

The Future of Post Secondary Education 2007-2017

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Introduction To The Study

"How will the public sector change over the next decade?" was the theme of this study. In this brief report, we look at the answers for one part of the public sector, namely, post-secondary education (Colleges & Universities).

Our study relies on face-to-face structured interviews with 120 opinion leaders from across the country. Some 56 of these respondents came from healthcare. Others come from federal-provincial government (15), municipal government (15), public education (16) and post-secondary education (17). Each opinion leader interview took about 90-120 minutes.

Opinion leaders are the people who make the future happen. Because of their leadership role, their views of the future are more accurate than others. The most critical part of the study is identifying the 'right people' as opinion leaders. If this is not done properly, then the logic of the entire process falls apart.

We began by identifying people regularly named in articles, publications and speeches. We interviewed these people and asked them who they felt were opinion leaders. We continued interviewing until we got agreement on which people to interview. A list of the opinion leaders for post-secondary education is appended.

At the end of the study, we were quite impressed with the dedication and talent of the people we interviewed. We learned to recognize that the public sector must manage in an environment that is more complex than the private sector. Objectives are inevitably at odds with the desires of some citizens, yet the public sector consistently aims to improve public well-being in the ways that are within its means.

On behalf of the Royal Bank of Canada, we thank all of the opinion leaders for their commitment to

the public service and their willingness to share their views with others.

As a final note, we must point out that this report summarizes what opinion leaders say and does not represent the views of the Royal Bank. The authors are writing as "independents". They have no vested interest in the opinions other than portraying them accurately. They are simply seeking to identify common views of the future and their logic.

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General Public Sector Findings

Looking at the next decade, we see three main stages of change for the public sector as a whole.

Re-focus: Identify societal priorities and focus resources across organizations and supporting stakeholders;

Realign: Change channels for delivery of services within and across organizations (and levels of government), as well as changing the source of funding; and

Integrate: Coordinate, participate and share responsibility across organizations - both formally and informally.

"Re-focus" refers to setting priorities based on society's needs, then planning how to get things done. These plans are likely to include coordinated action by different parts of government. There are four key "re-focus" themes for the next decade.

1. Demand, supply and access management;
2. Accountability focused on achieving results;
3. Community engagement that seeks the views of stakeholders and involves them; and
4. Leadership in meeting priorities and finding funding.

"Realign" means that government will change the way it delivers services, as well as changing the sources of funding it uses to get priority jobs done. Service delivery of common functions will typically be provided by one organization which serves the needs of several departments in the same level of government, or in the case of delivery of services to the public, it may provide service for federal, provincial and municipal government combined. This might well include delivery of services like health care, land use or environmental clean-ups, which fail to con-

How Post Secondary Education is Changing

PSE experienced less change than other parts of the public sector over the past decade, but it did suffer massive cutbacks early in the decade. Higher enrolments without resources to match also created funding shortfalls. Colleges responded to cuts with a heightened labour market focus that attracted more private sector and training funds, while shortages in the skilled trades, also helped shift more emphasis to college programs. Universities saw their main challenge as "keeping the walls from crumbling". They stepped up their emphasis on alumni fund-raising, large donations and funded research centres and research chairs. The effort was ultimately successful in building their infrastructure, but now they are short on funds for maintaining the infrastructure they built.

The main challenge for PSE is balancing the quality of PSE with the quantity of students that want this

education. With tuition far less than the true cost of a student, it is difficult to meet the demand for post-secondary education with the funding available. As well, technology has raised costs for instruction rather than lowering them.

As we look out over the decade, we will see more cooperation between different levels of government to help promote participation in post-secondary education among traditionally underserved groups like aboriginals and immigrants. The community and its private sector will be increasingly involved in funding college training programs that can provide skilled labour to local businesses. This will include more work-study programs and more apprenticeships. Skilled labour will be in increasingly short supply as the decade develops, leading to more willingness to invest.

Finding new revenue sources will be a major challenge for both colleges and universities. We can expect to see some program closures or amalgamations among universities. Both colleges and universities will develop new market-oriented programs, sometimes combining the programs of both to provide the right post-secondary education for a job.

Finally, the decade will see the rise of 'polytechnics' as a distinct third wave of post-secondary education. Their mix of theoretical knowledge and applied skills is an excellent fit with the labour market shortages envisaged in both the public and private sectors. Polytechnics are flexing their muscles now. We believe their public recognition will grow considerably over the next ten years.

General Public Sector Findings continued

form to pre-set political boundaries. These services may be delivered by multi-level government organizations, new agencies, private sector contractors, joint public-private partnerships or volunteers.

The biggest challenge for realigning service delivery is the willingness to share resources across organizations to effectively deliver solutions for complex problems, especially when "resources" are the basis of power. There are three progressive themes for government when it realigns are: (i) Partnerships; (ii) Working around funding shortfalls; and (iii) Integrated action between different organizations.

"Integration" is a strategy for responding to complex problems that cannot be solved within a single organization. New organizations

may not be practical because the focus of coordinated action may be too narrow or time-limited. Essentially "integration" means managing across organizational and stakeholder boundaries.

When we talk about "integration", we are not talking about forming a single command and control structure. Each organization retains its own distinct identity, distinct management, and distinct balance sheet. We are talking about negotiated, flexible and rapidly-changing integration. This is a mixture of coordination of selected organizational activities, joint participation in those activities (and only those activities) that are mutually beneficial, and shared responsibility for achieving outcomes in those areas alone.

FORCES AT WORK

In demographic terms, there are three main forces at work: increased enrolment, labour shortages and societal view on PSE. While all sectors have had difficulty adapting to changes in service demand, the main impacts of each demographic force are:

Increased enrolment & shifting demographics: Growth of non-traditional student cohort (age 18-24) gives the university the demographics to focus its growth on its graduate programs and integrating more research in the undergraduate programs. Building and strengthening research departments will improve the quality and reputation of universities. Demand for more space and the cost of providing learning will be a constant pressure impacting both quality and access issues.

Labour Shortages: The biggest impact is a shortage of skilled professionals fueled by retirements. An aging population also lowers the demand for traditional education services, although there is growing demand among mature students. Skilled labour shortages will lead to a renewal of training and work-study programs (e.g., co-op, internship, apprenticeship) that will largely benefit colleges over the next 5-7 years. Recent elimination of mandatory retirement at universities and colleges impacts the sector on several fronts. It will slow turnover, and push many aspiring researchers to the U.S. and abroad, further impacting our ability to compete. Recruitment and retention issues will loom large as institutions compete to hire the best. Work life balance and quality of work issues will be part of the discussion.

"There is a demographic shift. New entrants in the knowledge economy are continuing ed students... the 18-24 age group is declining."

Societal View on PSE: In middle and upper income groups, there is a clear understanding of the benefit and link between education and success among middle and upper income families. As much as we would like to believe and in comparison to other countries, there is room for the Canadian public to have a stronger sense on the value of post-secondary education and its link to productivity, success and prosperity on both the individual level and on a larger societal and global level. This again is especially challenging in lower socio-economic groups and aboriginal communities.

It is felt across the sector that there is no political will to raise tuition above inflationary rates in the next 5-7 years. Enormous public pressure to limit tuition hikes will keep it so, and this is a great concern. Reduced transfer payments, and capped tuition will make it very difficult for universities and colleges to deliver

high-quality, competitive programs in the years to come.

Technology is less a force for change now than an enabler of change. While technology has raised the demand for new ways to deliver services, many of the online solutions are already implemented and more are likely to follow.

We can certainly expect to see technology play a bigger role in delivery of education, both within urban settings and in more remote areas. Distributed or distance education is well-suited to the learning needs of an increasingly mature body of learners. Technology helps to equalize access to a wide range of courses.

What we have learned about technology in the past decade is that the equipment is cheap. Development and operating costs are far higher. In fact, technology has made some services more expensive by raising demand and expectations for service. In short, we have learned that the impact of technology is seldom as simple or cost-effective as it appears at the outset. We will certainly see this new notion repeatedly played out in health and education in the years to come.

HOW THINGS WILL CHANGE

There are seven changes that affect all parts of the public sector. The four changes in the inner circle are core changes that respond to the forces at work in the public sector environment. The three outer changes are basically strategies that will help deal with the four core changes. All of the changes are shown in a circle because they affect one another and there is really no single starting point or end-point.

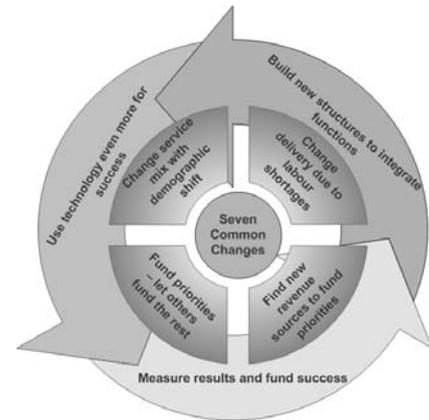
The four core changes, in an order that seems logical to us, are:

1. Change the services you provide in response to changes in demand and supply arising out of demographic shifts.

2. Change the method of delivering services in order to compensate for the shortage of people available to deliver public services. Typically this means outsourcing, contracting or converting services to online self-service in order to reduce the labour required

3. Find new revenue sources to fund priorities.

4. If you don't have the revenue you need after funding your priorities, let others fund their own priorities.



To make the core changes practical, a government must:

5. Use technology to lower costs and achieve results.

6. Measure results and fund organizations that are successful at achieving the results you want.

7. Build new integrated structures that help solve problems or deliver service in a cost-effective manner. These structures can cross departments or different levels of government. Sometimes they are informal coordination, sometimes they are formalized and shared responsibility for related action on a common problem, and other times the structures will be new special-purpose agencies.

Top 5 Changes In The Sector

We note that the changes for colleges and universities will be different at the ground level, but taking a look from 5000 metres as we do, it is easy to talk about a common set of changes.

1. There will be more articulation (integration) between college and university programs. Society increasingly requires a mix of the thinking skills and broad knowledge that universities develop, but at the same time, it also requires the specific applied skills that are better developed at colleges.

2. In the wake of skilled labour shortages, we expect boosted funding for polytechnics & trades training.

3. There will be more globalization of Canadian PSE. PSE institutions will attract more international students to Canada, but at the same time Canadian educational institutions are increasingly developing overseas programs to supplement their revenues.

4. In an effort to boost funding to a level that is adequate to support their mission, PSE institutions will get involved in more joint public-private ventures for land exploitation, training, and commercialized R&D.

5. There will be longer academic programs and more student debt, but far better job opportunities for new graduates.

We include some selected comments from opinion leaders to give you a better sense of their views.

"We are on a collision course on quality versus quantity for teaching and research. Participative learning is not consistent with a high professor-student ratio and driving more students through the system."

"Universities will need heavy investment in capital to deliver alternative methods. DE (distance/distributed education) will not replace traditional university because university-education has much to do with social interaction. DE will complement but not substitute."

"There will be a rebalancing within the PSE sector as community colleges become more valued for the skills they provide."

"Lower socio-economic groups are asking 'Is it worth incurring so much debt?'"

"University educated are going to college to get applied skills"

"Teaching and research are full contact sports. Technology is not the main event. Technology is an assist with huge administrative and financial costs. "

"More applied degrees to bridge the gap between university and college."

"More programs to bring PSE to groups with low access - First Nations, immigrant, mature with desire to upgrade... Priority of getting access for these groups."

"Continuing education will become more important as more Canadians participate in the information economy."

The Opinion Leaders

Finally, we would like to thank the opinion leaders who spoke to us about changes in post-secondary education. Those speaking about health, public education, federal-provincial government or municipalities are identified in those reports. We identify the opinion leaders based on where they were working when we interviewed them in late 2006 or early 2007. Their current position and title cannot fully convey the depth of their prior experience, which is often a key factor in their selection.

In alphabetical order, the opinion leaders are:

Carl Amrhein, Provost and Vice-President (Academic), University of Alberta;

Don Avison, President, The University Presidents' Council of British Columbia;

Gerry Brown, President, Association of Canadian Community Colleges;

Brian Desbiens, Past President, Sir Sandford Fleming College;

Chad Gaffield, President, Social Sciences and Humanities Research Council of Canada (SSHRC);

Robert Gordon, President, Humber Institute of Technology & Advanced Learning;

Charles Jago, Past President, University of Northern British Columbia;

Clive Keen, Director, Life-Long Learning & Enrolment Management, University of Prince Edward Island;

Robert Lacroix, Fellow, Centre for Interuniversity Research and Analysis on Organizations (CIRANO); Ex-Rector, Université de Montréal;

Sheldon Levy, President and Vice-Chancellor, Ryerson University;

Richard Marceau, Provost, University of Ontario Institute of Technology;

Rick Miner, President, Seneca College of Applied Arts & Technology;

Claire M. Morris, President, Association of Colleges and Universities of Canada;

Heather Munroe-Blum, Principal and Vice-Chancellor, McGill University;

Bonnie Patterson, President and Vice-Chancellor, Trent University;

Martha Piper, Immediate Past President, University of British Columbia;

Alex Usher, Vice-President (Research) and Director (Canada), Educational Policy Institute.