



# McGill

# Question

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**TO:** Senate

**FROM:** Joey Shea, SSMU; Jonathan Mooney, PGSS

**SUBJECT:** Question Regarding Deregulated Tuition Fees

**MEETING DATE:** November 20<sup>th</sup>, 2013

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***What actions is McGill taking to ensure diversity within the student body in deregulated programs? What demographic data does McGill possess to indicate whether deregulation has eroded socio-economic diversity in these populations?***

- I would like to thank the Senators for their questions.
- Diversity and accessibility for qualified students to a McGill education, regardless of socioeconomic status, are indeed University priorities.
- This is articulated in our Strategic Academic Plan, **ASAP 2012**, which the students note in their preamble, with the objectives of providing:
  - *"... appropriate levels of student aid to improve access to underrepresented population groups"*
  - *"... substantial financial support for those from lower socioeconomic statuses or from underserved and underrepresented groups ..."*
- A concrete manifestation that responds to these commitments is the decision to allocate 30% of net new tuition revenues directly to McGill's own internal student aid program thus creating a pool of locally-administered student assistance.
- This resulted in a considerable increase in the available envelope of need-based and merit-based student assistance.
- The FY13 central allocation of \$5.7M to student assistance represented an increase of 21% over the previous year.
- The FY14 central allocation is \$7.1M, representing another 25% increase over FY13. This despite severe the severe cuts imposed by Quebec on our operating funds.

- At the time of admission, all students, regardless of geographic origin, are invited to apply for Entrance Financial Aid.
- Our need assessment parameters consider each student's tuition costs in their program of study, so international students in de-regulated programs who demonstrate financial need receive the highest offers of aid.
- Starting in Fall 2013, to further address potential financial needs among this group of students, optional loans (in addition to those that were already available), interest-free during full-time study, are offered at entrance. This is in addition to non-repayable bursaries.
- This special assistance is being directed to international students for whom government aid programs are not available, thus predominantly non-USA.
- With this enhanced need-based program in place, more newly admitted international students in deregulated programs applied for, and received, aid offers at entrance.
- Because students from international jurisdictions aside from the USA often do not have government aid programs at their disposal, the University plans to enhance the McGill aid packages available to these students even further, financial circumstances permitting.
- We now have a program-duration guarantee on the tuition levels for all international students. So, typically support for students in subsequent years of their degree is at levels equal to their entrance financial aid.
- Also, any student may apply for aid while 'in-course' any time throughout their degree.
- Discussions leading up to the preparation of the budget for FY2015 obviously include deliberations on student aid.

***2) How does McGill's commitment to not pursue US levels of tuition due to the effect on accessibility square with its decision to raise tuition for some international students from \$12000 to \$30651K?***

- Let me remind Senate of the meaning of "de-regulation".
- Quebec students pay the lowest tuition in Canada. 75% of those fees remain with the University and 25% goes into a provincial fund student fund to which Quebec students can apply. The government then provides a cost-factor weighted grant depending on the courses students take.

- Canadian students pay a higher tuition fee, set at the average fees charged in Canada (Quebec excluded), but it claws back the tuition that is superior to the Quebec rate and then treats the students as if they were Quebecers.
- International students pay yet higher fees, with a baseline and ceiling set by the Provincial Government, and here again the fees paid, minus the amount paid by Quebec students is subject to a claw-back and again they are then treated as if they were Quebec students, unless their program has been de-regulated.
- The de-regulated programs at McGill are: science, engineering, law, and management. In these cases, the University keeps the full tuition, but does not get any grant from the government for the students. Like everything related to the funding formula it is not that straightforward, but it is close enough.
- Now to the specific question on international tuition rates in deregulated disciplines, and their effect on accessibility, I would again point to the aligned increase in student assistance offerings.
- We know from the annual diversity survey that the proportion of undergraduate students with some degree of indebtedness is lower than the Canadian average, and that the actual level of indebtedness is less than the Canadian average.
- Also noted earlier, starting in FY2013, McGill implemented a plan to limit the potential disruption that a mid-program tuition increase can cause by offering international fee-paying students in deregulated programs “guaranteed tuition”, i.e., the tuition rate paid in the first year remains for the normal duration of their degree, provided the student continues in the same degree program.
- This enabled them and their families to plan financially for the duration of their program.
- Because the guaranteed tuition was higher than the tuition for new students the year prior, a one-time \$3,000 entrance award was offered to reduce the net impact of the change to guaranteed tuition.
- Starting in FY2014, to further address financial concerns of this group, optional loans that are interest free during full-time study are offered at entrance, in addition to non-repayable bursaries to overseas international students who are not eligible for government aid programs.

**3) How does McGill justify charging international students two or more times what it takes in from both tuition and provincial grants for domestic students given that all these students receive the same education?**

- McGill is a publicly under-funded university. In order to offer the quality education for which we are known, we have to have streams of revenue in addition to tuition and provincial grants, including but not limited to philanthropy and federal programs.
- McGill charges tuition in deregulated programs that is on par with tuition for those programs at other U15 Universities.
- For the four programs in question, here are some illustrative data:
  - Engineering \$30,654, Toronto \$35,982
  - Law \$30,654, Toronto \$38,604
  - Science, \$30,654, Toronto \$32,075
  - Management \$35,250, Toronto \$34,510.
- In short, the international tuition that is charged for McGill deregulated programs is in line with our closest Canadian peer.
- In the regulated programs, I remind Senators that the rate is set by Quebec, there is a claw-back which is subtracted from our operating grant, and we are unique in providing internal student aid for international students who have demonstrated financial need.
- Tuition rates in Quebec, as I pointed out in my response to a 16 October Senate Question, are controlled by a funding formula that does a less-than-optimal job of compensating us for the true cost of a world-class McGill education.
- As I have also pointed out before, McGill must do without money that is available to our peers while still providing our students with an education that is superior to theirs, otherwise why would students keep on coming here?
- In order to better address this issue, we are now working with sister universities in Quebec and with the Ministry to update and better-calibrate the university funding formula to reflect the true cost of educating students in each discipline.