Competitiveness and Prosperity recommended that the government convert tuition and education tax credits into non-repayable, upfront grants available to students. This recommendation recognizes that tax

credits are ineffective at increasing post-secondary participation. The Institute argues that despite the size of the expenditure, tax credits “do a poor job of supporting those who are financially constrained and most in need of the income support, because their benefits are realized in the future.”¹⁴

In November 2013, the C.D. Howe Institute released a report entitled *What you Don’t Know Can’t Help You: Lessons of Behavioural Economics for Tax-Based Student Aid*. The primary finding of the report was that there is no evidence to suggest that tax credits improve post-secondary participation rates.¹⁵ The report found that tax credits are ineffective because they fail to assist students and families with the highest need, that they are poorly understood and thus fail to increase the perceived affordability of post-secondary education, and that they are in sum, an inefficient use of funds. As the author in the report states “...the vast bulk of spending on these tax credits is simply a transfer of money to families at the upper end of the income distribution range, in return for no gains in efficiency. This is simply wasteful.”¹⁶ The report’s main recommendation is to make tuition and education tax credits refundable, so that low-income families can access them regardless of whether they have paid enough tax to benefit. However, the report also suggests that using the funds to make improvements to financial aid systems would be worth exploring, as would other options to make the funding more effective.

The province of Quebec is the first jurisdiction in Canada to take positive steps in repurposing spending on tax credits to more effective ends. In 2012, the new Quebec government, upon the urging of student organizations, reduced the tuition tax credit rate from 20 per cent to 8 per cent, and used the savings from this change to fund increases in the Province’s financial assistance system. This is a change worth emulating in Ontario.

A redistribution of the funds used for tuition and education tax credits could be used to make significant improvements to Ontario’s student

financial assistance system. Therefore, OUSA makes the following recommendations:

RECOMMENDATION: The government should cease issuing new tuition and education tax credits and allocate year-to-year savings into currently existing financial assistance programs or reductions in tuition.

AVAILABLE FUNDS GENERATED THROUGH TAX CREDIT ELIMINATION: \$340M

The Ontario Tuition Grant (OTG) works with other financial assistance programs to offset some of the impact of significant tuition increases over the last decade, by offering students with higher need the ability to have 30 per cent of their tuition offset by a non-repayable grant. While this program has offered a reprieve for some students, there is still some distance to go in ensuring that the most vulnerable students are able to take advantage of this program.

RECOMMENDATION: Increase the amount of tuition offset by the 30%-Off Ontario Tuition Grant to 35 per cent.

ESTIMATED COST: \$70M

Tuition costs rising above the rate of inflation, and the resulting impact on student debt, continue to unfairly impact populations that stand to benefit most from post-secondary education. Expanding the OTG to 35 per cent of a student’s total tuition will help the Province make post-secondary more affordable for many students. Further, the OTG serves as an established platform to deliver financial aid, and deliver it effectively for underrepresented groups who are more likely to be debt averse – its central administration and its separation from loan programs allow such students to opt for only the grant through a relatively simple process.

RECOMMENDATION: Extend Aboriginal students’ and students with dependants’ eligibility for the 30%-Off Ontario Tuition

Grant to 4 years regardless of their high school graduation date.

ESTIMATED COST: Aboriginal Students: \$4M; Students with Dependants: \$15M

While students have appreciated the significant investment in non-repayable financial assistance made through the Ontario Tuition Grant, students are concerned that some Ontarians with high need remain ineligible for the grant due to overly restrictive eligibility requirements. To ensure the grant is as effective as possible, the Province must make changes to ensure that more students can benefit from it.

Due to the Ontario Tuition Grant’s requirement that a student be four years out of high school, many non-traditional students find themselves ineligible for the grant, including many Aboriginal students and students with dependents. Aboriginal students are more likely to be mature students, and demonstrate higher instances of delayed PSE entrance due to familial commitments, increased funding insecurities, and pursuit of other forms of education. Similarly, students with dependants are likely to delay entrance due to familial and employment commitments, as well as high child care and living expenses. Given that these groups face significant barriers to accessing post-secondary education, we must ensure that regardless of high school graduation date, these students receive the benefits of the OTG.

Moving forward, the Province should strongly consider removing the four-year out of high school

requirement entirely, to ensure that the grant reaches all Ontario students with financial need, rather than only those students who have followed more traditional educational paths.

RECOMMENDATION: The Ontario Student Loan assessment must reduce its expected parental contribution by harmonizing with the federal contribution criteria.

ESTIMATED COST: \$40M

The assessment criteria for the Ontario Student Assistance Program (OSAP), which is used to decide a student’s loan and grant entitlement, assumes that the parents of a dependent student in Ontario have a “moderate” standard of living that is lower than the federal standard, while simultaneously expecting that they contribute a greater percentage of resulting discretionary income towards their dependant’s post-secondary education. To further compound this discrepancy, the federal award is then deducted from the student’s provincially assessed need, meaning the student receives less loan and grant funding from Ontario.

The intention of the Canada-Ontario Integrated Student Loan is for Canada to pay 60 per cent of a student’s need while Ontario contributes the remaining 40 per cent. However, the difference in assessments means that 60 per cent of the more generous federal assessment is being used to reduce the amount of Ontario’s already much lower assessment.

FIGURE 3: FEDERAL VS. PROVINCIAL EXPECTED PARENTAL CONTRIBUTIONS BY INCOME

ANNUAL DISCRETIONARY INCOME	CANADA	ONTARIO
\$0 - \$7,000	15%	25%
\$7,001 - \$14,000	20%	50%
\$14,001 and over	40%	75%

FIGURE 4: FEDERAL VS. PROVINCIAL EXPECTED PARENTAL CONTRIBUTIONS BY FAMILY SIZE

MODERATE STANDARD OF LIVING BY FAMILY SIZE					
	2	3	4	5	6
<i>Canada</i>	\$45,785	\$56,842	\$64,686	\$70,776	\$75,742
<i>Ontario</i>	\$40,392	\$46,220	\$51,232	\$55,663	\$59,510

In some extreme cases, this can mean that the ratio of federal to provincial contributions can be 10:1. Further, this results in less aid overall and ineligibility from important components of the provincial student assistance program.

The end result is that middle-income students end up with insufficient financial support because their parents are unable or unwilling to provide them with the amount of funding the Province expects them to receive. Due to this, students may have to turn to private loans, which accumulate interest immediately, cost the student significantly more money, and do not have the protections of repayment assistance like an OSAP loan does.

To that end, OUSA recommends that the Ontario Student Loans parental contribution expectations be aligned with those in the Canada Student Loan Program. This will expand access to the suite of financial assistance grants, debt management programs and repayment options within the provincial portion of the loan. Finally, this will provide significant relief to students and their families who currently struggle to manage post-secondary costs due to insufficient financial support from the Province.

RECOMMENDATION: Progressively lower the Ontario Student Opportunity Grant ‘debt cap’ to \$6300.

ESTIMATED COST: \$121M

The Ontario Student Opportunity Grant (OSOG) is

Ontario’s most significant investment in reducing student debt, and is also one of Ontario’s most progressive needs-based financial assistance programs. OSOG functions by converting any loan dollars above the annual debt cap of \$7300 into a grant. If a student receives the maximum annual loan limit of \$12,240, \$4,940 is forgiven.

The government’s current commitment to maintaining the debt cap of \$7300 is certainly a benefit to students. However, moving to further lower the debt cap will enable the Province to demonstrate to students its commitment to increasing the affordability of Ontario’s post-secondary system, and directly address concerns about rising debt by lowering average public debt in Ontario.

What is most significant about this recommendation is that it works in tandem with our other recommendations to allow the government to increase the amount of assistance available to students while simultaneously reducing student debt.

RECOMMENDATION: Increase the monthly OSAP living allowance by \$250 per month in order to align it with the after-tax low-income cut-off.

ESTIMATED COST: \$90M

The OSAP assessment for single students living off-campus underestimates the actual cost of living in even small-medium size Ontario cities by 30 per cent. Under the assessment, students are asked to

subsist – while paying tuition – on an amount below the low-income cut-off in Ontario: \$12,660 against a cut-off of \$15,538. In fact, the only places where the allowance realistically reflects living costs are for students living at home, or students living in residence in North Bay.¹⁷

OUSA recommends that the living allowance be increased by \$250 dollars a month in order to correct the discrepancy between the allowance and the low-income cut-off for medium-sized cities. Doing so will allow students with limited financial means to maintain a minimum standard of living while attending post-secondary. It will also reduce the necessity for students with the highest financial need to seek private loans and/or work excessive hours in order to make ends meet.

While there may be concerns that raising the loan limit has the potential to increase student debt, our recommendations as a whole address this concern. Should the living allowance and loan limit be adjusted, the reduction of the OSOG loan limit will ensure that students have more financial resources available to them without incurring more debt.

As a whole, OUSA's proposed aid package will significantly improve the landscape of financial assistance in the province. It will ensure that Ontarians attending university with the highest need have better access to higher-value, non-repayable financial assistance. It will also ensure that OSAP loans come closer to meeting a student's actual need, so that students can focus on their studies, rather than having to seek private loans or work increased hours in-study. Most importantly, this aid package will provide all of the aforementioned benefits while also reducing student debt, and without requiring new government investment in financial assistance.

This is not to say, however, that OUSA's proposed aid package will entirely solve issues of access and affordability for Ontario's students. More work

must be done to address informational barriers to accessing post-secondary, and the Province must also continue to address the issue of the increasing up-front cost of a university degree in Ontario.

Of all the recommendations that will be made this budget season, students are confident that their proposed changes to Ontario's financial assistance system represent one of the best ways to make Ontario's society fairer, while also being mindful of the Province's current fiscal situation. If adopted, this aid package would ensure that Ontario, at least in terms of financial assistance and its impact on the affordability of post-secondary education, will be that much closer to providing equitable access to a university education.

EXPANDING CO-OPERATIVE EDUCATION LEARNING

It has been widely reported that youth today face a difficult economic climate and a challenging labour market. Ontario's higher-than-average youth unemployment rate was rightfully identified as a key concern in the 2013 Ontario Budget, and the government's investment in the \$295M Youth Jobs Strategy was welcomed by students as a significant investment towards addressing this challenging issue.

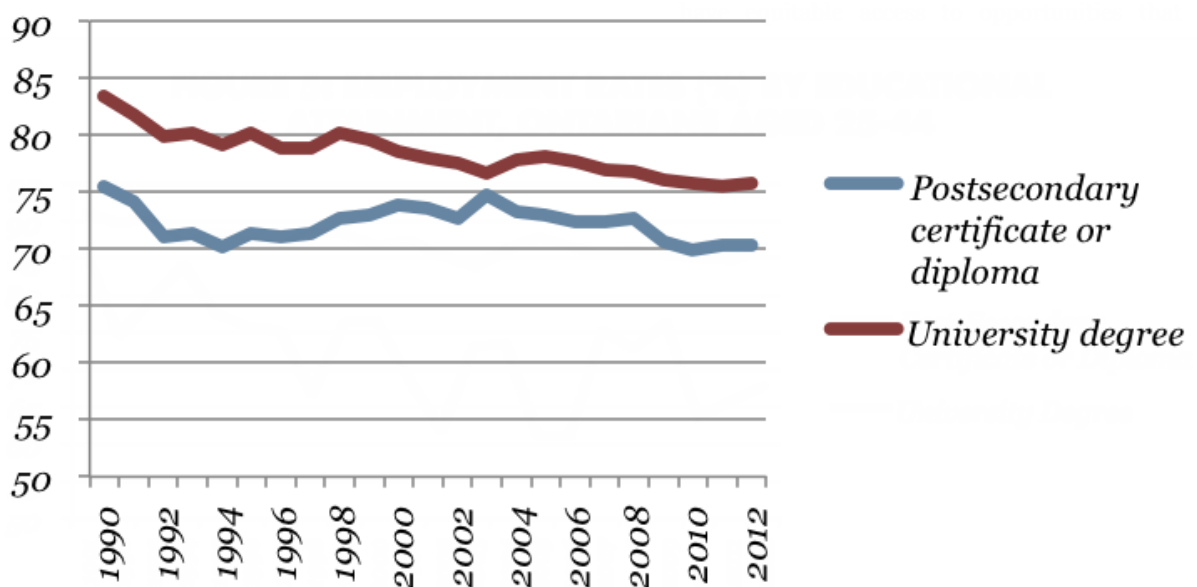
However, even with the Youth Jobs Strategy well into its first year of implementation, challenges remain for today's students. In particular, new graduates still have significant concerns about whether or not they will be able to find a job suitable to their level of education upon the completion of their degrees, and are concerned that to gain the experience that employers now require even for entry-level jobs, they may be required to take on low-paying or even unpaid work.

The current status of the labour market does not suggest that the Province has been misguided in expanding post-secondary participation rates.

Ontarians with a post-secondary credential have the best long-term employment outcomes of any education attainment level in the province. University graduates face the lowest unemployment rates, have the most stable long-term employment outcomes through economic peaks and troughs, and have the highest income levels of those with PSE credentials.¹⁸ Although college graduates with a post-secondary certificate or diploma post higher employment rates immediately upon graduation, as Figure 5 demonstrates, a university degree offers higher employment rates in the long term, and greater employment stability over time.

As the employment outcomes of university degree holders demonstrate, the issue is not that students are mistaken in choosing to pursue a university education, but instead, it is that some university students are not being provided educational opportunities that allow them to demonstrate the real-life value of their studies, while simultaneously developing more practical or job-specific skills. As long as this gap isn't bridged, students and employers will both lose out.

FIGURE 5: EMPLOYMENT RATE BY EDUCATIONAL ATTAINMENT, 25 AND OVER



Students' recommendations in this section of OUSA's budget submission, as in the last, are predominantly concerned with fairness: recent graduates should have equitable access to opportunities that will improve their employment prospects, in this instance, co-operative education opportunities. Further, employers should carry their fair share of the responsibility to train the province's workforce, a responsibility they are increasingly offloading onto universities.

The fact that youth need skills and experience to compete for work amongst a more experienced workforce, while receiving less on-the-job training than in years past, is a problem that is exacerbated by economic conditions keeping older, more competitive workers in the market for longer than ever before. Employers' willingness to train recent graduates has decreased significantly, with employer-funded training having declined by almost 40 per cent since 1990 in Ontario.¹⁹ Almost by default, the expectation to train young workers has shifted to post-secondary institutions, including universities who have not previously considered "job training" as part of their mission.

As the provincial government grapples with both high youth unemployment and the question of how to effectively leverage students' education towards more rapid labour market integration, co-operative education opportunities present Ontario with a potential solution. In Ontario, 82 per cent of employers who offered work-integrated learning offered postgraduate employment to a former co-op student or intern.²⁰ Furthermore, students who had undertaken a work-integrated learning opportunity during their studies earned between \$2-3 more an hour than those who had not.²¹ Moreover, co-operative education has benefits for post-secondary institutions, as it allows an institution to blend theory and practice – thereby, allowing them to teach in a way that is consistent with their mission, while also creating new and exciting learning opportunities for students.

Unfortunately, in spite of the demonstrable benefits of co-operative learning to students, universities and employers, these opportunities are offered by comparatively few employers. A 2012 HEQCO survey estimated that 61 per cent of employers do not participate in a work-integrated learning program with a post-secondary institution, and of this group 58 per cent have no plans to offer any in the future.²² This means that 36 per cent of Ontario's employers are not offering work-integrated learning opportunities to the province's young people, and have no intention of doing so. OUSA hopes that by expanding co-operation education programs within the Ontario labour market, employer based training opportunities will be re-normalized, leading to long-term benefits for the Province.

As co-operative education is able to strengthen a student's in-classroom experience and increase their chances of successfully entering the workforce quickly upon graduation, students believe that the Province should be expanding co-operative education opportunities – particularly in underrepresented programs of study - and offer the following recommendations in order to do so:

RECOMMENDATION: Invest in the creation of informational resources to help more employers understand the benefits of participating in work-integrated learning opportunities.

ESTIMATED COST: \$100,000

Employers choose to not offer work-integrated learning for a variety of reasons. Some of these reasons are difficult to overcome – for example, in the case of a workplace that has no viable or educational placement opportunities despite having available resources, there is little that can be done to encourage the hiring of more students. However, many of the concerns cited by employers relate to a lack of information about co-operative learning or the perceived value of participating.

While the majority of employers seem to be aware of the existence of co-operative learning opportunities, fewer are aware of the specific opportunities available to them. 25 per cent of employers were unaware of opportunities in co-operative learning, while 8.6 per cent of employers who indicated that they did not plan to offer co-operative learning opportunities cited a lack of information as the number one reason behind that decision.

Typically, universities and colleges create partnerships with employers to provide co-op placements in an ad-hoc manner, and while individual institutions may have strategies behind their co-operative learning activities, there are no centralized informational resources for interested or otherwise uncontacted employers. In order to encourage these partnerships, promotional and informational resources need to include both information on work opportunities themselves, but also their value and the financial supports a potential employer may be able to avail themselves of.

To address the informational barriers employers face in expanding co-op placements, the government should create a centralized web portal for employers interested in, or currently providing, a work-integrated learning placement. This web resource

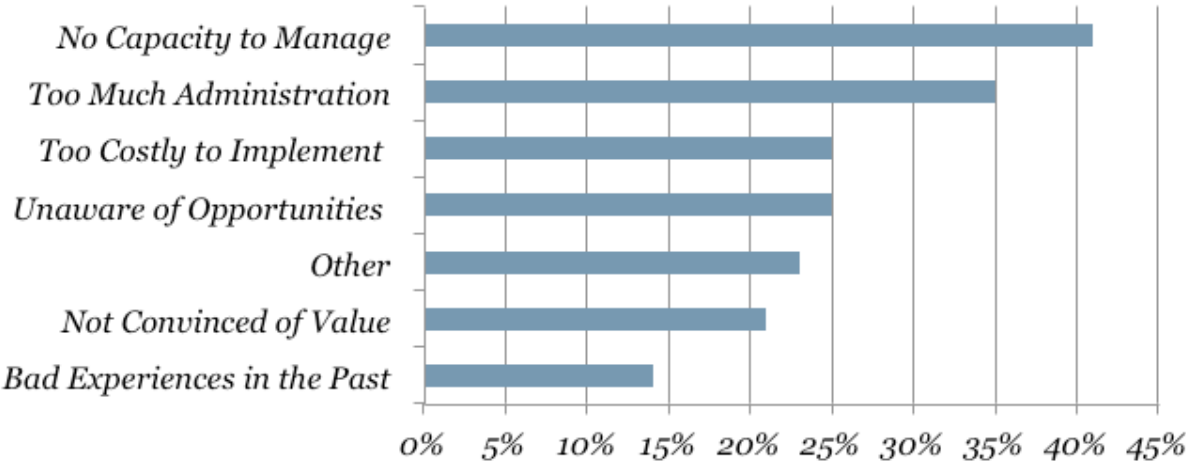
would include:

- Information on the benefits of co-operative learning;
- The steps employers must go through in order to take on a co-op student, intern, etc.;
- Details of any supports provided to employers by either the government or post-secondary institutions in the provision of co-operative learning;
- Links to institutional websites and placement databases;
- Resources to help employers effectively supervise students participating in co-operative placements – such as expected educational outcomes, learning activities and means of encouraging educational self-reflection.

RECOMMENDATION: The Province should set a target to increase co-op placement opportunities by 10 per cent in underrepresented disciplines over the next five years.

STRATEGY ONE: CREATE NEW FINANCIAL RESOURCES FOR EMPLOYERS SEEKING TO CREATE OR EXPAND PAID CO-OPERATIVE LEARNING OFFERINGS TO STUDENTS IN UNDERREPRESENTED

FIGURE 6: REASONS CITED BY EMPLOYERS FOR NOT OFFERING CO-OPERATIVE LEARNING OPPORTUNITIES



DISCIPLINES

ESTIMATED COST AT FULL IMPLEMENTATION: \$70M

Any strategy to expand co-operative learning opportunities should explore creating new placements in programs that typically lag behind business and engineering participation rates – programs that many most strongly associate with co-operative education.

Easing the transition of all graduates, including those in social sciences, arts and humanities, and sciences, into the job market will yield positive economic benefits for all. Further, employers consistently rank ‘soft’ or ‘transferable’ skills as the most important skills sought in new hires.²³ Broad problem-solving and critical-thinking skills of the type demanded by employers are central to liberal arts and social science curricula, and both students and employers stand to benefit greatly from developing these skills within the context of an educational work placement.

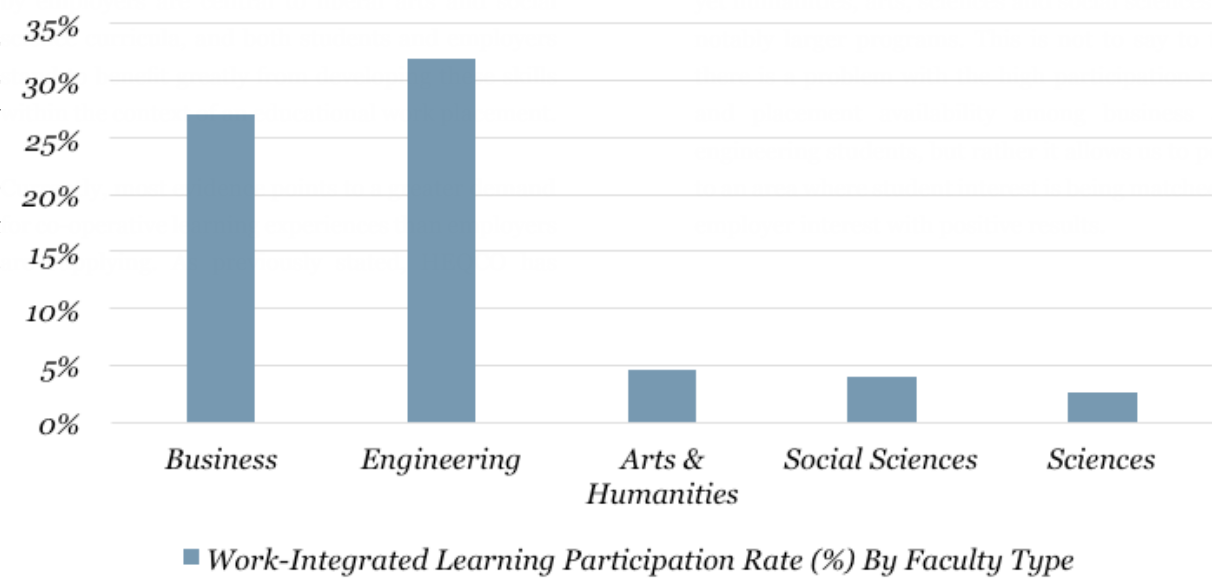
Currently, most evidence points to a greater demand

for co-operative learning experiences than employers are supplying. As previously stated, HEQCO has estimated that about 61 per cent of employers do not participate in work-integrated learning with a post-secondary institution.²⁴ Of those employers, slightly over half have no intention of providing a placement, and around 10 per cent are unsure.

If the Province hopes to encourage an expansion of co-operative learning opportunities, it is imperative that those employers not currently offering placements are targeted. This is particularly vital as many of these employers may be in positions to offer opportunities in the sciences, humanities and arts - disciplines that are grossly underrepresented, as demonstrated by Figure 7.

Surveys show that engineering and business students are much more likely to participate in co-operative learning than students in other faculties. A third of students in each of those programs have undertaken or are currently undertaking a work-integrated learning placement, whereas less than 5 per cent of students in each of the humanities, social sciences or sciences have participated in any sort of co-

FIGURE 7: WORK-INTEGRATED LEARNING PARTICIPATION RATE (%) BY FACULTY TYPE



-operative learning experience. In fact, the number of participants from engineering and business is three to four times higher than students in these other fields, yet humanities, arts, sciences and social sciences are notably larger programs. This is not to say that there is a problem with the high participation rates and placement availability among business and engineering students, but rather it allows us to point to an area where student interest is being matched by employer interest with positive results.

It is OUSA's hope that Ontario, through financial incentives, can encourage the growth of paid co-operative learning opportunities for students in the arts and humanities, social sciences, and sciences – eventually growing participation by an additional 10 per cent of the total student populations in each of those disciplines. This would represent nearly 30,000 new co-operative education students province-wide.

In order to reach that goal, OUSA recommends providing funds to help employers subsidize the wages of students from arts and sciences in new co-operative learning placements. The funds would function similarly to the existing Ontario Co-Operative Education Tax Credit, which provides a refund on student wages to employers by offering up to \$3,000 in return for hiring a co-op student in partnership with a post-secondary institution. Students recommend that the government offer employers who create co-operative learning opportunities for students from under-represented faculties the lesser of \$3,000 or 25 per cent of that student's pay over their placement.

Having these funds come prior to, or during the course of a placement could better incentivize the hiring of a student than the current tax credit approach. Small-to-medium sized business educators or potential business educators indicate that having to wait for a tax refund does little to incentivize carrying the costs of a student during their placement. Further, with less than 75 per cent of eligible employers claiming their tax credits, a lack of awareness of the program may be inhibiting growth among employers who

might expand co-operative learning in general, and among under-represented disciplines in particular. Allowing post-secondary institutions to promote a timelier subsidy will increase awareness of government programs and incentivize participation.

In recognition of the Province's current fiscal circumstances, OUSA believes that some of the cost of implementing this program could be offset by making employers who take advantage of the grant ineligible for the Ontario Co-operative Education Tax Credit. This strategy would make this particular recommendation cost-neutral, as the Province would have to pay out the Ontario Co-Operative Education Tax Credit if these positions existed already, or were created through another mechanism.

STRATEGY TWO: PROVIDE NEW FINANCIAL RESOURCES FOR UNIVERSITIES SEEKING TO EXPAND THEIR CO-OPERATIVE LEARNING OFFERINGS IN UNDERREPRESENTED DISCIPLINES

ESTIMATED COST AT FULL IMPLEMENTATION: \$8.7M

Career and co-operative education centres at Ontario's universities often cite resource limitations when asked about barriers to expanding placement partnerships and co-operative learning opportunities to students.²⁵ In particular, there are concerns among those that facilitate co-operative learning placements that expanding outside of fields with existing high concentrations of placements is even more difficult and resource intensive.

Given the tremendous benefits to students, employers and the Province of having increased co-operative education participation among its students, it is critical that universities are given the resources to expand placements beyond their current capacity. This is particularly important in areas of study with smaller concentrations of co-operative placements, where students are experiencing difficulty transitioning into the labour market.

To that end, OUSA recommends that the government explore subsidies to universities for the creation of placements in the faculties of arts and humanities, social sciences, and sciences. Such a support program could involve a partial matching of the average co-operative education fee in Ontario for every student from the above faculties given a co-operative learning placement. This payment would amount to \$290 dollars for every eligible student given a placement, and would provide resources to expand both under-serviced program placements as well as an institution's broader work-integrated learning program.

Much like the employer subsidy that OUSA suggests in Strategy One, the goal for this program would be to add an additional 10 per cent to the total co-operative education participation rates in each of the arts and humanities, social sciences, and sciences faculties. Reaching that goal would add almost 30,000 new co-operative education students to the university system province-wide.

IMPROVING TEACHING QUALITY

22 /

Students have increasing concerns about the quality of education they are receiving at Ontario's universities, giving the rising cost of a degree in the province. Students have seen their investment in their education through tuition and ancillary fees rise by 22 per cent over the years 2002-2012, while also seeing class-sizes increase, as well as an increase in student-faculty ratios.

The negative impact of rising student-faculty ratios has been compounded by decreasing faculty workloads. Per student, Ontario's universities have fewer faculty, and these faculty members are also teaching less and less on average. While in the late 1980s the common teaching load in Ontario was 3 Full-Course Equivalents (FCE's) per year,²⁶ the most recent estimate places the average faculty teaching load at 1.7 FCE's per year for arts and humanities faculty, and 1.4 for science faculty.²⁷

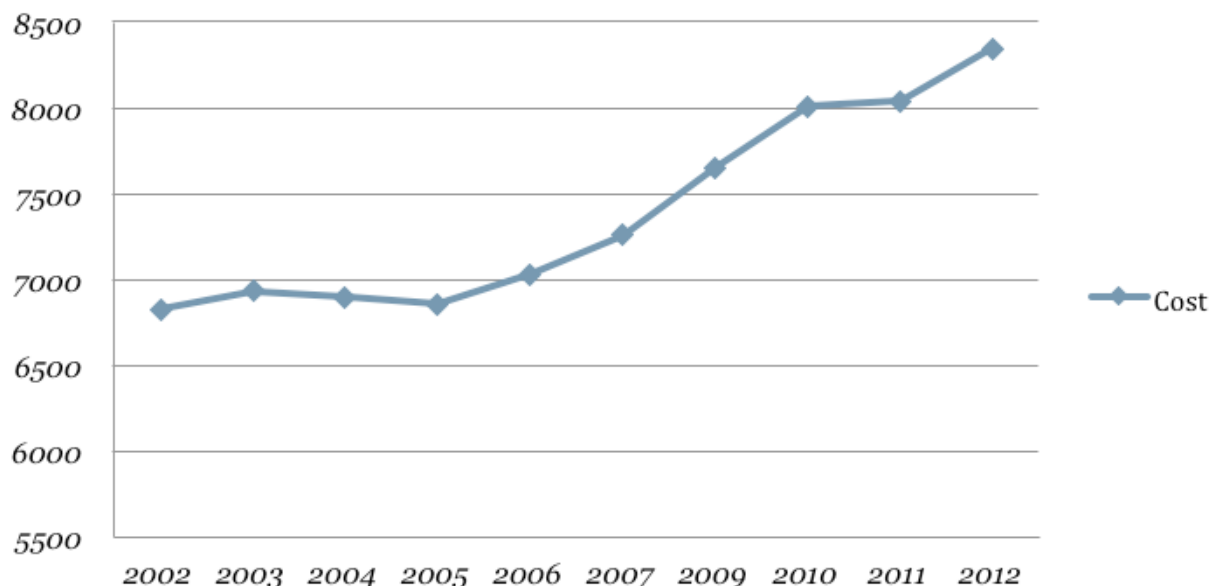
It is well understood in the post-secondary sector that there is a degree of tension between an institution's research and teaching missions. OUSA's perspective is that the teaching and research mission of universities are inherently linked, and that in an

ideal world, a faculty member uses their research to inform their classroom activities. Unfortunately, as faculty workload figures demonstrate, the balance between teaching and research has been lost in Ontario's current context.

This decrease in faculty productivity has been offset somewhat through the increasing use of sessional and part-time faculty. While data on the number of sessional faculty is difficult to come by, the Auditor General's report in 2012 on university undergraduate teaching quality found that at the three institutions audited, sessional instructors accounted for between 10-24 per cent of full-time equivalent faculty.²⁸ Students have two primary concerns about the rising use of sessional faculty in teaching loads at Ontario's universities:

First and foremost, students have concerns about the quality of teaching possible from part-time and sessional faculty. A faculty member who may or may not be adequately supported by their administration or department, may be working at multiple institutions to make ends meet, and may not have offices on campus, will not necessarily be able to

FIGURE 8: COST OF TUITION & ANCILLARY FEES PER STUDENT (\$)



provide the same experience as a full time faculty member on campus. Furthermore, the Auditor General's 2012 report found that mechanisms for evaluating and improving sessional teaching quality at those institutions audited are limited or non-existent, even for sessionals who have been at an institution for multiple years.²⁹ This is particularly concerning given the increasing role sessional faculty play in undergraduate education at Ontario's universities. It is unfair that students are paying more and more for their education, while having decreased access to full-time, adequately supported faculty.

The second issue is one of fairness for instructors. Sessional appointments have limited job-security, must often teach at multiple institutions, are not provided benefits, and have very limited opportunity to find full-time work within the academy. Some might argue that an underclass is being created within the academic rank, and this is in itself, and in the impact this has on teaching quality, are of significant concern to students.

Students wish to be clear however, that in some instances, adjunct positions are created with the purpose of bringing in an individual who has significant professional experience in a field related to what the students are studying; this is not the source of students' concern. Instead, students' worry that contractually limited appointment and adjunct positions are being created to fill in teaching gaps caused by decreasing teaching output amongst permanent faculty. It is this issue that students would like to see addressed.

To expand the number of teaching focused faculty positions, OUSA recommends the following:

RECOMMENDATION: To expand the number of teaching focused faculty in the province, the government should provide funding to create 200 new teaching focused faculty positions across Ontario, distributed proportionally based on undergraduate enrolment numbers, with a minimum of 5 at each institution.

ESTIMATED COST: \$18M Annually

OUSA has had a longstanding recommendation that the province look at means by which to expand the number of teaching-focused faculty positions in Ontario. OUSA's definition of teaching focused faculty is faculty that teach 3 full-course equivalents per year, and spend about 60 per cent of their time on teaching, while maintaining 20 per cent of their time for research and 20 per cent for service to their community.

OUSA also believes that faculty members in a teaching focused stream should have the same opportunities for tenure and promotion as regular faculty, and should have the ability to change streams throughout their career if their interests change.

One benefit of encouraging the creation of more teaching-focused faculty positions at Ontario's universities is related to increased teaching productivity within the higher education system. Teaching focused faculty, based on OUSA's conception, would teach almost double the number of courses as the average arts and humanities faculty member, and more than double the average course load of a science faculty member. This would mean that one new teaching focused-faculty member would have the equivalent teaching output of two regular faculty members.

Students also believe that support for teaching focused faculty would raise the stature of teaching within the academy. By providing faculty members who opt to focus on teaching with the same opportunities for advancement as faculty who take on more of a research role, the Province can shift some of the incentives that have contributed to the imbalance towards research at our post-secondary institutions.

An expansion of teaching focused faculty would also enable excellent faculty who wish to teach more with the ability to do so without restricting their career potential. There are likely many instructors in

Ontario who would be interested in teaching more, should making this shift not have a negative impact on their career progression. Having increased access to excellent teachers would be a boon to students across the province.

Finally, the purpose of this investment is not simply to directly increase teaching capacity in the short term, but to introduce teaching-stream instructors to faculties where they might not currently exist at an institution, and by so doing, normalize these positions within the academy. If this shift leads to meaningfully increasing the number of teaching focused faculty within the province, it would reduce our universities' reliance on sessional or part-time faculty, and by shifting the culture such that teaching is given a higher value, will ideally lead to more high-quality sessional teaching faculty finding full-time teaching-focused positions.

CONCLUSION

Students believe that post-secondary education remains Ontario's greatest tool for creating the fairer society Premier Wynne spoke of in the 2013 Throne Speech. To accomplish this, the government and Ontario's universities must do more to ensure that all Ontarians can access the dividends provided by a post-secondary education, particularly Ontarians from historically disadvantaged communities. One significant step the Province can take towards this end is ensuring that our financial assistance investments are effective at supporting students with the highest financial need.

To increase the effectiveness of post-secondary as a tool of social equalization, the Province must also ensure that it is setting students up for more rapid labour market success. A degree is a very valuable investment in the long-term, but the government must address the increasing difficulty that students face transitioning into the labour market upon graduation. Ensuring that university graduates work meaningful jobs, earn competitive salaries and pay taxes benefits society as a whole. By supporting expansions in co-operative learning opportunities, the Province can help to address the challenges of labour market transition.

To ensure that students have a fair return for their increasing investment in post-secondary education, the Province must work to ensure that the teaching provided through Ontario's universities is of the utmost quality. An important strategy for improving education quality concerns equalizing the institutional value placed on both researchers and teaching faculty. To achieve this end, the Province must demonstrate its commitment to high teaching quality. An investment in teaching focused faculty will immediately result in better access to high quality teaching for students, but will also instigate a longer-term rebalancing of priorities at our post-secondary institutions.

OUSA believes that Ontario's 2014 Budget is well positioned to make Premier Wynne's vision for Ontario a reality. Students hope that the Province

will consider the educated solutions they have proposed for addressing the inequalities that exist within Ontario's post-secondary system and labour markets. It is only through an educated, productive population that a fairer, stronger Ontario can be achieved.

ENDNOTES

- 1 Ontario Ministry of Finance. (2013). *Ontario Budget 2013: A Prosperous and Fair Ontario*. Toronto: Queen's Printer for Ontario.
- 2 TD Economics. (2004). *Investing in Higher Education Delivers a Stellar Rate of Return*. Toronto: TD Economics.
- 3 Research by the Ontario Undergraduate Student Alliance (using data from the Council of Ontario Universities and financial information from the Council of Financial Officers – Universities of Ontario) has shown that in 2011-12 students were contributing 48.6 per cent towards the cost of their education, exceeding the provincial contribution to the overall operating costs of universities for the first time.
- 4 Ontario Ministry of Finance (2010). *Ontario Budget 2010: Open Ontario, Ontario's Plan for Jobs and Growth*. Toronto: Queen's Printer for Ontario.
- 5 Martin, C, Saeed, H & Pin, L. (2013). *Youth Employment: Re-imagining the link between learning and labour*. Toronto: Ontario Undergraduate Student Alliance.
- 6 TD Economics, (2004).
- 7 Figures taken from: Zhao, H. (2012). *Post-Secondary Education Participation of Underrepresented Groups in Ontario: Evidence from the SLID data*. Toronto: Higher Education Quality Council of Ontario. These figures are taken from SLID data, weighted, and family income calculated after tax in 2002 real dollars.
- 8 Finnie, R., Childs, S., & Wismer, A. (2011). *Under-Represented Groups in Postsecondary Education in Ontario: Evidence from the Youth in Transition Survey*. Toronto: Higher Education Quality Council of Ontario.
- 9 Ontario Student Assistance Program Data Request (2013).
- 10 Usher, A. (2005). *A Little Knowledge is A Dangerous Thing: How Perceptions of Costs and Benefits Affect Access to Education*. Toronto: Educational Policy Institute.
- 11 Ontario Undergraduate Student Alliance. (2011). *Ontario Post-Secondary Student Survey*.
- 12 IBID.
- 13 Neill, Christine. (2013). *What You Don't Know Can't Help You: Lessons of Behavioural Economics for Tax-Based Student Aid*. C.D. Howe Institute.
- 14 The Institute for Competitiveness and Prosperity. (2013). *Taxing for Growth: A Close Look at Tax Policy in Ontario*. The Institute for Competitiveness and Prosperity.
- 15 Neil, (2013).
- 16 IBID.
- 17 Runzheimer Canada. (2006). *Student Cost of Living Study*. Toronto: University of Toronto.
- 18 Martin, C, Saeed, H & Pin, L. (2013). *Youth Employment: Re-imagining the link between learning and labour*. Toronto: Ontario Undergraduate Student Alliance.
- 19 Stuckey & Munro. (2013). *The Need to Make Skills Work: The Cost of Ontario's Skills Gap*. Toronto: Conference Board of Canada.
- 20 Sattler, P & Peters, J. (2012). *Work-integrated learning in Ontario's Postsecondary Sector: Survey of Employer Impressions*. Toronto: Higher Education Quality Council of Ontario.
- 21 Sattler, P., and Peters, J. (2013). *Work-Integrated Learning in Ontario's Postsecondary Sector: The Experience of Ontario Graduates*. Toronto: Higher Education Quality Council of Ontario.
- 22 Sattler, (2012).
- 23 Canadian Council on Learning. (2008). *Lessons in learning: The benefits of experiential learning*. Ottawa: Canadian Council on Learning.
- 24 Sattler, (2012).
- 25 Sattler, P. (2011). *Work-Integrated Learning in Ontario's Postsecondary Sector*. Toronto: Higher Education Quality Council of Ontario.
- 26 Clark I. D., D. Trick, and R. Van Loon. (2011). *Academic Reform: Policy Options for Improving the Quality and Cost-Effectiveness of Undergraduate Education in Ontario*. Montreal and Kingston: Queen's Policy Studies Series, McGill-Queen's University Press.
- 27 Higher Education Quality Council of Ontario (2012). *The Productivity of the Ontario Public Postsecondary System Preliminary Report*. Toronto: Higher Education Quality Council of Ontario.
- 28 Office of the Auditor General of Ontario (2012). *2012 Annual Report of the Office of the Auditor General of Ontario*. Queen's Printer for Ontario.
- 29 IBID.

ONTARIO UNDERGRADUATE STUDENT ALLIANCE

26 Soho St, Suite 345

Toronto, M5T 1Z7

t: 416.341.9948 **f:** 416.341.0358

w: www.ousa.ca **e:** info@ousa.ca

PRESIDENT: *Amir Eftekarpour*

EXECUTIVE DIRECTOR: *Rylan Kinnon*

DIRECTOR OF COMMUNICATIONS: *Brandon Sloan*

DIRECTOR OF RESEARCH: *Sean Madden*

RESEARCH ANALYST: *Ailsa Bristow*

OPERATIONS COORDINATOR: *Kerri Behling*

RECOMMENDED CITATION

Kinnon, Madden, & Sloan. (2014). *Education Works: Envisioning a Fairer Society for Ontario's Youth*. Toronto: Ontario Undergraduate Student Alliance.

OUSA

Ontario Undergraduate Student Alliance