

TO: Senate

QUESTION FROM: Senators Bryan Buraga and Jacob Shapiro

RESPONSE FROM: Senator Christopher Manfredi, Provost and Vice-Principal (Academic)

SUBJECT: Question Regarding Impact of International Tuition Deregulation

MEETING DATE: October 24, 2018

PREAMBLE: On May 17th, 2018, the Provincial Government announced reforms regarding University budgeting, including the decision to allow universities to set tuition for international students.¹ This announcement has received some attention from the student media and its implications are of interest to students.²

The Office of the Provost promptly released an FAQ page on May 31st that can be still found on its website, making clear that there will be “no change in their anticipated tuition fees for 2018-19.” The University has also “guaranteed a tuition rate for the duration of their program as long as there is no break in enrolment or transfer of degree program.”³ Yet, the University acknowledges that “[t]here will likely be increases to international tuition ... for new students ... beginning in Fall 2019.”⁴

Despite comments on expanding financial aid programs in order “to offset the cost of [increased] international tuition,” the University makes no mention of how increased international tuition might impact its commitment to “Expand[ing] Diversity,” featured prominently as a key element of McGill’s Strategic Academic Plan.⁵ It becomes difficult to square, at least on the surface, the University’s express commitment to diversity with its claim that it “set[s] tuition fees... with McGill’s academic mission, priorities, reputation, and global reach as the clear and decisive drivers.”⁶

¹ [“Quebec boosts funding to universities, deregulates foreign tuition,” by Philip Authier in *The Montreal Gazette*, Updated on May 17 2018.](#)

² A quick google search turns up a number of articles from *Le Débit*, *The McGill Daily*, *The McGill Tribune*, published in 2015, 2016, and 2018; additionally, a search of Senate’s archives turns up two separate questions on the topic in recent years. It is also worth paying attention to engagement on social media (including, for example, this discussion on [Reddit](#)).

³ [Tuition increases 2018-19 webpage on the Student Accounts site](#)

⁴ [Changes in Quebec Tuition Policy with respect to international undergraduate students](#)

⁵ [McGill Budget Book \(2018\), page 24;](#)

⁶ [From Former Provost Anthony C. Masi’s response to Question Regarding McGill’s Stance on the Deregulation of International \(2015\)](#)

Further, it is worth noting that that the University has previously claimed that “the money [from students] should follow the student ... [so that] money will be reinvested for services that that student will receive.”⁷

QUESTION:

1. What metric will McGill employ to ensure that its international student population becomes increasingly more socially and economically diverse? Does McGill have targets for social and economic diversity?
2. How will the University consult and report on how it allocates funds arising from the increase in international student tuition in order to ensure that these funds are reinvested directly and meaningfully in services designed to support students?

RESPONSE:

Thank you for your questions, Senators Buraga and Shapiro.

I will answer your second question first. Education is the core service that we provide for our students, and is funded principally, though not entirely, through a combination of tuition paid by our students, and operating grants from the Quebec Government.

Across North America, publicly funded universities, McGill included, depend on operating grants, from their provincial (or state) governments in order to maintain operations. These grants are derived from public funds which are in turn generated from the tax base. Local students (that is, those who have contributed to that tax base, or whose families have done so) are charged a reduced tuition to attend these universities. The tuition charged to Quebec residents is considerably below the true cost of program delivery, and even the higher international tuition levels do not meet 100% of that cost.

Under the current tuition policy, the Government of Quebec regulates the levels of tuition charged to international students enrolled in the Faculties of Arts, Music, and Education, and in some programs in the Faculty of Agriculture and Environmental Sciences and the Faculty of Medicine. Under this policy, the government—not the university—retains the differential between international student tuition and the base Quebec tuition. In addition, the government deducts an amount from the base Quebec tuition retained by the University (from all students) to fund a Quebec bursary program for which international students are ineligible. At the same time, the Government contributes significantly to University revenues through annual operating grants that are enrolment-driven, and for which international enrolments are weighted equally to enrolments by students from Quebec and Canada.

⁷ [Former VP Communications and External Relations Marcil in McGill Tribune's "Looking at the effects of international tuition deregulation" \(2016\)](#)

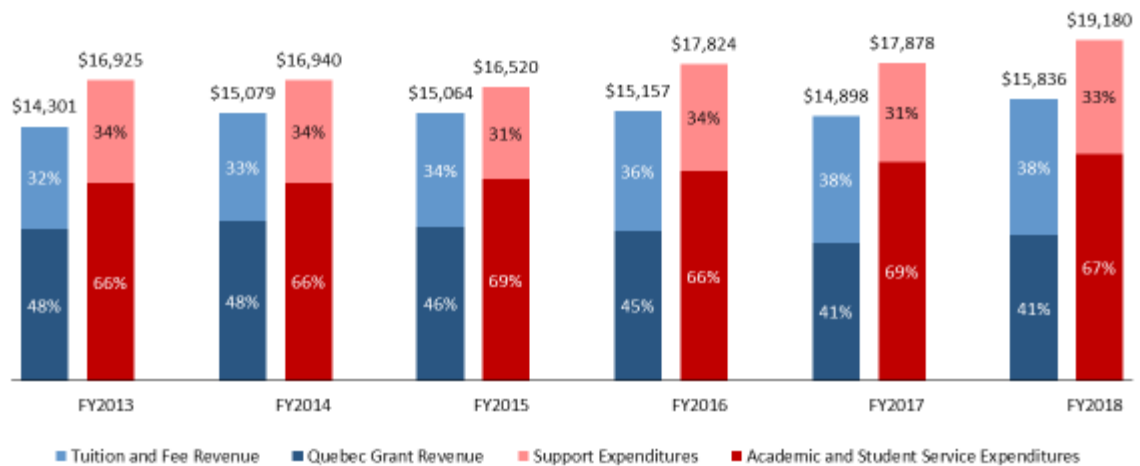
Under the new tuition policy, which will take effect with the 2019-2020 academic year, the Government of Quebec will deregulate international tuition for all programs at the undergraduate level, and for non-research programs at the Master's level, allowing Universities to set their own rates of international tuition and to keep 100% of the tuition paid by international students. This is an important change, as it will allow Universities greater flexibility and autonomy with respect to the strategic use of this source of revenue.

At the same time, however, under the new tuition policy, the Quebec Government will cease to count international undergraduate students, as well as international students in professional masters programs, in its enrolment-driven calculation of the annual operating grants it provides to universities. For McGill, government grants currently account for over 40 percent of our annual operating revenues. Removing a large proportion of international students from these calculations will see a significant reduction in levels of grant support in the coming years.

The ability to retain 100 percent of tuition paid by our international students, together with modest increases to international tuition rates for undergraduate programs, and for some Master's programs, will offset this loss of grant revenue. McGill does not intend any immediate, drastic increase in costs for international students. Increases to international tuition at McGill will be incremental, with a view to reaching parity with our peer institutions over time.

The figure below illustrates the proportions of total annual revenues derived from tuition and fees and from Quebec grants over the last six years, as well as the proportions of total annual expenditures on academic and student services and on support, per student. Each year the university spends more in direct and indirect support of its students than it receives through tuition and grant revenues. (The remainder is made up chiefly through new and endowed philanthropic support, and to a lesser extent through revenue-generating activities, but the University also has an accumulated operating deficit of approximately \$100 million as a result of continuing to meet its commitments and pursue its mission in an environment of chronic underfunding.) Fully two-thirds of every dollar McGill spends each year goes directly to support the educational mission of the University, and to supplemental support services for its students. The remaining one-third funds operational and administrative activity essential to the running of the University – much of which has a direct impact on the quality of the student experience. The proportions of total revenue derived from tuition and Quebec grants will shift with the implementation of the new tuition policy, but these two revenue streams combined will very likely still fall short of the total required to operate the University. Indeed, in the near term at least, McGill may actually experience a net reduction in these combined revenue sources as grant levels fall and new tuition levels are phased in.

KPI 11 University operating revenues and expenditures per student



KPIs Spring 2018 - Version 2018-05-22 P7

15

The figure above is one of a set of institutional key performance indicators that are updated annually as part of a regular report on University priorities and commitments that Principal Fortier delivers to the McGill University Board of Governors.

The annual McGill University Budget Book also provides considerable detail on past and projected annual expenditures and alignment with University priorities. For example, in this current fiscal year, we have committed \$32.6 million in student aid. McGill has also committed \$8.7 million over seven years to support the Student Mental Health Action Plan. McGill has received a further commitment of over \$4 million from the Rossy Foundation to develop the Rossy Wellness Hub within Student Services. In all, this represents a \$13 million boost to the University's capacity to address student wellness.

With respect to your first question, McGill University does not intend to set specific, quantitative targets for social and economic diversity among its international student body. However, we will continue to invest in undergraduate student awards and student aid to ensure that talented applicants accepted to our University do not need to forego the opportunity to pursue a McGill degree for financial reasons. We believe strongly in the value of the McGill experience and that it should remain accessible to those who meet our academic admissions criteria. At the same time, we are building relationships with external funding agencies such as the Mastercard Foundation, the Karta Initiative and the Al-Ghurair Foundation to create pathways to post-secondary education for students from disadvantaged parts of the world for whom such an opportunity would likely otherwise be out of reach.

McGill University is proud of its international diversity. In fact, we have the greatest proportion of international students and professors of any university in Canada. As our Strategic Academic Plan indicates, "McGill will strive to remain an institution of choice for international students and faculty," and we value greatly the contribution they make to the unique character of our University.