

OCUFA Briefing Note

Issue: Tuition
Date: July 2011

In the 2004 Ontario Provincial Budget, the Liberal government of Dalton McGuinty announced a two-year tuition freeze for all academic programs funded by the province. The new tuition fee framework was announced in March 2006. The framework has been extended through 2011-12. Under this scheme, tuition fees for undergraduate students in their first year are allowed to increase 4.5 per cent, while fee increases for continuing years are limited to 4 per cent. Fees in graduate and professional programs may increase by up to 8 per cent for students in their first year, and 4 per cent for students in continuing years. Overall, tuition increases are limited to an annual average of 5 per cent at each institution.

Statistics Canada reports the average undergraduate tuition for Ontario university students for the 2010-11 academic year is \$6,307, a five per cent increase from the previous year, and 28 per cent higher than it was in the last year of the tuition freeze. When adjusted for inflation, average undergraduate tuition at the time the tuition freeze was imposed was two and one-quarter times what it was in 1990. After current increases take effect, tuition will be almost three times costlier than two decades ago.

Coupled with the (inflation-adjusted) previous reductions in per student funding to universities from the provincial government, continuing increases in tuition shift more of the burden of financing university education to students and their families. Tuition and related fees accounted for 20 per cent of operating revenue in 1990-91; student fees now make up 42 per cent. Funding from provincial government sources has fallen from 75 per cent to 49 per cent. The tuition “set aside” for student aid has been reinstated for 2010-11, and there are other aid programs, but affordability and access remain issues.

OCUFA’s Position

- Tuition should not be a determining factor in student choices about whether to attend university.
- Targeted student aid for the most needy is insufficient to assist students in overcoming socio-economic gaps and other barriers to university education.
- In the immediate term, tuition should be frozen and provincial government funding for universities increased to reverse the trend towards private financing of postsecondary education.

Background

The issue of high tuition rates dates back to the early to mid-1990s when the Ontario government made substantial cuts to the postsecondary sector in an effort to reduce public spending. With a reduction in operating funds from the government, universities and colleges supplemented their costs by raising tuition. In 1990-91, the average undergraduate tuition for Ontario students was \$1,680. By the end of the decade it was \$4,084, and it is now \$6,307. Ontario undergraduates face the highest tuition in Canada. Ontario graduate students pay the second highest fees in Canada -- \$6,917.

Tuition fees reflect provincial government strategies for funding post-secondary education. Despite increases in public operating funding for universities through the Liberal government's *Reaching Higher* plan, years of chronic under-funding by the previous government have led Ontario universities to become reliant on tuition and related fees for a growing proportion of operating revenue. Fees charged to students now account for 42 per cent of universities' total operating revenue, more than double what it was in 1990. By comparison, the percentage in other Canadian provinces is 26 per cent.

That situation is unlikely to change. In Budget 2011, the Ontario government committed to providing additional operating funding to support enrolment increases in the next five year. However, per student funding will remain unchanged, even before inflation. The subsequently released provincial plan for postsecondary education - *Putting Students First* - announced only that the tuition policy to be introduced in 2012 will provide "cost certainty to families."

Prior to 1996-97, universities were permitted to charge discretionary tuition fees up to 113 per cent more than the standard or "formula" tuition fees set by the provincial government without a corresponding reduction in operating grants. Standard fees vary by program type and level. If the standard fee was \$1,000 for a program, universities could add a discretionary amount up to \$1,130, for a total tuition fee of \$2,130. Under the Conservative government of Mike Harris, the allowable discretionary portion increased annually. Since the Liberal government's tuition freeze was lifted, the discretionary portion continues to rise each year.

Under the Conservative government's tuition policy, institutions were required to set-aside a stipulated percentage of increased fee revenues for student aid. As part of the Liberal government tuition policy, each institution's tuition set aside was frozen at 2005-06 levels, with each institution's amount increasing or decreasing in proportion with enrolments. Institutions seeking to increase fees under the new policy can only do so if they agree to participate in the Student Access Guarantee, introduced in 2006. As of 2010, the set-aside has been re-established and universities are now required to set-aside 10 per cent of additional tuition revenue.

In response to the 2006 tuition policy framework, OCUFA wrote to the Premier and the Minister of Training, Colleges and Universities to express disappointment in the government's ideologically driven model of postsecondary education financing - high tuition for all students coupled with narrowly targeted student aid for the most needy. The letter highlighted the anticipated adverse effects of the new tuition policy framework, including a widening of the socio-economic gap between students who have access to professional and graduate education and those who do not; the curtailment of student academic aspirations, as student opt out of pursuing certain career paths due to the large debt required to achieve such degrees; increased specialization in fields of study that will produce high personal financial returns at the expense of pursuing a less remunerative career that would serve a much needed social purpose; and a disproportionate increase in debt for students from lower and middle income families during the third and final years of university.

OCUFA polls show continuing concern about tuition costs and the affordability of university education. In May 2006, an OCUFA poll revealed that 80 per cent of Ontarians opposed the government's decision to allow tuition increases, 76 per cent believed that tuition increases would have a negative impact on future postsecondary students in Ontario. A 2009 poll showed that three quarters were concerned about the affordability of a university education. The level of concern was higher for those with children in the public school or college systems and for those with family incomes less than \$80,000 per year. The most recent poll - conducted in February 2011 - shows that two thirds of Ontarians believe tuition rates are too high. About three quarters again are concerned about the affordability of university education.

ADDITIONAL RESOURCES:

OCUFA Research Papers

- *The Decline of Quality at Ontario Universities: Shortchanging a Generation*, Trends in Higher Education, March 2010
- *Comparative Student Tuition and Fee Revenue*, Trends in Higher Education, Vol. 1 No. 1, May 2009
- Hugh Mackenzie, *The Tuition Trap*, September 2005

Average undergraduate tuition in, by province, 1990-91 to 2010-11
(2001 constant dollars)

	Canada	N & L	PEI	NS	NB	Quebec	Ontario	Man.	Sask.	Alberta	BC
1990-91	1,746	1,603	2,235	2,315	2,296	1,078	2,004	1,803	1,843	1,534	2,156
1991-92	1,998	1,777	2,462	2,600	2,350	1,493	2,150	2,253	2,251	1,862	2,294
1992-93	2,153	1,927	2,603	2,833	2,582	1,634	2,260	2,572	2,511	2,182	2,394
1993-94	2,309	2,233	2,821	3,071	2,692	1,746	2,399	2,658	2,700	2,598	2,459
1994-95	2,498	2,369	2,960	3,347	2,662	1,909	2,601	2,736	2,878	2,851	2,612
1995-96	2,638	2,516	3,116	3,611	2,792	1,876	2,818	2,820	2,984	3,096	2,717
1996-97	2,876	2,872	3,181	3,897	3,015	1,848	3,279	2,935	2,978	3,280	2,710
1997-98	3,084	3,391	3,413	4,176	3,232	1,929	3,572	3,153	3,325	3,530	2,638
1998-99	3,253	3,376	3,585	4,341	3,418	1,905	3,894	3,339	3,490	3,765	2,628
1999-00	3,446	3,443	3,639	4,391	3,442	1,872	4,254	3,611	3,507	3,856	2,631
2000-01	3,464	3,373	3,513	4,640	3,594	1,828	4,284	3,235	3,698	3,909	2,601
2001-02	3,538	3,006	3,671	4,788	3,803	1,825	4,444	3,222	3,816	3,979	2,492
2002-03	3,553	2,603	3,681	4,919	3,932	1,779	4,396	3,052	4,094	3,882	3,054
2003-04	3,742	2,451	3,845	5,174	4,143	1,765	4,534	3,022	4,362	4,143	3,857
2004-05	3,818	2,386	3,950	5,444	4,290	1,746	4,466	3,013	4,634	4,473	4,383
2005-06	3,788	2,330	4,058	5,571	4,461	1,717	4,456	3,035	4,535	4,216	4,419
2006-07	3,935	2,355	4,400	5,743	4,892	1,728	4,610	2,968	4,269	4,259	4,239
2007-08	4,111	2,374	4,004	5,510	5,041	1,854	4,859	2,950	4,523	4,619	4,439
2008-09	4,316	2,381	4,118	5,343	4,981	1,982	5,152	2,944	4,604	4,826	4,315
2009-10	4,522	2,401	4,546	5,263	5,047	2,113	5,476	3,118	4,733	4,794	4,306
2010-11	4,699	2,400	4,693	5,026	5,045	2,209	5,768	3,282	4,967	4,864	4,392

Source: Statistics Canada