

OCUFA Briefing Note

Issue: Tuition
Date: January 2009

In Budget 2004 for Ontario, 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 and the freeze lifted before autumn 2006. Under this scheme, tuition fees for undergraduate students in their first year would be allowed to increase 4.5 per cent, while fee increases for undergraduate students in their continuing years would be limited to 4 per cent. Fees in graduate and professional programs were permitted to increase by up to 8 per cent for students in their first year, and 4 per cent for students in continuing year. Overall, tuition increases are limited to a maximum annual average of 5 per cent at each institution.

After four years of the current policy, recent increases mean that average tuition for undergraduate students will be 20 per cent higher in 2009-10 than before the tuition freeze was lifted in 2006. Statistics Canada reports the average undergraduate tuition for Ontario university students for the 2008-09 academic year is \$5,643, an increase of 4.7 per cent over 2007-08. 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 two and a half 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. From tuition and related fees accounting 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 80 per cent to 52 per cent. The tuition "set aside" for student aid has been frozen at 2005-06 levels and replaced by 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 overcome 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 1999-00, that figure had increased to \$4,084. It has since risen to \$5,160 in 2006-07.

The most recent Statistics Canada data for 2008-09 show that only students in Nova Scotia pay more than Ontario undergraduates. Ontario graduate students also pay substantial fees when compared to their provincial counterparts. They pay the highest fees in the country – \$8,797. Nova Scotia is the only other province with average graduate student tuition above \$7,000: the Canadian average, including Ontario, is \$5,777.

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. Actual annual increases in the discretionary portion varied, and were subject to a five-year tuition policy between 2000-01 and 2004-05. When the tuition freeze was imposed by the Liberal government, the standard fee for undergraduate arts and science programs had increased from \$1,450 in 1990-91 to \$2,386 and the discretionary portion had risen to 186.4 per cent. With the lifting of the tuition freeze, the discretionary portion rose to 190 per cent in 2006-07.

In July 2005 the Liberal government conducted its first round of consultations with a number of stakeholder groups regarding the development of a new tuition fee framework. This new tuition framework comes on the heels of the Ontario government's decision to lift a 2-year tuition freeze. After a decade of tuition hikes, inflated student debt, and government underfunding of postsecondary institutions, the Liberal government followed through on its 2003 election promise to freeze tuition for 2004-05. It compensates universities on an annual basis for foregone tuition – \$41.7 million for 2004-05 and an additional \$57.8 million for 2005-06.

The Conservative government policy of increasing the allowable discretionary tuition fees also required that 10 per cent of an institution's fee increase would be set aside for student aid at that university. As part of the current Liberal government tuition policy, each institution's tuition set aside is frozen at 2005-06 levels, and increases/decreases in

proportion with their enrolments. Institutions seeking to increase fees under the new policy may only do so if they agree to participate in the Student Access Guarantee. The guarantee was announced in 2006 and incorporates access grants introduced as part of the *Reaching Higher* plan announced in Budget 2005.

In response to the new tuition policy framework, OCUFA wrote to the Premier and the Minister 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.

In May 2006, OCUFA commissioned Feedback Research Corporation to conduct a poll to discern public opinion on quality and affordability in Ontario universities. The poll consisted of interviews with 1,500 adult Ontarians and revealed that 80% of Ontarians oppose the government's decision to allow tuition increases of up to 20% over the next four years, 76% believe that tuition increases will have a negative impact on future postsecondary students in Ontario, and 80% believe that the provincial government is treating Ontario students unfairly. Results from a January 2005 OCUFA poll revealed that 81% of Ontarians would view the Liberal government as breaking a key election promise if it significantly raises tuition fees following a two-year freeze.

ADDITIONAL RESOURCES:

OCUFA Research Papers

- Hugh Mackenzie, *The Tuition Trap*, September 2005

Data

Average undergraduate tuition in constant 2001 dollars, by province, 1990-91 to 2008-09
(next page)

Average undergraduate tuition in constant 2001 dollars, by province, 1990-91 to 2008-09
(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 | 4,223 | 2,353 | 4,050 | 5,303 | 4,997 | 1,937 | 5,045 | 2,929 | 4,483 | 4,792 | 4,506 |

Source: Statistics Canada