

November 3, 2009

The Honourable John Milloy  
Minister  
Ministry of Training, Colleges and Universities  
900 Bay Street  
Mowat Block, 3<sup>rd</sup> floor  
Toronto, ON M7A 1L2

Dear Minister Milloy:

I am writing to convey to you the advice of the Higher Education Quality Council of Ontario (HEQCO) with respect to the structure of your Ministry's Multi-Year Accountability Agreements with Ontario post-secondary institutions. Advice on this matter was sought by your Ministry in the documents of HEQCO's formation, and we are pleased today to provide a major element in fulfilling this important task.

### **Background to HEQCO's advice on MYAAs**

As you know, the current Multi-Year Accountability Agreements (MYAA) structure was instituted as a three-year agreement for the 2006-2007 to 2008-2009 academic years, and was extended as a transition year to 2009-2010. These bilateral, multi-year agreements were intended to outline the government's commitment to stable funding, articulate each institution's commitment to accessibility, quality improvements and measurements of results, and tie the commitment to results. The agreements define goals and system-wide measurements alongside institution-specific 'Action Plans' of indicators and quantifiable targets.

To prepare the next generation of MYAAs for 2010 and beyond, the government is reviewing the framework of the agreements and is seeking to build upon lessons learned. HEQCO was asked to assist in this exercise, and in particular to offer its advice on "the development of effective and credible system wide performance measures; the evolution of the multi-year accountability agreements that foster continued improvement of higher education is contingent upon much of the work and research undertaken by HEQCO" (PSED, 2008). In responding to this request, HEQCO has worked closely with, and continues to participate in, a joint working group with Ministry staff to develop the next-generation accountability agreements.

The full body of HEQCO's advice on accountability frameworks is contained in the attached presentation deck. However, we hope the summary contained herein will provide you with an overview of the key elements of our proposed framework, which was reviewed and recommended by the Council at its meeting of September 27, 2009.

### **Issues Identified through Consultation and Research Process**

Our recommendations arise from an extensive consultation and research process, including expert workshops, commissioned external research, formal and informal discussions with stakeholders and feedback on presentations of preliminary ideas to gatherings of college, university and Ministry personnel.

This process has led us to conclude that, while the current MYAAs have many of the features one would look for in an accountability framework, there is room for improvement in the following areas:

- sector-wide targets are not explicitly incorporated into the agreements;
- there is no mechanism for ensuring that the sum of institutional results equals aggregate targets;
- there is a lack of context in the quantitative reporting sections;
- there is too much detail provided in the qualitative reporting sections;
- trade-offs between goals, such as between accessibility and graduation rates, are not recognized;
- the link between reporting and funding is unclear;
- there are inconsistent reporting methods, particularly for underrepresented groups;
- MYAAs duplicate other accountability tools.

### **Principles Governing MYAA Recommendations**

As we developed our recommendations for a new MYAA framework, we found it useful to keep the following points in mind about the system's overall purposes. An accountability framework should be an instrument through which:

- the Ministry, colleges and universities record institutional priorities and report on performances relative to expectations;
- the Ministry and HEQCO report to the public on the performance of the PSE system relative to expectations; and,
- a sector-wide collaborative planning process occurs.

More specifically, an Ontario Multi-Year Accountability framework should:

- take full advantage of institutional autonomy;
- ensure system-wide PSE objectives are met; and,
- provide clear direction on how change, where required, is to be achieved.

The information provided by the MYAAs is intended to make the system transparent for the public. The MYAA framework should *not be*:

- used as a device to rank institutions;
- a primary source of information for students making postsecondary education decisions; or,
- viewed as marketing material.

## **RECOMMENDED MYAA FRAMEWORK**

With this overview as background, HEQCO's recommended MYAA framework has three distinct components: Institutional Accountability, System Accountability, and Planning.

### ***1. Institutional Accountability***

We recommend that each institution report annually on two sets of indicators – its own individual targets as well as its contribution to system-wide goals.

Mission-specific indicators are intended to reflect institutional diversity and autonomy. Each institution works diligently at developing a strategic plan that is approved by its governing bodies. Their institutional goals should be recognised and targets should be drawn based on their stated intentions. In collaboration with each institution, the government would develop the type and number of indicators and targets that reflect and support diverse institutional missions.

In addition, all institutions would report on system-wide, or core, indicators (defined below). Institutional targets would be developed for system-wide goals which would reflect unique missions and strategic plans. Collectively, the individual targets of the core indicators would add up to the system-wide targets.

Both system-wide indicator reporting and institutional reports should include quantitative and qualitative reporting, addressing whether targets have been exceeded, met, fallen short, or seriously fallen short of expectations.

To report yearly performance outcomes, institutions should be provided with a common template (perhaps different templates for colleges and universities), providing concise information and allowing institutions to self-evaluate. These templates should be posted on institutional websites

as a means of public reporting. The reports will provide feedback into revising goals, targets and policies as appropriate.

## ***2. System Accountability***

The current MYAA process develops and monitors targets that are set at an institutional level; that is, the agreements are very much an instrument to hold individual institutions accountable for their own goals and targets relative to expectations. HEQCO believes that the accountability framework is an instrument that the Ministry and Ontario's colleges and universities should also use to determine whether the province's system-wide priorities and targets are being met. We therefore recommend a system accountability framework as an instrument for the Ministry and HEQCO to use to report to the public on the performance of the whole PSE system relative to expectations.

Ontario's PSE system goals are clearly set out in *Reaching Higher* and in subsequent government documents. They include:

- ***Human Capital:*** ensuring Ontario has the human capital required to compete and prosper in a global knowledge-based economy.
- ***Accessibility:*** making PSE accessible to all qualified Ontarians.
- ***Educational Quality:*** ensuring PSE programmes are of high quality.
- ***Research and Innovation:*** enhancing research and innovation capacity.

Achievement of the system-wide goals should be measured through appropriate system or core indicators and targets. Furthermore, these indicators and targets should be based on ***Outputs*** (such as student experience) rather than ***Inputs and Processes*** (such as student-faculty ratios). These indicators should be limited in number and clearly defined. Targets should be realistic, multi-year and flexible over time, and take inter-relationships and trade-offs among goals into account. We have been working in cooperation with staff from the Ministry of Training, Colleges and Universities, and in discussion with PSE sector representatives, to develop suitable core indicators and targets for each of the stated system goals.

To evaluate the system performance appropriately, year-end results should be reviewed both quantitatively and qualitatively, assessing whether system-wide targets have been exceeded, met, fallen short, or seriously fallen short of expectations. Institutions will report on their core indicators and make them available to the Ministry and HEQCO. Both HEQCO and MTCU are mandated to report on the aggregate information, the results of which can provide feedback into revising goals, targets and policies as appropriate. Further work is needed to develop a procedure for reporting to the public in a clear and succinct fashion.

### ***3. Planning***

HEQCO believes that the accountability framework is a tool for the Ministry and institutions to bring about change in both the PSE system and the activities of individual institutions as appropriate.

Currently, targets are set with individual institutions and overall reporting is not done at a system level. Analysis of reports on performance against planned targets can and should become more sophisticated, with deeper analysis of results at the institutional level.

Annual stakeholder consultations to determine sector-wide targets are both desirable and feasible. Conversations could be based on HEQCO and others reporting on system performance relative to expectations. The government could build upon this to establish system-wide goals and targets collaboratively. Annual consultations with government and institutions should take place to determine how each institution will contribute to system-wide goals by setting institutional specific core targets that recognise differentiated missions of institutions. Institutional consultations will also take place on institution-specific goals relative to objectives.

To ensure the planning process is effective the government should consider, wherever possible, employing incentives rather than acting by fiat or explicit direction wherever possible. Any links between performance and funding and/or regulations should be clear and predictable, and the commitment from both government and institutions should be realistic.

The nature of this framework provides an inherent feedback loop, where results inform planning. While the planning process itself will require further detailed development, the general outline should be as follows. The Ministry and institutions, with HEQCO input, should establish PSE system targets for the next three years. The Ministry would meet with individual institutions to determine their targets in relation to the core indicators and to set mission-specific indicators. Following report-backs the next year, HEQCO would report on system-wide performance relative to expectations, and the Ministry would follow up with the institutions to discuss performance. At that time a revision of both system-wide and mission specific targets could occur in planning for the next 3 years.

### **Conclusion**

Though built on the strong foundation of the current MYAAs, the proposed accountability framework includes a number of differences that we believe make it a more robust instrument to report system-wide performance and institutional activity, and to support collaborative planning.

In fact, from our research and inquiries, we believe that our proposals would make Ontario a leader in an accountability system for postsecondary education.

In summary, HEQCO's recommendations would result in an accountability framework which:

- sets explicit targets for PSE system goals;
- creates a consultative process to establish system targets (Ministry, institutions, HEQCO);
- allows HEQCO to report annually on system performance relative to targets;
- supports a distinct two-part reporting framework for institutions, supporting:
  - core, system-wide indicators;
  - individual, mission-specific indicators drawn directly from institutions' strategic plans;
- allows individual targets for core indicators to vary with institutional missions;
- supports consistent definitions and data for core performance indicators;
- pays explicit attention to the 'adding up' issue for core indicators;
- provides for one-on-one discussions between Ministry and institutions
  - prior to an academic year to establish targets for core indicators, and goals and targets for mission-specific indicators; and,
  - after academic year to discuss results and plans;
- encourages qualitative as well as quantitative evaluation of performance relative to targets; and
- creates an explicit link between the accountability components and the planning component.

Should our recommendations receive your support, HEQCO will of course continue to provide technical advice on choosing performance indicators, developing reliable data sets, designing reporting templates and so forth, working directly with officials of your Ministry.

We thank you for the opportunity to work with your Ministry on this important task, and we hope that our recommendations are found helpful not only by your government but also the postsecondary education sector and ultimately the public.

Sincerely,



Frank Iacobucci  
Chair