

Consultations on University Funding Reform

Presentation to Stakeholder Groups

Sue Herbert
Executive Lead

Bill Praamsma
Project Director

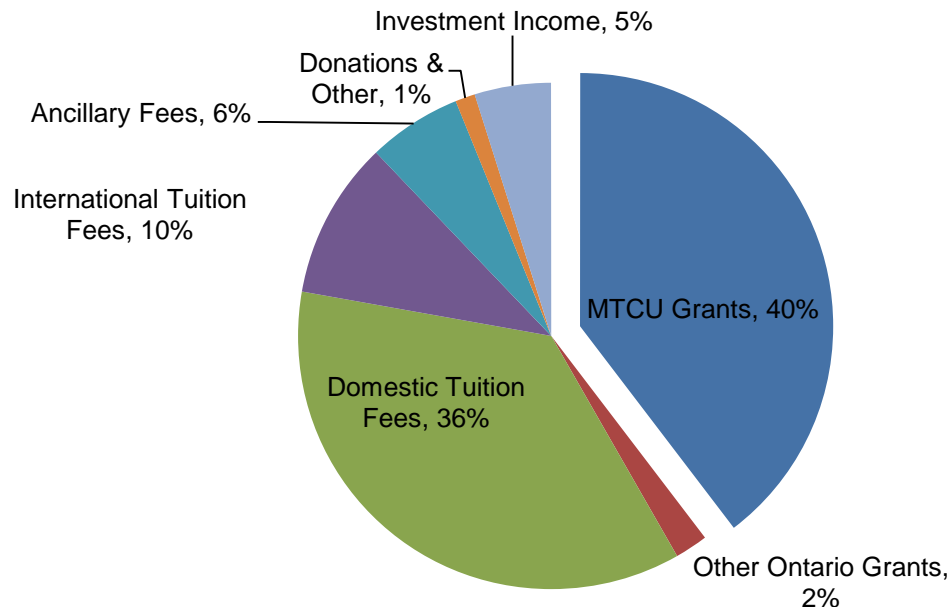
What are We Doing?

- 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



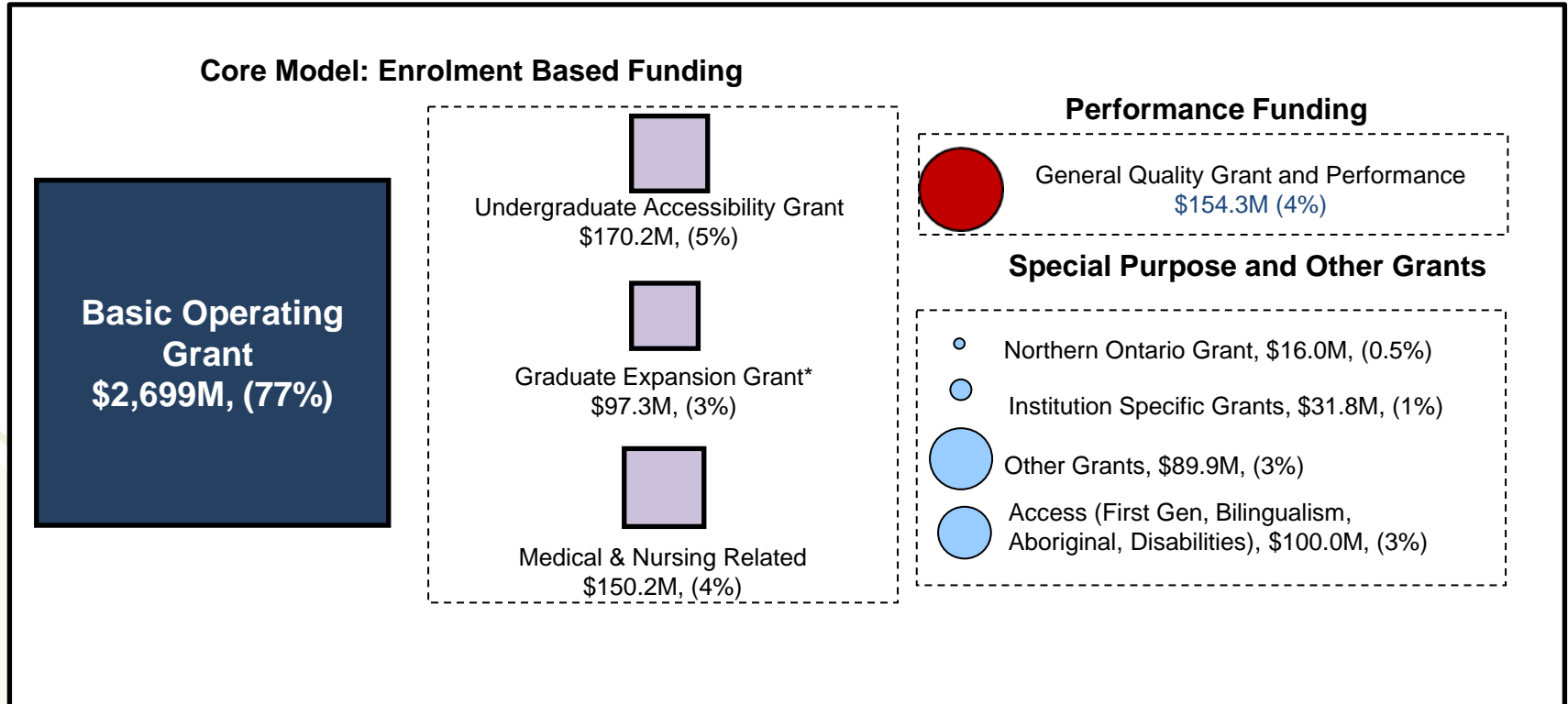
Ontario's Current Model

- 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.

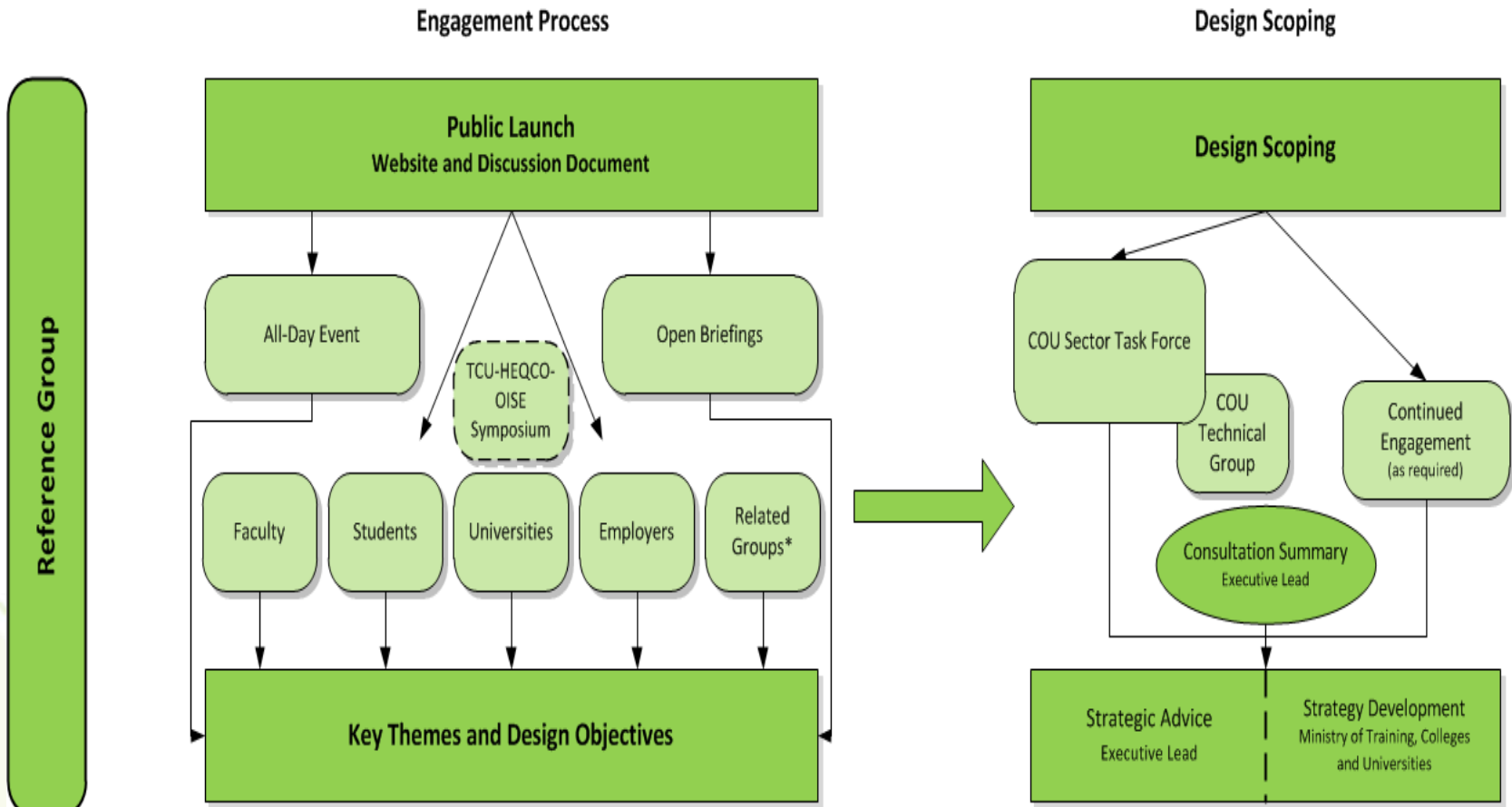
MTCU Operating Grants to Ontario Universities, 2014-15



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



* 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>
- Submissions can be emailed to FundingModel@ontario.ca.
- Please feel free to contact us with further questions or information.