What are We Doing?

• The Ministry launched an open and transparent consultation on university funding reform, based on achieving the following principles:
  
  – Enhanced quality and improving student experience.
  – Support for the existing differentiation process.
  – Financial sustainability.
  – Increased transparency and accountability.

• The scope of the consultation is the allocation of Ministry of Training, Colleges and Universities (MTCU) operating grants, which totaled $3.5 billion in 2014-15.
Ontario University Revenue

- Ministry grants accounted for 40% of university operating revenue in 2013-14, with regulated student fees accounting for 42% and international tuition fees accounting for 10%.

- This revenue balance has implications for the potential impacts of changes to funding policy.

Operating Revenue of Ontario Universities, By Source for 2013-14

- MTCU Grants, 40%
- Domestic Tuition Fees, 36%
- International Tuition Fees, 10%
- Ancillary Fees, 6%
- Investment Income, 5%
- Donations & Other, 1%
- Other Ontario Grants, 2%
Ontario’s Current Model

• Ontario’s Strategic Mandate Agreements reflected a stewardship approach by the Ministry (within the context of an autonomous university system and consolidated college system).

• Current formula funding in Ontario is used to determine the share of funding allocated to institutions within a university system on a consistent, predictable, and comprehensible policy basis.
  – This approach to formula funding is aligned with practice in other jurisdictions. Formula models do not typically determine the amount of funding in the system.

• Once funding is allocated through the model, institutions exercise complete autonomy over how it is used. In this way, operating grants support both teaching and research activity.
  – Research activity is also supported by sponsored research funding, which comes from a mix of federal, provincial, and private sources.
Ontario’s Current Model

- Ontario's current formula model is primarily enrolment based, with elements of performance and special purpose funding.

MTCU Operating Grants to Ontario Universities, 2014-15

<table>
<thead>
<tr>
<th>Grant Type</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Operating Grant</td>
<td>$2,699M</td>
<td>(77%)</td>
</tr>
<tr>
<td>Undergraduate Accessibility Grant</td>
<td>$170.2M</td>
<td>(5%)</td>
</tr>
<tr>
<td>Graduate Expansion Grant*</td>
<td>$97.3M</td>
<td>(3%)</td>
</tr>
<tr>
<td>Medical &amp; Nursing Related</td>
<td>$150.2M</td>
<td>(4%)</td>
</tr>
<tr>
<td>Northern Ontario Grant</td>
<td>$16.0M</td>
<td>(0.5%)</td>
</tr>
<tr>
<td>Institution Specific Grants</td>
<td>$31.8M</td>
<td>(1%)</td>
</tr>
<tr>
<td>Other Grants</td>
<td>$89.9M</td>
<td>(3%)</td>
</tr>
<tr>
<td>Access (First Gen, Bilingualism, Aboriginal, Disabilities)</td>
<td>$100.0M</td>
<td>(3%)</td>
</tr>
<tr>
<td>General Quality Grant and Performance Grant</td>
<td>$154.3M</td>
<td>(4%)</td>
</tr>
<tr>
<td>Other Special Purpose Grants</td>
<td>$89.9M</td>
<td>(3%)</td>
</tr>
</tbody>
</table>
Why Change?

• The current model is focused on one activity (enrolment) and does not meaningfully reflect other significant institutional activities, research or student outcomes, or teaching quality.

• Although some grants are insensitive to enrolment, it does not have a dedicated revenue stabilizer for universities that may face declining enrolment.

• It is complex – more complex than is necessary to provide predictable, equitable funding.
  – Investments and incremental funding supports are often embedded in a number of different grants making it difficult to assess equity and effectiveness.

• It is based on a “total revenue” approach, which has become outdated. Removal of archaic features, such as formula fees (proxies for tuition revenue), would simplify the model, and improve transparency and accountability.
Engagement Process

Public Launch
Website and Discussion Document

All-Day Event

TCU-HEQCO-OISE Symposium

Open Briefings

Faculty

Students

Universities

Employers

Related Groups*

Key Themes and Design Objectives

Design Scoping

COU Sector Task Force

COU Technical Group

Continued Engagement (as required)

Consultation Summary
Executive Lead

Strategic Advice
Executive Lead

Strategy Development
Ministry of Training, Colleges and Universities

* K-12, Health, Staff Associations, Colleges, Aboriginal, Disabilities and Francophone Reference Groups
Reference Group

• In addition to our primary stakeholders, we will be consulting a small group of experts in postsecondary education and transformation in other related sectors throughout the consultation process.

• Current reference group members include:
  • Tony Chambers – Associate Professor, OISE
  • Catherine Chandler-Chrichlow – Toronto Financial Services Alliance
  • Glenn Craney – ONCAT
  • Harvey Weingarten – HEQCO
  • Hugh Mackenzie – Hugh Mackenzie & Associates
  • Marguerite Jackson – Former CEO, EQAO
  • David Trick – David Trick & Associates
  • Alastair Summerlee – Former President, University of Guelph
  • Alex Usher – Higher Education Strategy Associates
  • Mary Jo Haddad – Former CEO, Sick Kids Hospital

• Along with all other elements of the consultation, input received from reference group members will be summarized at the end of the consultation.
Contact Information

• We have a website where you may submit answers to the questions posed in the consultation guide, and any other thoughts relevant to funding model reform:
  • [http://ontario.ca/fundinguniversities](http://ontario.ca/fundinguniversities)

• Submissions can be emailed to FundingModel@ontario.ca.

• Please feel free to contact us with further questions or information.