

Queen's University Response to the Blue-Ribbon Panel

Queen's University supports the recommendations submitted to the Blue-Ribbon Panel by both the Council of Ontario Universities and Ontario's U6 group of research-intensive universities. Queen's appreciates the opportunity to echo and to add to those recommendations in the following response to the consultation questions distributed by the Blue-Ribbon Panel.

1. System Funding Approach to Drive Institutional Excellence

Queen's University is one of Ontario's leading institutions for training the highly skilled talent that our province requires for the jobs of today and tomorrow. Queen's is also the fourth-most research-intensive university in Ontario, with faculty and students advancing discoveries and innovations that will help build prosperous, healthy, and sustainable communities.

Queen's track record of success is demonstrated through the results achieved by its students and faculty, including:

- The highest undergraduate degree completion in Canada: 89%;
- 96% of students employed six months after graduation (Ontario average is 90%);
- 93% of graduates report having a job related to their studies;
- Master's completion rate of 92.2 % (U15 average is 84.6%);
- PhD completion rate of 84.6% (U15 average of 81.6%); and
- Queen's has attracted \$620 million in R&D and supported more than 700 startups and entrepreneurs since 2013, and contributes \$1.88 billion to Ontario's GDP and 16,790 jobs.

However, the success of Queen's, the broader university sector, and Ontario's ongoing competitiveness are put at risk by the acute financial pressures now impacting the sector, including:

- The 10% tuition cut and freeze for domestic students since 2019;
- Stagnant operating grants that have declined across the university sector on a real basis by 31% per FTE student since 2006;
- An enrolment corridor funding model where universities do not receive additional grant dollars for each student they enrol, resulting in significant levels of unfunded students;
- A decline in international student enrolment as a result of the pandemic; and
- Historically high inflation, disrupted supply chains, and increasing wage expectations.

Queen's has a long track record of prudent financial management, however these pressures have contributed to the university provisionally projecting a \$62.8 million operating deficit in 2023-24, subject to budget approval by Queen's Board of Trustees. This follows a significant operating deficit in 2022-23. Thanks to years of sound management and forward-looking planning, Queen's was able to build a reserve of funds to make strategic investments or to help mitigate future financial challenges. These reserve funds have been drawn down to cover these operating deficits, but there is insufficient remaining reserve to carry on in this manner.

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These financial pressures come at a time when competition for talent across Canada and around the world is intensifying, and when there is an urgent need for Ontario to ensure that it has the skilled workforce needed to support its competitiveness. From health care to critical minerals and the EV supply chain, now is a time to invest in universities, rather than limiting their ability to adapt to Ontario's urgent priorities.

Queen's is currently looking closely at measures to: further reduce operating costs; increase and diversify international student recruitment efforts in response to declines during and since the pandemic; and identify new revenue generation opportunities. However, measures such as these will not be sufficient on their own to ensure the continued financial sustainability of Queen's University and our graduates' and researchers' contributions to the province's long-term competitiveness. Queen's therefore makes the following recommendations to the Blue-Ribbon Panel.

Increase the Weighted Grant Unit (WGU) to Address Inflationary Costs

Universities are receiving less funding in real dollars year-over-year due to a static grant amount per weighted grant unit (WGU), while costs continue to rise above and beyond inflation. Since 2006-07, inflation-adjusted operating funding per student has declined by 31% in Ontario. Compared to other provinces, Ontario receives the lowest per-FTE operating grant funding for universities, with Ontario at \$8,647 and a Canadian average of \$12,215 in 2020-21. Coupled with enrolment corridors and the tuition cut and freeze, universities are finding it more difficult to continue delivering the high-quality programs that Ontarians need.

To address underfunding, while allowing universities to provide high-quality services that support student success, ***Queen's echoes the recommendations of COU and the U6 for an immediate increase to the level of funding per WGU, and subsequent annual escalator tied to the Canada Social Transfer (CST) or other inflation metric.*** An increase to the WGU rate would help Queen's to continue offering a high-quality learning experience to students, address inflationary costs, and help ensure financial stability in conjunction with the other funding levers.

Removing the Corridor to Allow Universities to Meet Labour Market Demands

To achieve financial sustainability and to meet Ontario's talent and innovation needs, universities need to grow in a responsible way that is aligned with the needs of Ontario's growing economy. The corridor-based funding model, combined with increasing demand from highly qualified Ontario students to study in the province, has led to the growth in unfunded students, especially in STEM programs. According to estimates from COU, there were approximately 21,000 funding-eligible students in Ontario's universities that were not funded through provincial operating grants in 2021-22.

Queen's has a significant number of unfunded WGUs at both the undergraduate and graduate levels as a result of funding-eligible unfunded growth since 2016-17, resulting in millions of dollars in forgone annual grant revenue. This current corridor model potentially creates a situation that disincentivizes institutions' enrolment growth that serves Ontario's students, and hinders the ability to respond to Ontario's priority labour market needs, including high priority areas such as health, engineering, and STEM fields.

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The ability of universities to support these unfunded students and grow to better serve Ontario's students will become more challenging without additional revenue. ***Queen's supports the phasing out of the corridor model and allowing enrolment-based grants to grow with each additional funding-eligible student enrolled.*** This would improve system responsiveness to labour market demands, institutional differentiation, and student choice.

2. Sound Financial Health and Continuous Improvement

As a research-intensive university, Queen's attracts world-class talent and partnerships that help develop solutions to critical challenges facing Ontario, Canada, and the world. Through discovery, partnerships, and commercialization, Queen's researchers are making advancements in science and technology that will propel our economy and have positive impacts on our society. Ontario's universities are attracting international talent and investments that are spurring economic development and creating jobs, but declining provincial support in research jeopardizes the ability to attract the talent and investments necessary for Ontario's place on the world stage in research and innovation.

Enhancing MCU's Research Envelope to Drive Institutional Excellence

Provincial support for research declined in real terms by 52% between 2010-11 and 2021-22. Other provinces like Quebec are investing ambitiously in research and innovation; Quebec's recent *2022-2027 Research and Innovation Investment Strategy* serves to bolster the province's scientific research base and international competitiveness. In 2020-21, Ontario's share of total research funding from provincial sources was 7% compared to 16% in Alberta and 22% in Quebec. Investing in research and innovation, including the matching of federal funding, are critical to Ontario's economic growth and future prosperity. In addition, universities direct a substantial amount of resources towards safeguarding our research from foreign interference—a shared priority of the post-secondary sector, Ontario, and Canada—making it one of our most significant unfunded mandates. Provincial matching of federal investments, particularly for research security activities, large research infrastructure, digital research infrastructure, and biomanufacturing, is crucial to ensuring federal dollars are not left on the table.

Ontario should ensure that our universities have the resources and tools necessary to tackle our greatest challenges, compete with other provinces for federal research monies, and deliver 'Made-in-Ontario' innovations to Canada and the world. An increase to MCU's research envelope to fund Ontario's world-leading research would allow the province and universities to leverage federal research programs and obtain Ontario's proportional share of federal monies in research and innovation.

Queen's would also encourage a review of the Ontario Research Fund (ORF) and associated funding supports to ensure that both talent and infrastructure investments are embedded to support Ontario's social and economic development. Addressing the indirect costs of research and new opportunities for commercialization are also important components of an effective research strategy. We also endorse the discussion of MCU funding and student success contained within the submission made by the Council of Ontario Universities.

3. Multi-Year Tuition Framework

Queen's projected revenue losses as a result of the continued tuition freeze have the potential to impact the quality of education and students' access to programs. Since 2019, Queen's has experienced a

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forgone accumulated revenue loss of nearly \$180 million in undergraduate and graduate tuition, which would grow to more than \$400 million if the freeze continued into 2026. As a whole, the tuition freeze has cost the sector \$1.86 billion since 2019. An additional year of a tuition freeze, as announced in March 2023, means Ontario's universities incur an additional \$867 million in 2023-24 in foregone revenue.

Queen's has taken steps to reduce costs in response to the current revenue reality, including delayed capital projects and deferred hiring and faculty searches. However, without the ability to increase domestic tuition, the quality of the student learning experience will be put at risk. Cuts to student services and faculty-to-student ratios, as well as greater pressure to accept international students over domestic students will all become more likely. Class sizes in particular impact high-quality education and supports, particularly for equity-deserving students who often report that close interaction with faculty is a key element to their success. Increasing class sizes also decreases opportunities for active and engaged learning where skills such as teamwork, communication, and problem solving are developed.

In order for Queen's to continue supporting student access and offering the high-quality education and supports that students need, Queen's requests that the government adopt a long-term tuition framework that is predictable for institutions and families, and includes flexibility to allow for reasonable annual increases to address inflationary pressures and beyond-inflation operating cost pressures being borne by universities. The ability to have tuition flexibility will help Queen's enhance the value of our programs, improve student services, and remain internationally competitive, all while maintaining access for students.

Affordability Framework

Queen's also supports the affordability framework proposed by the U6 Group of Ontario's research-intensive universities. The long-term tuition framework should ensure that a university education is affordable for students and their families, and it should provide the resources and flexibility needed for universities to excel in teaching, research, and their important economic and community development roles.

The proposed Affordability Framework will link future tuition increases to increased allocations to student financial aid by institutions through a new Institutional Student Assistance Program (ISAP) that would complement OSAP. The Affordability Framework will provide institutions with the flexibility to set tuition rates and would replace and enhance the existing Tuition Set-Aside requirement of 10%, and provide a more robust mechanism for institutionally funded student assistance. This program would expand the financial commitment made to students by universities while raising the visibility of the role institutions play in promoting affordability for individual students and accessibility on a sector scale.

Queen's has always been dedicated to supporting our students and ensuring their access to high-quality education. Last year, Queen's provided nearly \$38 million in financial assistance to more than 10,000 students, including \$8.8 million distributed to Black-Canadian, racialized, and Indigenous students. Queen's has expanded its admission bursary programs to enable more students with the highest financial need to accept their offer of admission. Beginning in fall 2023, up to 100 new and renewable Major Access Awards will reduce financial barriers for students by providing recipients with four years of funding of up to \$72,000 depending on their program of study. Queen's has seen an 8% increase in acceptances from Indigenous applicants and a 23% increase from those who are first in their family to

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attend a post-secondary institution. We hope to empower more students who may not have otherwise considered Queen's due to personal, geographic, or socio-economic circumstances, to join the university community.

Continuation of Out-of-Province Tuition Flexibility

Queen's appreciated the Ministry of Colleges and Universities' directive allowing institutions the option to increase tuition for domestic out-of-province students by 5%. Queen's has increased out-of-province tuition by 5% this year for our direct-entry undergraduate students (approximately 760 students, or 3.2% of our preliminary undergraduate enrolment numbers). Moving forward, ***Queen's would welcome the continuation of this approach to out-of-province tuition.*** However, this directive alone will not address Queen's tuition revenue shortfalls.

4. Northern Education

Remote Indigenous communities in Northern Ontario are subject to severe health disparities compared to non-Indigenous Ontarians. These include low accessibility to healthcare providers, under-representation of Indigenous healthcare workers, inadequate facilities, and a high burden of travel for patients to receive treatment outside of their home community. This creates high cost, low value care, and undermines the values and commitments we hold with Indigenous peoples in Ontario.

More than building hospitals and facilities, addressing these issues requires the development of an Indigenous health workforce for these remote communities. In partnership with the Weeneebayko Area Health Authority (WAHA), Queen's University is proposing to develop an interprofessional health campus, situated within Indigenous communities in Northern Ontario, to train Indigenous youth for careers in medicine, nursing, midwifery, and other health professions in their own communities.

This proposal builds on a nearly 60-year partnership of patient care between WAHA, Queen's, and Kingston Health Sciences Centre, and will graduate new doctors and nurses with roots already established in these Northern Ontario communities through an innovative method to train healthcare workers within a community-centric model that places retention and the needs of communities at the core of health sciences education.

The Queen's-WAHA campus would contribute to the government's regional training and talent retention objectives, increase health human resources in Northern Ontario, and reduce costly patient-transfers to Kingston and other centres in the South. This project can become a model for other jurisdictions to replicate to increase their healthcare workforce, improve Indigenous-led health service delivery, and address the challenges of training and retaining talent in remote communities.

With decades of experience serving Northern Ontario, Queen's would welcome further investment by the government in health education to support northern communities, including through the Queen's-WAHA partnership, as well as the opportunity to find new ways to collaborate more formally with NOSM University to best serve the health care needs of Northern Ontario.

6. Supporting International Students

International students enrich the student experience in Ontario's post-secondary sector. They enhance the vibrancy and diversity of our student populations by bringing global perspectives and enabling the exchange of cultural and social viewpoints at campuses across the province. International students also engage in our local communities through volunteering, entrepreneurship, and other activities.

International students are also key drivers of the cutting-edge research and innovation that is taking place at Queen's, and serve as a valuable and skilled talent pool for Ontario's employers, making the province an attractive and competitive environment for global investments in growth industries. The number of international students pursuing post-graduate work permits is increasing with the largest gains occurring among those intending to work in Ontario. International students are training to become the next generation of highly skilled workers, including doctors, nurses, and engineers, who will serve our province and boost our economy.

While Queen's University has seen a decline in international student enrolment over the course of the pandemic, last year Queen's enrolled more than 4,000 international students from 120 countries, comprising 14% of all enrolments—making them a vital part of Queen's student population. Queen's and Ontario's universities are committed to supporting our international students to ensure their academic success and eventual transition to the workforce. By offering wrap-around supports, helping them settle in their new communities, and providing a welcoming learning environment, universities ensure that international students are fully supported during their academic careers.

Queen's offers specific supports for international students and a number of targeted services within the Queen's University International Centre (QUIC), such as job search supports. However, the demand for services can often outweigh the supply. As housing continues to be a challenge for many communities in Ontario, universities strive to offer greater availability for residence spaces and are eager to work with the government to find solutions to the growing need for student housing.

Attracting high-quality students from around the world strengthens Ontario's capability to compete. However, universities are increasingly dependent on international student enrolment to support financial sustainability. Policies that keep domestic tuition and enrolments flat mean that international student tuition revenue is required to cover ongoing inflationary costs. This dynamic leaves the sector more vulnerable to geopolitical events.

International student tuition is one of the few levers that post-secondary institutions have to address the growing cost of delivering quality education. This has led some institutions across the sector, including colleges, to become increasingly reliant on this revenue stream. ***Increased grant and domestic tuition revenue flexibility would help de-risk and reduce pressure on international tuition as a financial driver and allow increased emphasis on activities that help ensure the quality of student access and high-quality programming remains in the forefront of international education initiatives.*** Queen's looks forward to working with the province on the financial stability of the sector while maintaining Ontario as a destination of choice for international students.