

Rolling Back Market Modifiers at Alberta Post-Secondary Institutions

a proposal from the Council of Alberta University Students



Executive Summary

In fall 2014, the Ministry of Innovation and Advanced Education (IAE) allowed Alberta's post-secondary institutions to submit proposals to correct "market anomalies" in tuition for specific programs of study. Despite concerns about the quality of proposals, the impact on the affordability and accessibility of education, and problematic consultations with affected students, all but one of the proposed market modifiers were approved.

The Council of Alberta University Students (CAUS) firmly believes market modifier proposals are a serious threat to affordability and accessibility, as addressed in our Differential Tuition Policy (#02-06). Considering the introduction of market modifiers in 2010 were announced as a one-time adjustment, their reintroduction in 2014 was of great concern. CAUS took measures to advocate against new market modifiers, especially in response to the lack of student consultation offered at the time on the part of the government and post-secondary institutions.

Acknowledging the controversial rubber stamping of these proposals, item 4.10 in the Alberta New Democratic Party (NDP) platform for the 2015 provincial election, committed to "rolling back" the Progressive Conservative's most recent market modifier fee hikes. In order to keep affordability and accessibility at the forefront of Albertan's priorities, **CAUS recommends a full, unfunded rollback of all approved 2014 market modifiers.**

A funded rollback would send the wrong message to institutions, students, and the public by rewarding the poor behaviour displayed by institutions that chose to submit market modifier proposals. Additionally, market modifier proposals submitted to government reveal issues with Alberta's funding model that require further consideration over the coming years, but do not need to be addressed in the short term to fulfill the NDP campaign promise to rollback market modifiers.

Background

In August 2014, the Ministry of Innovation and Advanced Education issued a call for Alberta's post-secondary institutions to submit proposals to correct "market anomalies." This call came as a surprise to students as, when so-called "market modifiers" were first introduced in 2010, it was with the assurance to students that they would be one-time only adjustments. The rationale for market modifiers in 2010 was that adjustments were needed in order to correct discrepancies between tuition currently being charged for specific programs at Campus Alberta institutions compared to the cost charged by comparator institutions across Canada for the same or similar programs. Institutional boards felt this adjustment was necessary as tuition in Alberta had been frozen in 2005/06 and then immediately indexed to inflation following the

secession of the freeze. Institutional boards felt that this had not allowed them a period of review to decide whether or not the current levels of tuition were appropriately set before restricting all further tuition increases to the Consumer Price Index.

In July 2014, through involvement in IAE's Tuition and Fees Working Group which was brought together to review the Tuition & Fees Regulation as well as the consultation guidelines, CAUS became aware of the then-minister's intent to open a process requesting market modifier proposals from Campus Alberta institutions. CAUS raised concerns at the working group level numerous times and when those concerns were not acted upon, CAUS escalated these concerns directly to the minister. CAUS set clear expectations for the process we hoped would be taken in considering whether or not to allow market modifier proposal, as well as our intent to advocate publicly on this issue should institutions be allowed to submit such proposals.

The rationale for allowing proposals was never satisfactorily explained to students. However, to the best of our understanding, certain Campus Alberta institutions that had not had market modifier proposals approved in 2010 made the case that institutions for which proposals had been approved were now out-pacing them in terms of program quality, and thus, they should be allowed to increase their tuition to "keep up" with the other similar programs in the province. A few such specific examples then opened the door for all Campus Alberta institutions to submit up to three proposals each, and in actuality, several institutions submitted more than the requested number of proposals.

CAUS values transparency, student consultation, and public discourse on matters of public policy, and therefore, after receiving no response from the minister, made the decision to share the call for market modifier proposals with the public, through the media, to encourage open debate on this important public policy matter. As all of the university administrations at CAUS member institutions put forward market modifier proposals (aside from the notable exception of MacEwan University), each CAUS member consulted with students at their own institution and ultimately vigorously and publicly opposed the specific proposals their respective university.

Institutions were expected to adhere to the following criteria and include the following elements in their proposals:

- A demonstration of a clear market anomaly of tuition fees, either current or historical (prior to the implementation of the Tuition Fees Regulation);
- Provisions for grandfathering-in students currently enrolled in the affected programs;
- Feedback from consultations with students in affected programs;
- Benefits to the institutions and students, including any enhancement to program quality, affordability, or student service supports for learners;
- Applicable program specific data analysis, such as:
 - Comparator institutions' tuition,
 - Current provincial and national tuition rankings,
 - Number of FLEs impacted,

- Application data,
- Program graduate employment trends,
- Potential earnings of graduates,
- Expected additional tuition revenue if the adjustment is approved,
- Total cost to students of proposed tuition and mandatory fees; and
- Potential Campus Alberta system-wide impacts (e.g. impacts on similar programs at other schools, transfer students, enrolment, etc.).

IAE set the expectation that proposals would be reviewed based on the criteria above and would also consider:

- Potential impacts on affordability and accessibility (e.g. student debt and default rate data);
- Implications that potential adjustments may have for the Campus Alberta system; and
- The total number of students that may be impacted by the cumulative proposals.

Proposals submitted to, and approved by, IAE omitted many of the above criteria and differentially focused on disparities in comparator institutions' tuition rates and the potential earnings of graduates. Many proposals neglected to analyze important indicators of program quality compared to other institutions and student satisfaction data. For example, several proposals asserted the importance of experiential learning but did not provide metrics to demonstrate how current or future provision of such services compared to institutions assessing higher tuition. Similarly, many proposals addressed the cost of instructors and class sizes; however, none addressed the number of faculty or other data about course offerings at comparator institutions.

Consultation with students on the proposals also lacked substance. While administrators met with student leaders on a handful of occasions and some schools held a few town halls, the feedback gathered by institutions was extremely narrow. Student feedback was limited to the question of how the funds would be spent, while the broader questions of why, what, and whether the increases were needed were ignored and brushed aside. Further, the minister at the time did not meet with students once during the process to discuss this issue, despite numerous assurances that a meeting would take place. With the rubber stamping of 25 out of 26 proposals in late December, it was clear that the decision to approve these increases was made long before 'consultation' even began.

Additionally, although some proposals attempted to address affordability and accessibility through the provision of new and expanded financial aid offerings, few offered solutions to address the full impacts of proposed increases. These increases in aid were not proportional to proposed increases in costs, and many proposals neglected to include the total cost to students, including existing mandatory non-instructional fees that in some cases already fund programs and services detailed in the proposals.

Recommendations

CAUS recommends an immediate, full rollback of these program-specific tuition increases. In recognition of Alberta's institutions' commitments given the timing of the budget cycle, as well as a recognition of cost predictability for student financial planning, the rollback of proposals should be implemented as soon as possible before the fall 2015 semester begins and tuition payments are due.

As outlined, not only does differential tuition pose a threat to the affordability and accessibility of the system, but the proposals themselves were poorly justified and lacked proper student consultation. A funded rollback would represent an endorsement of the faulty proposals as well as an endorsement of regulation loopholes. Moreover, a funded rollback would disregard and undermine the decision of those institutions that chose not to burden their students with market modifiers, such as MacEwan University.

Future Considerations

Although the rolling back of market modifiers ensures affordability for students in affected programs this year, market modifier proposals highlight areas for concern regarding how post-secondary in Alberta institutions are funded and how this funding can ensure accessible, affordable and high-quality programs of study. The following issues evident in market modifier proposals should be addressed to develop and implement an improved funding model that is sustainable and enables the provision of high quality programs:

- Market modifiers are based on a premise that discrepancies in tuition costs compared to institutions in other jurisdictions, sectors, or within Campus Alberta are a primary indicator of program quality, graduate outcomes, and competitiveness with other institutions.
- Market modifier proposals in Alberta have not demonstrated thorough consideration of different funding methods used in other jurisdictions for comparator institutions or data that measures differences in funding requirements.
- Revenue plans detailed in market modifier proposals frequently include large allocations to central administrations and the institution's general operating budget. Further, there are no mechanisms in place to ensure that institutions allocate funds as proposed. As a result, market modifiers do not ensure improved program quality.

- Tuition is collected centrally and allocated to faculties in such a way that less expensive programs (such as Arts, which is primarily composed of lecture components) subsidize programs that are more expensive to provide (such as programs that include lab components). Institutions use various government funding and student fees to provide programs and services, including enrolment ramps, market modifiers, mandatory course supplemental fees, and mandatory non-instructional fees. As a result, programs that may actually warrant a market modifier are assessed controversial mandatory course supplementary fees, and market modifier proposals include student services that are already provided centrally. This suggests that institutions take advantage of opportunities to increase revenue without careful consideration to what should be covered by each type of fee, or how they may be held accountable for the administration of such fees.
- Institutions view themselves as competitive with institutions solely on the basis of cost and rankings, without consideration for the unique needs and wants of students who choose to attend institutions in Alberta, and without considering specific metrics to assess quality.
- Aside from tuition increases, access to post-secondary and the affordability of the system has been harmed in other significant ways through a series of cuts to student financial aid over the last several years. Broadly, the student financial aid system has moved from a mix of repayable (student loans) and non-repayable aid (grants, scholarships, bursaries and debt relief) to a system where loans are the primary offering.
- Market Modifiers come from a blatant loophole that is written into the Tuition Fees Regulation, resulting in actions that create barriers for students in accessing post secondary education. Reviews of current regulations regarding tuition and fees are needed to better protect students from spikes in cost.

Though CAUS believes these market modifier proposals to be fundamentally flawed, we recognize that the current funding system has previously incentivized institutions to seek student dollars due to a lack of public investment. In regards to this issue please see the attached document, "Funding Frameworks: Understanding the methods used to finance post-secondary education in Canada." As student leaders, we hope this white paper will initiate a broader, longer-term discussion on how best to fund Alberta's post-secondary system.

Other Considerations

In the event that the government chooses to fund the rollback of market modifier proposals approved by IAE and institutions in 2014, either fully or partially, CAUS recommends that one-time funding be provided only for the following elements from

the specific proposals which will have a positive impact on the quality of education, affordability, and accessibility for students in affected programs.

- Financial aid, including scholarships and bursaries
- New faculty hires intended to reduce class size and increase the breadth of course offerings
- Teaching fellow programs (e.g. an annual teaching fellow for the Faculty of Law at the University of Calgary)
- New programs or services which are not already available to students through campus service providers. These types of programs and services could be provided on a pilot basis and should be based on successful programs and services offered at comparator institutions

Elements of market modifier proposals that should not receive funding:

- Funds directed to central administration
- Services for which students are already charged a mandatory non-instructional fee or are already provided through other campus service providers (i.e. career services advisors, student club support, travel and conference funding)
- Programs and services that do not clearly rectify a disparity in program quality compared to what is currently offered at similar institutions
- Proposals that do not provide any clear, additional benefits to students (e.g. enhancements to program quality, affordability, or student service supports) above what the institution already provides