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**Submission to the Standing Committee on Industry, Science and Technology:
*Canadian Response to the Covid-19 Pandemic***

June 19, 2020

Supporting and Leveraging Universities to Strengthen Canada's Economic Recovery

Introduction

Canada's universities are engines for an innovative, inclusive and prosperous Canadian recovery from the COVID-19 pandemic. They contribute to a thriving society through the mobilization of people and ideas and are a \$38 billion-a-year enterprise, providing employment for over 310,000 people across the country.

Universities house the innovation and research laboratories that generate tomorrow's jobs and new breakthroughs, including potential vaccines and treatments for COVID-19 virus.

Universities performed \$14.6 billion in R&D in 2019, which included \$1.1 billion in research for businesses and \$1.5 billion in research for non-profits. As a sector, universities and other higher education institutions account for 41 per cent of the total research and development happening across Canada.¹

Each year over a million students receive best in class learning opportunities at Canadian universities. These students are the foundation of Canada's innovative future and receive the skills and training needed to become leaders who contribute to Canada's economic and social success.

Universities have a central role in attracting talent to Canada. International students are significant contributors to our local communities and their arrival is often the first step to life as a Canadian. International students contribute almost \$22 billion annually to the Canadian economy; more than the export of softwood, wheat, and auto parts. As the government looks to substantially increase immigration to Canada, universities in communities across the country are important hubs for attracting and integrating top talent.

Universities play a key role in Canada's COVID-19 response

Canada's universities are an integral part of the team Canada approach to fighting the COVID-19 pandemic: mitigating the risks, finding a cure, and accelerating Canada's economy into recovery. Canadian university researchers were the first to isolate the virus. They are now working to rapidly discover treatments and vaccines, to help our front-line workers stay safe, and to understand the impacts of this crisis on our society. They are analyzing the social and economic impacts of the crisis and providing advice to decision makers across the country.

Since the beginning of the crisis, universities have been partnering with their provinces and health authorities to provide personal protective equipment to front-line workers and to provide reagents to expand testing capacity. They've repurposed dormitories to house health

¹ Statistics Canada, "Gross Domestic Expenditures on R&D in Canada," 2019.

care workers and are putting research labs to use in as they step up to serve in the national response.

Universities have also taken proactive steps to protect their employees and student populations. In the span of just 10 days universities moved about 1.4 million students online to finish the semester. To help further protect students, almost 70 universities have created emergency student funds to help provide additional support to those who may have been left stranded or disrupted by the crisis. This amount is on top of the \$2.2 billion in student support that universities already provide from their own resources annually. These institutions continue to work with federal and provincial authorities in planning the safe return of students for future semesters.

Universities face ongoing challenges during the COVID-19 pandemic

Canadian universities are making important contributions throughout the COVID-19 pandemic but they face very significant challenges. Given their role in driving the recovery, the federal government has an important role in supporting these institutions to mitigate the impacts of the pandemic.

Shuttering on-campus activities has come at significant cost to universities and their employees. It has gutted revenue streams like conference halls and sports facilities, while the closure of most research facilities has meant the loss of private and non-profit funded research initiatives.

While universities appreciate the recent funding provided by the Government of Canada to sustain the research enterprise in light of COVID-19 and to support the salaries of research personnel and students, there have been significant layoffs in other university operations. University employees that work at campus daycares, arenas and cafeterias have lost their jobs. University instructors have lost their jobs.

While most of the laid-off employees can benefit from the Canada Emergency Response Benefit, universities have been prevented from using traditional tools, like Supplementary Benefit Plans, to provide these workers with top-up funding support.

COVID-19 has also brought extra costs. At the onset of the pandemic, universities transitioned 1.4 million learners to online delivery in 10 days, incurring all the costs associated with this move. As they look toward the fall, universities will incur significant additional expenses to ensure high-quality online learning opportunities while also securing their campuses for the eventual return to class.

Compounding these losses is the prospect of losing several billion dollars in revenue from international students. International students contribute \$6 billion in university tuition alone, up from \$4 billion two years ago. For many institutions, international students contribute over 50% of tuition revenue. With borders closed, global travel restrictions potentially lasting for months and visa processing offices closed, institutions could see a \$2 billion loss in revenue due

to the loss of international students alone.² This uncertainty has placed in jeopardy many core teaching and research functions, potentially slowing universities' ability to aid in recovery.

Further, while the government's significant investments in supporting domestic students will be critical for ensuring access to studies in the fall, initial numbers suggest that there is both variability and uncertainty on domestic student enrolment across the country. For example, in Ontario, while preliminary enrolment numbers look strong when aggregated, differences vary widely between institutions; 4 universities have reported significant growth in enrolment while 10 are expecting losses, putting increased pressure on already strained budgets.³

Overall, the combination of a decrease in revenue coupled with increases in expenditures due to the transition into online and hybrid learning has created unprecedented financial challenges for many institutions, threatening the very survival of some.

These financial pressures come at a time when Canada can not afford to leave any student behind or any good innovative idea on the table. When Canada's universities are strong, so is our economy, our talent pipeline, and our future.

Moving Forward: Recommendations for the Future

Ensuring Success in September

Canadian students deserve a high-quality university experience and Canada needs its next generation of talent to tackle the impacts of COVID-19. The reality that fall 2020 will be very different from fall 2019 does not diminish this imperative. As the government recognized with its laudable financial supports for students, we must ensure the COVID-19 crisis does not also become a PSE education crisis.

An immediate investment to enhance online education capacity will enable Canadians students to continue to learn in the event face-to-face instruction is not possible in September. These investments will also enable international students to continue to enrol and prepare to come to Canada when conditions allow. Finally, this funding will strengthen our ability to support people who are currently unemployed and ensure they have access to post-secondary education in a way that enhances their skills and builds human capital.

We recommend that the government commit to "Success in September" and provide adequate stabilization funding for the higher education sector to ensure students get the high-quality educational experience they deserve. Preliminary estimates indicate that implementing these transformations will cost approximately \$3.8 billion.

² The 33% reduction includes a loss of new students and attrition among existing students who are unable to return in September.

³ OUAC preliminary confirmed acceptances for domestic (in and out of province) and international students; numbers include institutions that saw more than a 5% increase or decrease.

Recommendations:

- Stabilize the university sector by working with the provinces and universities to provide \$3.8B to ensure students' "Success in September." This investment would go to bolster university activity across a number of key areas, including:
 - ***Creating high-quality online learning experiences (\$1.1B).*** The emergency remote teaching measures that universities successfully implemented to complete the 2020 winter term are not sufficient or sustainable for the fall term. The transition to an accessible, high-quality online or hybrid learning experience can cost between \$25,000 and \$50,000 per course, not factoring the salary cost of faculty.
 - ***Adapting research-based learning (\$110M).*** At its core, research is a training ground for graduate students and a mechanism for ensuring that our students are learning at the frontiers of knowledge. Without comprehensive adaptation strategies, public health restrictions can significantly hinder research and limit training opportunities for graduate students in many disciplines.
 - ***Digitally enabled, full-service delivery (\$715M).*** Enabling all university operations to serve remote learners and employees will require significant upgrades to the IT infrastructure of institutions.
 - ***Transforming physical spaces to enable physical distancing (\$330M).*** Whether it's double occupancy residence rooms, small labs, food services or the movement in and out of classrooms or hallways, universities need to adapt and, in many cases, lease new spaces to ensure safety and accessibility for students, faculty and staff.
 - ***Ongoing vigilance (\$594M).*** As we gradually reopen parts of campuses, public health guidelines will likely require universities to regularly monitor and test students, faculty and staff. This has significant operational, financial and possibly legal implications.
 - ***Safely bringing international students to Canada (\$297M).*** Safely bringing international students to Canada this year will be complicated by the slowdown in visa processing, travel restrictions and the need to provide appropriate quarantine measures.
 - ***Ensuring there is adequate funding to support students. (\$550M)*** Whether it's increased mental health supports for students or increased demand for enrolment, universities are working hard to respond to the needs of our current students and diverse groups of new students suddenly looking to go university. Institutions will be unable to meet the expected increase in demand without creating a significant shortfall.

Fostering and Attracting Talent through Graduate Studies

The university research enterprise is a key contributor to Canadian prosperity. At its core, it is a

training ground for students. These students learn by taking part in research that enhances the wellbeing of our people, society and economy. In times of crisis, the importance of the breadth and depth of expertise found at universities becomes especially clear. Without university research, researchers and graduate students, our country's ability to weather and recover from this crisis would be severely reduced. Now, more than ever, Canada needs to support our brightest young minds.

As we turn to recovery, Canada is going to need to rely in-part on a cadre of highly skilled researchers to chart out what a new path to prosperity looks like. The federal government recognized this with investments in wage and grant support for students for the summer of 2020. However, with a depressed labour market many students will be looking to further hone their abilities. By taking advantage of this to upskill our population, we can help build Canada's talent advantage.

As we look to the future, the global slowdown and other geopolitical developments worldwide provide Canada with an opportunity to also attract a new cohort of motivated and talented international researchers. Investment now will position Canada as the destination of choice for the world's brightest – something that will pay significant dividends to Canada and the communities they settle in for decades to come.

Recommendations:

- Support an increase in the number of students that will undertake graduate studies during this period of crisis through an investment of an additional \$210 million per year in the Canada Graduate Scholarships to support 6,000 additional master's students and 3000 additional PhD students.
- Provide an additional investment of \$40 million per year to support more post-doctoral fellows (500 additional PDFs funded for 2 years).
- Continue to attract exceptional international students and post-doctoral fellows, through an additional \$50 million per year to attract top international master's and PhD students and post-doctoral fellows.

Leveraging Research Partnerships for Economic Recovery

The pandemic has changed how we live, work and use technology. An increasingly digital economy will require major innovations. Throughout the crisis universities have collaborated with industry, health care institutions, and community-based organizations to bring new research solutions to Canadians.

Looking forward, investments in knowledge mobilization – the movement of ideas and intellectual property from the university to the public, private, and not-for-profit sectors – will help address emerging needs and allow research investments to be fully leveraged as part of the country's economic recovery.

Other countries are already making sizable investments in knowledge mobilization. England, for example, funds the creation of institutional strategies through a dedicated knowledge mobilization fund for universities. This investment, known as the Higher Education Innovation Fund, has increased UK universities' social and economic impact. In April 2020, English universities were encouraged to adapt these funds to respond to new challenges arising from the pandemic, thereby ensuring they could continue to build strategic partnerships during this challenging time.

To help Canada grow back stronger, the time is right for Canada to adapt and build upon other countries' best practises by supporting a strategic approach to knowledge mobilization across Canada's universities. A new 'made-in-Canada' knowledge mobilization fund could serve as an important vehicle for amplifying the country's economic and social returns from existing investments in research, and channelling them to address emerging national and local challenges in a post-pandemic Canada.

Recommendations:

- Invest in a new knowledge mobilization fund (\$1 billion over five years) to leverage the ideas and intellectual property generated by universities for economy recovery and growth.

Renewing Campus Infrastructure

Investing in university infrastructure to build new and refurbish existing campus spaces to improve sustainability and allow for social distancing is an opportunity to kick-start economic recovery by creating jobs in communities across the country, while building a more resilient, sustainable, and inclusive economy.

These investments don't just create immediate jobs, they create spaces for growing Canada's future economy: sparking green new technologies and ideas, and fostering collaboration between researchers, communities, businesses, and international partners. These spaces are vital to attracting the brightest students and developing their skills to fill local and national labour market needs.

Universities are proven infrastructure partners with a history of delivering results on time and on budget. Investment in the 2016 Post-Secondary Institutions Strategic Investment Fund (PSI-SIF) delivered 300 projects in under three years.

Currently there is an estimated \$7 billion worth of shovel-ready projects on campuses across Canada. Priority projects include those that adapt to the post-pandemic world, advance green objectives, promote accessibility and facilitate digital transformation. Of these projects, nearly two-thirds are renovations to existing facilities and over half cost less than \$10 million.

Recommendations:

- Invest up to \$7 billion to university infrastructure as part of a recovery plan. To ensure that funds flow quickly, we recommend that the government leverage and adapt the successful PSI-SIF program.

Conclusion

The mobilization of universities and researchers to help fight COVID-19 underscores the importance of the knowledge and expertise created their research and training environment.

Universities need to be stabilized to ensure our students can access the education and skills they need to help the economy recover. Once stabilized, Canada's universities are primed to be critical growth accelerators for both regional and the national economy by serving as hubs of talent development, immigration, economic stimulus, investment and innovation.

Moving beyond the crisis, strategic investments in the people, ideas and relationships produced by Canada's universities represents a critical opportunity for Canada to build back better.

For more information

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