

Stakeholder Summary

As labour costs grow faster than revenues, Ontario universities face sustainability challenges

With no significant growth in student enrolment projected in coming years, Ontario universities face a future where labour costs outpace revenues. This may create a challenge for sustaining academic quality, according to a new report from the Higher Education Quality Council of Ontario (HEQCO).

HEQCO's previous look at [sustainability in the university sector](#) found that the population of 18 to 20 year-olds in the province is expected to drop over the next two decades and that revenues are expected to remain relatively flat. The new report, *University Sustainability: Expenditures*, examines the labour costs facing universities, which account for 73% of operating expenditures. Salary increases for continuing employees have averaged 3.9% over the past three years, while revenues have increased only 2.4% over the same period.

Project Description

Informed by the [conceptual framework developed by HEQCO in 2016](#), this paper examines factors related to labour expenditures in the Ontario university sector, including compensation, part-time faculty and full-time faculty workloads.

Most of the data included in the report is derived from public sources. With no single database for tracking compensation in Ontario's university sector, the compensation data contained in the report is drawn from the Ontario Public Salary Disclosure List (informally known as the "Sunshine List") and the University and College Academic Staff System (UCASS) compiled by Statistics Canada. For part-time faculty, information was provided by four Ontario universities. The four institutions are not necessarily reflective of the system as a whole, but the findings were similar to those recently published by the Council of Ontario Universities (COU) in its *Faculty At Work* report. The COU report combined with previous HEQCO research and collective agreements provided information on full-time faculty workloads.

Findings

Entry- and top-level salaries for Ontario full-time faculty are the highest in the country and among the highest in the world. Of the nearly 15,000 full-time faculty in the province, just over 85% earned \$100,000 or more.

Since the elimination of mandatory retirement in 2006, the percentage of full-time faculty over age 65 has grown to 9% and continues to grow with no indication of when and how it will stabilize. During the same time, the percentage of full-time faculty 35 years old and under has decreased from 11% to 5%. Not only does this have an impact on faculty renewal, but it also has a cost implication for institutions as senior professors cost 60% more than most junior faculty members. Had mandatory retirement

remained in place, 1,239 additional new, younger faculty could have been employed at a cost savings of \$89 million, the report finds.

Currently, part-time instructors are teaching approximately half of undergraduate courses in Ontario. With no definitive evidence of the quality of teaching being diminished by using part-time instructors, institutions are employing them as a cost effective option to increase teaching capacity. A [2014 HEQCO report](#) concluded that if full-time faculty not active in research were to teach twice the load of their research-active colleagues, the capacity of full-time professors would be increased by 10%, which is roughly equivalent to adding 1,500 additional faculty members.

The purpose of this report is not to pass judgment on labour costs being too high or too low, the authors note, but to examine what is driving the growth of operating costs and expenditures and to highlight the tools they have in place for managing this growth. An upcoming HEQCO report will build on these findings and explore how academic quality can be preserved while keeping revenues and expenditures in balance.

University Sustainability: Expenditures is written by Harvey P. Weingarten, Linda Jonker, Amy Kaufman and Martin Hicks, Higher Education Quality Council of Ontario.