

FUNDING FORMULAE AND STRATEGIC MANDATE AGREEMENTS : THE CASE OF ONTARIO UNIVERSITIES

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Abstract

This study delves into the evolving landscape of post-secondary education in Ontario between 2012 and 2018, emphasizing accountability and transparency within public universities. Examining the provincial government's funding formula (FF) and the introduction of strategic mandate agreements (SMAs), the research explores their impact on university strategy. This study investigates the introduction of a new FF, the process of its introduction, and its relation to SMAs. Utilizing semi-structured interviews with university administrators involved in the process, the research employs governmentality and the concept of calculative practices to connect accounting calculations with the governance of the post-secondary education sector. Despite FF adjustments, the study reveals minimal shifts in university behaviour, providing nuanced insights into the complex dynamics of university funding and strategic decision making.

Keywords: education sector, calculative practices, funding formula, strategy, accountability

Résumé

Cette étude porte sur la transparence et la reddition de comptes des universités publiques ontariennes de 2012 à 2018, une période de changement pour l'enseignement postsecondaire. Elle explore l'impact du modèle de financement du gouvernement ontarien et de l'introduction d'ententes de mandats stratégiques (EMS) sur la stratégie des universités. Elle se penche sur l'entrée en vigueur d'un nouveau modèle de financement et sur son lien avec les EMS. Se basant sur des entrevues semi-structurées avec des administrateurs universitaires, la recherche s'appuie sur la gouvernementalité et le concept des pratiques de calcul pour mettre en lien les calculs comptables et la gouvernance dans le secteur de l'enseignement postsecondaire. Malgré les changements apportés au modèle de financement, l'étude révèle des changements mineurs dans le comportement des universités, permettant d'illustrer la relation dynamique complexe entre le financement universitaire et la prise de décisions stratégique.

Mots-clés : Enseignement; pratiques de calcul; modèle de financement; stratégie; reddition de comptes

INTRODUCTION

Accountability and strategic initiatives at public universities have become significant points for discussion and debate regarding what the government's priorities are in the education sector. This increased emphasis on accountability and public scrutiny has tasked Ontario public universities and the government with determining how best to ensure the universities are building on their strengths while also ensuring students have access to innovative and affordable choices (Chiose, 2015; Herbert, 2016). It is the link between these goals and the funding associated with achieving them that becomes tantamount to a university's success. As the environment for university funding becomes more competitive, the strategy behind the use of funds becomes more important.

There are 21 public universities in the province of Ontario. Combined, they garner over \$3.5 billion of government money, and the allocation of those funds is not a trivial task. The calculation for disbursement of those funds, originally implemented in 1967, has been adjusted throughout the years but there has been minimal changes to the core principles of the structured calculation (Higher Education Quality Council of Ontario [HEQCO], 2015). In addition to enrolment, a small portion of funding from the Ministry of Training Colleges and Universities (MTCU) was based on performance or outcomes.

The introduction of the mandatory strategic mandate agreement (SMA) in 2012 positioned the Ontario government on the edge of changing the landscape of post-secondary education (PSE). The SMAs would become "the mechanism through which colleges and universities articulate their unique mandates, strengths, and aspirations...and how each institution's mission and activities align with Ontario's vision for post-secondary education" (MTCU, 2013, p. 17). Combined with their funding to each institution, the provincial government would have the means to ensure compliance with legislation, provincial mandates, and strategic initiatives.

This research investigates the effect on the strategy of universities following changes in the provincial government university funding for-

mula (FF) and the introduction of the SMAs. We follow these two calculations, the FF and SMA, which are both designed to evaluate and fund the universities. More specifically, we investigate the process employed when introducing the new FF and how it relates to SMAs. Our study examines the calculations and finds little meaningful change on the part of universities. Employing the ideas of calculative practices, autonomy, and accountability, this article explores and attempts to explain the strategy and funding of the universities through a significant change in their mandates and funding.

LITERATURE REVIEW

Funding Formulas

A funding formula is a calculative practice for transferring resources from the government to recipients that uses an explicit formula (Darling et al., 1989; Heald & Geaughan, 1994). Agyemang (2010) shows that using explicit calculations appears to offer an objective means of resource allocation and that a formulaic approach is best at dealing with perceived equity and fairness issues (Mayston, 1998; Smith, 2003). Angluin and Scapens (2000) report that only when there is a high degree of transparency are allocations "perceived to be fair" by users. In addition, an FF also supports differentiation and academic excellence (Caraça et al., 1998; Millian et al., 2016).

Strategic Planning

Strategic planning as defined by Bryson (2018) is the "effort to produce fundamental decisions and actions that shape and guide what an organization is, what it does, and why it does it" (p. 6). Galbraith and Kazanjian (1986) state that strategies can only be implemented if they are funded but greater financial stability is greatly desired by universities (Stachowiak-Kudła & Kudła, 2017). Strategic mandate agreements or management controls systems have become technologies used by authorities to formulate and implement strategic goals (Ahmad et al., 2021; Frame & Bebbington, 2012; Spence & Rinaldi, 2014).

Strategic planning is often not sufficiently embodied into clear programs (Näsi & Aunola, 2002), which leads to problems regarding strategy implementation (Beer & Eisenstat, 2000; Mintzberg, 1994). In addition, governments may use various calculations as part of a risk-management strategy (Ahmad et al., 2020). Control systems often play a critical role in operationalizing government policies while providing strategic direction (Buzzelli & Allison, 2017; Narayan & Stittle, 2018).

Autonomy and Accountability

Autonomy is defined as the degree to which an organization may make significant decisions without the consent of others. Within the university sector, there are several factors that influence an institution's autonomy. Berdahl (1991) draws a distinction between procedural autonomy (a university's ability to determine processes and procedures) and substantive autonomy (a university's ability to develop and execute its mission). Substantive autonomy is considered necessary for universities to fulfill their missions. Thorens (2006) notes that "Canadian universities have all the rights and powers of a corporation and may perform any actions that are compatible with their missions.... In practice, however...[they] are subject to certain constraints" (p. 148). Talib (2001) finds that the use of an FF may enable recipients to maintain autonomy, while many other studies have documented the challenges faced by non-profit agencies that rely on government funding to maintain autonomy (Anheier, et al., 1997; Gazley, 2010; Gjems-Onstad, 1990; Henkel, 2007; Jung & Moon, 2007; Kirk & Kutchins, 1992; Lipsky & Smith, 1990; Never, 2011). We can refine this thought process further into the Canadian PSE sector with research showing that universities have been "experiencing increased requirements for accountability and increasing pressures to respond to government priorities" (Eastman et al., 2018, p. 78; Harman, 1991).

Heylen and Willems (2019) find that government funding of interest organizations may or may not lead to a loss of autonomy, depending on various factors such as the level of interac-

tion with the government. University autonomy may be enhanced and protected through diversifying revenue streams (Caglar, 1993; Geodegebuure et al., 1994), but this is not a sufficient condition to enhance university autonomy (Chiang, 2004). Carrington et al. (2018) find that incentive-based funding can be effective in reducing funding to the university sector. University autonomy varies over time, and Canadian universities, particularly in Ontario, enjoy relatively high autonomy from government intervention as, historically, provincial policies in Ontario respect and acknowledge institutional autonomy (Eastman et al., 2018).

GOVERNMENTALITY AND CALCULATIVE PRACTICES

The governmentality lens

is a broad and encompassing framework which can yield an understanding of the linkages between the micro process of the calculative practices...to the big macro agendas.... All the while moving, in an apparently seamless way, across personal, social, and economic space. (Jeacle, 2012, p. 588)

Researchers have used governmentality to investigate the process by which universities develop policies (Sen, 2019). Accounting often becomes the pivotal link between society and government, as Jeacle (2012) points out: "Accounting is no longer seen as a neutral and objective practice, but rather as a powerful device in the shaping of social and economic life" (p. 587). We define calculative practices as socially embedded processes that use diverse methods to produce and distribute goods. These practices, linked to specific and strategic goals, extend beyond their immediate functions, serving as a governing technology in shaping societal structures (Boedker et al., 2020; La Torre et al., 2022; Miller, 2001).

The link between the two calculative practices examined here, the FF and SMAs, are not only economic but social and political, shaping how Ontario's public universities will move

into the future. The actors within the universities are doing what they want to do but within the confines of the government mechanisms, they will conform as much as is necessary. The FF and SMA redesigns were for accountability and transparency to the rest of society, providing those looking in with a feeling of well-being and, at the same time, surveillance. There is a perceived need to provide data to the government every year, to ensure the rules are being followed and that the mechanisms are working. This is the notion highlighted by Miller and Rose (1990), that the “government operates through subjects” (p. 18)—in this case, the individuals in the universities. The problem is that the government needed to change the FF, they needed accountability and differentiation, as well as consistency in regulations and rules.

We have also seen in extant literature that governmentality links responsibility and calculation, to create responsible and calculating individuals (Miller, 2001). Cannizzo (2015) explores academic subjectivities and, using governmentality, shows how “authorities provide individuals with technologies of the self through which they may reflect upon and regulate their conduct through their own will and effort” (p. 206). Though “the calculative practices of accounting are largely invisible to the public eye” (Miller, 2001, p. 393), we attempt to make the process behind their creation visible in this research article. By using the perspectives of the individuals and the universities involved we can highlight and see the process and the changes that it has created.

METHOD

The authors conducted 14 semi-structured interviews with university and government officials between March of 2018 and January of 2019. The interviews were conversations about the university FF, both old and new, as well as the relationships and the connection between the new FF and the SMAs. Interviewees were provided with a one-page description of the research project, including its goals and objectives, in advance of the interviews. Each interview was recorded and then professionally transcribed and

reviewed by the authors for errors.¹ The combination of convenience and the snowball method of interview sampling was employed.

We spoke with public university administrators at seven different universities in the province of Ontario that spanned the three standard *Maclean's* ranking categories²; medical/doctoral, comprehensive, and primarily undergraduate. We chose these categories to ensure breadth and depth of coverage across interviewees, as each category requires different support from the government funds they receive. Our interviewees were all part of various task forces used by the government to evaluate concepts before a proposal was made to the whole sector. Each interviewee provided insights into their role as the sector reviewed the FF. Interviewees were usually a part of the VP suite at their respective universities.³ The government officials we spoke with were those involved in the creation of the previous FF, the creation of the new FF, or the negotiations for the SMAs. Often government officials for special processes such as this are seconded from the PSE sector to ensure an appropriate knowledge base. They spoke of the relationships, the consultations, the problems, and the data required to set about a change in the sector. See Table 1 for additional details.

Following Huberman and Miles (1994) and O'Dwyer (2004) the researchers undertook several hand-coded iterative rounds of data analysis, reduction, display, and discussion. We conducted thorough analysis of the documents provided by interviewees. We also collected government, third-party published, and publicly available documents pertaining to the creation, implementation, and rationale of the SMAs and FFs. We reviewed documents containing over 500 pages of text, charts, calculations, and graphics; we utilized these documents to aid in the interview process and for the analysis of

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- 1 Brock University Ethics File 16-241
 - 2 *Maclean's*, a national Canadian magazine, prepares an annual issue focused on Canadian university rankings.
 - 3 Additional details withheld for anonymity purposes.

Table 1
Government and University Officials and Institutional Type

Moniker	Institutional Type	Office
University Official 1	Comprehensive	VP Office – Planning
University Official 2	Medical/Doctoral	VP Office – Planning
University Official 3	Medical/Doctoral	VP Office – Planning
University Official 4	Primarily Undergraduate	Finance Office
University Official 5	Comprehensive	Provost
University Official 6	Comprehensive	VP Office – Planning
University Official 7	Primarily Undergraduate	VP Office – Planning
University Official 8	Comprehensive	VP Office – Finance
University Official 9	Medical/Doctoral	VP Office – Budgeting
University Sector Advocate 1	N/A	
University Sector Advocate 2	N/A	
Government Official 1	N/A	
Government Official 2	N/A	
Government Official 3	N/A	

the data through differing viewpoints. Third-party documents provided a different lens on the process other than first-hand data, giving triangulation and corroboration to the timelines and rationales. The interview data was constantly revisited throughout the analysis and writing phases to ensure appropriate study. Through numerous readings of all material collected, the core consistencies and themes were identified and highlighted, which aided in the creation of a timeline for the process examined.

STRATEGY AND FUNDING

The Role of Differentiation

In 2010 the government commissioned a report on the benefits of greater differentiation in Ontario’s PSE sector (HEQCO, 2010). The report highlighted the need to “advance the cur-

rent university system to a more differentiated one” (HEQCO, 2010, p. 4). Differentiation would promote accountability and sustainability while driving quality and student choice rather than a focus on enrolment. Eventually the government realized there needed to be a “careful balancing act between government stewardship and institutional leadership, and a strengthening of transparency and accountability between the government, institutions, and the public” (MTCU, 2013). Table 2 outlines the timeline of events that are followed in this article.

The government introduced SMAs in the fall of 2012. They were designed to develop each university’s mission statement and strategic plan while ensuring both were in line with a government-approved direction. Strategic mandate agreements highlighted an agreement between the government and each individual university to articulate their plans for the next three years

Table 2
Timeline of Changes

Date	Event
2010	HEQCO – Benefits of differentiation report
Second half of 2012	Negotiations for SMA1
November 2013	Differentiation policy framework – MAESD
March 2015	Consultation with stakeholders for new funding formula
September 2015	Final funding formula report published
December 2015	Negotiations for SMA2
January 2017	Consultation for new funding formula with universities
May 2017	Funding formula technical formula released

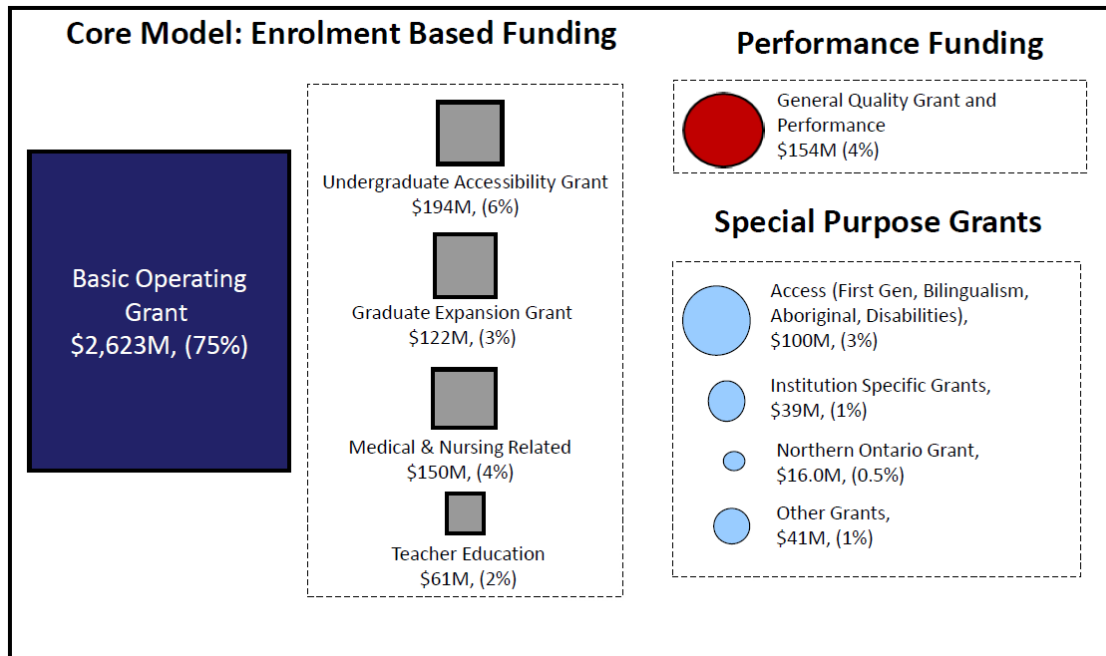
and to provide a self-governing calculative practice for each university. Government Official 2 stated that “SMA1 was, by and large, to start a process.” Part of the rationale was that they would “provide a tool in terms of having those conversations, becomes a lens, where we can better understand what [the universities] are actually talking about on the ground” (Government Official 3). The government sought improved connections and information through the SMAs, emphasizing the importance of tracking data, including enrolment, to adapt to changing demographics and to right-size the education sector. Government Official 3 also commented that “part of the SMAs was a discussion with institutions around what are your enrolment plans, what are the disciplines you are looking to plan enrolment on, and starting to track that forward.”

Ontario’s Differentiation Policy Framework for Postsecondary Education (MTCU, 2013) was published in 2013 and linked back to the 2010 report (HEQCO, 2010), as changes in the economy, demographics, and provincial culture had altered the PSE sector and as a result “status quo was not an option” (Government Official 2). In line with the continued improvement of reporting in the PSE sector, in March of 2015 a government official was tasked with determining how to create and implement a new FF—a new calculation, because “one of the unattractive

things in the previous FF was that University of Windsor, University of Toronto, Ryerson, would all get different amounts of money per student” (Government Official 3). Figure 1 is the MTCU depiction of the formula in early 2015.

As ministry officials started changing the 50-year-old FF, the process became a collaboration of universities, their representatives (the Council of Ontario Universities), and the government. In the overhaul of the FF, previously described as sifting through layers of sand that “[were] not easy to understand” (Government Official 1), the priorities of the government became well known: access, equity, accountability, and transparency. It was noted by government officials that “access will always trump everything in Ontario” (Government Official 2). The parties determined how best to restructure the FF to ensure transparency and equitable funding and that, once implemented, it would aid in the governance of the sector. The resulting 60-page policy framework document identified several issues to be solved and improvements needed moving forward. Overarching the changes was the notion that “the government was legitimately concerned about the health of all the universities” (Government Official 2).

Figure 1
Previous Ontario Funding Formula



Note: From Ministry of Training, Colleges & Universities, 2015.

Second Round of Strategy Negotiations

In December of 2015, a new government official started negotiations with the universities for their second SMA (SMA2). Government Official 3 commented that

What is really important through the SMAs is that it's a set of shared priorities, it's not just the government saying, "Hey, we want to do this." We both agree that these are the spaces we are going to have a conversation.

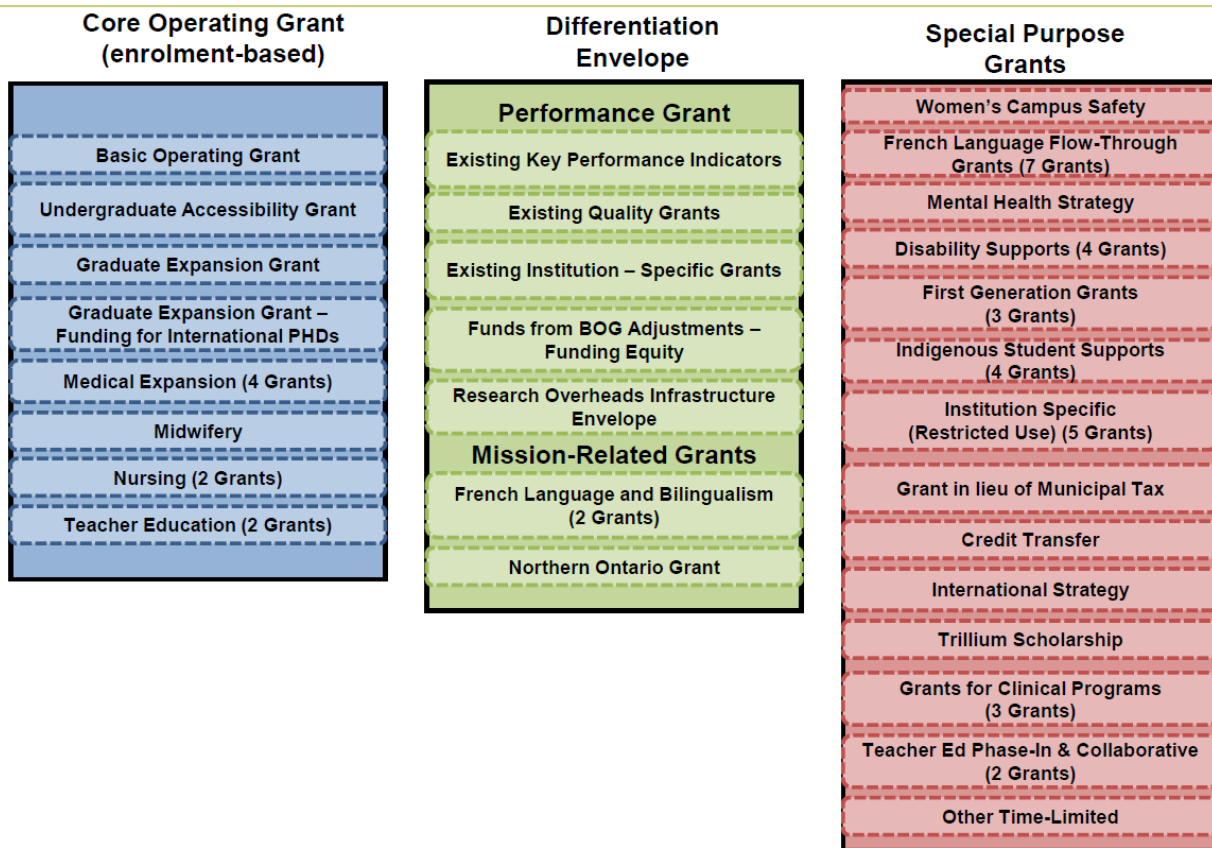
Government Official 3 was responsible for these negotiations and recounted that they were "really trying to create a space where we could start to focus on other things like quality, service delivery, and start to move forward." The ties started to become evident to the SMAs, and even more so SMA2, which provided information to aid the process being molded to calculate appropriate numbers, to create that link between the calcu-

lations in the FF to the ideas, objectives, and strategy in the SMAs.

The Revised Calculation: A New Funding Formula

Throughout 2016, the government officials used the information gathered through the negotiations and consultations to create the new calculations in the FF. The FF became a multiple-envelope calculative practice where each envelope had a specific directive and calculation (Figure 2 provides the 2017 proposed envelopes). In the first envelope, enrolment-based grant funds were calculated and distributed. Specifically, "institutions are not penalized for unplanned decreases to enrolment and institutions can negotiate changes in enrolments with the government" (Ministry of Advanced Education & Skills Development [MAESD], 2017a, p 6). This feature of the calculation created a sense of accountability and visibility for the population for declining enrolment numbers and created a path for all universities to right size as necessary.

Figure 2
 2017 Ontario Proposed Funding Formula



Note: From Ministry of Advanced Education & Skills Development, 2017a.

The second envelope was the differentiation envelope, and the funds in this envelope were initially a diversion of the excess funds after the re-calculation of the enrolment-based funding levels. This differentiation envelope ranged from \$2.8 million to \$65.9 million depending on the university and “the size of the [differentiation envelope grant]...reflects unique, historical differences in funding between institutions and over time will reflect differing institutional choices in how to balance between enrolment- and outcomes-linked funding” (MAESD, 2017a, p. 28; see also MAESD, 2017b). Government Official 3 stated that “the intention was to create that space where our government would invest in things that were other than just bums in seats.” During these negotiations there was also a discussion on the funding that would be included

in the differentiation envelope. The funds in the differentiation envelope would eventually be linked to outcomes, metrics, and language negotiated in the SMAs. These links would provide additional accountability, calculability, and comparability in the future.

More Changes to the Funding Formula

In January of 2017, after consultation with the sector, adjustments were made to the proposed FF, including the introduction of the hold harmless period: in the first three years of the new FF, the government would provide the same amount of funding that the university was receiving from the previous FF. Government Official 2 explained that it was necessary to implement “hold harmless, otherwise, we couldn’t get everyone

on side.” The universities had questioned their funding amounts, not only between the new and old FF, but also if enrolment were to change dramatically from one year to the next.

As a result of the consultations with the sector, the other adjustment made to the FF was an averaging of specific enrolment numbers; the language became a smoothing of enrolment numbers over the previous five years to ensure a gradual decrease in funding to those universities that were experiencing a decline in their enrolments. As noted by Government Official 2, “it was really a stability strategy.” In reference to this, University Official 8 said that “the smoothing made a difference, the five-year rolling average made a difference.” This created another safety net, and visibility, as the new calculations came into place. Throughout the process we saw evidence of acquiescence by the government to specific requests of the stakeholders and institutions. Subsequent choices made by the institutions linked responsibility at the university level to the calculations from the government, creating responsible and autonomous institutions.

WHAT CHANGED AT UNIVERSITIES?

University administration has been involved in the governance of the PSE sector since its inception; it is never far from the minds of those involved that they are required to do as is requested by the government. Autonomy in the PSE sector is always a topic for discussion.

While SMAs were supposed to highlight differentiation, each university had to fit its strategy into specific categories. As University Sector Advocate 2 stated,

I thought SMA1 was interesting because [the government] thought it was a kind of starting point, but I mean, if you read most of the SMAs, people define their mandates so broadly, they're pretty much everything they were already doing.

That the SMAs contained information that universities were already producing became clear: “We knew the direction we wanted to go. We put the things in we were already planning to do” (University Official 1). Corroborating that strategy is not a new phenomenon; two such views were found throughout the interviews. The first was that “we cut and pasted to a large extent” (University Official 8), and the second was that “our SMA is nicely descriptive of some things that we thought [the government] would like to hear, but it's not driving the boat” (University Official 1). University Official 7 indicated that neither their strategic process nor their planning changed because of the new practice. SMA1 was completed without incident, taking effect in early 2013.

For years, universities had questioned the way that funds were allocated to other universities: “The government had a problem...the government had a big problem, there was inequity of funding” (University Official 6). There was a distinct need for change. University Official 8 recalled that “I participated in what I could consider an unusual amount of access to [the government officials] in discussions about the FF change.” Similarly, University Sector Advocate 1 commented that “we were going to modernize the model and we were going to introduce outcomes-linked funding, improve accountability, and all those things.” Accountability and transparency, along with outcomes-linked funding, became key factors in the formulation of the new calculation.

Interestingly, several university officials noted that they weren't sure what problem the new FF was being designed to solve. Though reference to the problem was abundant, University Official 1 said, “it's sanitizing an ongoing problem and it's not addressing the ongoing problem,” and University Official 3 asked “what problem do Ontario universities have that we are threatening hundreds of millions of dollars of reallocations with? What problem do they have that this is going to solve?” In our discussion with university officials, it was apparent that the government had not clearly articulated or communicated the problem they were trying to solve, let alone a desired solution.

There were now three different envelopes which provided direction to the universities, shifting the rationale and reaction. Here was the accountability and transparency that transferred over from the previous FF—the universities understood the grants here, especially the applications that were needed to continue to obtain these funds. Only the second envelope saw significant change—and brought the potential for connection to the SMAs.

When the new FF was implemented in 2017, these funds were being given to the universities, with no reporting or metrics requirements attached. University Official 7 commented that “I can’t see any big thing around the performance-based side of it moving too quickly.”⁴ There is resignation (and some calculating) from the universities, knowing there is nothing changing but understanding the potential for significant change. The information from the FF calculations was pivotal to the creation of budgets, schedules, and programs; as a result, the universities needed the decision to be made. University Official 7 recalled frustration throughout the entire lengthy process, saying “just decide so we can plan for the next three years.” The new FF took effect in 2017, with three years of hold harmless funding. The problem was that neither the universities nor the government had “full information before they launched [the FF].... So, we’ve been scrambling a little bit” (University Official 9).

The Next Steps

As the new FF was implemented, each university’s SMA2 was signed into agreement by the end of October 2017, providing strategic direction, initiatives, and metrics until 2020. The new calculations and funding levels were a work in progress even when initially implemented, but so was the information being provided to the ministry for both the FF and the SMAs. University Official 4 noted that

the only thing from my perspective is the amount of effort and time that’s going into it. If we are going to do that then there should be something concrete coming out of it, not just you submit all the plans and okay, we accept everything and away you go.

This quote highlights the attitude often faced by the government during the process, as the calculations required substantial documentation and adherence to the language provided. University Official 9 stated that “universities are always very careful about what they put out publicly, because they don’t want to embarrass the government, because they have to be their partner.” Was strict adherence the answer to a need for more funding, accountability, and transparency moving forward in those calculations?

There was a potential conflict in the duplicity of strategic documents: Medical/doctoral universities took it for granted that the SMA and strategic plan matched. As University Official 9 explained, “I actually would be concerned about [matching your SMA to strategy] because we post our strategic framework document and we post our SMA, so I think if ever somebody looked at both [it could be] said, ‘Whoa, how come this doesn’t match?’” Aligned with these thoughts, University Official 2 commented that “the metrics are aligned with those same 15 metrics that we have in our strategic plan.”

Separated into the three different *Maclean’s* rankings, there were similar notions about the connections between calculations. Primarily undergraduate universities found the SMA process aided in focusing their strategic plan, created clearer language, and improved communication structure with little change: “We cut and pasted to a large extent. It only drove our behaviour in terms of using it to allow focus as opposed to, to communicate focus as opposed to necessarily change the path we’re on” (University Official 8). Along the same lines, University Official 7 indicated neither their strategy nor planning process changed because of the SMAs.

The comprehensive universities had a different perspective on the link between SMAs and strategy, with University Official 1 indicating that “our SMA is nicely descriptive of some things

4 As of 2025, both the new FF and SMA programs are awaiting next steps, partly due to delays as a result of the COVID-19 pandemic and changes in the provincial government priorities.

that we thought they would like to hear, but it's not driving the boat." In line with those thoughts, University Official 5 stated that "what [we are] doing, it's somewhat independent of the SMA, like the strategic plan is the university strategy... There are tidbits of strategy that are built into this SMA, but it's not the whole strategy." In contrast, the medical/doctoral universities were already prepared for the SMAs, information was prepared to fill out the SMA, and minimal changes to strategy were adopted. University Official 2 noted that "we didn't deviate, we aligned everything completely with our strategic plan."

Overall, the process studied in this article took several years (refer to Table 2 for overview). There were numerous individuals involved, thousands of pages of reports, various calculations, and multiple options for the two calculative practices. The language and objectives of the FF and SMAs have been embedded in the PSE sector and in the history of the universities, and will provide a foundation for the changes to be made to the calculations. However, "the new FF is very similar to the old FF" (University Official 1). University Official 5 expressed a common sentiment, saying "you're not fixing anything, you're not fixing any inequities. You're just giving us the same amount of funding as before"—a trend that has continued as a result of the pandemic.

DISCUSSION

Examined from both the university and government perspectives, we explore three intertwined aspects of the new calculative practices designed to govern the PSE sector.

Changes to the Funding Formula

The objectives were not always clear, but our data shows that the new FF focused on access, equity, transparency, and accountability. The government, with the help of the universities, adjusted the FF while considering a need to provide calculations that would "render the future knowable, calculable, and amenable to control" (Miller, 2001, p. 391). The previous FF had comparability, consistency, and transparency prob-

lems, and the data collected by the government prior to the change was often inconsistent—this included both the data itself and the types of data. This provided universities with new calculative practices that would theoretically lead to visibility, calculability, and comparability that had previously been absent (Miller, 2001).

The calculation behind the FF and SMA provided specific visibility and calculability to the universities and government, rendering each university comparable and providing the "promise that the subjective element of decision making may be curtailed" (Miller, 2001, p. 389)—a potentially important factor for the PSE sector. In line with Agyemang (2010), we see the influence that the universities had on the creation of the FF, the power they had to help create the calculative practice that may govern the sector for years to come.

The FF is a calculation that both the government and the universities designed to make the PSE sector operable and flexible, to move them into a future with differentiated strategies. Without this calculation, universities are in the dark regarding the funding available to them for the upcoming year. Calculative practices are constantly being revised by the government in an attempt to make them better and help them operate with more efficiency. The new FF was designed to improve the accountability and transparency factors, but it was not without its struggles, not without its flaws, even after implementation.

Strategic Planning

The universities knew which direction they were going, it was just a matter of fitting them into the government-structured SMAs. The data shows that this calculative practice was not really driving the strategy of each university. In an analysis of SMA1, Kotsopolous et al. (2021) found minimal differences among the SMA documents submitted to the government, while Buzzelli and Allison (2017) found "both conformity and striking differentiation" (p. 170) within their sample of five SMAs. The SMAs play a crucial role in enhancing comparability among strategic initiatives across the diverse categories and priorities

highlighted by the Ontario government. These agreements serve as a comprehensive framework that aligns institutional objectives with provincial priorities, ensuring a cohesive approach to addressing key challenges and opportunities in the PSE sector.

Moreover, the intricate ties between the SMAs and the FF offer a detailed understanding of the enrolment dynamics within universities. The FF, historically linked to enrolment figures, becomes an integral component in the calculative practice. This cyclical relationship highlights the interconnectedness of enrolment, funding, and strategy. As universities adapt their strategies to align with provincial priorities outlined in the SMAs, the enrolment figures crucial to FF calculations become a strategic focal point, creating a continuous loop that influences both financial allocations and institutional strategies.

Miller (2001) stated, “the management of almost any organization can be transformed into a complex of incessant calculations” (p. 381), and through the two calculations examined, the government has created a system for all universities. Our study suggests that the government wanted to ensure that each university was within the parameters of the new calculations, particularly the SMA. What this brings into focus is “what is counted usually counts” (Miller, 2001, p. 382) and the next steps for the sector—the outcomes-linked funding in the differentiation envelope. This envelope was designed and written to allow metrics, initiatives, and objectives to be developed and measured to keep the universities accountable to the government for their movement and spending of funds. Outcomes-linked funding has been shown to falter or fail in other jurisdictions (Bell et al., 2018; Ortagus et al., 2020) but it has not stopped this government from wanting to implement it. Interestingly, this process survived a change in government, demonstrating a significant commitment to the process when, frequently, government policies don’t survive changes in administration (Carrington et al., 2018).

Autonomy and Accountability

The question of university autonomy and independence was raised as the calculations were

implemented. Ontario universities do not have an option when it comes to these two calculations—they must follow the language, rhetoric, and forms that the government requests of them, regardless of what they might actually want to do. Consistent with Verschuere and De Corte (2014) and Bonaccorsi and Daraio (2007), full autonomy for universities does not exist, as a result of their need for government funding. This is not always publicly portrayed by universities, as their autonomy and academic freedom are cornerstones of the sector.

While the two calculations have been shown to have minimal effects on the universities’ future plans and strategy, the calculations did aid in focusing communication. What these two calculations provided in transparency and accountability for the government also created questions surrounding the autonomy of the universities. The directed nature of the SMAs and its link to the FF imposes specific requirements. The differentiation factor embedded in the FF was designed to create differences amongst the universities, but the format and process of the SMA did not encourage differentiation. Requiring specific reports to be filled out, with specific language, does not allow the individuality of each university to be demonstrated, a supposedly important objective of the government’s change to the calculations. The link between the SMA and FF was not necessarily reflective of the objectives the government initially stated. Furthermore, as Galbraith and Kazanjian (1986) argue, only strategies that are funded can be implemented. Universities may question their autonomy as they must comply with the SMA process to ensure funding. The creation of the FF and the agreement to SMAs were to ensure that the education sector was prepared for and understood the changes needed for the future.

As a response to COVID-19 and a shift in government priorities, the government has continued to delay the implementation of performance-based funding (Government of Ontario, n.d.). With this delay in implementation, the full ramifications of the FF have not yet been realized, and further changes may be needed over time.

CONCLUSION

This article examines the process between the government of Ontario and the PSE sector as they developed a new calculative practice to manage universities. As Neu et al. (2006) state, we are encouraged “to ask how these technologies work” (p. 659), which furthered Miller and Rose (1990), who asked about the “unexpected consequences associated with putting a technique to work” (p. 11). It remains to be seen if there is a significant impact to either funding or strategic direction of Ontario public universities. Overall, the two calculations had a minimal effect on funding and strategy, as most universities reflected that they did not make significant changes due to the processes and changes in requirements.

Our article contributes to the literature by providing insights into the relationship between semi-autonomous institutions (universities) who rely on third-party funding (government). This case study may enable policy makers to assess the legitimacy and robustness of the methods they employ when making changes to the FF. It may also provide guidance on how best to implement strategic changes in the public sector.

This article is not without its limitations. We only collected data within the university sector, though the community college sector would also provide significant details regarding the calculative practices of the government in the sector. As we only spoke with seven different universities, not all governed units have their say in these experiences, though we believe that we spoke with a broad array of universities and their officials about this process and the surrounding endeavours.

Areas of future research may include a direct follow-up evaluating the implementation and ramifications of SMA3 and how the FF was operationalized once the hold harmless period expired. Further work could be done assessing whether the government achieved or revised its goals from the outset of this process. The achievement of the goals may be in the eye of the beholder, similar to some of the differences we found when discussing the issues with government and university officials.

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