



Ontario Confederation of University Faculty Associations
Union des associations des professeurs des universités de l'Ontario

Empowering Tomorrow: The OCUFA Blueprint for Revitalizing Ontario’s Public Universities

2024 PRE-BUDGET SUBMISSION

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EXECUTIVE SUMMARY

Our Story Encapsulated

“The Northern Ontario School of Medicine University is founded on a social accountability mandate to serve the people of Northern Ontario. Our innovative curriculum is inclusive of the fabric of the health environment in Northern Ontario, and NOSM U offers quality medical education for the people of the north. It is vital Northern Universities like NOSM U are sustainably funded.”

- Dr. Darrel Manitowabi, NOSM U Faculty and Staff Association President

Universities in Ontario receive the lowest per-domestic-student funding in Canada—by a long shot. This has been true for some time and spans multiple governments. Even if this were the only challenge faced by the Ontario university sector, it would need to be addressed. But it's not.

The province also caps the number of funded domestic students at each university; enrolling more domestic students does not increase a university's government funding. Demographic changes indicate that domestic demand for university spaces will steadily rise over the next decade. Left unchanged, this cap will prevent Ontario's universities from responding to the growing population of university-aged Ontarians.

These restrictions have left universities with one main option to increase enrolment: unregulated international student tuition fees. Ontario's universities have become concerningly reliant on international students and the exorbitant fees they are charged to bridge this funding gap.

This is more importance now that the federal government plans to cap the number of new international student visas approved over the next two years, with a 35 per cent decrease from the previous year.

Estimates project that the proposed cap will lead to a drop of almost 50 per cent in Ontario's international student population. To be blunt, this significant drop in international students would be disastrous for all Ontario universities if not coupled with a meaningful increase in provincial funding.

Ontario's universities should not be forced to rely on charging international students astronomical rates of tuition. In the face of this drastic change, OCUFA provides the blueprint for protecting and revitalizing Ontario's universities.

What does all this mean?

First, the days of funding universities by replacing falling domestic enrolment with international students are about to end. Ontario's corridor funding model needs to be scrapped so that universities can fund the increase in domestic students that is coming. Second, the base level of per-student funding must increase or universities—already at the breaking point—will not be able to accommodate the arrival of these new domestic students. Third, while Ontario needs international students and their vital contribution to

the richness of the postsecondary experience, the federal government has capped the number of international students over the next two years. Ontario's universities are more reliant on tuition revenues than in any other province, and the upcoming reduction in the number of international students will also affect domestic per-student funding to increase.

OCUFA is therefore recommending:

RECOMMENDATION ONE: OCUFA calls for compounding annual total provincial university funding increases of 11.75 per cent for a period of five years to reach the national average.

RECOMMENDATION TWO: Instead of increasing domestic tuition, OCUFA echoes the call of student groups for government to enhance the student assistance budget and convert loans into grants.

RECOMMENDATION THREE: OCUFA calls for a review of Ontario's provincial funding formula, including the corridor model, with an embedded goal of supporting domestic enrolment growth.

RECOMMENDATION FOUR: OCUFA calls for reversing the planned implementation of the performance-based funding scheme.

The remainder of this budget brief lays out the facts presented in Our Story.

OVERVIEW

Case Study: Northern Universities

The economic impact of universities in their communities is often significant. Northern Ontario universities play a crucial role in driving economic growth and development in their respective regions. They contribute to the local economy through various means, such as:

Employment: Universities generate employment opportunities for faculty, staff, and support personnel.

Student Expenditure: Students attending universities in northern Ontario contribute to the local economy through their expenditure on housing, groceries, transportation, and other goods and services.

Research and Innovation: Universities collaborate with local industries, government organizations, and community partners to develop new technologies, products, and services.

Community Engagement: Northern Ontario universities often engage with their communities through various outreach programs, partnerships, and social initiatives.

While the exact economic impact may vary for each university and community, research studies and reports often provide valuable insights into the specific contributions made by northern Ontario universities.

Ontario universities bring substantial economic benefits to the province, including northern Ontario (See Appendix 4 and 4A). Those benefits, and the quality of postsecondary education is at risk due to the actions of the Ontario government over the last decade. This is the story of how we got here and why we cannot continue on the current course.

How we got here

For the past decade or so, under multiple governments, provincial and student funding of Ontario's public universities have been failing due to:

- Low per-student funding,
- Declining domestic tuition, and
- Declining domestic demand.

At the same time, the government left universities with no choice but to:

- Raise international tuition fees, and
- Increase the number of international students.

Why we cannot continue

Three factors make the current situation untenable:

- Unsustainable student-faculty-ratios,
- Rising domestic demand for university spaces, and
- Capped numbers of international student visas.

HOW WE GOT HERE

What is going on at Queen's?

The story of Queen's University's budget woes is linked, at least in part, to the story we tell here. Starting with a base of low per capita funding and the 10 per cent tuition cut, Queen's was in a similar situation to other Ontario universities. However, Queen's didn't see enrolment of international students rise in the way many other universities did. Whether this was a supply issue (Queen's making a conscious decision to forego student growth and remain smaller) or a demand issue (fewer international students choosing Queen's) is irrelevant. The fact they had fewer international students at international student tuition rates exacerbated their budget woes.

Low Per-Student Funding

Ontario has the lowest per-domestic student funding level for universities in Canada, by a long shot.

Ontario provided \$9,890 in total university funding per domestic full-time equivalent in 2021-22, the most recent year for which there is comprehensive data. This is a total far behind the national average of \$15,807 (see Appendix 1).

Ontario's public universities receive less than a quarter (24 per cent) of their funding from the Ontario government. The average in the rest of Canada is over a third (35 per cent).

- **RECOMMENDATION ONE:** OCUFA calls for compounding annual total provincial university funding increases of 11.75 per cent for a period of five years to reach the national average.

Declining Domestic Tuition

In its first year in office, the Ford government lowered tuition by 10 per cent and enacted a tuition freeze that is still in place today. This was a popular measure that had some rationale at the time. Ontario tuition rates were high compared to most other provinces (see Appendix 2).

In the current academic year, Ontario's domestic students paid an average tuition of \$8,190. This is over \$1,100 more than the Canadian average of \$7,076. Despite the

significant effects of the tuition freeze, Ontario still has among the highest level of tuition in the country. Only Saskatchewan, Nova Scotia, and New Brunswick charge more.

- **RECOMMENDATION TWO:** Instead of increasing domestic tuition, OCUFA echoes the call of student groups for government to enhance the student assistance budget and convert loans into grants.

Declining Domestic Demand

Declining domestic demand coupled with a tuition cut and then a freeze meant less money going to Ontario universities from domestic students. And these reductions were on top of Ontario providing the lowest level of per capita funding to its universities in Canada.

The population nearing or at university age in Ontario (ages 15-19) has been declining for a decade.

Since 2013, the five-year average growth in each year—a natural way to smoothly predict future enrolment growth—of the Ontario population aged 15-19 fell in each year except 2019 and 2020 (see Appendix 1). The 15–19-year-old population peaked in 2011 at 896,013 individuals and then fell to 824,870 10 years later (Statistics Canada. Table 17-10-0005-01). That population trough is nearly finished working through their undergraduate programs today.

In a time of declining demand and stagnant provincial funding, Ontario's universities were left with international tuition dollars as their primary option for generating additional revenue.

Declining domestic demand. Declining domestic tuition. And by far the lowest per-domestic student funding in Canada. Together these paint a picture of rapidly falling revenues for Ontario universities. And yet, Ontario still has some of the best universities in Canada.

What gives? The answer in large part is that the government of Ontario left universities with little choice but to raise international tuition and increase the number of international students, which is now capped by the federal government.

Skyrocketing International Tuition

The first piece of the puzzle is that Ontario universities have drastically increased university tuition levels for international students.

Since 2008-09, international student tuition has nearly tripled in current dollars, rising from \$16,891 to \$46,433 (see Appendix 2). In the same period, domestic tuition has increased by just over \$2,500.

International students contribute in many ways to Ontario's universities. They enrich the student experience and bring a global perspective to our classroom. They also experience improvements in their own lives and opportunities. International students are good for Ontario and for the world.

The gap between domestic and international tuition puts some of these benefits at risk. It increasingly appears Ontario sees these students as ATMs rather than a net contribution to our universities. And this is about to change with the federal cap on international students.

International Enrolment Growth

Ontario has massively increased the number of students that pay these rising international student fees.

Ontario universities have increasingly replaced declining domestic enrolment, declining domestic tuition and low per capita funding by aggressively recruiting ever large numbers of international students. Between 2013 and 2022 the number of valid international study permit holders in the postsecondary sector rose by 257,780 in Ontario. This compares to a 247,935 increase in the rest of the country. In other words, postsecondary international student permit holders have increased by 282 per cent in Ontario in eight years compared to 118 per cent in the rest of the country (see Appendix 2).

Not all of these students go to public universities (the figures include both private and public colleges and universities), but they do give a sense of the order of magnitude. Of the roughly 250,000 valid international student postsecondary permits in Ontario on December 31, 2021, just over 100,000 were international students in Ontario universities. Since 2013, full-time international student registrants in Ontario's universities have increased from 26,049 to 92,442, an increase of 239 per cent.

In summary, Ontario universities have reacted to declining domestic enrolment by accepting ever-increasing number of international students. And they have responded to declining domestic tuition and low per capita funding by ratcheting up tuition levels on those growing levels of international students. Now that a federal cap on international student visas is in place, it will impact Ontario universities most given their heavy reliance on international student tuition fees.

WHY IT CANNOT CONTINUE

This state of affairs is unsustainable and will shortly become a crisis due to three growing enrolment growth challenges facing Ontario universities, namely:

- Unsustainable student-faculty ratios
- Rising domestic demand,
- Uncertain international student demand.

Unsustainable Student-Faculty Ratios

In 2020-21, Ontario had 32.4 university students per faculty member. This is well above the Canadian average of 26.2 (see Appendix 1). Ontario is so far out of line with other provinces that it is the only province with a worse student-faculty ratio than the

Canadian average—that is, the other nine provinces have better student-faculty ratios than the Canadian average (ninth-place Nova Scotia has 24.8 students per faculty member, where the Canadian average is 26.2). Ontario effectively drags this average down by itself.

Ontario's faculty teach larger classes and face higher workloads than is common across Canada, leaving less time for student mentorship and engaging in pioneering research that can benefit Ontario economically, culturally, and socially. In addition, these permanent faculty are increasingly outnumbered by their precarious colleagues who teach on contract with minimal, if any, job security. Recent data suggests that over half of Ontario's university courses are being taught by contract faculty. While Ontario's universities remain world-class, Ontario's university faculty have long been doing more with less.

This is unsustainable and will lead to poorer student outcomes over time.

Rising Domestic Demand

A significant increase is coming to Ontario's population aged 15-19. That population has begun to swell for the first time in decades and will continue to swell for at least a decade.

This population boom means that thousands more Ontario students will be looking for postsecondary education in the years ahead. For the past decade, the declining number of domestic students has been replaced with growing international students. With international student visas capped at the federal level, Ontario's universities will need to be funded to welcome more domestic students to accommodate the growing university-aged population in the province.

Ontario's current provincial funding model punishes universities that pursue domestic enrolment growth. Ontario's universities cannot increase their proportional share of university funding by growing their domestic enrolment. This is because of Ontario's enrolment corridor mechanism, which is embedded into universities' Strategic Mandate Agreements with the province. This corridor mechanism, introduced by a previous government, specifies a per-university cap on the number of funded students that does not incentivize enrolling additional domestic students. Institutions are punished for accepting more domestic students thus limiting the number of available spaces and exacerbating the challenges of accommodating the growing demand. This "corridor" model was brought in during a time of stagnant domestic enrolment—in Ontario, institutions operate independently of one another, with each competing for students. All of them, however, must function within a "corridor" model that stops providing per-student funding if universities go over their threshold for students. However, this model has outlived its intended purpose and is now a barrier to addressing increasing domestic demand.

To accommodate rising domestic demand for university spaces, this corridor mechanism must be scrapped.

- **RECOMMENDATION THREE:** OCUFA calls for a review of Ontario's provincial funding formula, including the corridor model, with an embedded goal of supporting domestic enrolment growth.

Even if the corridor mechanism is scrapped, and even if Ontario universities move to accommodate the increase in domestic students with the capped number of international students, the financial implications mean an even lower level of per capita funding for Ontario universities. Given the heavy reliance on high international tuition fees, a significant drop in international students would be disastrous for all Ontario universities if not coupled with a meaningful increase in other revenue. Some estimates project that the proposed federal cap will lead to a drop of almost 50 per cent in Ontario's international student population.

Overall, this will require a review and change to Ontario's provincial funding formula and that is both necessary and needed. That could take years. In fact, it should be slowly and carefully done. As part of a commitment to reviewing the funding formula, Ontario's performance-based funding experiment should be placed on hold. Performance-based funding was suspended during the COVID-19 pandemic, which was a tacit admission that it does not work well in changing economic circumstances.

- **RECOMMENDATION FOUR:** OCUFA calls for reversing the planned implementation of the performance-based funding scheme.

Whatever long-term solution is found, it will clearly require an increase of Ontario's domestic per-student levels of funding. This can be done immediately with the goal of bringing Ontario's level of per-student funding to the national average. That is why our first recommendation is compounding annual total provincial university funding increases of 11.75 per cent for a period of five years.

There are two additional reasons why increasing per-student funding makes sense in the current environment.

The Housing Crisis

Few public policy issues have leapt to the forefront of public and government consciousness faster than housing shortages. Across the housing spectrum, and in particular in Ontario and British Columbia, housing challenges have reached crisis levels (see Appendix 3).

There are innovative solutions to addressing the housing crisis. One example is the Calgary office-to-residential conversion program, which will convert vacant office buildings into residential buildings, a portion of which will be earmarked as affordable units.

In addition, Ontario's universities produce thought-provoking and groundbreaking research that drives innovation and provides solutions to society's most pressing problems, including solutions to the housing crisis. Ontario's universities are partnering with local communities and municipalities to find solutions to local housing challenges through research and innovative programs.

Increasing university funding to meet the national average would put Ontario's universities on a path towards sustainability and allow the new generation of domestic students to contribute to devising long-term solutions to the province's housing crisis.

Cap on International Student Visas

The recently announced federal cap on international student visas in Canada will result in a significant decrease in the number of international students at Ontario's universities. This will lead to a major loss of potential revenue for Ontario's universities which would be disastrous for all Ontario universities if not coupled with a meaningful increase in other revenue.

OCUFA has long warned that despite the myriad benefits that derive from international students, such a heavy reliance on international student tuition dollars brings significant risks. In 2021-22, there were 100,773 international students in Ontario's universities, of whom 43.8 per cent came from China and 15.4 per cent from India.

In addition to the federal student cap on international students which is estimated to reduce international students by 50 per cent in Ontario, a university's ability to recruit international students depends on geopolitical relations. In the case of China, troubled relations have combined with the effects of the COVID-19 pandemic to reduce the number of study permit approvals for Chinese students (See Appendix 3). In September 2023, the Indian government warned students of growing negative views toward India and urged caution to Indian students planning to study in Canada (See Appendix 2).

Based on 2020-21 financial data, a sudden loss of 50 per cent of their international students would cause losses of \$65 million at York University, \$43 million at Carleton, and \$3 million at Nipissing.

However, if each of these institutions were funded at the national average provincial level, their financial prospects would significantly improve even with the departure of 50 per cent of their international students. Simply put, international student dollars are not a replacement for adequately funded public education.

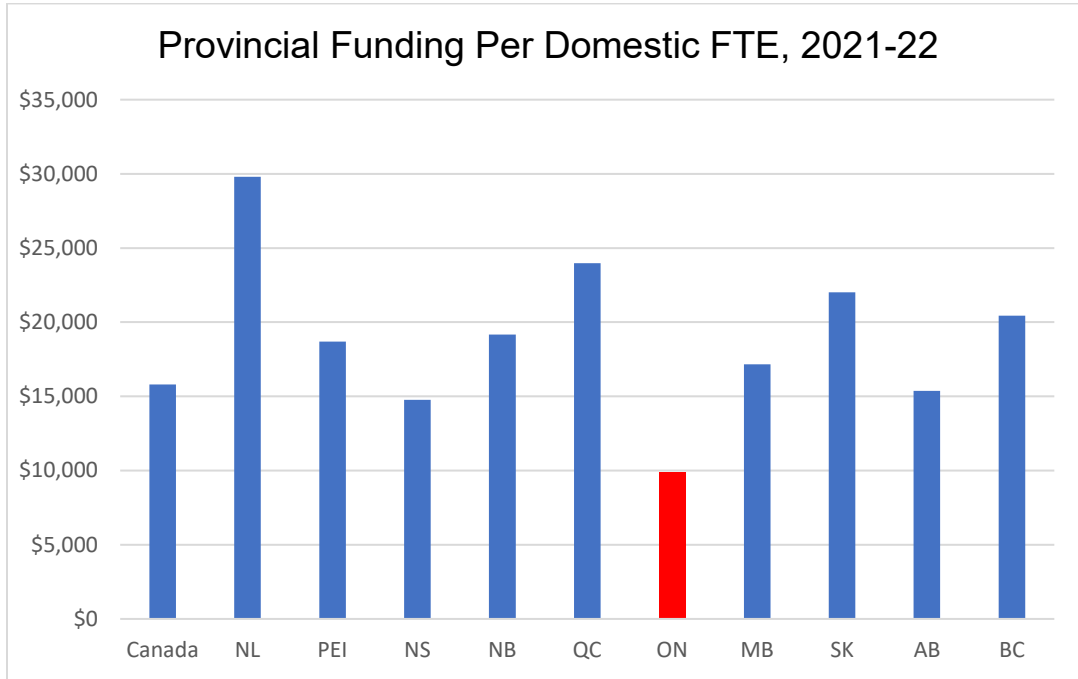
OCUFA calls on the province to take leadership and support Ontario's universities in weathering this storm.

SUMMARY OF RECOMMENDATIONS

- **RECOMMENDATION ONE:** OCUFA calls for compounding annual total provincial university funding increases of 11.75 per cent for a period of five years.
- **RECOMMENDATION TWO:** Instead of increasing domestic tuition, OCUFA echoes the call of student groups for government to enhance the student assistance budget and convert loans into grants.
- **RECOMMENDATION THREE:** OCUFA calls for a review of Ontario's provincial funding formula, including the corridor model, with an embedded goal of supporting domestic enrolment growth.
- **RECOMMENDATION FOUR:** OCUFA calls for reversing the planned implementation of the performance-based funding scheme.

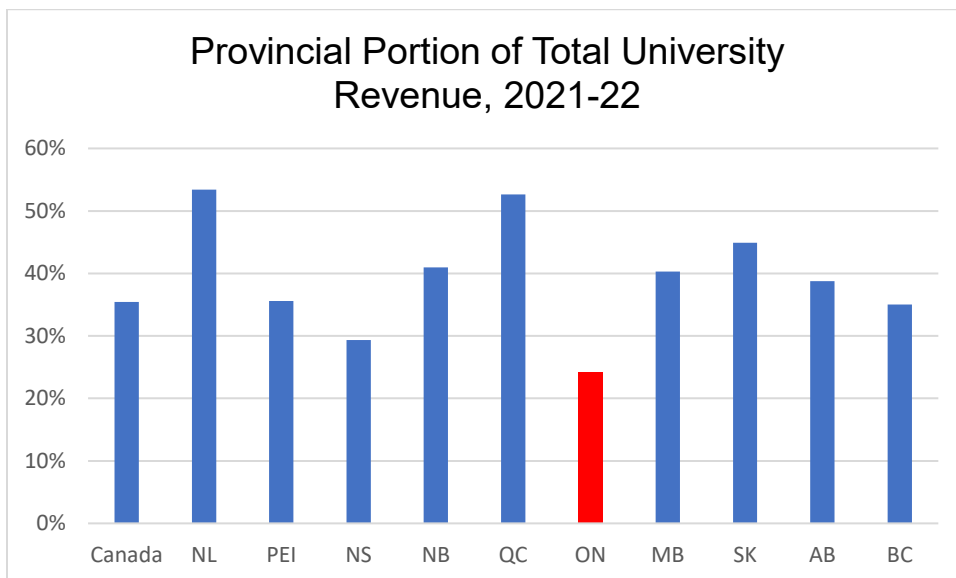
Appendix 1: PROVINCIAL FUNDING

Although universities are central to ensuring a prosperous and productive future, Ontario provides the lowest per-domestic student funding in higher education in Canada.



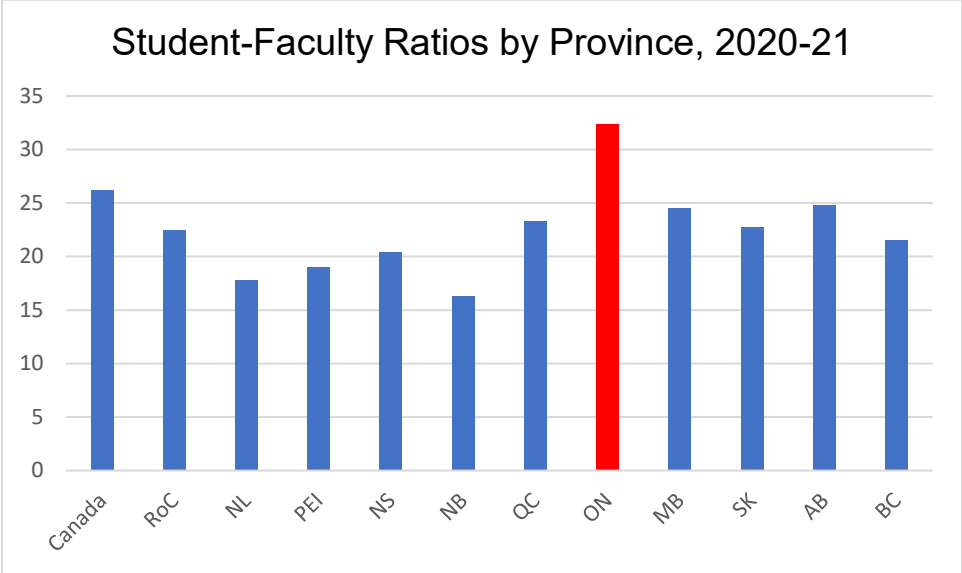
Ontario provided \$9,890 in total university funding per domestic full-time equivalent in 2021-22, the most recent year for which there is comprehensive data. This total is far behind the national average of \$15,807. In fact, Ontario is entrenched in last place, fully 33 per cent below the next-lowest level of funding.

This paucity of funding means that Ontario's public universities receive much less of their total revenues from the province than is common across Canada.



While the average Canadian public university received 35 per cent of its revenues from its provincial government in 2021-22, provincial funding accounted for just 24 per cent of university revenues in Ontario. Just two provinces—Ontario and Nova Scotia—are below this national average. Ontario drags the national average down.

This low funding has effects in the classroom, where Ontario’s students have fewer faculty available to support their education.



In 2020-21, Ontario had 32.4 university students per faculty member. This is well above the Canadian average of 26.2. Ontario is the only province with a worse student-faculty ratio than the Canadian average. When Ontario is removed from the calculations, the rest of Canada had an average student-faculty ratio of 22.5.

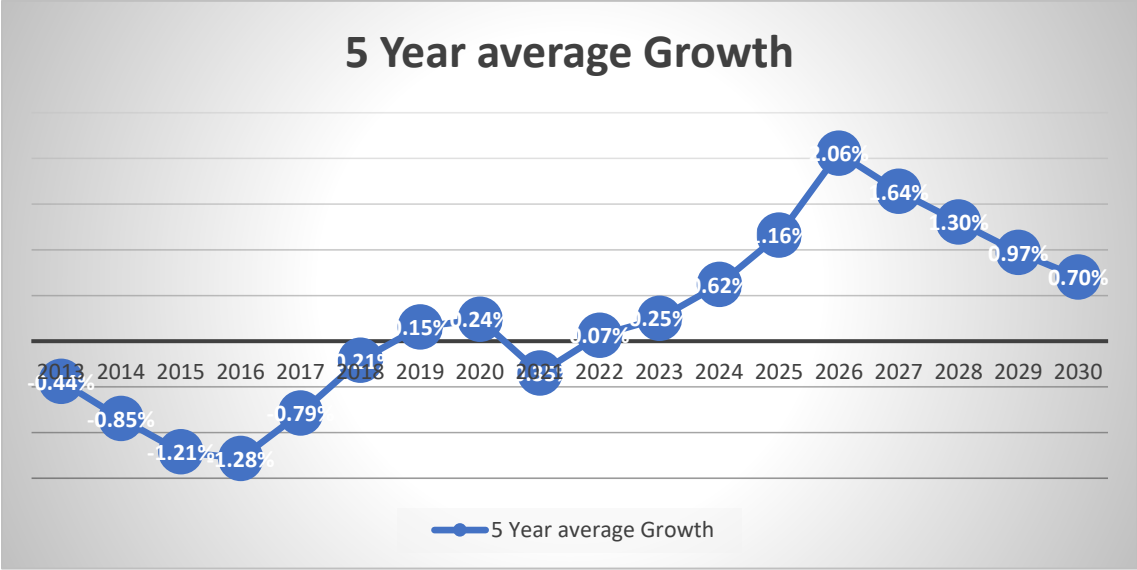
Ontario’s faculty teach larger classes and face higher workloads than is common across Canada, leaving less time for student mentorship and engaging in pioneering research that can benefit Ontario economically, culturally, and socially. These permanent faculty are increasingly outnumbered by their precarious colleagues who teach on contract with minimal, if any, job security. Recent data suggests that over half of Ontario’s university courses are being taught by contract faculty.¹ While Ontario’s universities remain world-class, Ontario’s university faculty have long been doing more with less. Calls for further efficiencies in Ontario’s universities ignore that Ontario’s university faculty is stretched thinner than any others in the country.

Ontario’s provincial funding model does not incentivize universities to pursue domestic enrolment growth. Unlike the few other provinces that use a formula to disperse funds, Ontario’s universities cannot increase their proportional share of university funding by growing their domestic enrolment. This is because of Ontario’s enrolment corridor mechanism, which is embedded into universities’ Strategic Mandate Agreements with

¹ Ryan Romard and Randy Robinson, “Back from the brink: Restoring public funding to Ontario’s universities,” Canadian Centre for Policy Alternatives, November 2023: <https://policyalternatives.ca/sites/default/files/uploads/publications/Ontario%20Office/2023/11/back-from-the-brink.pdf>

the province. This corridor mechanism, introduced by a previous government, specifies a per-university cap on the number of funded students that does not incentivize enrolling additional domestic students.

Ontario’s corridor model was brought in during a time of stagnant domestic enrolment. Its caps sought to ensure that larger institutions would not swallow up students who may have otherwise attended smaller universities, such as those in Ontario’s North. This model is no longer relevant to Ontario’s changing demographics.



Ontario has seen a decline in domestic demand for university for the last ten years. The five-year average growth in youth aged 15-19 in Ontario has seen negative growth for all but two of the last ten years. That is about to reverse with quick growth in that age group. This will result in at least an additional 85,000 prospective new postsecondary students in the next few years, approximately a third of whom can be expected to attend university.

Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Avg	-0.44%	-0.85%	-1.21%	-1.28%	-0.79%	-0.21%	0.15%	0.24%	-0.35%	0.07%

Averages calculated from Statistics Canada. Table 17-10-0005-01

Table: Forecast Five-Year Average Growth of 15-19 Year Olds in Ontario

Year	2023	2024	2025	2026	2027	2028	2029	2030
Avg	0.25%	0.62%	1.16%	2.06%	1.64%	1.30%	0.97%	0.70%

Averages calculated from Statistics Canada. Table 17-10-0005-01 up to 2022 and the average projected growth across all scenarios from Statistics Canada. Table 17-10-0057-01 for 2023 to 2030.

Population growth will occur throughout the province. According to the Northern Policy Institute (NPI), the 18–21-year-old population in Northern Ontario is expected to [increase by 13 per cent](#) between 2021 and 2034. Owing to increased rates of participation in higher education, NPI projects that this Northern growth will translate into an over-15 per cent increase in domestic university applications.

Collectively, these figures illustrate that Ontario’s universities are at a competitive disadvantage nationally and are unprepared to accommodate domestic enrolment growth.

OCUFA calls for a review of Ontario’s provincial funding formula, including the corridor model, with an embedded goal of supporting domestic enrolment growth.

Even a cursory review of the above material underlines a simple truth: more funding is needed.

The Blue-Ribbon Panel’s call for enhanced funding for Ontario’s universities, entailing an immediate 10 per cent increase followed by annual two per cent increases, would still leave Ontario dead last in funding. Other voices have called for much more funding. A recent paper has called for an [immediate doubling](#) of university funding.

Ontario’s students and faculty deserve better than last place. At the very least, Ontario should strive to match the Canadian average. Recognizing that such a transformation may not be possible overnight:

OCUFA calls for compounding annual total provincial university funding increases of 11.75 for a period of five years.

This increase would allow Ontario’s universities to match the Canadian average of total funding, accounting for growth in line with the recent compound annual growth rate of total provincial funding.² In five years, this would bring Ontario’s per-domestic student funding to approximately \$17,200, in line with the projected national average.³

² The recent annual compound annual growth rate (CAGR) of total provincial university funding across Canada is 1.6988%. Source: Statistics Canada. Table 37-10-0026-01: Revenue of universities by type of revenues and funds (in current Canadian dollars) (x1000), and author’s calculations.

³ Owing to Ontario’s outsized effects on bringing national averages down, it is likely that increased funding in Ontario would mean that the national average would climb beyond the level proposed in these calculations. Nevertheless, with this funding enhancement Ontario will be much closer to the Canadian average than it is currently. Subsequent funding increases can be geared to ensuring that Ontario accurately matches national funding levels.

Table: Projected Provincial Funding Totals with Annual 11.75% Increases (\$ millions)

Current	Year 1	Year 2	Year 3	Year 4	Year 5
\$4,225	\$4,721	\$5,276	\$5,896	\$6,588	\$7,362

OCUFA calls for compounding annual total provincial university funding increases of 11.75 per cent for a period of five years.

This increase would allow Ontario’s universities to match the Canadian average of total funding, accounting for growth in line with the recent compound annual growth rate of total provincial funding.⁴ In five years, this would bring Ontario’s per-domestic student funding to approximately \$17,200, in line with the projected national average.⁵

Five years of annual compounding 11.75 per cent funding increases would bring needed revenues to Ontario’s universities while allowing the province appropriate time to account for shifting financial priorities.

In recent years, much attention has been focused on Ontario’s planned implementation of performance-based funding (PBF) rather than the province’s low funding of universities overall. The planned implementation of performance-based funding will do nothing to provide Ontario’s universities with needed revenues. PBF does not offer institutions new money; it only promises new opportunities for universities to lose funding, evaluated by metrics over which universities have little control. The institutions that end up losing funding may be the institutions that need this funding the most.

Further, PBF adds another administrative burden to Ontario’s universities, working against the very efficiencies that the government wishes to promote. Increasingly both experts and the government appear to have come to this realization. The recent report of the Blue-Ribbon Panel recommended a lower level of PBF than has been planned, while the province’s decision to pause the implementation of PBF during the COVID-19 pandemic served as an implicit recognition that PBF adds bureaucratic complexity without offering readily apparent benefits. It is important to note that the former Conservative Manitoba government eliminated its plans for implementing PBF.

OCUFA calls for reversing the planned implementation of the performance-based funding scheme.

⁴ The recent annual compound annual growth rate (CAGR) of total provincial university funding across Canada is 1.6988%. Source: Statistics Canada. Table 37-10-0026-01: Revenue of universities by type of revenues and funds (in current Canadian dollars) (x1000), and author’s calculations.

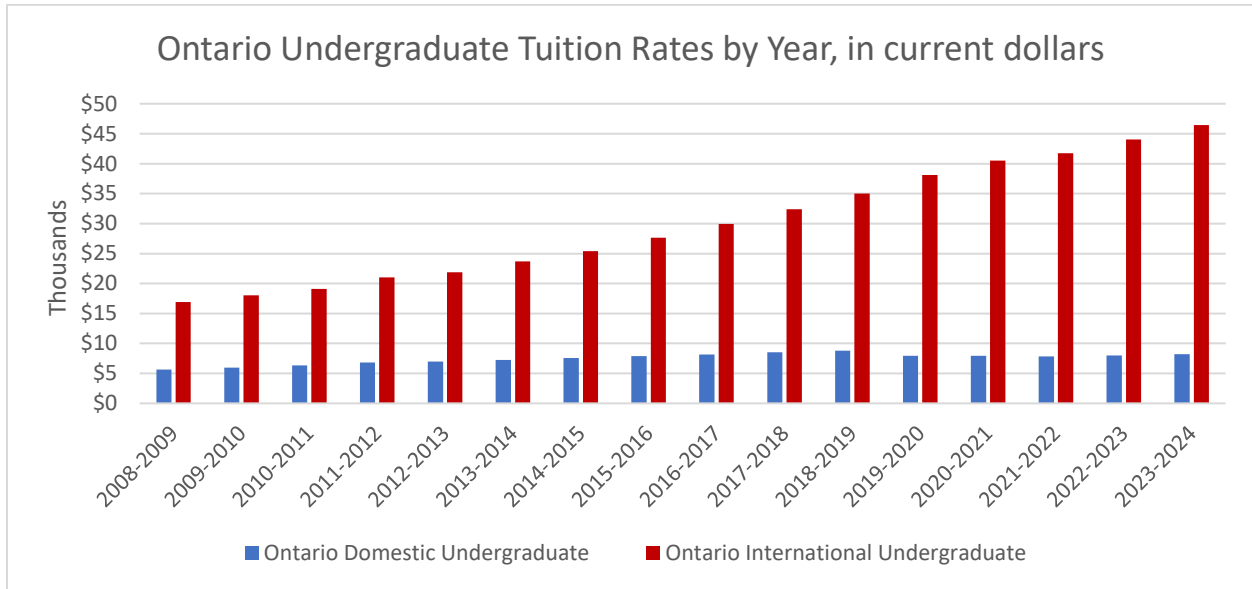
⁵ Owing to Ontario’s outsized effects on bringing national averages down, it is likely that increased funding in Ontario would mean that the national average would climb beyond the level proposed in these calculations. Nevertheless, with this funding enhancement Ontario will be much closer to the Canadian average than it is currently. Subsequent funding increases can be geared to ensuring that Ontario accurately matches national funding levels.

Solutions

- Provide compounding annual increases of 11.75 per cent in total provincial funding to universities to allow Ontario to meet national funding averages after a period of five years.
- Launch a review of Ontario's university funding formula, including the corridor model, to enhance universities' abilities to accommodate domestic enrolment growth.
- Reverse the planned implementation of performance-based funding.

Appendix 2: TUITION

This government has recognized that university attendance is increasingly unaffordable. Affordability considerations helped motivate its January 2019 decision to cut tuition by 10 per cent and implement the tuition freeze that remains in effect. Unfortunately, these moves to promote affordability were not accompanied by an increase in provincial funding, forcing universities to look elsewhere for funds. Provincial policies left them one main option: unrestricted international student tuition fees.



International tuition has skyrocketed. Since 2008-09, international student tuition has nearly tripled in current dollars, rising from \$16,891 to \$46,433. In the same period, domestic tuition has increased by just over \$2,500. Owing to the domestic tuition freeze, domestic tuition rates have held steady in recent years.

Along with skyrocketing international tuition has come a massive increase in the number of international students coming to Ontario seeking postsecondary education. In the last 10 years the number of valid international study permits has risen by 280 per cent in Ontario compared to 118 per cent in the rest of the country.

Table: Canada - Study permit holders with a valid permit on December 31st by Province/Territory of intended destination and study level, 2000 - 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Ontario post-secondary	91,485	102,870	113,715	141,365	179,170	211,155	240,570	201,045	246,255	349,265
Rest of Canada Post-Secondary	210,060	227,235	238,610	269,195	311,590	355,795	397,285	326,320	370,995	457,995

[For further information, please refer to the Facts and figures 2015—Immigration overview: Temporary residents overview, and the glossary of terms and concepts.](#)

Source: IRCC, December 31, 2022

Given the tuition freeze and the funding formula’s inability to fund domestic enrolment growth, international student tuition accounts for the preponderance of new funds brought to Ontario’s universities. Making more than a financial contribution, international students have enriched university classrooms by their presence, helping to internationalize the learning experiences of all of Ontario’s university students and contributing to the development of intercultural competencies among students and faculty.

The recently announced federal cap on international student visas in Canada will result in a significant decrease in the number of international students at Ontario’s universities. With the potential for losses of upward of 50 per cent of international, this will lead to a major loss of potential revenue for Ontario’s universities.

Even prior to the recent announcement of a federal cap on international students, the heavy reliance on international student tuition dollars entailed significant risks for Ontario’s universities. In 2021-22, there were 100,773 international students in Ontario’s universities, of whom 44,100 (43.8 per cent) came from China and 15,486 (15.4 per cent) from India. These two countries alone account for most of Ontario’s international students.

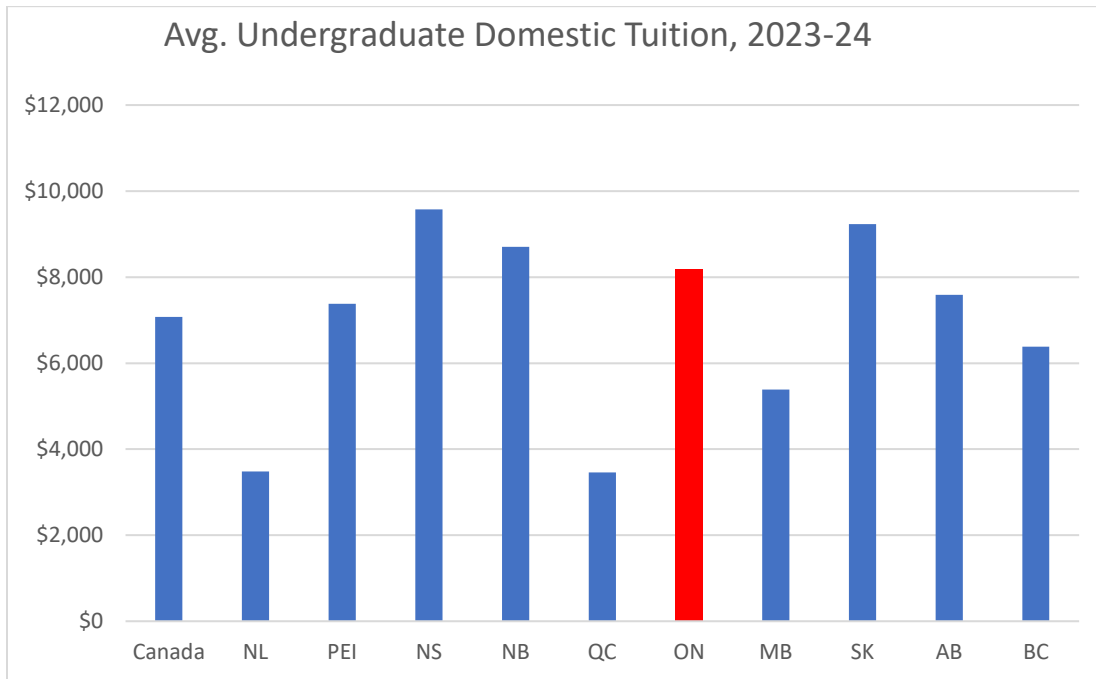
A university’s ability to recruit international students depends on several factors beyond its control, including geopolitical relations. Recently, Canadian relations with both China and India have experienced troubles. In the case of China, troubled relations have combined with the effects of the COVID-19 pandemic to [reduce the number of study permit approvals](#) for Chinese students from 90,006 in 2018 to 52,474 in 2022. While it is too early to estimate the effect of the recent worsening of relations with India, they are a major cause of concern. In September 2023, the [Indian government warned](#) students of “growing anti-India activities and politically condoned hate crimes and criminal violence” in Canada and encouraged Indian students to “exercise extreme caution” in Canada’s “deteriorating security environment.” Such warnings are unlikely to increase the demand for an Ontario education among Indian students.

Other factors are capable of depressing international demand for a Canadian education, including recent media exposés of unethical international recruitment agents in the college sector. This problem negatively affects the Canadian and Ontarian educational brands. Also of concern is the heightened international competition for international

student dollars and federal capacity concerns, such as the federal government's recent inability to issue student visas in a timely fashion.

Ultimately, international tuition dollars are not a stable or sustainable foundation on which to build the province's publicly funded universities. This was the case even prior to the recent imposition of federal caps on international students.

Skyrocketing international tuition rates and the new limitations on international students (and therefore on their tuition dollars) does not mean that Ontario's universities should push for increasing domestic student tuition. Ontario is in an affordability crisis and the tuition rates paid by its domestic students are among the highest in Canada.



In the current academic year, Ontario's domestic students paid an average tuition of \$8,190. This is over \$1,100 more than the Canadian average of \$7,076. Despite the significant effects of the tuition freeze, Ontario still has among the highest level of tuition in the country. Only Saskatchewan, Nova Scotia, and New Brunswick charge more.

Instead of increasing domestic tuition, OCUFA reiterates its call for increased provincial funding to universities. As Ontario's students pay above average rates of tuition and receive much lower provincial subsidies, Ontario's students already more than share the burden of university funding.

Relatively stable rates of domestic tuition have been accompanied by a decrease in student aid. Declining student aid has left many students financially worse off and has contributed to the affordability crisis. While the provincial government's share of total financial aid to Ontario university students was 38.3 per cent in 2018-19, this dropped to just 28.8 per cent in the following year. While this drop was accompanied by temporary increases to federal student aid during the COVID-19 pandemic and increased support from universities themselves, the overall [reduction in student aid](#) has been significant.

High rates of tuition not only put Ontario at a competitive disadvantage, but they also saddle Ontario students with elevated levels of debt that have lifelong impacts on their earning potentials.

Student debt has been increasing for the last twenty years in Ontario. In 2005, Ontario's portion of total national student debt stood at 37.1 per cent. At that time, the province educated 43.5 per cent of all full-time university students in Canada, meaning that Ontario students were less likely to have significant debt than their national counterparts. These numbers have swung in the opposite direction. By 2019, Ontario accounted for 51.5 per cent of total national student debt while educating 44 per cent of full-time Canadian university students.

Despite claims that student debt is most prominent among students from comparatively wealthier families, it is students from families in the bottom 20 per cent wealth quintile who account for a 36.7 per cent plurality of student debt. Debt is also a middle-class issue, with students in the middle economic quintile (within the 40-60 per centile of family household wealth) accounting for 19.7 per cent of all debt. Students whose families are in the wealthiest quintile are the least likely to owe debt.

Student debt reduces wealth for life for students and their families. It reduces disposable income, prevents the accumulation of savings, limits access to credit, and delays or prevents home ownership. Student debt prevents individuals from employing their wealth for productive uses that can improve their lives and the economy as a whole.

OCUFA echoes the call of student groups for government to enhance the student assistance budget and convert loans into grants.

Solutions

- Provide compounding annual increases of 11.75 per cent in total provincial funding to universities to allow Ontario to meet national funding averages after a period of five years.
- Enhance the student assistance budget and convert loans into grants.

Appendix 3: HOUSING AND PUBLIC UNIVERSITIES

The housing crisis in Ontario is top of mind for every Ontarian. Ontario's universities not only enrich their economies and local communities, but they also have a key role to play in addressing the province's housing challenges.

As the government-appointed Blue-Ribbon Panel recently identified, Ontario universities have become over-reliant on international tuition fees to fund their institutions. The underfunding of universities has accelerated this trend, with unregulated international fees used to bridge the funding gap.

There is no doubt that international students enrich Ontario's universities and university experience for everyone. They internationalize the curriculum, facilitate cross-cultural knowledge exchanges, and enrich the learning experience for all. While the heavy reliance on international student tuition is understandable in the absence of adequate public funding, it poses risks to universities since it is heavily influenced by geopolitical factors outside a university's control. The Blue-Ribbon Panel also highlighted this concern.

Not only so, but the accelerated reliance on international students put additional pressure on Ontario's already struggling housing market. This is most acute in the province's rental market, where government investment is most impactful and where many renters, especially international students, are most vulnerable.

Mike Moffatt reports that the increase in international students and foreign workers went up by 417 per cent from 2015-2020 (284,142) compared to 2010-2015 (68,142).

This is felt across the province and not just in large urban areas. For example, at the start of the 2023-24 academic year, students at Canadore College in North Bay protested the lack of housing available to international students and 25 international students there slept in a tent by the road due to the lack of housing.

OCUFA believes that strong, publicly funded universities in Ontario are part of the solution to addressing the provincial housing crisis. To this effect, we provide two solutions to simultaneously support Ontario's universities and ease the pressure on Ontario's housing market.

Adequately fund Ontario's universities

After years of decline, the population of 18-year-olds in Ontario will increase by [between 18 and 20 per cent](#) between now and the end of the decade. This means that a substantial increase in funding for Ontario universities—rising to the level of the national average as outlined in section one—would put Ontario's universities in a position to both accommodate increasing domestic growth and curb their over-reliance on international tuition fees. By doing so, Ontario's universities will ease the pressure on Ontario's housing crisis, which would positively impact all Ontarians.

Innovative housing solutions

In addition to increasing university funding to meet the national average, OCUFA strongly supports innovative solutions to addressing the housing crisis. One example is the [Calgary](#) office-to-residential conversion program, which will convert vacant office

buildings into residential buildings, a portion of which will be earmarked as affordable units.

Ontario's universities deliver education to thousands of students. And while doing so, they draw individuals, experts, and industries to live and invest in communities where they are present. Furthermore, they create vibrant communities by providing good jobs that support local economies, and cultural and economic hubs that enrich communities and housing value.

In addition, Ontario's universities produce thought-provoking and groundbreaking research that drives innovation and provides solutions to society's most pressing problems, including solutions to the housing crisis. Ontario's universities are partnering with local communities and municipalities to find [solutions](#) to local housing challenges through research and innovative programs.

A government commitment to adequate public investment in postsecondary education is essential for sustaining these partnerships and safeguarding universities' contribution to Ontario's economic, social, and cultural health. It is now more important than ever to allow them to continue to play a key role in addressing the housing crisis in the province.

Appendix 4: ECONOMIC SIGNIFICANCE

From nurturing human development, to bolstering incomes and the economy, and fostering groundbreaking research that drives innovation, Ontario's universities are indispensable public institutions worthy of public investment. Ensuring Ontario's universities are financially healthy through steady, stable, and adequate government investment is not only important, but it will have ripple effects throughout local economies where they are based as well as in the provincial economy.

There are myriad ways in which universities contribute to Ontario's economy.

Universities in Ontario are key contributors to growth. The [Conference Board of Canada estimates](#) that public investment in university education boosts Ontario's gross domestic product (GDP) by approximately \$96 billion a year. Research and development, driven by Ontario's universities, has boosted Ontario's GDP by another \$30 billion. In addition, the Conference Board of Canada estimates that every \$1 invested in postsecondary education generates a positive economic return of \$1.36—nearly 40 per cent return on investment.

Universities have always been adept at preparing graduates to be nimble workers, as well as [more engaged citizens](#). Ontario's university graduates possess the skills and knowledge that help them adapt to a changing economy and society. As a result, they [earn more](#) and are resilient to economic shocks.

According to Statistics Canada, Canadians with a Bachelor's degree or higher were less likely to be impacted by the pandemic's unemployment shocks in April 2020. Further, their employment rate recovered faster than those with lower levels of education. This is in line with data that shows that holders of university degrees are less likely to be impacted by job loss during recessions.

The benefits of a university education are not only its significant impact on the economy, but also many unquantifiable effects of a university degree. Indeed, there are numerous ripple effects of receiving a university education that have economic and other benefits in a society. For example, university graduates have [better health outcomes](#), which relieves pressure off governmental health spending.

Furthermore, Ontario's universities produce thinkers—be they learners, educators, entrepreneurs, innovators, or researchers—with the skills and flexibility to address a changing economy and society who contribute greatly to the economy. It is this nimbleness that allows Ontario's universities to meet the province's skills gaps and enhance productivity. This is especially important in today's changing economy, where 75 per cent of new job growth is [estimated](#) to require a postsecondary education, making a university degree the new standard.

In addition, Ontario's universities have a long and proud history of being responsive to and shaped by the communities they serve. This includes being sites of interdisciplinary creativity, collaboration, and innovation, that produce ground-breaking research to address society's most pressing questions. This is why many countries in the world are investing heavily in university research and why industry is so keen to partner with universities—Ontario should not be left behind.

Universities are cherished gems in their communities. They are consistently ranked as top employers in their areas, and they enrich their localities through diversity, acting as cultural hubs for the community, providing good jobs, and driving economic activity.

Yet, despite these benefits, Ontario's universities are asked to do more with less and on a per student basis, Ontario provides the [lowest university investment](#) of all Canadian provinces. This is unlocked potential that calls for a bold new vision from Ontario's leadership.

A substantial increase in funding for Ontario universities—rising to the level of the national average as outlined in section one—would put Ontario's universities in a position of financial health that would enable them to effectively contribute to the provincial economy and to their local economies as well. Financially sound universities are essential to unlocking this pent-up economic potential and the Ontario government can take the lead in actualizing this potential.

Appendix 4A: IMPACT OF NORTHERN UNIVERSITIES

The economic impact of universities in their communities is often significant. Northern Ontario universities play a crucial role in driving economic growth and development in their respective regions. They contribute to the local economy through various means, such as:

1. **Employment:** Universities generate employment opportunities for faculty, staff, and support personnel (including students). This not only provides job security for individuals but also attracts talent from outside the region, leading to an increase in population and economic activity.
2. **Student Expenditure:** Students attending universities in northern Ontario contribute to the local economy through their expenditure on housing, groceries, transportation, and other goods and services. This spending supports local businesses and stimulates economic growth.
3. **Research and Innovation:** Universities are hubs of research and innovation. They collaborate with industries, government organizations, and community partners to develop new technologies, products, and services. This research and innovation ecosystem can attract investment, create spin-off companies, and foster entrepreneurship, leading to economic diversification and growth.
4. **Community Engagement:** Northern Ontario universities often engage with their communities through various outreach programs, partnerships, and social initiatives and many are heavily engaged with Indigenous and Franco-Ontarian communities. These activities contribute to community development, social well-being, and cultural enrichment, which in turn has positive economic and social impacts.

While the exact economic impact may vary for each university and community, research studies and reports often provide valuable insights into the specific contributions made by northern Ontario universities. Conducting a more in-depth research study or accessing existing reports and studies can provide a clearer understanding of the economic impact of these universities in their respective communities.