

# Backgrounder N° 3: Corporatization in Post-Secondary Education

POST-SECONDARY EDUCATION: OUR TIME TO ACT

Funding for post-secondary education (PSE) in Canada has three main pillars: public funding, provided by federal and provincial governments; user fees, in the form of tuition and other fees paid by students; and private money, from donations, endowments, and contracts. For decades in Canada, following the Second World War, governments were the most important funders of post-secondary education. But over the past two decades, that has changed, with more of the costs shifted to students, wealthy donors, and corporations. This backgrounder looks at how this shift has contributed to an increasingly corporatized post-secondary sector.

## Private Funding

As universities and colleges have seen government funding decline, they have increasingly turned to other sources of funding. In 1985, government funding made up 81% of the operating revenue of universities; by 2015, it accounted for only 50%. But while tuition has increased dramatically to make up most of the difference, the amount of funding from other sources has also increased. In 1985, only 2.7% of university operating revenue came from other sources; by 2015, nearly 10% did.<sup>1</sup>

And that's just operating revenues. As a percentage of capital funding, private money is even higher. Donations made up 13% of capital funding at universities and colleges in 2015-16, while money from investments and grants made up another 6%. Together, donations, grants and investments accounted for 34.6% of funding for sponsored research as well.<sup>2</sup>

## Strings Attached

Donations and grants to universities and colleges are not necessarily problematic. But as a major source of funding, donations from wealthy individuals and corporations do not simply replace operating revenues that used to come from governments. Many of these donations have conditions attached and that is where problems often occur.

This begins with where the money goes. Very rarely is a large donation simply handed over to an institution to spend as they see fit. As Louis de Melo, former Vice-President of External Relations at the University of Ottawa, explained in an interview with the Financial Post in 2012, big donors are “not interested in having their money used to maintain the status quo.”<sup>3</sup> Most big donors direct their funds toward a specific cause, such as the creation of a new program, a research fund, a new facility, a research chair, or scholarships for a certain program. These causes tend to be heavily focused in certain areas – business programs, medical schools, “prestige” institutions. It's not very often that one sees large donations to a humanities program, for instance, or for scholarships targeting the most vulnerable student populations.

Often, the donation comes with the expectation that others – governments, other donors, the institution itself – will match the donation and continue to provide ongoing funding for the program being created. This ends up giving the donor the power to direct the funding priorities of governments and institutions.

For instance, the creation of the Munk School of Global Affairs at the University of Toronto was contingent on a \$35 million donation from Peter Munk, but also depended on \$25 million contributions from the Ontario and federal governments in addition to funds from U of T itself.<sup>4</sup> In the same vein, the donor agreement for an earlier project at U of T, the creation of the Rotman School of Management in 1997, promised that the university would ensure the school would be “one of its ‘highest priorities’ for the allocation of university funding.”<sup>5</sup>

In some cases, donors are given control over personnel decisions, curriculum, and research agendas relating to their donation. For example, Carleton University gave a donor the right to appoint three out of five members of a steering committee which oversaw the budget, hiring, and curriculum of the Clayton H. Riddell Graduate Program in Political Management. The donor chose to appoint three right-wing political operatives to what had been billed as a “cross-partisan” training program, raising questions about the program’s content and political bent.<sup>6</sup> After the deal became public in 2012, public outcry forced Carleton to modify the donation agreement.

Even when donors do not explicitly demand control over academic decisions, their influence may still be felt. The donation behind the creation of the Rotman School of Management was made in instalments over a period of 14 years and depended on the donor’s satisfaction with the performance of the school. The donation agreement also included a vision document which set out principles and values for the school.<sup>7</sup> In these circumstances, would faculty and staff feel comfortable disagreeing with Rotman’s values and principles?

Similarly, part of Munk’s donation was contingent on his continuing satisfaction with the Munk school.<sup>8</sup> Munk was the founder of Barrick Gold, a mining company that has been accused of serious human rights and environmental violations in developing countries.<sup>9</sup> Munk also made donations to the right-wing Fraser Institute and to an organization funding a constitutional challenge of public health care in Canada. Can faculty and students freely address issues such as corporate accountability and government funding without fear in these circumstances?

Conditions that make donations contingent on donor satisfaction make it impossible to ever know if academic decisions are being shaped by donation agreements.

### Corporately Funded Research and Sponsorships

Donations are not the only source of private money. Post-secondary institutions are also signing contracts, partnership arrangements and sponsorship deals with corporations. Much like donations, this ends up directing institutional priorities.

This is especially true in the area of research, where both private funds and government funding that is contingent on corporate partnerships or private funding prioritize research that benefits private industries. Instead of conducting research that is in the public interest, the public ends up subsidizing research in the corporate interest.



In some cases, private interests have gone so far as to shut down research because it wasn't in a company's best interest. In one of the most famous cases in Canada, Nancy Olivieri, a researcher at the University of Toronto and Sick Kids Hospital, raised concerns about the efficacy of a drug she was testing in clinical trials. Olivieri was left to deal with legal manoeuvrings by Apotex, the drug's manufacturer, by herself with no support from the university while U of T conducted negotiations with Apotex over a potential donation deal.<sup>10</sup>

In other cases, corporate sponsorships and contracts have put universities into clear or perceived conflicts of interest. For instance, TransAlta, an energy company which owns five Alberta coal plants, paid \$54,000 to the University of Alberta for a study – produced by a researcher selected by the company – that TransAlta could use to lobby the Alberta government on behalf of the coal industry. The researcher actually worked with the company to produce the lobbying materials, including talking points and a PowerPoint presentation.<sup>11</sup>

At the University of Calgary, a donation from Enbridge was used for the creation of a Centre for Corporate Sustainability. The deal gave Enbridge privileged access to the centre's researchers, in addition to influence over funding decisions and partnerships. Even worse, the university's president, Elizabeth Cannon, who was a paid board member of Enbridge and held Enbridge shares, intervened on behalf of the company to promote the Enbridge's vision for the centre. The centre's first director, Joe Arvai, was later removed from his position by the university shortly after he told the company that he was opposed to one of their pipeline projects (the Northern Gateway pipeline).<sup>12</sup>

Even when there is no conflict of interest, corporate sponsorship erodes public faith in the fairness and accuracy of research.<sup>13</sup> Corporate funding is no replacement for public funding when it comes to public trust.

## A Corporate Style of Management

Post-secondary institutions are increasingly adopting corporate styles of management, led by Boards of Governors with heavy representation from the corporate sector and administrators recruited from the private sector or who function as “professionalized administrators,” rather than as academic staff serving a part of their career in a governance role.

An analysis of the Boards of Governors at the 18 largest universities in Ontario conducted by *PressProgress* found that corporate executives predominate, accounting for 33.5% of board members. This was higher than the number of students, staff, and faculty (30.3%); other external members (28.1%), and ex-officio presidents and chancellors (6.9%). At five universities, more than two thirds of all external appointments were from the corporate sector.<sup>14</sup>

We are also seeing an increasingly corporate mindset in university and college administrations, beginning with rapid growth in the number of administrators and their compensation. In some cases, this growth is linked directly to funding pressures and the amount of time and effort universities and colleges are spending to attract private donations and contracts or to manage institutional investments. For instance, as Jamie Brownlee notes in his book *Academia, Inc.*, “At the University of Calgary, one of the university's six vice-presidents – the one in charge of fundraising – has an administrative team consisting of one senior director, four executive directors, 13 directors, four associate directors and thirteen officers and coordinators.”

At the University of Toronto, the highest paid person has for many years been the president of the Asset Management Corporation (AMC), which manages U of T's investments and pension fund. In 2017, Daren Smith made \$936,089 – equivalent to the tuition of 146 undergrad arts and science students. Three other employees of the AMC also made more than the U of T president, who made a very healthy \$438,892.<sup>15</sup>

The increasing corporate mentality among administrators has contributed to an increasing embrace of privatization and contracting out by universities and colleges. In some cases, entire services – such as food services – will be contracted out by an institution, frequently to an employer who pays low wages and provides few-to-no benefits.

This privatization is not limited to support services; educational services are being privatized as well. In Ontario, six colleges have signed agreements with private, for-profit colleges that grant a diploma from the publicly-funded institution to international students who have studied at the private college.<sup>16</sup> At another eight colleges and universities across the country, partnerships have been signed with private, for-profit educational service providers who provide English classes, and in some cases academic courses as well, to international students on campus.

## Conclusion

Private money and corporate-style management end up compromising the provision of publicly funded education in Canada. That's why we need the federal government to reinvest in post-secondary education and to adopt a Post-Secondary Education Act that puts clear limits on the kind of control that private donors and corporations can exercise over universities and colleges.

To learn more visit [cupe.ca/ourtimetoact](http://cupe.ca/ourtimetoact)

<sup>1</sup> Canadian Association of University Teachers Almanac 2015-16.

<sup>2</sup> Statistics Canada, CANSIM Table 477-0058, "Revenues of Universities and Degree Granting Colleges."

<sup>3</sup> Theresa Tedesco, "The Uneasy Ties Between Canada's Universities and Wealthy Business Magnates," *Financial Post*, March 9, 2012.

<sup>4</sup> Linda McQuaig and Neil Brooks, *The Trouble with Billionaires*, Toronto: Penguin Group, 2011, p. 196.

<sup>5</sup> Murad Hemmadi and Bernarda Gospic, "The Business of Education," *The Varsity*, October 15, 2012.

<sup>6</sup> Bruce Cheadle, "Carleton University Admits to Issues with \$15-Million Donor Deal for Politics School," *The Globe and Mail*, July 12, 2012; Dennis Gruending, "Carleton's Political Management Program Questioned," *Straight Goods News*, 2012.

<sup>7</sup> Murad Hemmadi and Bernarda Gospic, "The Business of Education," *The Varsity*, October 15, 2012.

<sup>8</sup> Dylan C. Robertson, "Profs Allege Donor Influence," *The Varsity*, November 29, 2010.

<sup>9</sup> Philip Mattera, "Barrick Gold: Corporate Rap Sheet," Corporate Research Project.

<sup>10</sup> Canadian Association of University Teachers, *Report of the Committee of Inquiry on the Case Involving Dr. Nancy Olivieri*, the Hospital for Sick Children, the University of Toronto, and Apotex, Inc.

<sup>11</sup> Raffy Boudjikianian, "How TransAlta Used a University-Sanctioned Research Project to Lobby for the Coal Industry," *CBC News*, July 24, 2018.

<sup>12</sup> Report of the CAUT Ad Hoc Investigatory Committee into the Enbridge Centre for Corporate Sustainability at the University of Calgary, October 2017.

<sup>13</sup> John C. Besley et al., "People Don't Trust Scientific Research When Companies are Involved," *The Conversation*, May 7, 2017.

<sup>14</sup> Press Progress, "Corporate Canada Now Controls More than One-Third of All Seats on University Boards Across Ontario," April 16, 2018.

<sup>15</sup> The Ontario Sunshine List, 2017.

<sup>16</sup> Simona Chiose, "Deals Between Public-Private Colleges Pose Unacceptable Risks to Students, Ontario Report Says," *The Globe and Mail*, April 22, 2018.