

# Fact Sheet 2000

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# Private Universities: Privileged Education

## Destroying Accessible Education in Ontario

Canada's existing chartered universities are regulated, publicly-funded, non-profit institutions. But this is about to change. The Ontario government has enacted legislation establishing 'private', degree-granting post-secondary institutions "including for-profit and not-for-profit institutions." What is disturbing about this legislation is that for the first time ever in Canada, privately-owned and operated, for-profit corporations will be allowed unregulated degree-granting status. Ontario will be a testing ground for the first two-tiered education system since the establishment of Canada's public post-secondary education system. This could mean a high quality post-secondary system for the wealthy and an underfunded system for the rest -- the end of accessible education in Canada.

## Public versus Private

The difference between a 'private' university and a 'public' one is conventionally understood to depend on sources of funding.<sup>1</sup> A publicly funded institution receives direct capital or operating grants from provincial and federal taxes. A privately-funded institution relies on user-fees, private contracts and donations and endowment income to cover costs. Furthermore, private universities can be either not-for-profit or for-profit entities.

## Private, Not-for-Profit

The most well-known examples of private non-profit universities are in the United States of America. The bulk of U.S. private universities such as the prestigious Ivy League institutions (Harvard, Yale etc.) are actually non-profit corporations. In Canada, as a result of billions of dollars in cutbacks in federal transfers to the provinces and provincial cuts to university operating grants, many universities have been creeping towards the 'Harvard' model. Particularly since the 1985

federal budget (Brian Mulroney's first as Prime Minister) the public system has been deliberately and steadily undermined through federal and provincial underfunding, skyrocketing tuition fees and 'public-private partnerships', code words for private funding and corporate influence and control.<sup>2</sup> The result of these destructive policies is that post-secondary institutions have become more and more inaccessible.

## Private, for-profit: An Ontario Precedent

Given this creeping privatisation and inaccessibility, some might argue that there's nothing new in the Ontario government's announcement. But what makes it so disturbing is that a very new and dangerous model is about to be introduced to Canadians: private and for-profit universities. Ontario will become the first province in Canada to allow unrestricted, degree-granting status to privately-owned and operated for-profit corporations.

## Ontario's Private 'Colleges'

There are already hundreds of registered privately-funded vocational schools in Ontario, some of which call themselves 'colleges'. These are actually privately-owned businesses operated as commercial for-profit enterprises. They receive no direct public operating or capital funding but they must be registered under the *Private Vocational Schools Act*, administered by the Ministry of Training, Colleges and Universities. With the proposed changes, these companies could become legally recognised universities.

## The University of Walmart?

There are two corporations that are vying to be Canada's first for-profit universities: The University of Phoenix in Vancouver and Lansbridge University (formerly Unexus University) in New Brunswick. These institutions are privately owned and operated commercial enterprises. Phoenix is owned by the Apollo group, Lansbridge by Learnsoft Corporation of Kanata Ontario. However,

**“The recent decision by the Ontario government to endorse the establishment of private secular universities has been met with predictable outrage from certain camps....They claim that education is only a right, not a business for people to reap magnificent profits.”**

- Fraser Institute public affairs analyst Michael Taube, *The Globe and Mail*, May 11, 2000.

**“Private universities draw on public resources without enhancing either the quality or accessibility of a university education. Yet in Ontario they are being welcomed with open arms - not as centres of academic excellence, but as decoys employed by the government to deflect attention away from its own legacy of undermining the public system through years of underfunding.”**

- “Decoys Instead of Dollars for Postsecondary Education”, Ontario Confederation of University Faculty Associations Research Report, May 2000

neither are in fact ‘universities’ because in Canada businesses are not authorized to grant university degrees. The Harris government will change that.

## **Why ‘Public’ is Better**

Let’s look at two important reasons why allowing private companies to grant degrees is so dangerous:

### **Democratic Control**

One of the biggest concerns for Canada’s academic communities is democratic accountability and control over education. Within the post-secondary community ‘democracy’ is understood to mean, among other things, the right to organise independent student unions, the regulation and reduction of tuition fees, support for curricula that reflect the cultural and gender diversity of the Canadian population, opposing corporate influence, an autonomous student press, equitable admissions standards and representative Boards of Governors. Under the current public system some degrees of democratic control are evident in these areas. And there is a tradition of decision making in the post-secondary sector that includes faculty, alumni, students, administrators, members of the community and government. That’s because the basic philosophy of a public system is that education is a right, not a privilege and it should benefit all members of society.

However, this tradition of democratic control and community decision-making will be seriously threatened with the introduction of for-profit universities. A for-profit university is owned and operated by investors, not by all the citizens. In a private business, decisions are made in secret by a handful of individuals,

not by a board that is democratically elected or appointed.

### **Cost: Education is a not a Business!**

The basic purpose of a for-profit business is, by definition, to generate income for its shareholders. It follows that the basic purpose of a private university is ‘return on investment’ or in the words of the Fraser Institute “to reap magnificent profits.” Since such profits can only be realised with high user-fees, private universities normally charge outrageously high tuition and service fees. For example The University of Phoenix charges \$40,800 for an undergrad degree and up to \$20,400 for a grad degree. Lansbridge charges \$28,000 for an MBA.

## **Educating the wealthy... Excluding the Rest**

By conservative estimates the total annual cost of a private for-profit post-secondary degree will be \$40,166 or \$160,664 for a 4-year undergraduate degree. This is based on the sum of two figures: the average tuition fee at US privately-funded institutions is US\$15,380.<sup>3</sup> or about \$23,400.00 in Canadian dollars. Add to this \$16,766 - the cost of books and supplies, room and board, transportation and other basic costs of living for a single individual<sup>4</sup>. This figure also assumes that the student does not go on to do a graduate degree or a professional degree like medicine or law. The implications here are obvious: in order to attend the ‘elite’ private university, an average student will have to incur a staggering life-long debt. Private universities will be exclusive places of privilege, open only to those who can afford to pay.

<sup>1</sup> From a strictly legal interpretation, Canada’s chartered universities (including Ontario College of Art and Design) are not ‘public’ institutions in the sense that they are not government organs or agencies. According to the definition upheld by a majority of the Supreme Court of Canada in *McKinney v. University of Guelph* in 1990, universities are ‘private’ because they are: legally autonomous - even though their scope of action is limited by regulation or because of their dependence on public funds; and self-governing - each has its own governing body, manages its own affairs, allocates its funds and pursues its goals within the legislated limits of its incorporation. Larry Johnston, “Private Universities in Ontario” Ontario Legislative Library, *Current Issue Paper 203*, March 2000, page 41.

<sup>2</sup> For example, Dalhousie University’s Masters of Information Technology Education (MITE) program was developed with ITI (“Canada’s largest source of IT professionals”). Tuition fees are \$38,000 - \$23,000 for ITI and \$15,000 for Dalhousie. *Education Monitor* Vol. 3, No.2, Spring 1999, page vi.

<sup>3</sup> *The Chronicle of Higher Education Almanac*, September 1, 2000, Vol. XLVII, No.1, page 48

<sup>4</sup> *Welfare Incomes 1999*, National Council of Welfare Reports, Minister of Public Works & Government Services Canada, Autumn 2000, page 69.