



# GETTING IT RIGHT **FOR GOOD**

Students' priorities to strengthen  
and improve Ontario's College  
Funding Formula

# 350,000



## UNDERGRADUATE, GRADUATE & COLLEGE STUDENTS UNITED

With more than 350,000 members at 38 students' unions in all regions of the province, the Canadian Federation of Students–Ontario is the voice of post-secondary students in the province. Our Federation represents students at the college, undergraduate and graduate levels, including full- and part-time students.

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# INTRODUCTION

In 2016, the Government of Ontario signaled its intention to launch a review of the funding model that distributes billions of public dollars to the provinces public colleges. This review follows on the heels of a lengthy consultation process over a new university funding model and it is likely that the province intends to have the two reformed funding models rolled out together with greater integration.

While the university and college systems serve very distinct and unique purposes in Ontario's post-secondary education sector, they face similar challenges in the near future: declining enrolments as the result of shifting demographics, erosion of public funding and an expectation to adapt to rapidly shifting political and economic circumstances. The goal of any funding formula review should be to create new models that strike a balance between delivering the kind of sustainable and predictable funding colleges need while allowing enough flexibility for each institution to adapt to the changing circumstances of a global economy.

While students are dismayed that adequacy and tuition fees are not considered to be in the scope of this review, there are many practical and thoughtful ideas being generated by sector stakeholders about how to improve and build upon the strengths of the current model. While the college funding model is not quite as labyrinthine as the university sector's, it shares many deficiencies and oversights that a new funding model must address. The current college funding model is primarily enrolment-based, meaning that most funding comes in the form of counting how many students are enrolled. While this is still at its core the most efficient and predictable way to fund institutions, it has not kept up with the changing nature of colleges and the expectations they are required to meet. From not accounting for the delivery of vital student support services to failing to adequately support the innovation and experiential learning already taking place at colleges across Ontario, there are many ways in which a new funding model could get it right for good.

This submission contains student suggestions for a renewed and improved college funding model. One that can ensure positive student outcomes, drive innovation, support experiential learning and build a truly accessible system of public colleges for all in the province of Ontario.

# SUMMARY OF RECOMMENDATIONS

1

A new college funding formula must continue to utilize enrolment-based funding as a part of its foundation.

2

A new college funding formula must include some form of stabilization mechanism that is built into the formula to help colleges facing sharp declines in enrolment meet their financial obligations.

3

The new funding formula must include international students in official enrolment numbers when calculating basic operating grants.

4

The college funding formula should eliminate the unfair International Student Recovery Deduction scheme.

**5** The majority of envelope funding should be folded into the general operating grant and earmarked to ensure accountability and transparency.

**6** The Small, Rural and Northern Grant should continue to exist independently to support the unique geographic and demographic circumstances of more isolated colleges.

**7** The new college funding formula should allocate funding towards creative recruitment and retention strategies for marginalized and underrepresented students, which could serve as a potential measurable aspect for funding delivery.

**8** A new college funding formula should allocate funding earmarked for innovation hubs and initiatives that promote a culture of innovation at colleges.

**9** A new college funding formula should also better support the entrepreneurial and experiential learning opportunities already hosted by colleges, by addressing deferred maintenance and recognizing the more unique program costs of applied college programs.

**10** Funding for colleges should be flexible and made available so colleges can be used as community hubs as opposed to being closed down where there is low enrolment.

# TUITION FEES AND FUNDING: OUT OF SIGHT, BUT NOT OUT OF MIND

The Canadian Federation of Students–Ontario welcomes this opportunity to provide input on the college funding formula. We represent 350,000 undergraduate, graduate and college students in Ontario. We support the belief that colleges are important in order to ensure that Ontarians from all socioeconomic and cultural backgrounds have access to a good education, as stated in the introduction of the funding formula consultation package.<sup>1</sup> However, the narrow scope of this consultation limits its ability to fulfill the belief mentioned above. Unaffordable tuition is the most significant barrier to post secondary education in Ontario. It has resulted in many students taking on significant levels of debt. Students requiring a Canadian Student Loan graduate with an average debt of more than \$28,000.<sup>2</sup> Unaffordable tuition restricts those who study at colleges, which has a negative impact on society as a whole. A funding formula is a vacant construct without first ensuring that colleges are affordable and accessible for students.

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1. "College Funding Model Reform Consultation Paper", May 2016 [http://www.tcu.gov.on.ca/pepg/Audiences/colleges/cff/college\\_funding\\_model\\_consultation\\_en.pdf](http://www.tcu.gov.on.ca/pepg/Audiences/colleges/cff/college_funding_model_consultation_en.pdf)
  2. "The Impact of Student Debt" Canadian Federation of Students. Page 1. <http://cfs-fcee.ca/wp-content/uploads/sites/2/2015/03/Report-Impact-of-Student-Debt-2015-Final.pdf>

# STABILITY AND SUSTAINABILITY

Like universities, colleges are expected to be impacted by the changing demographics of Ontario. The next decade will see a sharp decline in the 18-24 year-old population, which will negatively impact enrolment levels at institutions across the province. While college students tend to be more reflective of non-traditional learners, such as mature and part-time learners, or those transferring from other colleges or universities, these changes in the population will still see declines in enrolment across the board that will be more pronounced in smaller, northern and rural colleges.

These changes pose significant challenges to colleges' ability to provide quality programming and ensure positive student outcomes. As enrolment rates decline, particularly outside large urban areas, some colleges will find it difficult to meet their financial obligations. In northern and rural areas of the province, these institutions serve not only as the primary post-secondary institution for catchment areas hundreds of kilometres wide, but also large community partners and employers. With these

realities in mind, it is incumbent upon government and institutions to work collaboratively to find creative solutions to ensure sustainable and stable funding even in the event of enrolment declines. This could be achieved through different mechanisms, such as re-negotiating more flexible funding corridors for each college, or allowing institutions to keep the funding allotted to their corridor when enrolments decline, but require they invest that money directly towards improving the student experience.

Additionally, an overhaul of the funding formula should not abandon enrolment-based funding. While some might argue that the model would continue to encourage growth in a sector that is experiencing declines in enrolment, the growth agenda was more a result of public policy than the inherent design of the funding formula. Enrolment-based funding is still the most predictable and stable funding model available to colleges in the province and it should remain a part of the foundation of a newly reformed formula.

## RECOMMENDATION

A new college funding formula must continue to utilize enrolment-based funding as a part of its foundation. Furthermore, some form of stabilization mechanism should be built into the formula to help colleges facing sharp declines in enrolment meet their financial obligations, whether this be through re-negotiated enrolment targets, corridors, or new investments of existing funds in student experience.

# INTERNATIONAL STUDENTS

As the world becomes more interconnected, and the number of international students who attend Ontario colleges continues to increase, it is crucial that international student voices are included in the Ontario College Funding Formula. In 2015-2016 there were 33,000 international students studying at colleges in Ontario.<sup>3</sup> They contributed nearly \$3 billion dollars to the provincial economy through tuition fees, basic living expenses and consumer spending.<sup>4</sup> They also contribute to the tax base through the Ontario Personal Income Tax System.

As of now, international tuition fees are unregulated in Ontario and international students do not count towards official enrollment numbers reported to the Ministry of Advanced Education and Skills Development. This is unfair to the increasing number of international students who study at Ontario colleges.

Tuition for international students is deregulated in Ontario. Because tuition fees can change drastically year to year, it is difficult for international students to plan their finances. Furthermore, international students do not count towards official enrolment numbers and therefore are not included in the calculation of each college's operating grant.

In turn, costs are downloaded onto international students who are required to pay significantly higher tuition fees even though they receive the same services as domestic students.

International tuition fees are much more expensive than domestic fees. For example, international students at Algonquin College pay all the standard fees plus an international premium fee of \$9,550 per year.<sup>5</sup> The problem of unaffordable, deregulated tuition has been exacerbated with the introduction of the International Student Recovery Deduction scheme in 2012. The scheme cut funding to institutions by at least \$750 per international student (excluding PhD Students).<sup>6</sup> This results in international students being seen as cash cows. At Sheridan College, international students pay 54% of the total tuition revenue despite making up only 21% of students.<sup>7</sup>

Downloading costs onto international students relies on an unfair assumption: that all international students are from wealthy backgrounds and can afford to pay tens of thousands of dollars in tuition.

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3. Colleges Ontario. Building on a 50-Year Legacy of Excellence. Rep. Toronto: Colleges Ontario, 2015. Web.
  4. Government of Canada, Department of Foreign Affairs and International Trade, "Economic Impact of International Education in Canada", 2012 <http://www.international.gc.ca/education/report-rapport/economic-impact-economique/index.aspx?lang=eng>
  5. "International Student Fees – 2014/2015." Algonquin College. <http://www.algonquincollege.com/ro/pay/tuition-and-expenses/20142015-tuition-fees-and-expenses/international-student-fees-20142015/>
  6. "International funding cut for HE sector in Ontario", The PIE News. June, 2012. <http://thepienews.com/news/international-funding-cut-for-he-sector-in-ontario/>
  7. "Sheridan College Operating and Capital Budget, 2015/2016" <https://www.sheridancollege.ca/~media/Files/Sheridan%20College/About/Administration%20and%20Governance/Corporate%20Reporting/Sheridan%202015%202016%20final%20and%20budget%20report%20for%20board%2020150109%20with%20appendix.pdf>



## **RECOMMENDATION**

The funding formula should include international students in official enrollment numbers. The government should also regulate tuition fees for international students so they can plan for their future. Finally, the funding formula should eliminate the unfair International Student Recovery Deduction scheme.

# SUPPORTING STUDENT SERVICES

On top of regular enrolment-based funding, colleges are also eligible to receive additional funding through a variety of different programs and evaluations, such as performance based funding and special purpose grants. Special purpose grants – also known as envelope funds – amount to around 13 per cent of overall funding allocated to the sector. The funding is broken into 40 separate grants that include funding to support small, northern and rural colleges as well as support for Aboriginal students, students with disabilities, Francophone students and services related to these populations.

Money from special purpose grants is supposed to support institutions with unique geographic circumstances (ie. Northern colleges) and to help deliver services that can enhance access, retention and student success (ie. Mental health services, Aboriginal student services, etc). While the special purpose grants have helped colleges focus on recruitment and retention of students from underrepresented backgrounds and increased a focus on providing high-quality support services, they have created an environment in which colleges compete with one another for scarce funding that is intended to deliver vital services and programming. Since envelope funds aren't automatically delivered to colleges as part of the Basic Operating Grant, each institution is expected to apply for a limited pool of funding by drafting proposals to the Ministry.

While the current model may have been useful at one point in time, today it has generated unintended consequences. The first is that colleges tend to apply for the funds simply because they are the only new money available to them. While applying for new or improved student services isn't inherently a bad outcome, it does create an environment in which project proposals may not be well-articulated or based on actual student needs, but

rather on the motivation to simply get additional funding to support struggling student services.

A secondary consideration is that the student population has changed dramatically, and the inclusion of services that support traditionally underrepresented students shouldn't be seen as "special" projects, but rather mandatory requirements for college campuses. All colleges should have adequate and reliable support services for Aboriginal students, students with disabilities and international students. Additionally, the need to meaningfully address mental health on campus in a sustainable way highlights the importance of ongoing, consistent and predictable funding for campus mental health services instead of piecemeal project-based funding. In a 2011 study of college students who accessed counselling and disability services, over 60 per cent reported having an official diagnosis of one or more mental health disorders. The remaining students accessed these services without an official diagnosis, but were nonetheless exhibiting symptoms of mental health issues related to depression, anxiety and other mood disorders.<sup>8</sup> There is a very clear need to support these services more sustainably as mental health becomes recognized as a major barrier to student success and the destigmatization of mental health issues brings more students to counselling services seeking help.

One way to achieve a more sensible and holistic approach to envelope funding would be to fold it directly into the general operating grant, with particular funds earmarked for particular student support services and programs to ensure accountability and transparency. While adequacy of funding is out of scope of this review, the government must seriously consider how the cost of delivering particular student services impacts the student experience overall. Having accessible campus mental health services is now widely regarded by the sector as a fundamental

requirement to student wellness and success. Yet colleges and universities were never designed with the intention of housing and funding such vital programs and will require more financial support from government to make them effective.

Furthermore the introduction of the new Ontario Student Grant will particularly benefit college students and has the potential to boost enrolment from traditionally underrepresented populations that will require unique, accessible and responsive services to ensure retention, graduation and post-graduation success for these students.

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8. Holmes, A., Silvestri, R., Kostakos, M. (2011). The Impact of Mental Health Problems in the Community College Student Population. Toronto: Higher Education Quality Council of Ontario.

## RECOMMENDATION

The majority of envelope funding – particularly those used for student support services and access programs – should be folded into the general operating grant and earmarked to ensure accountability and transparency. The Small, Rural and Northern Grant should continue to exist independently to support the unique geographic and demographic circumstances of more isolated colleges.

# ENROLMENT & SUCCESS OF MARGINALIZED STUDENTS

Colleges are important to ensuring that students from all socio-economic backgrounds have access to a quality post-secondary education that will help them find good jobs and rewarding careers. However, enrolment data from Statistics Canada reveals a persistent socio-economic inequality at colleges. Around 75% of those enrolled are from the two highest income quartiles. The majority of students accessing colleges are not from lower-income quartiles, which brings into question how accessible colleges really are.

Rising tuition fees are creating financial barriers for the most vulnerable students, including (but not limited to) students with disabilities, Aboriginal students, and racialized students. Research shows that in 2014-15, only 15% of students in Ontario colleges reported having a physical, intellectual, mental health or learning disability. Caucasian/White students comprised 64% of the students enrolled, while each racialized group of students trailed below 8% respectively.<sup>9</sup> Of course, these are not mutually exclusive categories. Race, disability, and other forms of marginalization intersect with socio-economic status, further increasing the lack of diversity in colleges. Therefore, marginalized students should be prioritized in the enrolment of colleges.

The Access to Success (A2S) initiative in the United States of America is a collaborative project that connects higher education institutions to reduce access gaps among low-income and underrepresented populations.<sup>10</sup> In order to do so, they have rolled out initiatives that focus on targeted outreach and local partnerships.<sup>11</sup> Targeted recruitment programs are implemented through partnering with community high schools, and schools also work to ensure students are meeting admission requirements and are prepared for college intake.

In addition to the enrolment of marginalized students, another area of attention required is the success of these students. The focus cannot simply rest on access alone, allowing for program completion to fall by the wayside. More data around retention and success of marginalized students in colleges should be collected to ensure the success of underrepresented students. Another aspect of the A2S program is accountability reports and data collection to ensure access gaps are being addressed properly. At the University of Wisconsin, there are access measures that clearly outline data around the status of students from low-income and racialized backgrounds.<sup>12</sup>

Colleges should be an opportunity for marginalized students to be granted quality education equally.<sup>13</sup> Pennsylvania State incorporates closing access gaps into their funding model through performance-based funding structures.<sup>14</sup> We are not recommending performance-based funding as a possible solution, but this demonstrates the use of funding to improve access to colleges. The funding formula should prioritise the access and success of underrepresented students in college to improve their future prospects. This is needed in order to ensure that the access gaps of this generation do not repeat themselves.

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9. Student and Graduate Profile: Environmental Scan 2015 [http://www.collegesontario.org/research/2015\\_Environmental\\_Scan/CO\\_EnvScan\\_15\\_Student&GradProfiles\\_WEB.pdf](http://www.collegesontario.org/research/2015_Environmental_Scan/CO_EnvScan_15_Student&GradProfiles_WEB.pdf).
  10. Charting a Necessary Path DECEMBER 2009 ACCESS TO SUCCESS The Baseline Report of Public Higher Education Systems in the Access to Success Initiative. [http://edtrust.org/wp-content/uploads/2013/10/A2S\\_BaselineReport\\_0.pdf](http://edtrust.org/wp-content/uploads/2013/10/A2S_BaselineReport_0.pdf).
  11. The Patterns of Persistence in Post-Secondary Education Among College Students in Ontario: New Evidence from Longitudinal Data [http://www.collegesontario.org/research/student\\_retention\\_presentations/report\\_patterns\\_of\\_persistence\\_ontario.pdf](http://www.collegesontario.org/research/student_retention_presentations/report_patterns_of_persistence_ontario.pdf). University of Wisconsin: Access <https://www.wisconsin.edu/accountability/access/>.
  12. University of Wisconsin: Access <https://www.wisconsin.edu/accountability/access/>.
  13. Canada's Most Important Economic Investment: Increasing Access to College Education and Training. [http://www.collegesontario.org/policy-positions/position-papers/CO\\_CANADA'S\\_MOST\\_IMPORTANT\\_ECONOMIC\\_INVESTMENT.pdf](http://www.collegesontario.org/policy-positions/position-papers/CO_CANADA'S_MOST_IMPORTANT_ECONOMIC_INVESTMENT.pdf).
  14. ANSWERING THE CALL: Institutions and States Lead the Way Toward Better Measures of Postsecondary Performance. <http://postsecondary.gatesfoundation.org/wp-content/uploads/2016/02/AnsweringtheCall.pdf>.

## **RECOMMENDATION**

The new college funding formula should allocate funding towards creative recruitment and retention strategies for marginalized and underrepresented students, which could serve as a potential measurable aspect for funding delivery.

# SUPPORTING INNOVATION AT ONTARIO COLLEGES

Innovation continues to be a popular framework that organizations, companies and institutions promote in order to stimulate growth. Research shows that shifting to an innovation ecosystem has the ability to drive forward the Canadian economy.<sup>15</sup> Furthermore, leveraging a culture of innovation can be implemented in various sectors to strategize and work through social and political challenges. Ontario colleges are responsible for providing applied research and technical programs that cater to a wide variety of students with diverse skill-sets and interests. Innovation at colleges is useful in bridging students' interests to the collective good and sustainability of the college, which is why innovation initiatives and hubs should be placed as a priority in the college funding formula.

Innovation hubs are spaces that allow students to develop and implement projects. Innovation hubs promote cross-disciplinary collaboration to invent and problem solve. These are not necessarily physical spaces, but may also be virtual spaces. More and more colleges are beginning to see the benefit of creating such hubs on campus. Through connection and collaboration, great ideas are born that benefit the college and community. At George Brown College, there is the Social Innovation Hub for students to address social justice issues.<sup>16</sup> The Social Innovation Hub has launched mental health campaigns, art projects, and various other initiatives. It has created a strong sense of social entrepreneurship that will feed into the labour market once students graduate. This is in line with our belief that college should be publically assisted for the public good.

Consider the College Funding Model Reform Consultation, which solicits ideas to improve the current funding model.

Students are key stakeholders in this discussion, and have the creative capacity to design ways to maximize the distribution of funding to colleges. In other words, a culture of innovation can be used to strategize for the sustainability of colleges.

It's important to note that a significant hurdle in developing a culture of innovation is the buy-in from faculty to promote and encourage such initiatives. This becomes complicated through the current policy around rights to intellectual property for Ontario college faculty members. As it stands, all intellectual property developed by faculty is seen as the legal property of the college that employs them.<sup>17</sup> This creates a disincentive for professors to encourage innovation among their students or develop research opportunities. This may not be directly impacting by the funding formula, but is an important consideration in making innovation a priority for colleges.

In the Colleges Ontario Strategic Vision for 2015-2018, innovation is a key priority.<sup>18</sup> Colleges should provide space and programs that produce more innovative and entrepreneurial graduates. An investment in innovation at colleges is an investment in the greater community's social, political, and economic climate.

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15. Canada's Real Innovation Gap: Leverage Points & Opportunities for Change in the Canadian Innovation System <http://static1.squarespace.com/static/5701a68fd210b8e9fd07f347/t/57236773f8baf385ff536839/1461938089677/Systems+Final+Paper+with+appendices+COMPLETE.pdf>

16. <https://socialinnovationhub.wordpress.com/>

17. Report on Education in Ontario Colleges [http://ocufa.on.ca/assets/2014-04\\_CAAT-A-Report\\_Education\\_FULLL.pdf](http://ocufa.on.ca/assets/2014-04_CAAT-A-Report_Education_FULLL.pdf)

18. Fuelling Prosperity: College Ontario's Strategic Plan 2015-18. [http://www.collegesontario.org/policy-positions/position-papers/FUELLING\\_PROSPERITY\\_CO-strategic-plan.pdf](http://www.collegesontario.org/policy-positions/position-papers/FUELLING_PROSPERITY_CO-strategic-plan.pdf)

## **RECOMMENDATIONS**

A new college funding formula should allocate funding earmarked for innovation hubs and initiatives that promote a culture of innovation at colleges.

A new college funding formula should also better support the entrepreneurial and experiential learning opportunities already hosted by colleges, by addressing deferred maintenance and recognizing the more unique program costs of applied college programs.

# COLLEGES AS COMMUNITY HUBS

Colleges can be used as community hubs as a way to achieve financial sustainability in the absence of minimum enrolment. According to Colleges Ontario, enrolment is down across the province by nearly one per cent.<sup>19</sup> This will have a disproportionately large impact on northern colleges that are sometimes the only schools that serve a large geographical area. For example, Confederation and Northern Colleges are the only colleges for hundreds of kilometers. Furthermore, colleges in more remote areas also serve as major employers in their communities. Sault College is the fifth largest employer in Sault Saint Marie.<sup>20</sup> Once a college is closed, the buildings are lost and this ultimately has a negative impact on the community.

Where declining enrollment exists, colleges can be used as community hubs that deliver public service in order to remain viable. To ensure public colleges stay open, they should be funded and used for skills updating and on-the-job training programs that are specific to the region. In addition, public colleges can be used to provide health services and other social services. According to the Government of Ontario, access to health services is a significant issue in rural, northern and remote communities.<sup>2</sup> In addition, mental health related services and supports in rural and northern Ontario communities are less available and accessible than in urban areas. Many communities are losing vital services and colleges can be used effectively as community health centers in order to reduce these losses.

Colleges as community hubs can be geared towards the community they exist in and they are able to reflect the needs and diversity of the community. According to a study released by the Premier's Community Hubs Framework Advisory Group, there are numerous examples where community hubs result in social return on investment

and allow the province to efficiently distribute services. This includes enhancing learning opportunities and improving local access to services.<sup>22</sup> In Edmonton, Catholic schools are used as a way to provide services, academic learning opportunities and community connection.<sup>23</sup>

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19. "Boreal, Cambrian Colleges hold enrolment compared to low provincial average", CBC News, September 2014. <http://www.cbc.ca/news/canada/sudbury/boreal-cambrian-colleges-hold-enrolment-compared-to-low-provincial-average-1.2756639>
  20. "Top Employers", Sault Ste. Marie – Economic Development Corporation, - <https://www.sault-canada.com/en/investlocatexpand/topemployers.asp>
  21. "Rural and Northern Health Care Report, Executive Summary" Page 2. Government of Ontario. [http://www.health.gov.on.ca/en/public/programs/ruralnorthern/docs/exec\\_summary\\_rural\\_northern\\_EN.pdf](http://www.health.gov.on.ca/en/public/programs/ruralnorthern/docs/exec_summary_rural_northern_EN.pdf)
  22. "Community hubs in Ontario: A strategic framework and action plan" Government of Ontario. <https://www.ontario.ca/page/community-hubs-ontario-strategic-framework-and-action-plan#section-1>
  23. "Schools as Community Hubs" Edmonton Catholic Schools. Schools.<https://www.ecsd.net/Programs/Overview/OneWorld/Pages/Schools-as-Community-Hubs.aspx>

## RECOMMENDATION

Funding for colleges should be flexible and made available to be used for community hub projects as opposed to having institutions force the possibility of shutting down due to low enrolment.



# CONCLUSION

Ontario's public colleges are extraordinary places that provide high-quality, applied learning for countless students every single year. From innovation to entrepreneurial learning, second career programming to apprenticeships, from community involvement to educational pathway for underrepresented students, they are an integral part of Ontario's post-secondary education sector and its future economic growth. The funding formula review presents a unique opportunity to build upon the current models strengths while making strategic improvements in areas that do not support the changing nature of college education. Students have put forward thoughtful, reasonable and practical ideas in this submission and during consultations on how Ontario can improve college education without compromising the core values and principles that our sector holds: affordability, quality, access and equity. With patience, collaboration and creativity, it is our sincere hope that a new college funding formula enhances college education across the province, supports all students through their academic lives and opens up new pathways and opportunities for those currently unable to attend college because of systemic barriers. It's time for positive, holistic change. It's time for Ontario to get it right, for good.





