



Towards a stronger Ontario workforce

Ontario colleges' submission
for the 2012 budget

January 2012



COLLEGES | COLLÈGES
ONTARIO | ONTARIO

Table of Contents

Introduction	Page 2
Colleges are on the leading edge of the new economy.	Page 3
Making Ontario healthy	Page 4
Leading in clean, healthy growth	Page 4
Colleges get results for students and the economy.	Page 5
Colleges save tax dollars through efficient, innovative and productive practices	Page 6
Opportunities for new efficiencies	Page 8
Producing more graduates	Page 9
The college sector’s funding needs	Page 10
Operating costs	Page 10
Enrolment growth	Page 11
Applied research	Page 11
Infrastructure renewal	Page 12
Instructional equipment	Page 12
Conclusion	Page 12

Introduction

College graduates are essential to Ontario's prosperity.

College graduates are trained for virtually every sector of the workforce, from business, health care and hospitality to biotechnology, IT, game development and advertising. And graduates are achieving success.

Even in the economic downturn, more than 83 per cent of graduates find work within six months of graduation. And 93 per cent of employers report being satisfied with the graduates they hired.

In the years ahead, Ontario will need greater numbers of college graduates.

New technology and innovations are revolutionizing the workplace. Many entry-level and unskilled jobs that could traditionally be filled by people with little education now require more skilled employees.

Future jobs will require higher levels of skill, so we must ensure that people receive the necessary training and retraining to fill these jobs. Otherwise, Ontario faces a future where there will be more jobs without people, and more people without jobs.

Ontario has made significant progress in preparing for the challenges ahead, including a commitment to raise Ontario's postsecondary attainment rate. The government's initiatives to improve access to higher education and produce more graduates are getting results. Ontario continues to be a world leader in postsecondary education.

The province must continue to build on that work.

It is conservatively estimated that in 10 years' time, 75 per cent of Ontario's workers will need some level of postsecondary education – a significant jump from the current 63 per cent attainment rate.

Much of this increased pool of graduates will be people who traditionally haven't pursued education after high school. It will include greater numbers of aboriginals, francophones, people with disabilities, first-generation students and people in remote areas of the province.

They must attain more education. And they can.

But we must recognize that many of the students who don't currently enrol in higher education aren't likely to pursue a liberal arts education. To get them into the postsecondary system, we must focus on getting greater numbers of students into the career-focused programs offered at Ontario's colleges.

Ontario needs more students enrolled in college, and supports must be in place to ensure greater numbers of students complete their college education.

By expanding its postsecondary reach, Ontario can produce a workforce that competes with the powerhouses of the world. College education must be at the forefront of the government's ambitions.

It is essential to our economy. And it is the best way to ensure that every person can make a real contribution in the world of tomorrow.

Colleges are on the leading edge of the new economy

An innovative, well-educated and highly skilled workforce is essential in the new economy. Emerging countries such as India and China are investing heavily in training and education.

Ontario cannot be complacent. Providing higher education to greater numbers of people must be a central component of the province's strategy to promote new growth.

Many jobs require people who are critical thinkers and who have strong, career-specific skills. Often these people are college graduates or people who have a combination of both university and college education.

The number of university graduates applying to college has increased more than 40 per cent since 2007. University graduates recognize that they are more competitive if they have the practical, career-oriented training needed for good jobs.

People who graduate from college programs are ready to contribute to the transforming workplace. Working with business and industry advisory groups across Ontario and all sectors of the economy, college programs are updated and new programs are created to ensure the education provided to students is relevant and on the cutting edge of new innovations.

In the past two years, Ontario's colleges have introduced such new programs as:

- Mobile Application Development.
- Medical Robotics & Automation.
- Biofuels and Bioprocesses Technician.
- Electro-Mechanical Engineering Technician – Robotics.
- Digital Cinematography.
- Airframe Assembly.
- Aviation Technician - Aircraft Structures.
- Diagnostic Medical Sonography.

Making Ontario healthy

College graduates also contribute to a healthy province. The colleges produce more than 10,000 graduates each year in health-care programs. These graduates become nurses, dental hygienists, paramedics, respiratory therapists, personal support workers, and more.

Colleges also offer programs related to food, nutrition, and physical fitness, to help promote healthier lifestyles. And the colleges are producing greater numbers of graduates in early childhood education, to help ensure young people get the start they need to live successful and healthy lives.

Leading in clean, healthy growth

Ontario is a world leader in stimulating a green economy. The Green Energy Act and other government initiatives are helping to attract new investment and create new green jobs.

Environmental sustainability and energy conservation are also core values at Ontario's public colleges. The colleges are leaders in promoting environmental stewardship at campuses throughout the province.

Some of the green initiatives include the installation of a wind turbine at Sault College, the creation of the Centre for Alternative Waste Water Treatment at Fleming College, the creation of the Campus Eco-System Restoration at Niagara College and the installation of green roofs at several colleges throughout the province. The Real-time Operating System™ being implemented by Ontario colleges is an advanced energy management initiative to better manage energy utilization. Colleges are also developing new programs to produce graduates for industries focused on sustainability. Some of the new programs created in the past three years include:

- Green Architecture.
- Water Distribution and Wastewater Collection.
- Green Business Management.
- Alternative Energy Engineering Technology.
- Renewable Energies Technician.
- Geothermal Engineering Technologist.

Colleges get results for students and the economy

Ontario's colleges have an internationally recognized quality assurance process in place to ensure college programs and credentials deliver excellence.

Furthermore, the colleges have used the investments from the Ontario government's multi-year Reaching Higher Plan to expand access to college education, while at the same time improving the quality of higher education provided to students.

In 2010-11, colleges were serving 29,000 more full-time equivalent students than six years earlier, and the graduation rate increased to 64.1 per cent from 58.5 per cent over that same time period.

As well, the colleges have served more than 20,000 clients of the provincial Second Career program, which provides new training to people who have lost their jobs. About 75 per cent of the graduates of the three-year-old program have gone on to find new jobs.

Catalin Mocanu, who immigrated to Canada in 2004 from Romania, found himself out of work after losing his job at Stelco.

After consulting with employment counsellors, he entered the Second Career program at Centennial College in Toronto.

That led to an internship at Sun Glow Window Covering Products of Canada and future employment success. He created the research and development department at Sun Glow, which creates custom-designed products for customers, and has helped the company to expand.

"It's been a marvelous experience," he says.

The colleges have also increased the number of new apprenticeship starts by more than 50 per cent since 2008-09.

According to a recent TD Economics report, "investment in education is better than any other financial investment. The average annual return is above 10 per cent for a university undergraduate degree and even higher for college diplomas."

Rahul Singh, a graduate of Humber College, is the founder of GlobalMedic, an organization providing efficient and cost-effective disaster relief.

By 2009, the organization had donated more than \$10 million worth of relief items around the world.

In 2009, Singh was named one of Canada's Top 40 Under 40, and in 2010 he was included on Time magazine's list of 100 most influential people in the world.

Investing in colleges is an excellent return on investment, produces significant results and strengthens local economic development.

Having a highly skilled workforce is Ontario's competitive advantage. It makes businesses stay and invest in Ontario, creating good jobs and raising the standard of living.

Jon Cassar, a graduate of Algonquin College in Ottawa, was the award-winning producer, director and executive producer of the hit TV series, 24.

"We learned what it's really like to be on set, how the different disciplines work together," Cassar says of his college education. "The scale of the productions was smaller, but the dynamics are all the same. It was invaluable."

Colleges save tax dollars through efficient, innovative and productive practices

To ensure they continue to deliver high-quality education and training to an ever-increasing number of students, Ontario's colleges have had to become more efficient, more innovative and more productive.

Colleges are good fiscal managers and are accountable.

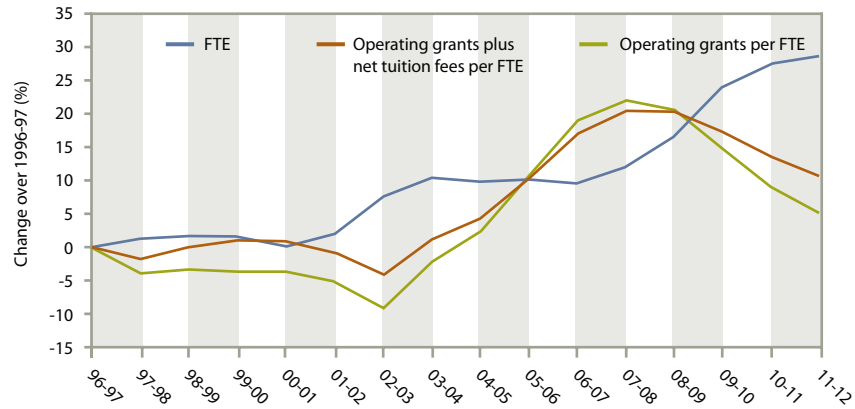
Colleges are increasingly using facilities throughout the year to serve the training and education needs of Ontarians. In the past five years, the number of new students starting in the winter semester has increased by 54 per cent and first-year enrolment in the summer semester has increased by 56 per cent. In contrast, first-year enrolment in the fall semester has increased 23 per cent over the same period. These figures demonstrate that colleges are committed to more fully utilizing their facilities year round.

Some of the collaborative approaches that have helped colleges to find efficiencies have included provincewide collective bargaining for the entire sector, a single pension plan for all college employees, a centralized application service, shared library and resource centres, joint curriculum development, and a college consortium to deliver online courses.

As well, the colleges have just started a new benchmarking project to help identify best practices and improve their own performance relative to their peers. This is expected to lead to greater efficiencies in the college system. The sector is also developing a new inventory of space requirements in the colleges to better utilize college facilities.

In fact, colleges have delivered significant improvements in higher education and training while actual per student funding levels to the sector have dropped.

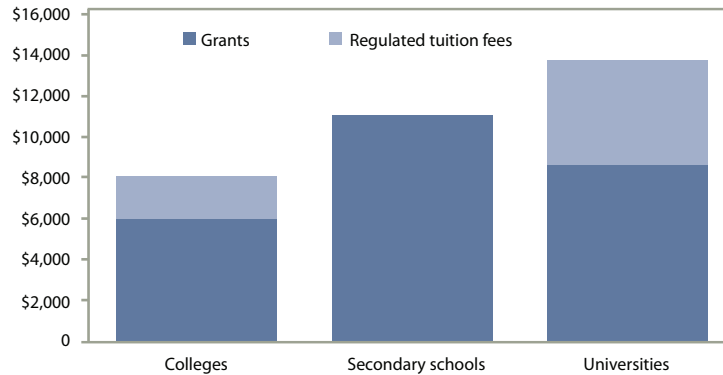
College enrolment and revenue changes, 1996-97 to 2011-12 (Indexed to 1996-97)



Source: Ontario Ministries of Training, Colleges and Universities and Finance, Statistics Canada and Colleges Ontario.
Note: Revenue figures are in constant 2002 dollars. Figures exclude tuition set aside, collaborative and second-entry nursing and clinical education funding for collaborative nursing. Regulated tuition fees.

The Reaching Higher Plan has helped colleges to improve the quality of education delivered to students and it is important to maintain that success. It is particularly important to ensure operating funds are enhanced. Over the last five years (2006-07 to 2011-12), total operating grants per full-time equivalent student fell more than 11 per cent. On a per student basis, Ontario colleges also receive less funding than publicly funded secondary schools and universities.

Operating funding and regulated tuition fees per student Ontario education sectors, 2010-11



Note: Figures for colleges exclude the tuition set aside & collaborative & second-entry nursing & clinical education funding collaborative nursing. Fees for universities are for first-year Arts & Science.

Source: Ministry of Training, Colleges and Universities and Ontario Public School Boards Association.

Ontario's colleges appreciate the serious fiscal challenges facing the province and the need to achieve greater cost efficiencies in the delivery of education. At both the institutional and system level, colleges will continue to drive innovation to achieve greater cost efficiencies.

Opportunities for new efficiencies

Further efficiencies in postsecondary education can be achieved to help the government and the college system deliver higher education to more and more students in a cost-effective way.

For example, improvements in the credit-transfer system would reduce the time that many students spend in higher education, thereby reducing the costs to students and government.

In its 2012 budget, the Ontario government must send a strong signal about the next steps that will be taken to more effectively advance the transfer of completed credits when a college or university student transfers to another institution. These steps must be taken now.

As well, the government's plan to establish three new undergraduate campuses in the province presents a unique opportunity to make postsecondary education more responsive to the labour market.

Ontario must ensure the new spaces are directly tied to a transformation of higher education that is more career-specific. To that end, the government – through its RFP process – must ensure that any proposal considered involves both a college and a university in a new type of partnership that has at its core a culture of credit transfer and credential recognition. Counterbalancing this opportunity for system transformation, however, is the need to ensure that the deferred maintenance needs of the college system highlighted by the auditor general are not lost in the push to fund new campuses. Addressing these urgent deferred maintenance needs is the single best way to increase the productivity and efficiency of our campuses and will also create jobs.

The government can also achieve savings through a realignment of the apprenticeship system. The government can reduce its role in this area by providing colleges with greater responsibility for the management and delivery of apprenticeship training.

Producing more graduates

With adequate funding, Ontario's colleges can help ensure the province produces the workforce it needs for the new economy.

Employers are looking to hire college graduates. In late 2010, George Brown College conducted a survey of 705 employers in the GTA, across the range of sectors in which the college produces graduates (including health sciences, hospitality and culinary arts, business, construction, computer and engineering technologies, community services and early childhood education, and arts and design). The survey indicated that of the employers who intended to hire new graduates within the next 12 months, 58 per cent estimated that the new hires would be college graduates.

New investments will allow colleges to enrol more students, provide more opportunities to people from traditionally under-represented groups, and further improve the quality of programs and services delivered to students. Special funding envelopes such as the Students with Disabilities grants and the Access to Opportunity grants are critical to ensuring that under-represented groups are able to participate in postsecondary education and training.

Brenda Combs, a graduate of Sault College, has had a tremendous impact in her work on justice issues for aboriginal women.

The immediate past chair of the National Aboriginal Circle Against Family Violence, and executive director of Nimkii-Naabkawagan Family Crisis Shelter, Combs is helping women and youth in her community. She is a voice for hundreds of missing and murdered aboriginal women.

Ontario's colleges will be able to produce more graduates, and greater numbers of graduates will find employment.

<i>Sector goals for 2015-16</i>		
	2010-11	2015-16
Postsecondary enrolment	190,600	210,000
Immigrants	28,600	35,000
Students with special needs	22,900	28,000
Aboriginal students	5,700	7,100
Number of graduates*	72,066	84,000
Graduation rate (%)	64%	70%
Graduate employment rate (%)	83%	90%

The college sector's funding needs

Ontario's colleges face increasing operating costs in 2012-13. The colleges also face cost pressures to upgrade the instructional equipment used in labs and classrooms, and to make critical repairs to the colleges' infrastructure. New investment in applied research will also be important as Ontario strives to improve its business productivity.

<i>Colleges' funding needs for 2012-13</i>	
Area of investment	Amount
Operating <ul style="list-style-type: none"> • PSE operating grants 	\$51 M
Other operating <ul style="list-style-type: none"> • Applied research (CONII) 	\$2 M *
Capital <ul style="list-style-type: none"> • Infrastructure renewal (deferred maintenance) • Instructional equipment 	\$61 M \$20 M

* The average of \$6 million over three years. In year one, CONII needs \$1 million cash flow.

Operating costs

Ontario's colleges face significant cost pressures in 2012-13. Many of those cost pressures are related to contractual agreements with faculty and staff at the 24 colleges.

The colleges have reached collective agreements with faculty and staff that are comparable with other agreements negotiated in the broader public sector, including agreements negotiated directly by the Ontario government. However, the negotiated increases do create cost pressures for the colleges beyond the one per cent increase the government has promised to protect, as do costs that regularly increase with inflation.

The system-wide cost for compensation, goods and services, utilities, maintenance and taxes is expected to increase more than \$120 million in 2012-13. These cost pressures are unavoidable given the collective bargaining agreements and the rising cost of goods and services. This increase takes into account the fact that more and more colleges are members of OntarioBuys and many also have well-established regional buying consortia.

Based upon the extension of the current tuition framework, it is estimated that fee revenue would increase by approximately \$34 million next year. The colleges are also assuming the government will honour its 2011 budget commitment to fund enrolment growth, representing \$38 million in new funding in 2012-13. Consequently, the net operating pressure on colleges for the postsecondary programs is \$51 million. In addition, the colleges must manage the cost pressures arising from the training and employment programs delivered on behalf of Employment Ontario.

Colleges also face growing cost pressures as the province strives to produce greater numbers of postsecondary graduates. There will be increased demands to help people who might normally be at risk of not entering or completing college.

Often, the costs associated with supporting students at risk are greater than the costs for other students. In fact, an upcoming report from Deloitte will show colleges have to redirect more than \$100 million annually from intended programming to provide supports for students at risk. And that amount will increase as Ontario strives to educate greater numbers of students at risk.

To more effectively plan and deliver programs and services to students, colleges need a predictable, sustainable funding base. The 2012 Ontario budget should include a schedule for longer-term, predictable funding for the coming years.

Given that all 24 colleges are facing similar cost pressures, it is recommended the allocation of new resources ensure that all colleges receive a share of the new resources.

Enrolment growth

The 2011 provincial budget committed the province to fully fund the enrolment growth recognized in the College Funding Framework. As noted above, the colleges are assuming that the government will honour this commitment. In addition, to better enable colleges to address the pressures associated with more recent enrolment growth, Ontario's colleges are requesting that the Enrolment Bridging Grant (EBG) be adjusted to provide colleges with 50 per cent of the value of the Weighted Funding Unit for activity in the EBG.

Applied research

Ontario must continue to invest in research that produces a commercial return, supporting innovations that help businesses bring new products to market.

A report released last year by the Conference Board of Canada found the applied research activities at Ontario's colleges play a significant part in driving innovation, particularly in partnerships with small- and medium-sized firms that don't have the resources to conduct the research on their own.

Colleges are assuming the current funding for Colleges Ontario Network for Industry Innovation (CONII) will be maintained and are requesting an additional \$6 million over three years. This additional funding will enable colleges to work with more small- and medium-sized businesses. It will also help colleges to compete more effectively for more than \$100 million in announced federal funding for college-based innovation and applied research projects.

Infrastructure renewal

Ontario's college system occupies and manages a physical space inventory of about 25.7-million square feet. The estimated current replacement value for that space is \$7.7 billion.

In his 2010 report, Ontario's auditor general said the deferred maintenance backlog at the colleges was in the range of \$568 million to \$745 million. He said more than \$70 million in capital repairs are in the critical category and should be addressed in the next year.

Repairing existing facilities does more than improve the quality of education delivered to students. It will also allow colleges to utilize facilities that currently go unused because they don't meet the required standards.

In addition to the \$8.7 million allocation that is anticipated for deferred maintenance in 2012, the Ontario budget must provide an additional \$61 million for critical capital repairs at the colleges.

Instructional equipment

For colleges to offer cutting-edge programs that keep pace with new technology, it is important that instructional equipment be refreshed on a predictable, sustainable basis. An ad hoc approach to funding instructional equipment undermines the colleges' ability to effectively plan for the cyclical renewal of equipment. Only with access to up-to-date equipment can college graduates continue to be job ready when they leave the college – an imperative for Ontario businesses that rely on these graduates.

The Ontario government must provide an ongoing investment of \$20 million per year for the Apprenticeship Enhancement Fund and for the College Equipment Renewal Fund.

Conclusion

Increasing postsecondary attainment rates in Ontario is sound public policy that requires support.

It is particularly important to invest in the future success of people who haven't traditionally pursued education beyond high school. It isn't enough to get them enrolled – there must be supports in place to ensure the students successfully complete their college education.

The province can find the resources it needs to fulfil its goals, and new efficiencies can be found through mechanisms such as an improved credit-transfer system and other reforms that can help drive efficiencies and improved productivity for colleges and students.

Ontario must continue to lead, and make higher education a reality for the greater numbers of people that our economy will need in the years ahead.



COLLEGES | COLLÈGES
ONTARIO | ONTARIO

20 Bay Street, Suite 1600, Toronto, ON M5J 2N8

T: 647-258-7670 F: 647-258-7699

www.collegesontario.org