



# GETTING IT RIGHT FOR GOOD

Student priorities to strengthen & improve  
Ontario's university funding formula.

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of Students-Ontario



# 350,000

## UNDERGRADUATE, GRADUATE & COLLEGE STUDENTS UNITED

With more than 350,000 members at 38 students' unions in all regions of the province, the Canadian Federation of Students–Ontario is the voice of post-secondary education students in Ontario. Our Federation represents students at the college, undergraduate and graduate levels, including full- and part-time students.

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# INTRODUCTION

In 2014, the Government of Ontario signaled its intention to launch an extensive review of the province's university funding formula that distributes over \$3.5 billion in operating grants to its 20 public universities. Citing financial circumstances and predicted declines in enrolment, the province argued that the

current funding model was unsustainable and failing to drive improvements in the quality of teaching, research and learning. Laying down a narrow scope for the review, the province excluded tuition fees and levels of funding from consultations, but students believe strongly that these two issues must be at the heart of any

dialogue around sector-wide transformation. While population shifts will lead to stagnant or declining enrolment for some institutions, which in turn will result in financial challenges for these universities, students are skeptical at the assertion that the most appropriate way to tackle these challenges is to rearrange how the province distributes an inadequate amount of public funds.

While students are dismayed that access and affordability have not been larger pieces of the review's discussion, there are several recommendations that can be made to improve, strengthen and innovate our university funding formula. Students agree that the current funding model is far from perfect; it is a confusing labyrinth of policies layered one on top of another after decades of minor changes; it delivers inadequate funding that no longer reflects the true costs of education; and in some cases it has become ineffective in overcoming the contemporary challenges institutions face.

This submission contains several thoughtful, reasonable and practical solutions to simplify, modernize and improve Ontario's university funding formula while building upon its strengths and maintaining its core principles. While students have been critical of the review's narrow scope, we have also been grateful to have the opportunity to participate actively in consultations, open briefings and in drafting a formal submission. This review presents a historic opportunity for the province to restore fair, balanced and adequate public funding to universities to improve affordability, access and quality, and students sincerely hope the recommendations outlined in this document help inform the review process and the new funding models that will be presented to the government.



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# SUMMARY OF RECOMMENDATIONS

## ENSURING ADEQUATE, SUSTAINABLE & PREDICTABLE FUNDING

Enrolment-based funding should remain the foundation of the new funding formula and any excess funding made available through declining enrolment should be re-invested to bring per-student funding above the national average.

The new funding formula should include international students in official enrolment numbers when calculating each institution's share of Basic Income Units.

The new funding formula should include some form of stabilization funding to be allocated to institutions in the event that they cannot meet their financial obligations due to significant declines in enrolment.

## IMPROVING QUALITY & STUDENT EXPERIENCE

The new funding model should not contain performance- or outcomes-based funding.

The new funding formula should contain a "Quality Improvement Grant" aimed at reducing class sizes at Ontario's public universities.

The new funding formula should earmark funding specifically for the maintenance and expansion of mental health services on campus, particularly the availability of therapy and counseling with no up-front costs to students.

## ACHIEVING UNIVERSAL ACCESS & EQUITY

The new funding formula should develop an “Accessibility Grant” that prioritizes enrolment growth from low-income individuals.

The new funding formula should maintain and expand existing special purpose grants designed to support universities in rural and northern regions of the province, strengthen access to post-secondary education in English, French and Aboriginal languages and fulfill treaty obligations to Aboriginal communities.

The new funding formula should set aside money to support part-time students that could be dedicated to supporting financial aid programs and services targeting part-time students such as on-campus child care.

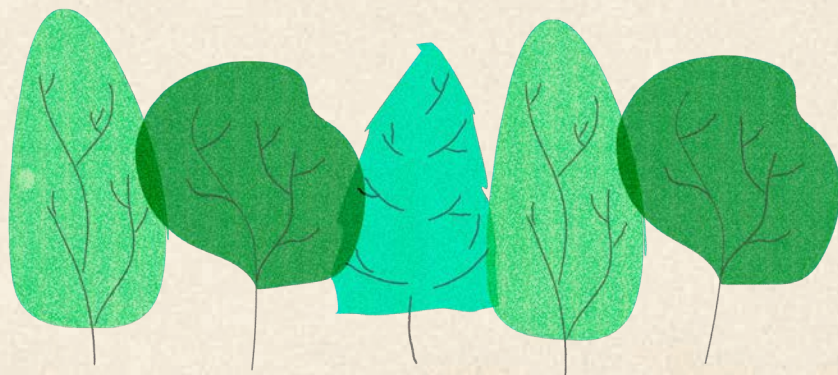
The government should consider re-regulating tuition fees and updating formula fees to reflect those regulations.

## STRENGTHENING TRANSPARENCY & ACCOUNTABILITY

The new funding formula should facilitate the incorporation of equity indicators to measure accessibility and affordability.

The new funding formula should facilitate the incorporation of employment indicators to measure program delivery.

# ONTARIO'S UNIVERSITY FUNDING FORMULA REVIEW: MISSING THE FOREST FOR THE TREES?



Ontario has become a global leader in post-secondary education. Every year, hundreds of thousands of students shuffle into the labs and lecture halls of the province's 20 public universities to receive a comprehensive education from world-class instructors. The government often boasts that we educate the most students at the lowest cost of any jurisdiction in Canada. However, this is done so at the expense of quality jobs, student debt, increasing class size and crumbling infrastructure. The province delivers public funding to universities through a wildly complicated funding model that was established in 1967 and has since undergone decades of tweaks layered one on top of the other to address new challenges and take advantage of new opportunities. In 2014, the government signaled its intention to embark upon an expansive funding formula review for public universities to identify new models of distribution for the roughly \$3.5 billion it gives to them every year in the form of operating grants.

While the review has included open consultations and briefings, stakeholder conferences and an opportunity for written submissions like this one, it has been difficult to identify what exactly is the problem this review is supposed to solve.

There are certainly many challenges in the sector worth fixing: the ballooning and completely unaffordable up front costs of tuition fees; the ever-expanding class sizes and increasing reliance on precarious part-time and sessional faculty; the crumbling of existing infrastructure on university campuses even as millions of dollars are spent opening up luxury athletic facilities and welcome centres. Astoundingly, none of this is within the scope of the review.

The government has set unreasonably narrow parameters on this review, arguing that it cannot entertain discussions about levels of funding or up front costs for students. In their own consultation paper from April 2015, the Ministry



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of Training, Colleges and Universities writes that “substantial new investments in post-secondary education by the government at levels comparable to the recent past is not feasible.” The role of the review, therefore, is to determine how we distribute a fixed sum of money rather than determine how much money is needed to strengthen affordability, access and quality at Ontario’s universities.

Students have been clear that the largest problems the sector must address can only be overcome through increasing funding and reducing tuition fees. Improvement requires investment, but the government seems to believe it can drive efficiency and innovation in the sector by creating winners and losers in a competition for a larger share of an increasingly smaller pie. Ultimately, the losers will be those institutions who are geographically

isolated, serving the most vulnerable students: rural and northern institutions and smaller institutions in urban and suburban settings.

Although this document will outline students’ suggestions for changes to the funding formula, it was important to highlight the political context of this review in relation to the issues students find most pertinent to their educational experience: tuition fees, debt, public funding, class-size and the student-teacher ratio. While the review has yet to identify the problem it is solving, students can name the largest one: money. Our universities desperately need more of it and it is exceptionally concerning that this review won’t even consider it a topic for discussion.

# ASSESSING THE CURRENT FUNDING FORMULA: IS IT BROKEN? DOES IT NEED TO BE FIXED?

Before attempting to fix something, it is important to evaluate whether it needs to be fixed at all. The current funding model was established in 1967 and today looks strangely similar and yet different. At its core, the funding formula has not changed very much. It is the decades of tweaks and tinkering to respond to historically specific challenges that make it different from its original form. The biggest change is not technical but rather political. When the current funding model was originally established, it was intended to be determinative. In other words, it assessed each institution's financial need by weighting overall enrolment with program concentration for each institution. Once financial need was calculated, the government would allocate the appropriate amount of money to each institution. Today, the funding formula is purely distributive, determining each institution's share of a fixed sum of money.

In a climate in which government is unwilling to make substantial new investments into the system, deficiencies will obviously materialize at universities, particularly in the area of quality. However, students believe strongly that these problems are largely the result of external circumstances rather than a reflection of a broken funding model. Indeed, the basis of the current formula – enrolment-based funding – provides sustainability and predictability for institutions. When





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this is coupled with safety nets like the funding floor and policies designed to guard against

exploitative enrolment such as the corridor policy, it forms a robust and stable basis for funding public universities.

While some layers of the formula are unnecessary or confusing, there are several pieces of the current model that should be retained and strengthened in a new one. In particular, the role special purpose grants have played in supporting northern universities or broadening access for Aboriginal, first generation, bilingual and francophone students and students with disabilities is a valuable piece of the current model that provides an equity framework within the system.

The current formula is far from perfect. In some ways, it has become an unworkable maze of policies and procedures, many of which are no longer relevant to the

challenges faced by the sector today. However, students believe its core should be retained,

simplified and strengthened. The current model's failings are not a reflection of any inherent irrelevance or unresponsiveness, but rather the result of a formula working the way it always has without the financial resources or political capital to deliver what it used to.

# ENSURING ADEQUATE, SUSTAINABLE & PREDICTABLE FUNDING

## ENROLMENT-BASED FUNDING

The foundation of the current funding model is based on enrolment, making it sensitive to the number of students within the system. Each institution is assigned Basic Income Units (BIUs) based upon their overall enrolment after it is weighted by program concentration. This model provides predictability for institutions, which are better able to anticipate minimum funding levels using their own enrolment projections for the year ahead. One weakness of this aspect is that in a climate of declining public funding, the dollar value of a BIU no longer reflects the true cost of education, which can leave one with the impression that the model is somehow inefficient or dysfunctional. This lack of adequate government funding results in tuition fee increases, swelling class sizes and crumbling infrastructure. If funding was increased, or if the model returned to its original determinative role in assessing financial need, it would become clear that some of its failings are circumstantial rather than inherent.

Critics have suggested that the current enrolment-based funding model encourages unsustainable enrolment growth, implying that institutions recklessly overenroll to gain more financial resources from the province. This charge is often cited as evidence that the new funding formula must move away from enrolment-based distribution. However, not only are funding allocations for each institution based on their historical share of funding from the 1986-87 academic

year, but they are supposed to be regulated by five year moving averages.<sup>1</sup> This means that even in the event that an institution increased enrolment dramatically, there should be no guarantee that new enrolments above their threshold would be funded. Ironically, while the government is right to claim institutions have focused heavily on expanding enrolment over the last decade and a half, they did so because of explicit government policy. Not only has the government publicly encouraged Ontarians to go to post-secondary education, it has poured hundreds of millions of dollars into the system to open up space for them. Encouraging enrolment growth is good for students and the province; where it becomes unsustainable is when government funding does not increase to meet the demand they fostered in the first place.

The government is particularly keen to point out that demographic shifts predicted to take place in the near future means enrolment growth will slow, remain stagnant and in some cases reverse. Rather than view these predicted trends as evidence to move away from the current funding model entirely, they should be seen as an opportunity to build upon its strengths. Any funding that would be

unutilized in an enrolment-based model as a result of overall declining enrolment could be re-invested into Basic Income Units to raise per-student funding allocations and bring them above the national average. Indeed, the government should consider negotiating a set of standard BIUs with institutions to provide fairness and predictability in funding for both the government and universities. Though students are critical of the government's insistence that it cannot make any further substantial investments in higher education due to budgetary constraints, enrolment stagnation and decline presents a golden opportunity to repurpose existing funds as a strategic reinvestment in students and in university education. Students believe strongly that enrolment-based funding should continue to play a significant role in any new formula.

**Students recommend that enrolment-based funding remain the foundation of the new funding formula and any excess funding made available through declining enrolment be re-invested to bring per student funding above the national average.**

## INTERNATIONAL STUDENTS

As a globally recognized leader in post-secondary education, it is no surprise that Ontario boasts a sizeable international student population. The government has been keen to attract international students to the province, consistently setting and exceeding international student recruitment targets. In the fall of 2015, the province will embark upon an international post-secondary education consultation to develop a more robust internationalization strategy. International students make tremendous social, cultural and economic contributions to the campuses and communities in which they reside and the province as a whole. Despite their academic, social and economic contributions, international students face numerous bureaucratic barriers during immigration, are denied access to public health care and must pay completely deregulated tuition fees. In some cases, international students can pay two, three or even four times more than their domestic counterparts in the same program or classes. These differential tuition fees are the result of the provincial government refusing to count international students in official enrolment numbers when determining

Basic Income Units, meaning that there is no government grant to cover any of the cost of their education – unlike domestic students.

The justification for this policy relies on flawed and unfair assumptions about international students that are simply not true. For example, that international students do not pay taxes; that they are only visitors who leave the country after their studies; and that they come from wealthy families. In addition to paying sales taxes on consumer goods like all other students, international students pay into the Ontario Income Tax System, which forms part of the Ontario Health Premium, by working during their studies. Far from being “educational visitors,” international students often stay in Ontario after completing their studies. Indeed, there were 19,512 international student graduates in Ontario in 2012<sup>2</sup> and international students constituted 75 per cent of the Ontario provincial nominees immigration program.<sup>3</sup> International students come from across the globe and all walks of life, often with their families sacrificing both personally and financially to send their child away from home. The government has prioritized international

students as a key demographic for immigration growth in the province, and this focus has paid off economically, with international students contributing over \$3 billion annually to the economy and most staying after graduation.<sup>4</sup>

In order to become a more attractive destination for international students not only in Canada, but also globally, the province must take steps to ease the unfair financial burden they must shoulder. By including international students in official enrolment numbers, the new funding formula could reduce the differential tuition fees international students pay and provide greater incentives for them to chose Ontario not only as a place to study but a place to call home. The Ontario government has already recognized the importance of funding spaces for international students at public universities, announcing that universities would be permitted to use up to 25 per cent of funded PhD spaces for international students.<sup>5</sup>

**Students recommend that the new funding formula include international students in official enrolment numbers when calculating each institutions share of Basic Income Units.**



# \$3 BILLION

International students contribute over \$3 billion to the economy annually.



## GUARANTEEING STABILITY

As previously mentioned, predicted population shifts present real challenges for institutions due to stagnant or declining enrolment. While all universities will likely face some crunch, it is smaller, rural and northern institutions that will bear the brunt of these obstacles. These universities are already feeling the financial impact from declining enrolment, and a new funding model must have some built-in mechanisms to stabilize institutions when enrolment drops to levels that compromise a university's ability to meet its financial obligations. The current formula already has some safety nets in place, such as funding floors, and these policies should be maintained and strengthened in any new model. After decades of enrolment increases, some institutions now face uncertainty as to how they will compensate staff and pay the bills, particularly as it relates to campus infrastructure. It would be disingenuous to assert that institutions hold sole responsibility for their financial difficulties, after all, enrolment over the last ten years had been driven specifically by government policy. In light of this, the government does have a responsibility to provide universities with some measure of protection from insolvency, particularly northern and rural schools.

There are many creative tools the government has at its disposal to rectify these situations when they arise. The new funding formula could contain a Stabilization Grant, which would be allocated at the request of individual universities. Institutions could be required to outline their financial circumstances and negotiate with the government the terms under which funds would be given to them. Alternatively, government could mandate institutions set aside a portion of the Basic Operating Grant for a "rainy day fund" as they do for the tuition set-aside. Regardless of what form such stabilization funds take, they must come with strict government oversight and accountability as to how each institution spends the money.

To maintain Ontario's world-class system of comprehensive post-secondary education in all regions of the province, a new funding formula must guarantee some level of stability for institutions facing financial difficulties due to significant declines in enrolment.

**Students recommend that a new funding formula include some form of stabilization funding that would be allocated to institutions in the event that they cannot meet their financial obligations due to significant declines in enrolment.**

1. Government of Ontario, Ministry of Training, Colleges and Universities, "The Ontario Operating Funds Distribution Manual: A Manual Governing the Distribution of Government Operating Grants to Universities and University-Related Institutions," October 2009.
2. Statistics Canada, "Post-secondary graduates, by immigration status, country of citizenship and sex," Table 466-0032, 2014.
3. Government of Ontario, Ministry of Citizenship, Immigration and International Trade, "A Progress Report on Ontario's Immigration Strategy," 2014
4. Roslyn Kunin & Associates, Inc. "Economic Impact of International Education in Canada," May 2012.
5. Ministry of Training, Colleges and Universities Memorandum, "Consultation on an International Strategy for Post-Secondary Education in Ontario," July 2015.

# IMPROVING QUALITY & STUDENT EXPERIENCE



**In the United States of America, where performance-based funding is more common, academic research has not turned up substantial evidence of positive results and in many cases it has found the opposite.**

## PERFORMANCE-BASED FUNDING

The government has consistently pondered how it could incentivize institutions to improve and achieve better outcomes for their students. That question has recently peaked interest in the use of outcome- or performance-based funding in the province. Tying an institution's share of revenue to its ability to achieve measurable outcomes is not a new proposal, indeed a small portion of existing revenue is reserved for performance-based funding in the current model. Under this model, institutions report to the government three indicators: graduation rates, graduate employment after six months and graduate employment after three years. Each institution's performance is then measured against competing institutions and they are issued an amount of funding that is reflective of their rankings relative to other universities.

While performance-based funding has been a part of the current model, students strongly caution against giving it a greater role in any new funding formula. Primarily, student concerns with performance-based funding are centred around the complete lack of evidence that it is effective in achieving the kinds of outcomes the government wants a new funding formula to incentivize. In the United States of America, where performance-based funding



is more common, academic research has not turned up substantial evidence of positive results and in many cases it has found the opposite. A 2013 policy brief produced by the Wisconsin Centre for the Advancement of Post-Secondary Education found that states utilizing performance-based funding “yielded no systematically different outcomes” than those that didn’t.<sup>6</sup> Additionally, the study found that “few states have experienced positive gains from performance-based funding” and of those that did, it took several years.<sup>7</sup> The Community College Research Centre at Columbia University found that performance-based funding had led to arbitrary increases in admissions standards, the weakening of degree requirements and an abandonment of maintaining high academic standards in exchange for high graduation rates.<sup>8</sup> With such a dearth of empirical evidence demonstrating the value of performance-based funding in driving system-wide improvements, students do not believe the government should be giving it a prominent role in any new funding formula.

Secondarily, students are concerned that giving an increased role to performance-based funding would only drive

competitiveness amongst institutions rather than foster cooperation. This concern is particularly salient when we consider that the new formula will still only be determining each institution’s share of a fixed amount of money. Like the performance-based funding in the current model, students are concerned that some institutions are better prepared to make improvements than others and in an environment where universities are competing with each other for a larger slice of the pie, there are bound to be winners and losers. Even in the event that all institutions improve on the agreed-upon outcomes, those who improve less than others would hypothetically see a reduction or even claw back of funding.

There is nothing wrong with working to incentivize investments in higher quality education at the institutional level but performance-based funding has not proven itself to be the best vehicle to drive improvements.

**Students recommend that the new model contains no performance-based or outcomes-based funding.**

## REDUCING CLASS SIZES

Despite paying more than any of their counterparts in Canada, Ontario students receive some of the lowest-quality education in the country. This isn't to say instructors and professors are not skilled in their teaching, indeed Ontario has some of the most well-respected and innovative educators in the world. Rather it is that there are fewer and fewer of them, with Ontario boasting the largest class sizes and the worst student-teacher ratio in the entire country. Increasingly, institutions are relying on sessional or contract faculty and teaching assistants to shoulder the majority of undergraduate teaching.

At York University, over 60 per cent of undergraduate teaching is conducted by precarious academic workers such as sessional instructors and teaching assistants. Ironically, these members of the Canadian Union of Public Employees Local 3903 – the union representing these academic workers – only make up around eight per cent of York University's budget.<sup>9</sup> It



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is not uncommon in the early years of undergraduate education for students to find themselves in massive lecture halls overflowing with hundreds of their peers.

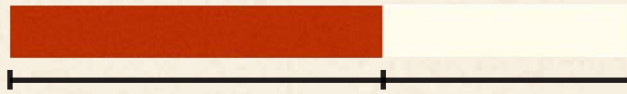
Large class sizes reduce opportunities for student-professor engagement and undermine the kind of dialogue and debate that is supposed to be the foundation of a university education. It is often considered that class size is somewhat linked to the size of each institution, whereby larger universities will end up having larger classes by virtue of their

student populations, but a survey of average class sizes by institution reveals surprising results. In Ontario, only three universities – Ryerson, Lakehead and Laurentian – had average class sizes below 100 students in 2012.<sup>10</sup> One might suggest these institutions are

anomalies, given that Lakehead and Laurentian only have around 7000 to 8000 undergraduate students each; but this doesn't explain how Ryerson University, an institution with over 37,000 undergraduate students, can maintain such a low average class size. It also doesn't account for why other, much smaller institutions in the province, seem to have average class sizes above 100.



60%



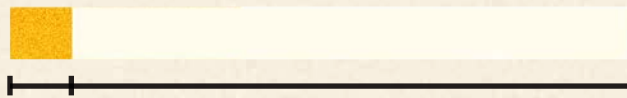
60%

of undergrad teaching at York University is done by people who make up

80% of the budget



80%



Much of the university funding formula review has been focused on the need to improve quality at Ontario's public universities, asking how we can incentivize institutions to make strategic investments that enhance quality and student experience. Students believe strongly that a commitment to reducing class sizes would be a good first step towards making substantial improvements in the system. Rather than fostering competitiveness and penalizing bad behavior through performance-based funding, the government should work to encourage quality improvement through meaningful up-front investments. The province could

negotiate class size targets with institutions that are reviewed annually to monitor progress. Funding could then be allotted in the form of a "Quality Improvement Grant" that could be dedicated to reducing class sizes and improving quality at Ontario's public universities.

**Students recommend that the new funding formula contain a "Quality Improvement Grant" aimed at reducing class sizes at Ontario's public universities.**

## HEALTH & WELLNESS

Student mental health at post-secondary institutions has recently come into focus for politicians, universities and the public at large. Increasingly, students are publicly acknowledging their struggles with stress, anxiety, depression and other mental health issues during their academic careers. The social and financial pressures of the university experience are weighing heavily on Ontario's undergraduates and graduate students, so much so that it is now more common than ever to see full psychotherapy services available to students on campuses across Ontario. Unfortunately, these services have become so necessary to students' overall well-being that demand for them has far outpaced institutions' abilities to deliver. Waiting lists for counselors and therapists top weeks and in some cases months, and in response to high demand, many institutions have been reluctantly forced to institute rules and limits on use of campus mental health services. The reality is that while students strongly support the availability of mental health services on campuses across Ontario, there must be a recognition that delivering them has not typically been the role of universities or the Ministry of Training, Colleges and Universities until recently.

The government has already acknowledged the importance of investing in campus-based mental

health supports, delivering millions of dollars through the Mental Health Innovation Fund and other programs. However, properly mitigating and addressing mental health issues for post-secondary students will require sustainable and long-term investment. For some, struggling with their mental health can be a temporary challenge brought about by isolation and the stress of academic life; but for many others, mental health issues develop early and persist long into adulthood. Thoughtful and proactive intervention at the campus level can provide much needed support to students in times of crisis while helping them develop the capacity to manage their anxiety, stress, depression or other mental health issues.

Through the Federation's *Not in the Syllabus* mental health campaign, something that has become evident has been the differential stress and anxiety faced by graduate students in the province. Often wearing multiple hats as students, researchers and teachers, graduate students face a whole host of challenges their undergraduate partners do not. Preliminary findings from the *Not in the Syllabus* survey, conducted at institutions across the province, has found that graduate students often experience bullying and harassment from colleagues, supervisors and even the students they teach. They have cited financial

stress and uncertainty as one of the largest factors affecting their own mental health.<sup>11</sup> Additionally, there seems to be a reluctance to utilize campus-based services for fear of reprisal and stigma. Any mental health funding allocated through a new formula should take into account the differential approaches that will be needed to address undergraduate and graduate student mental health issues.

While mental health supports should be widely available on campuses across Ontario, it is unfair that institutions – already facing their own financial crunches – have been expected to deliver these vital services without adequate government support. Furthermore, the financial burden of delivering these services should not fall solely on the Ministry of Training, Colleges and Universities. The government should negotiate joint investment from the Ministry of Health and Long-Term Care alongside the Ministry of Training, Colleges and Universities for this initiative. Regardless of how the funding is structured, any new funding formula must contain a component that provides

adequate and sustainable funding for mental health support services on campus, recognizing their importance in fostering academic success and mitigating short and long-term hardship for students.

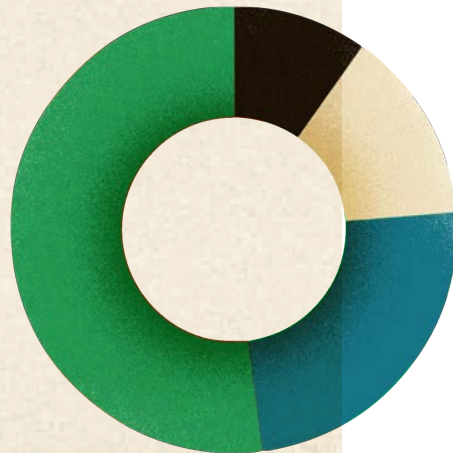
**Students recommend a new funding formula component be developed to earmark funding specifically for the maintenance and expansion of mental health services on campuses, particularly the availability of therapy and counseling with no up-front costs to students.**

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6. David A. Tandberg & Nicholas W. Hillman, Wisconsin Centre for the Advancement of Post-Secondary Education (WICAPE), “State Performance Funding for Higher Education: Silver Bullet or Red Herring?” 2013.
  7. Ibid
  8. Dougherty et al, Community College Research Centre (CCRC), Teachers College, Columbia University, “Implementing Performance Funding in Three Leading States: Instruments, Outcomes, Obstacles, and Unintended Impacts.” November 2014
  9. Canadian Union of Public Employees (CUPE) local 3903, 2015.
  10. Higher Education Strategy Associates, “Fun with class size data.” January 2012
  11. Canadian Federation of Students-Ontario, “Not in the Syllabus” survey findings, 2015

# ACHIEVING UNIVERSAL ACCESS & EQUITY

## ENROLMENT BY SOCIO-ECONOMIC BACKGROUND

- 1<sup>st</sup> quartile
- 2<sup>nd</sup> quartile
- 3<sup>rd</sup> quartile
- 4<sup>th</sup> quartile



## ENSURING ACCESS FOR ONTARIO'S MOST VULNERABLE

While current enrolment trends at Ontario's universities point to slowing, stagnation and decline in some cases, it is crucial to ask the question as to why these trends are taking place. There is certainly evidence to indicate that demographic shifts indeed share much responsibility for these trends, but it only gives an abstract, macro-level picture that isn't reflective of other external circumstances and more nuanced challenges. Ontario has seen massive increases in enrolment facilitated by both economic necessity and government policy. While Ontario should celebrate these historic achievements in post-secondary enrolment, it is valuable to ask who was enrolling.

Data from Statistics Canada paints a concerning picture of the socio-economic makeup of Ontario's universities and colleges. At the undergraduate level in 2011, 52 per cent of enrolments came from the highest income quartile families in the province while the lowest barely accounted for 10 per cent. If we combined the top two income quartiles in the province, they accounted for over 75 per cent of university enrolments.<sup>12</sup> For a government that has long touted its programs to help the province's most vulnerable attend higher education,

these statistics are both worrisome and an urgent call for action.

The current funding formula review is motivated partially by concerns that incentivizing increases in enrolment similar to the recent past is both financially untenable and demographically impossible. A predicted plateau in the university-aged population will indeed mean incentivizing large enrolment increases may be fruitless at the very least, but this doesn't mean we shouldn't encourage targeted enrolment growth. Rather than continuing the current model's accessibility grants that facilitate blanket undergraduate and graduate enrolment growth, a new funding formula should invest in a different accessibility grant that prioritizes enrolment growth from marginalized and low-income individuals. While students strongly support maintaining existing grants designed to enhance access for marginalized groups such as Aboriginal students and students with disabilities, an additional accessibility grant targeting enrolment increases from low-income communities would strengthen these equity efforts and improve participation

in university education from Ontario's most vulnerable populations.

Government and institutions should negotiate reasonable multi-year targets for enrolment and retention, which would be reviewed on an annual basis to ensure money from this grant was being used primarily to recruit and support students from low-income families through their post-secondary education. An investment in such a grant would not only provide some moderate enrolment growth for institutions, but could be part of a robust anti-poverty strategy for the province and would be considered an investment in Ontario's economic future.

**Students recommend a new funding formula “Accessibility Grant” that prioritizes enrolment growth from low-income individuals.**

## SUPPORTING REGIONAL & LINGUISTIC DIVERSITY

Ontario's post-secondary education system is exceptionally diverse, boasting dozens of universities spanning across thousands of square kilometres. From the northern shores of Lake Superior to bustling urban centres to our southern border with the United States, Ontario's universities can be found in every corner of our province. They range in size, student population and areas of specialization. Some teach exclusively in English, others are bilingual, and still many more offer courses taught in English, French and Aboriginal languages. Ontario arguably has one of the best and most comprehensive systems of post-secondary education in the country, yet declining public funding alongside demographic shifts and a poor economic climate have left some institutions in more difficult spots than others.

In places such as Windsor, North Bay, Sudbury and Thunder Bay, lack of economic opportunity has led to a prolonged stagnation or decline in population. As a result, many of these institutions face serious financial challenges, if not



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already, in the very near future. At Nipissing University, for example, inadequate public funding alongside a declining population and financial mismanagement saw the institution fire academic staff, cut programming and close the doors of its Bracebridge campus – and still found itself in a deficit.

In rural and northern areas, universities serve as some of the only post-secondary institutions for hundreds, sometimes thousands of kilometres, and therefore become the only options for higher education for many who are unable to leave their communities. In Thunder Bay, Lakehead University is not only the institution of choice for many residents, but is a major employer in the city and a community hub both for the immediate area and the towns around it, including isolated Aboriginal communities farther north. These

institutions fill important spaces in the province's post-secondary education system and a new funding formula must strengthen and protect them from closure.

Similarly, a new funding formula must support linguistic diversity



at our post-secondary institutions by strengthening teaching and learning in English, French and Aboriginal languages. Students should be able to study in the language of their choice, and the government should make a concerted effort to encourage multilingualism not only in students, but also at institutions. The government has a similar obligation to support Aboriginal education in both official languages of the province, and in the many languages and dialects of Ontario's Aboriginal communities. With a particular lack of leadership at the federal level in meeting our treaty obligations to Aboriginal communities, the province can step in to ensure access to post-secondary education for Aboriginal, Inuit and Métis students and support Aboriginal education in the language of their choice.

**Students recommend the new funding formula maintain and expand existing special purpose grants designed to support universities in rural and northern regions of the province, strengthen access to post-secondary education in English, French and Aboriginal languages, and fulfill treaty obligations to Aboriginal communities.**

## PRIORITIZING PART-TIME STUDENTS

Whether returning to school to upgrade skills, studying for leisure or reducing a course load to help pay for the rising costs of education, part-time students are becoming an increasingly significant portion of campus populations. This rise in part-time studies is both a sign of the changing nature of post-secondary education and the result of external circumstances such as recessions that push some to return to school after losing their jobs.

For these students, the challenges in accessing and completing post-secondary education can seem difficult to overcome. In particular, students with children must balance work, school and family obligations in an era where time, financial resources and decent jobs are in short supply. That precarious balance becomes even more difficult without adequate child care. Many institutions have on-campus child care, but like many child care facilities across the province, they are underfunded and the waiting lists are long.

Ensuring there is adequate child care on campuses would help part-time students with children balance their personal, professional and academic lives. A new funding formula could do more to support part-time students, both those who have children and those without, by earmarking funds for supporting part-time students. The money could be dedicated to on-campus child care, bursaries for part-time students and other services that assist these students in accessing, affording and completing their university education.

**Students recommend a new funding formula set aside money to support part-time students that could be dedicated to supporting financial aid programs and services targeting part-time students such as on-campus child care.**

## FORMULA FEES

A supposedly “archaic” aspect of the current funding model is the “formula fees” which are supposed to determine an institution’s revenue derived from tuition fees, which is then subtracted from their basic operating grant allocation. Formula fees were introduced during a time in which the government regulated tuition fees more strictly, and today are not reflective of the actual tuition fee revenue some programs generate. Since tuition fees were deregulated in the mid-90s, the same program at two institutions can charge different tuition fee rates to students. Nowhere is this more obvious than in professional programs such as law, where annual tuition fees can range anywhere from \$8,000 to \$30,000 depending upon the institution.

Despite the differential tuition fee rates, all law programs receive the same grant from the government since their tuition revenue, as calculated through formula fees, are deemed to be the same. There have been suggestions that a new funding formula should scrap formula fees entirely, since their calculations are arbitrary, outdated and ultimately unreflective of actual tuition fee revenues for most programs. However, like many of the challenges the current

model produces, formula fees’ irrelevance is only valid if we believe the government cannot or should not have a role in regulating tuition fees in the future.

In 2015, tuition fee revenue surpassed government contributions to university operating budgets across the system.<sup>13</sup> This is both a worrying statistic in relation to the public nature of our public universities and also evidence that re-regulation of tuition fees could make formula fees more relevant to the calculation of basic operating grants today. Obviously this calls for greater public investment into Ontario’s universities but students believe strongly that it would simplify the funding formula calculations and provide more accountable and transparent cost standards across the system.

**Students recommend that the government consider re-regulating tuition fees and updating formula fees to reflect system-wide standardized tuition fee levels.**

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12. Data requested as custom table from Statistics Canada, February 2014.

13. Council of Ontario Financial Officers – Council of Ontario Universities, “Financial Report of Ontario Universities 2013-2014.”

# STRENGTHENING TRANSPARENCY & ACCOUNTABILITY

## JURISDICTIONAL COMPARISONS

When compared internationally, specifically to universities in other anglophone jurisdictions, universities in Ontario have long been identified as having lower quantity and quality disclosure levels.<sup>14</sup> Much of the literature comparing university transparency and accountability cross-jurisdictionally point to criteria measuring the pedagogical, financial and physical health, among other things, as identified in the Modified Accountability Disclosure (MAD) index established in 1993.<sup>15</sup> Throughout the literature, Ontario holds the unflattering distinction of collecting the least amount of information and therefore having the least detailed information about its universities.

Examining the various position papers that come out of each conference or discussion on university accountability and transparency provides a fuller picture as to why these dynamics exist in Ontario. There are competing perspectives from and within government, university administrators, interest groups and other stakeholders. When considering the aims of the funding formula review, students have taken the position that a focus on transparency and accountability that prioritizes accessibility and affordability will allow for a realization of key outcomes such as better graduation and employment rates.

## ACCESS & AFFORDABILITY

The focus on accessibility and affordability, as components of an accountability framework for university funding in Ontario was first identified by the Office of the Provincial Auditor in 1999, the same year the Ministry of Training, Colleges and Universities was created. Citing the skyrocketing trajectory of tuition fees, the Office of the Provincial Auditor identified that accessibility and affordability were two sides of the same coin and emphasized increasing expenditures to both financial assistance and scholarship programs.<sup>16</sup> As such, two important recommendations were put forth for the Ministry to consider: (1) develop indicators that measure the extent to which a university's program has met its accessibility objectives and (2) encourage and monitor universities' efforts to deliver programs in ways that lessen the need for students to rely on financial assistance programs and reduce the time and cost required for students to achieve their educational objectives.<sup>17</sup> It should be noted that, in response, the Ministry agreed to these recommendations.



**Ontario holds the unflattering distinction of collecting the least amount of information and therefore having the least detailed information about its universities.**

## MEASURING ACCESSIBILITY, AFFORDABILITY & PROGRAM DELIVERY THROUGH EQUITY & EMPLOYMENT INDICATORS

To advance accessibility and affordability, data should be refined to reflect equity. The absence of equity measures don't allow for policy makers to identify transformation within institutions and the sector. It is important that the practice of merely using percentage changes in particular categories be refined to clarify where within institutions transformations are occurring. At a cursory level, developing

indicators measuring (1) socio-economic status, (2) household income, (3) gender, (4) age and (5) ethnic background will allow for government, universities and stakeholders to analyze university access across groups based on their proportion of the population. Utilizing these indicators will also allow for comparisons to be made between

different groups. The inclusion of these measures will allow for the implementation of policies and practices that are more likely to target those segments of society who are left out of particular areas within the university and the university sector entirely.

It is also pertinent to note the importance of teaching when considering program delivery. One indicator that will be particularly useful in understanding the quality of pedagogy disseminated at the course-level is job security, namely the employment stability of the instructor teaching any given course. The composition of faculty within Ontario's universities has changed significantly since the university funding model was introduced. Over the past few years there have been a number of high-profile news stories identifying that contract or part-time faculty teach a majority of undergraduate students.<sup>18</sup> The fact that there is an absence of policies and practices identifying these dynamics has significant implications for how faculty can be involved in



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the quality of students' learning. Depending on the practices of individual departments, part-time and contract faculty often do not participate in the creation of course syllabi, textbook selection, projects to integrate curricular or pedagogical reforms, or other curricular decisions. As a result, universities that rely heavily on part-time faculty will face challenges in measuring the quality of programs being delivered.

**Students recommend that the funding formula facilitate the incorporation of equity indicators to measure accessibility and affordability, and provide data about those who are teaching courses, including job security and employment status to measure the quality of program delivery.**

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14. Banks, W., J. Fisher, and M. Nelson. 1997. University Accountability in England, Wales, & Northern Ireland, *Journal of International Accounting, Auditing and Taxation*, 6(2) pg.211-226
  15. Coy, D., G. Tower, and K. Dixon. 1993. Quantifying the quality of tertiary education annual reports. *Accounting and Finance* 33(November) pg.121-129
  16. Office of the Provincial Auditor (Ontario). 1999. Annual Report. pg.227
  17. Office of the Provincial Auditor (Ontario). 1999. Annual Report. Pg.228
  18. CBC News. Universities increasing use of sessional, contract academic staff. September 08, 2014.

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**THE PROPOSALS OUTLINED IN THIS SUBMISSION SERVE AS STUDENTS' CONTRIBUTIONS TO THIS REVIEW AND SHOULD ACT AS A STARTING POINT TO FIX ONTARIO'S UNIVERSITY FUNDING FORMULA AND GET THINGS RIGHT - FOR GOOD.**



# CONCLUSION

The University Funding Formula Review process has been an important exercise in determining what structural changes must be made to improve access to and quality of university education in Ontario. While sector stakeholders share different opinions on what these changes can and should look like, all are motivated by similar values: to protect and enhance access to university education; to maintain and improve the quality of teaching, research and learning; and to build a more thoughtful, just and engaged society through post-secondary education. While students have been critical of this review's narrow scope and some of the assumptions that have driven it, there are nonetheless many positive changes that can be made to the university funding formula. This document contains thoughtful, reasonable and practical solutions to the challenges the current funding model presents while arguing that its core foundation and original purpose should act as guiding principles.

Predicted enrolment changes and financial circumstances may lead some to fret about how Ontario's universities can do more with less, but students believe strongly that improving access, affordability and quality in post-secondary education start with meaningful investment and measured policy approaches that are backed by research. This review is a crucial opportunity to correct the systemic imbalances and structural failings of Ontario's public university system that are the result of decades of short-sighted policy decisions by governments of all political stripes. The proposals outlined in this submission serve as students' contributions to this review and should act as a starting point to fix Ontario's university funding formula and get things right – for good.





