



# **Transitioning to Strategic Mandate Agreement 3 for Ontario Universities and Colleges**

**A discussion paper to support consultations with  
stakeholders in Ontario's postsecondary system.**

**Ministry of Advanced Education and Skills Development  
March 2018**

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# 1. Introduction

Strategic Mandate Agreements (SMAs), between the Ministry of Advanced Education and Skills Development (MAESD) and each of Ontario's 45 publicly-assisted colleges and universities, outline the role of each institution in the province's postsecondary education system. They describe how each institution will build on its current strengths to achieve its vision and help drive system-wide objectives and government priorities.

Within the context of government's overarching goals of transparency and accountability, SMAs help the government plan for the future, and support its efforts to deliver what Ontario students and the provincial economy need. They help drive higher-quality education, improve student success and support institutional strengths.

The first SMAs (SMA1), which covered 2014 to 2017, outlined the strengths of each institution and how Ontario could work with colleges and universities to build on those strengths. SMA2 (2017-2020) negotiations undertaken in 2017 focused on the government's priorities for the sector including: enhanced quality and outcomes; financial sustainability; institutional strengths; and, supporting a planned approach to growth. The negotiations were linked to the renewed college and university funding models, designed to enhance the financial stability of these institutions by establishing a predictable level of funding. SMA2s once finalized will be available online in both [English](#) and [French](#).

## 1.1. Consultations and Purpose of Paper

Collaboration with the postsecondary sector has been a key feature of the progress made to date on both the SMAs and modernization of the college and university funding models. Going forward we hope to build on these successes through continued consultation and collaboration.

SMA2 was a transitional phase to commence the collaborative and joint development of performance metrics and targets that will be tied to outcomes-based funding for SMA3 (2020-23).

A key commitment from the SMA2 process was to reaffirm that metrics and targets included in SMA2 are a beginning point for further discussion with the sector. Colleges and universities will have the opportunity to reset and realign metrics prior to SMA3. The ministry will also engage other stakeholders as part of discussions on a broad metrics strategy.

As part of delivering on this commitment, the purpose of this discussion paper is to provide an update on the progress made during SMA2 and to invite input from stakeholders and partners in the postsecondary system on further refinement of the metrics, targets and the funding mechanism in place for SMA3 (2020-23).

## 1.2. Postsecondary Education in Ontario

### Ontario's Goals for Postsecondary Education

Investing in people's talent and skills, and expanding access to high-quality college and university education, are key priorities for Ontario.

Ontario's goals for postsecondary education are that its publicly-assisted colleges and universities achieve and support accessibility, high-quality and student-centred learning experiences, social and economic development, financial sustainability and accountability. Ontario colleges and universities will drive creativity, innovation, knowledge, skills development and community engagement through teaching and learning, research and service.

Access to affordable, high-quality postsecondary education is key to developing a highly skilled and inclusive Ontario workforce. Colleges and universities play a key role in the province's economic prosperity and global competitiveness, while educating the next generation of thinkers, leaders, and citizens.

### Differentiation: Focus on Institutional Strengths

As part of its stewardship function, the Ontario government established that differentiation should be a key policy driver for the sector. Initial key elements included:

- Supporting student success and access to high-quality postsecondary education;
- Improving the global competitiveness of Ontario's colleges and universities;
- Ensuring that institutions' mandates align with government priorities;
- Shifting the focus of institutions away from enrolment growth;
- Focusing on the well-established strengths of Ontario's postsecondary system;
- Reducing unnecessary duplication; and,
- Maintaining an efficient and financially sustainable postsecondary system.

Going forward as part of this policy framework MAESD will focus on and make funding decisions aligned with institutional strengths and a planned approach to growth.

### Workforce Needs & Experiential Learning

The Premier's Highly Skilled Workforce Expert Panel was established in December 2015. Its mandate was to develop an integrated strategy to help the province's current and future workforce adapt to the demands of a technology-driven knowledge economy — with a goal of doing so by bridging the worlds of skills development, education and training. In June 2016, the Expert Panel released its final report, [\*Building the Workforce of Tomorrow: A Shared Responsibility\*](#). The report calls on postsecondary institutions to

better recognize student skills and outcomes, close gaps in skills and competencies where they exist and provide experiential learning opportunities for all students.

In 2017, following engagement with representatives from colleges, universities, student groups and employer associations, the ministry released the policy document [MAESD's Guiding Principles for Experiential Learning](#), which will provide guidance to partners as they undertake initiatives to expand EL programs and activities.

### **Transformation of Ontario Student Assistance Program (OSAP)**

Building a highly skilled and educated workforce starts with access. Ontario has transformed the Ontario Student Assistance Program (OSAP) to reduce financial barriers to accessing postsecondary education.

The new OSAP is providing more generous financial support than ever before, including free average tuition for many low-and-middle income Ontario students and reducing the cost for many more; ensuring that more Ontarians are able to pursue a postsecondary education.

The purpose of the new OSAP is to increase access and bring more low-income students into postsecondary studies. As such, it is vitally important that enrolment continues to be planned and managed in partnership with the sector through the SMA process. This will help ensure that that new students entering colleges and universities continue to benefit from a high-quality Ontario postsecondary education experience.

### **Expansion of Science, Technology, Engineering and Mathematics (STEM)**

In October 2017, the government announced its support for students in the science, technology, engineering and mathematics (STEM) disciplines, including artificial intelligence (AI), to continue building a highly skilled workforce and support job creation and economic growth.

The government plans to increase the number of postsecondary students graduating in the STEM disciplines by 25 per cent over the next five years. This initiative will boost the number of STEM graduates from 40,000 to 50,000 per year and position Ontario as the number one producer of postsecondary STEM graduates per capita in North America.

Ontario will also partner with the Vector Institute to accelerate growth in the number of professional applied masters' graduates in artificial intelligence. The goal is to graduate 1,000 applied masters students in AI-related fields per year, within five years.

The SMA process will continue to be a key tool in supporting planned and managed growth, including helping ensure that expansion of STEM supports institutional strengths and a sustainable approach to growth in the system.

## 2. Progress to Date

### 2.1. SMA1

SMA1 provided an opportunity to work with the postsecondary education sector to identify institutions' strengths, begin to develop metrics and reporting processes and to operationalize the differentiation policy framework. It marked the first time the ministry discussed current strengths and future aspirations with each college and university in the context of the government's priorities and activities across the rest of the sector.

SMA1 proposed some system-wide metrics, and invited institutions to propose institution specific metrics in the agreements. Targets were not included, and institution specific metrics were optional.

As part of SMA1, MAESD committed to align policies and processes to help institutions build on their strengths. It also committed to launch a consultation on university funding formula modernization, to align postsecondary funding processes with the institutional strengths described in the SMAs.

### 2.2. Funding Model Modernization

In March 2015, Ontario appointed former Deputy Minister Sue Herbert to consult with the university sector on options to reform the university funding model. After extensive consultation with sector experts, university leaders, student organizations, faculty and employers, Dr. Herbert submitted her report, [Focus on Outcomes, Centre on Students](#) in December 2015.

The report recommended shifting the funding model focus from enrolment toward improving outcomes, with an emphasis on improving the overall student experience.

In 2016, Ontario appointed Glenn Craney and Eugene Harrigan to lead consultations on reforming the college funding formula. The consultations included college leaders, student organizations, faculty and support staff, and other key stakeholders. A summary of what was heard during the consultations was released in July 2016.

Both the university and college consultations promoted the following principles:

- Enhancing quality and improving the overall student experience;
- Supporting the existing differentiation process;
- Increasing transparency and accountability; and,
- Addressing financial sustainability.

As a result of the consultations, changes have been made to how postsecondary funding is being delivered. The goal is to reframe postsecondary education funding to reduce reliance on enrolment growth, strengthen the outcomes focus, recognize demographic changes and align with government priorities. The new models move toward a framework focused on institutional strengths and outcomes. Key components of the model include:

- An Enrolment-Based Envelope, which includes a new Core Operating Grant and Health-Related Funding. The new Core Operating Grant will be allocated based on enrolment through a new corridor mechanism providing greater stability and funding predictability within a margin of enrolment variability.
- Differentiation Envelope funding allocated based on performance measured against metrics and specific targets in government and institutional priority areas as well as funding to address specific institutional circumstances (starting in SMA3).
- Special Purpose Grants to address government and system priorities such as special funding initiatives to improve access for Indigenous learners and students with disabilities.

The new models provide support for institutions experiencing enrolment uncertainty and better leverages funding to support the goals of differentiation and other government priorities around student success and quality, social and economic development, sustainability and accountability. It increases the proportion of funding in the system to encourage measurable progress toward these goals, while lowering the proportion directly tied to enrolment. The new system will be operationalized through SMA2, with elements in place for 2017.

### 2.3. SMA2

In 2017, SMAs covering 2017 to 2020 were negotiated with each college and university. SMA2 identified five priority areas:

- Enhancing the **Student Experience** to improve student success and outcomes
- **Innovation in Teaching and Learning Excellence**, including enhanced experiential, entrepreneurial, personalized and digital learning that contribute to a highly skilled workforce
- Improving **Access and Equity** for qualified students
- Enhancing Applied Research/**Research Excellence and Impact** to further raise Ontario's profile as a globally recognized research and innovation hub
- **Innovation, Economic Development and Community Engagement**, including the role institutions play in contributing to communities, economic development and building partnerships with business, industry and other stakeholders

SMA2 continued the work between the ministry and institutions to collaboratively identify institutional mandates and strengths to support a differentiated system. It included institutions' medium-term strategies and plans for program development and enrolment,

both domestic and international. SMA2 also creates a foundation for metrics and targets and begins the transition of colleges and universities to a performance- and outcomes-based funding model.

## **2.4. SMA2 Data and Metrics**

The SMA2 process included significant progress on system-wide and institutional metrics and targets. Data definitions have been improved upon and issues related to data sources have been identified for future discussion.

SMA2 also created a foundation for discussion on how to improve processes around collecting and comparing data and for moving toward a system that better aligns funding with student outcomes and the performance areas and goals articulated in the agreements.

## **2.5. SMA2 Engagement with Postsecondary Sector**

The SMA process has built a strong foundation for trust and continued dialogue between the ministry and postsecondary institutions. Through SMA2, colleges and universities have told their unique stories in their own words. They have articulated their institutional strengths and contributions to the province and to their regions.

Throughout the SMA2 process, institutions were encouraged to engage in a meaningful way with their local communities - students, faculty, staff, and the leadership of affiliated institutions. This will continue to be an expectation as we move towards SMA3.

MAESD has benefited from hearing the individual perspectives of institutions, their strategies, aspirations and the challenges that exist in the postsecondary education system. SMA2 engagement has:

- Highlighted opportunities to improve processes within MAESD and has allowed the ministry to resolve issues outside of the SMA process;
- Revealed opportunities to transform broader policy thinking to better meet changing needs;
- Led to the creation of ministry tables and processes for addressing common concerns; and
- Increased focus on on-campus dialogue with stakeholders about SMAs.

Continued engagement and consultation with the sector will be a key part of the next phase of the SMA development.



## **3. Transitioning to SMA3**

### **3.1. Outcomes-based Funding**

The ministry is committed to fully implementing all aspects of the new funding models, including funding future growth only through negotiated changes to an institution's funded enrolment corridor and tying a portion of funding to performance against specific targets, measured through a new system of metrics. The purpose of this performance-based funding is to improve outcomes and to support continued differentiation within the PSE sector.

Throughout the SMA2 period (2017-2020) funding will not be allocated directly to the achievement of specific targets. This will enable institutions and the ministry to work collaboratively on establishing areas of focus for target setting and measuring progress to support the transition to outcomes-based funding against metrics and targets starting in SMA3.

Shifting the focus towards outcomes will help ensure that Ontario's colleges and universities continue to prepare students for success in the knowledge-driven economy.

### **3.2. General Approach to SMA3 Engagement**

MAESD is committed to on-going openness and transparency. The ministry intends to engage a wide range of stakeholders throughout this process including college and university administration, student associations, faculty groups and employer groups. It is an expectation of the ministry that throughout the transition to SMA3 that each institution will continue to engage with the students, faculty, staff, and affiliated institutions that make up their campus community.

### **3.3. Key Objectives**

Through the transition to SMA3 period the focus of the SMA consultation process will be to seek input on:

- Metric improvement
- Development of a funding mechanism for SMA performance targets as part of the Differentiation Envelope design

System-wide and institutional metrics should support the objectives of the province and the postsecondary education system. They must be meaningful and useful to institutions and other stakeholders, including students, employers and the general public.

Additional work is required to ensure data is collectable, comparable and transparent and that it supports the desired outcomes. Additional work is also required to build processes to evaluate the metrics, set targets and determine how they can be best integrated as part of an overall funding context.

### **3.4. Discussion Questions**

The ministry is inviting written responses to the following discussion questions:

1. What key principles should be applied to the further refinement of system-wide metrics and the development of a metrics mechanism?
2. How could system-wide metrics be improved to better achieve the five priorities identified in SMA2? Should the ministry consider limiting the number of metrics to be linked to funding for added simplicity, and if so, how could this be achieved?
3. Should a set of guidelines/criteria be provided to support selection of institutional metrics? If so, are there guidelines you would suggest?
4. Are there approaches that should be considered in setting and/or assessing metric targets (e.g. scale-based assessments implemented in British Columbia)?
5. Are there jurisdictions or sectors that demonstrate best practice in accountability frameworks and/or outcomes-based funding mechanisms? Are there particular models you would recommend be considered for SMA3?
6. In your view, how could the ministry achieve greater transparency and openness around metrics and outcomes? Are there particular tools you would recommend be considered for SMA3?
7. In your view, how should the performance funding mechanism work? What should happen if an institution fails to meet a particular target or group of targets? How should success be recognized?
8. Are there additional comments you would like to provide on the topics of metric improvement and mechanisms that are not covered by the questions above?

### **3.5. Submitting Written Responses**

MAESD welcomes responses to discussion questions by April 30, 2018. Written submissions can be sent to [strategicmandateagreements@ontario.ca](mailto:strategicmandateagreements@ontario.ca) or submitted by mail to:

Strategic Mandate Agreement Team  
Mowat Block 23rd Flr.  
900 Bay St,  
Toronto, ON M7A 1L2

A summary of the written responses will be made publicly available after the engagement period.

Please note that the [Freedom of Information and Protection of Privacy Act](#) (FIPPA) applies to information in the custody or under the control of the ministry. Submissions should identify whether any information is submitted in confidence within the meaning of sections 17 (Third Party Information) or 21 (Personal Privacy) of FIPPA.