



**QUALITY: SHIFTING THE FOCUS**  
**A Report from the Expert Panel to**  
**Assess the Strategic Mandate**  
**Agreement Submissions**

**Higher Education Quality Council of Ontario (HEQCO)**

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***The challenge is to provide a high quality postsecondary education in Ontario in spite of continued growth and diminishing resources. The current system is not sustainable if quality is to be preserved or enhanced.***

***To meet this challenge, there is a need for the provincial government to adopt a more active role in system planning.***

***The province needs to articulate policies that facilitate both differentiation and collaboration among postsecondary institutions and that lead to a more integrated higher education system. The greatest productivity improvements and cost efficiencies will come from system re-design, not from individual institutions.***

***There is a need to bring a sense of urgency and discipline to this effort. This will not be easy given the approach of the last 40 years. Ontario still has time to make choices to sustain the quality of the overall system.***

***Once policies have been spelled out and agreed to, the instruments of choice for implementation are the funding formulas. These formulas are a means to an end. The current funding models reflect policy goals of the past.***

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## Section I. Introduction

The Strategic Mandate Agreement (SMA) exercise was intended to address at least three desired outcomes:

1. To promote the government's stated goal<sup>1</sup> of increasing the differentiation of the Ontario postsecondary system by asking each Ontario postsecondary institution to articulate an institutional mandate statement identifying its distinctive strengths or aspirations and to identify key objectives aligned with that aspiration.
2. To advance and inform the discussion about how the Ontario system could increase its productivity to deliver a quality education to more students within the financial constraints expected in the public sector.<sup>2</sup>
3. To elicit the best thinking from institutions about innovations and reforms that would support higher quality learning and, in its most ambitious form, transform Ontario's public postsecondary system.

To assist with the evaluation of the SMAs, the Ministry of Training, Colleges and Universities (MTCU) "...instructed the Higher Education Quality Council of Ontario (HEQCO) to establish a peer review panel to evaluate...mandate submissions ... for their ability to achieve significant improvements in productivity, quality and affordability through both innovation and differentiation." The members of the Expert Panel are listed in Appendix 1.

In its initial meeting, the Panel discussed what it could reasonably achieve given the objectives of the SMA exercise, the process by which the exercise unfolded, the time constraints and the nature of the submissions received.

It is clear to the Panel that the SMA process, including its focus and areas of emphasis, evolved over time. These considerations, coupled with the constraints of the exercise, shaped what institutions could submit. Additionally, the public consultation and other discussions underway at the time the SMAs were being prepared no doubt influenced submissions. Some institutions perceived that this was an exercise in securing incremental resources, and the content of their SMAs was shaped by what they thought would optimize their success in such a competition. The Panel was mindful of these considerations as it reviewed the SMAs.

With that said, the Panel believes that the collection of statements made in the SMAs reveal how institutions see their futures and what is top-of-mind for them. As such, the Panel believes that the SMAs allow one to extract some important statements and conclusions for government to consider on the specific issues, challenges and policy considerations that motivated MTCU to initiate this process. In

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<sup>1</sup> *Putting Students First*. Speech by MTCU Minister Milloy to the Canadian Club. May 30, 2011.

<sup>2</sup> June 27 letter from Minister Murray to Presidents and Executive Heads. See also *The Productivity of the Ontario Postsecondary System*, HEQCO, December 2012.

addition, the SMAs provide a rich collection of ideas, innovations, plans and projects that could be advanced within the institution identifying it or generalized to other institutions.

The Panel does not feel it can fulfill one of the government's stated intentions; specifically to use the SMAs to identify "lead institutions." There was not sufficient diversity among mandate statements, particularly when examined within each of the college and university sectors, to allow for identification of some institutions as leads. Where an individual SMA was seen as potentially differentiating that institution, the exercise did not permit the level of detailed scrutiny required for the Panel to be confident and/or comfortable with making a funding recommendation. In addition, the SMAs provide few examples of ideas that might transform the system.

Rather, the Panel believes that its greatest value added is to extract recurring and dominant themes from the SMAs and to provide commentary and advice to government based on these themes to advance the government's thinking, directions and actions. The Report that follows represents the Panel's views given the multiple objectives and the constraints inherent in this exercise.

Section II provides the Panel's key observations.

Section III provides the Panel's commentary on dominant themes that emerge from the SMAs.

Section IV presents the Panel's responses to six specific questions posed by MTCU.

Section V summarizes the Panel's recommendations.

## Section II. Key observations from the Panel

1. We understand the Strategic Mandate Agreement (SMA) process as one of a set of efforts by government to meet the challenge of sustaining the quality of its public higher education system in the face of increasing enrolments and diminishing resources. This exercise is also about adapting Ontario's postsecondary institutions and higher education system to meet the needs of current learners and to seize opportunities offered by an increasingly digital, interconnected and competitive environment. These challenges and opportunities require changes in the ways that the Ontario public postsecondary system is structured, managed and funded. Ontario is overdue for such changes. In the absence of changes, the quality of the Ontario student experience and its institutions will continue to diminish and lose competitiveness.
2. The Ontario system would benefit considerably from some high-level system planning that yields a more integrated and collaborative public postsecondary system. The strategy of promoting greater institutional differentiation, a strategy the Panel endorses, is compatible with a more coherent and integrated Ontario postsecondary system.
3. System-level planning will require the government to be more active and assertive. Bottom-up processes like that used with this SMA exercise will not produce the system changes we believe are necessary. The government will need to demonstrate discipline, consistency and commitment to direct changes over the several years it will take to implement them.
4. Funding is the major lever available to government to motivate and steer change. Government should adopt the following approaches to modify the current funding formulas:
  - a. The evidence suggests that strategic funding targeted to specific desired *outcomes* is a forceful and dramatic incentive that steers the system and influences the behaviour of institutions. Some proportion of institutional funding should be tied to specific outcomes that are aligned with government objectives.
  - b. Institutional competitions for targeted funding are an effective mechanism for optimizing the use of funds. In any such funding competition, the Panel advises that:
    - i. External validation is required of any institutional claims of primacy, quality, distinctiveness or excellence. Self-proclamations of these attributes are entirely inadequate to drive decision-making.
    - ii. For an institution to be eligible for any targeted funding, it must already have demonstrated an *a priori* tangible commitment to that outcome or project. This ensures that institutional submissions are motivated by strategic strengths and commitment rather than opportunity.

*In the absence of change, the quality of the Ontario student experience and its institutions will continue to diminish and lose competitiveness.*

- iii. To be eligible for targeted funding, an institution should be asked to demonstrate, where appropriate, and aside from other relevant criteria, evidence that the funding would increase collaboration among institutions and integration of the system.
5. Although the government drives change and is instrumental in setting desired outcomes, it should consider devolving and depoliticizing outcomes-based funding decisions to an external group of experts that represents societal interests and is charged to implement government direction.
6. The Panel was asked to recommend possible allocations from a \$30 million Transformation Fund. The Panel recommends that support of online learning is the best first use of these funds because:
- a. In their SMAs, many institutions identify greater use of technology-assisted learning as a key objective.
  - b. Given the profile and importance accorded to technology-assisted learning, it is inevitable that government will make some allocation to promote greater online or blended learning.
  - c. Greater use of technology-assisted learning is important to students.
  - d. Strategic expansion of online learning has the potential to advance other desired system goals such as enhanced student mobility, increased collaboration and cost reduction.
  - e. The current plans for online learning are fragmented and would profit tremendously from some system planning and integration. As such, an allocation for online learning represents an obvious pilot for a greater government role in system planning and integration.

If government targets funding to enhance online or technology-assisted learning, it is critical that the funding be allocated according to the fourth observation noted above.

*The funding formulas are the major levers available to government to motivate and steer change. The current funding formulas should be amended to target some proportion of an institution's funding to the achievement of specific outcomes.*



## Section III. Dominant themes that emerge from a review of the SMAs

### *i) Growth*

The vast majority of institutions indicated that student growth was in their future, be that in the form of more diploma, undergraduate, graduate, or international students; expansion to satellite campuses; or additional enrolment as a result of an expanded mandate (especially more degree granting for colleges). This is not surprising since growth remains the dominant determinant of incremental public funding. As long as growth is the sole or predominant determinant of additional funding, we can expect to see all institutions seeking to grow even when there is not the demand or capacity to accommodate more students or when the most logical future of the institution is not to increase enrolment.

Providing sufficient spaces for qualified students should remain a public policy imperative. However, we note that the collective desire for more students as reflected in the SMAs likely exceeds anticipated demand and that the pressing need for additional spots is largely, but not exclusively, in the GTA.

Most importantly, in many cases, we question the capacity of institutions to maintain quality with the growth projections institutions propose given the levels of anticipated future funding. In our view, growth that results in poorer quality should not be financially rewarded and, conversely, a no-growth plan should be funded as long as it results in greater quality. This requires an integration of targeted growth planning with differentiated institutional mandates, objectives for higher quality and revisions to the funding formula. It is exactly this kind of coherent system-level planning that we believe is critical to advance Ontario's postsecondary system.

*Ontario requires an integration of targeted growth planning with differentiated institutional mandates, objectives for higher quality and revisions to the funding formulas.*

Concerning the growth of graduate studies, the Panel is most taken with plans proposed in some of the SMAs that accelerate time-to-completion.

Finally, we note that to achieve the objective of increasing international student enrolment (a goal the Panel endorses, particularly at the graduate level), financial incentives to achieve this goal should be created and financial disincentives that inhibit achievement of the goal should be eliminated.

### *ii) Collaboration*

The SMAs revealed many inter-institutional collaborative agreements and intentions. Many SMAs assert the existence of robust inter-institutional collaborations. Nevertheless, we note that the amount of inter-institutional transfer in Ontario remains low and is heavily concentrated in the GTA.

The Panel understands the importance of an efficient and seamless transfer credit system. It also acknowledges the efforts and funding introduced by the government in recent years to enhance credit

recognition and student transfer. Consistent with our major messages, though, the Panel believes that it should be possible to increase institutional collaboration and the ease of credit transfer further through a combination of system design change, differentiated institutional mandates and funding incentives. Greater differentiation is consistent with greater integration of the system and collaboration among institutions, which in turn offers a means to reduce costs and duplication of time and effort for transfer students. Credit transfer objectives are further facilitated by following the general guidelines offered before: a more active system-level engagement by government, strategic funding incentives and the articulation of clear and measurable outcomes.

The Panel provides two additional considerations about inter-institutional collaboration and transfer credit. First, college-to-university transfer may decrease if greater degree-granting opportunities are extended to colleges. However, overall transfers from diplomas to degrees may increase. Second, it is unclear how the proliferation of online learning will influence student transfer, although it is possible that some initiatives that the government might promote to enhance online learning could have considerable influence.

### ***iii) Quality of learning and improving the undergraduate experience***

The SMAs provide an impressive collection of plans and ideas that focus on improving the undergraduate student experience. Of all the ideas forwarded, the ubiquitous focus on experiential learning among universities (experiential learning has always been a central element of college programs) and the emphasis on entrepreneurship are noteworthy. Ideas about undergraduate education represented some of the most innovative thinking in the SMAs.

The Panel's view is that the emphasis on undergraduate learning in Ontario universities represents a significant and welcome shift in institutional priorities. Universities and colleges should be committed to

*A deeper and system-wide commitment to measurement of learning outcomes, even beyond what is happening now, is an opportunity for the Ontario system to achieve world-wide leadership.*

the goal of improving undergraduate instruction and the student experience, and the SMAs suggest that they are.

It is often unclear which particular instructional approaches, such as co-operative education or entrepreneurship training, will be effective. Therefore, we strongly endorse the idea, expressed in a small number of the SMAs, that institutions be committed to

evaluating rigorously the effectiveness of the various pedagogical experiments they propose and of sharing results with other institutions. This inevitably will involve a greater engagement of Ontario institutions in the measurement of learning outcomes. The Panel believes that a deeper and system-wide commitment to measurement of learning outcomes, even beyond what is happening now, is an opportunity for the Ontario system to achieve world-wide leadership.

### ***iv) Online and blended learning***

The SMAs reflect a growing interest in and engagement of institutions with online and/or blended learning. However, in the view of the Panel, the picture that emerges when the plans of the individual institutions are considered together is one of chaos. As noted earlier, a more systematic approach to online learning and planning is required. Institutional leaders in the system are needed and, again, we strongly recommend that the process described in Section II be used to identify these lead institutions. In addition, we believe it is critical to link online learning initiatives with the measurement of learning outcomes and that this, along with robust plans for evaluation, should be required as part of the competitive process to identify lead institutions. Also required should be the establishment of partnered and shared approaches that can be adopted across the system.

The Panel makes two final observations with respect to online and blended learning.

1. There is considerable expertise in the business sector on these matters. Any competitive process to advance online learning in Ontario should accommodate, if not invite, the involvement of this sector.
2. The development of online or blended learning materials that could be used by all institutions in the province, especially for common introductory courses, and for which institutions would guarantee credit recognition, is an especially promising opportunity with considerable spinoff benefits. Other provinces use funding schemes that acknowledge both the efforts of the institution that developed the course and the institution in which the student is registered.

#### ***v) Differentiation***

One of the prime objectives of the SMA exercise was to stimulate thinking about system differentiation by asking institutions, through an articulation of a mandate statement, what was unique or distinctive about their college or university. Overall, our view is that the SMAs demonstrate a tendency to greater homogenization of the system based on preferences within the academy for research and advanced degrees, rather than greater institutional differentiation. Specifically, almost all of the universities intend to sustain and expand research and graduate studies. Colleges provided more and sharper examples of institutional differentiation than universities. Similarly, though, some colleges wish to expand their mandates to become more involved in degree granting. The SMAs provide little evidence that institutions are driving the system to a level of differentiation that is comparable to that in other provinces or countries.

The Panel notes that it is important to position arguments about differentiation in terms of what the system hopes to achieve. Greater institutional differentiation is a tool, a policy that moves institutions away from inevitable convergence (i.e., striving to all be the same). Its benefits are to maximize the quality of the overall system by enabling each institution to make an optimal and distinctive contribution to the province's higher education system as a whole.

The Panel suggests that there are a number of other important benefits to pursuing a policy of greater differentiation.

First, differentiation, by clarifying which institutions will do what, can lead to the minimization of duplicated or small programs and moderate or prevent institutions from spending resources on projects

that will not be realized. Given the expected financial squeeze on Ontario institutions, this benefit just makes good sense.

Second, a policy of greater differentiation is beneficial to underpin a central message of the Panel; specifically, that the government and institutions must pay greater attention to quality. The current slate of SMAs reflects an uncoordinated approach keyed to growth. A policy that encourages greater differentiation could enable individual institutions to contribute more of what they do best, even if it is different from what other institutions do. Movement of the system to greater differentiation can make it more likely that the right money goes to the right institutions for doing the right things. The funding processes we identify in Section II are meant to help the system allocate funds more effectively.

Third, a move to greater differentiation is consistent with greater integration of the system and collaboration among institutions, which may well be a means to greater cost effectiveness. Furthermore, collaboration is a vehicle an institution can use to expand its mandate in a more highly differentiated system. The Panel notes that some of the more interesting proposals in the SMAs are

those that involve collaboration among postsecondary institutions in the province.

*Greater institutional differentiation is a tool, a policy that moves institutions away from striving to all be the same. Its benefits are to maximize the quality of the overall system by enabling institutions to make better and more distinctive contributions to the province's higher education system.*

The Panel recognizes that the government has signalled its desire to move to a more differentiated system and funding model. The Panel endorses this direction for the reasons identified above and it offers the following advice to government about how it could advance towards this goal.

A fundamental decision the government must make regarding differentiation is the degree to which it is prepared to expand the mandate of the college sector to more degree granting. Many, but not all, colleges indicate this as a key objective, including, in some cases, expanding degree offering beyond the baccalaureate to the graduate level. Colleges Ontario has provided a model for greater

involvement in degree granting in some colleges in its response to the provincial consultation paper. On this, the Panel offers no recommendation. However, the Panel appreciates that a decision about degree granting in colleges will influence the type of differentiation that will take place. This decision is linked to the discussion that follows about how the government might think about increasing the differentiation of the Ontario system.

There must be a decision about the dimensions along which institutions in the system would be differentiated. Many institutions suggest in their SMAs that their location is the basis for a differentiated mandate. The Panel cautions that an institution's location by itself is an insufficient rationale for distinctiveness. If other classification schemes are a guide, the type of credentials offered, the number of credentials of a particular type offered and the degree of engagement in research are relevant attributes of institutional differentiation.

The Panel notes that other jurisdictions have differentiated the institutions within their system and it is instructive to consider these in the Ontario context.

Alberta differentiates its postsecondary institutions into six categories.<sup>3</sup> British Columbia differentiates its universities into two bins: research intensive and primarily undergraduate teaching.<sup>4,5</sup> The Carnegie Foundation for the Advancement of Teaching Basic Classification, one of the most mature differentiation systems in North America, classifies colleges and universities into six categories.<sup>6,7</sup> These classification schemes group institutions with like-minded mandates together and, in the case of Alberta and British Columbia, assign specific rights, responsibilities, opportunities and constraints to the institutions in each category.

Ontario has essentially two classification categories – colleges and universities – and maintains a different set of policies and practices – related to program approval, funding, etc. – for these two categories. This classification scheme does not capture the reality of the current Ontario system. There are real differences in how universities balance their roles in undergraduate teaching, research and advanced degrees. Likewise, there has been differentiation among the colleges in the extent to which they offer baccalaureate degrees and conduct applied research. The government should consider using a differentiation framework that allows for a more realistic sorting of institutions into categories than that permitted by the simple college-university classification scheme that exists now (see Appendix 2).

A postsecondary institution classification scheme in Ontario analogous to that found in other jurisdictions will no doubt elicit a robust discussion. However, it might lead to a more coherent and meaningful framework for pursuing greater differentiation than the college-versus-university separation that now exists.

#### ***vi) The funding formulas***

Comments on the postsecondary funding formulas are technically beyond the Panel's remit. However, the SMA exercise was conducted to enable better thinking about change. And, funding formulas are so central to changing a postsecondary system that the Panel feels it would be remiss not to offer some commentary on them. A differentiated funding mechanism would be instrumental to any move to increase the differentiation of the Ontario system.

Postsecondary institutions pursue incremental revenue. How the government allocates public funds to postsecondary institutions shapes their behaviour and planning. The current funding formulas reward

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<sup>3</sup> Alberta Ministry of Enterprise and Advanced Education. (2007). *Roles and Mandates Policy Framework for Alberta's Publicly Funded Advanced Education System*. <http://eae.alberta.ca/post-secondary/policy/roles.aspx>

<sup>4</sup> Degree Authorization Act. (2002). Retrieved from BC Laws website:

[http://www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/00\\_02024\\_01](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_02024_01)

<sup>5</sup> Ministry of Advanced Education. (2006). Degree Program Review: Criteria and Guidelines. Victoria, British Columbia: Minister of Advanced Education. <http://www.aved.gov.bc.ca/degree-authorization/documents/degree-program-criteria.pdf>

<sup>6</sup> Carnegie Foundation for the Advancement of Teaching. *Methodology: Basic Classification*. Retrieved on January 15, 2013, from The Carnegie Foundation for the Advancement of Teaching.

<http://classifications.carnegiefoundation.org/methodology/basic.php>

<sup>7</sup> Carnegie Foundation for the Advancement of Teaching. *The Carnegie Classification of Institutions of Higher Education*. Retrieved on January 15, 2013, from The Carnegie Foundation for the Advancement of Teaching.

<http://classifications.carnegiefoundation.org/>

growth, so all institutions have plans for growth. The current funding formula also encourages the homogenization of institutions in the system.

The funding formulas are the most powerful instruments available to government to steer changes in the system and in the behaviour of institutions. The good news is that if the government wants the behaviour of institutions and the system to change, there is every reason to believe that the strategic and disciplined use of the funding formulas to drive these changes will be effective. The extraordinary growth of Ontario's postsecondary system over the last ten years attests to the powerful force and dramatic results that targeted funding can exert. Since it is obvious that the government seeks change in its postsecondary system and institutions, the funding formulas will have to change as well.

The view of the Panel is that the government, with appropriate consultation, must decide which goals and outcomes it desires and then target funding to achieve those objectives. This strategy poses an immediate question. If, as the government and the Panel suggest, these objectives must be about more than growth, how are institutions to receive incremental funding to support their escalating costs if it is no longer deemed desirable for some of them to grow?

Over the last ten years, Ontario institutions have covered their annual inflationary increases (e.g., increased costs of materials and supplies, increased utility costs and, especially, increased compensation costs) through increased tuition and the funding available for growth. The Panel considered the advisability of including an explicit annual inflation escalator into the funding formula. The liability of such a manoeuvre is that a blanket inflation adjustment by itself might reinforce the tendency of institutions to act as they saw fit, rather than

integrating their contribution into an overall system plan. This deflects from greater system-level planning, a direction that the Panel strongly advocates. In any event, given Ontario's financial capacity, any meaningful inflation factor would certainly consume all incremental funding that is likely to be available to the postsecondary system. On the positive side, though, the Panel recognizes that an explicit inflation adjustment provides a mechanism to support those institutions that are viewed as already performing in the right ways and at the right levels and, particularly, where further growth is not desired. For these institutions, funding a certain level of inflation may actually be cheaper than funding unnecessary growth motivated not by the demand but by their need to cover inflationary costs.

The Panel recommends amending the funding formulas to target a greater proportion of them to the achievement of specific outcomes – be that growth, quality improvement, creation of specific programs, graduate expansion, etc. These targeted funding pools could be created by any incremental funding above current transfer levels or by reallocating some percentage of current transfers. The method of

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allocating these funds is critical and the general approaches for doing so are identified in Section II. To reiterate:

- Institutions compete for funds; there is no across-the-board entitlement for each institution to receive a proportionate share. Rather, funds go to the most promising proposals.
- Institutions are selected based on the external validation of plans by a group advisory to government.
- Successful institutions have demonstrated an *a priori* commitment and, when appropriate, funding serves to increase inter-institutional collaboration or system integration.
- Outcomes are measureable and reportable.

In any revision of the funding formulas, the government must consider whether it wishes to create a funding mechanism that theoretically could provide no incremental funding for some institutions in a given year. This would be difficult for institutions to accept. There are two ways to handle this. One is to introduce an explicit inflation factor into the funding formula (see above). Alternatively, a suite of targeted funding pools could be created that are sufficiently diverse that every institution could see a possibility of receiving some incremental funds from at least one of them. These latter kinds of funding arrangements are already used in some public postsecondary systems in North America.

## Section IV. The Panel’s response to the specific questions posed by government

As part of its review of the SMAs, MTCU asked the Panel to comment on some specific questions it posed. These questions and the Panel’s commentary on them are provided below.

***To what extent does the institutional submission differentiate the institution from others in the system?***

See Differentiation in Section III, above.

***To what extent do the institutional mandate statement and institutional priorities address the key academic policy objectives of government such as better measurement of learning outcomes, more extensive use of effective pedagogical techniques and the development of programs that graduate students who are better prepared to deal with the societies in which they live?***

The Panel is impressed by the degree to which pedagogical issues dominate the SMAs, particularly the emphasis on experiential learning, entrepreneurship and the greater use of technology-assisted learning. We believe that this would not have been the case several years ago and reflects growing institutional attention to the quality of the learning experience, what students are learning and the ways in which a postsecondary education is aligned with the labour market. Notably, these concerns are dominant in both the college and university submissions.

Many institutional SMAs identify measuring learning outcomes as one of their three key objectives. We believe that the identification and measurement of learning outcomes is central to addressing the issue of quality and has the opportunity of resolving some vexing issues that currently face higher education including providing an evidentiary basis for transfer credit and assessing the effectiveness of pedagogical techniques.

The Panel encourages government to maintain a focus on quality. The SMAs provide many proposals from many institutions that address the government objectives of promoting teaching and learning innovations, measuring learning outcomes and curricula that would better prepare students for their futures. For the reasons provided before, the Panel provides no specific recommendations about which of these proposals are more meritorious than others. However, in Section II, it does provide a clear process for selecting them. And, once again, we stress the requirement that whatever projects be funded, they are subject to rigorous and well-designed evaluation and accountability.

***Relative to what is happening in higher education internationally, would the institution’s plans be regarded as cutting edge?***

The SMAs provide numerous examples of innovative, interesting projects. However, they provide few examples of ideas that would transform the system or that represent a significant departure from experiments, innovations and projects in other jurisdictions.



***To what extent do the institutional mandate statement and institutional priorities position the institution within its community and have the potential to contribute to the economic and social needs of its region or province?***

Many SMAs speak to institutional efforts and desire to contribute to community and regional socio-economic impact.

From the information available, however, the Panel is unable to identify which of these are most effective or represent best practice, or to validate claims by institutions of the degree of their contribution. The Panel acknowledges that the simple presence of any postsecondary institution in a region provides economic and social benefit to that area because of the resources and employment the institution brings to a region. However, to answer this question, the government needs to articulate the

*There are other policy objectives that are now equally pressing; any funding for growth must be linked to impact on quality.*

economic and social goals it wishes to achieve and define how results should be measured. The Panel notes, however, that the measurement of the economic impact of regional development proposals has proven to be difficult and contentious in general, not just for the contribution of postsecondary institutions.

***Would achievement of the institutional plans increase the productivity or financial sustainability of the institution or of the system? Has the institution defined what it means by a “productivity” gain and has it proposed a reasonable way of measuring it?***

There is limited discussion in the SMAs about productivity or, in general, how institutions plan to deal with the financial constraints and cuts that are likely. Some SMAs suggest that various institutional strategies will reduce costs or increase productivity. Given the information included in the SMAs, it is not possible for the Panel to assess these claims.

The Panel cautions also that the pursuit of greater productivity must be linked to its effects on quality, a topic addressed in greater detail in the recent HEQCO *Report on the Productivity of the Ontario Public Postsecondary System*.<sup>8</sup>

***How strong and compelling is the evidence that the institution has the capacity to fulfill its mandate and achieve its key priorities, including evidence of tangible recent actions to demonstrate commitment to that priority and identification of measures to monitor progress?***

From the information available, the Panel finds it difficult to evaluate institutional capacity to deliver on stated objectives and innovations.

<sup>8</sup> HEQCO (2012). Retrieved from <http://heqco.ca/SiteCollectionDocuments/HEQCO%20Productivity%20Report.pdf>

## Section V. Summary of recommendations from the Panel

1. Government must play a more active, assertive and purposeful role to drive system-level planning and change.
2. The funding formulas are the major levers available to government to motivate and steer change. The current funding formulas should be amended to target some proportion of an institution's funding to the achievement of specific outcomes tied to specific institutional mandates.
3. Funding decisions by government should be guided by external validation.
4. The coherent development of more online learning opportunities is a good first use of any discretionary funds available. Particularly promising is the development of online or blended learning materials, especially of common introductory courses that could be used by many institutions in the province and for which institutions would guarantee credit recognition.
5. Although accommodating growth remains a public policy objective, there are other policy objectives that are now equally pressing; any funding for growth must be linked to impact on quality.
6. Financial disincentives that impede enrolment of international students in the Ontario system should be removed. Financial incentives to increase international student enrolment, particularly at the graduate level, should be created.
7. Initiatives intended to increase the quality of teaching and learning should be evaluated, and the results of these evaluations disseminated.
8. A deeper and system-wide commitment to measurement of learning outcomes is an opportunity for the Ontario system to show world-wide leadership.
9. A policy of greater system differentiation is beneficial and is compatible with greater institutional collaboration and greater system integration. Achievement of the government's goal of increased differentiation requires clear policy direction and consistent and disciplined commitment to system re-design.

## Appendix 1. Members of the Expert Panel

Leslie Church, Global Communications & Public Affairs, Google Canada

John Davies, President Emeritus, Humber College

Richard Dicerni, Former Deputy Minister, Industry Canada

Cindy Hazell, Former VP Academic, Seneca College

Chaviva Hošek, Professor, School of Public Policy & Governance, University of Toronto

Gilles Patry, President & CEO, Canada Foundation for Innovation

Richard Rhoda, Executive Director, Tennessee Higher Education Commission

Michael Stevenson, President Emeritus, Simon Fraser University

David Trick, President, David Trick & Associates

David Turpin, President, University of Victoria

## Appendix 2. Some measures of differentiation in the Ontario postsecondary system

As noted before, the classification frameworks used by jurisdictions to group the institutions in their higher education systems tend to focus on the type and number of credentials institutions grant and their degree of involvement in research, particularly graduate education. For example, the Carnegie Basic Classification distinguishes at the broadest level between: *Doctoral Research universities* -- award at least 20 PhD's per year; *Master's universities* -- award at least 50 Master's degrees and less than 20 PhD's per year; *Baccalaureate colleges* -- award fewer than 50 Master's degrees and fewer than 20 PhD's per year; and *Special focus institutions* -- award 75% or more of their degrees in a single field. The Carnegie classification also identifies distinctions within these broad categories: *Doctoral Research Universities* are further subdivided into *Very High Research Activity*, *High Research Activity* and *Doctoral Research University*. Similarly, *Master's Universities* are subdivided into: *Large Programs*, *Medium Programs* and *Small Programs*.

The data below show the number of PhD and Master's degrees awarded by Ontario universities in 2010-11 along with two measures of research intensity – absolute value of Tri-Council funding and Tri-Council funding per faculty member that year. One could imagine developing an Ontario classification scheme by establishing thresholds on these, or other variables deemed relevant.

University	Doctorate Degrees Awarded (#)	Master's Degrees Awarded (#)	Tri-Council Funding (\$)	Full-time Faculty (#)	Tri-Council Funding per Full-time Faculty (\$)
University of Toronto	767	3,968	194,097,568	2427	79,974
Western University	256	1,616	64,985,192	1380	47,090
University of Waterloo	237	1,276	65,298,696	1023	63,830
McMaster University	221	993	80,178,168	921	87,055
University of Ottawa	180	1,377	75,549,528	1276	59,208
Queen's University	176	1,330	61,769,188	834	74,063
York University	157	1,834	33,884,392	1466	23,113
University of Guelph	157	655	39,620,892	794	49,900
Carleton University	117	985	23,785,026	851	27,949
University of Windsor	52	645	17,833,076	523	34,097
Ryerson University	24	892	11,749,950	808	14,542
Wilfrid Laurier University	24	612	6,226,048	531	11,725
Brock University	18	564	6,570,778	583	11,270
Trent University	12	87	5,403,860	237	22,801
Laurentian University	10	219	4,900,572	420	11,668
Lakehead University	8	230	5,732,162	319	17,969
Nipissing University	0	104	466,341	181	2,576
UOIT	0	74	3,895,140	-	-
OCAD University	0	16	293,662	-	-
Algoma University	0	0	-	57	-

**SOURCES:** CUDO, CIHR Search Engine, NSERC Search Engine, and SSHRC Search Engine, 2010-11

The table below presents analogous data showing the degree to which each of Ontario's colleges is involved in baccalaureate education (4-year degrees), the education of students who already hold a bachelor's degree (graduate certificates) or research (NSERC grants). Note that data shown are credentials awarded, not enrolments.

Credentials Awarded by Type							
College	4-Year Degree		1-2 Year Graduate Certificate		1-3 Year Certificate and Diploma		NSERC Grants (\$)
	(#)	(%)	(#)	(%)	(#)	(%)	
Sheridan	212	3.8%	607	10.9%	4,752	85.3%	1,150,000
Seneca	191	3.1%	652	10.6%	5,317	86.3%	626,000
Humber	195	2.9%	1,448	21.2%	5,199	76.0%	
Conestoga	75	2.2%	395	11.7%	2,917	86.1%	
George Brown	116	1.7%	1,124	16.8%	5,444	81.4%	734,000
Georgian	48	1.6%	314	10.4%	2,663	88.0%	100,000
Niagara	54	1.6%	326	9.6%	3,020	88.8%	1,425,000
St. Lawrence	28	1.3%	83	3.9%	2,001	94.7%	250,000
La Cité	17	1.1%	19	1.3%	1,465	97.6%	1,071,000
Algonquin	47	0.8%	406	7.1%	5,298	92.1%	1,335,000
Centennial	20	0.3%	998	17.4%	4,733	82.3%	650,000
Fanshawe	18	0.3%	373	6.5%	5,354	93.2%	833,000
Loyalist	3	0.2%	69	4.6%	1,444	95.3%	
Durham	0	0.0%	372	11.7%	2,814	88.3%	102,000
Mohawk	0	0.0%	332	7.7%	3,980	92.3%	650,000
Lambton	0	0.0%	52	4.9%	1,004	95.1%	198,000
Fleming	0	0.0%	121	4.5%	2,579	95.5%	653,000
Cambrian	0	0.0%	80	4.4%	1,738	95.6%	100,000
Sault	0	0.0%	30	3.5%	832	96.5%	
St. Clair	1	0.0%	64	2.1%	3,025	97.9%	
Canadore	0	0.0%	18	1.3%	1,332	98.7%	
Confederation	0	0.0%	16	1.2%	1,335	98.8%	
Northern	0	0.0%	8	1.0%	786	99.0%	
Boréal	0	0.0%	4	0.6%	683	99.4%	

**SOURCES:** MTCU and NSERC, 2010-11

The presentation of these two tables does not imply a separate categorization for universities and colleges. Rather, many systems adopt a single classification system that permits the categorization of all of the public postsecondary institutions in the system into one framework.