



Public Briefing: Ontario Funding Formula Review

May 27 2015



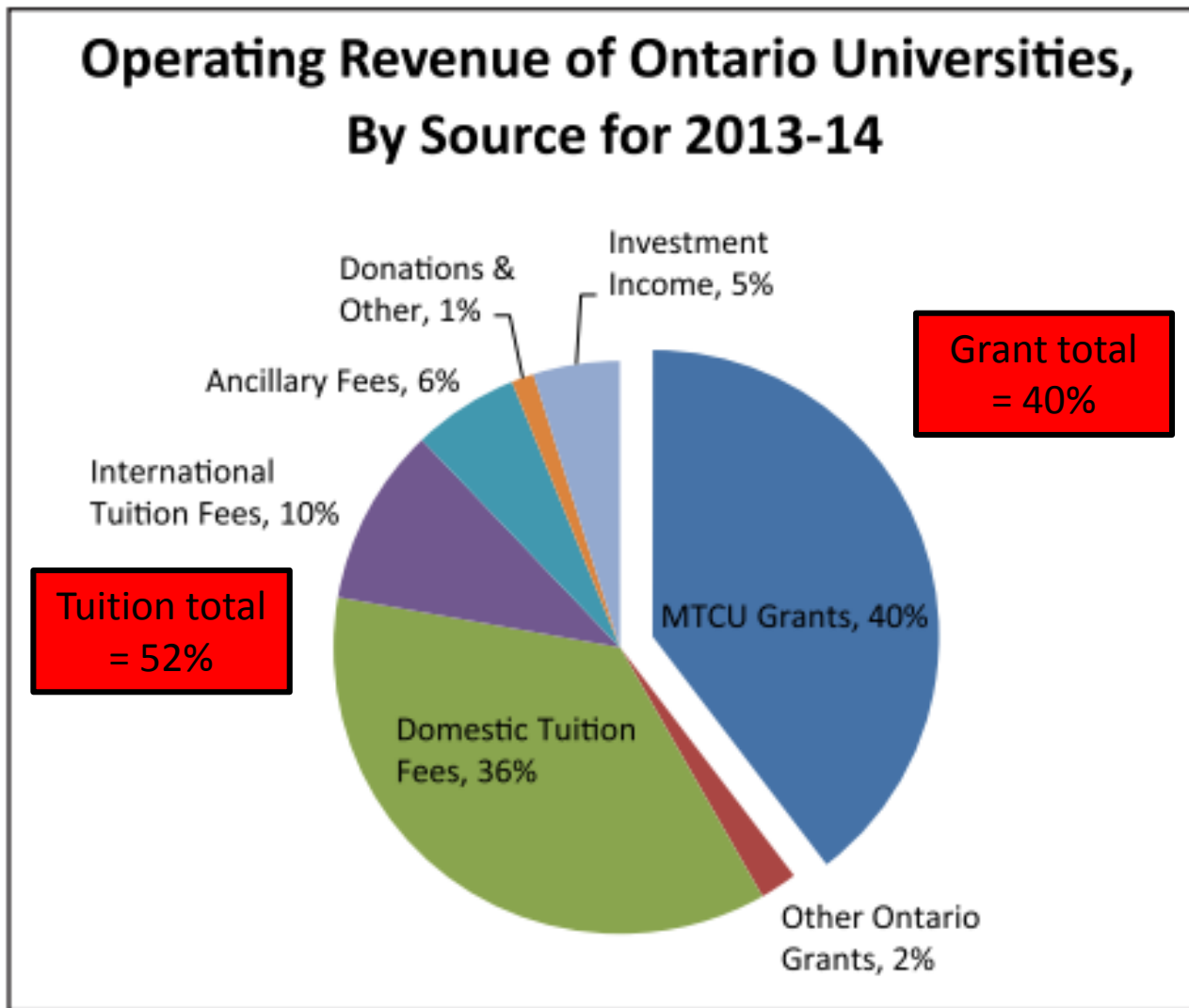
Higher Education
Quality Council
of Ontario

Informing the Future of Higher Education

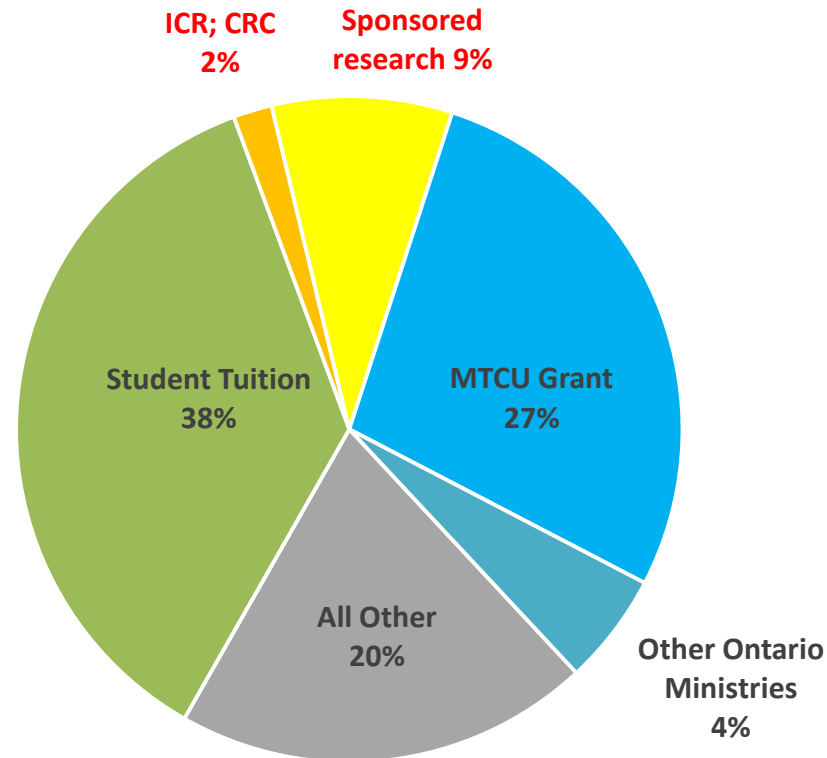
Outline

- Context for the funding formula review.
 - How much money is in play and how does it compare to other sources of university funding?
- Design principles.
- Issues that influence choice of funding model.
- Possible funding formula models.

Starting point for UFF analysis

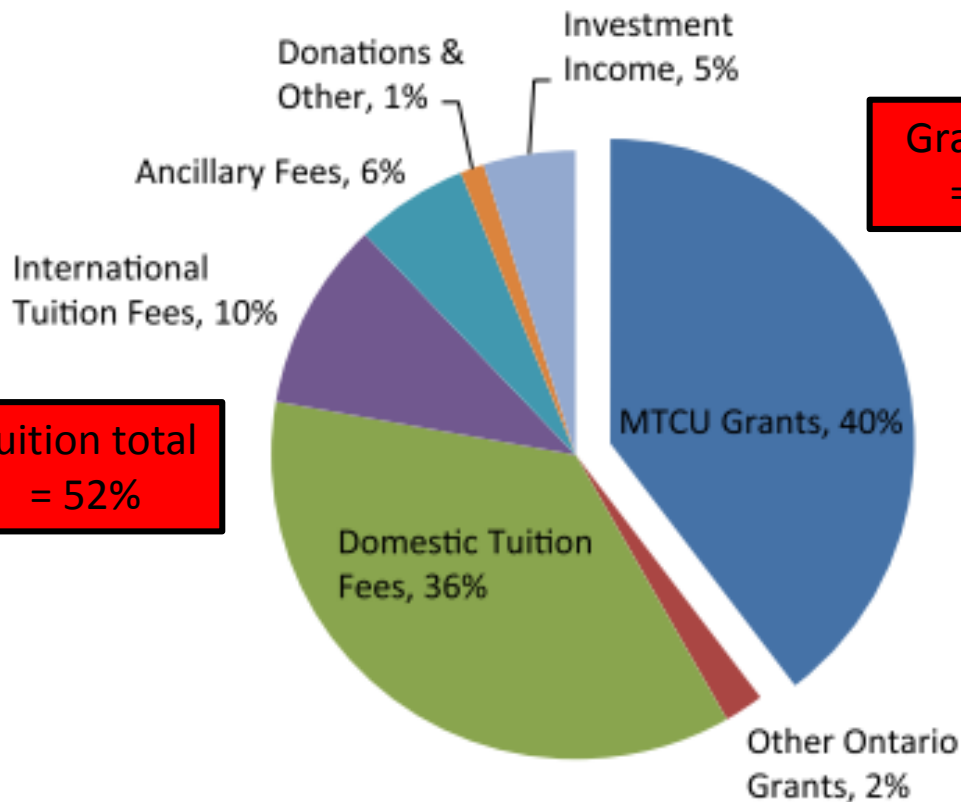


Incorporating the federal contribution to university revenue



Starting point for UFF analysis

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



**Tuition total
= 52%**

**Grant total
= 40%**

89% of university operating revenue is enrolment driven

How is the MTCU grant used?

- Supports both teaching and research; 50% or more of the grant is supporting research. *
- Varies across institutions.
- How grant is used reflects trade-offs and choices made by the institution.
- SMA's should influence the trade-offs and decisions made.

Context conclusions

- MTCU grant is a small piece of university revenue.
- MTCU grant is used to support both teaching and research.
- MTCU grant is primarily driven by enrolment.

Since the UFF project is about the MTCU grant only, this small slice of funding must be used in a focussed and strategic way if it is to be effective in shaping behaviour towards desired institutional and system goals.

Design principles

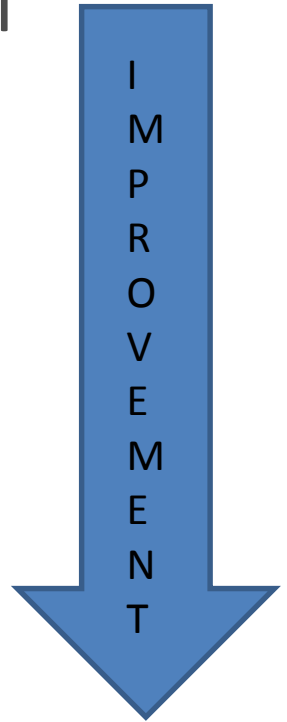
- Maintain outcomes-based funding but diversify beyond the sole outcome of enrolment.
- Slate of outcomes should be:
 - sufficiently diverse to give all institutions a possible win.
 - value-added, not absolute levels.
 - measurable.
- Enrolment should be removed from the funding formula.
- Eliminate all current special purpose grants. Future targeted funding for an institution should be directed by the SMA's.
- Funding is earned on the basis of performance.
- Give institutions choices and flexibility.
- Key decisions:
 - Starting point?
 - Transition period?

Issues that influence choice of future funding formula

- Is there sufficient clarity or consensus about the outcomes we hope to achieve with an amended funding formula?
- What is the capacity of the Ministry and the institutions to engage, implement and manage a new funding formula?
- What are the political considerations that influence funding formula changes?

Models

- Separate teaching and research envelopes.
- Maintain current share and apply an annual adjustment, + or -.
- Levy proposal: Earn part of your current funding based on achievement of agreed outcome.
- Create a competitive marketplace based on performance on agreed upon outcomes.

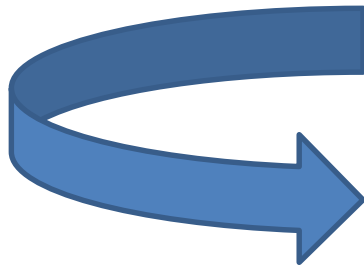


Separate teaching and research envelopes

- Other supports not there to use this model.
- Cultural constraints.
- What are the right proportions?
- Constrains institutional flexibility.

Maintain current share with annual adjustment

Current shares



University	Share of Grant
Algoma	0.4%
Brock	2.5%
Carleton	4.7%
Guelph	6.0%
Lakehead	1.8%
Laurentian	2.1%
Hearst	0.1%
McMaster	7.0%
Nipissing	0.9%
NOSM	0.6%
O.C.A.D.	0.7%
Ottawa	9.2%
Queen's	5.5%
Ryerson	6.0%
Toronto	18.9%
Trent	1.4%
UOIT	1.9%
Waterloo	7.1%
Western	8.5%
Wilfrid Laurier	3.0%
Windsor	2.8%
York	8.8%

Annual adjustments
for each institution
of +/- x%



Levy model

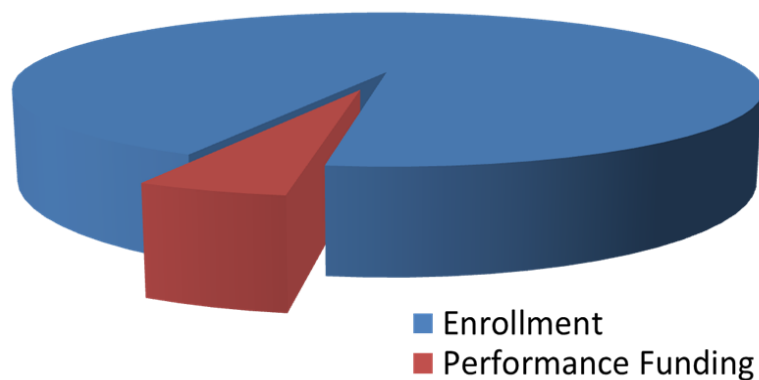
- Some percentage of current funding level based on achievement of a specific outcome.
- Outcome:
 - Agreed to by institution and government.
 - Outcome can be enrolment.
 - Requires superior performance – a stretch goal.

Competitive funding marketplace

- Institution's share of government grant changes over time based on performance.
- How much an institutional share changes depends on achievement of institutional outcomes and performance relative to other institutions in the system.

Tennessee funding formula changes from enrolment-based to outcomes-based in 16 months

TN Enrollment-Based Funding Formula, 1979-2011



TN Outcomes-Based Funding Formula, 2011-Present

