



Ontario University Registrars' Association

The logo for the 2017 conference features a stylized green leaf and a white arrow pointing downwards and to the right.

OURA 2017: *Partners in Change*
February 15-17, 2017
Toronto

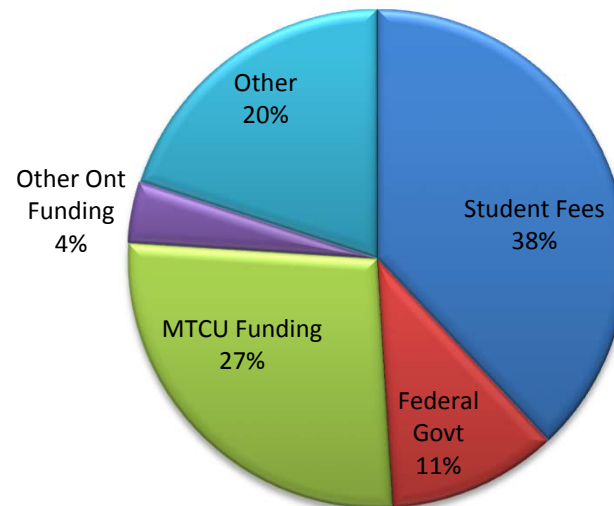
Understanding University Funding

Jamie Graham
Registrar and AVP, Institutional Planning

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AVP Planning & Analysis, and Registrar

Where does Funding Come From

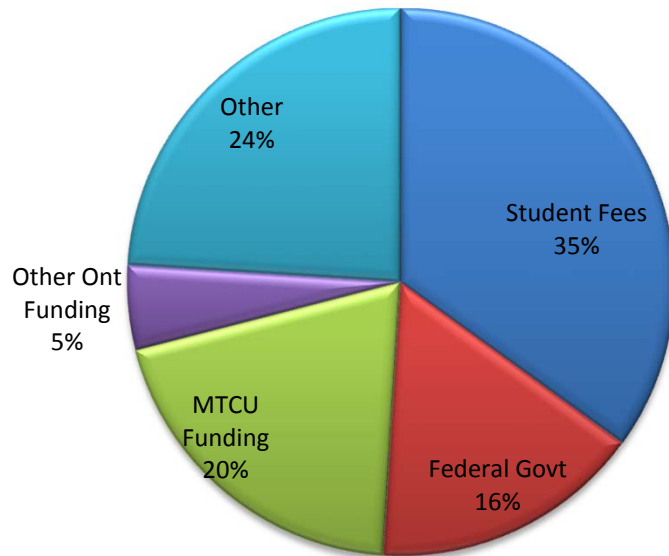
Total Revenue - Ontario \$13.1B



Source - COFO 2013-14

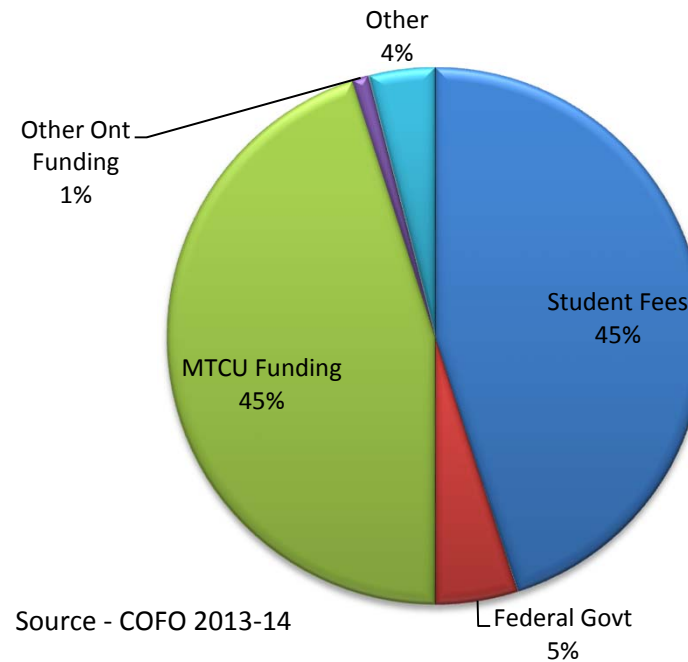
Where does Funding Come From

Total Revenue - Toronto \$3.3B



Source - COFO 2013-14

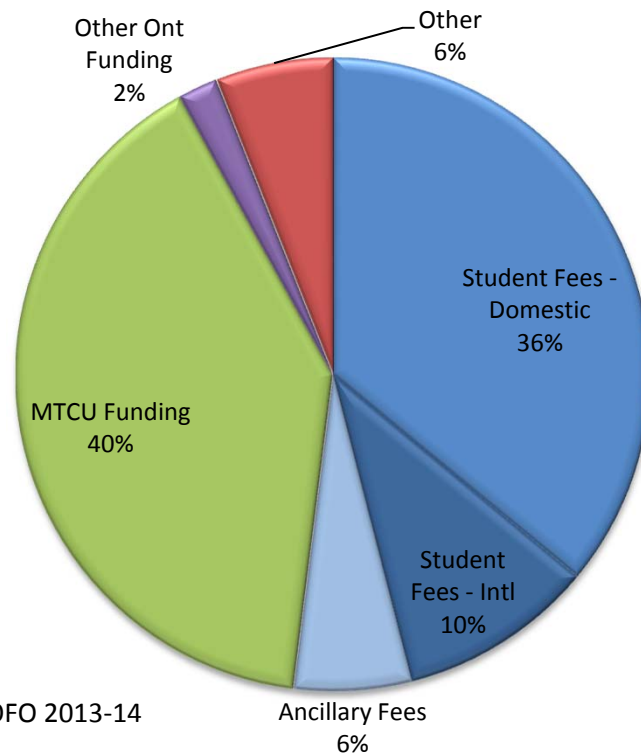
Total Revenue - Nipissing \$79M



Source - COFO 2013-14

Where does Funding Come From

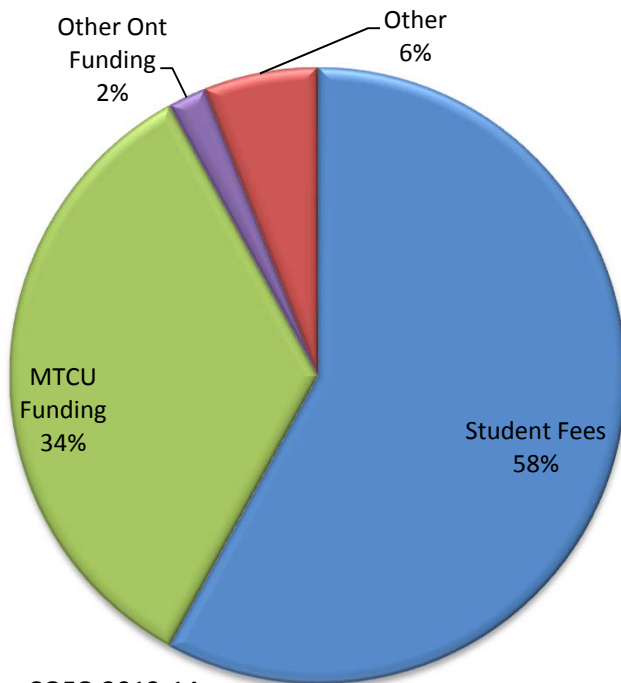
Operating Fund - Ontario \$8.8B



Source - COFO 2013-14

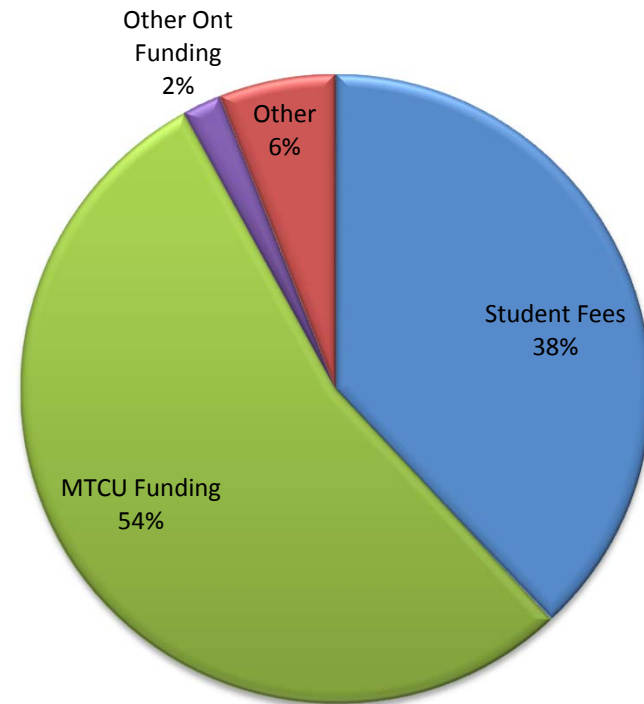
Where does Funding Come From

Operating Fund - Toronto \$1.8B



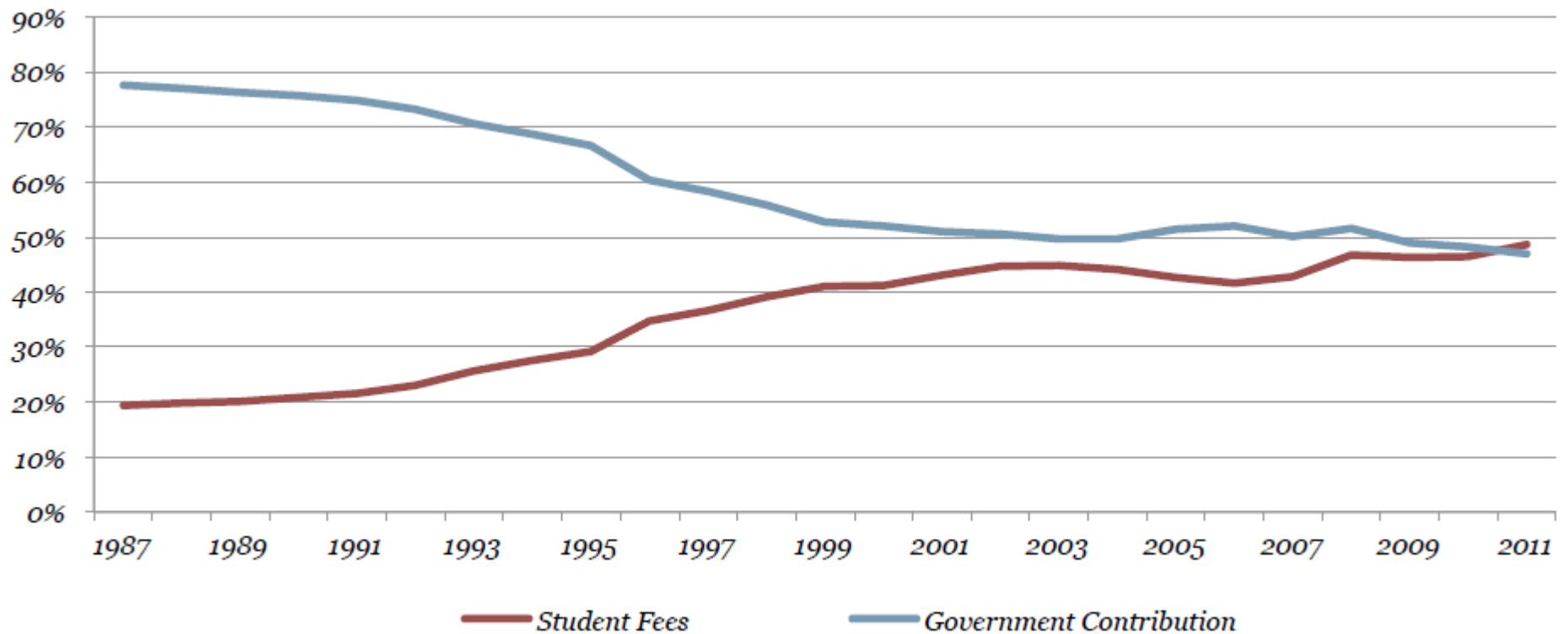
Source - COFO 2013-14

Operating Fund - Laurentian \$131M



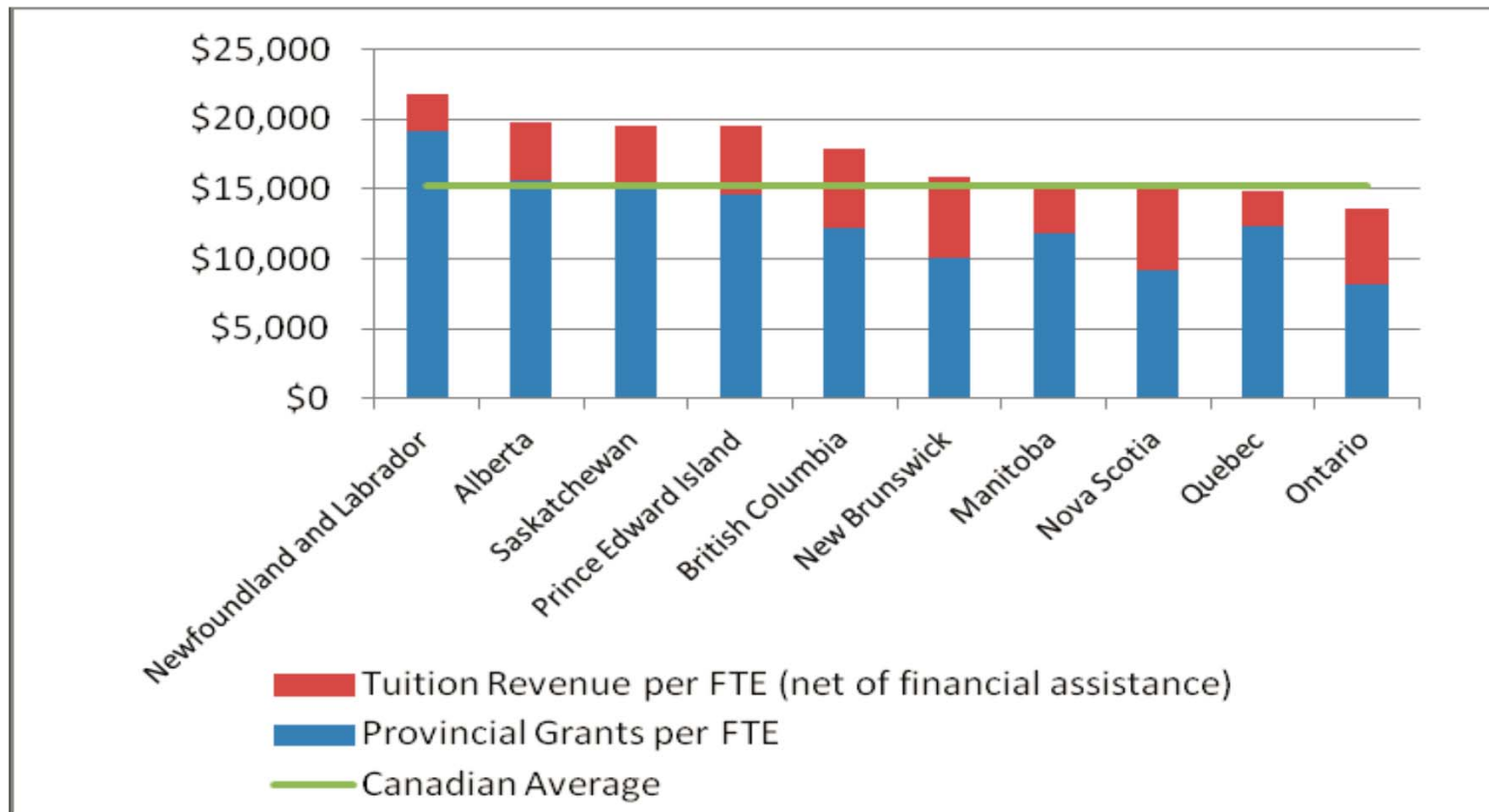
Source - COFO 2013-14

Historical Contributions to University Operating Revenues



Source: OUSA, Issue Brief: Government Underfunding.

Average Revenue per FTE



COU calculations based on Canadian Association of University Business Officers (CAUBO) and Statistics Canada Postsecondary Information System (PSIS) data.

Government Grants

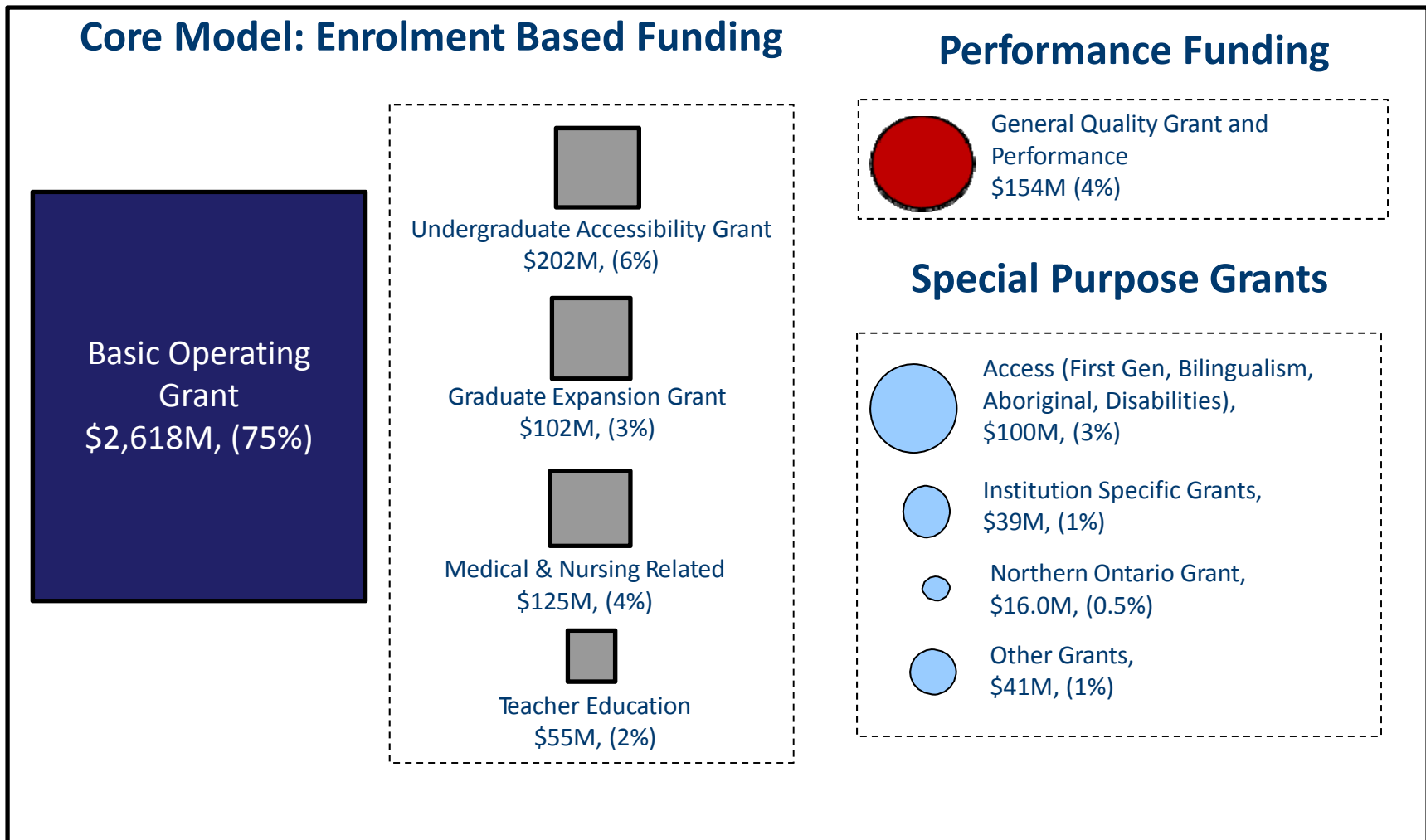
- Ontario universities are funded through an allocation model developed in 1967.
 - » While modifications have been made over the years, changes were often layered on, without fundamentally changing the core principles or the structure of the model.

The ministry publishes a manual which governs the distribution of government operating grants.

It sets out funding formula, specific types of grants, which institutions are eligible, which programs are eligible, restrictions, and reporting requirements.

Overview of the Current Model

Total Projected Funding in 2016-17: \$3.5 billion



Undergraduate Funding Overview

“Simple” Concepts

Basic Operating Income

Formula Fees

Basic Income Unit

Corridor Funding (*includes growth to 04-05 and is full BIU values*)

Growth above the corridor is funded from a fixed pool of funds allocated to the growth for the entire province and may be at a lower value than corridor funding

BIU = FTE*program weight

	Year 1	Year 2	Year 3	Year 4	Total
BA	1.0	1.5	1.5	1.5	5.5
BComm/ BEd	1.5	1.5	1.5	1.5	6.0
BIT	1.0	2.0	2.0	2.0	7.0
BASc & BSc & BHSc	1.0	2.0	2.0	2.0	7.0
BEng & BScN	2.0	2.0	2.0	2.0	8.0

Funding Per Unit
(BOI per BIU)
X
Weighted Enrolment
(Enrolment * Program Weight)
-
Formula Fees*
(Enrolment * Formula Fees)

2015-16		Difference from Average
AVERAGE	\$5,364	
O.C.A.D.	\$5,174	(\$190)
Trent	\$5,184	(\$180)
Brock	\$5,224	(\$140)
Nipissing	\$5,226	(\$138)
Lakehead	\$5,229	(\$135)
UOIT	\$5,255	(\$109)
Ryerson	\$5,260	(\$104)
Wilfrid Laurier	\$5,282	(\$82)
York	\$5,290	(\$74)
Guelph	\$5,323	(\$41)
Waterloo	\$5,341	(\$23)
Carleton	\$5,367	\$3
Western	\$5,372	\$8
Ottawa	\$5,395	\$31
Toronto	\$5,442	\$78
McMaster	\$5,445	\$81
Queen's	\$5,457	\$93
Windsor	\$5,460	\$96
Laurentian	\$5,474	\$110
Algoma	\$5,991	\$627
Hearst	\$9,485	\$4,121

Program Weight	Examples of Program Type	% of Enrolment
0.700	Preliminary Year	0.0%
1.000	First Year Arts and Science	23%
1.250	Education - Northern Nishnawbe	0.0%
1.500	Upper Year Arts, Social Work	39%
1.700	Sci & Mgmt 5 year	0.0%
1.750	Combined Arts and Science	0.2%
2.000	Upper Year Science, Nursing, Engineering, Architecture	35%
2.250	PharmD	0.0%
2.500	Postgraduate Medical Residents	1.2%
3.000	Optometry, Physician Assistant	0.1%
5.000	Veterinary Medicine, Medicine	1.1%
7.500	Medicine (McMaster)	0.1%

Formula Fee	Type of Undergraduate Program	% of Enrolment
\$0	Postgraduate Medical Residents	1%
\$2,362	All Undergrad Programs	89%
\$2,565	Engineering, Architecture	8%
\$2,576	Physician Assistant	0.03%
\$3,005	Medicine	1%
\$4,508	Medicine (McMaster)	0.12%

* Formula fees were identical to tuition fees when the government set tuition. Following deregulation in 1996, formula fees could not be updated due to variable tuition fee levels across institutions.

Calculating Government Grant

Simplified Example: Bachelor of Science

2015-2016 BOI/BIU = \$5,363.06

YEAR 1	YEAR 2 - 4
BIU Weight = 1	BIU Weight = 2
Standard Fee = \$2,362	Standard Fee = \$2,362
Grant = $1 * 5363 - 2362 =$	Grant = $2 * 5363 - 2362 =$
\$3,001	\$8,364

Upper years are worth 2.8 times year 1

Funding Formula – Overview

- March 2015 MTCU (now MAESD) 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 MAESD operating grants, which totaled \$3.5 billion in 2014-15.
- Out-of-scope items for the consultation included tuition, collective bargaining, pension reform and adequacy of funding.
- The Final Consultation Report “Focus on Outcomes, Centre on Students: Perspectives on Evolving Ontario’s University Funding Model” was released December 2015. This report outlined the results of the consultation and advice to the system about moving forward on a new funding model.

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.

Key Strengths of Current Model

- Credible with the institutions it serves – Predictable funding; responsive to changes in enrolment and program mix; and reflects sector accepted proxy for differences in program cost.
- Has been an effective tool in supporting the access agenda.
- It includes performance based funding.
- It includes funding for government priorities:
 - » Students with Disabilities
 - » First Generation Students
 - » Aboriginal Students
 - » French-Language Education
- It provides funding for sector-wide initiatives (such as credit transfer, Ontario Online Initiative, etc.)

Challenges with Current Model

- It's complex – more complex than is necessary to provide predictable enrolment and performance based funding.
 - » Investments and incremental funding supports are often embedded in a number of different grants making it difficult to assess equity and effectiveness.
- While some components of the funding model are not updated to reflect actual enrolments (for example, the Basic Operating Grant).
- The current model does not have a dedicated revenue stabilizer for universities that may face declining enrolment.
- Primarily focused on one activity (enrolment) and does not meaningfully reflect other significant institutional activities (e.g. research) or outcomes.
- ***Differences in Per Student Funding Levels:*** Range of funding provided per student across institutions and programs reflects a combination of institutional decisions, as well as government decisions, that were crystalized over time.

Challenges of Current Model

- The total revenue approach is no longer meaningful post tuition deregulation. Removal of archaic features, such as formula fees, would simplify the model, improve transparency and accountability

Tuition Fee Policy Environment:

- From 1960s to mid-1990s, formula fees were a reasonable proxy for tuition revenues and allowed the Ministry to run a “total revenue model” for the university sector.
- When tuition was deregulated in 1996, institutions were allowed to set tuition levels. This resulted in a wide variation in the tuition levels charged for the same program across the system.
- » The government provides the same level of grant funding for students in any given program even if the tuition levels vary – for example, University of Toronto charges \$30,710 in tuition for first year law students, while the University of Ottawa charges \$8,000, while both schools get the same amount of grant funding.

What MAESD has Learned

Quality and Student Experience

Perception exists that teaching quality needs improvement, but little consensus on whether this is quantifiable, or what should be done to address it.

Debate exists on how best to improve labour market preparedness for undergraduate students (learning outcomes vs. discipline-specific knowledge).

Enrolment and success of at-risk students should be the focus of accessibility initiatives, while maintaining general enrolment growth.

Financial Sustainability

The current funding model will contribute to vulnerability of institutions with declining enrolment, but reallocations may not fully address financial challenges.

Universities are managing operating budgets through enrolment growth, economies of scale and teaching efficiencies.

Differentiation

There is increasing acknowledgement of the benefits of moving away from “one-size-fits-all” approach to university funding

The Strategic Mandate Agreements are broadly recognized as the Ministry’s tool to enhance differentiation.

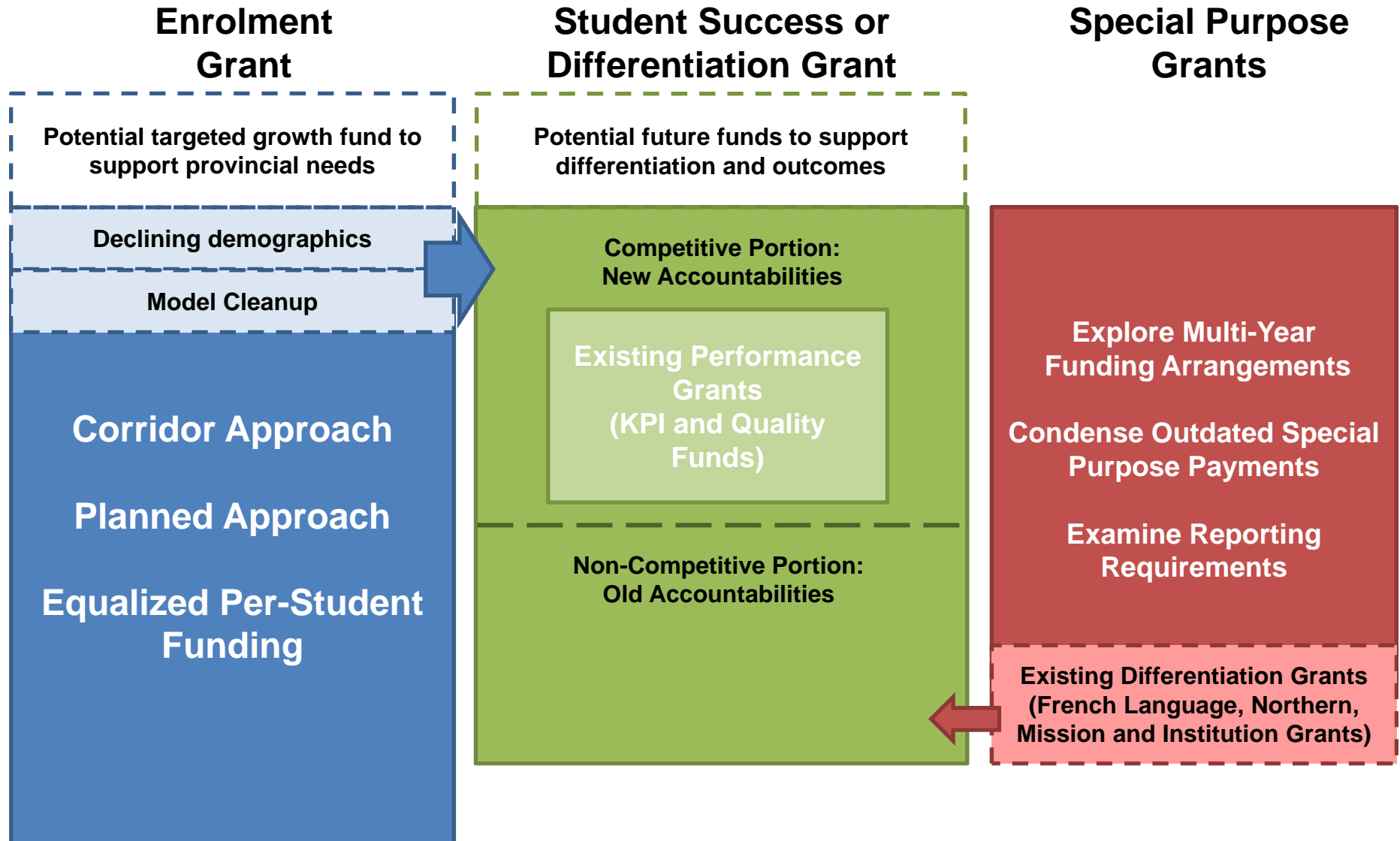
System acknowledges the government’s stewardship role, but is uncertain of the Ministry’s coordination and implementation capacity.

Transparency and Accountability

A large volume of data on universities exists, but is not all transparent, validated, and made relevant to the public

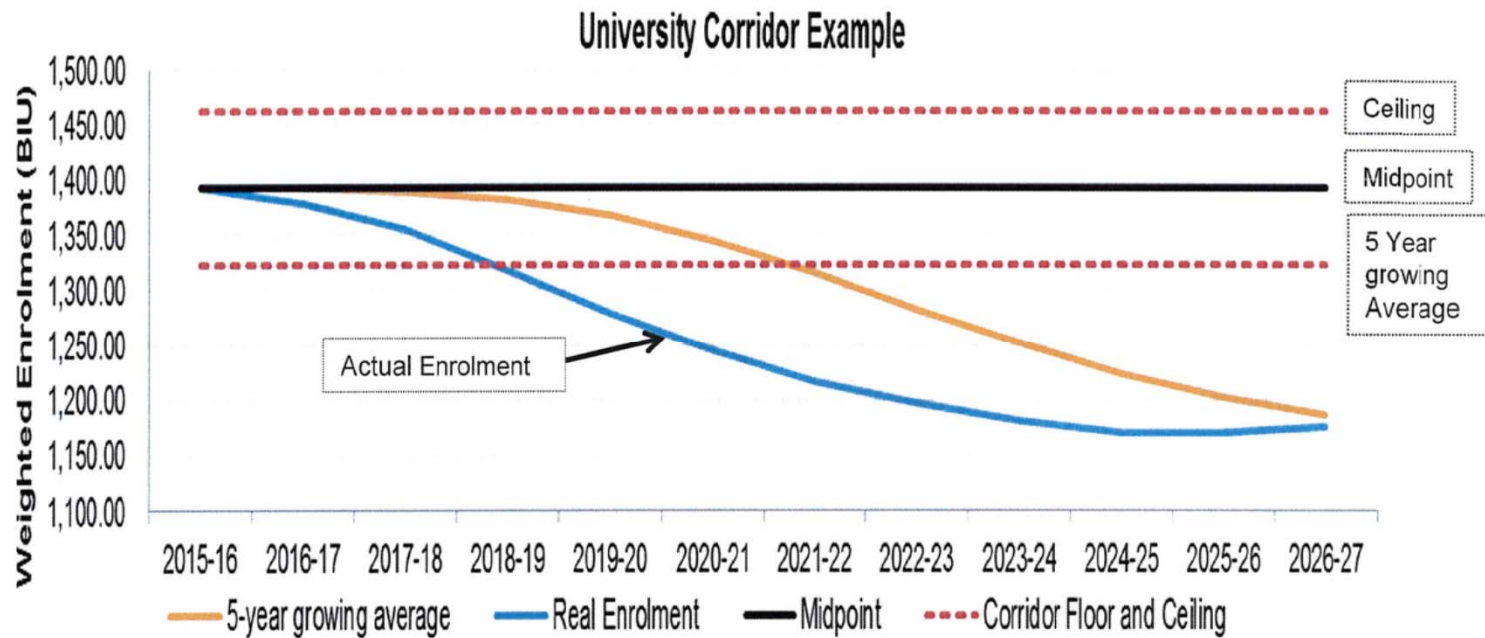
Increased transparency in some key metrics may be an effective and efficient strategy to advance policy goals.

Proposed Relationship Between Envelopes



	University Core Operating Grant	Differentiation/ Outcomes Envelope	Special Purpose Grants
Description	Provides for costs of university operating expenditures and supports enrolment	Supports activities related to differentiation and performance	Restricted use funds, can be time-limited, to support system-wide government priorities and interventions.
Reforms	<p>Clean-up of funding anomalies and anachronisms – including a move toward equal per-student funding</p> <p>Funding based on negotiated enrolment levels</p> <p>Introducing an enrolment-growth planning process with institutions</p>	<p>Distributed based on outcomes</p> <p>A portion of funding will be at-risk</p> <p>During SMAs, institutions will choose areas of differentiation where they have existing strengths</p>	<p>Where possible:</p> <p>Consolidate existing special purpose grants</p> <p>Establish multi-year grants</p>
Outcomes	<p>Provides 3-5 years of stability and predictability in funding for institutions and governments</p> <p>Funding equity and ability for government to manage enrolments</p>	<p>New funding rationales support institutions with declining enrolment</p> <p>Differentiation is encouraged, and differentiating funding more focused</p>	<p>Allows for government intervention to meet specific priorities</p> <p>Simplification and predictability in administration of some grants</p>
Re-profiled Funding	<p>Undergraduate Per-Student Funding</p> <p>Graduate Per-Student Funding</p> <p>Broader Public Sector Associated Enrolment Funding</p>	<p>Declining Enrolment Funds</p> <p>Key Performance Indicator Funds</p> <p>Quality Funding</p> <p>Mission and Institution Grants</p> <p>French Language Supports</p> <p>Research Overheads Infrastructure Envelope</p> <p>Historic Factors</p>	<p>Existing 'Continuous' Government Priority Grants – Examples:</p> <p>Supports for First Generation Students; supports for Aboriginal students; supports for students with disabilities; campus safety; Trillium Scholarship; credit transfer.</p>

Enrolment Corridor Mechanism



Differentiation Envelope Structure

- The grant will be established through repurposing existing funding.
- Five priority areas of differentiation would be established.
- Institutions may have a degree of flexibility in this model, and be able negotiate multiple areas of focus. Options might include limiting choice to a number of areas, or having funding-linked engagement in each.
- Proposal may include an option for a mix of Ministry and institutional metrics in each area, and will explore options for flexibility in weighting or assigning risk.
- Metrics would be developed and refined through SMA 2.
- Mature-state grant approach would be in place for SMA 3.
- Goals include consistency and comparability in metrics, support for differentiation among institutions, and linking funding to outcomes.

Student Experience

**Innovation in
Teaching & Learning
Excellence**

Access & Equity

**Research Excellence
& Impact**

**Innovation, Economic
Development &
Community Engagement**

Strategic Mandate Agreement 2

Institutional Approach to Improving Student Experience

Institutions are asked to comment on, but are not limited to, actual or planned contributions to improving student experience, uniqueness of your approach, target groups, partners involved. Quantitative and qualitative evidence will be used to reflect progress and achievements over time.

Examples of Institutional Initiatives

Institutions are asked to include a list of key relevant initiatives, including a brief description to further explain your institution's approach:

Example 1

Example 2

Student Experience



This sub-section captures institutional strengths in improving student success and overall experience to ensure positive student outcomes. It recognizes institutions for measuring broader learning environment, such as continuity of learning pathways, retention, student satisfaction, co-curricular activities and records, career preparedness, student services and supports.

Strategic Mandate Agreement 2

Institutional Metrics	Institutional Targets	System-Wide Metrics	System-Wide Targets
<ul style="list-style-type: none"> • Experiential Learning • Metric 2 • Metric 3 	<ul style="list-style-type: none"> • Target 1 • Target 2 • Target 3 	<ul style="list-style-type: none"> • Proportion of fourth year students with 2 High-Impact Practices (HIPs) or average number of HIPs per student • Year 1 to Year 2 retention (CSRDE) • Proportion of operating expenditures on student services (COFO) • Student Satisfaction Survey results (NSSE Score) • Composite score on NSSE questions related to enriching experiences and extra-curricular activities (e.g., estimated hours in co-curricular activities) 	<ul style="list-style-type: none"> • Target 1 • Target 2 • Target 3

Strategic Mandate Agreement 2

When considering institutional metrics, Universities could consider the following examples among their preferred metrics:

Student experience as it relates to graduate students;

For Experiential Learning: please include your institution's definition of what would be included in 'Experiential Learning'.

Differentiation Grant

Institutions are requested to indicate what percentage (or proportion) of their differentiation grant they propose to be associated with the combination of student experience metrics (0%-100%).

Comments on Performance Funding – OCUFA and Others

The argument for performance based funding goes: Tying funding to performance will incentivize institutions to be more productive, more efficient, and more in-tune with the labour market. Yet evidence suggests this is already the case so does performance funding have anything to offer Ontario?

Evidence suggests that another unintended consequence may be the raising of admission requirements, with negative implications for equity and access. More qualified – or at least better prepared – students are more likely to persist to degree completion, again boosting performance stats. But this might hurt prospective students from marginalized backgrounds, and harm institutions who work to serve these individuals.



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The logo for the 2017 conference features a stylized green leaf and a white leaf-like shape. The text "OURA 2017: Partners in Change" is written in a white, sans-serif font.

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Comments on Performance Funding – OCUFA and Others

Some observers claim that a move to performance-based funding – where a portion of funding is distributed according to how universities perform against particular targets – will help improve quality.

There is virtually no evidence to support this claim. Moreover, any system that allocates or withholds funding on the basis of institutional performance or output measures will result in the creation of “winners” and “losers” and will penalize students at institutions that fail to reach their targets. What would be the ramifications of an institution that missing its retention targets once it loses funding? One could argue this would be the time more funds are required to help rather than punish.



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A decorative graphic of stylized green leaves and a curved arrow pointing downwards, located in the top right corner of the green header.

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QUESTIONS ?