

## POLICY PAPER

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### **Tuition**

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## ABOUT OUSA

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OUSA represents the interests of 150,000 professional and undergraduate, full-time and part-time university students at eight student associations across Ontario. Our vision is for an accessible, affordable, accountable, and high quality post-secondary education in Ontario. To achieve this vision we've come together to develop solutions to challenges facing higher education, build broad consensus for our policy options, and lobby government to implement them.

OUSA's Home Office is located on the traditional Indigenous territory of the Huron-Wendat, Haudenosaunee, and most recently, the territory of the Mississaugas of the Credit River. This territory is part of the Dish with One Spoon Treaty, an agreement between the Anishinaabe, Haudenosaunee, and allied nations to peaceably share and care for the resources around the Great Lakes. This territory is also covered by Treaty 13 of the Upper Canada Treaties.

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## EXECUTIVE SUMMARY

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### THE ISSUES

#### **Increasing Financial Burden**

Over the years, Ontario's post-secondary education (PSE) system has shifted away from a publicly *funded* model to a publicly *assisted* model, where student contributions to university operating budgets now make up over 50 percent of total operating revenue. At the same time, government contributions have declined, shifting the cost largely onto students and/or their families.

Nationally, Ontario also has the lowest level of per-student funding and the highest average domestic tuition fees. In addition to high tuition costs, students have to pay ancillary fees, and many have to cover other expenses, such as textbooks and rent, as well. For professional students, in fields like law, dentistry, and engineering, educational costs are even higher as tuition increases are not capped at the same rate as other undergraduate programs. Students are concerned about this high cost model and worry about the debt they will be left with after they graduate, particularly those in areas of study that are costly. Students in professional programs are also concerned about the costs associated with mandatory co-op and experiential learning opportunities which are not reflected in tuition prices. Without full and transparent costs provided to students, predictability and affordability is also hindered. Ontario students and families are faced with real challenges as tuition continues to outpace the rate of inflation and median family incomes, and as institutions receive less government funding, creating barriers to both accessibility, predictability, and affordability in PSE.

#### **Patchwork Regulation**

Periods of underfunding, deregulation, and later re-regulation of PSE throughout the 1990s has impacted the cost of education for Ontario students today. This particular period, however, has also had disproportionality negative and lasting effects on certain programs, like professional programs. The consequences of prior deregulation have led to large discrepancies in program cost and tuition fees across Ontario's institutions. Stranded and differentiated tuition frameworks have restricted student choice and access to university programs. Additionally, stranded tuition is a problem that is particularly concerning for debt averse and low-income student groups where sticker price is an important consideration. The current tuition framework continues to exacerbate the impacts of stranded tuition by placing separate tuition caps on professional programs, giving room for larger discrepancies each year. On top of this, students worry about the quality of education that is impacted when funding and costs vary across programs and institutions. Additionally, institutions that did not raise their tuition cost for certain programs at rapid rates during this period, now struggle to raise sufficient funds to improve program quality. Students worry that that quality and affordability of their institutions will continue to be negatively impacted if the provincial government does not resolve these regulatory and funding issues.

#### **Lack of Transparency and Accountability**

The full and accurate cost of education should be provided to all students seeking to enter or starting their post-secondary journey. Currently, this is not the case and students are concerned that current practices do not provide students with accurate and adequate information about the cost of their education. The cost of teaching delivery for a program ranges by field, this includes assessing factors such as class size, lab spaces, and number of teaching assistants. While students understand the differing natures of certain programs, they worry that the current provincial

framework does not place any mechanism for accountability to guarantee that institutional budget models are matching tuition to the true cost of delivery for programs.

Students are also concerned that the cost of ancillary fees makes it difficult to compare the cost of education between different institutions, and that some schools promote the cost of tuition without properly accounting for other fees that students pay. Communication and promotion about the full cost of tuition should not be hindered by missing fees as well as a lack of accountability and transparency. While students are primary beneficiaries of universities, and provide significant contributions to university budgets, there is often a lack of student representation on university budget committees. Additionally, some universities do not provide information about their budgets in an accessible and understandable way, creating transparency issues.

### **Financial Penalties and Restrictive Payment Processes**

As of the 2014-2015 academic year, Ontario's tuition framework makes per-term billing automatically available for students who receive OSAP and prevents institutions from charging deferral fees to students who pay their tuition in per-term installments. This includes students who require federal financial assistance programs and make payments in per-term installments as well. Students worry that with the renewal of Ontario's tuition framework, institutions may once again be able to charge deferment fees if this particular clause is not included in the new framework. Deferral fees are particularly detrimental to students who already have financial need and reinstating such fees would place more financial burden onto students. As a larger PSE issue, if this current stipulation within the tuition framework is not maintained, this will only further exacerbate framework gaps between Ontario's tuition and student financial aid frameworks.

Late fees also create extra burdens for students, especially those requiring financial aid to access post-secondary education. The late fee guidelines vary across the province. Institutions can place financial penalties on late payments through additional fees, interest, or through academic penalties, such as restricting a student's access to their course schedule. Many institutions administer fees for late tuition payments without any consideration of circumstances or a process for appeals. Placing late fees on students only further creates barriers and does not help address some of the root causes for late payments in the first place.

There is also concern about the tuition billing models used at universities. While majority of institutions are now using per-credit models, there is a concern that the use of flat-fee funding models forces students to pay for education that they are not receiving. Additionally, students are concerned about per-credit models that calculate cost based on program instead of on a per course basis, which creates an unfair payment model and may deter students from enrolling in certain courses.

## **THE RECOMMENDATIONS**

### **Regulate Tuition and Restore Public Funding**

Our society and economy depend on the knowledge production and functions of post-secondary institutions. Maintaining the quality, affordability, and accessibility of post-secondary institutions is foundational to ensuring that our province and communities can continue to benefit from the knowledge and skills of PSE graduates. Restoring public funding will not only help improve the quality of PSE but can help ensure that all willing and qualified students have the opportunity to thrive in PSE, and can contribute to our province, while also supporting Ontario families. This is why regulating tuition fees and restoring public funding is essential. The provincial government should freeze tuition in Ontario across all programs, while simultaneously increasing provincial transfers to university operating budgets. After restoring a fairer cost sharing model, where student contributions would make up no more than 1/3 of the total operating budget, the

provincial government should regulate the rate of tuition by the Consumer Price Index (CPI) while maintaining public funding for PSE. Additionally, to address professional student concerns, OUAC should ensure that financial aid information is clearly incorporated into the advertised cost of all professional student programs, at all levels.

### **Improve Quality and Strengthen Regulation**

Students believe that no matter what university you attend in Ontario, you should receive a high-quality and affordable education. All universities, regardless of location, should have the adequate funding to be able to do so. This is why it is essential that the provincial government respond to issues like stranded and differentiated tuition, as well as overall underfunding, to ensure this. OUSA recommends that the provincial government provide annual envelope funding for specific programs and allow universities to apply for such funding to offset the impact of stranded tuition, particularly for those institutions where reduced quality is assessed. Additionally, the provincial government should use targeted funding to reduce tuition costs for programs with higher-than-average costs created by rapid increases during periods of deregulation. The quality of the affected post-secondary program should also be assessed by the Higher Education Quality Council of Ontario (HEQCO) in order to evaluate the potential impacts of stranded and differentiated tuition on the quality of education. In terms of regulation, the provincial government should immediately establish protections for students already in-program to cap tuition increase to the rate of Consumer Price Index for Ontario (CPI).

### **Increase Student Representation and Provide Accurate Information**

To strengthen Ontario's post-secondary system, students recommend that the provincial government take several steps to provide standards and tools for universities that would improve transparency, accountability, and representation.

The Ministry of Training, Colleges and Universities (MTCU) should work with the Council of Ontario Universities (COU) to create and implement consistent budgeting tools for universities. This would help ensure that there is a budgeting process in place that reflects the real cost of curriculum delivery and that all central costs are equally distributed among students. Additionally, the province should work with COU and universities to develop best-practices to guide institutions on what information should be included in budget reports. The province should also mandate that universities provide an all-in expected program price in all marketing and promotional activity, with all fees broken down and explained.

By leveraging the existing eINFO system, the province should provide a central information source for students on university costs, as well as ensure that any renewal to the tuition framework take into consideration that co-operative and experiential education opportunities do not constitute financial aid and should not be expected to off-set costs. MTCU should also mandate that university budgets be publicly available in an accessible and understandable manner and that appointed students (student union representatives, for example) have automatic voting representation on budget committees.

### **Maintain Fair Payment Processes**

Maintaining the prohibition of deferment fees for tuition payments made in per-term installments is essential to addressing not only gaps between the tuition and student financial assistance frameworks in our province, but to also ensure that no student who is already in financial need is further burdened by additional and unnecessary fees. This is why students ask that the provincial government to ensure that this stipulation be included in the tuition framework when it is up for renewal in 2019.

Helping students pay tuition fees on time also requires a better understanding of some of the issues that cause late payments in the first place. This means taking into consideration personal and financial circumstances, as well as finding effective ways to help students make payments on time without negatively impacting their educational experience or financial situation. This is why OUSA recommends that MTCU, in collaboration HEQCO and COU, conduct research on the prevalence of late tuition payments and reasons for delayed payment to help find solutions and effective alternatives to detrimental penalties. The provincial government should also mandate that once these non-financial alternatives are developed, they should be implemented by universities.

In the interim, the provincial government should ensure that students receiving financial aid are not forced to pay tuition before they receive such aid, as well as ensure that universities provide at least one week notice prior to assessing late fees, while also guaranteeing that students can request a delay in assessment, and that they can easily appeal any late fees they have incurred. While non-financial alternatives are being developed, the provincial government should mandate that, in the interim, there is a standardized *maximum* late fee assessment of 1.3% simple interest per month.

The provincial government should also mandate that all post-secondary institutions use a per-credit billing structure assessed at a per-course basis rather than program of study. As institutions transition to this standardized billing structure, the provincial government should provide financial grants to account for any potential losses that may come as a result of changing from flat fee to per-credit model. A per-credit model will ensure that students, regardless of program, are paying the same amount for the same course and can help remove barriers to participation in post-secondary education.

## INTRODUCTION

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Education forms the backbone of the Ontario economy and social fabric. Higher education ensures Ontario's competitiveness in global markets – attracting and retaining wealth to benefit everyone. Investments in post-secondary education have significant social and economic benefits both for the individual and the public, including increased earning potential as well as additional government revenues earned through taxation.<sup>1</sup> OUSA believes in a well-funded, high-quality, and accessible university system for Ontario. This system is dependent upon a balanced tuition framework that provides access to university-level education for all willing and qualified students regardless of background or income. Years of deregulation and underfunding have created unfavourable conditions for the post-secondary sector by placing increased financial costs onto students and their families. Many families throughout the province are losing out on their opportunity to participate in Ontario's world-class education system, and Ontario is not reaping the benefits from a once high-performing, research-intensive learning environment. The current state of affairs in tuition policy is unacceptable.

Ontario's tuition framework has fluctuated significantly since the 1970s. Historically, the province has played a key role in setting tuition rates while also providing adequate funding to manage costs across the sector. Beginning in the 1960s, tuition fees were regulated and capped by the government through a funding formula framework based on three key values: the basic operating income (BOI), the formula fee (amount a student was charged in tuition), and basic income units (BIU). The BOI reflected the total cost of operating different university programs on a per-student basis. These three values determined the cost of tuition by subtracting the formula fee from the BOI to determine the BIU, which would be the value of the grant provided by MTCU. Any increase in tuition fees would result in a subsequent reduction in the BIU value. Additionally, the BOI amount was dependent on the operating envelope funding provided by the Ministry of Training, Colleges and Universities (MTCU).<sup>2</sup>

While the formula has shifted, the key features of this framework remain the same today. The basic income units represent the weighted cost of operating different programs. For example, higher cost programs, including those with smaller class sizes and lab equipment, which are more expensive to run, received higher BIU weights.<sup>3</sup> Each student generates a specified number of funding units (BIUs) depending on the program and level of study.<sup>4</sup> The basic operating grant is distributed based on the total funding determined in the Ontario Budget and divided by the number of BIUs distributed.<sup>5</sup>

In 1980, provincial grants comprised 80 percent of all university revenue, and while universities were permitted some leeway in fee setting, consistent provincial funding and government oversight remained. By the 1990s Ontario's regulated formula system began to shift as political change in the province ushered in a period of deregulation and cuts, indicating a significant shift away from a publicly funded post-secondary model.<sup>6</sup>

Starting in the mid-nineties, undergraduate and professional students in Ontario faced the highest tuition fees in Canada and received the least amount of per-student government funding, which has remained flat since the late 1990s.<sup>7</sup> In 1998, professional programs, such as dentistry and medicine, were deregulated. Increases in professional student fees were not limited by the 5

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<sup>1</sup> Organisation for Economic Co-operation and Development, *Education at a Glance 2012* (Paris: OECD, 2012), 163–165.

<sup>2</sup> Muller, Ian. "A Short History of Tuition Regulation in Ontario", *Educated Solutions* Vol. 12 (Toronto: OUSA, 2018): 14.

<sup>3</sup> OCUFA Funding Formula Review Handbook, "A guide to the Ontario University Funding Formula Review" (Toronto: Ontario Council of University Faculty Associations, 2015): 10.

<sup>4</sup> Carter, Jen, Jamie Cleary, Joyce Wai, and Colin Zarzour. *Policy Paper: Tuition*. (Toronto: Ontario Undergraduate Student Alliance, 2015), 42.

<sup>5</sup> OCUFA Funding Formula Review Handbook, "A guide to the Ontario University Funding Formula Review" (Toronto: Ontario Council of University Faculty Associations, 2015), 10.

<sup>6</sup> *Ibid.*

<sup>7</sup> *Ibid.*



percent cap placed on other undergraduate programs, and as a result, the cost of professional programs rose at a dramatic rate among many Ontario universities. At this point the average cost of tuition rose by over 100%, and by the early 2000s provincial grants made up less than 50 percent of university revenues, while student financial contributions continued to outpace those of the government.<sup>8</sup>

With a change in government in 2003, Ontario saw a shift in PSE policy once again. In an effort to respond to growing concerns over the affordability of PSE, the provincial government introduced a tuition freeze, re-regulated professional programs, and established a set of predictable caps on tuition. Overall tuition costs were not reduced, however, and by 2012 student financial contributions made up 50% of universities' total operating budgets, outpacing government contributions each year since.<sup>9</sup> The current tuition framework, extended in 2016, does not limit professional programs by the 3 percent cap placed on other university programs, and professional programs have continued to rise by an average of 5 percent annually.<sup>10</sup> Real per-student funding from the government has not increased since 1980 and government contributions to university operating budgets remain below student contributions, which make up 57 percent of university operating budgets as of 2016.

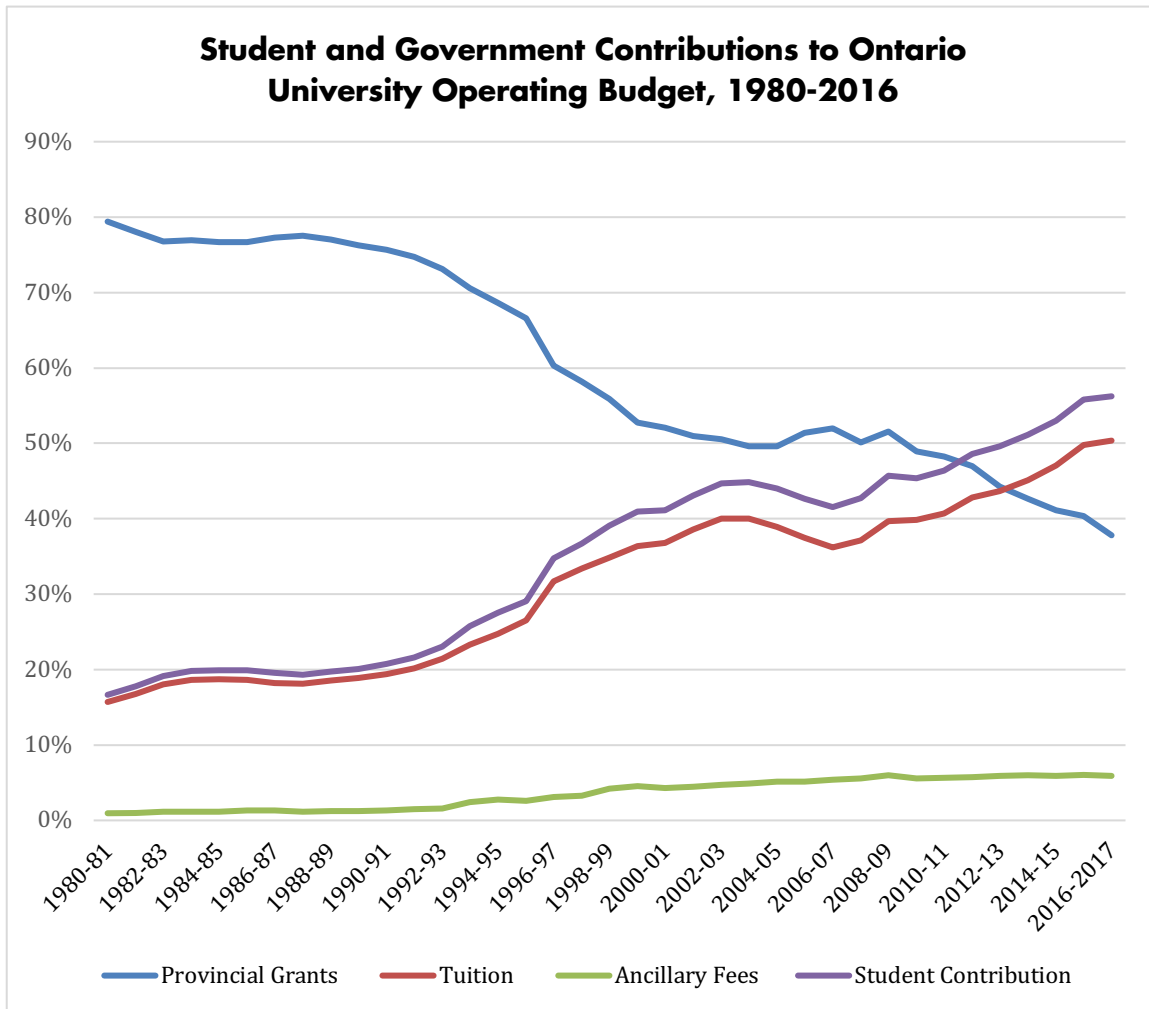
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<sup>8</sup> Ibid.

<sup>9</sup> Aitchison, Colin, and Martyna Siekanowicz. *Educated Investments: Creating Opportunities for Student Success*. Toronto: Ontario Undergraduate Student Alliance, 2018.

<sup>10</sup> Ontario Ministry of Training, Colleges, and Universities. "Tuition Fee Framework Guidelines for Publicly-Assisted Universities 2013-14 to 2016-17"(Toronto: MTCU, April 2014), 12. & Levy, Sheldon. Ministry of Advanced Education and Skills Development, "Memorandum". Toronto: December 2016, 1.  
[http://www.tcu.gov.on.ca/pepg/documents/extended\\_tuition\\_fee\\_technical\\_working\\_groups.pdf](http://www.tcu.gov.on.ca/pepg/documents/extended_tuition_fee_technical_working_groups.pdf)

**Figure 1: Student and government contributions to Ontario university operating budgets, 1980-2016**



Today, many universities have become trapped in a negative feedback loop of falling enrolment, low government transfers, and uncompetitive tuition rates leading to an overall decline in the quality of the Ontario post-secondary education system. Institutions have responded to budgetary constraints by eliminating services and hiring less full-time, permanent faculty, relying more heavily on contract faculty work, creating additional problems of poor faculty renewal in Ontario.<sup>11</sup> Student debt levels have also soared, leaving students and their households in increasingly difficult positions. This “high cost, high aid model” Ontario has opted for is unsuitable and has created additional burdens and disadvantages for students once they graduate. For example, research reveals that, “student debt holders have a lower net worth, fewer assets, and are less likely to have savings or investments than non-student debt holders of the same age”.<sup>12</sup> Additionally, high levels of student debt can hold back many young people from making important life decisions like starting a family, purchasing a home, or saving for retirement.

<sup>11</sup> Aitchison, Colin, and Martyna Siekanowicz. *Educated Investments: Creating Opportunities for Student Success*. Toronto: Ontario Undergraduate Student Alliance, 2018.

<sup>12</sup> Burley, Glen. “Eliminating Tuition and Compulsory Fees for Post-Secondary Education,” *Canadian Centre for Policy Alternatives* (Ottawa: February 2016): 4.

Receiving a post-secondary education is still the best option for Ontarians and for the growth of our province. Individuals who complete post-secondary education are more likely to attain a full-time job and are less likely to be unemployed. Higher education also raises the standard of living and health (those with PSE are more likely to be concerned with their health) and helps facilitate retraining and/ or skills development.<sup>13</sup> In an increasingly competitive global market, employers are relying on high-skilled workers and individuals with transferable skills to meet new workforce demands, to find creative solutions, and to become innovators in our province. This is why we need to continue to invest in post-secondary education and ensure all Ontarians have the opportunity to thrive.

A balanced tuition framework that is composed of both student contributions and provincial transfers can ensure an accountable and transparent university system. This OUSA policy paper on Tuition provides a list of policy recommendations for the provincial government, focused primarily on restoring public funding and mediating the rising costs of tuition. As Ontario's tuition framework is set to expire in 2019, OUSA strongly encourages the province to consider tuition policy within a group of other recommendations on teaching and assessment, accountability, health and wellness, and ancillary fees.

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<sup>13</sup> Special Report: Post-Secondary Education is the Best Investment You Can Make (TD Economics, 2011).

## TUITION FRAMEWORK POLICY

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### RENEWING ONTARIO'S TUITION FRAMEWORK

**Principle:** All willing and qualified students, regardless of financial ability, should be able to access an Ontario university education

**Principle:** The student contribution towards the operating budgets of higher education institutions should not exceed one-third of total revenue.

**Concern:** Ontario universities are becoming increasingly reliant on student contributions to their operating budget, with students contributing over half of the operating budget.

**Concern:** High fee models continue to pose barriers to students accessing post-secondary education

**Concern:** As increases in tuition outpaces the rate of inflation and median household income, the current Tuition Framework makes post-secondary education less affordable for all students each year.

**Concern:** Post-secondary students are facing additional financial barriers due to rising living costs in many university communities.

**Recommendation:** Within the new provincial tuition framework, the provincial government should freeze tuition across all programs while increasing operating grants until students are contributing approximately one-third of universities' total operating budget.

**Recommendation:** After restoring a fairer cost-sharing model, tuition increases for all Ontario post-secondary programs should be capped at Consumer Price Index for Ontario, maintaining the same fair-cost sharing ratio.

The rising cost of tuition places increased financial pressure on students attending university. According to OUSA's biennial student survey, the Ontario Post-Secondary Student Survey, in 2018 an overwhelming majority of OUSA students (71%) were either somewhat or very concerned about having enough money to complete their education, with a similar about having accumulated debt (72%).<sup>14</sup> Additionally, 88% of student respondents said that they anticipate that their total student debt will be very or somewhat burdensome after they graduate. As a result of the costs of education, many students have had to resort to working while studying and half of students who reported that they were working reported that this experience has negatively impacted their academic performance.<sup>15</sup>

Having to work while studying is often the case for students who do not have adequate financial support and/or access to financial resources. Half of students who worked during the summer did so for the primary reason of needing to earn money in order to continue going to school.<sup>16</sup> Students with limited financial abilities are placed at a disadvantage compared to others, preventing their overall success in higher education and limiting their access. All students, regardless of financial ability, should have the same access to opportunities and success within university. High tuition costs continue to present a barrier to this.

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<sup>14</sup> OUSA, Ontario Post-Secondary Student Survey 2017 data, forthcoming.

<sup>15</sup> Ibid.

<sup>16</sup> OUSA, Ontario Post-Secondary Student Survey 2017 data, forthcoming.

Over time, tuition in our province has increased significantly. In the 1990-1991 academic year, the average cost of tuition in Ontario was \$1,680. 27 years later, that average is now \$8,454.<sup>17</sup> If tuition increases were to have followed the rate of inflation since 1990, Ontario tuition fees in 2017/2018 would be an average of \$2,880.93.<sup>18</sup> In comparison, professional student tuition has increased to an even greater degree. In the 1990-1991 academic year, the average tuition rates for law school and medical school were \$1,890 and \$2,3930 respectively.<sup>19</sup> With increases to tuition outpacing government grant funding provided to post-secondary institutions, the increasing burden of financing these institutions is placed on students. In 1990, 76% of a university's operating budget was funded by the provincial government, in comparison to 46% in 2014.<sup>20</sup> With the Ontario government's contribution to universities' funding dropping over 30% since 1990, students disproportionately carry the burden of maintaining Ontario's university sector.<sup>21</sup>

During a period of deregulation between 1995 to 2002, tuition rates for medical school and dental school increased by 286% and 370% respectively. Tuition for law rose by 173%.<sup>22</sup> At this time, it became clear that enrolment changes were related to socioeconomic status, as enrolment increased among students whose parents held graduate or professional degrees, and as enrolment declined among students whose parents held college and undergraduate credentials. With a positive correlation between family income and participation in post-secondary education, it is clear that high fee models exist as barriers for student access. From a HEQCO report in 2011, about 31% of young Canadians in the bottom income quintile will pursue PSE in comparison to 50% of young Canadians in the top income quintile.<sup>23</sup>

According to data in the 2018 OPSSS, students felt that tuition was not meant to be used for more than a third of operating budget. Over 60% of student respondents said that student contributions towards university operating budgets should not exceed 40%.<sup>24</sup> The underfunding of universities and resulting rise of tuition is negatively impacting students' academic performance and their ability to contribute to society after graduation as a result of high amounts of debt they are forced to incur. As a result, 2 out of 5 students (42%) believe that tuition and ancillary fees are one of the most important issues that need improvements at their university.

The current tuition framework, which has been in place since 2013, limits tuition fee increases to 3% each year. Tuition for professional programs can be increased up to 5% a year so long as overall tuition increases in the university is equal to 3% a year. This current cap, however, is higher than the average rate of inflation, which is approximately 2% a year.<sup>25</sup> Students remain concerned about the current tuition framework because it is not sustainable. In 1990, 87 days of after-tax income of a middle-income family would be required to finance a university education. In 2014, this increased to 195 days. With continuous tuition increases at a rate above inflation, education becomes more inaccessible for students from low to middle income households.<sup>26</sup> International students currently are not included in the tuition framework and have no cap on tuition. Inclusion of international students in a future framework brings predictability to all students in an increasingly international student body, which is why the proposed recommendations in this paper must also include international students.

<sup>17</sup> Statistics Canada. Table 37-10-0045-01: Canadian and international tuition fees by level of study.

<sup>18</sup> OUSA calculations.

<sup>19</sup> Ibid

<sup>20</sup> Aitchison, Colin, and Martyna Siekanowicz. *Educated Investments: Creating Opportunities for Student Success*. Toronto: Ontario Undergraduate Student Alliance, 2018.

<sup>21</sup> Frenette, Marc. "The Impact of Tuition Fees on University Access: Evidence from a Large-scale Price Deregulation in Professional Programs." Statistics Canada. September 2005.

<sup>22</sup> Ibid

<sup>23</sup> Norrie, Ken, and Mary Catharine Lennon. *Tuition Fee Policy Options for Ontario*. Toronto: Higher Education Quality Council of Ontario, 2011.

<sup>24</sup> OUSA, Ontario Post-Secondary Student Survey 2017 data, forthcoming.

<sup>25</sup> Aitchison, Colin, and Martyna Siekanowicz. *Educated Investments: Creating Opportunities for Student Success*. Toronto: Ontario Undergraduate Student Alliance, 2018.

<sup>26</sup> Frenette, Marc. "The Impact of Tuition Fees on University Access: Evidence from a Large-scale Price Deregulation in Professional Programs." *Statistics Canada*. September 2005.

In the development of the new tuition framework, tuition rates should be frozen for all students for the framework's duration. A freeze would help restore balance to the current cost-sharing model; students' nominal contributions would remain constant, while the government continues to increase their contributions until students are contributing at total of one-third of the operating budget while the government is making up the difference. A tuition freeze may also help to encourage greater accountability for institutional spending. Increases in provincial PSE spending would give the government greater incentive to monitor university spending and, likewise, give institutions greater incentive to use funding efficiently and responsibly.<sup>27</sup> Increases in educational quality can continue to occur by use of targeted or envelope funding by the Ministry of Training, Colleges, and Universities, increasing quality without increasing student contribution. Precedent for the recommendation of freezing tuition comes from the province of Alberta where in 2015, the government of Alberta introduced a tuition freeze and committed \$133 million to offset the lost revenue for post-secondary institutions that came with the tuition freeze.<sup>28</sup> Overall, under this new regulation, student contributions would become more predictable, more affordable, and more responsive to perceived access barriers.

After a fairer cost sharing model has been restored over the course of a tuition freeze, the government should then increase tuition by the average Consumer Price Index (CPI) for the year, while maintaining this cost-sharing ratio. Tuition's net value of each year of university will be the same, rather than increasing each year. This will allow for a degree of predictability when saving for post-secondary education while providing a sustainable model for university funding in Ontario. Under this new regulation, student contributions would become more affordable and more responsive to perceived access barriers. The financial burden of tuition on a household is not outpacing the costs of living and earning potential of households. Students, particularly from low to middle income families and those who do not receive parental contributions, will not be placed under increased financial pressure each year in study.

On the first day of the 2018 fall sitting, the province of Alberta introduced Bill 19, "An Act to Improve the Affordability and Accessibility of Post-Secondary Education." Under this bill, domestic tuition increases are capped by the average CPI. To restore the balance of a fair cost-sharing model in post-secondary education, OUSA supports following a freeze across all programs and all students with a predictable and sustainable tuition model by adjusting tuition increases to CPI.

## PROFESSIONAL STUDENT TUITION

**Principle:** All willing and qualified students should be able to attend a professional program of their choice that matches their qualifications, and suites their desired academic or career path.

**Principle:** Tuition increases should not require students to graduate from university with significant long-term and unmanageable debt.

**Principle:** Tuition costs should not exceed the disposable income available to students or their families.

**Concern:** Post-secondary students are facing significant financial burdens from tuition costs.

**Concern:** Students from the lowest-income quartile are the least likely to know and use financial aid programs and are the most debt-averse.

<sup>27</sup> Rexe, "Anatomy of a Tuition Freeze."

<sup>28</sup> Alberta Government, "Tuition and fees freeze begins for post-secondary students" (2015), <https://www.alberta.ca/release.cfm?xID=38498C947FED3-E72C-6CA8-6297F33D57AD6DoD>

**Concern:** Professional students often have mandatory co-operative and experiential learning requirements with associated costs not reflected in tuition.

**Recommendation:** The provincial government should enforce a tuition freeze on all professional programs for the duration of the new tuition framework.

**Recommendation:** OUAC should ensure federal, provincial and institutional financial aid information are clearly incorporated into the advertised cost of a professional student education.

Tuition fees for professional programs have increased dramatically since the 1990s, and have weakened access for lower-income students, as well as marginalized groups, including Indigenous, sexual and gender diverse students, and students with disabilities to access these programs. During the 1990-1991 academic year in Ontario, the average tuition rate was \$1,890 for law school and \$2,330 for medical school.<sup>29</sup> When adjusted for inflation, law school cost a student \$3,250.80 and medical school cost \$4,007.60. Tuition rates from 2017-2018 show that since 1990, law school and medical school tuition has increased by 528% and 570% respectively.<sup>30</sup>

Rising tuition fees in professional schools have caused enrolment patterns to shift. Students with lower and middle-income backgrounds are less represented in professional programs since tuition fees began increasing in the 1990s. These costs limit the potential opportunities offered by these programs to gain greater financial security and a shift away from financial precarity as lower-income students are severely impacted by the sticker-price.<sup>31</sup> For instance, graduates from professional programs are disproportionately more likely to earn a higher income compared to individuals with only an undergraduate degree or high school diploma<sup>32,33</sup> When considering equity, rising tuition fees on professional schools have shifted the enrollment patterns away from lower and middle-income individuals, and limit the opportunities to gain greater financial security and socio-economic mobility. Clearly, professional programs can help lower-income students to increase their economic security, but, nearly 30% of 18-24 year-olds indicated they did not pursue further education due to financial reasons.<sup>34</sup>

Furthermore, not all students pursuing professional programs will pursue high-income salaries. According to the University of Toronto Law Program's Career Development Office Articling salaries in Toronto range from \$35,000-\$70,000 per year. Students working in a mid-sized firm in Toronto can expect to earn \$50,000-\$65,000, while students working outside of Toronto can expect to make less.<sup>35</sup> Lawyers working in lower-paid forms of employment may consequently be penalized by their choice to work in public interest sectors by their slower-ability to repay loans and accumulate more interest or potential graduates may be dis-incentivized to pursue pro-bono or lower-paid opportunities. Consequently, the cost of tuition must be regulated to ensure qualified students can access a program of their choice and pursue a career path in line with their goals.

As the cost of tuition has outpaced the ability for middle and low-income families to pay, most low-income and middle-income students have to take out significant loans in order to attain professional programs if they choose to attend. In 1990, a family putting a child through university would hold debt equal to 93% of their disposable income; in 2011, the family would hold debt equal to 150% of its disposable income for the traditional undergraduate

<sup>29</sup> Frenette, Marc. "The Impact of Tuition Fees on University Access", *Analytical Studies Branch Research Paper Series*. (Ottawa: Statistics Canada), 5.

<sup>30</sup> "Tuition Fees for Degree Programs, 2017/2018," *Statistics Canada*, <https://www150.statcan.gc.ca/n1/en/daily-quotidien/170906/dq170906b-eng.pdf?st=FohV2dps>.

<sup>31</sup> Frenette, "The Impact of Tuition Fees on University Access", 19.

<sup>32</sup> Stager, "Returns to Investment in Ontario University Education, 1960-1990, and Implications for Tuition Fee Policy."

<sup>33</sup> Mueller and Rockerbie, "Determining Demand for University Education in Ontario by Type of Student."

<sup>34</sup> Macdonald and Shaker, "Eduflation and the High Cost of Learning," 6.

<sup>35</sup> "Frequently Asked Questions", University of Toronto Faculty of Law, <https://www.law.utoronto.ca/student-life/career-development-office/cdo-frequently-asked-questions>.

program, causing families and students to rely on loans, which may compound as the price of tuition outpaces their ability to pay. This creates a situation of unmanageable debt, which means that the total of your monthly expenses and debt payments exceed your monthly net income.<sup>36</sup> For a family in the lowest quintile to pay tuition fees for a dentistry, engineering, law or medicine degree in 1990, they would have to devote 286, 260, 225 or 286 days of after-tax income respectively. In 2011, this situation looks very different. Families now have to devote 2410, 773, 1114 or 1679 days respectively to finance these degrees. For families from the middle income, these numbers have jumped from 95, 87, 75 and 95 days to 699, 224, 323 and 487 respectively. This evidently demonstrates these numbers are hurting families across the income spectrum.<sup>37</sup> Therefore, to remedy this gap and ensure that all qualified and willing students are able to access professional programs, the provincial government should enforce a tuition freeze on professional programs in Ontario for the duration of the new tuition framework.

Students from low-income families and other traditionally marginalized communities are more debt adverse compared to their middle and higher-income counterparts.<sup>38</sup> These students tend to look at the sticker price of tuition, and assess the upfront costs and significant loan burden they will have to repay as too high to outweigh the long-term benefits.<sup>39</sup> Many of these students will be first generation students, and the uncertainty associated with repayment and financial aid will perceive post-secondary education as inaccessible and refrain from enrolling or applying for financial aid. This is illustrated by the fact that in 2007-2008, only 50% of full-time university students from the lowest income quartile applied to OSAP, and this rises to 70% for the second quartile. Therefore, federal, provincial and institutional financial aid information should be clearly incorporated into the advertised cost of a professional student education.

## SYSTEM REGULATION

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### A HIGH-QUALITY SYSTEM

**Principle:** All Ontario universities should have appropriate funding to provide a high quality and comparable education regardless of campus location.

**Principle:** The Ontario government should be responsible for providing the majority of funding for Ontario's publicly funded universities.

**Concern:** Differentiated and stranded tuition fees limit access to the Ontario university system, particularly for low-income and middle-class students.

**Concern:** The current tuition framework exacerbates impacts of stranded tuition and prevents many institutions from raising sufficient funds to improve the quality of their programs to match other universities.

**Concern:** Tuitions costs exceed provincial government funding contributions to post-secondary institution operating budgets.

**Concern:** Intermittent periods of deregulation have resulted in unpredictability for students in their tuition costs.

<sup>36</sup> Kokemuller, Neil. "What Is Unmanageable Debt?" <https://budgeting.thenest.com/unmanageable-debt-24746.html>

<sup>37</sup> Ibid

<sup>38</sup> Norrie, Ken, and Mary Catharine Lennon. *Tuition Fee Policy Options for Ontario*. Toronto: Higher Education Quality Council of Ontario, 2011.

<sup>39</sup> Ibid, OUSA calculations.



**Recommendation:** The provincial government should provide annual envelope funding for certain programs universities can choose to apply for in order to offset the impact of stranded tuition for institutions where reduced quality is assessed.

**Recommendation:** The provincial government should implement a process where institutions with higher-than-average program tuition can apply for grant funding to reduce tuition in order to reduce access impacts created as a result of stranded tuition.

**Recommendation:** The Higher Education Quality Council of Ontario should conduct a review of the quality of stranded and differentiated programs to assess for impacts to the quality of education.

**Recommendation:** The provincial government should immediately establish protections for students already in-program to cap tuition increases from the year-to-year to the rate of CPI.

Stranded Tuition refers to systemic differences in tuition between entire institutions that are solidified by proportional fee caps written into regulatory frameworks, while differentiated tuition refers to differences in tuition fees by programs; these differences can occur within and between institutions. Periods of deregulation and reregulation of university tuition fees since the late 1990s have resulted in large gaps in tuition between institutions and between programs across the province. Stranded and differentiated tuition frameworks create concerns related to student choice and access to university programs, and the differences pose discrepancies among the ability of universities to offer high-quality programs.

In 1998, the Ministry of Training, Colleges, and Universities introduced complete deregulation of tuition fees for graduate, some undergraduate, and some professional programs.<sup>40</sup> This policy resulted in dramatic increases in professional program tuition. Medicine increased by 286%, dentistry by 370% and law by 173% in this period in Ontario. Some institutions took greater advantage of these policies than others. Some institutions took greater advantage of these policies than others and increased tuition dramatically in one year, while other universities chose to increase tuition fees incrementally. When tuition fees were frozen and re-regulated, this created stranded tuition between universities.<sup>41</sup> In Ontario, large tuition increases were succeeded by changes in the enrolment pattern by socioeconomic background, which were not mirrored in other provinces where tuition increases did not occur or did not occur to the same degree. Enrolment increased among students whose parents had graduate or professional program degrees, and to a lesser degree, students whose parents who had no post-secondary qualifications. The decline in enrolment was substantial from students whose parents had postsecondary qualifications below the professional or graduate degree level.<sup>42</sup> This increase in students whose parents have no post-secondary qualifications likely reflects the increase in needs-based funding that came with increases in tuition, while other students coming from lower and middle-income backgrounds could no longer afford certain programs, while not meeting the eligibility criteria for aid. These changes demonstrate that rising tuition has a significant impact on student's abilities to choose what they want to study and where they want to attend university.

In 2003, the Ontario government introduced a tuition freeze for the academic years 2004-2005 and 2005-2006. In 2006, a new tuition-fee framework was introduced that allowed tuition flexibility, but re-regulated tuition increases.<sup>43</sup> This framework allowed first-entry degree programs to increase by 4.5% and up to 8% for professional/graduate/high-demand and post-diploma programs on the previous year's tuition fees. It also introduced tuition cohorts up to 2% for students

<sup>40</sup> Andrew Michael Boggs, "Ontario's University Tuition Framework: A History and Current Policy Issues," *Canadian Journal of Higher Education* 39.1 (2009): <http://journals.sfu.ca/cjhe/index.php/cjhe/article/view/495/532>, 75.

<sup>41</sup> Boggs, "Ontario's University Tuition Framework," 77.

<sup>42</sup> Frenette, "University Access Amid Tuition Fee Deregulation."

<sup>43</sup> Boggs, "Ontario's University Tuition Framework," 78.

from year to year.<sup>44</sup> A similar framework was instituted in 2011 that allowed institutions to charge up to 3% increases for undergraduate/first-entry programs and up to 5% tuition increases for professional/graduate/high-demand programs. Due to the deregulation that occurred in the late 1990s and early 2000s, university tuition fees have been decoupled from the programmatic formula fee, as institutions cannot retroactively bank unused tuition increases. Thus, this framework incentivizes institutions to take the maximum tuition increase to ensure they are not behind their competitors in revenue, and leaves programs and institutions that did not deregulate their institutions in the late 1990s at a disadvantage to access the same program revenue. Under the current framework, cost differences between institutions and between traditional undergraduate and professional programs will continue to increase dramatically.<sup>45</sup>

The result of stranded and differentiated tuition have significant impacts on the decision for students to attend university, particularly from lower-income families. Extra costs associated with attending a university away from home reduces enrolment among lower-income students who would have to relocate to attend.<sup>46</sup> Furthermore, a positive correlation exists between family income and post-secondary education rates. 31% of young Canadians in the bottom income quartile will pursue post-secondary education by age of 19 in comparison to 50% of Canadians in the top income quartile.<sup>47</sup> Stranded and differentiated tuition pose an equity barrier for students' choice, particularly from low and middle-income groups, of program, degree and university that suits their academic and personal needs and goals.<sup>48</sup> Higher net cost programs for traditional undergraduate programs is associated with an increase in the ratio of students from higher-income backgrounds.<sup>49</sup> To remedy the limited choice students from lower-income backgrounds are facing, OUSA believes the provincial government should implement a process where institutions with higher-than-average program tuition can apply for grant funding to reduce tuition by equivalent amounts in order to reduce access impacts created by stranded and differentiated tuition, while maintaining the same differentiation and quality of these programs.

Stranded and differentiated tuition also create difficulty for some institutions to maintain comparable quality with reduced tuition revenue, and allows universities to increase tuition at rates that are disproportionate to the cost of delivery to the program. Student contributions have also outpaced government contributions over the past two decades, and since 2013-2014, students covered the costs for over half of universities' operating budgets, while funding from the Ministry of the Training, Colleges and Universities contributed only 40%.<sup>50</sup> According to an inter-provincial review conducted by the Council of Ontario Universities, Ontario universities continue to receive the lowest funding on a per-student basis of all provinces in Canada meaning that Ontario universities are not publicly funded, but rather are publicly-assisted, and students bear the brunt of funding universities, while certain universities may remain limited in their ability to collect sufficient funds for high-quality programs.<sup>51,52</sup>

Institutions that leveraged the deregulation periods have more resources and are in a position to spend more on their programs and services. The widening revenue gaps between programs stemming from stranded tuition create a situation where certain institutions unable to compete.

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<sup>44</sup> Ibid

<sup>45</sup> Boggs, "Ontario's University Tuition Framework," 81.

<sup>46</sup> David Macdonald and Erika Shaker, "Eduflation and the High Cost of Learning," *Toronto: Canadian Centre for Policy Alternatives* (2012): 5.

<sup>47</sup> Ken Norrie and Mary Catharine Lennon, "Tuition Fee Policy Options for Ontario," *Toronto: Higher Education Quality Council of Ontario*, (2011): 12.

<sup>48</sup> Delic, "Research Project: Tuition Fees and University Enrolment."

<sup>49</sup> Martin Dooley, Abigail Payne, and Leslie Robb, "The impact of cost on the choice of university: evidence from Ontario," *Canadian Journal of Economics* 45, no. 2 (2012): 782.

<sup>50</sup> Higher Education Quality Council of Ontario, "The Ontario University Funding Model in Context," <http://www.heqco.ca/SiteCollectionDocuments/Contextual%20Background%20to%20the%20Ontario%20University%20Funding%20Formula-English.pdf>.

<sup>51</sup> Norrie and Lennon, "Tuition Fee Policy Options for Ontario."

<sup>52</sup> Council of Ontario Universities, "Interprovincial Comparison of University Revenue," (2012): <http://cou.on.ca/wp-content/uploads/2012/06/COU-Interprovincial-Comparison-University-Revenue.pdf>, 58.

For example, the Richard Ivey School of Business took advantage of the deregulation in the 1990s and can now charge \$29,780 per year for domestic students in the HBA1 and HBA2 program, while students at in the Laurier University's Bachelor of Business Administration currently pay less than \$15,000 per year. This is the product of at Laurier, and some other universities, the administration decided to incrementally increase fees, and when the tuition deregulation ended abruptly, they were frozen at much lower levels. Moreover, law and business programs have lower delivery cost compared to medicine and dentistry, yet under the two-tiered framework they increase at the same cost.<sup>53</sup> University programs differentiate based on their strengths, but program costs should reflect the costs of program delivery, rather than reflect institutional decisions made in the 1990s. Students are penalized when institutions hike tuition because they can, rather than to reflect changes to cost of delivery, and if programs cannot reach a baseline of quality because of these decisions.

Tuition increases should reflect increases in the quality and cost of delivery of the program, and therefore OUSA recommends HEQCO should assess differentiated and stranded programs across the province to assess for quality and to publish the results in order to increase transparency surrounding tuition costs. Furthermore, the province should immediately establish protections to cap in-program tuition increase to CPI to ensure a predictable set of costs for already admitted students.<sup>54</sup>

## ACCOUNTABILITY

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### REFLECTING THE COST OF EDUCATION

**Principle:** Tuition should reflect the cost of delivering a high-quality education.

**Principle:** Students should share an equal burden in financing the central functions of the university, regardless of program and program demand.

**Concern:** Different degrees have different cost of teaching delivery for students, varying by class size, lab, or tutorial, teaching assistants, and other costs.

**Recommendation:** The Ministry of Training, Colleges & Universities should collaborate with the Council of Ontario Universities to create and implement consistent budgeting tools for universities to transition to budgeting processes that reflect the cost of curriculum delivery and that central costs are equally distributed among students.

Student tuition rates are set by institutions within the bounds of the tuition framework. OUSA believes in high-quality education and maintains a robust policy library including recommendations to make Ontario's educational system high-quality, including student wellness, access and equity, and innovative educational practices.

However, there are varying costs to delivering high-quality education varying by type of program. Certain class sizes are smaller or larger, different departments may have different teaching loads or compensation rates for their faculty and support staff, and some learning such as labs, tutorial sections or others may increase the cost of learning. However, there is no guarantee that institutional budget models are matching tuition to

<sup>53</sup> Boggs, "Ontario's University Tuition Framework," 80.

<sup>54</sup> Ibid.

the cost of delivering programs. Students should share an equal burden in financing central overhead at the university, and these costs may currently fall disproportionately on professional students. Students of all programs should contribute equally to the administrative costs of the university, and not have that contribution depend on the demand for their program. The MTCU should initiate a project in coordination with universities to explore options for universities to transition to per-program cost-based programming delivery, while maintaining the same mean average tuition per student. Furthermore, a separate additional schedule should be created to outline refundable fees may supplement the mandatory costs for more information.

While university budgets have some costs related directly to student education, such as instructional labour and support staff for academic departments, some costs for central resources are shared across all students, such as costs for administration, physical plant, library and other costs. In the event of costing based on cost of program delivery, central costs should be split evenly across all students.

#### ACCURATE PORTRAYAL OF TUITION

**Principle:** Students should be able to compare the promoted cost of tuition for universities and programs.

**Principle:** Students should have the financial information to make an informed decision about their post-secondary education before making an application.

**Concern:** Ancillary fees make it difficult to compare cost of education between institutions.

**Recommendation:** The province should mandate universities provide an all-in expected price for the duration of the program in marketing and promotions, broken down by mandatory and refundable fees.

**Recommendation:** The province should leverage the existing eINFO system to provide a central information source that students can use to compare the costs of university programs broken down by mandatory-and refundable fees.

**Recommendation:** The provincial government should ensure any tuition framework includes understanding that paid co-operative and experiential education opportunities do not constitute financial aid and should not be expected to off-set tuition and ancillary costs.

Universities in Ontario exist in a free-market competition for enrolment, with students ultimately free to apply to any program of their choosing. As a consequence of this freedom, universities must dedicate resources to marketing their programs to students. This usually includes communication of the price of communication to students. However, schools often promote the cost of tuition without properly accounting for other fees that a student can expect to pay, for example with university viewbooks.<sup>55</sup> This can cause disparities in information about cost to prospective students when directly comparing institutions, such as the Ontario Universities Fair or when comparing online. The comparison is especially difficult when some institutions may have a higher disparity between tuition and ancillary fees. OUSA encourages the Ontario government to regulate the recruitment advertisement of cost to represent the expected cost of all student fees paid. Standards for assessing these costs could include at minimum the cost of any

<sup>55</sup> University of Waterloo, "Future Students". <https://uwaterloo.ca/future-students/sites/ca.future-students/files/uploads/files/2019-waterloo-viewbook-canada.pdf>

mandatory non-refundable fees, and any other fees typically incurred by students in the program in connection with their studies, such as mandatory field trip costs or co-op fees.

eINFO is a guide to Ontario universities for Ontario high school students and guidance counsellors<sup>56</sup>, and is a partnership between the General Committee on Student Recruitment (GCSR) of the Ontario University Registrars' Association (OURA) in collaboration with the [Council of Ontario Universities](#) (COU) and the [Ontario Universities' Application Centre](#) (OUAC). It currently maintains information about programs, including admission averages, requirements, and admissions information. With minimal technical effort, the platform may be used to display either backward or forward looking tuition costs.

Using the eINFO platform to publicize the expected cost of tuition would bring increased predictability to students. Universities could, in addition to information already provided such as admission requirements and averages, provide information about projected tuition fees. These fees should be projected by individual instructional year, and reflect a range of costs of what a typical student may incur in both mandatory fees, including tuition, and refundable fees. This information cannot be definitive and should be provided with disclaimers that the information serves as a guide and cannot guarantee cost level, especially in future years.

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<sup>56</sup> Electronic Information, "About eINFO", <http://www.electronicinfo.ca/about>

## TRANSPARENCY

**Principle:** Students should have access to information about tuition-related expenditures.

**Principle:** Students as primary beneficiaries of universities, and as significant contributors to university budgets, should be treated as stakeholders in budgetary preparations.

**Principle:** University budgets represent a window into evaluating universities' actions, decision-making, and strategic action to ensure that universities are fulfilling their public mission.

**Concern:** Many universities do not have student representation on their budget committees.

**Concern:** Some universities do not store information about their budgets in an accessible and understandable manner.

**Recommendation:** The Ministry of Training, Colleges & Universities should mandate that students have automatic voting representation on committees that prepare and approve university-level budgets. Membership on these committees should be student appointed through student union or other democratic processes.

**Recommendation:** The Ministry of Training, Colleges & Universities should mandate that budgets be publicly available in an accessible and understandable manner.

**Recommendation:** The Ministry of Training, Colleges & universities should work with the Council of Ontario Universities to develop a set of best-practices for information to include in budget reports, including relevant information from other jurisdictions.

While OUSA schools have representation on university governing bodies such as senates and boards of governors<sup>57</sup>, there are gaps in student representation on university budget advisory and approval committees (see figure 4). To ensure that representation on the committees is effective and representative of strong student leaders, universities should ensure that representatives are elected, either as students at large, or as members sitting ex-officio as part of their student association. While students are not experts in the preparation of university budgets, it is important as a primary funder they are considered as stakeholders in the development process, and the lack of expertise does not pose an unreasonable barrier to participation in budgetary preparation. OUSA does not call for majority representation, however it is important that at least some students are available to sit, listen, learn, and speak, and passively advance transparency and accountability within university budgeting processes. OUSA calls on the Ontario government to mandate student representation on university budget committees.

Additionally, universities have great disparity in length and detail of budget reporting. Some institutions such as Laurentian and Waterloo do not publicly release their budgets, instead leaving them within the minutes of University Board meetings. OUSA encourages MTCU to mandate stand-alone release of Ontario University budgets on institutional websites.<sup>58</sup>

OUSA also believes that it is important that university budgets provide adequate insight into budgeting decisions and methodology, such as inclusion of appendices on capital expenditures, analyses to justify staff compensation and programming, and medium-term projections on tuition strategy and spending outlooks<sup>59</sup>. To achieve this, OUSA asks that the Ministry work with the

<sup>57</sup> Bellotto, Stephanie, Palmer Lockridge, Shannon Kelly, Alexander Wray, and Colin Aitchison. Policy Paper: Accountability. Toronto: Ontario Undergraduate Student Alliance, 2017.

<sup>58</sup> Bellotto, Stephanie, Palmer Lockridge, Shannon Kelly, Alexander Wray, and Colin Aitchison. Policy Paper: Accountability. Toronto: Ontario Undergraduate Student Alliance, 2017.

<sup>59</sup> Office of the Provincial Auditor, "Accountability Framework for University Funding." <http://www.auditor.on.ca/en/content/annualreports/arreports/en99/313en99.pdf>

Council of Ontario Universities to develop a set of best practices in budget reporting to promote increased transparency and accountability in publicly funded university activities.<sup>60</sup>

**Figure 4: Student Representation on University Budget Committees**

Institution	UG Student Membership on Budget Approval Committee*	UG Student Membership on Budget Drafting or Advisory Committee**
Brock University	0/6 + 3 ex-officio members on Board of Trustees Financial Planning & Investment Committee	1/15 on Planning, Priorities and Budget Advisory Committee
Laurentian University	2/12 on Board of Governors Finance Committee	Informal, containing 0 students
McMaster University	1/9 On University Budget Committee	1/9 on University Budget Committee
Queens' University	2/14 on Board of Trustees Capital Assets and Finance Committee	0/17 on Provost's Advisory Committee on Budget
Trent University	2/13 on Academic Planning & Budget Committee	0/14 on Provost's Planning Group
University of Waterloo	2/23 on Senate Finance Committee	0/12 on Strategic Budget Advisory Committee
University of Western Ontario	1/14 on Senate University Planning Committee	No Drafting Committee
Wilfrid Laurier University	1/17 on Senate Finance Committee	0/8 on University Budget Committee

\* University Budget Approval Committees are interpreted as a committee of a university senate or Board of Governors which either approves the budget or approves the budget to go to the meeting floor.

\*\* A drafting or advisory committee is interpreted as a committee that has input into the creation of the budget.

\*\*\*Some university budgets are not created by committee, and are instead created entirely by staff

\*\*\*\*Where two or more committees conflicted, the one that most fit the description was chosen.

\*\*\*\*\* Only ex-officio student seats are counted. Denominators are based on voting memberships.

## FAIR PAYMENT PROCESS

### DEFERMENT FEES

**Principle:** Tuition payment processes should not be a barrier to participation or persistence in post-secondary education.

**Principle:** Upfront and deferred tuition payment structures should have no extra associated costs.

**Principle:** There should be no extra cost associated with any tuition payment schedule.

**Concern:** Prior to 2014-2015, post-secondary institutions were able to charge deferral fees to students who pay tuition in per-term installments.

<sup>60</sup> Díaz, "Accountability Agreements for Ontario Universities: The Balancing Character of a Policy Instrument."

**Concern:** The continued ban on deferral fees are dependent on the policies within the new tuition framework.

**Concern:** Students with financial need require aid from provincial and federal assistance programs, which are paid in per-term installments.

**Concern:** Deferral fees further the financial burden on students who already have financial need.  
**Recommendation:** The Ministry of Training, Colleges and Universities should extend the current regulations surrounding deferral fees into the next iteration of the tuition framework.

Tuition payment processes should be accessible for students while allowing institutions to operate. The option of per-term billing is essential for access to post-secondary education, as a one-time payment of tuition is unviable for many students. As noted by the Queen's University Office of the Registrar, MTCU mandated that per-term billing is automatic for students who receive OSAP.<sup>61</sup> The revision of the province's tuition framework which now included this stipulation also mandated the removal of deferral fees which could be associated with per-term billing. In particular, students who receive financial aid require deferred payment options to ensure that they can meet tuition payments on time and in full amount. The Ontario Student Assistance Program (OSAP) is received by students in two-part installments.<sup>62</sup> Students receive the first installment at the start of a study period, usually September, and the second installment halfway through a study period, usually January.<sup>63</sup> This allows the large, upfront cost of tuition to be broken into more affordable pieces. It also ensures that students can afford to continue their academic year, regardless of possible financial circumstances in their lives.

Prior to the 2014-2015 academic year, institutions were able to charge students a deferral fee if they opted to pay part of their tuition in installments, typically due in September and January. In December 2013, the Ministry of Training, Colleges and Universities announced amendments to the existing tuition framework to remove deferral and interest fees from students who pay tuition in per-term installments.<sup>64</sup> As OSAP continues to be released in per-term installments and in the interest of fair payment and post-secondary affordability, it is crucial that Ontario extend these regulations in the next tuition framework.

## LATE FEE GUIDELINES

**Principle:** Tuition payment processes should not be a barrier to participation or persistence in post-secondary education.

**Concern:** Late fees unnecessarily increase the financial burden of tuition payments, particularly on students with financial need.

**Concern:** Many post-secondary institutions administer fees for late tuition payments, regardless of circumstances, and without an appeals process.

**Concern:** Post-secondary institutions levy an array of penalties for late tuition payments, through additional fees, interest, and academic penalties.

**Concern:** Late fees for tuition does not relieve students of their financial and/or personal circumstances.

<sup>61</sup> Queens University, "Per-term billing FAQs," <http://www.queensu.ca/registrar/students/financials/financial-faqs/term-billing-faqs>

<sup>62</sup> Ministry of Training, Colleges, and Universities, "When and How Funding is Released," Government of Ontario, <https://osap.gov.on.ca/dc/PRD19842902>

<sup>63</sup> Ibid.

<sup>64</sup> Josh Dehaas, "Ontario introduces new tuition rules," Maclean's, December 5 2013, <https://www.macleans.ca/education/uniandcollege/ontario-introduces-new-tuition-rules/>



**Recommendation:** The provincial government should partner with the Higher Education Quality Council of Ontario and the Council of Ontario Universities to conduct research on prevalence of late tuition payments, the reasons for delayed payments, and equitable non-financial alternatives to late fees.

**Recommendation:** The provincial government should mandate that universities implement alternative non-financial measures, which do not disrupt learning, or education-related employment, to incentivize students to pay tuition in a timely manner.

**Recommendation:** The provincial government should mandate that, in the interim, students who receive financial aid are not forced to pay tuition prior to receiving their financial aid.

**Recommendation:** The provincial government should mandate that, in the interim, universities should implement an appeals process for students charged with late fees.

**Recommendation:** The provincial government should mandate that, in the interim, students are provided with at least one week notice prior to assessing late fees.

**Recommendation:** The provincial government should mandate that, in the interim, students are permitted to request a delay to the assessment of late fees prior to such fees.

**Recommendation:** The provincial government should mandate that, in the interim, there is a standardized maximum late fee assessment of 1.3% simple interest per month.

Tuition deadlines at Ontario universities have very limited flexibility. In 2013, Ontario amended the Tuition Framework to remove the requirement that students pay tuition before they receive their Ontario Student Assistance Program (OSAP) funding<sup>65</sup>. However, Ontario universities still impose late fee punishments on students, regardless of the circumstances, and do not offer an appeals process for the affected student. At Western University, late tuition payments from full-time domestic undergraduates result in a \$149.00 fee. However, there are exceptions to this policy. For students registered in the Honours Business Administration (HBA) at the Ivey Business School within Western University, a late tuition payment results in a \$514.00 fee.<sup>66</sup> Late fees do not relieve students of their financial and/or personal circumstances. In fact, they further the financial burden already placed on students. This process does not consider personal and financial circumstances, which disadvantages students who are already facing extenuating challenges. While students can appreciate the requirement of tuition payments for institutional operation, the restrictive payment processes pose a barrier to post-secondary education. In the next iteration of the Tuition Framework, Ontario should mandate the implementation of non-financial incentives for students to pay tuition on time. These incentives should not interfere with learning, but can be in place to ensure that tuition is paid on time, when possible.

In the interim, the government should continue the existing guidelines that students who receive OSAP are not forced to pay tuition prior to receiving their funding. The government should also mandate that students are given notice of late fee assessment, at least one week in advance and without a change in fees, to allow students time to contact their financial aid office and get the appropriate assistance. In addition to the notice of late fee assessment, students should be able to request a delay in late fee assessment. These measures would, in the interim of the removal of late fees, ensure that students are best supported to meet their financial and academic goals. The installation of assistance for students struggling to make tuition payments will be mutually beneficial for both students and institutions. To ensure fairness in the interim, the government

<sup>65</sup> Josh Dehaas, "Ontario introduces new tuition rules," *Maclean's*, December 5 2013, <https://www.macleans.ca/education/uniandcollege/ontario-introduces-new-tuition-rules/>

<sup>66</sup> Western University, "Online Tuition Account," [http://www.registrar.uwo.ca/student\\_finances/fees\\_refunds/online\\_tuition\\_account.html](http://www.registrar.uwo.ca/student_finances/fees_refunds/online_tuition_account.html)

should mandate the creation of an appeals process for students charged with late fees. There is currently limited information on the formula for late fee assessment and as such, the interim period that involves late fees should be standardized to best support students. The recommended maximum monthly interest rate of 1.3% is based on the average of OUSA schools which charge monthly interest as part of their late fees.

It is also recommended that the Higher Education Council of Ontario, in partnership with the provincial government, conduct research on the prevalence and severity of late tuition payments. This research must also include the reasons for late payments, which can be facilitated by an appeals process. Understanding the scope of the issue will allow institutions, and the sector, to resolve the issues and barriers in place.

## TUITION MODELS

**Principle:** Tuition payment processes should not be a barrier to participation in post-secondary education.

**Principle:** Provincial funding of post-secondary institutions and tuition should use the same funding models.

**Principle:** All students, regardless of program, should pay the same amount for the same course.

**Concern:** Flat-fee funding models force some students to pay for education that they are not receiving.

**Concern:** Per-credit models that calculate course costs based on the student's program, rather than the course, create an unfair payment model.

**Concern:** Per-credit models that calculate course costs based on the student's program, rather than the course, may deter students from elective or breadth courses.

**Recommendation:** The provincial government should mandate that all post-secondary institutions use a per-credit billing structure assessed at the rate of a course's department rather than program of study.

**Recommendation:** The provincial government should provide operating grants to account for potential losses as a result of changes from a flat fee model to a per-credit model.

The current tuition framework outlines per-credit tuition as the preferable model of tuition assessment. The per-credit tuition model, which considers the course's department over a student's program, is the ideal tuition assessment model. The provincial government currently funds post-secondary institutions with a base operating grant, based off of enrollment, and several other grants based on enrollment, growth, performance, and special purposes<sup>67</sup>. Essentially, the government calculates university funding through a per-student model based on the program of study.

Some institutions in Ontario calculate tuition using a flat fee model, which results in some students paying for education that they do not receive. The flat fee model results in tuition amount for all full-time students, regardless of their actual course load. This tuition assessment model creates an unequitable payment model which unnecessarily increases tuition for students. In contrast, the per-credit model is based on how many credits an individual student is enrolled in. Of the OUSA member schools, Brock University, Laurentian University, and Western

<sup>67</sup> Ministry of Training, Colleges, and Universities, "Overview of the Current University Funding Model", Government of Ontario, April 27 2015, [http://www.tcu.gov.on.ca/pepg/audiences/universities/uff/uff\\_overview.pdf](http://www.tcu.gov.on.ca/pepg/audiences/universities/uff/uff_overview.pdf)

University still charge tuition on a flat-fee model. Other universities operate from a per-credit funding model (see other OUSA schools) or a hybrid enrolment activity-based funding model (see Waterloo).

The per-credit model provides equal opportunity and allows students to reduce their per-year tuition. Some students will opt to spread their degree over more years to reduce yearly costs by taking a reduced course load. The per-credit model allows for such flexibility, while the flat fee model imposes a significant financial load on students who may be unable or unwilling to take a full course load. Students should not bear the burden of the transition to a per-credit model from a flat fee model. As such, it is imperative that the government provide funding for institutions to make the necessary adjustments without raising student fees. Beyond the per-credit model is the credit assessment model that calculates per-credit tuition based on the department of a course, rather than a student's program. For example, an engineering student and a science student should pay the same tuition to take an English course (Figure 5). Therefore, to allow students flexibility in their degree to take elective and breadth courses, as well as to ensure fair payment processes, institutions should use a per-credit, course-based model of tuition assessment.

**Figure 5: Tuition Fees Due to Different Per-Credit and Flat Fee Funding Models**

<b>Funding Model</b>	<b>Arts 3 in-program 2 in Science</b>		<b>Engineering 4 in-program 1 in Arts</b>		<b>Science 4 in-program 1 in Arts</b>		<b>Health 3 in-program 2 in Science</b>	
<b>Tuition</b>	\$300 per credit		\$450 per credit		\$350 per credit		\$400 per credit	
<b>Credits</b>	3	5	3	5	3	5	3	5
<b>Flat fee</b>	\$1500	\$1500	\$2250	\$2250	\$1750	\$1750	\$2000	\$2000
<b>Per-credit, program</b>	\$900	\$1500	\$1350	\$2250	\$1050	\$1750	\$1200	\$2000
<b>Per-credit, credit</b>	\$950	\$1600	\$1300	\$2100	\$975	\$1700	\$1100	\$1900
<b>Difference between flat fee and per-credit, credit</b>	\$550	\$100	\$950	\$150	\$775	\$50	\$900	\$100

## **POLICY STATEMENT**

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**Whereas:** All willing and qualified students, regardless of financial ability, should be able to access an Ontario university education;

**Whereas:** The student contribution towards the operating budgets of higher education institutions should not exceed one-third of total revenue;

**Whereas:** All willing and qualified students should be able to attend a professional program of their choice that matches their qualifications, and suites their desired academic or career path;

**Whereas:** Tuition increases should not require students to graduate from university with significant long-term and unmanageable debt;

**Whereas:** Tuition costs should not exceed the disposable income available to students or their families;

**Whereas:** All Ontario universities should have appropriate funding to provide a high-quality and comparable education regardless of campus location;

**Whereas:** The Ontario government should be responsible for providing the majority of funding for Ontario's publicly funded universities;

**Whereas:** Tuition should reflect the cost of delivering a high-quality education;

**Whereas:** Students should share an equal burden in financing the central functions of the university, regardless of program and program demand;

**Whereas:** Students should be able to compare the promoted cost of tuition for universities and programs;

**Whereas:** Students should have the financial information to make an informed decision about their post-secondary education before making an application;

**Whereas:** Students should have access to information about tuition-related expenditures;

**Whereas:** Students as primary beneficiaries of universities, and as significant contributors to university budgets, should be treated as stakeholders in budgetary preparations;

**Whereas:** University budgets represent a window into evaluating universities' actions, decision-making, and strategic action to ensure that universities are fulfilling their public mission;

**Whereas:** Tuition payment processes should not be a barrier to participation or persistence in post-secondary education;

**Whereas:** Upfront and deferred tuition payment structures should have no extra associated costs;

**Whereas:** There should be no extra cost associated with any tuition payment schedule;

**Whereas:** Tuition payment processes should not be a barrier to participation or persistence in post-secondary education;

**Whereas:** Tuition payment processes should not be a barrier to participation in post-secondary education;

**Whereas:** Provincial funding of post-secondary institutions and tuition should use the same funding models;

**Whereas:** All students, regardless of program, should pay the same amount for the same course.

**Be it resolved that:** Within the new provincial tuition framework, the provincial government should freeze tuition, increasing operating grants until students are contributing approximately one-third of universities' total operating budget;

**Be it further resolved that:** After restoring a fairer cost-sharing model, tuition increases for all Ontario post-secondary programs should be capped at Consumer Price Index for Ontario, maintaining the same fair-cost sharing ratio;

**BIFRT:** The provincial government should enforce a tuition freeze on all professional programs for the duration of the new tuition framework;

**BIFRT:** OUAC should ensure federal, provincial and institutional financial aid information are clearly incorporated into the advertised cost of a professional student education;

**BIFRT:** The provincial government should provide annual envelope funding for certain programs universities can choose to apply for in order to offset the impact of stranded tuition for institutions where reduced quality is assessed;

**BIFRT:** The provincial government should implement a process where institutions with higher-than-average program tuition can apply for grant funding to reduce tuition in order to reduce access impacts created as a result of stranded tuition;

**BIFRT:** The Higher Education Quality Council of Ontario should conduct a review of the quality of stranded and differentiated programs to assess for impacts to the quality of education;

**BIFRT:** The provincial government should immediately establish protections for students already in-program to cap tuition increases from the year-to-year to the rate of CPI;

**BIFRT:** The Ministry of Training, Colleges & Universities should collaborate with the Council of Ontario Universities to create and implement consistent budgeting tools for universities to transition to budgeting processes that reflect the cost of curriculum delivery and that central costs are equally distributed among students;

**BIFRT:** The province should mandate universities provide an all-in expected price for the duration of the program in marketing and promotions, broken down by mandatory and refundable fees;

**BIFRT:** The province should leverage the existing eINFO system to provide a central information source that students can use to compare the costs of university programs broken down by mandatory-and refundable fees;

**BIFRT:** The provincial government should ensure any tuition framework includes understanding that paid co-operative and experiential education opportunities do not constitute financial aid and should not be expected to off-set tuition and ancillary costs;

**BIFRT:** The Ministry of Training, Colleges & Universities should mandate that students have automatic voting representation on committees that prepare and approve university-level

budgets. Membership on these committees should be student appointed through student union or other democratic processes;

**BIFRT:** The Ministry of Training, Colleges & Universities should mandate that budgets be publicly available in an accessible and understandable manner;

**BIFRT:** The Ministry of Training, Colleges & universities should work with the Council of Ontario Universities to develop a set of best-practices for information to include in budget reports, including relevant information from other jurisdictions;

**BIFRT:** The Ministry of Training, Colleges and Universities should extend the current regulations surrounding deferral fees into the next iteration of the tuition framework;

**BIFRT:** The provincial government should partner with the Higher Education Quality Council of Ontario and the Council of Ontario Universities to conduct research on prevalence of late tuition payments, the reasons for delayed payments, and equitable non-financial alternatives to late fees;

**BIFRT:** The provincial government should mandate that universities implement alternative non-financial measures, which do not disrupt learning, or education-related employment, to incentivize students to pay tuition in a timely manner;

**BIFRT:** The provincial government should mandate that, in the interim, students who receive financial aid are not forced to pay tuition prior to receiving their financial aid;

**BIFRT:** The provincial government should mandate that, in the interim, universities should implement an appeals process for students charged with late fees;

**BIFRT:** The provincial government should mandate that, in the interim, students are provided with at least one week notice prior to assessing late fees;

**BIFRT:** The provincial government should mandate that, in the interim, students are permitted to request a delay to the assessment of late fees prior to such fees;

**BIFRT:** The provincial government should mandate that, in the interim, there is a standardized maximum late fee assessment of 1.3% simple interest per month;

**BIFRT:** The provincial government should mandate that all post-secondary institutions use a per-credit billing structure assessed at the rate of a course's department rather than program of study;

**BIFRT:** The provincial government should provide operating grants to account for potential losses as a result of changes from a flat fee model to a per-credit model.