

## Stakeholder Summary

### New report examines sustainability challenges facing Ontario universities

Projected demographics across Ontario say the province will experience a drop in the number of 18 to 20 year olds over the next two decades. The shift poses a serious challenge for Ontario universities that have long depended on increased enrolment as a major revenue source.

A new report from the Higher Education Quality Council of Ontario (HEQCO) says it's time to take a closer look at the financial sustainability of the province's universities, particularly as the Ministry of Advanced Education and Skills Development (MAESD) is reviewing key policy instruments including funding formulas, Strategic Mandate Agreements and the tuition policy framework.

#### Project description

*University Sustainability: Signal Data* follows on HEQCO's July 2016 [report](#) that identified a conceptual framework for examining the sustainability of Ontario's public postsecondary institutions. The new report offers a window on the sustainability outlook of Ontario's 20 publicly funded universities, with a series of initial indicators or signals "to start a conversation with universities and government about the pressures institutions face, the strategies they are using to meet them and the tools they need from government to do so," say the authors.

Data sources include MAESD, Common University Data Ontario, Council of Ontario Finance Officers, Council of Ontario Universities and Statistics Canada. Depending on the indicator, timeframes examined range from 2005 to 2041.

Sustainability signals include institutional enrolment trends over the past five years, regional demographic outlooks for 18 to 20 year olds, student demand for each institution based on entering marks and the institution's application-to-registrant ratio, a financial health summary based on a set of common indicators assembled by the universities and MAESD, and percentage of faculty over age 65.

#### Findings

The demographic outlook for 18 to 20 year olds suggests that enrolments will not recover to 2015 levels until 2033. The report says that the Greater Toronto Area will experience a small and short contraction in university-age population before continuing to grow, while at the other extreme, the student pool in northern Ontario will not recover within the time period examined.

Within student demand indicators, entering grade averages impact sustainability because universities that attract students with higher entering averages, such as Guelph, McMaster, Queen's, Toronto, Western and Waterloo, have a deeper reserve pool of qualified students from which to draw.

While the Ontario postsecondary sector has not yet developed a benchmark or threshold to indicate whether an institution's financial performance is at risk, the report uses key financial ratios that can

signal pending difficulties for individual institutions or the overall system to compare each institution's ratios to the system average.

The percentage of faculty over age 65 is relevant to sustainability because faculty members with greater seniority are also the most expensive faculty to employ. The metric is also relevant to the opportunity for faculty renewal. Among institutions reporting on this indicator, York and Windsor had the highest at 15.8% and 13% respectively in 2014, while UOIT and Waterloo had the lowest at 4% and 5% respectively. In the 10 years since mandatory retirement was eliminated in Ontario, the percentage of faculty over age 65 in Ontario universities has increased from less than 2% to more than 10%.

The authors are not suggesting that any Ontario university is currently unsustainable. "While there is a sense of urgency to gain a better understanding of the sustainability landscape, there is no sense of panic about the situation at hand," they say. The report will be followed by further analyses, including a discussion paper on options to address the sustainability challenges identified.

"Anticipating and addressing sustainability concerns for every institution creates a strong and stable foundation that enables students to graduate with the knowledge, skills, capacities and competencies that promote personal and professional success and provide appropriate economic and social returns to the public for its investment."

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