

# Ancillary Fees

## The Problem

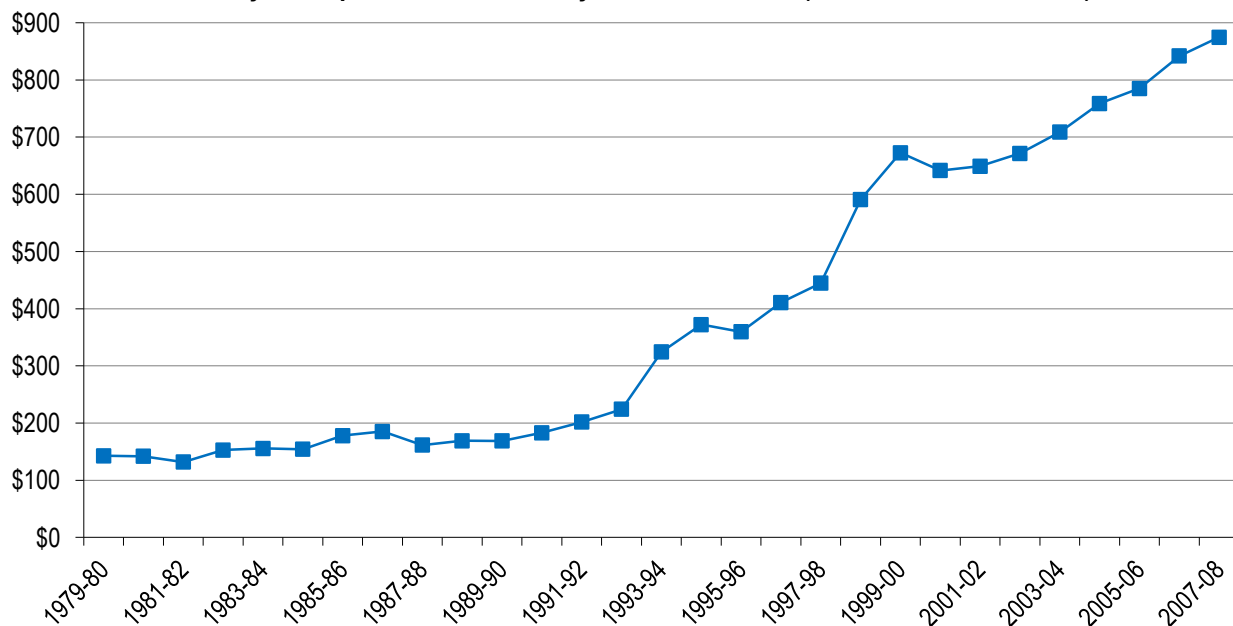
The Ministry of Training, College, and Universities defines a compulsory ancillary fee as “a fee that is imposed or administered by a given institution, or one of its constituent parts or affiliates, in addition to regular tuition fees, which a student is required to pay in order to enroll in or successfully complete any credit course.”<sup>1</sup> Compulsory ancillary fees are subdivided into tuition-related and non-tuition related fees; however, regulations introduced in 1987 and 1991 have since prohibited institutions from collecting tuition-related ancillary fees. That is, institutions cannot charge fees to cover the cost of items normally paid out of operating revenue.

Since 1994, compulsory non-tuition related ancillary fees have been controlled by students, either through a recognized form of student referenda or in accordance with conventions outlined by elected student governments. This change did not bring pre-1994 fees under the purview of students, though these fees cannot be increased absent student approval. There are, however, additional fees which are exempt from student control, including the following: system-wide fees that all Ontario students must pay, field trip fees, fees for learning material retained by students, fees for material or services where the institution acts as a broker with a vendor for the student, and fees for placing students in work terms.

If a compulsory ancillary fee is found to formally violate regulations, the institution's provincial operating grant will be reduced by the same amount as the revenue raised by the fee. Thus far, efforts to regulate non-tuition related ancillary fees have been a matter of internal jurisdiction at universities. As a result of the ad-hoc nature of monitoring and enforcement, ancillary fee violations often go unnoticed at institutions.

It is not simply the ancillary fee violations that have been problematic for students. Over the past two decades, the proportion of public funding in universities has not kept pace with costs on a per-student basis. Ancillary fees and tuition have increased as a response to this widening funding gap. Unfortunately for students at Ontario's universities, compulsory student fees - tuition and ancillary - have more than tripled over the past two decades. In fact, students are now contributing over 45% of operating income compared to 19% just two decades ago.<sup>2</sup>

**Ancillary Fees<sup>3</sup> per Ontario University Full-time Student (in constant 2008 dollars)<sup>4</sup>**



<sup>1</sup> Ministry of Training, Colleges and Universities, *The Ontario Operating Funds Distribution Manual* (Toronto: Queen's Printer, 2009).

<sup>2</sup> Snowdon and Associates, *Revisiting Ontario College and University Revenue Data* (Toronto: HEQCO, 2009).

<sup>3</sup> Ancillary fees are defined here as all non-tuition fees, including late payment fees, interest on unpaid fees, Ontario Universities' Application Centre application fee revenue, fees associated with student services, and all other fees levied by institutions on students.

<sup>4</sup> Snowdon & Associates, *Revisiting Ontario College and University Revenue Data* (Toronto: HEQCO, 2009).

Given that the amount of public money flowing into the higher education sector has not kept pace with costs, ancillary fees have become a mechanism for increasing the proportion of institutional costs that students must bear at their given schools. In addition to having the highest average tuition costs, the average Ontario student currently pays \$807 annually in ancillary fees – the second highest in the country.<sup>5</sup> Even since students gained control over compulsory non-tuition related ancillary fees, revenue raised from them has increased from \$324 per student to \$875 in constant dollars. This revenue has clearly been used to cover operating expenses in many cases. For example, the expenses associated with diplomas and convocation ceremonies that were previously covered by operating revenue are now being covered by way of a graduation fee at eight of Ontario's universities.

As a result of rising costs and stagnant per-student funding over the past two decades, ancillary fees have risen more than six times in constant dollars, exceeding even the rate of tuition increases and inflation over the same period. McMaster University is an example whereby revenue derived from ancillary fees has experienced a 63% growth rate – triple the percentage growth rate of tuition revenue.<sup>6</sup> While ancillary fees are a significant cost to students, the services that they fund are often vital programs such as mental health counselling and athletic centres. This helps to explain the increase in fees despite student control; student governments are wary of allowing valuable student services to suffer in the face of budget cuts.

Despite this willingness to increase financial support to institutions, students have very little control over fees once they are collected. As outlined in provincial legislation, the governance of university operations is unique to each individual institution; this includes the composition of governing bodies. In fact, the presence of students on the governing boards of institutions varies drastically from a low 3.8% at Laurentian to 16.7% at the University of Toronto. Despite the unique nature of each university's governing structure, the constant in this situation is the low ratio of student to non-student members involved in decision-making processes. The provincial average of student representation is 8% on Boards and 16% on Senates.

In addition to operating costs, students have been historic contributors to institutional capital projects. Many facilities that house important student services and supports – student centres, study spaces, recreation centres, health centres – seldom receive the same levels of public and private donor support that academic buildings do. These types of buildings are deemed “ancillary facilities” in that they do not support core academic activity and thus, are ineligible for provincial government funding. With an inability or an unwillingness to cover these costs in operating budgets, the burden of financing capital projects has been unfairly placed on students by way of ancillary fees. For example, students at the University of Waterloo recently approved a mandatory \$10 increase in student fees to cover the entire construction cost for a much-needed health care facility expansion. This is no exception as the average Ontario student contributes \$70 annually to support facility costs, with student fees often being the sole contributor to the building and maintenance of these facilities.

Perhaps most troubling for students, the onus for ensuring compliance with ancillary fee regulations falls with the administration at each institution. This decentralized method of monitoring has allowed violations by instructors who are unaware of current fee regulations. In 2010, both McMaster University and the University of Waterloo levied mandatory fees requiring students to purchase online resources in order to successfully complete a given course; upon investigation, both schools ceased use of these products. Clearly a lack of oversight and knowledge is allowing additional student fees to slip under the radar.

## The Solution

1. OUSA believes that **compulsory ancillary fees must remain regulated by the provincial government** and in student control, regardless of implementation date.
2. OUSA believes that **capital projects undertaken to enhance student development**, such as student, health, and recreation facilities, **should be eligible for government capital funding**.
3. OUSA advocates for **representation on university committees and bodies governing ancillary-funded services and facilities** to be proportional to the financial contributions of students.
4. OUSA recommends that the provincial government and **universities install safeguards and oversights to ensure compliance with ancillary fee regulations**.

---

<sup>5</sup> Statistics Canada, *Survey of Tuition and Living Accommodation Costs for full-time Students at Canadian Degree-granting Institutions*, (Ottawa: Human Resources and Skills Development, 2010).

<sup>6</sup> Based on calculations from McMaster University's Statement of Operations, 2007-2010.