

2019 ONTARIO PRE-BUDGET SUBMISSION

The University of Toronto's 2019 Ontario Pre-Budget Submission



UNIVERSITY OF
TORONTO

BUDGET RECOMMENDATIONS

Address the Fiscal Sustainability of Universities

- Maintain the government's commitment to university operating grants and create a stable and predictable approach to sector funding in consultation with universities.
- In consultation with the sector, explore all mechanisms to support fiscal sustainability.
- Support investments that reduce operating expenditures for the University such as U of T's planned large-scale geothermal project.

Support Increased Housing Supply and Development

- Support the University's recommendations to the "Increasing Housing Supply in Ontario" consultations which will speed up development and enable the University to offer a variety of housing options that are affordable to students, faculty, and staff.

Partner to Improve the Lives of All Ontarians

- Partner with universities to engage stakeholders in the development of an Ontario Talent Strategy.
- Continue to support the Ontario Research Fund as a key driver of future prosperity.
- Target innovation and entrepreneurship funding programs towards successful university-led collaborations with business.
- Invest in job-creating infrastructure by supporting the construction of U of T's Partners in Innovation & Entrepreneurship Complex (PIE-C).
- Support the Scarborough Academy of Medicine at the University of Toronto Scarborough Campus to help improve the quality of health care in Ontario.



1 | INTRODUCTION

The University of Toronto has over 90,000 students at campuses in downtown Toronto, Scarborough, and Mississauga and is internationally recognized as Canada's leading university. In purely economic terms, the University has a \$15 billion economic impact on Ontario. Beyond that, the research and teaching missions of the University are contributing to solving the most complex social problems facing Ontario.

The University is pleased to submit recommendations to the Minister of Finance ahead of Ontario's 2019 budget.

The recommendations fall into three categories:

- addressing the fiscal sustainability of Ontario universities
- supporting increased housing supply and university-led development projects
- partnering to improve the lives of all Ontarians.

The government has signalled a commitment to a pragmatic, modest, and reasonable approach towards balancing Ontario's budget, while creating jobs, making life more affordable, and fixing health care in Ontario. Universities are partners in achieving the government's objectives and are committed to driving efficient and effective delivery of postsecondary education while mitigating impacts on students, faculty, and staff.

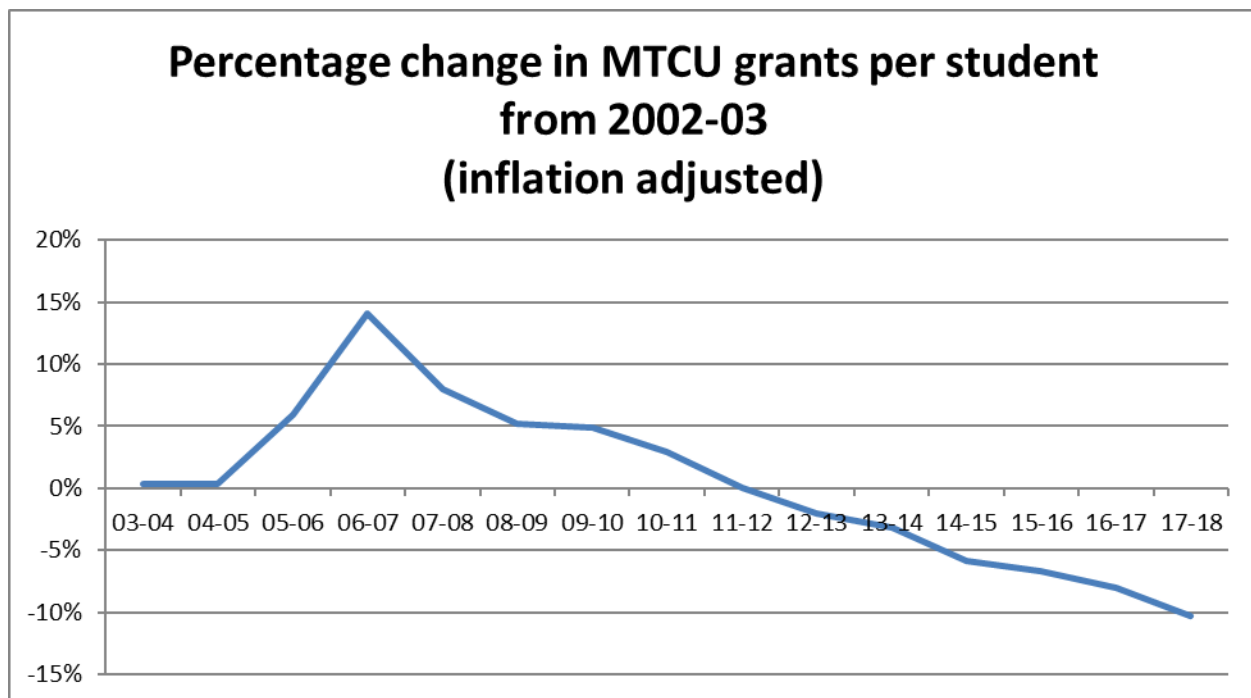
This submission outlines several areas where the government and the University can collaborate to support our mutual goals. These include addressing the fiscal sustainability of universities, supporting significant housing and development plans in Toronto, Mississauga and Scarborough, investing to create jobs and drive economic growth, and addressing the long-standing challenges in Ontario's health care system.

2

ADDRESS THE FISCAL SUSTAINABILITY OF UNIVERSITIES

Under the previous government, operating grants to universities declined by 11%, leaving Ontario institutions with the lowest level of funding per student in the country. Universities have continued to serve a growing number of students, create economic opportunities through the commercialization of research, and solve some of the most complex social problems, while managing declining support from the province. University finances require a predictable and sustainable approach to operating grant transfers to help address these challenges. The decision to roll back tuition by 10%, and subsequently implement a tuition freeze, leaves universities without sufficient mechanisms to offset this loss in revenue. The impacts of these decisions will be felt disproportionately across university student populations and programs.

Importantly, students currently receiving OSAP (62% of all U of T domestic students, 77% at the Scarborough Campus, and 65% at the Mississauga campus) will be particularly impacted. From a program perspective, health sciences, and the programs that produce Ontario's doctors, nurses, and other health care professionals, will experience disproportionate impacts. U of T encourages the government to work with the sector to address these challenges.



Graph from COU showing declining MTCU grants to Universities.

In this context, the University is supportive of the government's commitment to maintain operating grants at their current levels during this budget process. However, to address issues of long-term sustainability, and to minimize further impacts to students and programs, the government must establish a stable and predictable approach to university funding in consultation with the sector.

Over the past decade, significant growth in international students and associated revenues have provided universities with both an opportunity to benefit from the internationalization of our campuses and access necessary revenue streams in light of stagnant growth in operating revenue; however, there are significant risks associated with increased dependency on international student tuition as a source of revenue.

Last year's tensions between the Government of Canada and Saudi Arabia, for instance, resulted in a large fiscal impact to U of T's Faculty of Medicine, and recent geopolitical tensions with China illustrate potential risks. Accordingly, international student tuition revenues cannot be relied upon to offset the current fiscal challenges. On that note, U of T wishes to engage with the government to enhance the long-term fiscal sustainability of the institution.

Finally, U of T sees opportunities to collaborate with the government on projects that enhance the long-term fiscal sustainability of the University. For instance, as part of U of T's Landmark Project to redesign Front Campus, the University is planning to spend \$26.5M to construct the largest geothermal project in a Canadian city. Currently, the project has the potential to save the University \$1.5M annually, based on today's utility rates. It is also noteworthy that the project will reduce ~15,000 GHGs per year. Under current fiscal pressures the project is at risk, but with government support this project could help ease fiscal pressures on the University and benefit the environment.



The Landmark project will completely redesign U of T's Front Campus. The geothermal project will be beneath the main circle in the centre.

U of T Recommends the Government:

- Maintain the government's commitment to university operating grants and create a stable and predictable approach to sector funding in consultation with universities.
- Consult with the sector to explore new policy tools to address the fiscal sustainability of Ontario universities.
- Support investments that reduce operating expenditures for the University such as U of T's planned large-scale geothermal project.

3

SUPPORT HOUSING AND DEVELOPMENT

The University is one of the GTA's most significant land developers. U of T owns approximately 650 acres of land across all three campuses, with 176 acres on the St. George campus alone, making the University one of the largest land owners in downtown Toronto. Yet the University currently has a development shortfall to accommodate its activities.

In the next 15-20 years, through the Four Corners Development Strategy, U of T will develop roughly 400,000 gross square metres (gsm) and invest approximately \$4.4B. The residential component alone is roughly 200,000 gsm, or half of the total planned development. This represents roughly 3,300 additional residential units across Toronto, Mississauga, and Scarborough.

U of T's development plan will help ensure that students, faculty and staff have affordable places to live while they work and study and will be an important source of income to the University, improving its long-term fiscal position.

At any given time, there are over 750 construction workers on campus engaged in repairs and construction. During the course of the Four Corners Development Strategy that number will dramatically increase. However, delays in the development process put university projects and investments at risk.

U of T recently participated in the government's "Increasing Housing Supply in Ontario" consultation and proposed ten concrete measures to reduce red tape, at zero cost to the government. These proposals would speed up the development process while ensuring the appropriate public protections remain in place. Additionally, embedded in our recommendations is a proposal for legislative relief from measures that are hindering the University from offering housing that is affordable to help attract world-class faculty and staff. We encourage the government to adopt these recommendations and support the University's role in city building, economic development, job creation, and creating affordable living spaces.

U of T Recommends the Government:

- Support the University's recommendations to the "Increasing Housing Supply in Ontario" consultations which will speed up development and support the University to offer a variety of housing options that are affordable to students, faculty and staff.

4 | PARTNER TO IMPROVE THE LIVES OF ALL ONTARIANS

Universities play a critical role in supporting Ontarians to achieve better lives for themselves and their families. In addition to being a springboard for social mobility through the training students receive (Ontario university students have a 94% employment rate two years after graduation), the University can also be a key partner in attracting good paying jobs and supporting the government's efforts to address the critical challenges facing our health care system.

Fostering talent is key to attracting new businesses and supporting small business growth. Companies looking to invest and grow want assurances that the talented workforce they need to drive the growth of their companies is within reach. Universities are the primary drivers of that talent pipeline and the world-leading research that anchors companies and attracts investment here. Universities can partner with the government to develop an Ontario Talent Strategy that can help drive growth and investment.

In fact, the University of Toronto has already been a lead partner in seizing many new opportunities for Ontario. For example, U of T has played a key role in landing major investments, including:

- Firms like Google, Facebook, Thomson Reuters, Samsung, LG, Fujitsu Labs, Johnson & Johnson, GE Healthcare, Bayer, and others who have recently been drawn to the GTA. Meanwhile, Canadian companies like The Royal Bank of Canada are investing in sizable R&D labs and networks to take advantage of Ontario's emergence in sectors like artificial intelligence. These investments were prompted by local concentrations of unique research expertise and highly educated, job-ready graduates.
- At the same time, the emergence of promising homegrown small businesses like Deep Genomics, BlueRock Therapeutics, ROSS Intelligence, BenchSci and others leverage the University of Toronto's strengths in emerging fields like machine learning, genomic and regenerative medicine, and advanced manufacturing to support their growth.

The University and the government can continue to partner in meaningful ways to create jobs — through programs like the Ontario Research Fund (ORF) that help researchers generate IP and new ideas that support social and economic development; targeted entrepreneurship programs that help grow small businesses; and through investments in job-creating infrastructure such as U of T's Partners in Innovation & Entrepreneurship Complex (PIE-C).

PIE-C will house the Vector Institute, research labs for ~100 researchers engaged in research-based

commercialization, lab space for 60 start-ups, on-campus accelerators, and up to 20 innovative companies.



Rendering of U of T's future Partners in Innovation and Entrepreneurship (PIE-C) Complex.

Finally, the University has a significant role to play in addressing the challenges in Ontario's health care system. With nine fully-affiliated hospitals and research institutes, four associate-affiliated hospitals, and 21 community-affiliated hospitals and clinical care sites, U of T Medicine offers unparalleled opportunities for partnership and collaboration to solve some of the most pressing challenges facing Ontario's health care system.

Physician shortages, especially in critical fields like family medicine, emergency care, psychiatry, and geriatrics, as well as long wait times, and challenges addressing community-specific care for diverse populations, make Scarborough, as a community, emblematic of the challenges facing the broader Ontario health care system.

U of T's proposed Scarborough Academy of Medicine (SAM) will not only address the critical talent shortages facing the GTA East medical system, but it will also build a coordinated network to support the health of Ontarians living in the region. SAM will strengthen the connections between the University and the six major regional hospitals, community health centres, and community care practitioners, to deliver efficient services

that are culturally relevant and responsive to the barriers communities in Scarborough face in accessing the appropriate health care resources.

Once at full capacity, the SAM will graduate:

- 50 physicians
- 30 physician assistants
- 20 nurse practitioners
- 20 kinesiologists

This model builds on the highly successful Mississauga Academy of Medicine which is fully integrated with the Trillium Hospital Network in Peel region.

By partnering together, the Government of Ontario and the University of Toronto can support the creation of good paying jobs and better health care for Ontarians.

U of T Recommends the Government:

- Partner with universities to develop an Ontario Talent Strategy.
- Continue to support the Ontario Research Fund as a key driver of new ideas that benefit companies and society.
- In partnership with the sector, conduct a review of the entrepreneurship funding programs to maximize value.
- Invest in job-creating infrastructure by supporting the construction of U of T's Partners in Innovation & Entrepreneurship Complex (PIE-C).
- Support the Scarborough Academy of Medicine to address health care challenges in the GTA East region.

5 | CONCLUSION

The University of Toronto is a key partner in helping to improve the lives of Ontarians. Historically, universities have managed to perform well despite decreasing provincial revenues. Yet the fiscal situation for the sector is becoming unsustainable and requires a robust dialogue between government and institutions to explore options that support university sustainability. U of T can also play a significant role in addressing the priorities of the government, including increasing the supply of affordable housing, spurring economic development and job creation, and addressing the critical challenges facing Ontario's health care system. The recommendations contained in this document support the government's mission to improve the lives of all Ontarians.

For more information, please contact:

Andrew Thomson
Chief of Government Relations
University of Toronto
Simcoe Hall, 27 King's College Circle, Room 216
Toronto, ON, M5S 1A1
gro@utoronto.ca
416-978-5360

