

Postsecondary Education: Sustainability and Renewal

A Discussion Paper

About this Engagement

More and more Ontarians are investing both time and money in the education of themselves and their children. In today's economy, employers often seek candidates that have training or education beyond high school. Employers are also increasingly demanding highly skilled employees who can adapt to a changing global economy.

Ontario's publicly-assisted postsecondary institutions are vital to the economic and social well-being of their communities. Recognizing this, the Ontario government invests over \$5 billion annually in its colleges and universities.

Despite this, important questions have been raised about the sustainability of Ontario's postsecondary system.

Institutions must continuously evolve to meet the needs of the economy and students. Renewal is an important component of that. As such, the Ministry of Training, Colleges and Universities is conducting this engagement to better understand the issue of "employee renewal".

Specifically, the ministry is interested in better understanding the impact of college and university employees simultaneously collecting full-time salaries and pensions.

The purpose of this paper is to support stakeholders who are providing feedback to help the government better understand current and future challenges and opportunities associated with employee renewal. If your organization would like to contribute to this engagement, please forward your electronic submission responding to the questions raised in this paper by February 22, 2019 via email to: psepolicy@ontario.ca

Context

The financial sustainability of Ontario's colleges and universities is key to ensuring students can learn the skills and content needed to meet their future employer's needs.

In the past, concerns about sustainability have been addressed through increasing operating grants tied to increasing enrolment. This approach ignored some fundamental structural issues of our postsecondary education system; issues which have become more apparent as enrolment growth slows, and even declines in parts of the province.

Given the financial situation of the Ontario government, when we consider how to strengthen Ontario's postsecondary education system in 2019 and the future we must look at all expenditures in the sector, particularly the largest budgetary expenditure - labour. Grant increases cannot address the sustainability issue and employee renewal is an important issue for all stakeholders in the postsecondary education sector.

Labour costs constitute 65% and 76% of expenditures for colleges and universities, respectively.

As the Higher Education Quality Council of Ontario noted in its 2018 Report, *The Sustainability of the Ontario Public Postsecondary System: Putting Together the Pieces of the Puzzle*:

Since mandatory retirement was eliminated in Ontario in 2006, the proportion of university faculty aged 66 or older has grown from virtually zero to 9% of full-time faculty. At the same time, faculty renewal in the junior ranks is drying up: the percentage of faculty 35 years old and younger has shrunk from 9% in 2005 to 5% today. The College Employer Council reports that 8.3% of full-time faculty at Ontario's public colleges are over the age of 65..... unlike other public sector employees (Ontario public servants, teachers), in some cases faculty are permitted to draw pension funds while at the same time collecting a full salary.

The ministry has heard that the practice of simultaneously collecting pensions and full-time salaries acts as an incentive for employees to stay on in the workplace longer than in other sectors. In addition to the impact this has on employment opportunities for earlier career employees and the educational benefits they can bring to colleges and universities, this in turn can impact the financial viability of the colleges and universities because it creates upward pressure on labour costs with no corresponding offset typically associated with the entry of new employees.

In this respect, the postsecondary sector is different from the broader public sector in Ontario. With regards to extended careers, the College of Nurses of Ontario's 2017 Membership Statistics Report noted that only 4% of all nurses in Ontario were over the age of 65. Employees of the Ontario Public Service retired on average at age 59 in 2017.ⁱ According to the Ontario Teacher's Pension Plan, and similarly to these other sectors, the average retirement age for Ontario teachers in 2017 was 59. By contrast, in 2017-18, 9.5% of Ontario faculty were over the age of 65, with 3% over the age of 71.ⁱⁱ In 2016-17, 8.3% of college faculty were over 65.ⁱⁱⁱ

The ministry recognizes that the research experience and teaching acumen of longer-serving faculty at Ontario's colleges and universities is a crucial part of a high-quality educational experience for students. However it is important that these services continue to be provided in a sustainable manner.

Much of the data available on this issue is related to university faculty. However, the ministry has also heard that the practice of simultaneously collecting pension and full-time salaries is practiced throughout colleges and universities – including by staff. For that reason, stakeholders from across both sectors are invited to share their thoughts.

The ministry believes that there are likely best practices regarding the collection of pensions and full-time salaries currently at postsecondary institutions, or in other areas of the broader public sector, for example:

- Limiting the number of classes retired faculty can teach, or the number of days retired employees can work, without seeing their pensions suspended;
- Requiring that any employees who retire and return to work full-time have their salaries reduced so that take-home pay levels do not exceed pre-retirement levels; and
- Encouraging employees to retire through phased retirement plans with defined end points.

It is hoped that through this engagement, the ministry and the sector can identify actions that will help support the sustainability of Ontario's colleges and universities.

For Consideration:

In order to better understand the impact of allowing employees to simultaneously collect full-time salary and pension annuities, the ministry would like to understand:

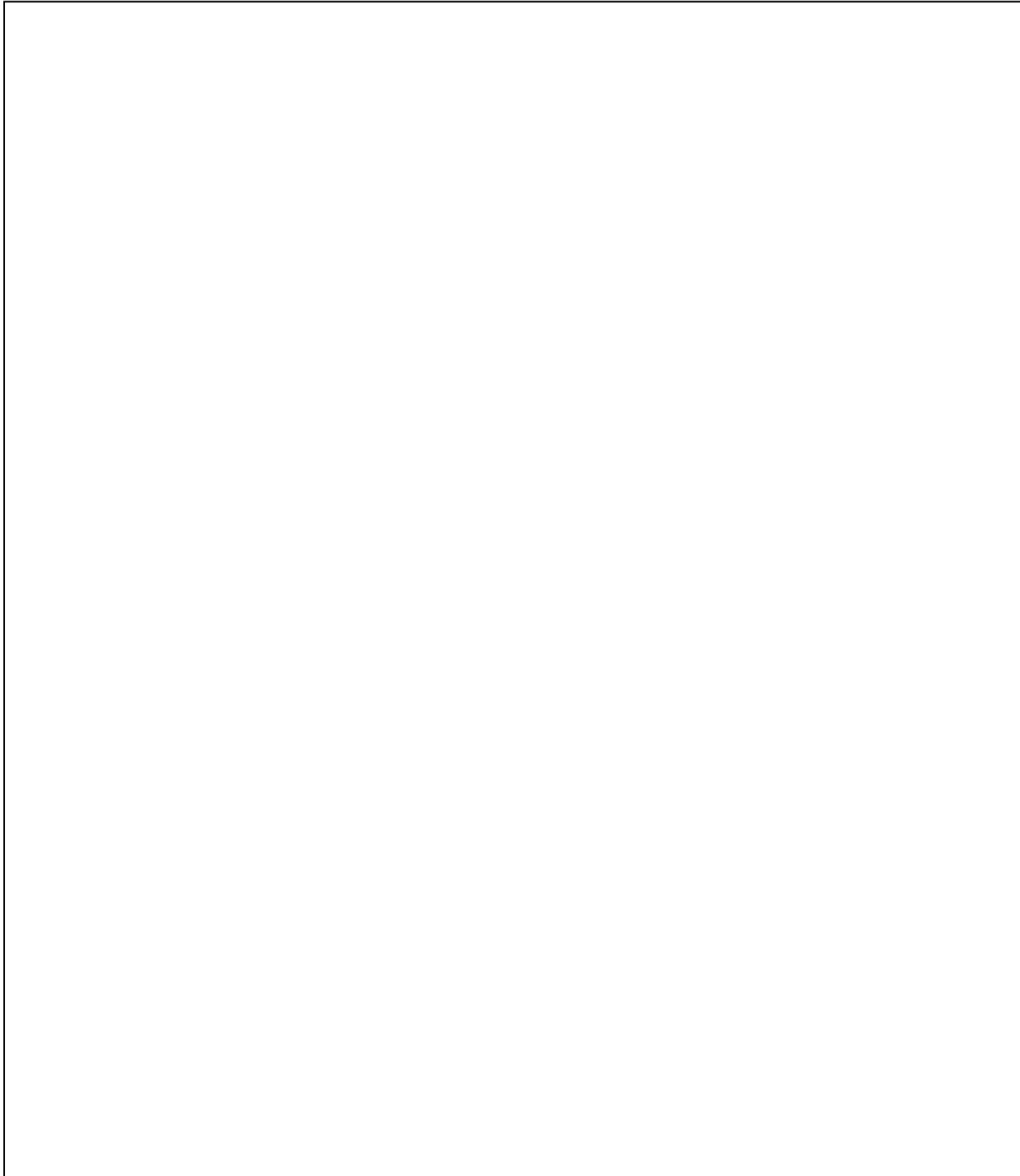
1. Does this practice occur at your institution? And if yes:
 - What impact does this have on the learning experience for students?
 - What impact does this have on institutional finances?

Does your organization/ do your members wish to share data, analysis and any issues?

2. What are your thoughts on this issue? What challenges have been identified, and what are your thoughts on how your members/organization could address them? Are there any specific policies or approaches being taken at the micro level (e.g., department or college) that could be applied to a macro level (e.g., college or sector)?

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3. Should there be limitations established on further employment of faculty/employees who are retired and collecting pension? What should they be? Are there best practices your members/organization would recommend to the ministry? For instance, in the K-12 education sector, retired teachers are limited to fifty days of teaching in addition to their pension annuities.



4. The ministry is giving consideration to a policy that would limit the ability of postsecondary education employees to simultaneously collect full-time salaries and pension benefits. Such a policy could, for instance, require institutions to reduce salary payments so that salary and pension payments combined are not greater than the employee's salary prior to pension payments commencing. If this were to be pursued as a policy,
- Does your organization/ do your members have any concerns if the ministry was to proceed with this initiative?
 - Would such a policy conflict with current terms of employment for all/some/none of your members?
 - What is your best advice to the ministry?

Conclusion

Your participation in this process is greatly appreciated as we work toward the government's goal of ensuring a sustainable and world-class Ontario publicly-assisted postsecondary sector.

Thank you for taking the time to read this paper. We look forward to receiving your feedback.

ⁱ OPS Workforce Facts: Quarterly Report – 2017/18 Q4, 11.

ⁱⁱ UCASS data, Staff Count for the main 20 Ontario universities by age group, 2016-2018.

ⁱⁱⁱ This number comes from College Employer Council data, quoted in, Harvey Weingarten, Amy Kaufman, Linda Jonker, and Martin Hicks, *The Sustainability of the Ontario Public Postsecondary System: Putting Together the Pieces of the Puzzle* (Higher Education Quality Council of Ontario, 2018), 10.